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The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36500, *Canadian Pacific Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Enclosed for e-filing by Canadian Pacific Applicants[1] and Kansas City Southern Applicants[2] ("Applicants"), in the above-referenced Finance Docket, is an Application seeking authority, under 49 U.S.C. §§ 11323-11325, for the acquisition of control by Canadian Pacific of Kansas City Southern (the "Application").

The Application is being submitted in four volumes. There are two versions of volumes I (CP-25/KCS-13) and II (CP-26/KCS-14): the first version, marked as "PUBLIC," and from which sensitive financial, commercial, and operating information has been redacted, is to be filed on the public record and served on all parties of record. The second version, marked as "HIGHLY CONFIDENTIAL," is an unredacted version to be filed under seal subject to the Protective Order of April 2, 2021 ("Protective Order") and to be served on anyone who has executed the Board's undertaking for highly confidential materials, as Exhibit B to the Protective Order. Volumes III (CP-27/KCS-15) and IV (CP-28/KCS-16) are only available in a single version, which is public, unredacted and to be filed on the public record and served on all parties

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[1] Canadian Pacific Applicants are Canadian Pacific Railway Limited, Canadian Pacific Railway Company, and their U.S. rail carrier subsidiaries Soo Line Railroad Company, Central Maine & Quebec Railway US Inc., Dakota, Minnesota & Eastern Railroad Corporation, and Delaware and Hudson Railway Company, Inc.

[2] Kansas City Southern Applicants are Kansas City Southern and its U.S. rail carrier subsidiaries The Kansas City Southern Railway Company, Gateway Eastern Railway Company, and The Texas Mexican Railway Company.

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of record.

In connection with the Application, Applicants are also delivering to the Board, on USB flash drive, public and highly confidential workpapers, which are identified and labeled accordingly. As of November 1, 2021, the public workpapers will be made available upon request and the highly confidential workpapers, which are subject to the Protective Order, will be made available to those who have executed the Board's undertaking for highly confidential materials, as Exhibit B to the Protective Order.

A filing fee of $1,930,000 was paid via wire transfer on October 27, 2021. Please contact me with any questions.

Respectfully submitted,

David L. Meyer

Attorney for Canadian Pacific Railway Limited

Attachments

cc: All Parties of Record

REDACTED PUBLIC RECORD VERSION

CP-25/KCS-13

BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED; CANADIAN PACIFIC RAILWAY COMPANY; SOO LINE RAILROAD COMPANY; CENTRAL MAINE & QUEBEC RAILWAY US INC.; DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION; AND DELAWARE AND HUDSON RAILWAY COMPANY, INC. – CONTROL – KANSAS CITY SOUTHERN, THE KANSAS CITY SOUTHERN RAILWAY COMPANY, GATEWAY EASTERN RAILWAY COMPANY, AND THE TEXAS MEXICAN RAILWAY COMPANY

RAILROAD CONTROL APPLICATION
VOLUME 1 OF 4

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October 29, 2021

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***SEE* VOLUME 3 FOR THE INDEX OF SUPPORTING STATEMENTS PROVIDED WITH THE APPLICATION**

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TABLE OF ABBREVIATIONS

Applicants	CP and KCS
B&M/Pan Am	Pan Am Systems, Inc., Pan Am Railways Inc, Boston and Maine Corporation (known as the Boston and Maine Railroad)
Canadian Pacific	CP, which in turn refers collectively to CPRL, CPRC, Soo Line, CMQ, DM&E, and D&H
CMQ	Central Maine & Quebec Railway US Inc.
CN	Canadian National Railway Company
COFECE	Comisión Federal de Competencia Económica (Mexican federal competition authority)
Conrail	Consolidated Rail Corporation
CP	Canadian Pacific, which in turn refers collectively to CPRL, CPRC, Soo Line, CMQ, DM&E, and D&H
CPKC	Canadian Pacific Kansas City (the future name of the parent company of CP/KCS following Board approval)
CPRC	Canadian Pacific Railway Company
CPRL	Canadian Pacific Railway Limited
CSX	CSX Transportation Company
CSX/NS/Conrail	*CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company – Control and Operating Leases/Agreements – Conrail Inc. and Consolidated Rail Corporation*, STB Finance Docket No. 33388
D&H	Delaware and Hudson Railway Company, Inc., and its U.S. rail carrier subsidiaries
DM&E	Dakota, Minnesota & Eastern Railroad Corporation
Ferrosur	Ferrocarril del Sureste SA de CV
EMRY	Eastern Maine Railway
FTI	FTI Economic Consulting
FXE	Ferrocarril Mexicano SA de CV, also known as Ferromex
GWER	Gateway Eastern Railway Company
IFT	Instituto Federal de Telecomunicaciones (the Mexican federal telecommunications regulatory authority)
KCS	Kansas City Southern
KCSM	Kansas City Southern de México, S.A. de C.V.
KCSR	The Kansas City Southern Railway Company and its U.S. rail carrier subsidiaries

Merger Agreement	Agreement and Plan of Merger dated September 15, 2021 by and among Canadian Pacific Railway Limited, Cygnus Merger Sub 1 Corporation, Cygnus Merger Sub 2 Corporation and Kansas City Southern
MidSouth	MidSouth Rail Corporation
MKT	Missouri-Kansas-Texas Railroad Company
MSLLC	Meridian Speedway, LLC
NBSR	New Brunswick Southern Railway
NEPA	National Environmental Policy Act
NOPB	New Orleans Public Belt Railroad
NS	Norfolk Southern Railway Company
OEA	Office of Environmental Analysis, Surface Transportation Board
SEC	The U.S. Securities and Exchange Commission
Soo Line	Soo Line Railroad Company and its U.S. rail carrier subsidiaries
Tex Mex	The Texas Mexican Railway Company
Transaction	The acquisition and exercise of control of KCS by CP via the acquisition of all of KCS's voting securities, approval of which is being sought in this Application
TRRA	Terminal Railroad Association of St. Louis
UP	Union Pacific Railroad Company
UP/SP	*Union Pacific Corporation, Union Pacific Railroad Company, and Missouri Pacific Railroad Company--Control and Merger--Southern Pacific Rail Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp., and The Denver and Rio Grande Western Railroad Company*, STB Finance Docket No. 32760
USMCA	United States-Mexico-Canada Agreement
VHB	Vanasse Hangen Brustlin, Inc. (the environmental consultant retained by OEA)

BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED; CANADIAN PACIFIC RAILWAY COMPANY; SOO LINE RAILROAD COMPANY; CENTRAL MAINE & QUEBEC RAILWAY US INC.; DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION; AND DELAWARE AND HUDSON RAILWAY COMPANY, INC. – CONTROL – KANSAS CITY SOUTHERN, THE KANSAS CITY SOUTHERN RAILWAY COMPANY, GATEWAY EASTERN RAILWAY COMPANY, AND THE TEXAS MEXICAN RAILWAY COMPANY

RAILROAD CONTROL APPLICATION
VOLUME 1 OF 4

INTRODUCTION
[SECTION 1180.6]

Applicants seek Board approval for the proposed combination of CP and KCS, pursuant to which CP would acquire and exercise control of KCS. With Board approval, the two companies would combine to form an integrated system to be known as Canadian Pacific Kansas City, or "CPKC." The CP/KCS combination presents a once-in-a-lifetime opportunity to inject new and invigorated competition into North-South transportation corridors connecting the United States, Mexico, and Canada, supporting U.S. and North American economic growth. The Transaction is unambiguously and uniformly beneficial for competition and the public interest.

When CP and KCS jointly announced their proposed combination in March of this year, they described it as a "natural and perfect fit." That remains true, and CP intends to carry out its acquisition of KCS, with the Board approval sought in this Application.

SUMMARY OF TRANSACTION
[SECTION 1180.6(a)(1)(i)]

Applicants are seeking approval for Canadian Pacific's acquisition and exercise of control of KCS and its U.S. rail carrier subsidiaries. The salient elements of the Transaction structure are as follows:

As set forth in the September 15 Merger Agreement, CPRL, through its indirect, wholly-owned subsidiary Cygnus Merger Sub 2 Corp., would acquire KCS. Upon receipt of approval by the shareholders of CPRL and KCS and the satisfaction of other customary closing conditions, Cygnus Merger Sub 2 Corp. would merge with and into KCS (the "Merger"), with KCS surviving the Merger. Upon completion of the Merger, holders of KCS's common stock would become entitled to receive a combination of CPRL common shares and cash in exchange for their common stock, and holders of KCS's preferred stock will become entitled to receive cash in exchange for their preferred shares. Immediately following completion of the Merger, CPRL would conduct a series of internal transactions that would result in its voting interest in the successor to KCS being placed into a Voting Trust pending review and approval of the control Transaction by the Board.

As a result of the internal transactions, KCS would legally be merged with and into Cygnus Merger Sub 1 Corporation, a wholly-owned subsidiary of CP, with Cygnus Merger Sub 1 Corporation surviving. However, the successor holding company of KCS will continue to own KCS's railroad and other affiliates, and will maintain the same name, governance structure, and other corporate-level attributes of KCS. For convenience, all references to KCS following the Merger are to its successor holding company.

The internal transactions involve a series of steps designed to address matters relating to tax and corporate law, and all of those steps, including the placement of the CPRL's interest in

KCS into the Voting Trust, will be completed within moments of the completion of the Merger and for practical purposes contemporaneously. Specifically, (a) KCS would merge with and into Cygnus Merger Sub 1 Corp., a direct, wholly-owned subsidiary of CPRL, with Cygnus Merger Sub 1 Corp. surviving; (b) CPRL will contribute its shares in Cygnus Merger Sub 1 Corp. to CPRC, a direct, wholly-owned subsidiary of CPRL; (c) CPRC will contribute its shares in Cygnus Merger Sub 1 Corp. to Cygnus Holding Corp., an indirect, wholly-owned subsidiary of CPRL; and (d) CPRC will transfer its shares in Cygnus Holding Corp. to Canadian Holdco, an indirect, wholly-owned subsidiary of CPRL; and (e) Canadian Pacific will cause Cygnus Holding Corp. to contribute its entire interest in Cygnus Merger Sub 1 Corp., and thus in KCSR and its railroad affiliates, to the Voting Trust.

The Board approved Canadian Pacific's proposed use of a Voting Trust to acquire the stock of KCS in Decision No. 5, served May 6, 2021, and Decision No. 8, served September 30, 2021. Pursuant to these decisions, the Voting Trustee, David L. Starling, will not own any individual shares or other securities of Canadian Pacific or its affiliates while the Trust is in existence and will ensure that the management and operation of KCS remain independent during the pendency of the control proceeding, including through the administration of guidelines governing communications between CP and KCS during that period. The Voting Trust Agreement and the September 15 Merger Agreement are set forth in Volume 4 of this Application.

If and when the Board grants the Application, CP accepts any conditions imposed by the Board, and the Board's approval becomes administratively final, the Voting Trust will be terminated and Canadian Pacific will assume control of KCS and its U.S. railroad subsidiaries.

The names, business addresses and telephone numbers of Canadian Pacific Applicants are:

Canadian Pacific Railway Limited
7550 Ogden Dale Road S.E.
Calgary, AB T2C 4X9 Canada
Telephone: (888) 333-6370

Canadian Pacific Railway Company
7550 Ogden Dale Road S.E.
Calgary, AB T2C 4X9 Canada
Telephone: (888) 333-6370

Central Maine & Quebec Railway US Inc.
120 South 6th Street, Suite 700
Minneapolis, MN 55402 USA
Telephone: (888) 333-6370

Dakota, Minnesota & Eastern Railroad Corporation
120 South 6th Street, Suite 700
Minneapolis, MN 55402 USA
Telephone: (888) 333-6370

Delaware and Hudson Railway Company, Inc.
120 South 6th Street, Suite 700
Minneapolis, MN 55402 USA
Telephone: (888) 333-6370

Soo Line Railroad Company
120 South 6th Street, Suite 700
Minneapolis, MN 55402 USA
Telephone: (403) 333-6370

The names, business addresses and telephone numbers of the KCS Applicants are:

Kansas City Southern
P.O. Box 219335
Kansas City, MO 64121-9335
Telephone: (816) 983-1387

Gateway Eastern Railway Company
427 West 12th Street
Kansas City, MO 64105
Telephone: (816) 983-1387

The Kansas City Southern Railway Company
P.O. Box 219335
Kansas City, MO 64121-9335
Telephone: (816) 983-1387

The Texas Mexican Railway Company
427 W 12th Street
Kansas City, MO, 64105-1403
Telephone: (816) 983-1387

The names and addresses of counsel to whom questions can be addressed are shown on the cover of this Application.

PROPOSED TIME SCHEDULE
[SECTION 1180.6(a)(1)(ii)]

The Board's public interest review of the Transaction would take place pursuant to a procedural schedule to be established by the Board. Applicants have proposed a schedule of ten months or less in their Petition for Procedural Schedule (CP-3/KCS-3, filed Mar. 22, 2021), which they continue to believe is appropriate and in the public interest. Shippers and the public will be best served by the prompt realization of the benefits that will flow from the Transaction, following an appropriately thorough review by the Board.

CP intends to acquire KCS's outstanding shares and place them into Voting Trust pending the Board's public interest review as promptly as possible. CP's acquisition of KCS's shares (and placement of those shares into Voting Trust) is contingent on the approval of the Transaction by the shareholders of both CP and KCS – which is expected by the end of 2021 – and the approval of COFECE (the Mexican competition authority) and IFT (the Mexican communications regulatory authority), which is expected by the end of 2021 and at the latest during the first quarter of 2022.

CP would acquire the shares of KCS from the Voting Trust and thereby exercise control over KCS and its subsidiaries only upon the effectiveness of a Board decision approving the

Transaction. CP plans to take that step – if authorized to do so – as promptly as possible so as to expedite the realization of the Transaction's benefits. Integration of CP's U.S. rail carrier subsidiaries with KCS's U.S. rail carrier subsidiaries would begin as soon as possible, contingent only on Applicants having completed the necessary planning and preparations to ensure that integration would occur without any adverse consequences for service or safety. Applicants anticipate that their planning for the mission-critical steps associated with the integration of CP and KCS into a single rail network will have been completed before the Board authorizes CP's control of KCS. Applicants expect that full integration, including the capital investments necessary to accommodate the new traffic that will be attracted to the more efficient and competitive combined CP/KCS network, would be completed within three years of the Board's decision approving the Transaction.

PURPOSE
[SECTION 1180.6(a)(1)(iii)]

The purpose of the Transaction is to combine America's two smallest but fastest-growing Class I railroads in order to build a more efficient and more competitive rail network. The combined CP/KCS network will further the Continent's need for expanded and more capable and efficient transportation infrastructure while simultaneously advancing the interests of Applicants' current and future customers in more reliable and economical rail transportation options serving important North-South trade flows.

As described in the Verified Statements of Keith Creel, CP's CEO, and Patrick J. Ottensmeyer, KCS's CEO, the Transaction will enable CPKC to provide dramatically improved rail service in important North-South corridors, transforming relatively underutilized CP-KCS routes into a more robust artery of trade both within the United States and among the United States, Mexico and Canada, promoting growing USMCA trade flows. CPKC will provide

stronger competition in all of these corridors, including for the first time injecting new single-line routes between important parts of the Upper Midwest and the South Central United States, in competition with much larger Class I railroads that dominate rail flows in these corridors.

The new single-line services made possible by the Transaction will bring significant benefits to rail shippers in these North-South corridors, as explained in detail in the Verified Statements of John Brooks, Jonathan Wahba and Michael J. Naatz (in this Volume), and W. Robert Majure (in Volume 2). The improvements in operational efficiency and safety are detailed in the Operating Plan (verified by CP's Assistant Vice President – Service and Product Design, Raymond A. Elphick, and KCS's Executive Vice President – Operations, John F. Orr), which is in Volume 2 of this Application. The Transaction will generate significant environmental benefits as well, shifting more than 60,000 trucks off the Continent's highways annually and onto new, more efficient and environmentally friendly CPKC intermodal services, as explained in the Verified Statement of Bengt Mutén (in Volume 2) and the Joint Verified Statement of Jonathan Wahba and Michael J. Naatz (in this Volume).

All of these benefits will be achieved without any adverse impacts on any stakeholders. No lines will be abandoned and no facilities will be rationalized, as the goal of the Transaction is to support growth in traffic across the entire CP/KCS network. Likewise, competition will be enhanced and nowhere diminished, as CP and KCS connect at only a single point and operate no parallel lines. And routing options will be expanded and not reduced, as CPKC will keep all existing gateways open on commercially reasonable terms and create no new bottlenecks, as explained in the Verified Statement of John Brooks and elsewhere in the Application.

NATURE AND AMOUNT OF ANY NEW SECURITIES OR OTHER FINANCIAL ARRANGEMENTS [SECTION 1180.6(a)(1)(iv)]

Financing of the Transaction. Pursuant to the Merger Agreement entered into between CP and KCS on September 15, 2021, CP will acquire all of the voting securities of KCS in a stock and cash transaction. Under the terms of the September 15 Merger Agreement, holders of KCS common stock will receive 2.884 CPRL common shares and $90.00 in cash, without interest, in exchange for each share of KCS common stock. Holders of KCS preferred stock will receive the preferred $37.50 in cash, without interest, for each preferred share. In the aggregate, approximately 70 percent of the consideration for the Transaction will be in the form of CPRL stock and 30 percent in cash.

CPRL will fund the stock portion of the consideration through the issuance of up to 264,723,997 CPRL common shares, which will represent approximately 28 percent of the issued and outstanding common shares of the combined entity.[1]

The cash portion of the consideration, together with all related fees and expenses, is expected to total $8.5 billion. CPRL will fund this amount through a combination of cash on hand and new debt. The new debt will be raised by CPRL subsidiary CPRC issuing senior unsecured notes on substantially similar terms to its outstanding unsecured notes. In the event the entire amount of debt has not been raised before the acquisition of KCS shares, CP has obtained commitments to borrow up to $8.5 billion via a senior unsecured 364-day bridge loan from Bank of Montreal and Goldman Sachs Lending Partners LLC, among other financial

[1] The actual number of CPRL common shares to be issued or reserved for issuance under the September 15 Merger Agreement will be determined immediately prior to the closing based on the exchange ratio, the number of shares of KCS common stock outstanding at such time and the number of KCS restricted share awards and KCS director deferred stock outstanding at such time.

institutions. CPRL expects to pre-fund and reduce the commitments under the bridge facility with an offering of debt securities before the closing of the Transaction into the Voting Trust.[2]

The effect of this indebtedness on CPKC's fixed charges is illustrated in the pro forma financial statements, included in this Volume as Exhibits 16, 17, and 18, and CPKC's ability to absorb the incremental fixed charges associated with the acquisition-related debt is explained in the Verified Statement of Chris De Bruyn, also included in this Volume of the Application.

Fairness Determination. The terms under which CP will acquire all of KCS's common stock are fair to the shareholders of KCS and CP, and Applicants ask the Board to so find. *See Schwabacher v. United States*, 334 U.S. 192 (1948); *Zatz v. United States*, 149 F.3d 144 (2d Cir. 1998).

The fairness of these terms to CP's shareholders is addressed in the Verified Statement of Chris De Bruyn (in this Volume of the Application). As Mr. De Bruyn explains, the CP Board of Directors approved the Transaction after reviewing and considering, among other things, the separate financial analyses of the fairness of the merger consideration presented by three financial advisors: BMO Nesbitt Burns Inc., Goldman Sachs & Co. LLC, and Evercore Group L.L.C. Each of those advisors delivered to the CP Board of Directors its opinion (dated September 15, 2021) that the merger consideration to be paid to KCS shareholders pursuant to the merger agreement was fair, from a financial point of view, to CP.[3]

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[2] For completeness, pursuant to a credit agreement, dated as of September 15, 2021, by and among CPRL and CPRC, BMO as a lender and the administrative agent, and the other lenders and financial institutions party thereto, CPRC borrowed the aggregate amount of $500 million in unsecured term loans, which have an initial six-month maturity, for the purpose of permitting CPRL to make certain remittances in connection with the payments made by KCS in connection with the termination of its merger agreement with CN. *See* Verified Statement of Chris De Bruyn (in this Volume of the Application).

[3] Those opinions accompany the Verified Statement of Chris De Bruyn and each is separately verified by the pertinent financial advisor. The fairness opinion letters set forth the specific factors and assumptions underlying the opinions.

The fairness to KCS's shareholders of the consideration to be received in the Transaction is addressed in the Verified Statements of Steven Baronoff and Nelson Walsh (also in this Volume of the Application), which explain that the KCS Board of Directors approved the Transaction on the basis of a number of factors, including the financial presentations by KCS's financial advisors (BofA Securities Inc. and Morgan Stanley & Co. LLC) and the fairness opinion of each such financial advisor that the consideration to be received by the holders of KCS stock in the Transaction was fair, from a financial point of view, to such holders.

PUBLIC INTEREST JUSTIFICATIONS [SECTION 1180.6(a)(2)]

If approved by the Board, the Transaction will generate extraordinary public benefits across all aspects of the relevant statutory factors. It will enhance competition, improve the quality and capacity of rail transportation services, fuel economic growth, accommodate additional passenger service, improve the environment, benefit shippers, employees and other stakeholders, and do so without any adverse impacts. The Transaction is supported by more than 960 third parties, including 459 shippers, 186 smaller railroads, dozens of public officials, eight major ports, and 280 rail industry suppliers and other stakeholders.

As described in the Summary of Benefits Exhibit attached as Appendix B to this Volume, quantified public benefits would be more than $880 million annually in 2019 dollars. Unquantified benefits – including the invigoration of rail competition in North-South corridors and the economic growth that would flow from more efficient USMCA transportation arteries – will be substantial and immeasurable. These benefits are addressed in more detail in Section 1180.6(a)(2)(i), "Effects on Competition," Section 1180.6(a)(2)(iv), "Effect on Adequacy of Transportation," and Section 1180.7, "Market Impact Analyses (Exhibit 12)," below.

EFFECTS ON COMPETITION
[SECTION 1180.6(a)(2)(i)]

The Transaction will generate competitive benefits and cause no competitive harm. The CP/KCS combination is purely "end-to-end" and will strengthen competition among rail carriers and with trucks in every market served by the integrated CPKC network. Shippers will gain new single-line routing options, and benefit from new competition into North-South lanes dominated today by UP, BNSF, and CN.

Because the CP and KCS networks do not overlap anywhere, and connect only at Kansas City, no shippers will face any reduction in competition. There are no shippers, stations, or corridors that will suffer any diminished competition: whether 5-to-4, 4-to-3, 3-to-2, or 2-to-1. There likewise will be no reduction in geographic or product competition.

Nor will shippers face any reduction in routing options or confront any new "bottlenecks." CPKC will have strong incentives to maintain all of the efficient interline routes in which they participate today. CPKC will continue to support, both operationally and commercially, KCS's existing interline routes with other railroads, such as KCS-UP routes via Laredo, Kansas City, and Shreveport, LA; KCS-BNSF routes via Robstown, TX, Kansas City, and Shreveport; KCS-CN routes via Jackson, MS; KCS-NS routes via Meridian, MS; and KCS-CSX routes via New Orleans, LA. Likewise, CPKC will continue to support CP's existing interline routes, such as CP-UP routes via Chicago, St. Paul, MN, and Kansas City; and CP-BNSF routes via Chicago, Coutts, BC, and Noyes, MN. CPKC will not hesitate to compete aggressively against these interline routes where its new single-line routes offer advantages for customers in terms of better service or economic terms, or both. But CPKC will not prevail in this competition by closing off efficient interline routes that shippers may prefer in certain cases. Applicants' commitments to keep these and other affected gateways open both physically and

commercially will assure that Applicants' incentives are backed up by the potential for enforcement under the auspices of Board oversight.

These procompetitive features of the Transaction are addressed throughout the Application. In particular, the Verified Statement of W. Robert Majure (in Volume 2) provides a comprehensive analysis of the competitive effects of the Transaction, and CP's Chief Marketing Officer, John Brooks, explains Applicants' gateway preservation commitments in more detail.

FINANCIAL CONSIDERATION; OPERATING ECONOMIES; TRAFFIC, REVENUES AND EARNINGS INCREASES [SECTION 1180.6(a)(2)(ii)]

Financial Consideration. *See* Section 1180.6(a)(1)(iv), "Nature and Amount of Any New Securities or Other Financial Arrangements," above.

Increase in Traffic, Revenues and Earnings. The Summary of Benefits Exhibit attached to this Application as Appendix B shows that, when the Transaction is fully implemented, CPKC would realize annual benefits of $889 million in 2019 dollars. Of this amount, $716 million each year is attributable to net revenue gains from additional traffic expected to be handled by the combined system and $173 million per year is attributable to efficiencies and cost savings that would be achieved as a result of the Transaction.

Applicants estimate that CPKC's single-line service, cost reductions and other efficiencies will yield more than $1 billion in new annual gross revenues from new traffic attracted to the CPKC network. These estimates are based on the studies of Richard W. Brown and Nathaniel S. Zebrowski, of FTI Economic Consulting, who analyze diversions of existing rail traffic to the CP/KCS system; Bengt Múten of IHS Markit, who analyzes diversions of existing truck traffic to the CP/KCS system's new single-line intermodal offerings; and Jonathan Wahba (CP's Vice President of Commercial Integration) and Michael J. Naatz (KCS's Chief

Marketing Officer), who analyze additional new market opportunities created by the CP/KCS combination. The anticipated traffic gains and the resulting revenue growth are described in their Verified Statements.

Economies to be Effected in Operations. The Transaction will enable the CPKC system to realize substantial economic gains from efficiencies and cost reductions. As noted above, Applicants expect that these economic gains would total $173 million annually. The operating changes and cost saving initiatives associated with these benefits will yield annual operating expense savings of $116 million in 2019 dollars, as described in the Operating Plan (Exhibit 13) (in Volume 2) and in the Verified Statement of Michael R. Baranowski (in this Volume). Applicants also expect to save $57 million in the performance of administrative functions. These savings are described in the separate Verified Statements of Dean Vargas and Chad Rolstad, included in this Volume.

Applicants expect to incur additional one-time expenditures to expand the capacity of the CPKC network, to integrate their information technology systems, and for other purposes. These projected outlays are described in Exhibit 13, Operating Plan and in the Verified Statement of James Clements (in this Volume). The amount and timing of these one-time expenditures and of the benefits described above are reflected in Appendix B, Summary of Benefits Exhibit, and in the pro forma financial statements for CPKC, included in this Volume as Exhibits 16, 17, and 18.

EFFECT OF INCREASE IN TOTAL FIXED CHARGES [SECTION 1180.6(a)(2)(iii)]

Under the financial terms of the September 15 Merger Agreement, CP will incur approximately $8.5 billion in new indebtedness in connection with its acquisition of KCS's voting securities. The effect of this indebtedness on the combined company's fixed charges is illustrated in the pro forma financial statements included as Exhibits 16, 17, and 18 of the

Application (in this Volume). As demonstrated in the Verified Statement of Chris De Bruyn (also in this Volume), CPKC will have no difficulty absorbing the incremental fixed charges associated with this acquisition-related debt, while simultaneously investing in the integration of the CP and KCS rail networks and the capacity expansion that will allow it to support anticipated traffic growth and more aggressive competition.

Applicants expect to invest more than $275 million in network capital expenditures to implement the Transaction, primarily to add double track, add and extend sidings, and install CTC signaling systems on the core CPKC North-South corridor lines between Louisiana and St. Paul/Chicago. These investments will improve service levels, add capacity, and improve safety. As reflected in the pro forma financial statements (Exhibits 16, 17, and 18), increased operating income attributable to new traffic and cost savings and other merger-related efficiencies would support these incremental expenditures. CPKC will have no difficulty financing them.

EFFECT ON ADEQUACY OF TRANSPORTATION [SECTION 1180.6(a)(2)(iv)]

The Transaction will significantly improve the quality and availability of rail transportation services to the public. The CPKC network will offer more efficient and reliable single-line rail transportation connecting the North American Continent and supporting USMCA trade flows. CPKC's improved services will attract traffic to the combined network, supporting further investment in capacity, service quality, and safety on portions of the CP and KCS systems that have been underutilized. In the process, the Transaction will add to overall rail capacity in these critical transportation corridors, supporting traffic growth and more vigorous competition among the transportation providers serving these growing traffic flows. CPKC will also remove more than 64,000 trucks from the Continent's road network, improving highway transportation and the environment. The Transaction will achieve these benefits without any

adverse impacts on the transportation infrastructure. Applicants will invest for growth – adding infrastructure and capacity – and will not downgrade any part of their existing networks. Nor will the Transaction have any adverse impacts on the ability of other railroads (or other third parties) to provide transportation services, essential or otherwise.

The benefits of end-to-end railroad combinations and the new single-line services they enable are well established. As explained in detail in the Operating Plan (Exhibit 13 in Volume 2), the CP/KCS combination will achieve numerous improvements in the quality and adequacy of transportation, including:

More Efficient Single-Line Services. CP and KCS's networks connect only at Kansas City, where they share a jointly-operated rail yard (the Joint Agency, sometimes referred to as Knoche Yard). Rather than interchanging at that location, CPKC will provide single-line rail services between points throughout CP's service territory in Canada and the Upper Midwest and points throughout KCS's service territory in the South Central United States and Mexico. Avoiding an interchange at Kansas City will reduce cost, improve transit times, boost reliability and predictability, and facilitate more aggressive competition against the larger Class I railroads that serve many of these corridors today.

New and Improved Train Services. CPKC will enable a host of new through train services that span the former boundaries of the separate CP and KCS systems. Of particular note, CP today does not offer intermodal service to Kansas City. With the Transaction, CPKC will establish new intermodal services connecting Dallas, TX with Chicago and points beyond, and it will enable a host of new single-line intermodal routes connecting Mexico with the Upper Midwest and Canada. Among these new services will be the longest-distance intermodal train on the CP/KCS system, connecting the Port of Lazaro Cardenas with Chicago, Toronto,

Montreal, and Eastern Canada. CPKC will build numerous other through trains connecting Canadian and Upper Midwest points seamlessly with the U.S. Gulf Coast and Mexico.

Improved Blocking Patterns. CPKC will enable more efficient blocking patterns for manifest traffic moving between the KCS system and the CP system. From the outset, CPKC will build efficient, longer distance blocks that bypass Kansas City, connecting KCS's Shreveport yard and CP's yards in St. Paul and Chicago. Over time, with increased traffic volumes on the combined network, CPKC will implement even more efficient network blocking patterns.

Better Equipment Utilization and Availability. By operating the CP and KCS rail networks as a single, integrated system, CPKC will dramatically improve equipment utilization and allow CPKC to provide more, and more efficient, rail transportation with the same number of locomotives and railcars. Improved cycle times will directly benefit shippers who provide their own railcars, and all customers will benefit from the greater availability of railcars for their transportation needs.

Improved Reliability. The single-line rail service provided by CPKC will be considerably more reliable than the interline offerings in which CP and KCS participate today. By replacing interchanges with a single continuous network, CPKC will eliminate unpredictable delays associated with interchanging traffic. Such delays are associated with additional yard work, coordination between railways and capacity constraints at interchange locations, all of which add to overall trip time, reduce predictability, and contribute to the possibility of service disruptions. CPKC will remove these barriers to efficient service, creating opportunities for longer distance blocking, longer trains, and fewer stops.

Increased Capacity and Other Investments. The new rail traffic the CP/KCS system will attract will support investment in additional capacity, service quality, and safety on CPKC's critical North-South rail artery. CPKC anticipates spending more than $275 million on centralized traffic control in previously-dark territory and new double track, sidings, and siding extensions on CP's and KCS's single-track lines between Louisiana and the Upper Midwest, as explained in the Verified Statement of Keith Creel (in this Volume) and detailed in the Operating Plan (in Volume 2). These investments will transform this relatively underutilized route (handling fewer than ten trains per day on average) into a more efficient, higher-capacity, and safer artery of North-South trade in North America capable of supporting improved service levels. In addition, CPKC's more efficient car and locomotive utilizations, supplemented by investments in new equipment where necessary, will support growing volumes of traffic on the combined system.

Increased Safety. CPKC will bring a new standard of safety to the North American rail landscape. As the Verified Statement of Keith Creel (in this Volume) explains, CP has been the safest North American railroad for many years, and it will implement the CP/KCS combination with safety at the forefront of its goals. CP's culture of safety will mesh well with KCS's like-minded culture, allowing the combined system to operate at the apex of rail safety. The investments that CPKC plans on its North-South mainline – adding double track and siding capacity and CTC signaling – will reinforce these safety objectives.

EFFECT ON EMPLOYEES
[SECTION 1180.6(a)(2)(v)]

The Transaction will drive employment growth across the CP/KCS system. Applicants anticipate that CPKC will add over 1,000 union-represented operating positions across its North American network to accommodate the traffic growth they expect the Transaction will generate,

with more than 750 of those new jobs in the United States. The specific impacts are addressed in the Labor Impact Statement (Operating Plan Exhibit A) and the Verified Statements of Myron W. Becker (for union-represented employees) and Chad Rolstad (for non-agreement employees), which are contained in Volumes 1 and 2 of this Application.

As explained in the Becker and Rolstad Verified Statements, Applicants anticipate that the Transaction would be subject to the employee protective conditions adopted in *New York Dock – Control – Brooklyn Eastern District Terminal*, 360 I.C.C. 60 (1979). In addition, Applicants will honor the obligations established in the so-called "cramdown" agreements reached in 2000 and 2001 with certain labor organizations that represent certain classes of employees of CP and KCS.

Applicants have not yet entered into implementing agreements relating to the Transaction with unions representing CP and KCS employees. Many of the labor organizations representing CP and KCS employees have expressed support for the Transaction, and CP looks forward to working with all of the organizations that represent CP's and KCS's U.S. employees to establish a mutually agreeable framework applicable to the combined CP/KCS network.

EFFECT OF INCLUSION OF OTHER RAILROADS [SECTION 1180.6(a)(2)(vi)]

Applicants do not contemplate the inclusion of other railroads in the Transaction. The Transaction will not cause the loss of any essential rail service, and the inclusion of other rail carriers would interfere with the benefits of the Transaction, contrary to the public interest. *See* Section 1180.7 (Exhibit 12) "Market Impact Analysis," below.

OTHER SUPPORTING STATEMENTS [SECTION 1180.6(a)(3)]

The Application is supported by the statements of CP's President and CEO Keith Creel, KCS's CEO Patrick J. Ottensmeyer, CP's Chief Marketing Officer John Brooks, and the statements of several other CP and KCS officers and employees. These statements are in Volumes 1 and 2 of this Application.

The Application is also supported by expert witnesses addressing the competitive effects of the Transaction (W. Robert Majure of Cornerstone Research), the traffic diversions that the Transaction will achieve from other railroads (Richard W. Brown and Nathaniel S. Zebrowski of FTI) and trucks (Bengt Mutén of IHS/Markit), and the cost savings flowing from operating efficiencies (Michael R. Baranowski of FTI). These statements are in Volumes 1 and 2 of this Application.

In addition, more than 960 – shippers, smaller railroads, ports, public officials, and rail industry suppliers and other stakeholders – have submitted statements supporting the CP/KCS combination, many of which have previously been filed in this docket. Volume 3 contains these statements.

OPINIONS OF COUNSEL [SECTION 1180.6(a)(4)]

The opinions of Applicants' counsel that the Transaction meets the requirements of law and will be legally authorized and valid, if approved by the Board, are set forth at the end of the narrative in this Volume of the Application, after the Prayer for Relief.

LISTS OF STATES
[SECTION 1180.6(a)(5)]

Listed below are the states in which each Applicant carrier owns rail property over which it conducts rail operations.

CPRC: Michigan (property owned by subsidiary Detroit River Tunnel Company)

Soo Line: Illinois, Minnesota, North Dakota, South Dakota, and Wisconsin.

CMQ: Maine and Vermont.

DM&E: Illinois, Iowa, Minnesota, Missouri, and Wisconsin.

D&H: New York.

KCSR: Alabama, Arkansas, Illinois, Kansas, Louisiana, Mississippi, Missouri, Oklahoma, Tennessee, and Texas.

GWER: Illinois.

Tex Mex: Texas.

MAP – EXHIBIT 1
[SECTION 1180.6(a)(6)]

Exhibit 1 (set forth in Appendix A in this Volume) contains three maps, the first showing the entirety of the CP system in North America, the second showing the entirety of the KCS system in North America, and the third showing KCS's system on a larger scale.

NATURE AND TERMS OF PROPOSED TRANSACTION
[SECTION 1180.6(a)(7)(i)]

The Transaction involves the acquisition by CP of control of KCS and its U.S rail carrier subsidiaries and the integration of those rail carriers into the CP/KCS rail network, which will be known as CPKC. The significant terms of CP's acquisition of KCS, and the consideration to be paid for KCS's stock, are described in Section 1180.6(a)(1)(i), "Summary of Transaction," and Section 1180.6(a)(2)(iii), "Effect of Increase in Total Fixed Charges," above.

AGREEMENTS – EXHIBIT 2
[SECTION 1180.6(a)(7)(ii)]

On September 15, 2021, CP and KCS entered into the Merger Agreement, a copy of which is provided with Exhibit 2, in Volume 4 of this Application. Exhibit 2 also contains the Voting Trust Agreement that CP would use in connection with its acquisition of KCS. *See* Section 1180.6(a)(1)(i), "Summary of Transaction."

DESCRIPTION OF RESULTING COMPANY
[SECTION 1180.6(a)(7)(iii)]

Under the Merger Agreement, Kansas City Southern would legally be merged with and into Cygnus Merger Sub 1 Corporation, a wholly-owned subsidiary of CP, with Cygnus Merger Sub 1 Corporation surviving. However, the successor holding company of Kansas City Southern will continue to own Kansas City Southern's railroad and other affiliates, and will maintain the same name, governance structure, and other corporate-level attributes of Kansas City Southern. *See* Section 1180.6(a)(1)(i), "Summary of Transaction," for a more detailed description of the Transaction.

Following the Transaction, all of CP's and KCS's U.S. railroad affiliates would be controlled by CPRL and its wholly-owned operating subsidiary CPRC. CPRL was incorporated in 2001 under the Canada Business Corporations Act, and CPRC was incorporated in 1881 by Letters Patent pursuant to an Act of Parliament of Canada. The capitalization proposed for the resulting company and the amount and character of capital stock and other securities to be issued are addressed in Section 1180.6(a)(1)(iv), "Nature and Amount of Any New Securities or Other Financial Arrangements," and Section 1180.6(a)(2)(iii), "Effect of Increase in Total Fixed Charges."

COURT ORDER – EXHIBIT 3
[SECTION 1180.6(a)(7)(iv)]

Not applicable. No Applicant is a trustee, receiver, assignee, or personal representative of a real party in interest.

PROPERTY INCLUDED IN PROPOSED TRANSACTION
[SECTION 1180.6(a)(7)(v)]

The property involved in the Transaction includes all of the property of the Applicants' U.S. rail carrier subsidiaries. Specifically, CP will acquire the common stock of KCS and exercise control over KCS and all of its controlled rail carrier affiliates and their rail property.

DESCRIPTION OF LINES
[SECTION 1180.6(a)(7)(vi)]

The principal routes and termini of CP and KCS and their U.S. rail carrier affiliates are generally described below. The maps provided in Exhibit 1 (Appendix A in this Volume) depict these routes and termini, as well as the principal points of interchange on the routes of these railroads.

The Transaction involves all of the U.S. mainline and branch line mileage of the CP and KCS rail systems. The Transaction will create no track redundancies, and no abandonments would result from the combination of the two systems.

CP Principal Routes

As described in more detail in the Operating Plan and shown on the Exhibit 1 maps, the CP rail network spans Canada from the Pacific Ocean at Vancouver to the Atlantic Ocean at Saint John, NB (reached via haulage rights from the connection between CMQ and Eastern Maine Railway ("EMRY") and New Brunswick Southern Railway ("NBSR") at Brownville Junction, Maine). CP's principal routes serving the United States extend from six

Canada/United States border crossings at North Portal, SK/Portal, ND; Emerson, MB/Noyes, MN; Windsor, ON/Detroit, Michigan; Buffalo, NY; Rouses Point, NY; and a point near Jackman, ME on the Quebec/Maine border. CP also operates a short stretch of branch line trackage between Abercorn, QC and Richford, VT

At North Portal/Portal, CP's lines serving Western Canada connect with lines operated by CP's affiliate Soo Line to the Twin Cities and beyond to Kansas City (where it connects with KCS and other Class I carriers) and Chicago (where CP connects with the Class I carriers serving the Chicago Gateway). This route provides the shortest rail route between Vancouver and Chicago.

CP also has a line between Winnipeg, MB and the Twin Cities that crosses the U.S. border at Emerson/Noyes and connects with the rest of CP's U.S. system at Glenwood, MN.

CP's system includes several secondary and branch lines in Iowa, North Dakota, and Minnesota that serve grain and other shippers, and these lines also connect with several shortlines. In addition, CP operates a mainline connecting Kansas City with Chicago via Sabula, IA.

CP's lines in Eastern Ontario with the Chicago Gateway via haulage rights over both NS (between Chicago and Detroit, where CP enters Canada via its wholly-owned Detroit River Tunnel) and CSX (between Chicago and Fort Erie, ON/Buffalo, NY).

CP's D&H affiliate operates lines that extend south into New York from Rouses Point, NY to the Albany, NY region, with connections to Pan Am Southern Railway (at Mechanicville, NY), NS (at Schenectady, NY), and CSX (at Albany). D&H provides service beyond Albany to New York City and Philadelphia (both via haulage over CSX) and Eastern Pennsylvania (via haulage over NS).

CP's CMQ affiliate operates lines that extend east from Quebec into Maine and serve the Atlantic Ocean Port of Saint John (via a connection with EMRY and NBSR). CP's network and port access offers shippers efficient intermodal routes from Europe to Montreal, Toronto, Chicago, and beyond.

In addition, CP serves important interchanges with other U.S. carriers at Kingsgate, AB/Eastport, ID, where it connects with UP's lines to the Portland and other Pacific Northwest U.S. points, at Coutts, AB/Sweet Grass, MT with BNSF, and at Buffalo with CSX and NS.

KCS Principal Routes

The KCS rail network extends in a North-South corridor from Kansas City south to the Pacific Ocean at the Port of Lazaro Cardenas.

Within Mexico, KCS's KCSM affiliate operates the Northeast Concession serving Mexico's industrial heartland, with lines radiating from Mexico City to the south as far as Lazaro Cardenas, to the east serving the Ports of Veracruz, Altamira, and Tampico on the Gulf of Mexico, and extending north to Monterrey, NL and other industrial points in the State of Nuevo Leon and beyond to the U.S. border gateways of Nuevo Laredo, NL/Laredo, TX (where KCSM connects with KCSR and UP) and Matamoros, NL/Brownsville, TX (where KCSM connects with UP).

In the United States, KCSR's network is centered on Shreveport, LA, with lines radiating in five directions. The key North-South through Shreveport extends from the Mexican border at Laredo to Kansas City. KCS's affiliate Tex Mex's mainline extends from Laredo east to Robstown and Corpus Christi in southeast Texas, reaches Victoria, TX via trackage rights over UP, proceeds northeast through Kendleton, TX (where KCS operates intermodal and automotive facilities) to Rosenberg, TX, where it rejoins UP trackage rights through Houston

and beyond to Beaumont, TX, and reaches north via KCSR's original Kansas City-Port Arthur mainline to Shreveport and ultimately Kansas City. At Kansas City, KCSR connects with CP and other Class I railroads. This mainline has branches serving Lake Charles, LA and Fort Smith, AR.

The "Meridian Speedway" line runs east-west through Shreveport between the Dallas, TX area and a connection with NS at Meridian, MS. The portion of this line from Shreveport to Meridian is owned by KCS's affiliate Meridian Speedway, LLC, in which NS has a 30 percent ownership interest, and is operated by KCSR.

In addition to these core lines, KCS operates an important secondary line that extends southeast from Shreveport to New Orleans, serving important chemical industry and other shipper facilities between Baton Rouge and New Orleans and terminating at a connection with the New Orleans Public Belt Railroad ("NOPB"), which serves the Port of New Orleans, and other Class I railroads at the New Orleans gateway.

KCSR also operates the former "Gateway Western" lines extending east from Kansas City to Springfield and East St. Louis, IL. At East St. Louis, KCSR connects with the Terminal Railroad Association of St. Louis ("TRRA") and other Class I railroads. KCSR also has limited haulage rights allowing it to quote rates for the movement of grain over UP lines between Kansas City and Council Bluffs, IA; Omaha, NE/Council Bluffs, IA; Topeka, KS; Atchison, KS, and Lincoln, NE.[4]

Finally, KCS operates several former "MidSouth" branch lines in Mississippi and Tennessee. KCSR also reaches the Port of Gulfport (where it has its own trackage) via haulage

[4] These are the former "North End" rights originally granted to MKT in the UP/MP/WP merger.

rights on CN between Jackson and Palmer, MS, and the Port of Mobile via haulage rights on CN from Jackson, MS to Mobile, AL.

GOVERNMENTAL ASSISTANCE [SECTION 1180.6(a)(7)(vii)]

Not applicable. No governmental assistance is expected in connection with the Transaction.

ENVIRONMENTAL DATA – EXHIBIT 4 [SECTION 1180.6(a)(8)]

The Board's rules address the submission of environmental information and data, prepared in consultation with the Office of Environmental Analysis ("OEA"). Applicants have been working with OEA for months to fulfill those requirements. This Exhibit 4 summarizes the results of Applicants' work, which they also have provided to OEA.

The Environmental Review Process

The Board's National Environmental Policy Act ("NEPA") regulations "encourage the use of third-party consultants." 49 C.F.R. § 1105.10(d). When OEA uses a third-party consultant "to prepare any necessary environmental documentation," the usual "environmental reporting requirements" are "waived." *Id*. Here, OEA selected and approved a third-party consultant, Vanasse Hangen Brustlin, Inc. ("VHB"), to support OEA's environmental review. As a result, Applicants need not prepare the "environmental report" referenced in Section 1180.6(a)(8).

To benefit the Board and the public, Applicants provide the following summary of the ongoing environmental review process. They note that even before September 15, when KCS rejoined CP as co-Applicant in this docket, CP was meeting regularly with OEA to address the

environmental review process for the proposed Transaction. Applicants have continued to meet regularly with OEA since September 15.

In late May 2021, OEA sent an information request letter to CP seeking a variety of information that would help OEA plan its environmental review. In preparing its response to OEA's requests, CP worked with OEA to ensure that the substance and format of its responses would meet OEA's needs. Beginning on September 15, KCS joined CP in preparing the responses to OEA's information requests. In developing their responses to OEA's requests, Applicants assessed the rail traffic the CP/KCS system would handle post-Transaction based on the Operating Plan that is being presented with the Application. Applicants responded to OEA's requests on October 28, 2021.

Applicants anticipate that OEA will begin a public participation process under NEPA with a notice of intent to prepare either an Environmental Assessment or an Environmental Impact Statement.

The Transaction's Environmental Benefits

The Verified Statement of Glen Wilson (in this Volume) and the information submitted to OEA shows that the Transaction will have many environmental benefits.

Applicants are committed to protecting the environment, including by reducing greenhouse gas emissions. They are committed to meeting the emissions targets set by the Paris Agreement and to leading the transportation sector's low-carbon transition. And both CP and KCS have also set science-based (or "SBTi") targets in recent months: CP has committed publicly to reduce greenhouse gas ("GHG") emissions by 38 percent by 2030 and KCS has targeted a 42 percent reduction by 2034.

As the Verified Statement of Glen Wilson (in this Volume) explains, CP already outperforms industry averages for locomotive fuel efficiency and continues to improve in that area, which will drive improvements at CPKC as well. These improvements translate to fewer greenhouse gas emissions from CP's locomotives.

The combined CP/KCS network in the U.S. will be even more efficient when handling freight rail traffic, with fewer interchanges, reduced intermediate railcar handlings, and longer hauls. The greater efficiency of the CPKC system will translate into reduced fuel usage, reduced GHG intensity, and thus fewer GHG emissions.

As Mr. Wilson explains, Transaction-related improvements in the efficiency of the combined network will avoid more than 377,000 tons of GHG emissions annually, avoiding more than 7.2 million tons of GHG emissions over the first 20 years of CPKC's existence.

Because the combined CP/KCS network will be more efficient and a more capable competitor with long-haul trucks. Applicants' new intermodal rail services will annually divert more than 60,000 long-haul truck shipments to rail, as explained in the Verified Statement of Bengt Mutén. Because moving freight by rail requires less fuel than moving it by truck, this diversion will further reduce greenhouse gas emissions and thereby avoid over 65,000 tons of greenhouse gas emissions annually, and more than 1.3 million tons over 20 years, as Mr. Wilson explains.

Diverting freight from trucks to the combined CP/KCS network has other environmental benefits as well. As Mr. Wilson explains, fewer trucks on U.S. highways means less congestion, less maintenance, and improved safety on those roads. Using accepted methodologies, those improvements are worth $750 million over 20 years, while reducing truck vehicle miles travelled

by over 2 billion. Fewer trucks also means less noise pollution in the places where those trucks would have driven.

Separately, the Transaction will accelerate the shift away from transporting flammable crude oil by rail toward the movement of non-hazardous "DRUbit," from which flammable diluent has been removed. *See* Wahba/Naatz V.S. This shift will improve transportation efficiency, save fuel, and reduce emissions, while also reducing risks to the environment.

Applicants recognize that the addition of freight traffic moving on the combined CP/KCS network may have localized impacts, and they will work with OEA and any affected communities to identify and mitigate those impacts as appropriate. At the same time, the combined CP/KCS network will be attracting rail traffic by providing shippers with improved freight transportation options. Increased traffic along CPKC lines will be matched by reduced traffic on highways or on the lines of other railroads. The communities where the amount of freight traffic goes down may see localized benefits from the Transaction.

The Scope of Potential Environmental Effects

In response to OEA's information requests, Applicants identified line segments and rail yards where CP's acquisition of KCS could lead to traffic changes that exceed the Board's environmental review thresholds. *See* 49 C.F.R. § 1105.7(e)(5). A summary of the information provided to OEA is set forth below:

- Based on their post-Transaction Operating Plan, Applicants identified 22 segments on CPKC's U.S. network where the Transaction would cause increases in traffic levels that exceed OEA's thresholds for attainment areas, and 13 segments where the Transaction would cause increases in traffic that exceed

OEA's thresholds for nonattainment areas. These segments are highlighted in the overview map set forth as Figure 1 below.

FIGURE 1
OVERVIEW OF SEGMENTS EXCEEDING ENVIRONMENTAL REVIEW THRESHOLDS

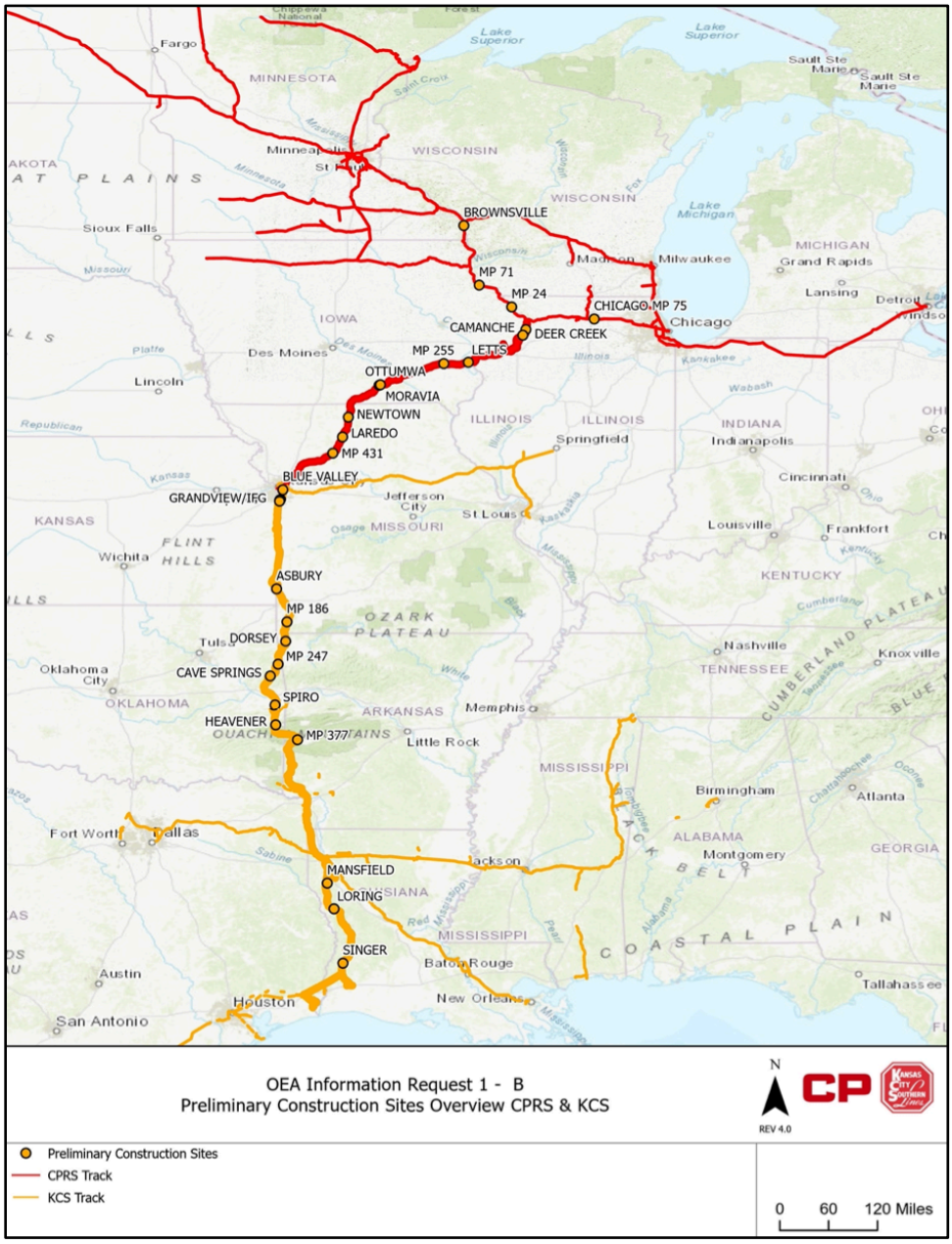


- Applicants' Operating Plan identifies that there are no U.S. rail yards where the Transaction would cause increases in traffic levels that exceed OEA's thresholds

for attainment areas, and four U.S. rail yards where the Transaction would cause modest increases in volumes that exceed OEA's thresholds for nonattainment areas.

- Applicants' analysis of the rail capacity necessary to accommodate Transaction-related traffic growth, which also considered the anticipated organic growth in both CP's and KCS's base traffic volumes, identified 26 locations in the United States where Applicants propose to add double-track or new or extended sidings to increase network capacity. In addition, Applicants have identified three areas where they plan to add Centralized Traffic Control signal systems in previously "dark" territory. This construction would occur in existing rights of way and thus would not involve Board-jurisdictional new rail line construction. The locations of the planned construction projects appear on the map set forth as Figure 2 below.

FIGURE 2
LOCATION OF PLANNED CONSTRUCTION

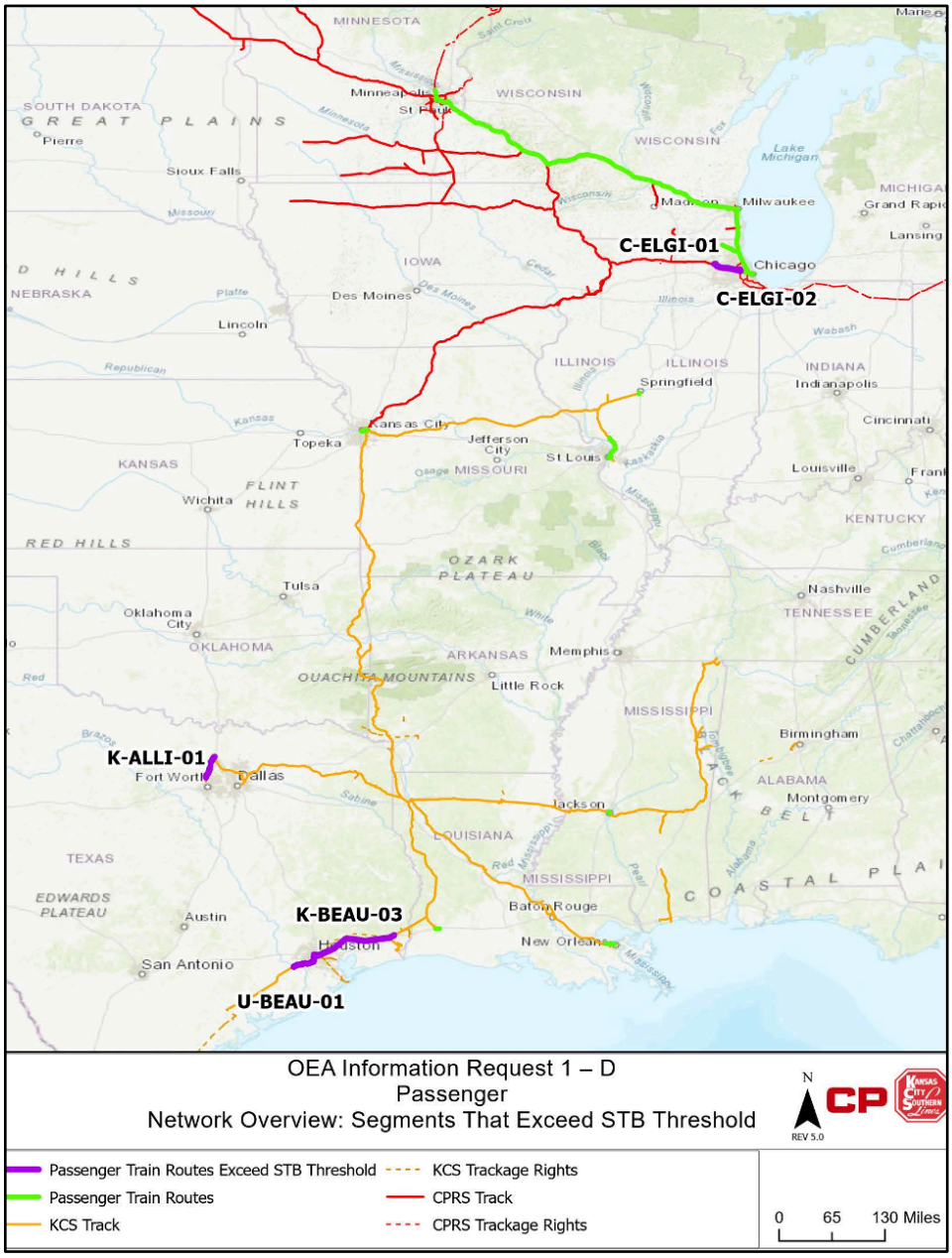


- Based on their traffic diversion analysis and Operating Plan, Applicants identified the portions of their U.S. networks where the Transaction would lead to increases in the number of railcars carrying hazardous materials and whether such movements would occur in unit trains or otherwise. That information shows 63

segments where annual hazardous materials traffic will increase by 1,000 cars or more.

- Applicants also identified the handful of locations on their U.S. networks where passenger trains operate and the Board's environmental review thresholds would be exceeded. As explained in the Operating Plan (Exhibit 13), Applicants anticipate no adverse impacts on passenger operations, and indeed the Transaction will facilitate the expansion of passenger service by Amtrak, as explained in the Verified Statement of Keith Creel, in this Volume. Figure 3 below depicts those locations.

FIGURE 4
OVERVIEW OF PASSENGER TRAIN OPERATIONS



Especially in light of the Transaction's environmental benefits, Applicants believe that the Transaction-related traffic changes will have relatively minor environmental impacts. Applicants will continue to work with OEA during the environmental review process to ensure that those impacts are documented under NEPA and mitigated where and as appropriate.

FORM 10-KS – EXHIBIT 6
[SECTION 1180.6(b)(1)]

Applicants' most recent Form 10-Ks and Form 40-Fs, filed with the U.S. Securities and Exchange Commission ("SEC") under 17 C.F.R. §§ 249.240f and 249.310, are submitted as Exhibit 6 in Volume 4 of the Application. Table 6.0 below summarizes the filings that are set forth in Exhibit 6. Applicants will update the Application with any Form 10-Ks or Form 40-Fs subsequently filed with the SEC over the duration of the proceeding.

TABLE 6.0

APPLICANT	U.S. RAIL CARRIER?	MOST RECENT 10-K OR 40-F SEC FILING	LOCATION
CANADIAN PACIFIC APPLICANTS			
Canadian Pacific Railway Limited	No	Form 10-K (Feb. 18, 2021); Form 10-K/A (Apr. 30, 2021)	Exhibit 6.1 Exhibit 6.2
Canadian Pacific Railway Company	No	Form 40-F (Feb. 23, 2015)	Exhibit 6.3
Central Maine & Quebec Railway US Inc.	Yes	Does not file separate registration statements/periodic reports with the SEC (EDGAR)	N/A
Dakota, Minnesota & Eastern Railroad Corporation	Yes	Does not file separate registration statements/periodic reports with the SEC (EDGAR)	N/A
Delaware and Hudson Railway Company, Inc.	Yes	Does not file separate registration statements/periodic reports with the SEC (EDGAR)	N/A
Soo Line Railroad Company	Yes	Does not file separate registration statements/periodic reports with the SEC (EDGAR)	N/A
KCS APPLICANTS			
Kansas City Southern	No	Form 10-K (Jan. 29, 2021)	Exhibit 6.4
The Kansas City Southern Railway Company	Yes	Neither 10-K nor 40-F	N/A
Gateway Eastern Railway Company	Yes	Neither 10-K nor 40-F	N/A
The Texas Mexican Railway Company	Yes	Does not file separate registration statements/periodic reports with the SEC (EDGAR)	N/A

FORM S-14 – EXHIBIT 7
[SECTION 1180.6(b)(2)]

Form S-4 replaced Form S-14 in 1985.[5] Kansas City Southern's most recent Form S-4 filings with the SEC (pursuant to 17 C.F.R. § 239.25) are being submitted as part of Exhibit 7, in Volume 4 of the Application. In addition, Canadian Pacific's Form F-4 filing with the SEC, relating specifically to the Transaction, is being submitted as part of Exhibit 7. The Forms submitted as Exhibit 7 are described in Table 7.0 below. Applicants will update the Application with any Form S-4s or F-4s subsequently filed with the SEC over the duration of the proceeding.

[5] Form S-4 replaced Form S-14 in 1985. *See* Securities Act Release No. 6578 (Apr. 23, 1985); 50 Fed. Reg. 48379 n.2 (Nov. 25, 1985).

TABLE 7.0

APPLICANT	U.S. RAIL CARRIER?	MOST RECENT S-4 OR F-4 FILING	LOCATION
CANADIAN PACIFIC APPLICANTS			
Canadian Pacific Railway Limited	No	Form F-4 (Oct. 1, 2021)	Exhibit 7.1
Canadian Pacific Railway Company	No	No S-4 or F-4	N/A
Central Maine & Quebec Railway US Inc.	Yes	Does not file separate registration statements/periodic reports with the SEC (EDGAR)	N/A
Dakota, Minnesota & Eastern Railroad Corporation	Yes	Does not file separate registration statements/periodic reports with the SEC (EDGAR)	N/A
Delaware and Hudson Railway Company, Inc.	Yes	Does not file separate registration statements/periodic reports with the SEC (EDGAR)	N/A
Soo Line Railroad Company	Yes	Does not file separate registration statements/periodic reports with the SEC (EDGAR)	N/A
KCS APPLICANTS			
Kansas City Southern	No	Form S-4 (May 18, 2016) Form S-4/A – Amendment No. 1 (June 17, 2016) Form S-4/A – Amendment No. 2 (June 27, 2016)	Exhibit 7.2 Exhibit 7.3 Exhibit 7.4
The Kansas City Southern Railway Company	Yes	Form S-4 (May 18, 2016) Form S-4/A – Amendment No. 1 (June 17, 2016) Form S-4/A – Amendment No. 2 (June 27, 2016)	Exhibit 7.2 Exhibit 7.3 Exhibit 7.4
Gateway Eastern Railway Company	Yes	Form S-4 (May 18, 2016) Form S-4/A – Amendment No. 1 (June 17, 2016) Form S-4/A – Amendment No. 2 (June 27, 2016)	Exhibit 7.2 Exhibit 7.3 Exhibit 7.4
The Texas Mexican Railway Company	Yes	Does not file separate registration statements/periodic reports with the SEC (EDGAR)	N/A

CHANGE IN CONTROL – EXHIBIT 8
[SECTION 1180.6(b)(3)]

The only Canadian Pacific Applicant that files a Form R-1 is Soo Line, and there has been no change in ownership or control since Soo Line filed its most recent Form R-1 in 2020.

The only KCS Applicant that files a Form R-1 is KCSR, and there has been no change in ownership or control of KCSR since it filed its most recent Form R-1 in 2020.

For the non-carrier CP Applicants – CPRL and CPRC – Exhibit 8, Table 8.1 (in Appendix C in this Volume) identifies the directors and principal officers. For each CP Applicant that is a U.S. rail carrier, Exhibit 8, Table 8.2 (also in Appendix C) identifies the Applicant's officers and directors and identifies the entity that controls the Applicant as well as any owner of at least 10 percent of the equity of the Applicant. Table 8.2 also identifies the directors and principal officers for each of CP's non-Applicant majority-owned U.S. rail carrier subsidiaries.

For the one non-carrier KCS Applicant – KCS – Exhibit 8, Table 8.3 (in Appendix C) identifies the directors and principal officers. For each KCS Applicant that is a U.S. rail carrier, Exhibit 8, Table 8.4 (also in Appendix C) identifies the Applicant's officers and directors and identifies the entity that controls the Applicant as well as any owner of at least 10 percent of the equity of the Applicant. Table 8.4 also identifies the Management Committee Members and principal officers for each of KCS's non-Applicant majority-owned U.S. rail carrier subsidiary Meridian Speedway, LLC.

Table 8.0 below summarizes the information that is being supplied for each Applicant and their majority-owned U.S. rail carrier subsidiaries.

TABLE 8.0

APPLICANT	U.S. RAIL CARRIER?	R-1 FILING?	MAJORITY-OWNED U.S. RAIL CARRIER SUBSIDIARIES?	CONTENT OF EXHIBIT 8
CANADIAN PACIFIC APPLICANTS				
Canadian Pacific Railway Limited	No	No	CPRL owns 100% of Applicant CPRC, listed below.	Directors and principal officers of non-carrier Applicant CPRL (Table 8.1)
Canadian Pacific Railway Company	No (owns U.S. rail property through DRTC)	No	CPRC indirectly owns 100% of Applicants Soo Line, CMQ, DM&E, and D&H, listed below.	Directors and principal officers of non-carrier Applicant CPRC (Table 8.1)
Soo Line Railroad Co.	Yes	Yes	None	Directors and officers of Applicant Soo Line (Table 8.2)
Central Maine & Quebec Railway US Inc.	Yes	No (included in Soo Line filing)	None	Directors and officers of Applicant CMQ (Table 8.2)
Dakota, Minnesota & Eastern Railroad Corp.	Yes	No (included in Soo Line filing)	None	Directors and officers of Applicant DM&E (Table 8.2)
Delaware and Hudson Railway Company, Inc.	Yes	No (included in Soo Line filing)	Albany & Vermont Railroad Co. (83.2%) Saratoga & Schenectady Railroad Co. (91.38%)	Directors and officers of Applicant D&H (Table 8.2) Directors and principal officers of non-Applicants Albany & Vermont Railroad Co. and Saratoga & Schenectady Railroad Co. (Table 8.2)
KCS APPLICANTS				
Kansas City Southern	No	No	KCS owns 100% of Applicant KCSR, listed below KCS indirectly owns 100% of Applicant Tex Mex, listed below. KCS indirectly owns 70% of Meridian Speedway, LLC.	Directors and principal officers of non-carrier Applicant KCS (Table 8.3) Management Committee Members and principal officers of non-Applicant Meridian Speedway, LLC (Table 8.4)
The Kansas City Southern Railway Co.	Yes	Yes	KCSR owns 100% of Applicant GWER, listed below.	Directors and officers of Applicant KCSR (Table 8.4)
Gateway Eastern Railway Co.	Yes	No (included in KCSR filing)	None	Directors and officers of Applicant GWER (Table 8.4)
The Texas Mexican Railway Co.	Yes	No (included in KCSR filing)	None	Directors and officers of Applicant Tex Mex (Table 8.4)

ANNUAL REPORTS – EXHIBIT 9
[SECTION 1180.6(b)(4)]

Applicants are submitting as Exhibit 9 the two most recent annual reports to stockholders for each of the Applicants that has public shareholders. Table 9 below describes the content of Exhibit 9. Applicants will update Exhibit 9 with any annual or quarterly report to stockholders issued over the duration of the proceeding.

TABLE 9

APPLICANT	U.S. RAIL CARRIER?	HAS PUBLIC SHAREHOLDERS?	ANNUAL REPORTS SUBMITTED WITH APPLICATION
CP APPLICANTS			
Canadian Pacific Railway Limited	No	Yes	2020 Annual Report (Exhibit 9.1). Filed with the SEC on February 18, 2021. 2019 Annual Report (Exhibit 9.2). Filed with the SEC on February 20, 2020.
Canadian Pacific Railway Company	No	No	N/A
Soo Line Railroad Company	Yes	No	N/A
Central Maine & Quebec Railway US Inc.	Yes	No	N/A
Dakota, Minnesota & Eastern Railroad Corporation	Yes	No	N/A
Delaware and Hudson Railway Company, Inc.	Yes	No	N/A
KCS APPLICANTS			
Kansas City Southern	No	Yes	2020 Annual Report (Exhibit 9.3). Filed with the SEC on January 29, 2021. 2019 Annual Report (Exhibit 9.4). Filed with the SEC on January 24, 2020.
The Kansas City Southern Railway Company	Yes	No	N/A
Gateway Eastern Railway Company	Yes	No	N/A
The Texas Mexican Railway Company	Yes	No	N/A

RELEVANT ISSUES – EXHIBIT 10
[SECTION 1180.6(b)(5)]

The issues most relevant to the Board's evaluation of the application in this proceeding are, in Applicants' view:

(1) The lack of any adverse impact of the Transaction on competition, and the benefits to the public from the new competition that would be generated by the Transaction;

(2) The beneficial effect of the Transaction on the adequacy of rail transportation service to the public;

(3) The beneficial effect of the Transaction on the efficiency with which rail services are provided and the total resources consumed in providing those services;

(4) The benefits of the Transaction for rail carrier employees;

(5) The benefits of the Transaction for the environment, including through the reduction in emissions from more efficient rail operations and the removal of substantial long-haul truck volumes from the Nation's highways; and

(6) The benefits of the Transaction for the provision of railroad passenger service on lines of the combined rail network.

These issues are addressed throughout the Application.

CORPORATE CHARTS – EXHIBIT 11
[SECTION 1180.6(b)(6)]

Corporate Charts for CP and KCS are set forth in Appendix D, in this Volume. The charts indicate the relationships between Applicants and the other affiliates and subsidiaries of CPRL and KCS, respectively, including companies controlling applicant carriers directly, indirectly or through another entity.

STATEMENT OF COMMON OFFICERS AND DIRECTORS [SECTION 1180.6(b)(6)(i)]

Table 11.1 in Exhibit 11 (in Appendix D in this Volume) identifies the entities on the CP and KCS Corporate Charts which have officers and directors representing other rail carriers.

CARRIER STATUS LIST [SECTION 1180.6(b)(6)(ii)]

The carrier or non-carrier status of the entities reflected on the CP and KCS Corporate Charts is set forth in Table 11.2 of Exhibit 11, in Appendix D of this Volume.

INFORMATION ON NON-CARRIER APPLICANTS [SECTION 1180.6(b)(7)]

Among the Applicants, three are not U.S. rail carriers: CPRL, CPRC, and KCS.

CPRL is a holding company formed under the laws of the Canada Business Corporations Act on October 1, 2001 and headquartered in Calgary, Alberta, Canada. CPRL provides freight transportation services in Canada and the United States through its direct and indirect wholly owned subsidiaries: CPRC (which operates railway lines in Canada and is an Applicant because its owns rail property in the United States through its affiliate DRTC), Central Maine & Quebec Railway Canada Inc., which operates lines in Quebec; and CPRL's U.S. rail carriers: Soo Line, DM&E, D&H, and CMQ.

CPRC is a wholly-owned subsidiary of CPRL and a Canadian rail carrier that provides freight transportation services in Canada. CPRC was incorporated in 1881 by Letters Patent pursuant to an Act of Parliament of Canada. CPRC owns U.S. rail property through its subsidiary the Detroit River Tunnel Company, but does not operate in the United States.

KCS is a holding company incorporated under the laws of Delaware on January 29, 1962 and headquartered in Kansas City, MO. KCS provides freight transportation services in the

United States, Mexico, and Panama through various affiliates. KCS provides freight transportation services in the United States through its affiliates, specifically Applicants KCSR, GWER, and Tex Mex. KCS is also the 70 percent owner of Meridian Speedway, LLC ("MSLLC"), which is a Board-authorized U.S. rail carrier. KCSR is the designated operator of MSLLC.

STATEMENT OF DIRECT AND INDIRECT INTERCORPORATE FINANCIAL RELATIONSHIPS [SECTION 1180.6(b)(8)]

All known financial relationships between Applicant carriers, including persons affiliated with those carriers, and carriers from other corporate families, including persons affiliated with those carriers, are reported in Exhibit 11, Table 11.1.

MARKET IMPACT ANALYSES – EXHIBIT 12 [SECTION 1180.7]

Applicants are presenting several analyses of the market impact of the Transaction:

(1) Keith Creel (CP's President and CEO), Patrick J. Ottensmeyer (KCS's President and CEO), and John Brooks (CP's Chief Marketing Officer) provide an overview of competitive and marketing benefits of the CP/KCS combination. Their Verified Statements are in this Volume.

(2) Jonathan Wahba (CP's Vice President of Commercial Integration) and Michael J. Naatz (KCS's Chief Marketing Officer) provide a detailed analysis, on a commodity-by-commodity basis, of the improved transportation offerings of the combined CP/KCS network, which will attract additional truck and rail traffic and intensify competition in the corridors served by CPKC. Their Joint Verified Statement is in this Volume.

(3) W. Robert Majure, of Cornerstone Research, provides a comprehensive analysis of the effect of the Transaction on competition, concluding that the Transaction will have no anticompetitive effects but will instead intensify competition with other Class I railroads in many corridors where CPKC will provide new and improved single-line rail services. Dr. Majure's Verified Statement is in Volume 2.

(4) Richard W. Brown and Nathaniel S. Zebrowski, of FTI Consulting, present the results of their comprehensive analysis of the potential for the combined CP/KCS system to attract rail traffic from other railroads as a result of the Transaction (customarily referred to as rail-to-rail diversions). Messrs. Brown and Zebrowski demonstrate that the improved transportation offerings likely will attract substantial volumes of rail traffic from other railroads, particularly the larger Class I railroads (BNSF, UP, and CN) with which CP and KCS are relatively less effective competitors today. The Verified Statement of Messrs. Brown and Zebrowski is in Volume 2 of this Application.

(5) Bengt Múten of IHS/Markit presents the results of his comprehensive analysis of potential diversions of truck traffic to the new and improved rail intermodal offerings of the combined CP/KCS system resulting from the Transaction. The Verified Statement of Mr. Múten is in Volume 2 of this Application.

Together these analyses demonstrate that the Transaction will improve competition and allow CPKC to provide improved rail transportation offerings, benefitting shippers, the U.S. and North American economies, and the environment. See also Section 1180.6(a)(2)(i), "Effects on Competition," and Section 1180.6(a)(2)(iv), "Effect on Adequacy of Transportation."

OPERATING PLAN – EXHIBIT 13
[SECTION 1180.8(a)(1)-(4)]

The Operating Plan (Exhibit 13) is included in Volume 2 of this Application. It describes in detail how the CP and KCS systems will be integrated from an operating perspective.

The Operating Plan presents that plan in two stages. The first involves the optimization of the combined network that will proceed promptly following Board approval of control. CPKC will immediately begin to bypass interchange in Kansas City, build longer-distance, cross-system blocks, and establish more reliable and balanced operations that support improved services at reduced cost.

The second stage, referred to as the "Growth Plan," demonstrates in detail how the combined CP/KCS network, augmented by the planned investments in capacity and safety, will offer new, more competitive services and readily accommodate the growth in traffic that Applicants and their witnesses forecast.

DENSITY CHARTS – EXHIBIT 14
[SECTION 1180.8(a)(5)]

Gross-ton mile density charts for CPRL U.S. and Canadian rail network (including its U.S. rail carrier subsidiaries Soo Line, CMQ, D&H, and DM&E) and for KCS's U.S. and Mexican rail network (including both KCSM and its U.S. rail carrier subsidiaries KCSR, GWER, and Tex Mex) are presented in Exhibit 14 (in Volume 2 of this Application).

OPERATING PLAN (MINOR TRANSACTIONS) – EXHIBIT 15
[SECTION 1180.8(b)]

Not applicable. Applicants propose a Major Transaction, as defined in 49 C.F.R. § 1180.2(a).

PRO FORMA BALANCE SHEETS – EXHIBIT 16
[SECTION 1180.9(a)]

Pro-forma balance sheets (Exhibit 16) are submitted as Appendix E to this Volume. *See* Verified Statement of Dean Vargas, in this Volume.

PRO FORMA INCOME STATEMENTS – EXHIBIT 17
[SECTION 1180.9(b)]

Pro-forma income statements (Exhibit 17) are submitted as Appendix F to this Volume. *See* Verified Statement of Dean Vargas, in this Volume.

SOURCES AND APPLICATIONS OF FUNDS STATEMENTS – EXHIBIT 18
[SECTION 1180.9(c)]

Sources and applications of funds statements (Exhibit 18) are submitted as Appendix G to this Volume. *See* Verified Statement of Dean Vargas, in this Volume.

PROPERTY ENCUMBRANCES – EXHIBIT 19
[SECTION 1180.9(d)]

Not applicable. Encumbrances which exist on the properties affected by the Transaction would remain in place.

CURRENT BALANCE SHEETS AND INCOME STATEMENTS
(EXHIBITS 20 AND 21)
[SECTION 1180.9(e)]

Current balance sheets and income statements for Applicants and their controlled rail carrier subsidiaries are set forth in their R1 filings or provided elsewhere in this Application, as indicated in Table 20/21 below.

TABLE 20/21

ENTITY	APPLICANT?	CLASS I RAILROAD?	BALANCE SHEET	INCOME STATEMENT
CANADIAN PACIFIC APPLICANTS				
Canadian Pacific Railway Limited	Yes	No	*See* CPRL Annual Report (Exhibit 9)	*See* CPRL Annual Report (Exhibit 9)
Canadian Pacific Railway Company	Yes	No	Consolidated in CPRL Annual Report	Consolidated in CPRL Annual Report
Central Maine & Quebec Railway US Inc.	Yes	No	Consolidated in Soo Line R1 filing	Consolidated in Soo Line R1 filing
Dakota, Minnesota & Eastern Railroad Corporation	Yes	No	Consolidated in Soo Line R1 filing	Consolidated in Soo Line R1 filing
Delaware and Hudson Railway Company, Inc.	Yes	No	Consolidated in Soo Line R1 filing	Consolidated in Soo Line R1 filing
Soo Line Railroad Company	Yes	Yes	*See* Soo Line 2020 R1	*See* Soo Line 2020 R1
KCS APPLICANTS AND CONTROLLED RAIL CARRIERS				
Kansas City Southern	Yes	No	*See* KCS Annual Report (Exhibit 9)	*See* KCS Annual Report (Exhibit 9)
Gateway Eastern Railway Company	Yes	No	Consolidated in KCSR R1 filing	Consolidated in KCSR R1 filing
The Kansas City Southern Railway Company	Yes	Yes	*See* KCSR Line 2020 R1	*See* KCSR 2020 R1
The Texas Mexican Railway Company	Yes	No	Consolidated in KCSR R1 filing	Consolidated in KCSR R1 filing
Meridian Speedway, L.L.C.	No	No	Consolidated in KCSR R1 filing	Consolidated in KCSR R1 filing

PRAYER FOR RELIEF

Wherefore, Applicants pray that the Board:

(1) Enter an order under 49 U.S.C. §§ 11323 and 11324 granting approval and authority for CP to acquire and exercise control over KCS and its rail carrier subsidiaries; and

(2) Determine that the terms of the acquisition by CP of the stock of KCS is fair and reasonable.

OPINIONS OF COUNSEL FOR APPLICANTS
[SECTION 1180.6(a)(4)]

CANADIAN PACIFIC RAILWAY LIMITED AND SUBSIDIARIES

As counsel for Applicant Canadian Pacific Railway Limited and its subsidiaries (collectively "CP"), I am generally familiar with the proposed Transaction and have reviewed the foregoing Application. It is my opinion that the Transaction, to the extent it involves CP, meets the requirements of law, is within the corporate powers of CPRL and its subsidiaries, and will be legally authorized and valid, if approved by the Surface Transportation Board and the other requirements set forth in the agreement governing the Transaction are satisfied or waived. Capitalized terms used and not otherwise defined in this opinion shall have the meanings specified in the foregoing Application.

Jeff J. Ellis
Chief Legal Officer
Canadian Pacific Railway Limited

Dated this 29 day of October, 2021, at Calgary, Alberta.

KANSAS CITY SOUTHERN AND SUBSIDIARIES

As counsel for Applicant Kansas City Southern and its subsidiaries (collectively "KCS"), I am generally familiar with the proposed Transaction and have reviewed the foregoing Application. It is my opinion that the Transaction, to the extent it involves KCS, meets the requirements of law, is within the corporate powers of KCS and its subsidiaries, and will be legally authorized and valid, if approved by the Surface Transportation Board and the other requirements set forth in the agreement governing the Transaction are satisfied or waived. Capitalized terms used and not otherwise defined in this opinion shall have the meanings specified in the foregoing Application.

Adam J. Godderz
Chief Legal Officer
Kansas City Southern

Dated this 29th day of October, 2021.

SIGNATURES, OATHS, AND CERTIFICATIONS OF APPLICANTS' EXECUTIVE OFFICERS [SECTION 1180.4 (c)(2)(i)]

CANADIAN PACIFIC RAILWAY LIMITED AND CANADIAN PACIFIC RAILWAY COMPANY

I, Keith Creel, declare under penalty of perjury that I am President and Chief Executive Officer of Canadian Pacific Railway Limited and Canadian Pacific Railway Company, Applicants herein; that I am one of the executive officers duly authorized to sign, to verify, and to file this Application on behalf of the foregoing; that I have knowledge of the matters contained in this Application to the extent they relate to the foregoing; and that the statements made in this Application are true and correct to the best of my knowledge and belief.

Keith Creel
President and Chief Executive Officer
Canadian Pacific Railway Limited and
Canadian Pacific Railway Company

Executed on this 28 day of October, 2021.

I, Jeff J. Ellis, certify that I am Secretary of Canadian Pacific Railway Limited and Canadian Pacific Railway Company, Applicants herein, and that Keith Creel, President and Chief Executive Officer of Canadian Pacific Railway Limited and Canadian Pacific Railway Company, is duly authorized to sign, to verify, and to file this Application on behalf of the foregoing.

Jeff J. Ellis
Secretary
Canadian Pacific Railway Limited and
Canadian Pacific Railway Company

Executed on this 28 day of October, 2021.

CENTRAL MAINE & QUEBEC RAILWAY US INC.,
DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION,
DELAWARE AND HUDSON RAILWAY COMPANY, INC., AND
SOO LINE RAILROAD COMPANY

I, Keith Creel, declare under penalty of perjury that I am President and Chief Executive Officer of Central Maine & Quebec Railway US Inc., Dakota, Minnesota & Eastern Railroad Corporation, Delaware and Hudson Railway Company, Inc., and Soo Line Railroad Company, Applicants herein; that I am one of the executive officers duly authorized to sign, to verify, and to file this Application on behalf of the foregoing; that I have knowledge of the matters contained in this Application to the extent they relate to the foregoing; and that the statements made in this Application are true and correct to the best of my knowledge and belief.

Keith Creel
President and Chief Executive Officer
Central Maine & Quebec Railway US Inc.
Dakota, Minnesota & Eastern Railroad Corporation
Delaware and Hudson Railway Company, Inc.
Soo Line Railroad Company

Executed this 28 day of October, 2021.

I, Nizam Hasham, certify that I am Secretary of Central Maine & Quebec Railway US Inc., Dakota, Minnesota & Eastern Railroad Corporation, Delaware and Hudson Railway Company, Inc., and Soo Line Railroad Company, Applicants herein, and that Keith Creel, President and Chief Executive Officer of Central Maine & Quebec Railway US Inc., Dakota, Minnesota & Eastern Railroad Corporation, Delaware and Hudson Railway Company, Inc., and Soo Line Railroad Company, is duly authorized to sign, to verify, and to file this Application on behalf of the foregoing.

Nizam Hasham
Secretary
Central Maine & Quebec Railway US Inc.
Dakota, Minnesota & Eastern Railroad Corporation
Delaware and Hudson Railway Company, Inc.
Soo Line Railroad Company

Executed this 28th day of October, 2021.

KANSAS CITY SOUTHERN,
THE KANSAS CITY SOUTHERN RAILWAY COMPANY,
GATEWAY EASTERN RAILWAY COMPANY, AND
THE TEXAS MEXICAN RAILWAY COMPANY

I, Patrick J. Ottensmeyer, declare under penalty of perjury that I am President and Chief Executive Officer of Kansas City Southern, the Kansas City Southern Railway Company, and the Texas Mexican Railway Company, Applicants herein; that I am Chairman and Chief Executive Officer of Gateway Eastern Railway Company, an Applicant herein; that I am one of the executive officers duly authorized to sign, to verify, and to file this Application on behalf of the foregoing; that I have knowledge of the matters contained in this Application to the extent they relate to the foregoing; and that the statements made in this Application are true and correct to the best of my knowledge and belief.

DocuSigned by:
Pat Ottensmeyer
ACF48868608649E...

Patrick J. Ottensmeyer
President and Chief Executive Officer
Kansas City Southern
The Kansas City Southern Railway Company
The Texas Mexican Railway Company

Chairman and Chief Executive Officer
Gateway Eastern Railway Company

Executed this 29th day of October, 2021.

I, Adam J. Godderz, certify that I am Secretary of Kansas City Southern, the Kansas City Southern Railway Company, Gateway Eastern Railway Company, and the Texas Mexican Railway Company, Applicants herein, and that Patrick J. Ottensmeyer, President and Chief Executive Officer of Kansas City Southern, the Kansas City Southern Railway Company, and the Texas Mexican Railway Company, and Chairman and Chief Executive Officer of Gateway Eastern Railway Company, is duly authorized to sign, to verify, and to file this Application on behalf of the foregoing.

Adam J. Godderz
Secretary
Kansas City Southern
The Kansas City Southern Railway Company
Gateway Eastern Railway Company
The Texas Mexican Railway Company

Executed this 29th day of October, 2021.

Respectfully submitted,

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Counsel for CP

Attorneys for Applicants

October 29, 2021

CERTIFICATE OF SERVICE

I hereby certify that I have caused the foregoing Railroad Control Application (Volumes 1-4) in Finance Docket No. 36500 to be served electronically or by first class mail, postage pre-paid, on all parties of record in this proceeding and all parties required to be served by Decision No. 3 herein and 49 C.F.R. § 1180.4(c)(5):

a. The Governor (or Executive Officer), Public Service Commission, and the Department of Transportation of each State in which any part of the properties of the applicant carriers involved in the proposed transaction is situated;

b. The Secretary of the United States Department of Transportation;

c. The Attorney General of the United States, c/o Assistant Attorney General, Antitrust Division;

d. The Federal Trade Commission;

e. Administrative Law Judge Thomas McCarthy; and

f. All other persons who requested a copy after Applicants' pre-filing notice was published in the Federal Register.



David L. Meyer

October 29, 2021

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

APPENDIX A

MAPS
(EXHIBIT 1)

CP Railway Mileage Between Cities

	Albany	Buffalo	Calgary	Chicago	Detroit	Edmonton	Fording	Kansas City	Mexico City	Minneapolis	Monterrey	Montreal	New York	Portland	Québec	Regina	Saint John	Saskatoon	Thunder Bay	Toronto	Vancouver	Winnipeg
Albany		689	2622	1092	792	2636	2702	1574	3518	1517	2965	234	147	3528	412	2150	691	2272	1373	552	3253	3792
Buffalo	689		2169	565	271	2180	2246	1048	2992	990	2439	446	836	2866	624	1694	929	1816	918	129	2815	3336
Calgary	2622	2169		1559	2286	191	260	1797	3741	1158	3188	2391	2771	879	2568	475	2863	477	1252	2073	627	833
Chicago	1092	565	1559		298	1750	1637	483	2427	424	1874	854	1238	2257	1035	1156	1329	1343	1279	536	2205	863
Detroit	792	271	2286	298		2297	2363	780	2724	723	2171	563	944	2983	741	1851	1035	1933	1034	245	2931	1453
Edmonton	2636	2180	191	1750	2297		447	1988	3932	1344	3375	2401	2782	1066	2579	543	2881	363	1262	2084	818	842
Fording	2702	2246	260	1637	2363	447		1874	3818	1225	3265	2467	2848	684	2645	552	2942	735	1328	2150	727	909
Kansas City	1574	1048	1797	483	780	1988	1874		1944	648	1391	1340	1721	2494	1518	1393	1819	1580	1517	1022	2443	1150
Mexico City	3518	2992	3741	2427	2724	3932	3818	1944		2592	3335	3284	3665	4438	3462	3337	3814	3524	3461	2966	4387	3064
Minneapolis	1517	990	1158	424	723	1344	1225	648	2592		2039	1285	1666	1854	1463	754	1731	941	877	964	1803	461
Monterrey	2965	2439	3188	1874	2171	3375	3265	1391	3335	2039		2731	3112	3834	2909	2784	3210	2971	2908	2413	3834	2491
Montreal	234	446	2391	854	563	2401	2467	1340	3284	1285	2731		381	3087	178	1916	479	2038	1139	318	3017	1558
New York	147	836	2771	1238	944	2782	2848	1721	3665	1666	3112	381		3468	559	2296	832	2419	1520	698	3417	1939
Portland	3528	2866	879	2257	2983	1066	684	2494	4438	1854	3834	3087	3468		3265	1171	3557	1354	1948	2769	119	1529
Québec	412	624	2568	1035	741	2579	2645	1518	3462	1463	2909	178	559	3265		2093	650	2216	1317	495	3214	1736
Regina	2150	1694	475	1156	1811	543	552	1393	3337	754	2784	1916	2296	1171	2093		2390	180	777	1598	1102	358
Saint John	691	929	2863	1329	1035	2881	2942	1819	3814	1731	3210	479	832	3557	650	2390		2516	1624	893	3506	2035
Saskatoon	2272	1816	477	1343	1933	363	735	1580	3524	941	2971	2038	2419	1354	2216	180	2516		899	1720	1122	480
Thunder Bay	1373	918	1252	1279	1034	1262	1328	1517	3461	877	2908	1139	1520	1948	1317	777	1624	899		822	1878	419
Toronto	552	129	2073	536	245	2084	2150	1022	2966	964	2413	318	698	2769	495	1598	893	1720	822		2700	1241
Vancouver	3253	2815	627	2205	2931	818	727	2443	4387	1803	3834	3017	3417	1191	3214	1102	3506	1122	1878	2700		1459
Winnipeg	1792	1336	833	863	1453	842	909	1100	3044	461	2491	1558	1939	1529	1736	358	2035	480	419	1241	1459	

Rail Industry Index

AGR	Alabama & Gulf Coast Railway
AMTK	Amtrak
APD	Albany Port Railroad
APM	Ann Arbor Railroad-Detroit, Toledo & Ironton
APNC	Appanoose County Community Railroad
APR	Alberta Prairie Railway Excursions
BCR	The British Columbia Railway Company
BCRY	Barrie-Collingwood Railway
BNML	BNSF-Manitoba
BNSF	BNSF Railway
BPRR	Buffalo & Pittsburg Railroad
BRC	Belt Railway Company of Chicago
BRR	Battle River Railway
BSOR	Buffalo Southern Railroad
BSR	Big Sky Rail
BTRC	Boundary Trail Railway Company Inc.
BUNGE	Bunge Canada
CBNS	Cape Breton & Central Nova Scotia Railway
CCSG	Compagnie Commerciale Solution Group
CEMR	Central Manitoba Railway
CFL	Train de Charlevoix
CFE	Chicago, Ft. Wayne & Eastern Railroad
CFQL	Compagnie du chemin de fer Lanaudière
CFQG	Québec Gatineau Railway
CGTX	Chicago Terminal Link
CJC	Cedar Rapids & Iowa City Railway
CNR	CNR Transfer Ltd
CN	Canadian National
CP	Canadian Pacific
CR	Consolidated Rail Corp
CRL	Chicago Rail Link
CSS	Chicago South Shore & South Bend Railroad
CSX	CSX Transportation
CTM	Chicago Terminal Railroad
CTRR	Carlton Trail Railway
DC	Delray Connecting RR
EMRY	Eastern Maine Railway
ETR	Essex Terminal Railway
EXO	EXO
FEC	Florida East Coast Railway
FLR	Fife Lake Railway
FMR	Fox Valley & Western Ltd.
GEXR	Goderich-Exeter Railway
GFR	Grand Forks Railway
GJR	Guelph Junction Railway
GO	GO Transit
GSR	Great Sandhills Railway
GWR	Great Western Railway
GWWD	Greater Winnipeg Water District Railway
HBRY	Hudson Bay Railway
HCRY	Huron Central Railway
HPA	Hamilton Port Authority
IAIS	Iowa Interstate Railroad System
IAMR	Iowa Northern Railway Company
IRB	Indiana Harbor Belt Railroad
IWPR	Idaho Northern & Pacific RR
INBD	Indiana Rail Road
IR	Illinois Railway
ISRR	Indiana Southern Railroad
KANR	KAW River Railroad
KCS	Kansas City Southern
KJRY	Kyle Railway Operational Railway
KYR	Kettle Falls International Railway
KRC	Keewatin Railway
LCRR	Long Creek Railroad
LIRC	Louisville & Indiana Railroad
LLRR	Lake Line Railroad
LMR	Last Mountain Railway
ME	Montrémer & Erie Railway
METRA	Chicago Commuter Rail Authority
MJ	Manufacturer's Junction Railway
MNC	Missouri North Central Railroad
MNCR	MTA Metro-North Railroad
MNR	Maine Northern Railway Company
MNRR	Minnesota Commercial Railway
MRL	Montana Rail Link Inc
NBR	Northern & Bergen Railroad
NBSR	New Brunswick Southern Railway
NCR	New Castle Railroad
NECR	New England Central Railroad
NJT	New Jersey Transit Rail Operations
NLR	Northern Light Rail
NS	Norfolk Southern
NSHR	North Shore Railroad
NYA	New York & Atlantic Railway
NYNJ	New York New Jersey Rail LLC
NYSW	New York Susquehanna & Western Railway
OBRY	Orangeville-Brampton Railway
ONR	Ontario Northland Railway
OSR	Ontario Southland Railway
OVR	Ottawa Valley Railway
PAS	Pan Am Railways
PCHR	Port Colborne Harbour Railway
PGR	Progressive Rail
PRI	Providence & Worcester Railroad
RCRR	Red Coat Road and Rail
RTM	Réseau de transport métropolitain
SR	South Shore Railway
SCRR	Southern Chautauqua Railroad
SCZ	Santa Cruz & Monterey Bay Railway
SCSH	South Chicago & Indiana Harbor Railway
SDR	Savage and Davenport Railroad
Seaspan	Seaspan
SQ	St-Laurent et Atlantique Railroad (Québec)
SLR	Saint Lawrence & Atlantic Railroad
SLRG	San Luis & Rio Grande Railroad
SOR	Southern Ontario Railway
SRCL	Southern Rails Cooperative Ltd.
SRY	Southern Railway of British Columbia
SSRR	Stewart Southern Railway
SVI	Southern Railway of Vancouver Island
TCWR	Twin Cities & Western Railroad
TRAC	Toronto Port Lands Company
TPWR	Toledo, Peoria & Western Railway
TSR	Torch River Rail
UP	Union Pacific
VAEX	Vale Railway
VIA	Via Rail
VTR	Vermont Railway
WACR	Washington County Railroad
WE&L	Wheeling & Lake Erie Railway
WSOR	Wisconsin & Southern Railroad

Legend

- CP
- CP trackage and haulage
- CP leased lines

- BNSF Railway
- Canadian National
- CSX
- Kansas City Southern
- Norfolk Southern
- Union Pacific
- Ferromex
- Kansas City Southern de Mexico
- Amtrak
- Other connecting, regional and shortline railways *(see Rail Industry Index for codes)*

Average scale
0 100 200 300 km
0 100 200 miles

CP's network includes the railway lines of Canadian Pacific Railway Company and its subsidiaries: Soo Line Railroad Company; Dakota, Minnesota & Eastern Railroad Corporation; Delaware and Hudson Railway Company Inc.; Central Maine & Quebec Railway Canada Inc., and Central Maine & Quebec Railway US Inc.

Every effort has been made to ensure this map is accurate and complete. Please send comments to Justyna_Babski@cpr.ca

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Canada T2C 4X9

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www.cpr.ca

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South Portal, NY G-15
Spalding, SK D-7
Sparta, WI G-11
Spencerwood, BC E-5
Spence, ON G-14
Spencer, IA G-10
Spences Bridge, BC E-3
Spencher, ON F-13
Springfield, MN G-10
St Cloud, ON F-14
St Paul, MN G-10
Stampede, ND E-8
Stanley, ND E-8
Stavely, AB E-5
Steelton, ON F-13
Stettler, AB D-5
Stirling, AB E-5
St-Jean, QC F-15
St-Lambert, QUE, QC F-15
Strasbourg, SK D-7
Streetsville, ON G-14
Strathcona, ON E-12
Strathmore, AB D-5
Sturgeon Falls, ON F-13
Sutherland, AB E-8
Sutton, ON F-13
Sumas Prairie, AB E-5
SUPERIOR, WI G-11
Swan River, MB D-8
Swift Current, SK E-6
Sylvite, SK D-8

T
Taber, AB E-5
Tempest, AB E-5
Tenney, ND F-9
Terrace Bay, ON F-12
Theodore, SK D-8
Thessalon, ON F-12
Three Valley, BC D-4
THUNDER BAY, ON E-11
Tilley, AB E-5
Trodale, SK D-7
Tomahawk, ON F-13
Tompkins, SK E-6
TORONTO, ON G-14
Tracy, MN G-10
Trail, BC E-4
Tranquille, BC D-3
Trenton, ON G-14
Tuttle, ND E-8
Tyndall, MB E-9
Tunnel City, WI G-11

U
Ubaldo, SK D-6
Ugudla, ON E-11

V
Vade, SK D-7
Valley City, ND F-9
Van Hook, ND E-8
VANCOUVER, BC E-2
Verdun, QC F-15
Velva, ND E-8
Vermilion Bay, ON E-11
Verona, ON G-15
Vicomte, SK E-7
Vidora, SK E-6
Vulcan, AB E-5

W
Wabasca, MN G-11
Waldeck, SK D-6
Walhachin, BC D-3
Walkerville, ON G-13
Walnut Grove, MN G-10
Walsh, AB E-6
Wanup, ON F-14
Warfield, BC E-4
Warroad, MN E-9
Waseca, MN G-10
Washington, IA H-11
Waterford, NY G-15
Watertown, WI G-11
Watertown, WI G-11
Watson, SK D-7
Wells, SK E-6
Welcome, MN G-10
Wellsboro, NY G-15
Wells, MN G-10
West Carrollend, AB D-5
Westpalewin, AB C-5
Weyburn, SK E-8
White River, ON F-12
Whitehall, ON G-15
Whitemouth, MB E-9
Whitewood, SK E-8
Wilcox, SK E-7
Willow, SK E-6
Wilson, AB D-5
WINDSOR, ON G-13
WINDSOR, ON G-13
Winger, MN F-10
Winkler, MB E-9
Winnebago, MN G-10
Winnipeg, MB E-9
Winona, MN G-11
Wisconsin Dells, WI G-11
Withrow, WA E-3
Wiseley, SK E-8
Woodbine, GA H-14
Woodman, MB E-9
Woodstock, ON G-14
Wymark, SK E-6
Wyndmere, ND F-9
Wynyard, SK E-7

Y
Yahk, BC E-4
Yates, SK E-8
Yellow Grass, SK E-7
Yorkton, SK D-8
Ypres, ON G-14

2021 NETWORK MAP

Kansas City Southern is the Transportation Solutions Partner at the Heart of Every Supply Chain

Railway Mileage Between Cities

	Altamira/Tampico, Tamps.	Beaumont, TX	Celaya, Gto.	Chicalote, Ags.	Corpus Christi, TX	Dallas, TX	East St. Louis, IL	Guadalajara, Jal.	Houston, TX	Jackson, MS	Kansas City, MO	Kendleton, TX	Laredo, TX	Lázaro Cárdenas, Mich.	Mexico City	Monterrey, N.L.	New Orleans, LA	Port Arthur, TX	Querétaro, Qro.	Rojas, Coah.	Salinas Victoria, N.L.	Saltillo, Coah.	San Luis Potosí, S.L.P.	Shreveport, LA	Silao, Gto.	Toluca, Mex.	Veracruz, Ver.
Altamira/Tampico, Tamps.		1,199	413	414	909	1,626	2,273	611	1,116	1,624	1,967	1,066	748	743	546	591	1,718	1,218	425	532	598	524	283	1,412	476	575	781
Beaumont, TX	1,199		1,047	972	310	427	1,074	1,245	84	425	78	133	451	1,377	1,179	617	519	20	1,059	667	601	675	916	214	1,106	1,209	1,415
Celaya, Gto.	413	1,047		185	757	1,474	2,121	198	964	1,472	1,815	914	596	332	174	439	1,566	1,066	28	380	466	372	131	1,260	62	164	410
Chicalote, Ags.	414	972	185		682	1,399	2,046	304	889	1,397	1,740	839	521	517	359	344	1,491	991	213	305	371	297	131	1,186	134	349	595
Corpus Christi, TX	909	310	757	682		737	1,384	955	227	735	1,077	176	162	1,087	889	327	829	328	769	378	312	385	627	523	816	919	1,125
Dallas, TX	1,626	427	1,474	1,399	737		1,066	1,672	511	436	760	561	879	1,804	1,606	1,044	531	447	1,486	1,095	1,029	1,102	1,344	214	1,533	1,636	1,842
East St. Louis, IL	2,273	1,074	2,121	2,046	1,384	1,066		2,319	1,158	1,083	319	1,207	1,525	2,451	2,253	1,691	1,177	1,094	2,133	1,741	1,675	1,749	1,990	860	2,180	2,283	2,489
Guadalajara, Jal.	611	1,245	198	304	955	1,672	2,319		1,161	1,669	2,012	1,111	793	529	372	637	1,764	1,263	226	577	643	569	328	1,458	181	361	608
Houston, TX	1,116	84	964	889	227	511	1,158	1,161		509	852	50	368	1,294	1,096	534	603	103	976	584	518	592	833	298	1,023	1,126	1,332
Jackson, MS	1,624	425	1,472	1,397	735	436	1,083	1,669	509		777	558	876	1,802	1,604	1,042	522	445	1,484	1,092	1,026	1,100	1,341	223	1,531	1,634	1,840
Kansas City, MO	1,967	768	1,815	1,740	1,077	760	319	2,012	852	777		901	1,219	2,145	1,947	1,385	871	788	1,827	1,435	1,369	1,443	1,684	554	1,873	1,997	2,183
Kendleton, TX	1,066	133	914	839	176	561	1,207	1,111	50	558	901		318	1,244	1,046	484	652	152	926	534	468	542	783	347	972	1,076	1,282
Laredo, TX	748	451	596	521	162	879	1,525	793	368	876	1,219	318		926	728	166	970	470	608	216	150	224	465	665	654	758	964
Lázaro Cárdenas, Mich.	743	1,377	332	517	1,087	1,804	2,451	529	1,294	1,802	2,145	1,244	926		451	769	1,896	1,396	358	710	776	702	461	1,591	394	410	713
Mexico City	546	1,179	174	359	889	1,606	2,253	372	1,096	1,604	1,947	1,046	728	451		571	1,698	1,198	146	512	578	504	263	1,393	236	41	264
Monterrey, N.L.	591	617	439	364	327	1,044	1,691	637	534	1,042	1,385	484	166	769	571		1,136	636	451	60	16	67	309	831	498	601	807
New Orleans, LA	1,718	519	1,566	1,491	829	531	1,177	1,764	603	522	871	652	970	1,896	1,698	1,136		539	1,578	1,186	1,120	1,194	1,435	317	1,625	1,728	1,934
Port Arthur, TX	1,218	20	1,066	991	328	447	1,094	1,263	103	445	788	152	470	1,396	1,198	636	539		1,078	686	620	694	935	234	1,224	1,228	1,434
Querétaro, Qro.	425	1,059	28	213	769	1,486	2,133	226	976	1,484	1,827	926	608	358	146	451	1,578	1,078		392	458	384	143	1,273	90	184	382
Rojas, Coah.	532	667	380	305	378	1,095	1,741	577	584	1,092	1,435	534	216	710	512	60	1,186	686	392		66	8	249	881	438	542	748
Salinas Victoria, N.L.	598	601	446	371	312	1,029	1,675	643	518	1,026	1,369	468	150	776	578	16	1,120	620	458	66		74	315	815	504	608	814
Saltillo, Coah.	524	675	372	297	385	1,102	1,749	569	592	1,100	1,443	542	224	702	504	67	1,194	694	384	9	74		241	889	431	534	740
San Luis Potosí, S.L.P.	283	916	131	131	627	1,344	1,990	328	833	1,341	1,684	783	465	461	263	309	1,435	935	143	249	315	241		1,130	193	293	499
Shreveport, LA	1,412	214	1,260	1,186	523	214	860	1,458	298	223	554	347	665	1,591	1,393	831	317	234	1,273	881	815	889	1,130		1,319	1,423	1,629
Silao, Gto.	476	1,106	62	134	816	1,533	2,180	181	1,023	1,531	1,873	972	654	394	236	498	1,625	1,124	90	438	504	431	193	1,319		226	472
Toluca, Mex.	575	1,209	164	349	919	1,636	2,283	361	1,126	1,634	1,977	1,076	758	410	41	601	1,728	1,228	184	542	608	534	293	1,423	226		303
Veracruz, Ver.	781	1,415	410	595	1,125	1,842	2,489	608	1,332	1,840	2,183	1,282	964	713	264	807	1,934	1,434	382	748	814	740	499	1,629	472	303	
Atlanta, GA	2,033	834	1,881	1,806	1,143	845	637*	2,078	918	409	1,036	967	1,285	2,211	2,031	1,451	931	854	1,893	1,501	1,435	1,509	1,750	632	1,939	2,043	2,249
Birmingham, AL	1,939	740	1,787	1,712	1,049	751	558*	1,984	824	315	1,092	873	1,191	2,117	1,919	1,357	355*	760	1,799	1,407	1,341	1,415	1,656	538	1,845	1,949	2,155
Charlotte, NC	2,293	1,094	2,141	2,066	1,404	1,106	824*	2,339	1,179	670	1,143	1,228	1,546	2,471	2,274	1,711	1,191	1,114	2,153	1,762	1,696	1,770	2,011	892	2,200	2,303	2,509
Chicago, IL	2,107	1,260	1,955	1,922	1,569	1,251	289*	2,194	1,344	733*	503	1,393	1,711	2,327	2,439	1,877	917*	1,280	2,318	1,927	1,861	1,935	2,176	1,046	2,365	2,469	2,674
Greencastle, PA	2,659	1,460	2,507	2,432	1,770	1,472	968*	2,705	1,544	1,035	1,286	1,593	1,912	2,837	2,639	2,077	1,141*	1,480	2,519	2,328	2,062	2,135	2,376	1,258	2,566	2,669	2,875

KCS Locations

Partner Locations

*Source: PCRail v23 Fuel Surcharge miles. Estimated miles. *Rail miles calculated using non KCS route.*

The Kansas City Southern Railway Company/Kansas City Southern de Mexico, S.A. de C.V.

- KCSR/KCSM Intermodal Facilities
- Private Intermodal Facilities (Open to Public/Served by KCS)
- KCSR/KCSM Ports Served
- Haulage and/or Marketing Agreements
- Trackage Rights
- Leased Line
- Meridian Speedway Line
- Panama Canal Railway Company
- **UP** Union Pacific
- **CSXT** CSX Transportation
- **FXE** Ferromex
- **FSRR** Ferrosur
- **CN** Canadian National
- **CP** Canadian Pacific
- **BNSF** BNSF Railway
- **NS** Norfolk Southern
- Short Lines

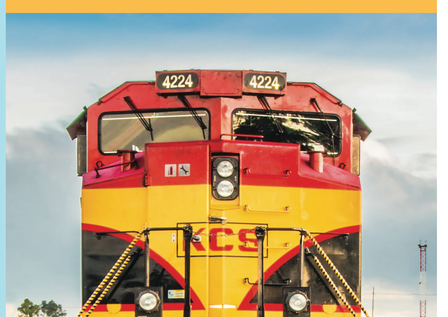
KCS Short Line Partners

ABS	**Alabama Southern Railroad** Arbesici, MS
AGR	**Alabama & Gulf Coast Railway, LLC** Columbus, MS
ALM	**Arkansas Louisiana & Mississippi Railroad** Monroe, LA
ALS	**Alton & Southern** East St. Louis, IL
AM	**Arkansas & Missouri Railroad Co.** Ft. Smith, AR
AOK	**Arkansas-Oklahoma Railroad Co., Inc.** Howe, OK
ARS	**Arkansas Southern Railroad** Heavener, OK • Ashdown, AR
BRG	**Brownsville & Rio Grande Railroad** Brownsville, TX
BRS	**Baton Rouge Southern** Baton Rouge, LA
CAGY	**Columbus Greenville Railway** Arbesici, MS • Columbus, MS • West Point, MS
CCPN	**Corpus Christi Terminal Railroad** Corpus Christi, TX
CMR	**Central Midland Railway** Madison, IL
DGNO	**Dallas, Garland & Northeastern Railroad** Reinhardt, TX • Greenville, TX
DQE	**De Queen & Eastern Railroad Co.** De Queen, AR
DSRR	**Delta Southern Railroad, Inc.** Tallulah, LA
EACH	**East Camden & Highland Railroad** Doyline, LA
FSR	**Fort Smith Railroad** Ft. Smith, AR
FWWR	**Fort Worth & Western Railroad** Fort Worth, TX
GTRA	**Golden Triangle Railroad** Columbus, MS
IAIS	**Iowa Interstate Railroad, Ltd.** Council Bluffs, IA
IANR	**Iowa Northern Railway** Nora Springs, IA
IMRR	**Illinois & Midland Railroad** Springfield, IL
KAW/KCTL	**Kansas City Transportation Co., LLC** Kansas City, MO
KRR	**Kiamichi Railroad Co.** Ashdown, AR
LAS	**Louisiana Southern Railroad** Gibsland, LA • Sibley, LA • Pineville, LA
LNW	**Louisiana & Northwest Railroad Co.** Gibsland, LA
LXVR	**Luxapallila Valley Railroad** Columbus, MS
MDS	**Meridian Southern Railway LLC** Meridian, MS
MNA	**Missouri & Northern Arkansas Railroad Co.** Joplin, MO
MNBR	**Meridian & Bigbee Railroad, LLC** Meridian, MS
MSCI	**Mississippi Central Railroad Co.** Corinth, MS
MSE	**Mississippi Export Railroad** Jackson, MS
MSR	**Mississippi Southern Railroad** Newton, MS
NET	**Northeast Texas Connector LLC** Sulphur Springs, TX
NLA	**North Louisiana and Arkansas Railroad** Lake Providence, LA
NOPB	**New Orleans Public Belt Railroad** New Orleans, LA
OVRR	**Ozark Valley Railroad** Mexico, MO
PHRR	**Port Harbor Railroad** East St. Louis, IL
PTRA	**Port Terminal Railroad Association** Houston, TX
RNA	**Ripley & New Albany Railroad** Albany, MS
SKOL	**South Kansas and Oklahoma Railroad** Pittsburg, KS
SLWC	**Stillwater Central Railroad** Tulsa, OK
SRN	**Sabine River & Northern Railroad Company** Lemonville, TX
SS	**Sand Springs Railroad** Tulsa, OK, (via SKOL Haulage)
TASD	**Terminal Railway of the Alabama State Docks** Mobile, AL
TFVM	**Terminal Ferroviario del Valle de Mexico** Lecheria, EM **(MEXICO)**
TN	**Texas & Northern Railway Co.** Vegas, TX
TPW	**Toledo, Peoria & Western Railway** Peoria, IL (via TZPR)
TRRA	**Terminal Railroad Association** East St. Louis, IL
TXPF	**Texas Pacifico** San Angelo, TX
TZPR	**Tazewell & Peoria Railroad** Creve Coeur, IL (via IMRR)
VSOR	**Vicksburg Southern Railroad** Vicksburg, MS
WTNN	**West Tennessee Railroad** Corinth, MS

Class 1 Interchange Points

BNSF	Alliance (Dallas), TX Beaumont, TX Brownsville, TX Corpus Christi, TX East St Louis, IL Kansas City, MO Massville, LA New Orleans, LA Robstown, TX Tupelo, MS
UP	Alexandria, LA Baton Rouge, LA Beaumont, TX Brownsville, TX Corpus Christi, TX Dallas, TX East St. Louis, IL Kansas City, MO Lake Charles, LA Laredo, TX Monroe, LA New Orleans, LA Shreveport, LA Springfield, IL
CN	Baton Rouge, LA East St. Louis, IL Hattiesburg, MS Jackson, MS New Orleans, LA
CSXT	Brookwood, AL East St. Louis, IL Gulfport, MS New Orleans, LA
NS	Corinth, MS East St. Louis, IL Hattiesburg, MS Kansas City, MO Meridian, MS Mexico, MO New Orleans, LA Tuscaloosa, AL
CP	Kansas City, MO
FXE	Aguascalientes, AG Celaya, GJ Doña Cecilia, TM Monterrey, NL Saltillo, COA
FSRR	Lecheria, EM Veracruz, VE
TFVM	Mexico City, CDMX







KANSAS CITY SOUTHERN

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Mexico: 81-8852-7777 (from Mexico)
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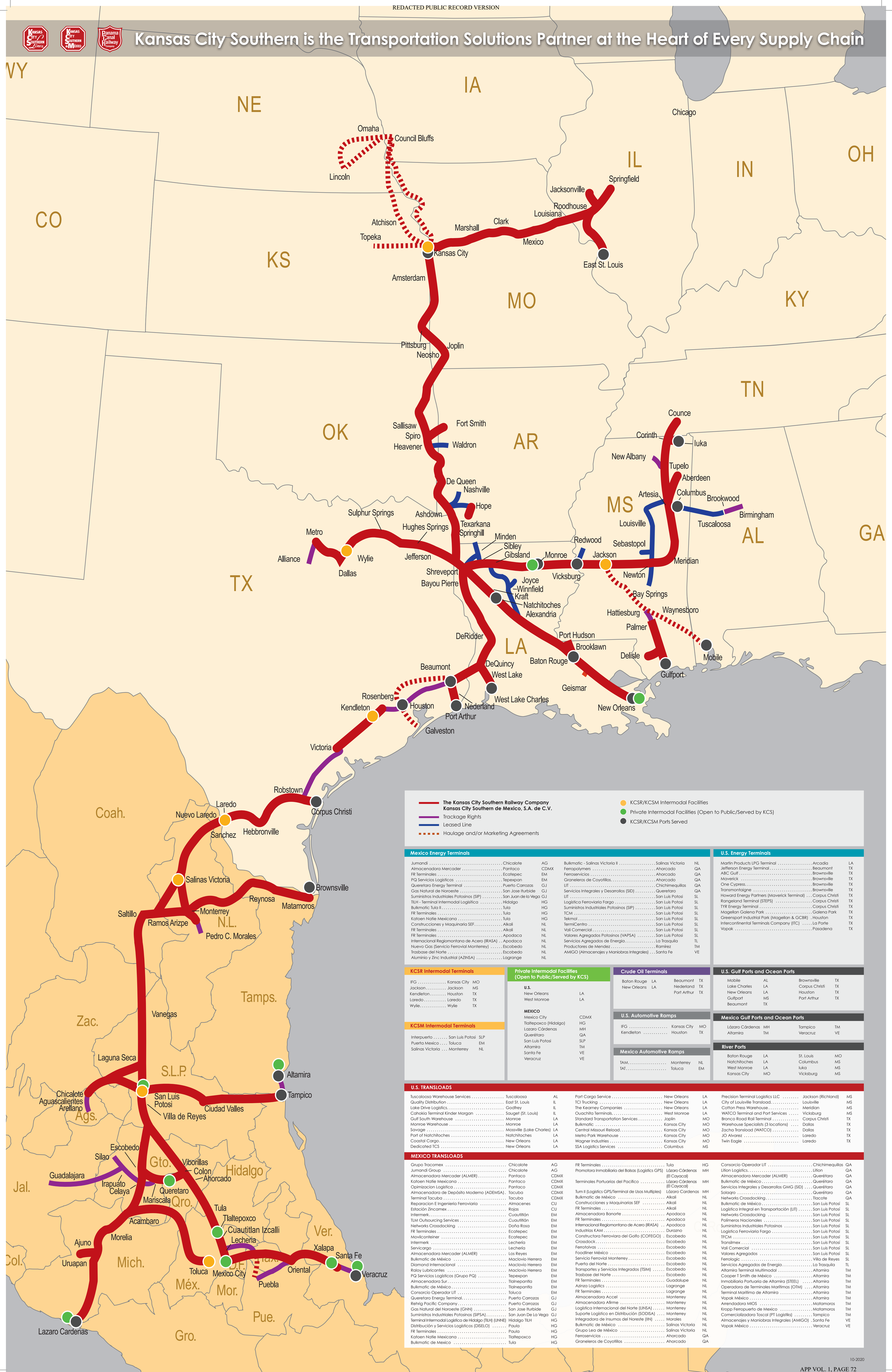


The Kansas City Southern Railway Company
Kansas City Southern de Mexico, S.A. de C.V.
Trackage Rights
Leased Line
Haulage and/or Marketing Agreements

KCSR/KCSM Intermodal Facilities
Private Intermodal Facilities (Open to Public/Served by KCS)
KCSR/KCSM Ports Served

Mexico Energy Terminals

Jumandi	Chicalote	AG
Almacenadora Mercader	Pantaco	CDMX
FR Terminales	Ecatepec	EM
PQ Servicios Logisticos	Tepexpan	EM
Queretaro Energy Terminal	Puerto Carrozas	GJ
Gas Natural de Noroeste	San Jose Iturbide	GJ
Suministros Industriales Potosinos (SIP)	San Juan de la Vega	GJ
TILH - Terminal Intermodal Logisitica	Hidalgo	HG
Bulkmatic Tula II	Tula	HG
FR Terminales	Tula	HG
Katoen Natie Mexicana	Tula	HG
Construcciones y Maquinaria SEF	Alkali	NL
FR Terminales	Alkali	NL
FR Terminales	Apodaca	NL
Internacional Regiomontana de Acero (IRASA)	Apodaca	NL
Nuevo Gas (Servicio Ferrovial Monterrey)	Escobedo	NL
Trasbase del Norte	Escobedo	NL
Aluminio y Zinc Industrial (AZINSA)	Lagrange	NL
Bulkmatic - Salinas Victoria II	Salinas Victoria	NL
Ferropolymers	Ahorcado	QA
Ferroservicios	Ahorcado	QA
Graneleros de Coyotillos	Ahorcado	QA
LIT	Chichimequillas	QA
Servicios Integrales y Desarrollos (SID)	Queretaro	QA
LIT	San Luis Potosi	SL
Logística Ferroviaria Fargo	San Luis Potosi	SL
Suministros Industriales Potosinos (SIP)	San Luis Potosi	SL
TCM	San Luis Potosi	SL
Tekmol	San Luis Potosi	SL
TermiCentro	San Luis Potosi	SL
Vali Comercial	San Luis Potosi	SL
Valores Agregados Potosinos (VAPSA)	San Luis Potosi	SL
Servicios Agregados de Energia	La Trasquila	TL
Productores de Mendez	Ramírez	TM
AMIGO (Almacenajes y Maniobras Integrales)	Santa Fe	VE

U.S. Energy Terminals

Martin Products LPG Terminal	Arcadia	LA
Jefferson Energy Terminal	Beaumont	TX
ABC Gulf	Brownsville	TX
Maverick	Brownsville	TX
One Cypress	Brownsville	TX
Transmontaigne	Brownsville	TX
Howard Energy Partners (Maverick Terminal)	Corpus Christi	TX
Rangeland Terminal (STEPS)	Corpus Christi	TX
TYR Energy Terminal	Corpus Christi	TX
Magellan Galena Park	Galena Park	TX
Greensport Industrial Park (Magellan & GCBR)	Houston	TX
Intercontinental Terminals Company (ITC)	La Porte	TX
Vopak	Pasadena	TX

KCSR Intermodal Terminals

IFG	Kansas City	MO
Jackson	Jackson	MS
Kendleton	Houston	TX
Laredo	Laredo	TX
Wylie	Wylie	TX

KCSM Intermodal Terminals

Interpuerto	San Luis Potosi	SLP
Puerta Mexico	Toluca	EM
Salinas Victoria	Monterrey	NL

Private Intermodal Facilities (Open to Public/Served by KCS)

U.S.	
New Orleans	LA
West Monroe	LA
MEXICO	
Mexico City	CDMX
Tlaltepoxco (Hidalgo)	HG
Lazaro Cárdenas	MH
Querétaro	QA
San Luis Potosi	SLP
Altamira	TM
Santa Fe	VE
Veracruz	VE

Crude Oil Terminals

Baton Rouge	LA	Beaumont	TX
New Orleans	LA	Nederland	TX
		Port Arthur	TX

U.S. Automotive Ramps

IFG	Kansas City	MO
Kendleton	Houston	TX

Mexico Automotive Ramps

TAM	Monterrey	NL
TAT	Toluca	EM

U.S. Gulf Ports and Ocean Ports

Mobile	AL	Brownsville	TX
Lake Charles	LA	Corpus Christi	TX
New Orleans	LA	Houston	TX
Gulfport	MS	Port Arthur	TX
Beaumont	TX		

Mexico Gulf Ports and Ocean Ports

Lázaro Cárdenas	MH	Tampico	TM
Altamira	TM	Veracruz	VE

River Ports

Baton Rouge	LA	St. Louis	MO
Natchitoches	LA	Columbus	MS
West Monroe	LA	Iuka	MS
Kansas City	MO	Vicksburg	MS

U.S. TRANSLOADS

Tuscaloosa Warehouse Services	Tuscaloosa	AL
Quality Distribution	East St. Louis	IL
Lake Drive Logistics	Godfrey	IL
Cahokia Terminal Kinder Morgan	Sauget (St. Louis)	IL
Gulf South Warehouse	Monroe	LA
Monroe Warehouse	Monroe	LA
Savage	Mossville (Lake Charles)	LA
Port of Natchitoches	Natchitoches	LA
Coastal Cargo	New Orleans	LA
Dedicated TCS	New Orleans	LA
Port Cargo Service	New Orleans	LA
TCI Trucking	New Orleans	LA
The Kearney Companies	New Orleans	LA
Ouachita Terminals	West Monroe	LA
Standard Transportation Services	Joplin	MO
Bulkmatic	Kansas City	MO
Central Missouri Reload	Kansas City	MO
Metro Park Warehouse	Kansas City	MO
Wagner Industries	Kansas City	MO
SSA Logistics Services	Columbus	MS
Precision Terminal Logistics LLC	Jackson (Richland)	MS
City of Louisville Transload	Louisville	MS
Cotton Press Warehouse	Meridian	MS
WATCO Terminal and Port Services	Vicksburg	MS
Bronco Road Rail Terminal	Corpus Christi	TX
Warehouse Specialists (3 locations)	Dallas	TX
Zacha Transload (WATCO)	Dallas	TX
JO Alvarez	Laredo	TX
Twin Eagle	Laredo	TX

MEXICO TRANSLOADS

Grupo Tracomex	Chicalote	AG
Jumandi Group	Chicalote	AG
Almacenadora Mercader (ALMER)	Pantaco	CDMX
Katoen Natie Mexicana	Pantaco	CDMX
Opimizacion Logistica	Pantaco	CDMX
Almacenadora de Depósito Moderno (ADEMSA)	Tacuba	CDMX
Terminal Tacuba	Tacuba	CDMX
Reparacion E Ingenieria Ferroviaria	Almacenes	CU
Estación Zincamex	Rojas	CU
Intermerk	Cuautitlán	EM
TLM Outsourcing Services	Cuautitlán	EM
Networks Crossdocking	Doña Rosa	EM
FR Terminales	Ecatepec	EM
Movilconteiner	Ecatepec	EM
Intermerk	Lechería	EM
Servicargo	Lechería	EM
Almacenadora Mercader (ALMER)	Los Reyes	EM
Bulkmatic de México	Maclovio Herrera	EM
Diamond Internacional	Maclovio Herrera	EM
Raloy Lubricantes	Maclovio Herrera	EM
PQ Servicios Logísticos (Grupo PQ)	Tepexpan	EM
Almacenadora Sur	Tlalnepantla	EM
Bulkmatic de México	Tlalnepantla	EM
Consorcio Operador LIT	Toluca	EM
Queretaro Energy Terminal	Puerto Carrozas	GJ
Rehrig Pacific Company	Puerto Carrozas	GJ
Gas Natural del Noroeste (GNN)	San Jose Iturbide	GJ
Suministros Industriales Potosinos (SIPSA)	San Juan De La Vega	GJ
Terminal Intermodal Logística de Hidalgo (TILH) (UNNE)	Hidalgo TILH	HG
Distribución y Servicios Logísticos (DISELO)	Paula	HG
FR Terminales	Paula	HG
Katoen Natie Mexicana	Tlaltepoxco	HG
Bulkmatic de Mexico	Tula	HG
FR Terminales	Tula	HG
Promotora Inmobiliaria del Balsas (Logistics GPS)	Lázaro Cárdenas (El Cayacal)	MH
Terminales Portuarias del Pacifico	Lázaro Cárdenas (El Cayacal)	MH
Tum II (Logistics GPS/Terminal de Usos Multiples)	Lázaro Cardenas	MH
Bulkmatic de México	Alkali	NL
Construcciones y Maquinarias SEF	Alkali	NL
FR Terminales	Alkali	NL
Almacenadora Banorte	Apodaca	NL
FR Terminales	Apodaca	NL
Internacional Regiomontana de Acero (IRASA)	Apodaca	NL
Industrias KAM	Durazno	NL
Constructora Ferroviara del Golfo (COFEGO)	Escobedo	NL
Crossdock	Escobedo	NL
Ferrotolvas	Escobedo	NL
Foodliner México	Escobedo	NL
Servicio Ferrovial Monterrey	Escobedo	NL
Puerta del Norte	Escobedo	NL
Transportes y Servicios Integrados (TSIM)	Escobedo	NL
Trasbase del Norte	Escobedo	NL
FR Terminales	Guadalupe	NL
Azinza Logistics	Lagrange	NL
FR Terminales	Lagrange	NL
Almacenadora Accel	Monterrey	NL
Almacenadora Afirme	Monterrey	NL
Logística Internacional del Norte (LINSA)	Monterrey	NL
Suporte Logístico en Distribución (SODISA)	Monterrey	NL
Integradora de Insumos del Noreste (IIN)	Morales	NL
Bulkmatic de México	Salinas Victoria	NL
Grupo Lea de México	Salinas Victoria	NL
Ferroservicios	Ahorcado	QA
Graneleros de Coyotillos	Ahorcado	QA
Consorcio Operador LIT	Chichimequillas	QA
Lition Logistics	Lition	QA
Almacenadora Mercader (ALMER)	Querétaro	QA
Bulkmatic de México	Querétaro	QA
Servicios Integrales y Desarrollos GMG (SID)	Querétaro	QA
Solagro	Querétaro	QA
Networks Crossdocking	Tlacote	QA
Bulkmatic de México	San Luis Potosí	SL
Logística Integral en Transportación (LIT)	San Luis Potosí	SL
Networks Crossdocking	San Luis Potosí	SL
Polímeros Nacionales	San Luis Potosí	SL
Suministros Industriales Potosinos	San Luis Potosí	SL
Logistica Ferroviaria Fargo	San Luis Potosí	SL
TFCM	San Luis Potosí	SL
Transilmex	San Luis Potosí	SL
Vali Comercial	San Luis Potosí	SL
Valores Agregados	San Luis Potosí	SL
Ferrologic	Villa de Reyes	SL
Servicios Agregados de Energia	La Trasquila	TL
Altamira Terminal Multimodal	Altamira	TM
Cooper T Smith de México	Altamira	TM
Inmobiliaria Portuaria de Altamira (STEEL)	Altamira	TM
Operadora de Terminales Marítimas (OTM)	Altamira	TM
Terminal Marítima de Altamira	Altamira	TM
Vopak México	Altamira	TM
Arrendadora MIOS	Matamoros	TM
Kropp Ferropuerto de Mexico	Matamoros	TM
Comercializadora Toscal (PT Logistiks)	Tampico	TM
Almacenajes y Maniobras Integrales (AMIGO)	Santa Fe	VE
Vopak México	Veracruz	VE

10-2020

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

APPENDIX B

SUMMARY OF BENEFITS EXHIBIT

SUMMARY OF BENEFITS
CP/KCS
($US in Millions)

BENEFIT COMPONENT	YEAR ONE ANNUAL	YEAR ONE ONE-TIME	YEAR TWO ANNUAL	YEAR TWO ONE-TIME	YEAR THREE ANNUAL	YEAR THREE ONE-TIME	NORMAL YEAR	INDEXED TO 2025 NORMAL YEAR*
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
OPERATING REVENUE GAINS								
Revenue Increase from Traffic Gains	$ 418.0		$ 726.7		$ 1,021.9		$ 1,021.9	$ 1,150.8
Cost of Handling Added Traffic	$ (129.2)		$ (217.8)		$ (306.3)		$ (306.3)	$ (345.0)
Net Revenue Gains	$ 288.9		$ 508.8		$ 715.6		$ 715.6	$ 805.8
OPERATING BENEFITS								
Engineering - Maintenance of Way	$ -	$ (53.6)	$ -	$ (60.9)	$ -	$ (12.0)	$ -	$ -
Mechanical	$ 19.9	$ -	$ 19.9	$ -	$ 19.9	$ -	$ 19.9	$ 22.4
Transportation	$ 59.3	$ -	$ 60.9	$ -	$ 62.5	$ -	$ 62.5	$ 70.4
Equipment Requirements & Utilization	$ 10.1	$ 45.0	$ 11.9	$ 45.0	$ 12.8	$ -	$ 12.8	$ 14.4
Intermodal Operations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Purchasing	$ 4.2	$ -	$ 12.1	$ -	$ 20.5	$ -	$ 20.5	$ 23.1
Subtotal	$ 93.5	$ (8.6)	$ 104.8	$ (15.9)	$ 115.7	$ (12.0)	$ 115.7	$ 130.3
Support Functions (G&A)	$ 36.0	$ (7.7)	$ 51.0	$ (3.8)	$ 57.1	$ -	$ 57.1	$ 64.3
Total Operating Benefits	$ 129.5	$ (16.3)	$ 155.8	$ (19.7)	$ 172.8	$ (12.0)	$ 172.8	$ 194.6
Employee Separation/Relocation	$ -	$ (42.6)	$ -	$ (3.3)	$ -	$ (6.1)	$ -	$ -
Total Merger Benefits	$ 418.4	$ (58.9)	$ 664.6	$ (23.0)	$ 888.4	$ (18.1)	$ 888.4	$ 1,000.4

* Normal year converted from 2019 to 2025 $US using an index factor of 1.1262 based on Railroad Cost Adjustment Factor All-Inclusive Less Fuel with Error Adjustment (All-LF) forecast.

REDACTED PUBLIC RECORD VERSION

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

APPENDIX C

CHANGE IN CONTROL EXHIBIT (EXHIBIT 8)

Exhibit 8, Table 8.1

TABLE 8.1

CANADIAN PACIFIC NON-CARRIER APPLICANTS

CANADIAN PACIFIC RAILWAY LIMITED	
Ownership	Public
Directors	Isabelle Courville Keith Creel John R. Baird Gillian H. Denham Edward R. Hamberger Rebecca MacDonald Edward L. Monser Matthew H. Paull Jane L. Peverett Andrea Robertson Gordon T. Trafton II
Principal Officers	**Name** — **Title** Keith Creel — President and Chief Executive Officer Nadeem Velani — Executive Vice-President and Chief Financial Officer Mark Redd — Executive Vice-President, Operations John Brooks — Executive Vice-President and Chief Marketing Officer Laird Pitz — Senior Vice-President and Chief Risk Officer James Clements — Senior Vice-President, Strategic Planning and Technology Transformation Jeffrey Ellis — Chief Legal Officer and Corporate Secretary

Exhibit 8, Table 8.1

CANADIAN PACIFIC RAILWAY COMPANY[1]		
Ownership	100% by Applicant Canadian Pacific Railway Limited	
Directors	Isabelle Courville Keith Creel John R. Baird Gillian H. Denham Edward R. Hamberger Rebecca MacDonald Edward L. Monser Matthew H. Paull Jane L. Peverett Andrea Robertson Gordon T. Trafton II	
Principal Officers	**Name**	**Title**
	Keith Creel	President and Chief Executive Officer
	Nadeem Velani	Executive Vice-President and Chief Financial Officer
	Mark Redd	Executive Vice-President, Operations
	John Brooks	Executive Vice-President and Chief Marketing Officer
	Laird Pitz	Senior Vice-President and Chief Risk Officer
	James Clements	Senior Vice-President, Strategic Planning and Technology Transformation
	Jeffrey Ellis	Chief Legal Officer and Corporate Secretary

[1] CPRC is a Canadian rail carrier and owns rail property in the United States through its subsidiary DRTC. CPRC is not a U.S. rail carrier.

Exhibit 8, Table 8.2

TABLE 8.2

CANADIAN PACIFIC U.S. RAIL CARRIER APPLICANTS AND MAJORITY-OWNED CARRIER SUBSIDIARIES

APPLICANT SOO LINE RAILROAD COMPANY		
Ownership	100% by Applicant Canadian Pacific Railway Limited (through intermediaries)	
Directors	John Brooks Jason Ross Gregory Koenig	
Officers	**Name**	**Title**
	Keith Creel	President and Chief Executive Officer
	Nadeem Velani	Executive Vice-President and Chief Financial Officer
	Jeffrey Ellis	Chief Legal Officer
	Gregory Koenig	Vice President, Finance
	David Krautkremer	Vice President, Corporate
	Chad Rolstad	Vice President, Human Resources
	Marnie Dawson	Controller
	Nizam Hasham	Secretary
	Maria Barkovic	Assistant Secretary
	Chris De Bruyn	Assistant Treasurer
APPLICANT CENTRAL MAINE & QUEBEC RAILWAY US INC.		
Ownership	100% by Applicant Canadian Pacific Railway Co. (through intermediaries)	
Directors	John Brooks Jason Ross Gregory Koenig	
Officers	**Name**	**Title**
	Keith Creel	President and Chief Executive Officer
	Nadeem Velani	Executive Vice-President and Chief Financial Officer
	Jeffrey Ellis	Chief Legal Officer
	James Clements	Senior Vice President, Corporate
	Gregory Koenig	Vice President, Finance
	David Krautkremer	Vice President, Corporate
	Nizam Hasham	Secretary
	Maria Barkovic	Assistant Secretary
	Chris De Bruyn	Assistant Treasurer

Exhibit 8, Table 8.2

APPLICANT DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION		
Ownership	100% by Applicant Canadian Pacific Railway Co. (through intermediaries)	
Directors	John Brooks Jason Ross Gregory Koenig	
Officers	**Name**	**Title**
	Keith Creel	President and Chief Executive Officer
	Nadeem Velani	Executive Vice-President and Chief Financial Officer
	Jeffrey Ellis	Chief Legal Officer
	Gregory Koenig	Vice President, Finance
	David Krautkremer	Vice President, Corporate
	Chad Rolstad	Vice President, Human Resources
	Marnie Dawson	Controller
	Nizam Hasham	Secretary
	Maria Barkovic	Assistant Secretary
	Chris De Bruyn	Assistant Treasurer
APPLICANT DELAWARE AND HUDSON RAILWAY COMPANY, INC.		
Ownership	100% by Applicant Canadian Pacific Railway Co. (through intermediaries)	
Directors	John Brooks Jason Ross Gregory Koenig	
Officers	**Name**	**Title**
	Keith Creel	President and Chief Executive Officer
	Nadeem Velani	Executive Vice-President and Chief Financial Officer
	Jeffrey Ellis	Chief Legal Officer
	Gregory Koenig	Vice President, Finance
	David Krautkremer	Vice President, Corporate
	Chad Rolstad	Vice President, Human Resources
	Marnie Dawson	Controller
	Nizam Hasham	Secretary
	Maria Barkovic	Assistant Secretary
	Chris De Bruyn	Assistant Treasurer

Exhibit 8, Table 8.2

ALBANY & VERMONT RAILROAD CO.		
Ownership	83.2% by Applicant Delaware and Hudson Railway Company, Inc.	
Directors	John Brooks Jason Ross Gregory Koenig	
Principal Officers	**Name**	**Title**
	David Krautkremer	Vice President, Corporate
	Gregory Koenig	Vice President, Finance
	Chris De Bruyn	Assistant Treasurer
	Nizam Hasham	Secretary
SARATOGA & SCHENECTADY RAILROAD CO.		
Ownership	91.38% by Applicant Delaware and Hudson Railway Company, Inc.	
Directors	John Brooks Jason Ross Gregory Koenig	
Principal Officers	**Name**	**Title**
	David Krautkremer	Vice President, Corporate
	Gregory Koenig	Vice President, Finance
	Chris De Bruyn	Assistant Treasurer
	Nizam Hasham	Secretary

Exhibit 8, Table 8.3

TABLE 8.3

KCS NON-CARRIER APPLICANT

KANSAS CITY SOUTHERN		
Ownership	Public	
Directors	Lydia I. Beebe Lu M. Cordova Robert J. Druten Antonio O. Garza, Jr. David Garza-Santos Janet H. Kennedy Mitchell J. Krebs Henry J. Maier Thomas A. McDonnell Patrick J. Ottensmeyer	
Principal Officers	**Name**	**Title**
	Patrick J. Ottensmeyer	President & Chief Executive Officer
	Warren K. Erdman	Executive Vice President – Administration & Corporate Affairs
	Sameh Fahmy	Executive Vice President - Precision Scheduled Railroading
	Michael J. Naatz	Executive Vice President & Chief Marketing Officer
	John F. Orr	Executive Vice President – Operations
	Jeffrey M. Songer	Executive Vice President – Strategic Merger Planning
	Michael W. Upchurch	Executive Vice President & Chief Financial Officer
	Lora S. Cheatum	Senior Vice President – Chief Human Resources Officer
	Adam J. Godderz	Senior Vice President – Chief Legal Officer & Corporate Secretary

Exhibit 8, Table 8.4

TABLE 8.4
KCS U.S. RAIL CARRIER APPLICANTS AND MAJORITY-OWNED U.S. RAIL CARRIER SUBSIDIARIES

APPLICANT KANSAS CITY SOUTHERN RAILWAY COMPANY		
Ownership	100% by Applicant Kansas City Southern	
Directors	Warren K. Erdman Patrick J. Ottensmeyer John F. Orr Michael W. Upchurch Adam J. Godderz	
Officers	**Name**	**Title**
	Patrick J. Ottensmeyer	Chairman, President & Chief Executive Officer
	Warren K. Erdman	Executive Vice President – Administration & Corporate Affairs
	Sameh Fahmy	Executive Vice President – Precision Scheduled Railroading
	Michael J. Naatz	Executive Vice President & Chief Marketing Officer
	John F. Orr	Executive Vice President – Operations
	Jeffrey M. Songer	Executive Vice President – Strategic Merger Planning
	Michael W. Upchurch	Executive Vice President & Chief Financial Officer
	Lora S. Cheatum	Senior Vice President – Chief Human Resources Officer
	Adam J. Godderz	Senior Vice President – Chief Legal Officer & Corporate Secretary
	Ginger L. Adamiak	Vice President – Energy & Chemical Products
	Anastasia Austin	Vice President – Revenue & Yield Management
	Michael R. Bilovesky	Vice President – Sales & Marketing
	Michael W. Cline	Vice President – Corporate Audit Services & Treasurer
	Olivia Daily	Vice President – Purchasing
	Rodrigo Flores	Vice President – Automotive & Intermodal Sales
	Suzanne M. Grafton	Vice President & Chief Accounting Officer
	Kayden Howard	Vice President – Health Safety & Environmental
	Daniel L. Hynek	Vice President – Tax
	Timothy Livingston	Vice President - Transportation
	Manuel Loureiro	Vice President & Chief Engineer
	Darin P. Selby	Vice President – Mechanical Operations
	T. Scot Stottlemyre	Vice President – Business Transformation & Data Governance
	Ashley A. Thorne	Vice President – Investor Relations
	Brent Vander Ark	Vice President – Financial Services
	Douglas W. Vogl	Vice President – Chief Technology Officer
	Michael A. Walczak	Vice President – Network Operations
	Julie D. Powell	Assistant Secretary & Assistant

Exhibit 8, Table 8.4

APPLICANT GATEWAY EASTERN RAILWAY COMPANY		
Ownership	100% by Applicant Kansas City Southern Railway Company	
Directors	Patrick J. Ottensmeyer John F. Orr Michael W. Upchurch	
Officers	**Name**	**Title**
	Patrick J. Ottensmeyer	Chairman of the Board & Chief Executive Officer
	John F. Orr	President & General Manager
	Michael W. Cline	Vice President & Treasurer
	Warren K. Erdman	Vice President
	Suzanne M. Grafton	Vice President & Chief Accounting Officer
	Daniel L. Hynek	Vice President - Tax
	Michael W. Upchurch	Vice President & Chief Financial Officer
	Adam J. Godderz	Vice President and Secretary
	Julie D. Powell	Assistant Secretary & Assistant Treasurer
APPLICANT THE TEXAS-MEXICAN RAILWAY COMPANY		
Ownership	100% by Applicant Kansas City Southern (through intermediaries)	
Directors	Warren K. Erdman Patrick J. Ottensmeyer John F. Orr Michael W. Upchurch Adam J. Godderz	
Officers	**Name**	**Title**
	Patrick J. Ottensmeyer	Chairman, President & Chief Executive Officer
	Michael W. Cline	Vice President & Treasurer
	Warren K. Erdman	Vice President
	John F. Orr	Vice President
	Daniel L. Hynek	Vice President – Tax
	Michael J. Naatz	Vice President
	Suzanne M. Grafton	Vice President & Chief Accounting Officer
	Michael W. Upchurch	Vice President & Chief Financial Officer
	Adam J. Godderz	Vice President, General Counsel, and Secretary
	Julie D. Powell	Assistant Secretary & Assistant Treasurer

Exhibit 8, Table 8.4

MERIDIAN SPEEDWAY, LLC		
Ownership	70% by Applicant Kansas City Southern (through intermediaries); 30% by The Alabama and Great Southern Railway Co. (a subsidiary of Norfolk Southern Corporation)	
Management Committee Members	Patrick J. Ottensmeyer (KCS) John F. Orr (KCS) Michael J. Naatz (KCS) Michael W. Upchurch (KCS) Alan H. Shaw (NS) James A. Squires (NS) Jeffrey M. Songer (Alt – KCS)	
Principal Officers	**Name**	**Title**
	Patrick J. Ottensmeyer	President
	John F. Orr	Chief Operating Officer
	Michael W. Upchurch	Chief Financial Officer
	Michael W. Cline	Treasurer
	Suzanne M. Grafton	Chief Accounting Officer
	Adam J. Godderz	Secretary
	Julie D. Powell	Assistant Secretary

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

APPENDIX D

CORPORATE CHARTS
(EXHIBIT 11)

STATEMENT OF COMMON OFFICERS AND DIRECTORS
[SECTION 1180.6(B)(6)(I)]

CARRIER STATUS LISTS
[SECTION 1180.6(B)(6)(II)]

STATEMENT OF DIRECT AND INDIRECT INTERCORPORATE FINANCIAL RELATIONSHIPS
[SECTION 1180.6(B)(8)]

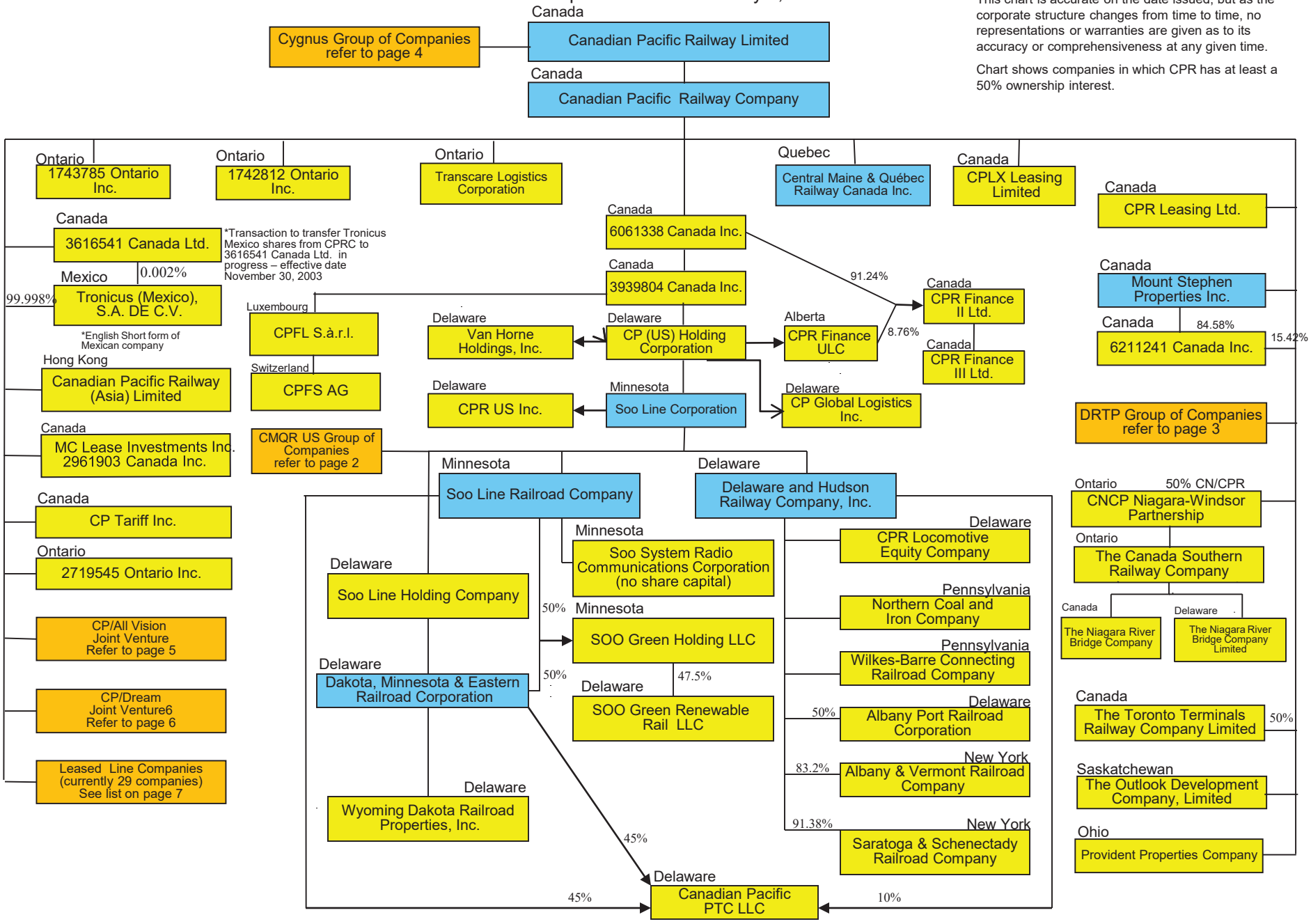
CANADIAN PACIFIC CORPORATE CHARTS

CANADIAN PACIFIC RAILWAY

Corporate Structure – May 1, 2021

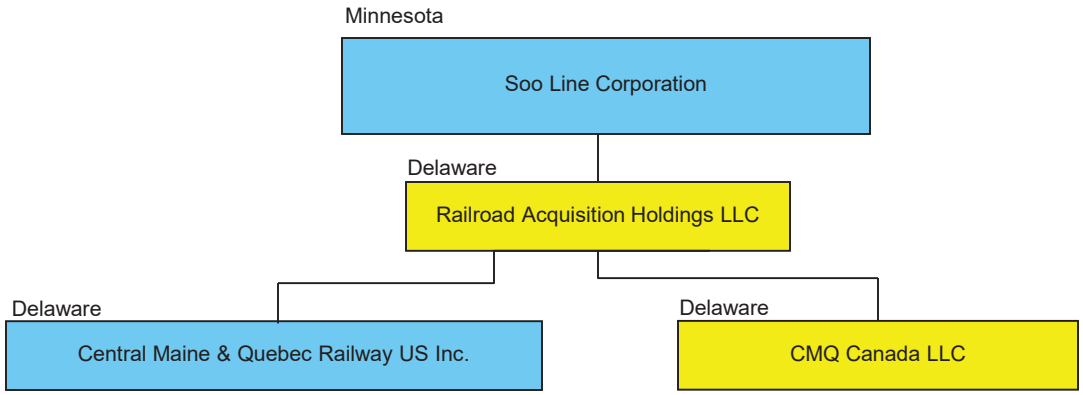
This chart is accurate on the date issued, but as the corporate structure changes from time to time, no representations or warranties are given as to its accuracy or comprehensiveness at any given time.

Chart shows companies in which CPR has at least a 50% ownership interest.



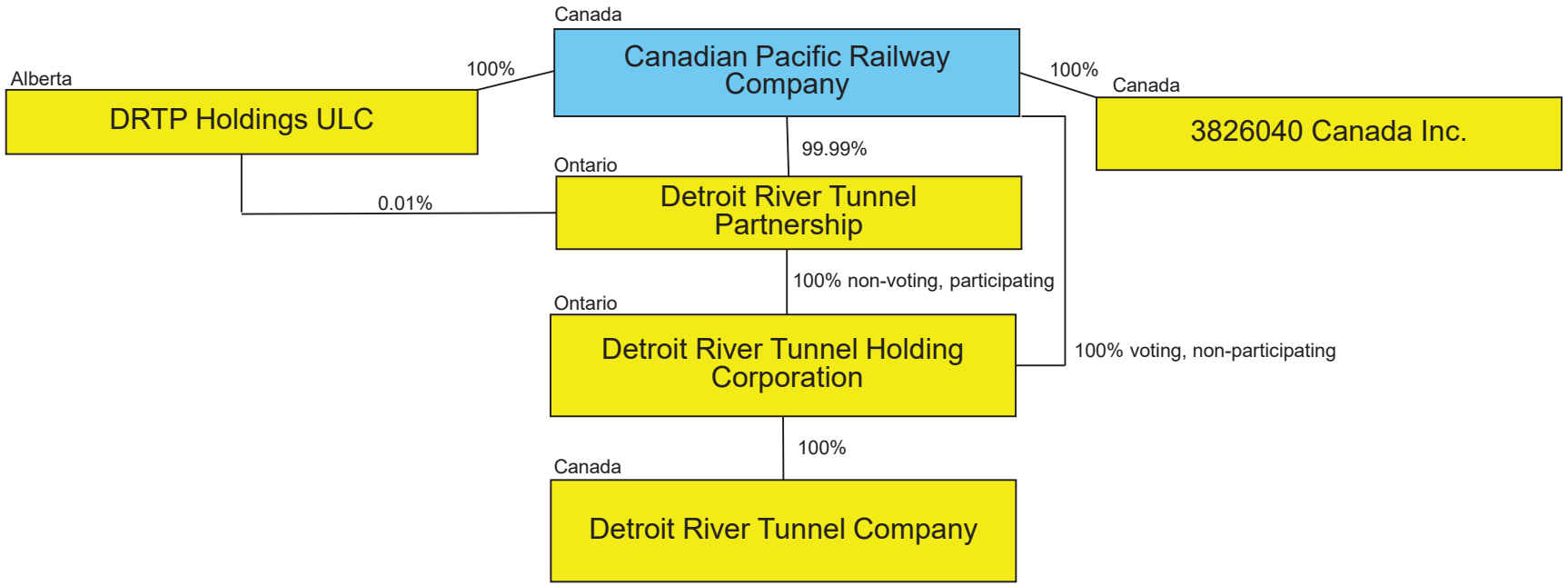
CANADIAN PACIFIC RAILWAY
Corporate Structure – May 1, 2021

Page Two – CMQR US Group of Companies Structure



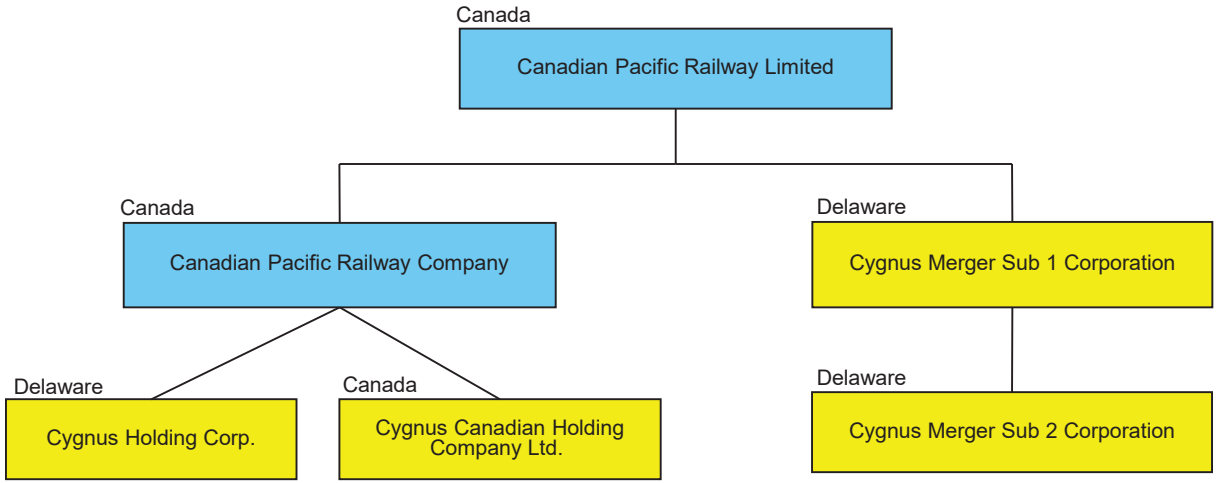
CANADIAN PACIFIC RAILWAY
Corporate Structure – May 1, 2021

Page Three – DRTP Group of Companies Structure



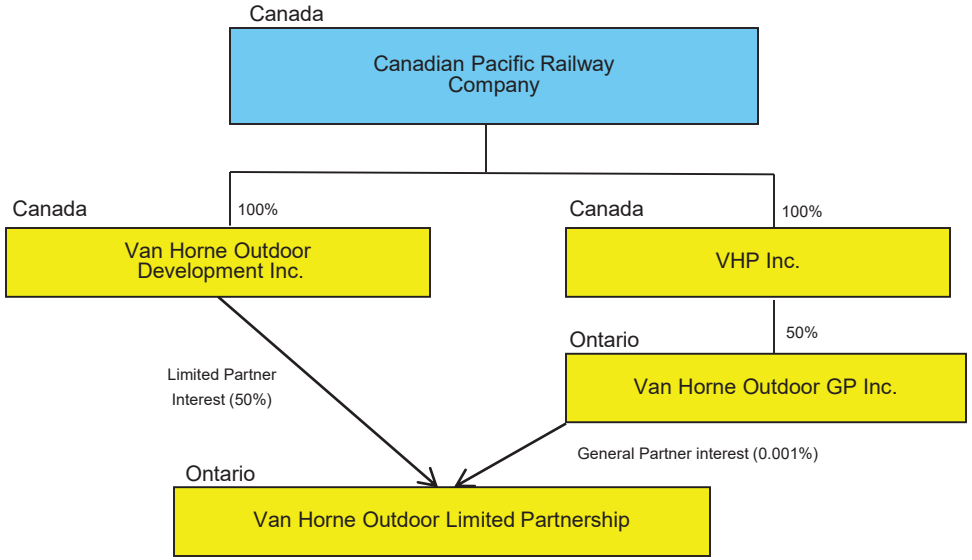
CANADIAN PACIFIC RAILWAY
Corporate Structure – May 1, 2021

Page Four – Cygnus Group of Companies Structure



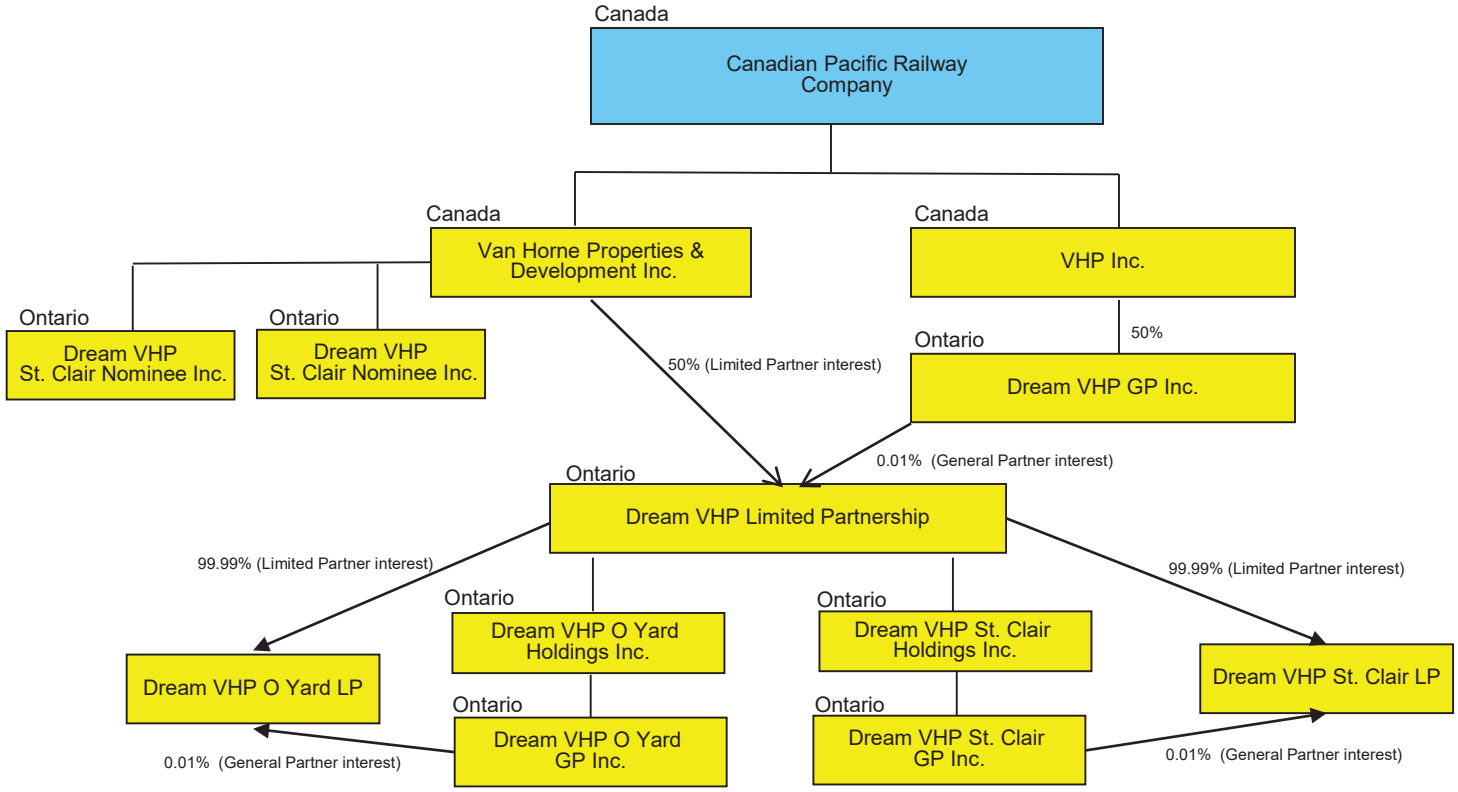
CANADIAN PACIFIC RAILWAY
Corporate Structure – May 1, 2021

Page Five – CP/All Vision Joint Venture



CANADIAN PACIFIC RAILWAY
Corporate Structure – May 1, 2021

Page Six – CP/Dream Joint Venture



CANADIAN PACIFIC RAILWAY
Corporate Structure – May 1, 2021

Page Seven – Leaseline/Other Subsidiaries

Leased Line Companies include: Aroostook River Railroad Company, Atlantic and North-West Railway Company, The Calgary and Edmonton Railway Company, Cap De La Madeleine Railway Company, The Dominion Atlantic Railway Company (98.43%), The Grand River Railway Company, Houlton Branch Railroad Company, The International Railway Company, International Railway Company of Maine, Joliette and Brandon Railway Company, The Kingston and Pembroke Railway Company (91.66%), The Lake Champlain and St. Lawrence Junction Railway Company (70%), The Lake Erie and Northern Railway Company (93.78%), The Lake Temiscamingue Colonization Railway Company, Manitoba and North Western Railway Company of Canada (96.07%), Massawippi Valley Railway Company (93.18%) (in liquidation), Missisquoi Valley Railway Company, The Montreal and Atlantic Railway Company (97.50%), The Montreal and Western Railway Company, Napierville Junction Railway Company, North Shore Railway Company, Orford Mountain Railway Company, The Saint John Bridge and Railway Extension Company, The Saint Stephen and Milltown Railway Company, The Saskatchewan and Western Railway Company, The St. Lawrence and Ottawa Railway Company (96.49%), The Toronto, Hamilton and Buffalo Railway Company Limited, Waterloo and Magog Railway Company, and The West Ontario Pacific Railway Company.

The percentage of ownership held by CPRC in the leaseline companies is 100% unless otherwise indicated.

Following are additional companies in which CPR holds directly or indirectly less than a 50% interest:

Mid-Ohio Coal Company – 20% of Common Stock held by CPRC
RailMarketplace.com Inc. – 20% of Class A Preferred Shares held by CPRC
The Belt Railway Company of Chicago – 8.33% held by Soo Line Railroad Company
Indiana Harbor Belt Railroad Company – 49% held by Soo Line Railroad Company
MT Properties, Inc. – 14.61% held by Soo Line Railroad Company
TTX Company – 1.6% held by Soo Line Railroad Company
Kansas City Terminal Railway Company – 8.33% held by Dakota, Minnesota & Eastern Railroad Corporation
PTC-220, LLC – 1/7 interest held by Canadian Pacific PTC LLC
Bright Rail Technologies LLC – 33.3% held by Soo Line Railroad Company

KCS CORPORATE CHARTS

Kansas City Southern (DE)

100%

- KCSM B.V. (Neth)
- Southern Industrial Services, Inc. (DE)
  - 100% Trans-Serve, Inc. (dba Superior Tie & Timber) (DE)
  - 100% PABTEX, INC. (DE)
- TransFin Insurance, Ltd. (MO)
- The Kansas City Southern Railway Company (MO)
  - 14.285714% PTC-220, LLC (DE)
    - 85.714286% Ekanet, Inc. (UP sub), NS Spectrum Corporation, BNSF Spectrum, Inc., CSXT Intellectual Properties Corporation, GTC Spectrum Corporation (CN sub), Canadian Pacific PTC, LLC
  - 33.3% Joplin Union Depot Company (MO)
    - 66.7% BNSF Railway Company and Union Pacific Railroad Company
  - 100% Stillwell RE Holdings, LLC (DE)
  - 16.6% Kansas City Terminal Railway Company (MO)
    - 83.4% BNSF Railway Company; Iowa, Chicago and Eastern Railroad; Norfolk Southern Railway Company; and Union Pacific Railroad Company
  - 100% Gateway Eastern Railway Company (IL)
    - .04% KCSRC y Compania, S. de N.C. de C.V. (Mex.)
  - 100% The Kansas City Northern Railway Company (DE)
  - 100% Southern Development Company (MO)
  - 99.96% KCSRC y Compania, S. de N.C. de C.V. (Mex.)
- KCS Ventures I, Inc. (DE)
  - 100% KCS Spectrum, Inc. (DE)
  - 100% KCS Holdings I, Inc. (DE)
    - 70.0% Meridian Speedway, LLC (DE)
- The Alabama Great Southern Railway Company (Norfolk Southern)
  - 30.0% Meridian Speedway, LLC (DE)
- Caymex Transportation, Inc. (DE)
  - 100% KSU Holdings LLC (DE)
    - 100% Kansas City Southern International Ventures, S. de R.L. de C.V. (Mex.) [1]
      - 100% Kansas City Southern Mexico Holdings, Inc.(DE)
      - 99.9% Soporte Logistico Ferroviaria, S. de R.L. de C.V. (Mex.) [4]
        - 99.9% Internacional Railroad Support, S.A. de C.V. (Mex.) [5]
      - 99.99% North American Freight Transportation Rail Corporation S. de R.L. de C.V. (Mex.) [4]
        - 100% NAFTA Rail, S. de R.L. de C.V. (Mex.) ("NAFTA Rail") [1]
          - 45% TFCM, S. de R.L. de C.V. (Mex.) [7]
          - 98.262% **Kansas City Southern de México, S.A. de C.V. (Mex.) [6]**
      - 100% Transportacion y Soluciones en Logistica Ferroviaria S. de R.L. de C.V. (Mex.) [1]
        - 0.01% North American Freight Transportation Rail Corporation S. de R.L. de C.V. (Mex.) [4]
  - 99% Canama Transportation (Cay.)
    - 50% Panama Canal Railway Company (Cay.)
      - 100% Panarail Tourism Company (Cay.) [2]
    - 50% Panama Holdings, LLC (Mi-Jack)
- Veals, Inc. (DE)
  - 1% Canama Transportation (Cay.)
- Financiera Inspira, S.A. de C.V., SOFOM, E.N.R. (Mex.) [1]
- Mexrail, Inc. (DE)
  - 100% The Texas Mexican Railway Company (TX)

See Page 2 for KCSM Subsidiary Info

1 - Veals, Inc. owns 1 fixed share
2 - Canama Transportation and Panama Holdings each own 1 share
3 - NAFTA Rail, S. de R.L. de C.V. owns 0.01%
4 - Caymex owns 10 shares
5 - Kansas City Southern International Ventures, S.A. de C.V. owns 2 shares
6 - Caymex owns 1.034%, North American Freight Transportation Rail Corporation S.de R.L. de C.V. owns .703%, Kansas City Southern International Ventures, S.de R.L. de C.V. owns .001% and KCSM Holdings LLC owns 10 shares
7 - Grupo Valoran, S.A. de C.V. owns 45%; WTPS de Mexico, S. de R.L. de C.V. owns 10%

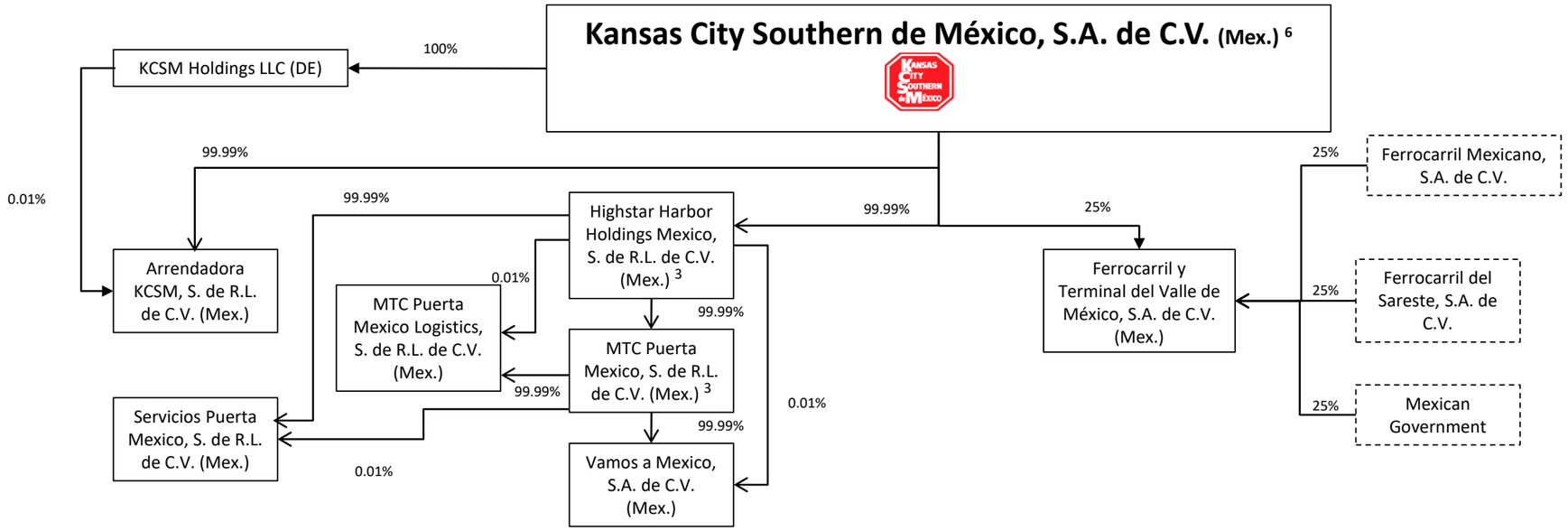

Kansas City Southern de México, S.A. de C.V. (Mex.) 6
KCSM Holdings LLC (DE)
100%
0.01%
99.99%
Arrendadora KCSM, S. de R.L. de C.V. (Mex.)
99.99%
Highstar Harbor Holdings Mexico, S. de R.L. de C.V. (Mex.) 3
99.99%
25%
Ferrocarril y Terminal del Valle de México, S.A. de C.V. (Mex.)
25%
Ferrocarril Mexicano, S.A. de C.V.
25%
Ferrocarril del Sareste, S.A. de C.V.
25%
Mexican Government
0.01%
MTC Puerta Mexico Logistics, S. de R.L. de C.V. (Mex.)
99.99%
MTC Puerta Mexico, S. de R.L. de C.V. (Mex.) 3
99.99%
Servicios Puerta Mexico, S. de R.L. de C.V. (Mex.)
0.01%
0.01%
99.99%
Vamos a Mexico, S.A. de C.V. (Mex.)

EXHIBIT 11, TABLE 11.1

COMMON OFFICERS AND DIRECTORS

OFFICER/DIRECTOR OVERLAPS BETWEEN ENTITIES ON CP AND KCS CORPORATE CHARTS AND OTHER RAILROAD CORPORATE FAMILIES

TABLE 11.1A

CANADIAN PACIFIC

ALBANY PORT RAILROAD CORPORATION (50% D&H (CP)/50% CSX OWNERSHIP)

Name	Title	Other Corporate Family
James Clements	Director Vice President	CP Representative
Kristan McMahon*	Director	CP Representative
Shannon Baker*	Director	CSX Representative
Jacob Albritton*	Director	CSX Representative
John Gaylord*	President	CSX Representative
Sean Pelkey	Vice President and Treasurer	CSX Representative
Mark Austin*	Corporate Secretary	CSX Representative

* - Individual affiliated with a carrier but not, to Applicants' knowledge, an appointed director and/or officer of that carrier.

BRIGHT RAIL TECHNOLOGIES LLC (33% SOO (CP)/33% CSX/33% PROGRESS RAIL OWNERSHIP)

Name	Title	Other Corporate Family
Scott MacDonald	Authorized Representative – Soo Line Railroad Company	CP Representative
Baden Tidd*	Chief Mechanical Officer and Secretary	CP Representative
Ricky Johnson	Authorized Representative – CSX Transportation, Inc.	CSX Representative

* - Individual affiliated with a carrier but not, to Applicants' knowledge, an appointed director and/or officer of that carrier.

Exhibit 11, Table 11.1

CNCP NIAGARA-WINDSOR PARTNERSHIP
(50% CP/50% CN OWNERSHIP)

Name	Title	Other Corporate Family
Ben Serena	Director	CP Representative
Adolph Gameiro*	Director and Chairman President	CP Representative
Johane Lemay*	Director General Manager	CP Representative
Sean Finn	Director, Secretary & Treasurer	CN Representative
Ghislain Houle	Director	CN Representative
Derek Taylor	Director Vice-President	CN Representative
Salvatore Forgione	Vice-President & Corporate Controller	CN Representative

* - Individual affiliated with a carrier but not, to Applicants' knowledge, an appointed director and/or officer of that carrier

INDIANA HARBOR BELT RAILROAD COMPANY
(49% SOO LINE (CP)/51% CONRAIL OWNERSHIP)

Name	Title	Other Corporate Family
James Clements	Director	CP Representative
Tracy Miller	Director	CP Representative
Jason Ross	Director	CP Representative
Walter Sieruga*	Director	CSX Representative
Salmaan Wahidi*	Director	CSX Representative
John Friedman	Director	NS Representative
C.H. (Jake) Allison	Director	NS Representative

* - Individual affiliated with a carrier but not, to Applicants' knowledge, an appointed director and/or officer of that carrier.

Exhibit 11, Table 11.1

KANSAS CITY TERMINAL RAILWAY COMPANY
(8.33% DM&E (CP)/8.33% NS/41.67% UP/25% BNSF/16.67% KCS)

Name	Title	Other Corporate Family
Tracy Miller	Director Vice Chair of the Board Chair of Finance Committee Secretary	CP Representative
Kraig Barner*	Director Chair of the Board, Chair of Executive Committee President	NS Representative
Sarah Bailiff*	Director	BNSF Representative
Michael Frisinger*	Director	BNSF Representative
Jon Gabriel	Director	BNSF Representative
Chad Devenney*	Director	KCS Representative
Kayden Howard*	Director	KCS Representative
Mark Bristol*	Director	UP Representative
J.J. Dustin*	Director	UP Representative
J.P. Everett*	Director	UP Representative
D.W. Hughes*	Director	UP Representative
J.B. Jones*	Director	UP Representative

* - Individual affiliated with a carrier but not, to Applicants' knowledge, an appointed director and/or officer of that carrier.

MT PROPERTIES, INC.
(14.61% SOO (CP)/42.1% UP/43.3% BNSF)

Name	Title	Other Corporate Family
Jason Ross	Director	CP Representative
Sarah Bailiff*	Director President	BNSF Representative
Tanya Spratt*	Director	UP Representative
Ashley Marshall*	Treasurer	UP Representative

* - Individual affiliated with a carrier but not, to Applicants' knowledge, an appointed director and/or officer of that carrier.

Exhibit 11, Table 11.1

PTC-220, LLC
(EQUAL 1/7TH OWNERSHIP BY EACH OF BNSF/CP/CN/CSX/KCS/NS/UP)

Name	Title	Other Corporate Family
Paul Sztanko*	Voting Member	CP Representative
Miles Francis*	Voting Member	BNSF Representative
Sunny Bajaj*	Voting Member	BNSF Representative
Catalin Miu*	Voting Member	CN Representative
Kevin Stokes*	Voting Member	CSX Representative
Joel Pangborn IV*	Voting Member	CSX Representative
Tom Schnautz	Voting Member	NS Representative
Danny Hall*	Voting Member	KCS Representative
Tom Burns	Voting Member & Chair	KCS Representative
Thomas Vaiskunas*	Voting Member	UP Representative
Blake Loper*	Voting Member	UP Representative

* - Individual affiliated with a carrier but not, to Applicants' knowledge, an appointed director and/or officer of that carrier.

RAILMARKETPLACE.COM INC.
(EQUAL OWNERSHIP AMONGST CP/BNSF/CN/CSX/NS/UP)

Name	Title	Other Corporate Family
Rhea Adama*	Director, Chair President	CP Representative
Andrew Ruiz	Director	BNSF Representative
Paul Harridine	Director	CN Representative
Evan Bell*	Director	CSX Representative
Anna Webster	Vice President & Secretary	CSX Representative
Jacqueline Gray	Director	NS Representative
Clark Ponthier	Director	UP Representative

* - Individual affiliated with a carrier but not, to Applicants' knowledge, an appointed director and/or officer of that carrier.

Exhibit 11, Table 11.1

THE BELT RAILWAY COMPANY OF CHICAGO
(8.33% SOO (CP)/8.33% UP/8.33%IC/8.33% CN/16.67% BNSF/25% NS/25% CSX)

Name	Title	Other Corporate Family
Tracy Miller	Director	CP Representative
J. Jenkins*	Director	BNSF Representative
J. Gabriel*	Director	BNSF Representative
William Albright	Director	CSX Representative
R.A. Holtz*	Director	CSX Representative
Greg Jaggernauth	Director	CSX Representative
John Friedmann	Director	NS Representative
Randall Hunt*	Director	NS Representative
Jason Zampi	Director	NS Representative
Derek Taylor	Director	CN Representative
J.W. Turner	Director	UP Representative
R. Randle	Director	Illinois Central Representative

* - Individual affiliated with a carrier but not, to Applicants' knowledge, an appointed director and/or officer of that carrier.

THE CANADA SOUTHERN RAILWAY COMPANY
(50% CP/50% CN)

Name	Title	Other Corporate Family
Ben Serena	Director	CP Representative
Adolph Gameiro*	Director President	CP Representative
Johane Lemay*	Director Joint Manager	CP Representative
Sean Finn	Director Chief Legal Officer & Secretary	CN Representative
Ghislain Houle	Director	CN Representative
Derek Taylor	Director Vice-President	CN Representative
Clarke Trolley*	Joint Manager	CN Representative
Marnie Dawson	Comptroller	CP Representative

* - Individual affiliated with a carrier but not, to Applicants' knowledge, an appointed director and/or officer of that carrier.

Exhibit 11, Table 11.1

THE NIAGARA RIVER BRIDGE COMPANY
(ULTIMATE 50% CP/50% CN OWNERSHIP)

Name	Title	Other Corporate Family
Ben Serena	Director	CP Representative
Adolph Gameiro*	Director President	CP Representative
Johane Lemay*	Director	CP Representative
Sean Finn	Director Secretary-Treasurer	CN Representative
Ghislain Houle	Director	CN Representative
Derek Taylor	Director Vice-President	CN Representative
Marnie Dawson	Comptroller	CP Representative

* - Individual affiliated with a carrier but not, to Applicants' knowledge, an appointed director and/or officer of that carrier.

THE NIAGARA RIVER BRIDGE COMPANY LIMITED
(ULTIMATE 50% CP/50% CN OWNERSHIP)

Name	Title	Other Corporate Family
Ben Serena	Director	CP Representative
Adolph Gameiro*	Director Vice-President	CP Representative
Johane Lemay*	Director Joint Manager	CP Representative
Sean Finn	Director Secretary	CN Representative
Ghislain Houle	Director	CN Representative
Derek Taylor	Director President	CN Representative
Clarke Trolley*	Joint Manager	CN Representative
Marnie Dawson	Comptroller	CP Representative

* - Individual affiliated with a carrier but not, to Applicants' knowledge, an appointed director and/or officer of that carrier

Exhibit 11, Table 11.1

THE TORONTO TERMINALS RAILWAY COMPANY LIMITED
(50% CP/50% CN)

Name	Title	Other Corporate Family
Greg Squires	Director	CP Representative
Ben Serena	Director, Chair President	CP Representative
Doug Ryhorchuk	Director Vice-President	CN Representative
James Thompson	Director	CN Representative

TTX COMPANY
(0.6% KCS/ 0.6% B&M/PAN AM/0.6% FERROCARRIL MEXICANO SA DE CV ("FXE")/1.6% SOO LINE (CP)/3.1% CN/17.3% BNSF/19.7% NS/36.8% UP)

Name	Title	Other Corporate Family
Keith Creel	Director	CP Representative
David Fink	Director	B&M/Pan Am Representative
Robert Reilly	Director	CN Representative
Jaime Boychuk	Director	CSX Representative
Isaac Franklin	Director	FXE Representative
Michael J. Naatz	Director	KCS Representative
Alan Shaw	Director	NS Representative
Jennifer Hamann	Director	UP Representative

CANADIAN PACIFIC ENTITIES WITH NO OFFICERS OR DIRECTORS AFFILIATED WITH OTHER CARRIERS

Entity	Officers or Directors Affiliated with Other Carrier Families
1742812 Ontario Inc.	None
1743785 Ontario Inc.	None
2719545 Ontario Inc.	None
2961903 Canada Inc.	None
3616541 Canada Ltd.	None
3826040 Canada Inc.	None
3939804 Canada Inc.	None
6061338 Canada Inc.	None
6211241 Canada Inc.	None
Albany & Vermont Railroad Company	None
Aroostook River Railroad Company	None
Atlantic and North-West Railway Company	None

Exhibit 11, Table 11.1

Entity	Officers or Directors Affiliated with Other Carrier Families
Canadian Pacific PTC LLC	None
Canadian Pacific Railway (Asia) Limited	None
Canadian Pacific Railway Company	None
Canadian Pacific Railway Limited	None
Cap De La Madeleine Railway Company	None
Central Maine & Québec Railway Canada Inc.	None
Central Maine & Québec Railway US Inc.	None
CMQ Canada LLC	None
CP (US) Holding Corporation	None
CP Global Logistics Inc.	None
CP Tariff Inc.	None
CPFL S.A.R.L.	None
CPFS AG	None
CPLX Leasing Limited	None
CPR Finance II Ltd.	None
CPR Finance III Ltd.	None
CPR Finance ULC	None
CPR Leasing Ltd.	None
CPR Locomotive Equity Company	None
CPR US Inc.	None
Cygnus Canadian Holding Company Ltd.	None
Cygnus Holding Corp.	None
Cygnus Merger Sub 1 Corporation	None
Cygnus Merger Sub 2 Corporation	None
Dakota, Minnesota & Eastern Railroad Corporation	None
Delaware and Hudson Railway Company, Inc.	None
Detroit River Tunnel Company	None
Detroit River Tunnel Holding Corporation	None
Detroit River Tunnel Partnership	None
Dream VHP GP Inc.	None
Dream VHP Limited Partnership	None
Dream VHP O Yard GP Inc.	None
Dream VHP O Yard Holdings Inc.	None
Dream VHP O Yard LP	None

Exhibit 11, Table 11.1

Entity	Officers or Directors Affiliated with Other Carrier Families
Dream VHP St. Clair GP Inc.	None
Dream VHP St. Clair Holdings Inc.	None
Dream VHP St. Clair LP	None
Dream VHP St. Clair Nominee Inc.	None
DRTP Holdings ULC	None
Houlton Branch Railroad Company	None
International Railway Company Of Maine	None
Joliette and Brandon Railway Company	None
Manitoba and North Western Railway Company of Canada	None
Massawippi Valley Railway Company	None
MC Lease Investments Inc.	None
Mid-Ohio Coal Company	None
Missisquoi Valley Railway Company	None
Mount Stephen Properties Inc.	None
Napierville Junction Railway Company	None
North Shore Railway Company	None
Northern Coal and Iron Company	None
Orford Mountain Railway Company	None
Provident Properties Company	None
Railroad Acquisition Holdings LLC	None
Saratoga & Schenectady Railroad Company	None
Soo Green Holding LLC	None
Soo Green Renewable Rail LLC	None
Soo Line Corporation	None
Soo Line Holding Company	None
Soo Line Railroad Company	None
Soo System Radio Communications Corporation	None
The Calgary and Edmonton Railway Company	None
The Dominion Atlantic Railway Company	None
The Grand River Railway Company	None
The International Railway Company	None
The Kingston and Pembroke Railway Company	None
The Lake Champlain and St. Lawrence Junction Railway Company	None
The Lake Erie and Northern Railway Company	None

Exhibit 11, Table 11.1

Entity	Officers or Directors Affiliated with Other Carrier Families
The Lake Temiscamingue Colonization Railway Company	None
The Montreal and Atlantic Railway Company	None
The Montreal and Western Railway Company	None
The Outlook Development Company, Limited	None
The Saint John Bridge and Railway Extension Company	None
The Saint Stephen and Milltown Railway	None
The Saskatchewan and Western Railway Company	None
The St. Lawrence and Ottawa Railway Company	None
The Toronto, Hamilton and Buffalo Railway Company Limited	None
The West Ontario Pacific Railway Company	None
Transcare Logistics Corporation	None
Tronicus (Mexico), S.A. DE C.V.	None
Van Horne Holdings, Inc.	None
Van Horne Outdoor Development Inc.	None
Van Horne Outdoor GP Inc.	None
Van Horne Outdoor Limited Partnership	None
Van Horne Properties & Development Inc.	None
VHP Inc.	None
Waterloo and Magog Railway Company	None
Wilkes-Barre Connecting Railroad Company	None
Wyoming Dakota Railroad Properties, Inc.	None

Exhibit 11, Table 11.1

TABLE 11.1B

KANSAS CITY SOUTHERN

FERROCARRIL Y TERMINAL DEL VALLE DE MÉXICO, S.A. DE C.V.
(25% KCSM (KCS)/25% FXE/25% FERROCARRIL DEL SURESTE, S.A. DE C.V. ("FERROSUR")/25% MEXICAN GOVERNMENT)

Name	Title	Other Corporate Family
Oscar Augusto del Cueto Cuevas	Director	KCS Representative
David Weiler Eaton Keener*	Director	KCS Representative
Miguel Angel León Jiménez	Alternate Director	KCS Representative
José Vincente Corta Fernández*	Alternate Director	KCS Representative
Alfredo de Jesús Casar Pérez	Director	FXE Representative (Mexican carrier)
Alberto Antonio Vergara Perrilliat	Director	FXE Representative (Mexican carrier)
Claudia Elizabeth Abaunza Castillo	Alternate Director	FXE Representative (Mexican carrier)
Francisco Jurado Martínez*	Alternate Director	FXE Representative (Mexican carrier)
Fernando López Guerra Larrea	Director	Ferrosur Representative (Mexican carrier)
Isaac Franklin Unkind	Director	Ferrosur Representative (Mexican carrier)
Hugo Rafael Gómez Díaz	Alternate Director	Ferrosur Representative (Mexican carrier)
Luis Ignacio Olivera Bueno*	Alternate Director	Ferrosur Representative (Mexican carrier)

* - Individual affiliated with a carrier but not, to Applicants' knowledge, an appointed director and/or officer of that carrier.

Exhibit 11, Table 11.1

JOPLIN UNION DEPOT COMPANY
(33.33% KCS/33.33% BNSF/33.33% UP)

Name	Title	Other Corporate Family
Brian P. Banks*	Director	KCS Representative
Vacant	Director	KCS Representative
David C. Reeves*	Director Vice President	KCS Representative
Julie D. Powell	Secretary	KCS Representative
Michael W. Cline	Treasurer	KCS Representative
Adam J. Godderz	General Counsel	KCS Representative
David Hughes*	Director Auditor	UP Representative
Tyson Moeller	Director	UP Representative
Tanya Spratt	Director Assistant Secretary	UP Representative
Pamela Schulte	Assistant Treasurer	UP Representative

* - Individual affiliated with a carrier but not, to Applicants' knowledge, an appointed director and/or officer of that carrier.

KANSAS CITY TERMINAL RAILWAY COMPANY
(16.67% KCS/8.33% DM&E (CP)/8.33% NS/41.67% UP/25% BNSF)

Name	Title	Other Corporate Family
Chad Devenney*	Director	KCS Representative
Kayden Howard*	Director	KCS Representative
Tracy Miller	Director, Vice Chair of the Board, Chair of Finance Committee Secretary	CP Representative
Kraig Barner*	Director, Chair of the Board, Chair of Executive Committee President	NS Representative
Sarah Bailiff*	Director	BNSF Representative
Michael Frisinger*	Director	BNSF Representative
Jon Gabriel	Director	BNSF Representative
Mark Bristol*	Director	UP Representative
J.J. Dustin*	Director	UP Representative
J.P. Everett*	Director	UP Representative
D.W. Hughes*	Director	UP Representative
J.B. Jones*	Director	UP Representative

* - Individual affiliated with a carrier but not, to Applicants' knowledge, an appointed director and/or officer of that carrier.

Exhibit 11, Table 11.1

MERIDIAN SPEEDWAY, LLC
(70% KCS/30% ALABAMA & GREAT SOUTHERN RY. (NS))

Name	Title	Other Corporate Family
Patrick J. Ottensmeyer	Management Committee Member President	KCS Representative
John F. Orr	Management Committee Member Chief Operating Officer	KCS Representative
Michael J. Naatz	Management Committee Member	KCS Representative
Michael W. Upchurch	Management Committee Member Chief Financial Officer	KCS Representative
Alan H. Shaw	Management Committee Member	NS Representative
James A. Squires	Management Committee Member	NS Representative
Jeffrey M. Songer	Alternate Management Committee Member	KCS Representative
Michael W. Cline	Treasurer	KCS Representative
Suzanne M. Grafton	Chief Accounting Officer	KCS Representative
Adam J. Godderz	Secretary	KCS Representative
Julie D. Powell	Assistant Secretary	KCS Representative

* - Individual affiliated with a carrier but not, to Applicants' knowledge, an appointed director and/or officer of that carrier.

PTC-220, LLC
(EQUAL 1/7TH OWNERSHIP BY EACH OF BNSF/CP/CN/CSX/KCS/NS/UP)

Name	Title	Other Corporate Family
Danny Hall*	Voting Member	KCS Representative
Tom Burns	Voting Member & Chair	KCS Representative
Miles Francis*	Voting Member	BNSF Representative
Sunny Bajaj*	Voting Member	BNSF Representative
Catalin Miu*	Voting Member	CN Representative
Kevin Stokes*	Voting Member	CSX Representative
Joel Pangborn IV*	Voting Member	CSX Representative
Tom Schnautz	Voting Member	NS Representative
Paul Sztanko*	Voting Member	CP Representative
Thomas Vaiskunas*	Voting Member	UP Representative
Blake Loper*	Voting Member	UP Representative

* - Individual affiliated with a carrier but not, to Applicants' knowledge, an appointed director and/or officer of that carrier.

Exhibit 11, Table 11.1

TTX COMPANY[2]
(0.6% KCS/0.6% B&M/PAN AM/0.6% FXE/1.6% SOO LINE (CP)/
3.1% CN/17.3% BNSF/19.7% NS/36.8% UP)

Name	Title	Other Corporate Family
Michael J. Naatz	Director	KCS Representative
Keith Creel	Director	CP Representative
David Fink	Director	B&M/Pan Am Representative
Robert Reilly	Director	CN Representative
Jaime Boychuk	Director	CSX Representative
Isaac Franklin	Director	FXE Representative
Alan Shaw	Director	NS Representative
Jennifer Hamann	Director	UP Representative

KCS ENTITIES WITH NO OFFICERS OR DIRECTORS AFFILIATED WITH OTHER CARRIERS

Entity	Officers or Directors Affiliated with Other Carrier Families
Arrendadora KCSM, S. de R.L. de C.V.	None
Canama Transportation	None
Caymex Transportation, Inc.	None
Financiera Inspira, S.A. de C.V., SOFOM, E.N.R.	None
Gateway Eastern Railway Company	None
Highstar Harbor Holdings Mexico, S. de R.L. de C.V.	None
Internacional Railroad Support, S.A. de C.V.	None
Kansas City Southern	None
Kansas City Southern de México, S.A. de C.V.	None
Kansas City Southern International Ventures, S. de R.L. de C.V.	None
Kansas City Southern Mexico Holdings, Inc.	None
KCS Holdings I, Inc.	None
KCS Spectrum, Inc.	None
KCS Ventures I, Inc.	None
KCSM B.V.	None
KCSM Holdings LLC	None
KCSRC y Compania S. de N.C. de C.V.	None
KSU Holdings LLC	None
Mexrail, Inc.	None
MTC Puerta Mexico Logistics, S. de R.L. de C. V.	None
MTC Puerta Mexico, S. de R.L. de C.V.	None

[2] Because KCS's interest in TTX Company is below one percent, TTX Company is not shown on the KCS's Corporate Chart.

Exhibit 11, Table 11.1

Entity	Officers or Directors Affiliated with Other Carrier Families
NAFTA Rail, S. de R.L. de C.V. ("NAFTA Rail")	None
North American Freight Transportation Rail Corporation S. de R.L. de C.V.	None
PABTEX, INC.	None
Panama Canal Railway Company	None
Panarail Tourism Company	None
Servicios Puerta Mexico, S. de R.L. de C.V.	None
Soporte Logistico Ferroviaria, S. de R.L. de C.V.	None
Southern Development Company	None
Southern Industrial Services, Inc.	None
Stillwell RE Holdings, LLC	None
TFCM, S. de R.L. de C.V.	None
The Kansas City Northern Railway Company	None
The Kansas City Southern Railway Company	None
The Texas Mexican Railway Company	None
TransFin Insurance, Ltd.	None
Transportacion y Soluciones en Logistica Ferroviaria S. de R.L. de C.V.	None
Trans-Serve, Inc. (dba Superior Tie & Timber)	None
Vamos a Mexico, S.A. de C.V.	None
Veals, Inc.	None

EXHIBIT 11, TABLE 11.2

CARRIER STATUS LIST
[SECTION 1180.6(b)(6)(ii)]

TABLE 11.2A
CANADIAN PACIFIC

Company	Whether Carrier	Mode	Certificate / Docket Number
1742812 Ontario Inc.	No	N/A	N/A
1743785 Ontario Inc.	No	N/A	N/A
2719545 Ontario Inc.	No	N/A	N/A
2961903 Canada Inc.	No	N/A	N/A
3616541 Canada Ltd.	No	N/A	N/A
3826040 Canada Inc.	No	N/A	N/A
3939804 Canada Inc.	No	N/A	N/A
6061338 Canada Inc.	No	N/A	N/A
6211241 Canada Inc.	No	N/A	N/A
Albany & Vermont Railroad Company	Yes	Rail	FD 31700
Albany Port Railroad Corporation	Yes	Rail	FD 31700
Aroostook River Railroad Company	Canadian rail carrier	Rail	*See* Note * below.
Atlantic and North-West Railway Company	Canadian rail carrier	Rail	*See* Note * below.
Bright Rail Technologies LLC	No	N/A	N/A
Canadian Pacific PTC LLC	No	N/A	N/A
Canadian Pacific Railway (Asia) Limited	No	N/A	N/A
Canadian Pacific Railway Company	Canadian rail carrier; owns U.S. rail property through DRTC	Rail	*See* Note * below.
Canadian Pacific Railway Limited	No	N/A	N/A
Cap De La Madeleine Railway Company	No	N/A	N/A
Central Maine & Québec Railway Canada Inc.	Canadian rail carrier	Rail	*See* Note * below.

Exhibit 11, Table 11.2

Company	Whether Carrier	Mode	Certificate / Docket Number
Central Maine & Quebec Railway US Inc.	Yes	Rail	FD 36368
CMQ Canada LLC	No	N/A	N/A
CNCP Niagara-Windsor Partnership	No	N/A	N/A
CP (US) Holding Corporation	No	N/A	N/A
CP Global Logistics Inc.	No	N/A	N/A
CP Tariff Inc.	No	N/A	N/A
CPFL S.à.r.l.	No	N/A	N/A
CPFS AG	No	N/A	N/A
CPLX Leasing Limited	No	N/A	N/A
CPR Finance II Ltd.	No	N/A	N/A
CPR Finance Ill Ltd.	No	N/A	N/A
CPR Finance ULC	No	N/A	N/A
CPR Leasing Ltd.	No	N/A	N/A
CPR Locomotive Equity Company	No	N/A	N/A
CPR US Inc.	No	N/A	N/A
Cygnus Canadian Holding Company Ltd.	No	N/A	N/A
Cygnus Holding Corp.	No	N/A	N/A
Cygnus Merger Sub 1 Corporation	No	N/A	N/A
Cygnus Merger Sub 2 Corporation	No	N/A	N/A
Dakota, Minnesota & Eastern Railroad Corporation	Yes	Rail	FD 35081
Delaware and Hudson Railway Company, Inc.	Yes	Rail	FD 31700
Detroit River Tunnel Company	No (owns U.S. rail property)	N/A	N/A
Detroit River Tunnel Holding Corporation	No	N/A	N/A
Detroit River Tunnel Partnership	No	N/A	N/A
Dream VHP GP Inc.	No	N/A	N/A
Dream VHP Limited Partnership	No	N/A	N/A
Dream VHP O Yard GP Inc.	No	N/A	N/A
Dream VHP O Yard Holdings Inc.	No	N/A	N/A
Dream VHP O Yard LP	No	N/A	N/A
Dream VHP St. Clair GP Inc.	No	N/A	N/A
Dream VHP St. Clair Holdings Inc.	No	N/A	N/A
Dream VHP St. Clair LP	No	N/A	N/A
Dream VHP St. Clair Nominee Inc.	No	N/A	N/A
DRTP Holdings ULC	No	N/A	N/A
Houlton Branch Railroad Company	Canadian rail carrier	Rail	*See* Note * below.

Exhibit 11, Table 11.2

Company	Whether Carrier	Mode	Certificate / Docket Number
Indiana Harbor Belt Railroad Company	Yes	Rail	N/A
International Railway Company of Maine	Canadian rail carrier	Rail	*See* Note * below.
Joliette and Brandon Railway Company	No	N/A	N/A
Kansas City Terminal Railway Company	Yes	Rail	N/A
Manitoba and North Western Railway Company of Canada	Canadian rail carrier	Rail	*See* Note * below.
Massawippi Valley Railway Company	Canadian rail carrier	Rail	*See* Note * below.
MC Lease Investments Inc.	No	N/A	N/A
Mid-Ohio Coal Company	No	N/A	N/A
Missisquoi Valley Railway Company	Canadian rail carrier	Rail	*See* Note * below.
Mount Stephen Properties Inc.	Canadian rail carrier	Rail	*See* Note * below.
MT Properties, Inc.	No	N/A	N/A
Napierville Junction Railway Company	Canadian rail carrier	Rail	*See* Note * below.
North Shore Railway Company	No	N/A	N/A
Northern Coal and Iron Company	No	N/A	N/A
Orford Mountain Railway Company	No	N/A	N/A
Provident Properties Company	No	N/A	N/A
PTC-220, LLC	No	N/A	N/A
RailMarketplace.com Inc.	No	N/A	N/A
Railroad Acquisition Holdings LLC	No	N/A	N/A
Saratoga & Schenectady Railroad Company	Yes	Rail	FD 31700
SOO Green Holding LLC	No	N/A	N/A
SOO Green Renewable Rail LLC	No	N/A	N/A
Soo Line Holding Company	No	N/A	N/A
Soo Line Corporation	No	N/A	N/A
Soo Line Railroad Company	Yes	Rail	N/A
Soo System Radio Communications Corporation	No	N/A	N/A
The Belt Railway Company of Chicago	Yes	Rail	N/A
The Calgary and Edmonton Railway Company	Canadian rail carrier	Rail	*See* Note * below.
The Canada Southern Railway Company	Canadian rail carrier	Rail	N/A

Exhibit 11, Table 11.2

Company	Whether Carrier	Mode	Certificate / Docket Number
The Dominion Atlantic Railway Company	Canadian rail carrier	Rail	*See* Note * below.
The Grand River Railway Company	Canadian rail carrier	Rail	*See* Note * below.
The International Railway Company	Canadian rail carrier	Rail	*See* Note * below.
The Kingston and Pembroke Railway Company	Canadian rail carrier	Rail	*See* Note * below.
The Lake Champlain and St. Lawrence Junction Railway Company	Canadian rail carrier	Rail	*See* Note * below.
The Lake Erie and Northern Railway Company	Canadian rail carrier	Rail	*See* Note * below.
The Lake Temiscamingue Colonization Railway Company	No	N/A	N/A
The Montreal and Atlantic Railway Company	Canadian rail carrier	Rail	*See* Note * below.
The Montreal and Western Railway Company	No	N/A	N/A
The Niagara River Bridge Company	No	N/A	N/A
The Niagara River Bridge Company Limited	No	N/A	N/A
The Outlook Development Company, Limited	No	N/A	N/A
The Saint John Bridge and Railway Extension Company	No	N/A	N/A
The Saint Stephen and Milltown Railway Company	No	N/A	N/A
The Saskatchewan and Western Railway Company	Canadian rail carrier	Rail	*See* Note * below.
The St. Lawrence and Ottawa Railway Company	Canadian rail carrier	Rail	*See* Note * below.
The Toronto Terminals Railway Company Limited	Canadian rail carrier	Rail	N/A
The Toronto, Hamilton and Buffalo Railway Company Limited	Canadian rail carrier	Rail	*See* Note * below.
The West Ontario Pacific Railway Company	Canadian rail carrier	Rail	*See* Note * below.
Transcare Logistics Corporation	No	N/A	N/A
Tronicus (Mexico), S.A. DE C.V.	No	N/A	N/A
TTX Company	No	N/A	N/A
Van Horne Holdings, Inc.	No	N/A	N/A
Van Horne Outdoor Development Inc.	No	N/A	N/A

Exhibit 11, Table 11.2

Company	Whether Carrier	Mode	Certificate / Docket Number
Van Horne Outdoor GP Inc.	No	N/A	N/A
Van Horne Outdoor Limited Partnership	No	N/A	N/A
Van Horne Properties & Development Inc.	No	N/A	N/A
VHP Inc.	No	N/A	N/A
Waterloo and Magog Railway Company	No	N/A	N/A
Wilkes-Barre Connecting Railroad Company	No	N/A	N/A
Wyoming Dakota Railroad Properties, Inc.	No	N/A	N/A

* Does not operate in the United States. Included in CP's Certificate of Fitness No. 96001-5, as issued by the Canadian Transportation Agency.

Exhibit 11, Table 11.2

TABLE 11.2B
KANSAS CITY SOUTHERN

Company	Whether Carrier	Mode	Certificate / Docket Number
Arrendadora KCSM , S. de R.L. de C.V.	No	N/A	N/A
Canama Transportation	No	N/A	N/A
Caymex Transportation, Inc.	No	N/A	N/A
Ferrocarril y Terminal del Valle de México, S.A. de C.V.	Yes, Mexican carrier	Rail	N/A
Financiera Inspira, S.A. de C.V., SOFOM, E.N.R.	No	N/A	N/A
Gateway Eastern Railway Company	Yes	Rail	FD 32304
Highstar Harbor Holdings Mexico, S. de R.L. de C.V.	No	N/A	N/A
Internacional Railroad Support, S.A. de C.V.	No	N/A	N/A
Joplin Union Depot Company	No	N/A	N/A
Kansas City Southern	No, holding company	N/A	N/A
Kansas City Southern de México, S.A. de C.V.	Yes, Mexican carrier	Rail	N/A
Kansas City Southern International Ventures, S. de R.L. de C.V.	No	N/A	N/A
Kansas City Southern Mexico Holdings, Inc.	No	N/A	N/A
Kansas City Terminal Railway Company	Yes	Rail	N/A
KCS Holdings I, Inc.	No	N/A	N/A
KCSM Holdings LLC	No	N/A	N/A
KCSRC y Compania, S. de N.C. de C.V.	No	N/A	N/A
KSU Holdings LLC	No	N/A	N/A
KCSM B.V.	No	N/A	N/A
KCS Spectrum, Inc.	No	N/A	N/A
KCS Ventures I, Inc.	No	N/A	N/A
Meridian Speedway, LLC	Yes	Rail	FD 34822
Mexrail, Inc.	No (owns half of International Rail Bridge at Laredo, but not tracks on the Bridge)	N/A	N/A

Exhibit 11, Table 11.2

Company	Whether Carrier	Mode	Certificate / Docket Number
MTC Puerta Mexico Logistics, S. de R.L. de C.V.	No	N/A	N/A
MTC Puerta Mexico, S. de R.L. de C.V.	No	N/A	N/A
NAFTA Rail, S. de R.L. de C.V.	No	N/A	N/A
North American Freight Transportation Rail Corporation S. de R.L. de C.V.	No	N/A	N/A
PABTEX, Inc.	No	N/A	N/A
Panama Canal Railway Company	Yes, Panamanian carrier	Rail	N/A
Panarail Tourism Company	Yes, Panamanian carrier	Rail	N/A
PTC-220, LLC	No	N/A	N/A
Servicios Puerta Mexico, S. de R.L. de C.V.	No	N/A	N/A
Soporte Logistico Ferrovlaria, S. de R.L. de C.V.	No	N/A	N/A
Southern Development Company	No	N/A	N/A
Southern Industrial Services, Inc.	No	N/A	N/A
Stillwell RE Holdings, LLC	No	N/A	N/A
TFCM, S. de R.L. de C.V.	No	N/A	N/A
The Kansas City Northern Railway Company	No	N/A	N/A
The Kansas City Southern Railway Company	Yes	Rail	N/A
The Texas Mexican Railway Company	Yes	Rail	FD 34342
TransFin Insurance, Ltd.	Yes	Rail	N/A
Transportacion y Soluciones en Logistica Ferroviaria S. de R.L. de C.V.	Yes	Rail	N/A
Trans-Serve, Inc. (dba Superior Tie & Timber)	Yes	Rail	N/A
Vamos a Mexico, S.A. de C.V.	Yes	Rail	N/A
Veals, Inc.	Yes	Rail	N/A

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

APPENDIX E

PRO FORMA BALANCE SHEETS (EXHIBIT 16)

SECTION 1180.9 (a)
PRO FORMA BALANCE SHEET
CP
($ in Millions)

	CP HISTORICAL 2019 AS REPORTED US GAAP $CDN (1)	ADJUSTMENTS $CDN (2)	CP BASE YEAR $CDN (3)	CP BASE YEAR $USD (4)
ASSETS				
CURRENT ASSETS				
CASH AND CASH EQUIVALENTS	$ 133	$ 909	$ 1,042	$ 802
ACCOUNTS RECEIVABLE, NET	805	-	805	620
MATERIALS AND SUPPLIES	182	-	182	140
OTHER CURRENT ASSETS	90	-	90	69
TOTAL CURRENT ASSETS	1,210	909	2,119	1,631
PROPERTIES, NET	19,156	-	19,156	14,749
OTHER ASSETS	2,001	-	2,001	1,541
TOTAL ASSETS	$ 22,367	$ 909	$ 23,276	$ 17,921
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 1,693	$ -	$ 1,693	$ 1,304
LONG-TERM DEBT MATURING WITHIN ONE YEAR	599	-	599	461
TOTAL CURRENT LIABILITIES	2,292	-	2,292	1,765
LONG-TERM DEBT	8,158	-	8,158	6,281
DEFERRED INCOME TAXES	3,501	-	3,501	2,695
OTHER LONG-TERM LIABILITIES	1,347	-	1,347	1,037
TOTAL LIABILITIES	15,298	-	15,298	11,778
SHAREHOLDERS' EQUITY				
SHARE CAPITAL	1,993	-	1,993	1,535
ADDITIONAL PAID-IN CAPITAL	48	-	48	37
ACCUMULATED OTHER COMPREHENSIVE LOSS	(2,522)	-	(2,522)	(1,942)
RETAINED EARNINGS	7,550	909	8,459	6,513
TOTAL SHAREHOLDERS' EQUITY	7,069	909	7,978	6,143
NONCONTROLLING INTEREST	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 22,367	$ 909	$ 23,276	$ 17,921

REDACTED PUBLIC RECORD VERSION

NOTES TO PRO FORMA BALANCE SHEET
CP
BASE YEAR

1. CP HISTORICAL 2019 AS REPORTED: Represents CP's 2019 balance sheet as reported under US GAAP in its 2019 Annual Report on Form 10-K.

2. ADJUSTMENTS: Represents $US 700 million merger termination fee paid to CP in Q2 2021.

3. CP BASE YEAR: Represents CP's 2019 balance sheet as reported in the 2019 Annual Report on Form 10-K.

4. CP BASE YEAR $USD: Represents the CP Base Year stated in $CDN (3. above) converted to $USD using a conversion factor of $CDN 1 equals 0.7699, which was the exchange rate as of December 31, 2019 from the Bank of Canada.

REDACTED PUBLIC RECORD VERSION

SECTION 1180.9 (a)
PRO FORMA BALANCE SHEET
KCS
($US in Millions)

	KCS HISTORICAL 2019 AS REPORTED US GAAP (1)	ADJUSTMENTS (2)	KCS BASE YEAR (3)
ASSETS			
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	$ 149	$ -	$ 149
ACCOUNTS RECEIVABLE, NET	274	-	274
MATERIALS AND SUPPLIES	151	-	151
OTHER CURRENT ASSETS	155	-	155
TOTAL CURRENT ASSETS	729	-	729
PROPERTIES, NET	8,806	-	8,806
OTHER ASSETS	252	-	252
TOTAL ASSETS	$ 9,787	$ -	$ 9,787
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 473	$ -	$ 473
LONG-TERM DEBT MATURING WITHIN ONE YEAR	18	-	18
TOTAL CURRENT LIABILITIES	491	-	491
LONG-TERM DEBT	3,228	-	3,228
DEFERRED INCOME TAXES	1,128	-	1,128
OTHER LONG-TERM LIABILITIES	194	-	194
TOTAL LIABILITIES	5,041	-	5,041
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	7	-	7
ADDITIONAL PAID-IN CAPITAL	844	-	844
ACCUMULATED OTHER COMPREHENSIVE LOSS	(29)	-	(29)
RETAINED EARNINGS	3,601	-	3,601
TOTAL SHAREHOLDERS' EQUITY	4,423	-	4,423
NONCONTROLLING INTEREST	323	-	323
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 9,787	$ -	$ 9,787

REDACTED PUBLIC RECORD VERSION

NOTES TO PRO FORMA BALANCE SHEET
KCS
BASE YEAR

1. KCS HISTORICAL 2019 AS REPORTED: Represents KCS's 2019 balance sheet as reported under US GAAP in its 2019 Annual Report on Form 10-K.

2. ADJUSTMENTS: No adjustments were necessary to represent KCS's base year balance sheet.

3. KCS BASE YEAR: Represents KCS's 2019 balance sheet as reported in the 2019 Annual Report on Form 10-K.

REDACTED PUBLIC RECORD VERSION

SECTION 1180.9 (a)
PRO FORMA BALANCE SHEET
CP/KCS
($US in Millions)

	CP BASE YEAR (1)	KCS BASE YEAR (2)	PURCHASE ACCOUNTING ADJUSTMENT (3)	CP/KCS BASE YEAR (4)
ASSETS				
CURRENT ASSETS				
CASH AND CASH EQUIVALENTS	$ 802	$ 149	$ (851)	$ 100
ACCOUNTS RECEIVABLE, NET	620	274	-	894
MATERIALS AND SUPPLIES	140	151	-	291
OTHER CURRENT ASSETS	69	155		224
TOTAL CURRENT ASSETS	1,631	729	(851)	1,509
PROPERTIES, NET	14,749	8,806	-	23,555
OTHER ASSETS	1,541	252	23,580	25,373
TOTAL ASSETS	$ 17,921	$ 9,787	$ 22,729	$ 50,437
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 1,304	$ 473	$ 65	$ 1,842
LONG-TERM DEBT MATURING WITHIN ONE YEAR	461	18	549	1,028
TOTAL CURRENT LIABILITIES	1,765	491	614	2,870
LONG-TERM DEBT	6,281	3,228	9,142	18,651
DEFERRED INCOME TAXES	2,695	1,128	(66)	3,757
OTHER LONG-TERM LIABILITIES	1,037	194	-	1,231
TOTAL LIABILITIES	11,778	5,041	9,690	26,509
SHAREHOLDERS' EQUITY				
SHARE CAPITAL	1,535	7	17,881	19,423
ADDITIONAL PAID-IN CAPITAL	37	844	(844)	37
ACCUMULATED OTHER COMPREHENSIVE LOSS	(1,942)	(29)	29	(1,942)
RETAINED EARNINGS	6,513	3,601	(4,027)	6,087
TOTAL SHAREHOLDERS' EQUITY	6,143	4,423	13,039	23,605
NONCONTROLLING INTEREST	-	323	-	323
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 17,921	$ 9,787	$ 22,729	$ 50,437

REDACTED PUBLIC RECORD VERSION

NOTES TO PRO FORMA BALANCE SHEET
CP/KCS
BASE YEAR

1. CP BASE YEAR: Represents CP's 2019 balance sheet as reported under US GAAP in its 2019 Annual Report on Form 10-K converted from $CDN to $USD. See separate CP base year pro forma balance sheet included in this section of the Application.

2. KCS BASE YEAR: Represents KCS's 2019 balance sheet as reported under US GAAP in its 2019 Annual Report on Form 10-K. See separate KCS base year pro forma balance sheet included in this section of the Application.

3. PURCHASE ACCOUNTING ADJUSTMENTS: Represents the CP acquisition of KCS and related purchase accounting adjustments:

CASH AND CASH EQUIVALENTS - Adjustments represents cash on hand used to fund the cash consideration portion of the purchase price.

OTHER LONG-TERM ASSETS - Adjustment represents remainder of the total purchase price consideration. Once detailed valuations and related calculations are completed, a material portion of this amount could be attributable to properties, goodwill and intangible assets, other assets, other long-term liabilities, and the related deferred income tax balances.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - Adjustment represents post transaction compensation adjustments, primarily retention payments.

LONG-TERM DEBT - Represents the net issuance of long-term debt required to fund the cash consideration of the purchase price, CN agreement termination payments, CP and KCS merger transaction costs, cash settlement of outstanding KCS compensation equity awards, and fair value increase of KCS long-term debt.

DEFERRED INCOME TAXES - Adjustment relates to the fair value adjustment of long-term debt and lease obligations.

TOTAL SHAREHOLDERS' EQUITY - Represents CP common shares issued as part of the purchase price, less KCS base year total shareholders' equity, CP merger transaction costs, and accounts payable and accrued liabilities purchase accounting adjustments.

4. CP/KCS BASE YEAR: Represents the base year balance sheet for the combined CP/KCS entity.

REDACTED PUBLIC RECORD VERSION

SECTION 1180.9 (a)
PRO FORMA BALANCE SHEET
CP/KCS
($US in Millions)

	CP/KCS BASE YEAR (1)	YEAR 1 ACTIVITY (2)	CP/KCS PRO FORMA YEAR 1 (3)
ASSETS			
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	$ 100	$ -	$ 100
ACCOUNTS RECEIVABLE, NET	894	-	894
MATERIALS AND SUPPLIES	291	-	291
OTHER CURRENT ASSETS	224	-	224
TOTAL CURRENT ASSETS	1,509	-	1,509
PROPERTIES, NET	23,555	974	24,529
OTHER ASSETS	25,373	155	25,528
TOTAL ASSETS	$ 50,437	$ 1,129	$ 51,566
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 1,842	$ (65)	$ 1,777
LONG-TERM DEBT MATURING WITHIN ONE YEAR	1,028	(549)	479
TOTAL CURRENT LIABILITIES	2,870	(614)	2,256
LONG-TERM DEBT	18,651	(461)	18,190
DEFERRED INCOME TAXES	3,757	225	3,982
OTHER LONG-TERM LIABILITIES	1,231	(25)	1,206
TOTAL LIABILITIES	26,509	(875)	25,634
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	19,423	-	19,423
ADDITIONAL PAID-IN CAPITAL	37	-	37
ACCUMULATED OTHER COMPREHENSIVE LOSS	(1,942)		(1,942)
RETAINED EARNINGS	6,087	2,004	8,091
TOTAL SHAREHOLDERS' EQUITY	23,605	2,004	25,609
NONCONTROLLING INTEREST	323	-	323
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 50,437	$ 1,129	$ 51,566

REDACTED PUBLIC RECORD VERSION

SECTION 1180.9 (a)
PRO FORMA BALANCE SHEET
CP/KCS
($US in Millions)

	CP/KCS PRO FORMA YEAR 1 (1)	YEAR 2 ACTIVITY (2)	CP/KCS PRO FORMA YEAR 2 (3)
ASSETS			
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	$ 100	$ -	$ 100
ACCOUNTS RECEIVABLE, NET	894	-	894
MATERIALS AND SUPPLIES	291	-	291
OTHER CURRENT ASSETS	224	-	224
TOTAL CURRENT ASSETS	1,509	-	1,509
PROPERTIES, NET	24,529	924	25,453
OTHER ASSETS	25,528	155	25,683
TOTAL ASSETS	$ 51,566	$ 1,079	$ 52,645
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 1,777	$ (30)	$ 1,747
LONG-TERM DEBT MATURING WITHIN ONE YEAR	479	-	479
TOTAL CURRENT LIABILITIES	2,256	(30)	2,226
LONG-TERM DEBT	18,190	(1,303)	16,887
DEFERRED INCOME TAXES	3,982	238	4,220
OTHER LONG-TERM LIABILITIES	1,206	(25)	1,181
TOTAL LIABILITIES	25,634	(1,120)	24,514
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	19,423	-	19,423
ADDITIONAL PAID-IN CAPITAL	37	-	37
ACCUMULATED OTHER COMPREHENSIVE LOSS	(1,942)	-	(1,942)
RETAINED EARNINGS	8,091	2,199	10,290
TOTAL SHAREHOLDERS' EQUITY	25,609	2,199	27,808
NONCONTROLLING INTEREST	323	-	323
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 51,566	$ 1,079	$ 52,645

REDACTED PUBLIC RECORD VERSION

SECTION 1180.9 (a)
PRO FORMA BALANCE SHEET
CP/KCS
($US in Millions)

	CP/KCS PRO FORMA YEAR 2 (1)	YEAR 3 ACTIVITY (2)	CP/KCS PRO FORMA YEAR 3 (3)
ASSETS			
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	$ 100	$ -	$ 100
ACCOUNTS RECEIVABLE, NET	894	-	894
MATERIALS AND SUPPLIES	291	-	291
OTHER CURRENT ASSETS	224	-	224
TOTAL CURRENT ASSETS	1,509	-	1,509
PROPERTIES, NET	25,453	863	26,316
OTHER ASSETS	25,683	155	25,838
TOTAL ASSETS	$ 52,645	$ 1,018	$ 53,663
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 1,747	$ (30)	$ 1,717
LONG-TERM DEBT MATURING WITHIN ONE YEAR	479	-	479
TOTAL CURRENT LIABILITIES	2,226	(30)	2,196
LONG-TERM DEBT	16,887	(1,523)	15,364
DEFERRED INCOME TAXES	4,220	251	4,471
OTHER LONG-TERM LIABILITIES	1,181	(25)	1,156
TOTAL LIABILITIES	24,514	(1,327)	23,187
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	19,423	-	19,423
ADDITIONAL PAID-IN CAPITAL	37	-	37
ACCUMULATED OTHER COMPREHENSIVE LOSS	(1,942)	-	(1,942)
RETAINED EARNINGS	10,290	2,345	12,635
TOTAL SHAREHOLDERS' EQUITY	27,808	2,345	30,153
NONCONTROLLING INTEREST	323	-	323
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 52,645	$ 1,018	$ 53,663

REDACTED PUBLIC RECORD VERSION

SECTION 1180.9 (a)
PRO FORMA BALANCE SHEET
CP/KCS
($US in Millions)

	CP/KCS PRO FORMA YEAR 3 (1)	NORMAL YEAR ACTIVITY (2)	CP/KCS PRO FORMA NORMAL YEAR (3)
ASSETS			
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	$ 100	$ -	$ 100
ACCOUNTS RECEIVABLE, NET	894	-	894
MATERIALS AND SUPPLIES	291	-	291
OTHER CURRENT ASSETS	224	-	224
TOTAL CURRENT ASSETS	1,509	-	1,509
PROPERTIES, NET	26,316	798	27,114
OTHER ASSETS	25,838	155	25,993
TOTAL ASSETS	$ 53,663	$ 953	$ 54,616
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 1,717	$ (30)	$ 1,687
LONG-TERM DEBT MATURING WITHIN ONE YEAR	479	-	479
TOTAL CURRENT LIABILITIES	2,196	(30)	2,166
LONG-TERM DEBT	15,364	(1,576)	13,788
DEFERRED INCOME TAXES	4,471	249	4,720
OTHER LONG-TERM LIABILITIES	1,156	(25)	1,131
TOTAL LIABILITIES	23,187	(1,382)	21,805
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	19,423	-	19,423
ADDITIONAL PAID-IN CAPITAL	37	-	37
ACCUMULATED OTHER COMPREHENSIVE LOSS	(1,942)	-	(1,942)
RETAINED EARNINGS	12,635	2,335	14,970
TOTAL SHAREHOLDERS' EQUITY	30,153	2,335	32,488
NONCONTROLLING INTEREST	323	-	323
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 53,663	$ 953	$ 54,616

REDACTED PUBLIC RECORD VERSION

NOTES TO PRO FORMA BALANCE SHEET
CP/KCS
YEAR 1 THROUGH NORMAL YEAR

1. CP/KCS BASE YEAR (2019) OR PRO FORMA FOR PRECEDING YEAR: For Year 1, represents the pro forma combined CP/KCS base year balance sheet. For Year 2 through Normal Year, represents the pro forma combined CP/KCS for the preceding year. See separate combined CP/KCS Year 1, Year 2, or Year 3 pro forma balance sheets included in this section of the Application.

2. YEAR 1 THROUGH NORMAL YEAR ACTIVITY: Represents the effects on the combined CP/KCS pro forma balance sheets of the operating results (earnings and cash flows) for the respective years, inclusive of adjustments to reflect implementation of the operating plan:

CASH AND CASH EQUIVALENTS - Represents the normal change in cash (resulting from the base year) as derived from the statement of sources and application of funds (statement of cash flows).

PROPERTIES, NET - Represents capital expenditures for each of the respective years, including capital expenditures necessary to combine operations of CP and KCS, less an allowance for depreciation for each year. All years reflect an increase in the normal allowance for depreciation resulting from the capital expenditures to combine operations of CP and KCS.

OTHER LONG-TERM ASSETS - Represents normal expenditures for other investing activities and normal annual other operating activities (base year).

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - Represents net cash flows from net changes in non-cash working capital balances related to operations, principally net changes in the balance of accounts payable and accrued liabilities.

LONG-TERM DEBT - Represents the net issuance or repayment of long-term debt for the respective years, as well as the amortization of the fair value increase to KCS long-term debt included in the purchase accounting adjustment. In any year where there is a net use of cash arising from the combination of CP and KCS and the implementation of the operating plan, long-term debt is assumed to be issued. In any year where there is a net source of cash arising from the combination and the operating plan, long-term debt is assumed to be repaid.

DEFERRED INCOME TAXES - Represents the net change in the deferred income tax liability resulting principally from different book and tax treatment for depreciation expense and for the depreciation or amortization of components of the excess purchase price resulting from the transaction.

OTHER LONG-TERM LIABILITIES - Represents normal proceeds from other financing activities (resulting from the base year), and effect of foreign currency fluctuations on foreign-denominated cash and cash equivalents, as derived from the statement of sources and application of funds (statement of cash flows).

RETAINED EARNINGS - Represents net earnings for the respective years, less dividends declared and paid to shareholders, and employee separation and relocation costs as a result of combining CP and KCS operations.

REDACTED PUBLIC RECORD VERSION

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

APPENDIX F

PRO FORMA INCOME STATEMENTS (EXHIBIT 17)

SECTION 1180.9 (b)
PRO FORMA INCOME STATEMENT
CP
($ in Millions)

	CP HISTORICAL 2019 AS REPORTED US GAAP $CDN (1)	ADJUSTMENTS $CDN (2)	CP BASE YEAR $CDN (3)	CP BASE YEAR $USD (4)
TOTAL REVENUES	$ 7,792	$ -	$ 7,792	$ 5,999
OPERATING EXPENSES	*3,962*	-	*3,962*	*3,050*
DEPRECIATION & AMORTIZATION	*706*	-	*706*	*544*
TOTAL OPERATING EXPENSES	4,668	-	4,668	3,594
OPERATING INCOME	$ 3,124	$ -	$ 3,124	$ 2,405
LESS: OTHER (INCOME) EXPENSES	(470)	94	(376)	(290)
INCOME BEFORE INTEREST AND INCOME TAXES	$ 3,594	$ (94)	$ 3,500	$ 2,695
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION	*$ 4,300*	*$ (94)*	*$ 4,206*	*$ 3,239*
NET INTEREST EXPENSE	448	-	448	345
INCOME BEFORE INCOME TAX EXPENSE	3,146	(94)	3,052	2,350
INCOME TAX EXPENSE	706	56	762	587
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-
NET INCOME	$ 2,440	$ (150)	$ 2,290	$ 1,763

REDACTED PUBLIC RECORD VERSION

NOTES TO PRO FORMA INCOME STATEMENT
CP
BASE YEAR

1. CP HISTORICAL 2019 AS REPORTED: Represents CP's 2019 income statement as reported under US GAAP in its 2019 Annual Report on Form 10-K.

2. ADJUSTMENTS: Represents adjustments made to eliminate effects on CP's income statement of the following non-recurring transactions as reported in 2019:

(1) a deferred tax expense of $24 million as a result of a provision for an uncertain tax item of a prior period;
(2) a deferred tax recovery of $88 million due to the change in the Alberta provincial corporate income tax rate;
(3) a net non-cash gain of $94 million ($86 million after $8 million deferred tax) due to foreign exchange translation of debt and lease liabilities.

3. CP BASE YEAR: Represents CP's 2019 income statement as reported in the 2019 Annual Report on Form 10-K revised to include the adjustments indicated in 2.

4. CP BASE YEAR $USD: Represents the CP Base Year stated in $CDN (3. above) converted to $USD using a conversion factor of $CDN 1 equals 0.7699, which was the exchange rate as of December 31, 2019 from the Bank of Canada.

REDACTED PUBLIC RECORD VERSION

SECTION 1180.9 (b)
PRO FORMA INCOME STATEMENT
KCS
($US in Millions)

	KCS HISTORICAL 2019 AS REPORTED US GAAP (1)	ADJUSTMENTS (2)	KCS BASE YEAR (3)
TOTAL REVENUES	$ 2,866	$ -	$ 2,866
OPERATING EXPENSES	*1,629*	*(169)*	*1,460*
DEPRECIATION & AMORTIZATION	*351*	-	*351*
TOTAL OPERATING EXPENSES	1,980	(169)	1,811
OPERATING INCOME	$ 886	$ 169	$ 1,055
LESS: OTHER (INCOME) EXPENSES	(18)	17	(1)
INCOME BEFORE INTEREST AND INCOME TAXES	$ 904	$ 152	$ 1,056
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION	*$ 1,255*	*$ 152*	*$ 1,407*
NET INTEREST EXPENSE	116	-	116
INCOME BEFORE INCOME TAX EXPENSE	788	152	940
INCOME TAX EXPENSE	247	3	250
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	2	-	2
NET INCOME	$ 539	$ 149	$ 688

REDACTED PUBLIC RECORD VERSION

NOTES TO PRO FORMA INCOME STATEMENT
KCS
BASE YEAR

1. KCS HISTORICAL 2019 AS REPORTED: Represents KCS's 2019 income statement as reported under US GAAP in its 2019 Annual Report on Form 10-K.

2. ADJUSTMENTS: Represents adjustments made to eliminate effects on KCS's income statement of the following non-recurring transactions as reported in 2019:

(1) restructuring charges: $169 million ($125 million after $44 million tax expense);
(2) foreign exchange gain: $17 million ($12 million after $5 million tax expense);
(3) foreign exchange component of income taxes: $36 million expense.

3. KCS BASE YEAR: Represents KCS's 2019 income statement as reported in the 2019 Annual Report on Form 10-K revised to include the adjustments indicated in 2.

REDACTED PUBLIC RECORD VERSION

SECTION 1180.9 (b)
PRO FORMA INCOME STATEMENT
CP/KCS
($US in Millions)

	CP BASE YEAR (1)	KCS BASE YEAR (2)	PURCHASE ACCOUNTING ADJUSTMENT (3)	CP/KCS BASE YEAR (4)
TOTAL REVENUES	$ 5,999	$ 2,866	$ -	$ 8,865
OPERATING EXPENSES	*3,050*	*1,460*	-	*4,510*
DEPRECIATION & AMORTIZATION	*544*	351	-	*895*
TOTAL OPERATING EXPENSES	3,594	1,811	-	5,405
OPERATING INCOME	$ 2,405	$ 1,055	$ -	$ 3,460
LESS: OTHER (INCOME) EXPENSES	(290)	(1)	-	(291)
INCOME BEFORE INTEREST AND INCOME TAXES	$ 2,695	$ 1,056	$ -	$ 3,751
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION	*$ 3,239*	*$ 1,407*	*$ -*	*$ 4,646*
NET INTEREST EXPENSE	345	116	-	461
INCOME BEFORE INCOME TAX EXPENSE	2,350	940	-	3,290
INCOME TAX EXPENSE	587	250	-	837
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	2	-	2
NET INCOME	$ 1,763	$ 688	$ -	$ 2,451

REDACTED PUBLIC RECORD VERSION

NOTES TO PRO FORMA INCOME STATEMENT
CP/KCS
BASE YEAR

1. CP BASE YEAR: Represents CP's 2019 income statement as reported under US GAAP in its 2019 Annual Report on Form 10-K, adjusted to eliminate the effects of non-recurring transactions, and converted from $CDN to $USD. See separate CP base year pro forma income statement included in this section of the Application.

2. KCS BASE YEAR: Represents KCS's 2019 income statement as reported under US GAAP in its 2019 Annual Report on Form 10-K, adjusted to eliminate the effects of non-recurring transactions. See separate KCS base year pro forma income statement included in this section of the Application.

3. PURCHASE ACCOUNTING ADJUSTMENTS: Represents the CP acquisition of KCS and related purchase accounting adjustments.

4. CP/KCS BASE YEAR: Represents the base year income statement for the combined CP/KCS entity.

REDACTED PUBLIC RECORD VERSION

SECTION 1180.9 (b)
PRO FORMA INCOME STATEMENT
CP/KCS
($US in Millions)

	CP/KCS BASE YEAR (1)	YEAR 1 ADJUSTMENTS (2)	CP/KCS PRO FORMA YEAR 1 (3)
TOTAL REVENUES	$ 8,865	$ 418	$ 9,283
OPERATING EXPENSES	*4,510*	-	*4,510*
DEPRECIATION & AMORTIZATION	*895*	41	*936*
TOTAL OPERATING EXPENSES	5,405	41	*5,446*
OPERATING INCOME	$ 3,460	$ 377	$ 3,837
LESS: OTHER (INCOME) EXPENSES	(291)	-	*(291)*
INCOME BEFORE INTEREST AND INCOME TAXES	$ 3,751	$ 377	$ 4,128
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION	*$ 4,646*	*$ 418*	*$ 5,064*
NET INTEREST EXPENSE	461	191	*652*
INCOME BEFORE INCOME TAX EXPENSE	3,290	186	*3,476*
INCOME TAX EXPENSE	837	49	*886*
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	2	-	2
NET INCOME	$ 2,451	$ 137	$ 2,588

REDACTED PUBLIC RECORD VERSION

SECTION 1180.9 (b)
PRO FORMA INCOME STATEMENT
CP/KCS
($US in Millions)

	CP/KCS BASE YEAR (1)	YEAR 2 ADJUSTMENTS (2)	CP/KCS PRO FORMA YEAR 2 (3)
TOTAL REVENUES	$ 8,865	$ 727	$ 9,592
OPERATING EXPENSES	*4,510*	*62*	*4,572*
DEPRECIATION & AMORTIZATION	*895*	95	*990*
TOTAL OPERATING EXPENSES	5,405	157	*5,562*
OPERATING INCOME	$ 3,460	$ 570	$ 4,030
LESS: OTHER (INCOME) EXPENSES	(291)	-	*(291)*
INCOME BEFORE INTEREST AND INCOME TAXES	$ 3,751	$ 570	$ 4,321
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION	*$ 4,646*	*$ 665*	*$ 5,311*
NET INTEREST EXPENSE	461	176	*637*
INCOME BEFORE INCOME TAX EXPENSE	3,290	394	*3,684*
INCOME TAX EXPENSE	837	102	*939*
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	2	-	2
NET INCOME	$ 2,451	$ 292	$ 2,743

REDACTED PUBLIC RECORD VERSION

SECTION 1180.9 (b)
PRO FORMA INCOME STATEMENT
CP/KCS
($US in Millions)

	CP/KCS BASE YEAR (1)	YEAR 3 ADJUSTMENTS (2)	CP/KCS PRO FORMA YEAR 3 (3)
TOTAL REVENUES	$ 8,865	$ 1,022	$ 9,887
OPERATING EXPENSES	*4,510*	*134*	*4,644*
DEPRECIATION & AMORTIZATION	*895*	148	*1,043*
TOTAL OPERATING EXPENSES	5,405	282	*5,687*
OPERATING INCOME	$ 3,460	$ 740	$ 4,200
LESS: OTHER (INCOME) EXPENSES	(291)	-	*(291)*
INCOME BEFORE INTEREST AND INCOME TAXES	$ 3,751	$ 740	$ 4,491
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION	*$ 4,646*	*$ 888*	*$ 5,534*
NET INTEREST EXPENSE	461	146	*607*
INCOME BEFORE INCOME TAX EXPENSE	3,290	594	*3,884*
INCOME TAX EXPENSE	837	153	*990*
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	2	-	2
NET INCOME	$ 2,451	$ 441	$ 2,892

REDACTED PUBLIC RECORD VERSION

SECTION 1180.9 (b)
PRO FORMA INCOME STATEMENT
CP/KCS
($US in Millions)

	CP/KCS BASE YEAR (1)	NORMAL YEAR ADJUSTMENTS (2)	CP/KCS PRO FORMA NORMAL YEAR (3)
TOTAL REVENUES	$ 8,865	$ 1,022	$ 9,887
OPERATING EXPENSES	*4,510*	*134*	*4,644*
DEPRECIATION & AMORTIZATION	*895*	201	*1,096*
TOTAL OPERATING EXPENSES	5,405	335	*5,740*
OPERATING INCOME	$ 3,460	$ 687	$ 4,147
LESS: OTHER (INCOME) EXPENSES	(291)	-	*(291)*
INCOME BEFORE INTEREST AND INCOME TAXES	$ 3,751	$ 687	$ 4,438
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION	*$ 4,646*	*$ 888*	*$ 5,534*
NET INTEREST EXPENSE	461	114	*575*
INCOME BEFORE INCOME TAX EXPENSE	3,290	573	*3,863*
INCOME TAX EXPENSE	837	148	*985*
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	2	-	2
NET INCOME	$ 2,451	$ 425	$ 2,876

REDACTED PUBLIC RECORD VERSION

NOTES TO PRO FORMA INCOME STATEMENT
CP/KCS
YEAR 1 THROUGH NORMAL YEAR

1. CP BASE YEAR (2019): Represents pro forma combined CP/KCS base year income statement, included separately in this section of the Application.

2. YEAR 1 THROUGH NORMAL YEAR ADUSTMENTS: Represents the effects on the combined CP/KCS pro forma base year income statement of cumulative net benefits arising from implementation of the operating plan, inclusive of one-time expenses related to combining operations, as well as interest expense on acquisition debt:

TOTAL REVENUES - Represents gross revenue gains from additional traffic.

TOTAL OPERATING EXPENSES - Represents net benefits from operating efficiencies, reduced by: (1) additional expenses incurred to handle increased traffic; and (2) increased depreciation expense arising from annual additions to properties (resulting from the base-year sources and applications of funds), and one-time capital expenditures to combine operations.

NET INTEREST EXPENSE - Represents the net increase in interest expense arising from debt incurred to finance the acquisition, net of interest expense reductions arising from debt repayment, and amortization of the fair value increase to KCS long-term debt included in the purchase accounting adjustment.

INCOME TAX EXPENSE - Represents the change in current and deferred income taxes resulting from the net adjustments to pretax earnings as outlined above.

REDACTED PUBLIC RECORD VERSION

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

APPENDIX G

SOURCES AND APPLICATION OF FUNDS STATEMENT (EXHIBIT 18)

SECTION 1108.9 (c)
PRO FORMA SOURCES AND APPLICATION OF FUNDS (STATEMENT OF CASH FLOWS)
CP
($ in Millions)

	CP HISTORICAL 2019 AS REPORTED US GAAP $CDN (1)	ADJUSTMENTS $CDN (2)	CP BASE YEAR $CDN (3)	CP BASE YEAR $USD (4)
OPERATING ACTIVITIES				
NET INCOME	$ 2,440	$ (150)	$ 2,290	$ 1,763
RECONCILIATION OF NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:				
DEPRECIATION AND AMORTIZATION	706		706	544
DEFERRED INCOME TAX	181	56	237	182
OTHER OPERATING ACTIVITIES, NET	(311)	94	(217)	(167)
CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	(26)	-	(26)	(20)
CASH PROVIDED BY OPERATING ACTIVITIES	2,990	-	2,990	2,302
INVESTING ACTIVITIES				
ADDITIONS TO PROPERTIES	(1,647)	-	(1,647)	(1,268)
OTHER INVESTING ACTIVITIES	(156)	174	18	14
CASH USED IN INVESTING ACTIVITIES	(1,803)	174	(1,629)	(1,254)
FINANCING ACTIVITIES				
DIVIDENDS PAID	(412)	-	(412)	(317)
ISSUANCE OF COMMON SHARES	26	-	26	20
PURCHASE OF COMMON SHARES	(1,134)	-	(1,134)	(873)
ISSUANCE OF LONG-TERM DEBT (EXCLUDING COMMERCIAL PAPER)	397	-	397	306
REPAYMENT OF LONG-TERM DEBT (EXCLUDING COMMERCIAL PAPER)	(500)	-	(500)	(385)
NET ISSUANCE OF SHORT-TERM DEBT AND COMMERCIAL PAPER	524	-	524	403
OTHER FINANCING ACTIVITIES	(12)	-	(12)	(9)
CASH USED IN FINANCING ACTIVITIES	(1,111)	-	(1,111)	(855)
EFFECT OF FOREIGN CURRENCY FLUCTUATIONS ON FOREIGN-DENOMINATED CASH AND CASH EQUIVALENTS	(4)	-	(4)	(4)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 72	$ 174	$ 246	$ 189

REDACTED PUBLIC RECORD VERSION

NOTES TO PRO FORMA SOURCES AND APPLICATION OF FUNDS (STATEMENT OF CASH FLOWS)
CP
BASE YEAR

1. CP HISTORICAL 2019 AS REPORTED: Represents CP's 2019 sources and applications of funds as reported under US GAAP in its 2019 Annual Report on Form 10-K.

2. ADJUSTMENTS: Represents adjustments made to eliminate effects on CP's sources and applications of funds of the following non-recurring transactions as reported in 2019:

(1) a deferred tax expense of $24 million as a result of a provision for an uncertain tax item of a prior period;
(2) a deferred tax recovery of $88 million due to the change in the Alberta provincial corporate income tax rate;
(3) a net non-cash gain of $94 million ($86 million after $8 million deferred tax expense) due to foreign exchange translation of debt and lease liabilities;
(4) on December 30, 2019 CP invested $174 million towards the purchase of 100% of Central Maine & Quebec Railway.

3. CP BASE YEAR: Represents CP's 2019 sources and applications of funds as reported in the 2019 Annual Report on Form 10-K revised to include the adjustments indicated in 2.

4. CP BASE YEAR $USD: Represents the CP Base Year stated in $CDN (3. above) converted to $USD using a conversion factor of $CDN 1 equals 0.7699, which was the exchange rate as of December 31, 2019 from the Bank of Canada.

REDACTED PUBLIC RECORD VERSION

SECTION 1108.9 (c)
PRO FORMA SOURCES AND APPLICATION OF FUNDS (STATEMENT OF CASH FLOWS)
KCS
($US in Millions)

	KCS HISTORICAL 2019 AS REPORTED US GAAP (1)	ADJUSTMENTS (2)	KCS BASE YEAR (3)
OPERATING ACTIVITIES			
NET INCOME	$ 541	$ 149	$ 690
RECONCILIATION OF NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	351	-	351
DEFERRED INCOME TAX	53	3	56
OTHER OPERATING ACTIVITIES, NET	168	(120)	48
CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	(10)	-	(10)
CASH PROVIDED BY OPERATING ACTIVITIES	1,103	32	1,135
INVESTING ACTIVITIES			
ADDITIONS TO PROPERTIES	(626)	-	(626)
OTHER INVESTING ACTIVITIES	(50)	-	(50)
CASH USED IN INVESTING ACTIVITIES	(676)	-	(676)
FINANCING ACTIVITIES			
DIVIDENDS PAID	(144)	-	(144)
ISSUANCE OF COMMON SHARES	7	-	7
PURCHASE OF COMMON SHARES	(793)	-	(793)
ISSUANCE OF LONG-TERM DEBT (EXCLUDING COMMERCIAL PAPER)	848	-	848
REPAYMENT OF LONG-TERM DEBT (EXCLUDING COMMERCIAL PAPER)	(285)	-	(285)
NET ISSUANCE OF SHORT-TERM DEBT AND COMMERCIAL PAPER	-	-	-
OTHER FINANCING ACTIVITIES	(12)	-	(12)
CASH USED IN FINANCING ACTIVITIES	(379)	-	(379)
EFFECT OF FOREIGN CURRENCY FLUCTUATIONS ON FOREIGN-DENOMINATED CASH AND CASH EQUIVALENTS	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 48	$ 32	$ 80

REDACTED PUBLIC RECORD VERSION

NOTES TO PRO FORMA SOURCES AND APPLICATION OF FUNDS (STATEMENT OF CASH FLOWS)
KCS
BASE YEAR

1. KCS HISTORICAL 2019 AS REPORTED: Represents KCS's 2019 sources and applications of funds as reported under US GAAP in its 2019 Annual Report on Form 10-K.

2. ADJUSTMENTS: Represents adjustments made to eliminate effects on KCS's sources and applications of funds of the following non-recurring transactions as reported in 2019:

(1) restructuring charges: $169 million ($125 million after $44 million tax expense), partially offset by $6M cash payments for restructuring charges;
(2) foreign exchange gain: $17 million ($12 million after $5 million tax expense);
(3) foreign exchange component of income taxes: $36 million expense;
(4) settlement of treasury lock agreements: $26 million.

3. KCS BASE YEAR: Represents KCS's 2019 sources and applications of funds as reported in the 2019 Annual Report on Form 10-K revised to include the adjustments indicated in 2.

REDACTED PUBLIC RECORD VERSION

SECTION 1108.9 (c)
PRO FORMA SOURCES AND APPLICATION OF FUNDS (STATEMENT OF CASH FLOWS)
CP/KCS
($US in Millions)

	CP BASE YEAR (1)	KCS BASE YEAR (2)	PURCHASE ACCOUNTING ADJUSTMENT (3)	CP/KCS BASE YEAR (4)
OPERATING ACTIVITIES				
NET INCOME	$ 1,763	$ 690	$ -	$ 2,453
RECONCILIATION OF NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:				
DEPRECIATION AND AMORTIZATION	544	351	-	895
DEFERRED INCOME TAX	182	56	-	238
OTHER OPERATING ACTIVITIES, NET	(167)	48	-	(119)
CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	(20)	(10)	-	(30)
CASH PROVIDED BY OPERATING ACTIVITIES	2,302	1,135	-	3,437
INVESTING ACTIVITIES				
ADDITIONS TO PROPERTIES	(1,268)	(626)	-	(1,894)
OTHER INVESTING ACTIVITIES	14	(50)	-	(36)
CASH USED IN INVESTING ACTIVITIES	(1,254)	(676)	-	(1,930)
FINANCING ACTIVITIES				
DIVIDENDS PAID	(317)	(144)	-	(461)
ISSUANCE OF COMMON SHARES	20	7	-	27
PURCHASE OF COMMON SHARES	(873)	(793)	-	(1,666)
ISSUANCE OF LONG-TERM DEBT (EXCLUDING COMMERCIAL PAPER)	306	848	-	1,154
REPAYMENT OF LONG-TERM DEBT (EXCLUDING COMMERCIAL PAPER)	(385)	(285)	-	(670)
NET ISSUANCE OF SHORT-TERM DEBT AND COMMERCIAL PAPER	403	-	-	403
OTHER FINANCING ACTIVITIES	(9)	(12)	-	(21)
CASH USED IN FINANCING ACTIVITIES	(855)	(379)	-	(1,234)
EFFECT OF FOREIGN CURRENCY FLUCTUATIONS ON FOREIGN-DENOMINATED CASH AND CASH EQUIVALENTS	(4)	-	-	(4)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 189	$ 80	$ -	$ 269

REDACTED PUBLIC RECORD VERSION

NOTES TO PRO FORMA SOURCES AND APPLICATION OF FUNDS (STATEMENT OF CASH FLOWS)
CP/KCS
BASE YEAR

1. CP BASE YEAR: Represents CP's 2019 sources and applications of funds as reported under US GAAP in its 2019 Annual Report on Form 10-K, adjusted to eliminate the effects of non-recurring transactions, and converted from $CDN to $USD. See separate CP base year pro forma sources and applications of funds included in this section of the Application.

2. KCS BASE YEAR: Represents KCS's 2019 sources and applications of funds as reported under US GAAP in its 2019 Annual Report on Form 10-K, adjusted to eliminate the effects of non-recurring transactions. See separate KCS base year pro forma sources and applications of funds included in this section of the Application.

3. PURCHASE ACCOUNTING ADJUSTMENTS: Represents the CP acquisition of KCS and related purchase accounting adjustments.

4. CP/KCS BASE YEAR: Represents the base year sources and applications of funds for the combined CP/KCS entity.

REDACTED PUBLIC RECORD VERSION

SECTION 1108.9 (c)
PRO FORMA SOURCES AND APPLICATION OF FUNDS (STATEMENT OF CASH FLOWS)
CP/KCS
($US in Millions)

	CP/KCS BASE YEAR (1)	YEAR 1 ADJUSTMENTS (2)	CP/KCS PRO FORMA YEAR 1 (4)
OPERATING ACTIVITIES			
NET INCOME	$ 2,453	$ 137	$ 2,590
RECONCILIATION OF NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	895	41	936
DEFERRED INCOME TAX	238	(16)	222
OTHER OPERATING ACTIVITIES, NET	(119)	(58)	(177)
CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	(30)	(35)	(65)
CASH PROVIDED BY OPERATING ACTIVITIES	3,437	69	3,506
INVESTING ACTIVITIES			
ADDITIONS TO PROPERTIES	(1,894)	(16)	(1,910)
OTHER INVESTING ACTIVITIES	(36)	-	(36)
CASH USED IN INVESTING ACTIVITIES	(1,930)	(16)	(1,946)
FINANCING ACTIVITIES			
DIVIDENDS PAID	(461)	(82)	(543)
ISSUANCE OF COMMON SHARES	27	(27)	-
PURCHASE OF COMMON SHARES	(1,666)	1,666	-
ISSUANCE OF LONG-TERM DEBT (EXCLUDING COMMERCIAL PAPER)	1,154	-	1,154
REPAYMENT OF LONG-TERM DEBT (EXCLUDING COMMERCIAL PAPER)	(670)	(1,476)	(2,146)
NET ISSUANCE OF SHORT-TERM DEBT AND COMMERCIAL PAPER	403	(403)	-
OTHER FINANCING ACTIVITIES	(21)	-	(21)
CASH USED IN FINANCING ACTIVITIES	(1,234)	(322)	(1,556)
EFFECT OF FOREIGN CURRENCY FLUCTUATIONS ON FOREIGN-DENOMINATED CASH AND CASH EQUIVALENTS	(4)	-	(4)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 269	$ (269)	$ -

REDACTED PUBLIC RECORD VERSION

SECTION 1108.9 (c)
PRO FORMA SOURCES AND APPLICATION OF FUNDS (STATEMENT OF CASH FLOWS)
CP/KCS
($US in Millions)

	CP/KCS BASE YEAR (1)	YEAR 2 ADJUSTMENTS (2)	CP/KCS PRO FORMA YEAR 2 (4)
OPERATING ACTIVITIES			
NET INCOME	$ 2,453	$ 292	$ 2,745
RECONCILIATION OF NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	895	95	990
DEFERRED INCOME TAX	238	(3)	235
OTHER OPERATING ACTIVITIES, NET	(119)	(17)	(136)
CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	(30)	-	(30)
CASH PROVIDED BY OPERATING ACTIVITIES	3,437	367	3,804
INVESTING ACTIVITIES			
ADDITIONS TO PROPERTIES	(1,894)	(20)	(1,914)
OTHER INVESTING ACTIVITIES	(36)	-	(36)
CASH USED IN INVESTING ACTIVITIES	(1,930)	(20)	(1,950)
FINANCING ACTIVITIES			
DIVIDENDS PAID	(461)	(82)	(543)
ISSUANCE OF COMMON SHARES	27	(27)	-
PURCHASE OF COMMON SHARES	(1,666)	1,666	-
ISSUANCE OF LONG-TERM DEBT (EXCLUDING COMMERCIAL PAPER)	1,154	-	1,154
REPAYMENT OF LONG-TERM DEBT (EXCLUDING COMMERCIAL PAPER)	(670)	(1,770)	(2,440)
NET ISSUANCE OF SHORT-TERM DEBT AND COMMERCIAL PAPER	403	(403)	-
OTHER FINANCING ACTIVITIES	(21)	-	(21)
CASH USED IN FINANCING ACTIVITIES	(1,234)	(616)	(1,850)
EFFECT OF FOREIGN CURRENCY FLUCTUATIONS ON FOREIGN-DENOMINATED CASH AND CASH EQUIVALENTS	(4)	-	(4)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 269	$ (269)	$ -

REDACTED PUBLIC RECORD VERSION

SECTION 1108.9 (c)
PRO FORMA SOURCES AND APPLICATION OF FUNDS (STATEMENT OF CASH FLOWS)
CP/KCS
($US in Millions)

	CP/KCS BASE YEAR (1)	YEAR 3 ADJUSTMENTS (2)	CP/KCS PRO FORMA YEAR 3 (4)
OPERATING ACTIVITIES			
NET INCOME	$ 2,453	$ 441	$ 2,894
RECONCILIATION OF NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	895	148	1,043
DEFERRED INCOME TAX	238	10	248
OTHER OPERATING ACTIVITIES, NET	(119)	(20)	(139)
CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	(30)	-	(30)
CASH PROVIDED BY OPERATING ACTIVITIES	3,437	579	4,016
INVESTING ACTIVITIES			
ADDITIONS TO PROPERTIES	(1,894)	(12)	(1,906)
OTHER INVESTING ACTIVITIES	(36)	-	(36)
CASH USED IN INVESTING ACTIVITIES	(1,930)	(12)	(1,942)
FINANCING ACTIVITIES			
DIVIDENDS PAID	(461)	(82)	(543)
ISSUANCE OF COMMON SHARES	27	(27)	-
PURCHASE OF COMMON SHARES	(1,666)	1,666	-
ISSUANCE OF LONG-TERM DEBT (EXCLUDING COMMERCIAL PAPER)	1,154	-	1,154
REPAYMENT OF LONG-TERM DEBT (EXCLUDING COMMERCIAL PAPER)	(670)	(1,990)	(2,660)
NET ISSUANCE OF SHORT-TERM DEBT AND COMMERCIAL PAPER	403	(403)	-
OTHER FINANCING ACTIVITIES	(21)	-	(21)
CASH USED IN FINANCING ACTIVITIES	(1,234)	(836)	(2,070)
EFFECT OF FOREIGN CURRENCY FLUCTUATIONS ON FOREIGN-DENOMINATED CASH AND CASH EQUIVALENTS	(4)	-	(4)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 269	$ (269)	$ -

REDACTED PUBLIC RECORD VERSION

SECTION 1108.9 (c)
PRO FORMA SOURCES AND APPLICATION OF FUNDS (STATEMENT OF CASH FLOWS)
CP/KCS
($US in Millions)

	CP/KCS BASE YEAR (1)	NORMAL YEAR ADJUSTMENTS (2)	CP/KCS PRO FORMA NORMAL YEAR (4)
OPERATING ACTIVITIES			
NET INCOME	$ 2,453	$ 425	$ 2,878
RECONCILIATION OF NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	895	201	1,096
DEFERRED INCOME TAX	238	8	246
OTHER OPERATING ACTIVITIES, NET	(119)	(12)	(131)
CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	(30)	-	(30)
CASH PROVIDED BY OPERATING ACTIVITIES	3,437	622	4,059
INVESTING ACTIVITIES			
ADDITIONS TO PROPERTIES	(1,894)	-	(1,894)
OTHER INVESTING ACTIVITIES	(36)	-	(36)
CASH USED IN INVESTING ACTIVITIES	(1,930)	-	(1,930)
FINANCING ACTIVITIES			
DIVIDENDS PAID	(461)	(82)	(543)
ISSUANCE OF COMMON SHARES	27	(27)	-
PURCHASE OF COMMON SHARES	(1,666)	1,666	-
ISSUANCE OF LONG-TERM DEBT (EXCLUDING COMMERCIAL PAPER)	1,154	-	1,154
REPAYMENT OF LONG-TERM DEBT (EXCLUDING COMMERCIAL PAPER)	(670)	(2,045)	(2,715)
NET ISSUANCE OF SHORT-TERM DEBT AND COMMERCIAL PAPER	403	(403)	-
OTHER FINANCING ACTIVITIES	(21)	-	(21)
CASH USED IN FINANCING ACTIVITIES	(1,234)	(891)	(2,125)
EFFECT OF FOREIGN CURRENCY FLUCTUATIONS ON FOREIGN-DENOMINATED CASH AND CASH EQUIVALENTS	(4)	-	(4)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 269	$ (269)	$ -

REDACTED PUBLIC RECORD VERSION

NOTES TO PRO FORMA SOURCES AND APPLICATION OF FUNDS (STATEMENT OF CASH FLOWS)
CP-KCS
YEAR 1 THROUGH NORMAL YEAR

1. CP-KCS BASE YEAR (2019): Represents pro forma combined CP-KCS base year sources and application of funds (statement of cash flows), included separately in this section of the Application.

2. YEAR 1 THROUGH NORMAL YEAR ACTIVITY: Represents the effects on the combined CP-KCS pro forma base year sources and application of funds of: (1) cumulative benefits arising from implementation o the operating plan; (2) one-time capital expenditures related to combining operations; and (3) the issuance or repayment of debt.

NET INCOME - Represents net adjustments to net income/(loss) in the respective years, as derived from the income statement.

DEPRECIATION AND AMORTIZATION - Represents the increased depreciation or amortization expense arising from: (1) annual additions to properties (resulting from the base year); and (2) one-time capital expenditures to combine operations.

DEFERRED INCOME TAX EXPENSE - Represents the adjustment to deferred income tax expense resulting from the net adjustment to pretax earnings.

OTHER OPERATING ACTIVITES, NET - Represents annual other operating activities (base year), one-time employee separation and relocation costs as a result of combining CP and KCS operations, and non-cash amortization of the fair value increase to KCS long-term debt included in the purchase accounting adjustment.

CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS - Represents annual changes to working capital accounts for each of the respective years, principally changes in accounts payable and accrued liabilities.

ADDITIONS TO PROPERTIES - Represents capital expenditures for each of the respective years, including one-time expenditures required to achieve the benefits of combining operations.

DIVIDENDS PAID - Represents dividend payments for CP's existing common shares outstanding and dividend payments for incremental CP common shares issued as part of the purchase price consideration.

LONG-TERM AND SHORT-TERM DEBT ISSUED / REPAID - Represents the issuance or repayment of long-term debt for the respective years. In any year where there is a net use of cash arising from the combination of CP and KCS and the implementation of the operating plan, long-term debt is assumed to be issued. In any year where there is a net source of cash arising from the combination and the operating plan, long-term debt is assumed to be repaid.

REDACTED PUBLIC RECORD VERSION

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF KEITH CREEL

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF KEITH CREEL

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VERIFIED STATEMENT OF KEITH CREEL

1. I am Keith Creel, President and Chief Executive Officer of Canadian Pacific Railway Limited ("CP"). I joined CP in 2013 as its President and Chief Operating Officer. In 2015, I joined CP's Board of Directors, and on January 31, 2017, I was named CEO.

2. I have been a railroader for 29 years. Prior to joining CP, I was Executive Vice-President and Chief Operating Officer at Canadian National Railway ("CN"). I started my railroad career in Birmingham, AL as an Intermodal Ramp Manager for BN, and later worked on the Illinois Central Railroad ("IC") as a Trainmaster and Director of Corridor Operations prior to CN's acquisition of IC. I held numerous operating positions at CN, including Senior Vice-President Eastern Region, Senior Vice-President Western Region, and Vice-President of the Prairie Division.

3. I am also a proud veteran of the U.S. Armed Services, having served as a commissioned officer in the U.S. Army, including in active duty in Saudi Arabia during the Persian Gulf War.

4. If the Board approves CP's control of KCS, I will lead the combined company – to be known as Canadian Pacific Kansas City (or "CPKC") – as its Chief Executive Officer, having recently committed to lead the company for another five years at minimum.

5. I am submitting this statement to explain why CP has pursued its acquisition of KCS so vigorously, how CPKC will approach the North American transportation marketplace, and why the Transaction is in the public interest.

I. THE LONG PATH TO THE CP/KCS COMBINATION STRENGTHENS MY CONVICTION THAT IT IS THE RIGHT PATH FOR THE NORTH AMERICAN RAIL NETWORK

6. I am very pleased to be presenting for the Board's review and approval CP's proposed control of KCS. Although the road to this point has had its twists and turns since we announced the Transaction and filed our Notice of Intent in March, the fundamentals of the Transaction remain the same. The intervening months, and our wrenching efforts in pursuit of KCS, have only increased my conviction that this Transaction – especially at this point in time in the evolution of the North American economy – will be unambiguously positive for the public interest.

7. As our Amended Notice of Intent explained, CP will be acquiring all of the stock of KCS, and we will be doing so pursuant to an executed merger agreement that is substantially identical to that entered in March. CP likewise anticipates using a voting trust to complete its acquisition of KCS shares, and that trust is substantively identical to the trust agreement that accompanied the merger agreement entered in March, including the very same trustee, David Starling.

8. This is no coincidence. CP has been mindful of the Board's appropriate and plenary role in overseeing railroad consolidations, including the terms of any voting trust arrangement – even for transactions under the "pre-2001" merger rules. As a result, although CP had no choice but to sweeten its offer to KCS shareholders, we did so by offering additional consideration solely in the form of stock. This means that CP is taking on no additional debt to finance the acquisition of KCS shares, and in light of CP's strong financial performance since March and lower interest rates CP's leverage ratio will actually be reduced relative to the deal entered in March. As Chris De Bruyn explains in his Verified Statement, CP (and ultimately

CP/KCS) will have no difficulty paying down this acquisition debt while simultaneously continuing to invest in the combined rail network.

9. As the Board by now is well aware, CP's odyssey to acquire KCS began in the fall of 2020 when we learned of the interest of private equity investors in acquiring KCS. In late 2020 and early 2021, CP negotiated with KCS against the backdrop of interest of a competing bid from private equity. CP persuaded KCS to join with us by making a superior offer, predicated on the many synergies made possible by the uniquely end-to-end nature of the combined CP/KCS system.

10. Soon after we joined with KCS to announce our historic transaction in March and began to work with KCS to prepare our merger application, we learned that CN was stepping in to thwart our transaction by acquiring KCS itself. As we wrote to the Board the day after CN announced its interest in acquiring KCS, we regarded the prospect of a CN/KCS transaction as "illusory and inferior" and believed that "the best option for Kansas City Southern and the U.S. public interest would be consummation of Canadian Pacific's proposed acquisition (following Board review), and not an acquisition of KCS by CN or private equity investors."[1]

11. We were disappointed when KCS ended up entering into an agreement to be acquired by CN. Our decision to continue pursuing KCS in the face of that development required us to re-assess the benefits that would flow from our own combination with KCS. Doing so redoubled our enthusiasm about the potential for a CP/KCS combination to transform North American railroading. Many of our customers had expressed extraordinary excitement about the opportunities the CP/KCS combination would unlock. And our own deeper analysis of the synergies – almost entirely in terms of top-line revenue growth – revealed that our initial

[1] Finance Docket No. 36500, CP-12, Letter to Board (Apr. 21, 2021) at 1, 3.

estimates were likely quite conservative. As a result, our interest in combining with KCS never wavered.

12. Though it took some time, we are gratified that the KCS board of directors now agrees that the CP proposal was and is a "superior proposal." We are joining with KCS to present the Board with a shared vision of the unambiguous public interest benefits the CP/KCS combination will achieve. I look forward to working with the Board through the entire approval process and eventually – with Board authorization – working with the many fine employees and managers at KCS to bring to fruition the unique potential of our combination.

II. CP AND KCS: A PERFECT AND NATURAL FIT

13. When CP and KCS jointly announced our agreement to join forces, we explained the truly unique character of this particular railroad combination:

> "The transaction, if approved and consummated, will generate substantial public benefits by combining the Nation's two smallest Class I railroads. It will join two railroads whose networks are a perfect and natural fit. The CP and KCS networks are entirely end-to-end, with no overlapping routes, corridors, or territories. The number of independent railroads currently serving particular shippers will not be reduced at any location. Instead, competition will be strongly enhanced, against both the larger Class I railroads whose lines surround those of Applicants, as well as trucking competitors.
>
> "The combination will create the first rail network connecting the U.S., Canada, and Mexico. Joining at Kansas City, in America's Heartland, CP and KCS together will connect customers via single-network transportation offerings between points on CP's system throughout Canada, the U.S. Midwest, and the U.S. Northeast and points on KCS's system throughout the South Central United States and Mexico. The combined network's new single-line offerings will deliver dramatically expanded market reach, provide new and better competitive options for shippers which today may be using trucks or other major railroads to move their goods, and support economic growth across the entire North American continent.
>
> "CP's track record of operational excellence as a Precision Scheduled Railroading pioneer, coupled with the hand-in-glove fit of the two networks, will ensure a smooth and efficient combination of the two

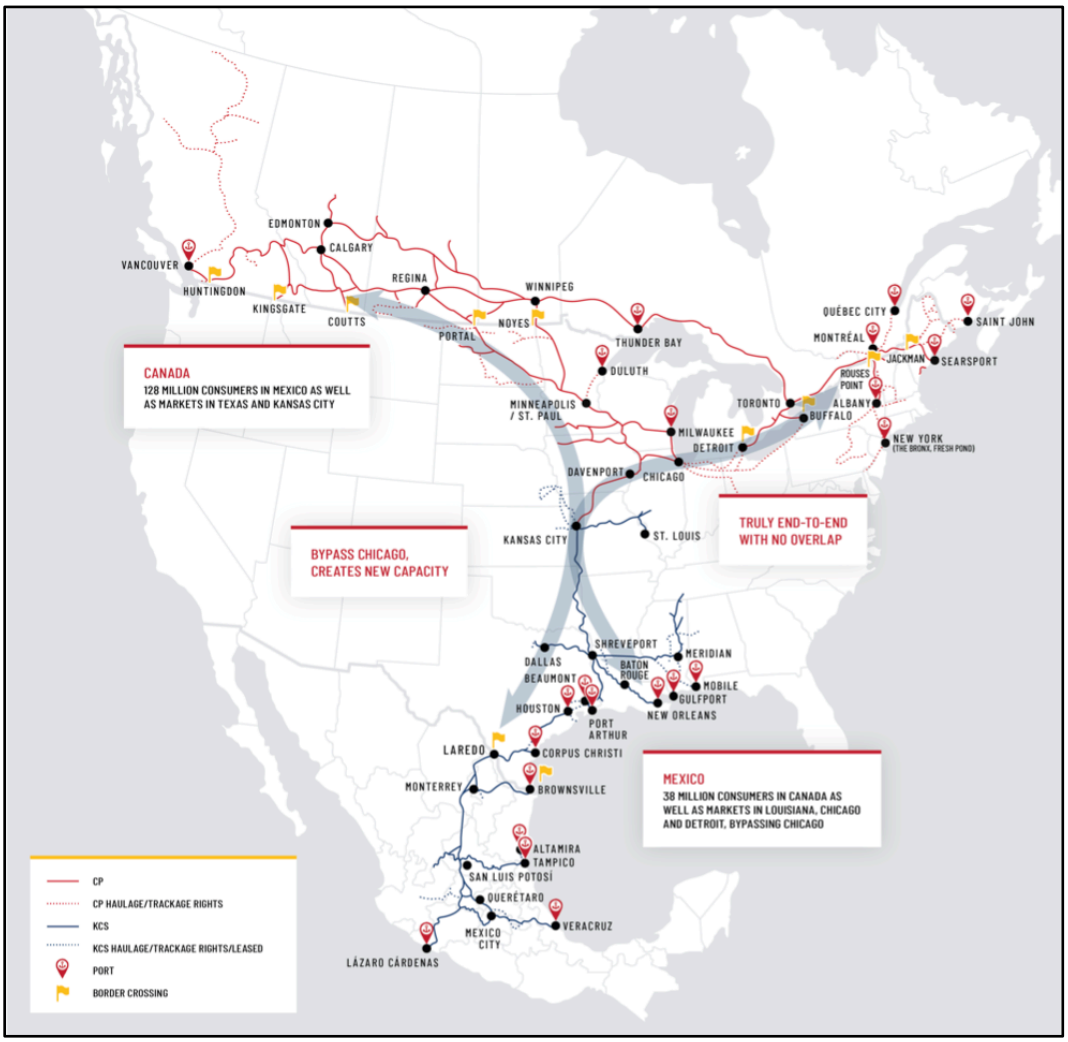
> railroads without service disruption. And CP will bring its safety-first culture – as North America's safest large railroad for 15 consecutive years – and extend it to the entire combined network."

Finance Docket No. 36500, Notice of Intent (CP-1/KCS-1) (Mar. 22, 2021) at 4-5.

14. What we said in March is just as true now. CP and KCS fit together like two perfectly interlocking pieces of a jigsaw puzzle. We are perfect complements for one another, and our combination will better serve the transportation needs of our shippers and the entire North American economy.

15. As Figure 2 shows, our combination will provide the first-ever integrated steel pathway for rail traffic serving the vital USMCA North-South trade corridors connecting the United States, Mexico and Canada. Our combination will inject new single-line competitive options for shippers in the Upper Midwest too long dependent on a limited number of larger Class I carriers. And our combination will join the growth and customer service minded philosophies of the two smallest Class I railroads, creating an energized and more capable, but still customer-focused, new railroad, drawing on the heritage of operational and safety excellence that has been CP's hallmark for many years.

FIGURE 2
THE CP/KCS NETWORK UNLOCKS NEW COMPETITION AND NEW CAPACITY



16. The benefits the CP/KCS combination will bring are cataloged in detail throughout the Application we are filing today. In the remainder of this statement, I will merely highlight some of the most important ways in which the CP/KCS combination, if approved by the Board, will deliver benefits for customers, workers, our connecting railroad partners, the North American economy, and ultimately the public interest.

III. CP/KCS WILL BRING NEW COMPETITION AND NEW TRANSPORTATION OPTIONS

17. At its core, the Transaction is a once-in-a lifetime opportunity to inject new rail competition into important North-South trade flows. CP is pursuing this combination to enable

rail transportation services that better meet our customers' needs, expanding the markets our customers can reach and improving the value our transportation services deliver. By delivering on that potential we intend to grow the traffic that the CP/KCS system handles, in the process supporting economic growth and stimulating new, more intense competition against existing rail options.

18. CP's proposed acquisition of KCS is also a perfect fit with CP's strategic goal of pursuing growth opportunities on behalf of our shippers. Over the last three years, CP and KCS have led the railroad industry in sustainable, profitable, quality growth, demonstrating our shared vision and values. As just one small example, in the year since CP completed our acquisition of Central Maine & Quebec Railway US Inc. (the "CMQ") to provide new single-line service to Maine and single-line-like service to the Port of Saint John, traffic to/from the CMQ has grown beyond our forecasts, as John Brooks, CP's Chief Marketing Officer explains in his verified statement.

19. Building on the strong foundation built by the separate CP and KCS systems, the CP/KCS combination would create the first U.S.-Mexico-Canada railroad, bringing together two railroads that are similarly focused on providing high-quality service to customers in order to unlock the full potential of their networks. The new and better rail transportation options, including new single-line services made possible by the Transaction, will transform the relatively underutilized CP and KCS North-South mainlines into a new artery for trade. These new options will inject new competition and improved service into the North American transportation marketplace with significant positive results for customers, communities, and other stakeholders.

20. ***New Options and Competition for Traffic to/from Upper Midwest.*** The CP/KCS combination is the only one capable of injecting new competition into many U.S. rail corridors –

particularly those connecting the Upper Midwest with the Gulf and Mexico. Specifically, CP/KCS will create new single-line rail options in many corridors where shippers today are dependent on our much larger Class I rivals – like UP, BNSF, and CN. That includes grain from the Dakotas, from which the only single-line option today is BNSF; grain and forest products from Canada to the Gulf, where the only single-line option is CN; and chemicals from the Gulf to Canada, where CN is the only single-line option today. There are many other examples.

21. ***New Options and Competition for Traffic to/from Western Canada.*** CP/KCS's new single-line routes will provide the shortest and most efficient pathway for commerce moving between Mexico and the South Central United States and Western Canada. CP's network efficiently connects all of the major points in Western Canada – places like Vancouver, BC; Edmonton, AB; Calgary, AB; Winnipeg, MB; and Saskatoon, SK – with the KCS network, and it does so via CP's Marquette Subdivision that reaches Kansas City without having to traverse the congested Chicago area. These new options would compete directly and more effectively against existing options via CN in particular.

22. ***New Options and Competition for Traffic to/from Eastern Canada***. CP/KCS's new single-line routes will similarly provide reliable and competitive transportation services to markets in Ontario, Quebec, and New Brunswick in Maritime Canada, creating new head-to-head competition against CN for traffic moving between the Gulf and Eastern Canada. CP's network – and in particular our terminals in Canada – have room for growth in these important traffic lanes.

23. ***New Options and Competition for Traffic to/from South Central U.S. and Texas***. The last Class I rail merger (CN/IC) created new single-line routes between points on CN's system north of Chicago and the Gulf of Mexico. CP/KCS will achieve the same benefits

for points served by CP and KCS, unlocking new head-to-head competition for Canadian and other traffic moving to and from this region.

24. ***New Options and Competition for Traffic to/from Mexico.*** One of the most exciting benefits of the CP/KCS combination will be to open up new trade opportunities with Mexico, whose markets CP/KCS will reach with new single line routes spanning the Continent. Traffic from Mexico's burgeoning automotive industry will benefit from new single-line arteries deep into Canada, connecting auto plants with distribution, and auto parts manufacturers with the auto plants that consume their wares. Grain from the Upper Midwest and Canada will reach consumption markets in Mexico more efficiently, as will liquified petroleum gas (LPG) produced in Canada and consumed for heating and cooking across Mexico. The list goes on and on.

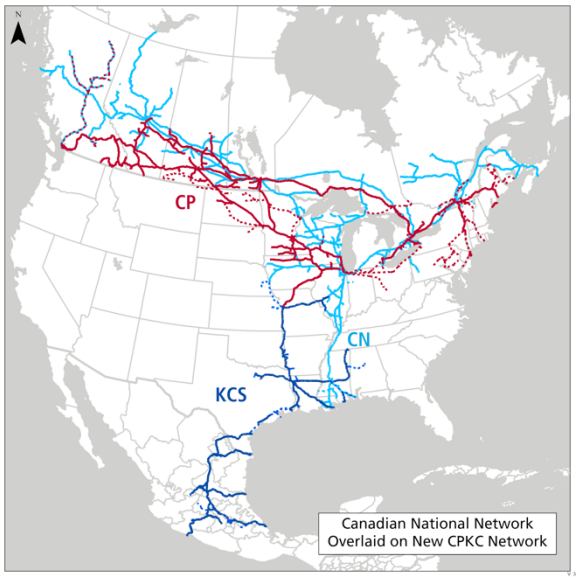
25. ***CP/KCS Will Unlock New Economic Growth Opportunities.*** CP/KCS's growth potential will not be limited to winning existing freight traffic over to CP/KCS. With fully aligned incentives and an integrated network capable of offering high-quality transportation services, CP/KCS expects to make (and attract) investments that spawn new economic activity, and new rail traffic. A good example is so-called "watershed" traffic opportunities – potential rail traffic for which one or the other of us lacks sufficient incentives for the investments needed to unlock the power of a combined network. One illustration of this opportunity is our expectation that new single-line CP/KCS offerings will support investment in efficient new rail-served grain elevators in the growing region of Southeastern Iowa, a few hundred miles north of Kansas City, where CP's line runs. A short haul on CP to Kansas City would not support all of the investments we would have to make to handle this traffic efficiently over the Kansas City gateway, but the prospect of reaching KCS-served receivers in the United States and Mexico via

new single-line routes would unlock better and more economic rail service that would support extensive new investment and tap new, more competitive origin markets.

26. ***CP/KCS will take trucks off the highways***. The expanded reach, capacity, and efficiency of the CP/KCS combination will support new intermodal and carload servicers that will attract substantial volumes of traffic now moving by trucks on the Nation's (and the Continent's) highways. Some of these shifts will be directly from truck trailers to intermodal containers, with shippers taking advantage of the new, more reliable intermodal offerings on the CP/KCS system, like our new domestic intermodal service between Dallas, TX and Chicago and the train we will run all the way from the Port of Lazaro Cardenas on the Pacific to Toronto, ON – a total of 3,190 miles – connecting markets like Monterrey, NL; Houston, TX; Kansas City, and Chicago. Our more efficient manifest train network will attract other commodities moving by truck, like steel and paper products moving to Texas from Canada and the Upper Midwest. There are many more examples.

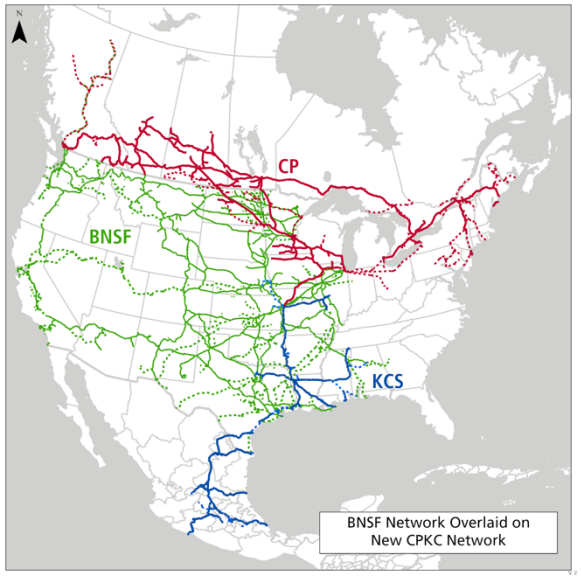
27. ***CP/KCS will stimulate competition***. All of these benefits will force other transportation providers to work – *i.e.,* compete – harder too. From the perspective of the larger Class I railroads that surround the CP/KCS networks, the combination's impact on "competition" will be that the Transaction forces them to *face more of it*. As the maps in Figure 3 on the next page illustrate, the new CPKC network will provide a more formidable set of competitive options, particularly for North-South traffic flows in which these larger railroads already offer single-line routes. The larger Class Is will have to up their game.

FIGURE 3
LARGER CLASS I SYSTEMS WILL FACE NEW COMPETITION FROM THE COMBINED CPKC NETWORK



Canadian National

Would Face New Competition from CPKC Single-Line Routes Between Gulf/South Central States and Upper Midwest/Canada



BNSF

Would Face New Competition from CPKC Single-Line Routes Between Gulf/South Central States/Texas/Mexico and Upper Midwest/Canada



Union Pacific

Would Face New Competition from CPKC Single-Line Routes Between Gulf/South Central States/Texas/Mexico and Upper Midwest

IV. CP/KCS WILL NOT REDUCE COMPETITION OR SHIPPER OPTIONS ANYWHERE

28. CP/KCS is truly and completely an end-to-end transaction. CP and KCS converge at only one location – a rail yard in Kansas City that the two separate railroads already operate jointly – and they operate no lines that parallel one another. As a purely end-to-end transaction, there are no competitive overlaps whatsoever, and thus no 3-to-2 or 2-to-1 shippers or corridors, as the network map in Figure 2 above makes clear. CP/KCS will enhance competition against the larger Class I railroads in the central United States and do so without harming competition anywhere.

29. CP/KCS will be an aggressive competitor, yearning to serve our customers better and win new traffic from existing and new customers by offering them transportation services that better meet their needs. We will pursue success in the marketplace by working hard to attract traffic with better CP/KCS single-line options, not by degrading any of the interline options that shippers choose today. In fact, as we build a more extensive web of efficient and reliable train services on our combined network, the interline options available to our customers will improve along with CP/KCS single-line services.

30. CP's growth in recent years has been built on a foundation of finding ways to meet our customers' needs better, and we recognize that means working to accommodate transportation options that work well for them. Even with the CP/KCS combination, our rail network will remain a very small fish in a very large U.S. Class I railroad pond, and we will be keenly aware that meeting our customers' transportation needs will continue to require CP/KCS to work well with all of our Class I connections. CP/KCS will thus have strong incentives to continue to support efficient and commercially viable interline offerings so that our customers

can choose when and where those options work better for our customers than potential new CP-KCS single line routings.

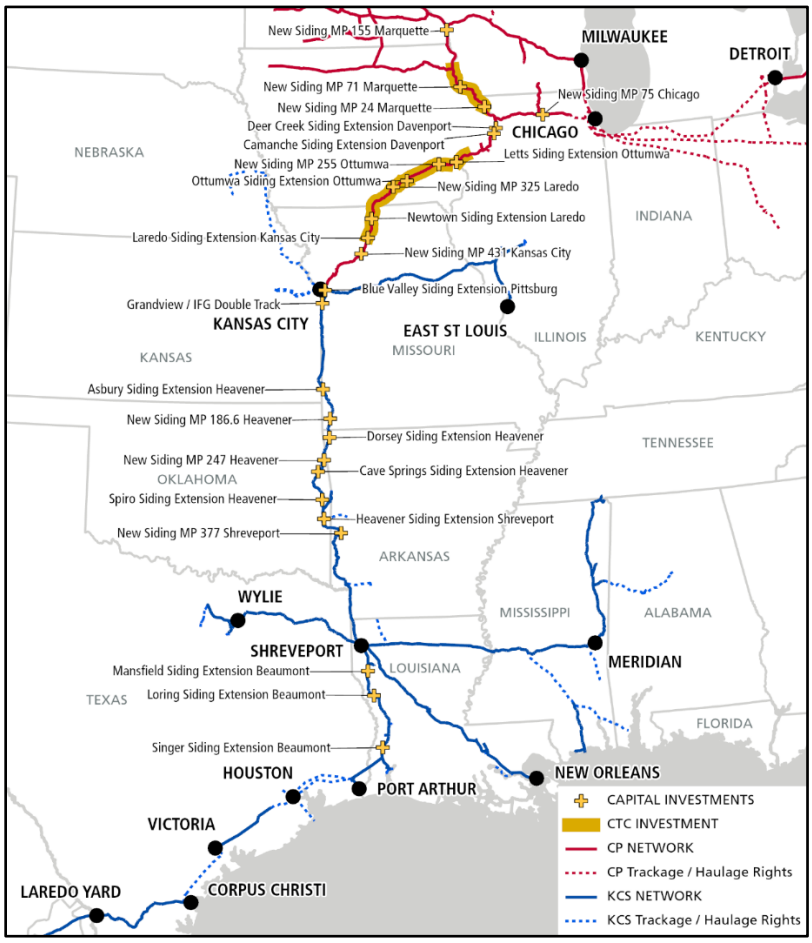
31. In light of these incentives, it gives me no qualms to formally commit to the Board that CP/KCS will keep open all existing gateways on commercially reasonable terms, and that we will not create any new "bottlenecks" that might constrain shippers' existing access to the Board's regulatory processes. John Brooks explains in more detail how we understand this commitment, but from my vantage it is quite simple: CP/KCS will add to shippers' options and not take any away.

V. CP/KCS WILL BRING NEW INVESTMENT IN RAIL CAPACITY

32. From the perspective of the capabilities of the U.S. rail network, CP/KCS is unambiguously positive, benefitting shippers and the public interest. CP/KCS will bring new investment and capacity, unlocking the full potential of the CP-KCS rail routes serving key North-South corridors.

33. The natural pairing of CP's and KCS's U.S. networks will create the catalyst for significant new investment in service, capacity, and safety on our main stem between Louisiana and Minnesota, lines that have room to grow but are underutilized today. We plan to spend more than $275 million to upgrade these lines, adding double track, adding and lengthening sidings, and installing centralized traffic control to enable increased capacity, service reliability, and safety. Figure 4 below shows where we will invest to build a stronger rail network. As the map vividly illustrates, one of the many advantages of this route is that it provides a North-South lane that bypasses the Chicago area entirely, helping to alleviate congestion in the Chicago gateway by allowing traffic moving between CP points north and west of Chicago (and often interchanged in Chicago today) to be shifted to the CP/KCS single-line routes through Iowa and Kansas City.

FIGURE 4
CP/KCS SPARKS INVESTMENT IN NEW NORTH-SOUTH RAIL CAPACITY



34. This transformation cannot occur without the CP/KCS transaction. CP and KCS have worked hard at developing interline traffic over the years, with some modest success. But as John Brooks, CP's Chief Marketing Officer, explains in his verified statement, obstacles have prevented CP and KCS as separate companies from achieving the potential of true single-line service that only a full alignment of interests can provide. Only our proposed combination will enable the traffic growth that will support the transformation of this route.

VI. CP/KCS WILL BRING IMPROVED RAIL SERVICE WITH NO TRANSITIONAL SERVICE DISRUPTIONS

35. The CP/KCS Transaction will improve the level of service available to customers across our combined system. Our new single-line services will shave transit time for shipments

crossing former network boundaries and improve reliability and predictability. Our investments in added capacity will protect and magnify these improvements.

36. Though some prior Class I combinations have led to transitional service disruptions, the integration of CP and KCS will not. First and foremost, attention to planning and flawless execution is among CP's core operational competencies. CP's successful experience implementing precision scheduled railroading ("PSR") has transformed our operational organization, bringing disciplined attention to the level of service literally every rail shipment received – from the very first mile (and indeed before) all the way to the last. We know our network and its capabilities, which allows us to plan every trip for every car and measure performance against that plan. We will bring this discipline both to our planning for integrating KCS and to serving our customers better as a combined system.

37. We are already well along in our detailed integration planning, and those efforts will intensify over the months preceding Board authorization to combine. When we do begin our integration, we will carefully monitor our progress and deploy the resources needed to make any necessary adjustments to assure a smooth and orderly transition to combined network operations.

38. Our efforts will be aided greatly by the straightforward, end-to-end nature of the two railroads' separate networks. The CP/KCS combination bears no similarities to the more complex network integrations that followed such transactions as the split of Conrail in 1998 (where Conrail's operations had to be disintegrated and recombined across a wide array of corridors and terminals on day one) or UP/SP (where the need to integrate major overlapping terminal operations contributed to UP's service crisis when it sought to rationalize Houston-area yard activities). CP/KCS is far more like CP's combination with DM&E in 2009, KCS's

combination with Tex Mex and TFM in 2005, or CN's acquisition of IC in 1998, none of which led to material service disruptions.

39. The track records of CP and KCS should reassure the public and the Board that we can accomplish the task of combining these railroads competently and without misstep. Again, KCS's integration with Tex Mex and TFM is a prime example, as are CP's more recent (albeit much smaller) integration of CMQ in 2020 and our earlier integration of DM&E in 2009.

40. CP/KCS will put in place safeguards to assure our customers and the Board that we will meet these goals. John Brooks, James Clements, and our Operating Plan outline the many steps we will take to ensure that no shipper's service is harmed by the Transaction, and the ways our commercial teams will interface with our customers to ensure transparency and accountability.

VII. CP/KCS WILL FACILITATE PASSENGER SERVICE ON CP AND KCS LINES

41. CP is keenly aware of the importance to U.S. transportation policy of fostering an expanded network of efficient rail passenger servicers. CP/KCS will help achieve that goal.

42. CP has been a good partner to the passenger service operators that use our lines in the United States and Canada. CP's former Milwaukee Road lines north and west of Chicago host, on average, 90 scheduled trains per day operated by Metra, the Chicago-area commuter rail agency. Since 1982 CP and its predecessors have worked cooperatively with Metra and its commuter operations over our C&M, Chicago, and Elgin Subdivisions. We have enabled Metra to achieve greater than 94 percent on-time performance on our lines, providing safe and reliable service to Metra customers in reaching their destinations.

43. We are also an excellent host of Amtrak services. Though our U.S. network is limited in scope, we are also proud of the success we have achieved supporting Amtrak trains on our lines. We host Amtrak's daily Empire Builder long-distance train between Chicago and St.

Paul, MN, as well as seven pairs of Amtrak Hiawatha Service trains between Chicago and Milwaukee, WI (six pairs on weekends). We also host two daily pairs of Amtrak trains in Upstate New York: we host the Adirondack (which operates between New York and Montreal) between Schenectady, NY and the U.S. border at Rouses Point, NY, and we host the Ethan Allen Express (which operates between New York City and Rutland, VT) between Schenectady, NY and Whitehall, NY.

44. The operating attention we give these trains has earned CP an "A" grade from Amtrak in every year since Amtrak began its Host Railroad Scorecard (as shown in Figure 5 below), and I am proud of that.

FIGURE 5[2]
CP IS A "STRAIGHT-A" AMTRAK HOST

	Host Railroad	2020 Grade	4-year GPA
1	Canadian Pacific	A	4.0 (A)
2	BNSF	A	3.3 (B+)
3	Canadian National	B+	1.3 (D+)
4	CSX	B+	2.8 (B-)
5	Union Pacific	B-	2.7 (B-)
6	Norfolk Southern	C	0.5 (F)

45. The CP/KCS combination will not interfere with the continued operation of these existing passenger services. As our Operating Plan sets out, in the few places where we will see

[2] Amtrak Host Railroad Report Card 2020, https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/HostRailroadReports/Amtrak-2020-Host-Railroad-Report-Card-FAQs.pdf (last visited Oct. 15, 2021).

moderately increased freight traffic on lines used by passenger trains, we will have sufficient capacity and will take care to avoid any adverse impacts on passenger train performance.

46. Just as important, CPKC will facilitate Amtrak's planned expansion of its passenger rail network in two ways. First, the CP/KCS combination will enable CP to offer Amtrak the opportunity to increase train frequencies between Milwaukee and Chicago (Amtrak's Hiawatha Service) and on the Empire Builder between the Twin Cities and Chicago. With the new CP/KCS single line routes, some of the freight traffic CP would otherwise interchange in Chicago with UP, BNSF, and CN will bypass Chicago entirely. This will take some of the pressure off of our Chicago-LaCrosse, WI line via Milwaukee that Amtrak uses.

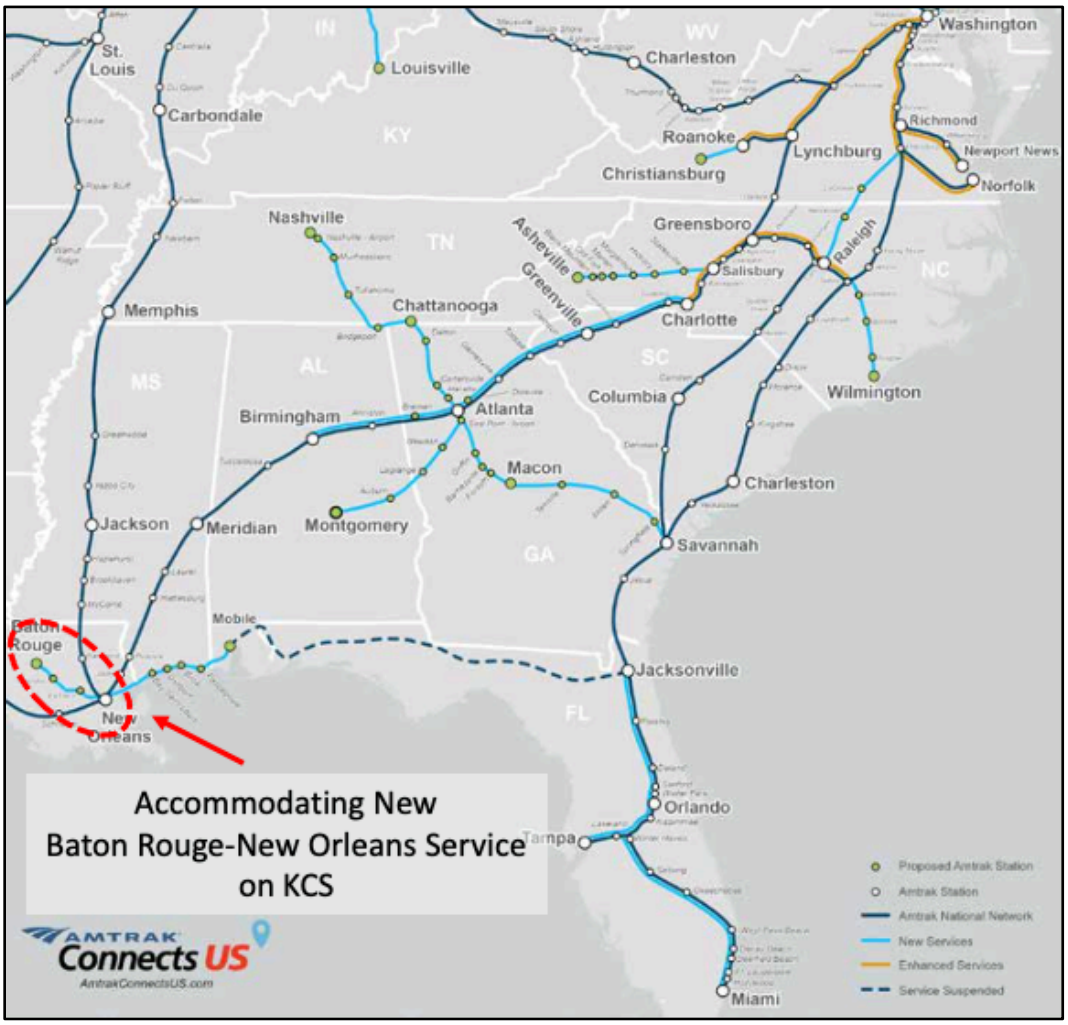
47. Amtrak's desire to add frequencies on this line is reflected in Amtrak's "ConnectsUS" Plan, as shown in Figure 6 below. Amtrak's new passenger trains will still require some additional infrastructure investment, but CP is committed to working with Amtrak and the appropriate funding agencies to secure the capacity improvements necessary to enable these passenger service enhancements while also meeting the current and future needs of freight shippers.

FIGURE 6
ACCOMMODATING ADDITIONAL AMTRAK SERVICES IN CHICAGO-TWIN CITIES CORRIDOR



48. Second, CP also has committed to working with Amtrak to facilitate establishing Amtrak passenger service on KCS's line between Baton Rouge and New Orleans once CP acquires control of KCS. This service is also part of Amtrak's "ConnectsUS" Plan, as shown in Figure 7 below. KCS does not host any passenger trains today (though it operates in a few places where passenger trains run on other host railroads). CP will bring its strong relationship and track record with Amtrak to address in a collaborative way the issues raised by this entirely new service. Again, we anticipate working with Amtrak and the appropriate funding agencies to identify infrastructure needs and secure the funding to support adding passenger service while simultaneously supporting the future needs of freight shippers on this line.

FIGURE 7
ACCOMMODATING NEW AMTRAK SERVICES BETWEEN BATON ROUGE AND NEW ORLEANS



VIII. CP/KCS WILL BENEFIT EMPLOYEES

49. CP/KCS will be a boon for rail employment, and I am gratified that the Transaction has such broad support among the labor organizations representing CP and KCS employees. Not only will our focus on growth expand employment opportunities across the CP/KCS system, CP's approach to balanced scheduling of daily train operations will improve the quality of life for many of KCS's train crew employees.

50. As we relocate CP's U.S. headquarters from Minneapolis, MN to KCS's headquarters building in Kansas City, a modest number of our Minneapolis employees will have

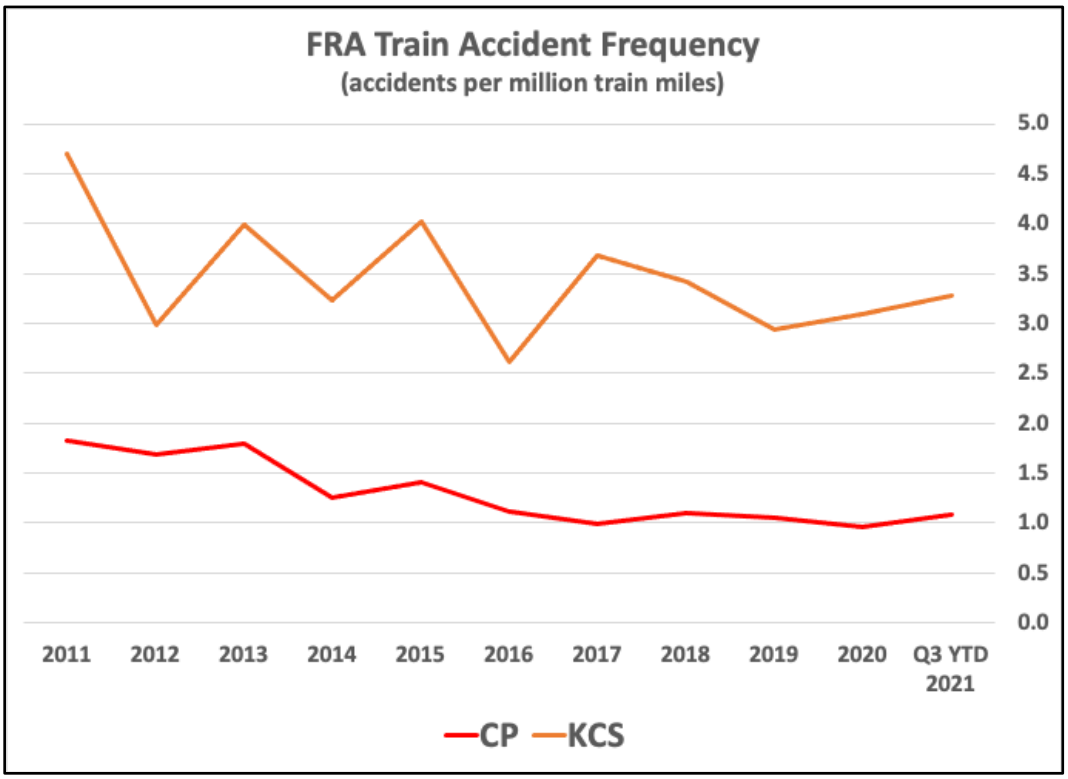
to choose whether to join us in Missouri, take other positions in Minnesota, or pursue other opportunities. This move will save overhead costs and make the CP/KCS system a stronger and more competitive railroad. And it will not diminish our commitment to Minnesota one bit. In fact, we expect to see a net increase in employment in and around Minneapolis, particularly at our St. Paul Yard and Shoreham shops in Minneapolis, where the more robust traffic of the CP/KCS system will support the hiring of additional operating personnel.

IX. CP/KCS WILL IMPROVE RAIL SAFETY

51. The CP/KCS Transaction will contribute to safer railroad operations in the United States. CP is rightfully proud of our industry-leading safety culture and record of steady improvement for the benefit of our employees and the communities we serve. Our commitment to safety is ingrained in every aspect of our business and at every level of our organization. Though every employee is responsible for instilling this culture of safety, as CP's CEO – and the CEO of the new CP/KCS system – I am and will be ultimately accountable for our safety performance.

52. CP's commitment to safety is reflected in our record-setting performance against two of the Federal Railroad Administration's ("FRA's") leading safety metrics. CP has achieved the lowest FRA train accident frequency of all large railroads for 15 years straight, and in July of this year we announced that we had set a new record all-time low for any large railroad for a calendar quarter. CP's reportable accident rate has fallen 80 percent since 2013, as shown in Figure 8.

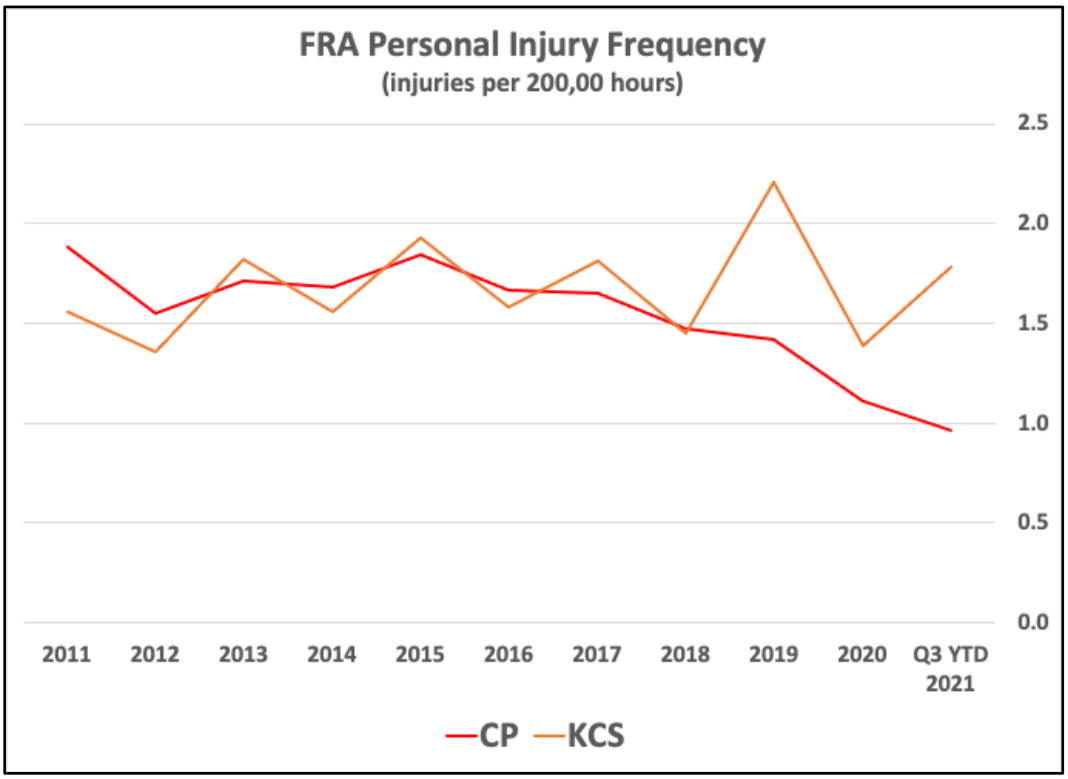
FIGURE 8[3]
CP BRINGS SUPERIOR SAFETY PERFORMANCE TO THE CP/KCS COMBINATION



53. CP also has achieved steady improvement in the key FRA personal injury frequency metric, as shown in Figure 9 below.

[3] Source: FRA and internal data.

FIGURE 9[4]
CP BRINGS SUPERIOR SAFETY PERFORMANCE TO THE CP/KCS COMBINATION



54. CP has accomplished these superlative results through constant attention to safety precautions and flawless execution. It is not a coincidence that we achieved this success while simultaneously transforming our operations through the implementation of PSR, showing that the focus on planning and disciplined execution that comes with PSR has a strong link to safety as well as efficiency.

55. We look forward to bringing this culture and acumen to the combined CP/KCS network. KCS is a safe railroad with strong operating practices, but we are confident that CP/KCS can do even better.

56. CP has made numerous significant investments in technology aimed at making our train operations safer. For example, we have invested heavily in technologies that are

[4] Source: FRA and internal data.

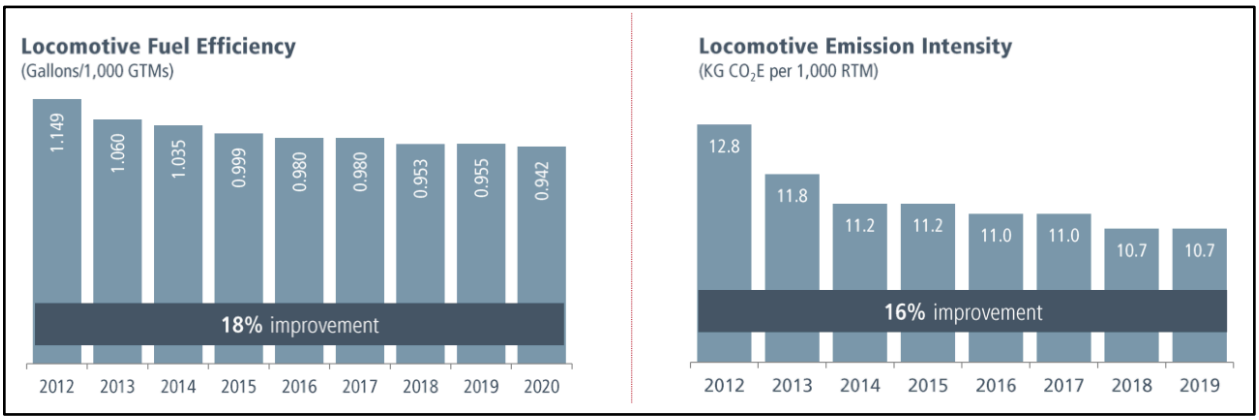
deployed "above-the-wheel" to reduce potential accidents, such as wheel life forecasting, cracked wheel detection technology, wheel impact load detectors, and predictive bearing failure using acoustic sensors. We also have invested in numerous technologies to improve safety "below-the-wheel," such as broken rail detection in dark territory (non-signaled track), enhanced rail flaw detection, and autonomous track geometry measurement systems. We will rapidly deploy these technologies across the combined system. Our quest to improve safety on the CP/KCS network will also be supported by the infrastructure investments in signaling and line capacity we will make on the core North-South mainline of the combined system.

57. Over the coming months we will be working hard to plan for the safe integration of the two systems, giving attention to all of the modern threats to safe train operations. CP looks forward to working with the FRA to develop a comprehensive Safety Integration Plan in accord with Board regulations and the more modern imperatives of 21st century railroading.

X. CP/KCS WILL IMPROVE THE ENVIRONMENT

58. CP/KCS will contribute to a cleaner, greener, and more livable environment. As an enterprise, CP is deeply committed to protecting and improving the environment, and in particular reducing emissions of the greenhouse gases that contribute to climate change. CP has committed to relentless improvement. We already regularly outperform industry averages for fuel efficiency, and we are investing in innovative biofuel locomotives. Our steady improvement in fuel efficiency is shown in Figure 10 below.

FIGURE 10[5]
CP HAS STEADILY IMPROVED ITS FUEL EFFICIENCY



59. The CP/KCS Transaction will accelerate our drive toward further improvement in several ways. By shifting trucks from highways to our new single-line rail routes, we will reduce traffic, save fuel, and reduce emissions. CPKC's new single-line routes will also improve the efficiency of the country's rail network, consuming less fuel to deliver the same amount of freight. More rail traffic will bypass the Chicago area, and more will move on efficient single-line routes avoiding interchange operations that consume fuel and generate emissions. Our environmental submissions will address these benefits in more detail. These and other environmental benefits of the Transaction are discussed in more detail in the Verified Statement of Glen Wilson, CP's Vice President, Safety, Environment & Regulatory.

60. While the overall impact of the CP/KCS Transaction is unambiguously pro-environment, we recognize that we will be increasing the number of trains that operate through certain of our communities (while naturally reducing highway traffic and train traffic moving through communities on our competitors' lines). We will work hard to be a good neighbor and mitigate potential adverse community impacts, and we will work closely with the Board's Office

[5] CP Investor Presentation, "Built to Drive Growth"(Mar. 2021) at 20, *available at* https://s21.q4cdn.com/736796105/files/doc_presentations/2021/CP-Investor-Presentation-Mar2021_.pdf.

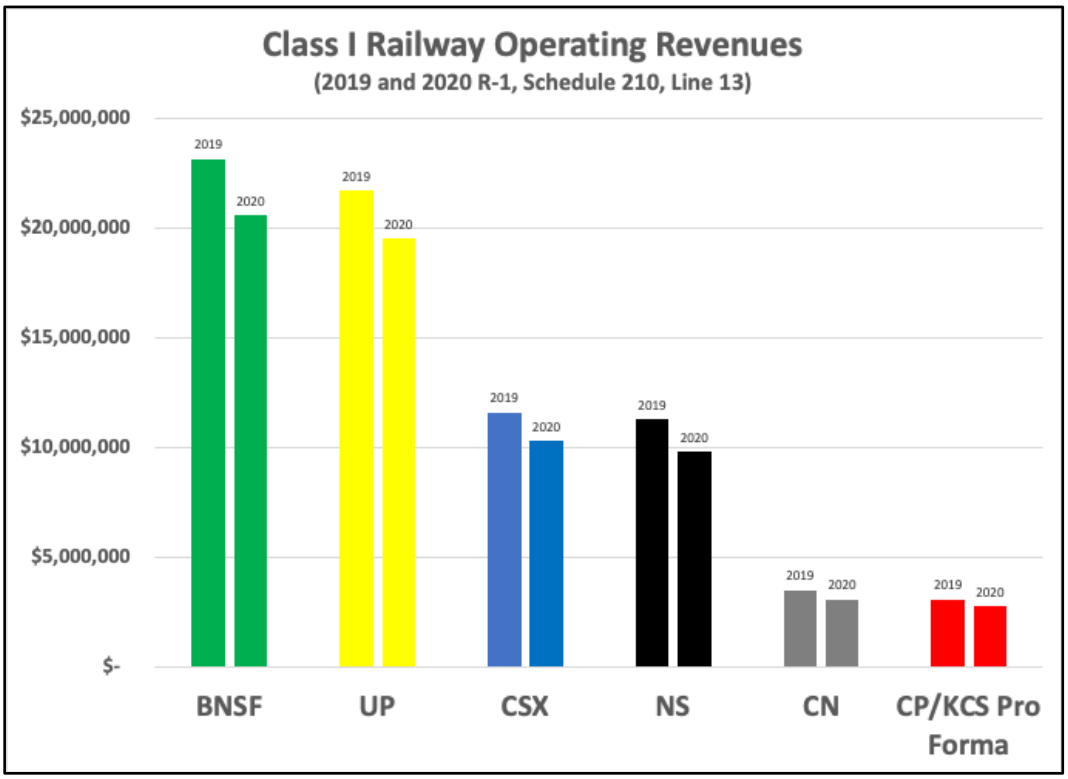
of Environmental Assessment to ensure that these issues are carefully and appropriately analyzed.

XI. CP/KCS WILL REDUCE THE LIKELIHOOD OF FURTHER CONSOLIDATION

61. Uniquely among all possible Class I combinations – and even relative to the status quo – the CP/KCS combination will complete the U.S. rail map and dampen the likelihood of further consolidation among North America's Class I railroads. The CP/KCS combination will yield a balanced and stable U.S. rail network: two in East, two in West, and two with networks spanning Canada and running North-South through America's heartland. The Transaction will remove the incentives that exist today for another Class I railroad to destabilize this map by seeking to combine with KCS, and will also satisfy CP's quest to grow its network reach beyond its limited U.S. footprint.

62. In addition, the CP/KCS Transaction carries no realistic risk that other Class I railroads will be compelled to respond with their own consolidations, none of which would be nearly as straightforward and cleanly procompetitive as the CP/KCS Transaction. Indeed, as shown in Figure 11, CP and KCS would still be the smallest Class I railroad even *after they are combined*.

FIGURE 11
COMPARISON OF CLASS I RAILROAD U.S. OPERATING REVENUES



XII. CP'S CANADIAN HEADQUARTERS POSES NO NATIONAL SECURITY CONCERNS

63. I am told that in the past some have expressed skepticism about the potential for U.S. railroads to be part of a rail system headquartered in Canada. This strikes me as a bit odd given that CP has for more than a century controlled U.S. rail carriers, Soo Line in particular. And our competitor headquartered in Montreal – CN – has controlled U.S. rail carriers for just as long, and has acquired five more in the last 22 years (starting with Illinois Central and ending with EJE).

64. As the U.S.-born CEO of a Canadian-based rail network, and a combat veteran of the U.S. Army, I can assure the Board and the public that there is nothing to be concerned about. The fact that CP is headquartered in Canada and will have a combined network that crosses international borders poses no national security concerns.

65. First, as I have noted, there is nothing new about railroads crossing international borders or U.S. railroads being controlled by Canadian parents. For more than a century, CP has controlled Soo Line and for decades CP has controlled D&H, DM&E, and more recently CMQ. Like KCS, CP is a proud part of the U.S. rail network, and has long been regulated by the Board and the ICC before it. Nothing about the combination will change that. No Canadian laws or regulations will affect the ability of CP's U.S. rail carriers to satisfy their common carrier and other U.S. regulatory obligations.

66. Second, the CP/KCS system will continue to be a reliable provider of rail transportation services to the U.S. military. Both CP and KCS are already members of STRACNET, the Department of Defense network of strategically important U.S. rail lines. And the CP/KCS combination will improve the service we are able to provide to the military installations that KCS serves directly, like Fort Polk in Louisiana, home of the U.S. Army's Joint Readiness Training Center.

XIII. CONCLUSION

67. The CP/KCS Transaction presents a unique opportunity to achieve many of the Board's public interest goals without the need for any investment in new regulation. CP/KCS will inject new competition and new capacity into the U.S. rail network, it will facilitate USMCA trade flows, it will improve safety, it will grow employment, and it will facilitate new passenger services. I urge the Board to give this transaction thorough and appropriate consideration and approve CP's control of KCS as quickly as possible so we can get to work delivering these benefits.

VERIFICATION

I, Keith Creel, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed on this 29 day of October, 2021.

Keith Creel
President and Chief Executive Officer
Canadian Pacific Railway Limited

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF PATRICK J. OTTENSMEYER

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 36500

CANADIAN PACIFIC RAILWAY LIMITED; CANADIAN PACIFIC RAILWAY COMPANY; SOO LINE RAILROAD COMPANY; CENTRAL MAINE & QUEBEC RAILWAY US INC.; DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION; AND DELAWARE AND HUDSON RAILWAY COMPANY, INC.
—CONTROL—
KANSAS CITY SOUTHERN, THE KANSAS CITY SOUTHERN RAILWAY COMPANY, GATEWAY EASTERN RAILWAY COMPANY, AND THE TEXAS MEXICAN RAILWAY COMPANY

VERIFIED STATEMENT OF PATRICK J. OTTENSMEYER

BACKGROUND

My name is Patrick J. Ottensmeyer, and I am excited to present this verified statement to the Surface Transportation Board in support of the application for approval of Canadian Pacific Railway ("CP") to combine with Kansas City Southern ("KCS"). This transaction is a unique and compelling one: It creates new single-line services and produces investment, and environmental benefits, and has no anticompetitive impacts that require conditions. No other combination with KCS can make that assertion. The CP/KCS combination will create more choices for freight customers and enhance competition both with larger railroads and with trucking providers. I respectfully urge the Surface Transportation Board to approve this transaction to unlock its substantial public benefits for customers and all stakeholders.

By way of background, I have been the President of KCS since March 1, 2015, and its Chief Executive Officer and director since July 1, 2016. KCS is a non-carrier holding company

that owns and controls The Kansas City Southern Railway ("KCSR"), The Texas Mexican Railway ("Tex Mex"), Gateway Eastern Railway, Kansas City Southern de México ("KCSM"), and other non-rail subsidiaries. From 2008 to 2015, I was Executive Vice President Sales and Marketing, and from 2006 to 2008, I was Executive Vice President and Chief Financial Officer.

Before my time at KCS, I served from 2000 to 2006 as executive vice president and chief financial officer of Intranasal Therapeutics, Inc., a specialty pharmaceutical company. From 1993 to 1999, I was vice president finance and treasurer for Santa Fe Pacific Corp. and Burlington Northern Santa Fe Corp. Earlier in my career, I held executive positions at Security Pacific National Bank and Bank of America, including the positions of senior vice president and head of the corporate banking group in New York. I hold a Bachelor of Science in Finance from Indiana University.

PURPOSE AND SUMMARY

The purpose of this Verified Statement is to provide an overview of the compelling nature of the CP/KCS transaction. First, I will discuss the very unique transaction we are placing before the Board for consideration and approval. It is a stabilizing transaction between the two smallest Class I railroads that will create a stronger, single carrier better able to compete against the larger carriers with new single line routes that open up markets to customers. It will also allow us to create costs savings and efficiencies to better compete against other modes, particularly the trucking industry that continues to have the lion's share of intermodal traffic across U.S., Canada, and Mexico.

Second, even though the railroad that will result will remain the smallest Class I railroad, its competitive nature will be fierce. No customer will lose an existing rail option as a result of the transaction. In addition, the public interest will be substantially served. The benefits of a

new, strong, competitor against other railroads and trucks that will possess new single-line services and routes will accrue to customers, employees, shareholders, and stakeholders. It will unleash new infrastructure investment that CP and KCS standing alone could not justify. It will provide a cost-effective and efficient means to help eliminate the need for the U.S. supply chain to continue to rely upon the Asian/North American trade and will provide a network for customers to ship goods between Mexico, the United States, and Canada.[1] The common control of our two companies will also yield demonstrable benefits for the environment by converting significant volumes of truck traffic onto rails and delivering better fuel efficiency at lower cost. In short, the combined entity will provide a strong platform for revenue growth, continued capital investment, and job creation.

Third, this strategic rail combination produces public benefits that a deal with an infrastructure fund, private equity fund, or private wealth fund could not. As the Board is no doubt aware, a non-rail party repeatedly placed an offer, but it would not generate the public benefits that this transaction will create and could have resulted in debt levels that could have reduced investment.

Fourth, we are confident in our ability to integrate these two railroads without the disruptions that have occurred in mergers involving other railroads. We are confident because KCS has integrated two other railroads without disruptions and CP has similar experience. Because the two railroads only connect in Kansas City, have adopted similar operating models, have similar policies on demurrage, and share a commitment to customer service, there will not be significant operational changes, labor impacts, safety impacts, or impacts to the environment.

[1] Creating a network that facilitates inshoring, as opposed to offshoring, is particularly critical at this time when the pandemic has caused supply chain disruptions and there has been a significant shift in policy and thinking to encourage inshoring, especially with the passage of the United States–Mexico–Canada Agreement ("USMCA").

KCS and CP have excellent teams to coordinate the integration safely without service disruptions.

Finally, I will conclude with an overview of our Mexico business and the basic facts about the Mexican gateways. This transaction does not change the access to any Mexican gateway for any other railroad – although other U.S. carriers serving the Mexican markets will face intense competition for transborder traffic from a combined CP/KCS.

I. THE PROPOSED TRANSACTION BETWEEN CP AND KCS IS THE "ONE UNIQUE TRANSACTION AMONG LARGE U.S. RAILROADS"

The CP/KCS transaction is a unique transaction among large U.S. railroads that is beneficial. First, it involves the two smallest, but fastest-growing, Class I railroads, who once combined will remain the smallest Class I railroad. While remaining the smallest of six U.S. Class I railroads by revenue, the combined company will create a much larger and more competitive network that connects the United States, Mexico, and Canada. Second, no customer loses access to its existing rail service provider as a result of the merger because CP and KCS connect only in Kansas City. CP and KCS do not compete in the same markets and have always offered complimentary services in different geographic markets. Third, a strong new competitor will be created to compete aggressively with the dominant carriers, UP and BNSF, and with trucks and other modes of transportation. Fourth, the CP/KCS combination is a balancing and stabilizing transaction. It will result in a stable U.S. rail network with two major railroads in the East, two major railroads in the West, and two major railroads with networks spanning Canada and running North-South through America's heartland. The transaction will remove the incentives that exist today for another Class I to destabilize this map by seeking to combine with KCS.

My view of the uniqueness of this transaction has been echoed by one of the largest skeptics of railroad mergers in the history of Congress. For thirty years, Senator Byron Dorgan expressed his skepticism of railroad mergers and introduced legislation regarding concentration in the rail industry, including The Rail Shipper Protection Act. Yet, he has made it clear that this is one transaction he can support, stating that: "the proposed CP-KCS transaction is the one unique transaction among large U.S. railroads that I believe is beneficial and that does not raise the concerns related to East-West transcontinental railroad mergers."[2]

II. THE TRANSACTION HAS SIGNIFICANT PUBLIC BENEFITS TO KCS'S CUSTOMERS, EMPLOYEES, INFRASTRUCTURE, AND THE ENVIRONMENT

The CP/KCS transaction is beneficial for many stakeholders and the public. This transaction is about growing our business by providing our customers the choice to use the combined network of CP and KCS in a single-line move or to continue with existing routes and interchanges (CP and KCS are committed to keeping existing gateways open on commercially reasonable terms). This will give customers more choices, not less. It is about creating a strong, new, competitive alternative for shippers to and from the Canadian, U.S., and Mexican markets – markets that are today dominated by UP and BNSF. It is about improving service, reducing transit times by eliminating interchange handoffs, and creating new efficient routes. It is about growing jobs through creating new routes and growing traffic. It is about maximizing the benefits of USMCA and helping to de-risk the supply chain and supporting inshoring. It is about unleashing infrastructure investments to make those opportunities possible. It is about moving freight to the most environmentally friendly mode of transportation, alleviating a component of

[2] STB Finance Docket No. 36500, Letter of Byron Dorgan (filed April 12, (2021))(hereinafter "Dorgan letter").

highway congestion, and thereby improving public safety. In short, the proposed transaction between CP and KCS is overwhelmingly in the public interest.

A. There Is No Loss of Competition

CP and KCS do not compete head-to-head in any market. They connect in one place: Kansas City. They share a single yard in Kansas City, from which CP goes north and KCS goes south. Thus, the two networks are entirely complementary. No customer will lose access to an existing rail service once the transaction is consummated. Accordingly, in Board parlance, we have not identified a single 3:2 or 2:1 customer. Likewise, no customer will lose the opportunity to continue to use their existing interline routings that involve KCS or CP and another carrier. This is because CP and KCS are committed to ensuring that any existing gateways or interchange locations remain open on commercially reasonable terms. This means CP and KCS will not foreclose a shippers' opportunity to use an existing interline move. As discussed below, this also applies to the Laredo gateway, where KCS made certain commitments to the Board in the KCS/Tex Mex proceeding[3] to keep the Laredo gateway open on commercially reasonable terms, and also agreed with the National Industrial Transportation League ("NITL") to ensure the same. Those commitments will remain and CP and KCS will abide by them post-transaction.

B. New Competition Injected into the Transportation Market

This proposed transaction will enhance competition by creating a new, fierce competitor with new, single-line hauls that is well-positioned to battle other railroads, trucks, and additional modes of transportation. At a high level, there are several ways in which the transaction injects competition in the transportation market.

[3] *Kansas City Southern – Control – The Kansas City Southern Railway Co., Gateway Eastern Railway Co., and the Texas Mexican Railway Co.*, STB Finance Docket 34342 (Decision No. 12 served Nov. 23, 2004)("KCS/Tex Mex").

First, a CP combination with KCS will create new, single-line service options that will enhance competition and facilitate growth. In most cases, single-line moves are more efficient and cost-effective. By eliminating the need for a KCS/CP interchange and by coordinating our operations, equipment, and capital investments, KCS/CP will provide a cost-efficient seamless, connected system from Mexico, through the United States, and into Canada. This will provide rail customers with unfettered access to new markets. The transaction matches rich origin points with new destinations and gateways that neither franchise over the years has been able to achieve through interline or joint marketing efforts.

Second, by coordinating operations and capital investment, the combined system will be able to add capacity and increase flexibility and fluidity in the system. As an example, CP and KCS have already determined that there are several opportunities to route freight in more efficient ways, including by routing certain freight away from Chicago. These new routings will require new infrastructure investment, investment that could not be justified if the parties were to remain separate entities. This new investment will unlock routes to be more competitive for certain freight against other transportation options, especially trucks. Indeed, capturing a larger share of the truck traffic moving cross-border from Mexico, through the U.S., and up into Canada, for example, is a primary goal of the transaction. There is a substantial amount of freight moving via trucks that should be moving on the rail network. CP/KCS will be going after that traffic vigorously.

Finally, this transaction and the resulting network create a stronger competitor to battle with UP and BNSF. Specifically, CP/KCS will create new single-line rail options in many corridors where shippers today are dependent on our much larger Class I rivals – like UP, BNSF, and CN. To the extent the combined system creates a diversion of traffic away from UP or

BNSF to the CP/KCS network, that is a positive development. Such traffic will only be routed over the CP/KCS system if CP/KCS routings are more efficient, faster, and cost-effective, which we believe CPKC will be. This competition makes CPKC stronger and is good for shippers. Rail customers on the combined CPKC, as well as customers who choose to stay on UP and BNSF, should see the benefits of that competition.

In this sense, I agree with the comments made in Keith Creel's Verified Statement. I share his belief that the transaction presents numerous opportunities for injecting new competition to existing markets dominated by other carriers. For example, we expect to be able to better compete for:

- Grain from the Dakotas, from which the only single-line option today is BNSF;
- Grain and forest products from Canada to the Gulf, where the only single-line option is CN; and
- Chemicals from the Gulf to Canada, where CN is the only single-line option today.

These are not the only areas, however. Rather, these are among a much wider array of new opportunities about which I am particularly enthusiastic. The combined system will provide enhanced competition in other markets as well, including the following.

- The combination of the CP and KCS networks through this transaction will connect customers with premier ports to access key overseas markets.
- The transaction will result in six of the seven largest metro regions in North America being connected with a new, single-line competitor, which is a tremendous opportunity for adding new intermodal services between Dallas, East Texas, as well as Chicago, Detroit, and other destinations, on the other.
- Corn, bean, wheat, and canola producers and shippers, as well as meals, oils, and ethanol producers and shippers will all gain additional domestic markets because they will gain routes to the Gulf of Mexico and, of course, into Mexico itself.

- On the automotive front, the KCS franchise has very rich origination and production locations in the 16 automobile plants in Mexico that are served by KCS. 80% of that volume is bound for the United States or Canada. Automotive traffic and other OEM parts manufacturers that have been historically interchanged by KCS at the Mexican border with UP and BNSF will have a new option to use the combined CP and KCS, without losing their option to use KCSM/KCSR/BNSF or KCSM/UP routings. Standing alone, KCS does not have as efficient a route from Mexico to Detroit and Chicago as UP and BNSF have because KCS lacks a direct route and must interchange that traffic. A unified CP/KCS will provide a direct and competitive route and will thereby provide customers an enhanced alternative to UP's and BNSF's dominance in this north-south trade.

- Growth opportunities for forest products, aggregates, steel, as well as energy products will be unlocked as the CP/KCS combination creates new opportunities for land capacity on the railroads.

Because of this new competition against the dominant rail carriers, the words of former Board Chairman Charles "Chip" Nottingham ring true – "any efforts by larger competitors to a CP-KCS network to use the Board's merger review process to delay and complicate the proposed CP-KCS merger should be viewed with skepticism."[4] In short, when we examine these substantial benefits in their totality, there are clear benefits to customers to be gained from this transaction.

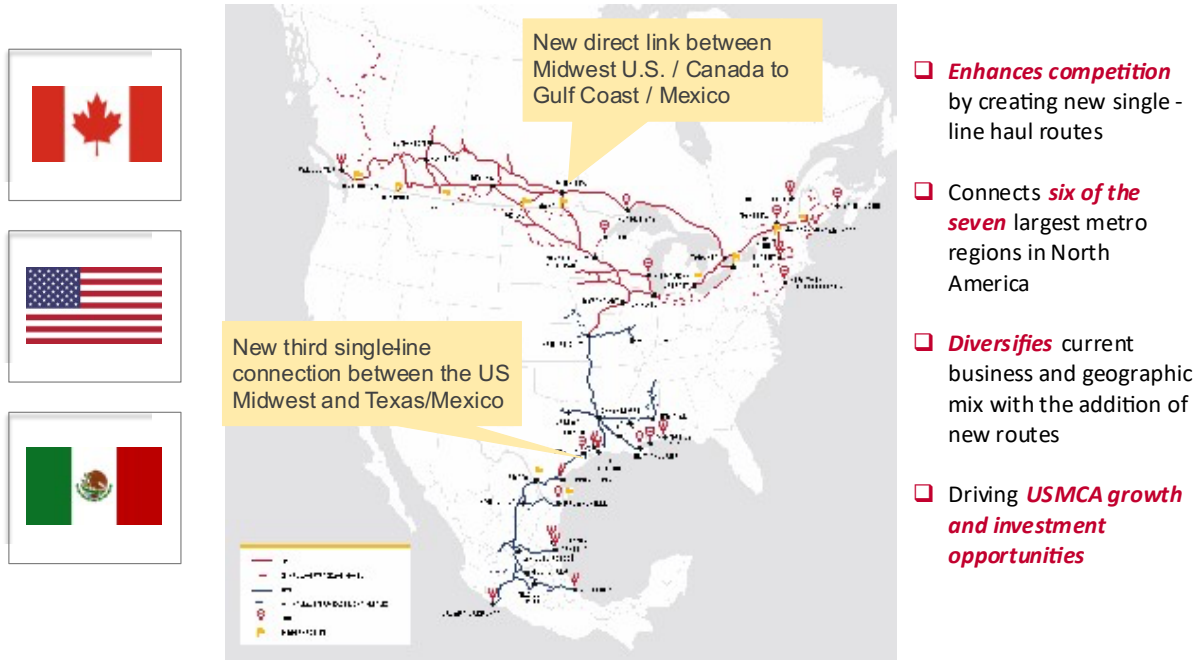
C. Customers Benefit

All these benefits, which are shown below graphically, will flow through to customers and drive growth in the USMCA environment.

[4] CP+KCS a Unique Opportunity, *Railway Age*, Mar. 25, 2021.

Creating the First U.S. -Mexico-Canada Rail Network

CPKC Network



- ***Enhances competition*** by creating new single-line haul routes
- Connects ***six of the seven*** largest metro regions in North America
- ***Diversifies*** current business and geographic mix with the addition of new routes
- Driving ***USMCA growth and investment opportunities***

6

Customers should also benefit from improved service and improved cycle times and asset turns. This transaction creates the opportunity to have some traffic that would today be routed through Chicago bypass that gateway. Routing that traffic out of Chicago and via the CP route through Iowa is expected to improve service and increase available capacity for shippers whose traffic has no choice but to go through the Chicago gateway. Similarly, a rail customer whose traffic can stay on CP/KCS from Canada to Mexico without interchange to other carriers will benefit from a reduction in interchanges and correspondingly improved cycle times. That means improved asset turn and cycle time savings for customers. If that customer owns private cars, it will result in reduced private car expenses as well. Finally, of course, there is also the benefit to customers of eliminating the administrative headaches and expenses of having to work with two

carriers on a move, including the lack of a single source for tracking a rail car when it is a multi-carrier movement (which is a weakness of today's rail network when interline movements are involved).

The benefits of the transaction are simply compelling for rail customers. As Mr. Dennis Manns, a former high-level automotive executive, noted in his op-ed, "The CP-KCS transaction is the only transaction among large U.S. railroads that is unquestionably beneficial for automotive and other customers."[5] Senator Byron Dorgan shares this view:

> As shippers in North Dakota and elsewhere have already pointed out, the transaction promises to improve shippers' transportation service options and open new markets via new, more efficient single-line hauls. These new transportation options will provide additional opportunities for shippers, strengthen competition, and foster economic growth across the North American continent. [6]

D. Employees Benefit Through Realization of Growth

Our employees are the backbone on which KCS operates and serves our customers. They make it happen by providing quality service to our customers. Therefore, I would be remiss not to mention the benefits to KCS employees, who will benefit from being part of a truly North American continental enterprise, which will create a strong platform for revenue growth, capital investment, and future job creation. The merger synergies estimated to be produced by this historic combination are premised on commercial opportunities and growth and not on cost-cutting through job reductions, reduced maintenance, or reduced capital investment. Indeed, as discussed below, there will be an increase in capital investment as a result of this transaction. The goal shared by CP and KCS is to grow traffic volumes and grow the railroads. That is the benefit of a strategic merger rather than a private equity deal. With that traffic growth – resulting

[5] *Viewpoint: Greenlight the pro-shipper CP-KCS combination*, FREIGHT WAVES (Mar. 30, 2021), https://www.freightwaves.com/news/viewpoint-greenlight-the-pro-shipper-cp-kcs-combination.

[6] Dorgan Letter.

from new single-line routes, new commercial opportunities, and other benefits – we expect there will eventually be additional net job growth rather than job cuts. As I said in a letter to our employees, this transaction "will also benefit KCS and our employees by enabling us to become part of a growing and truly North American continental enterprise."

E. Infrastructure Investment Is Unleashed

Unfortunately, as is often the case when two railroads try to collaborate on arrangements such as joint marketing and joint operating agreements, they fail. This is because each railroad works to protect its interests or not expend its capital on a risky commercial opportunity for which there is no guarantee of adequate returns. Certainly, KCS found that to be the case with the proposed KCS/CN Alliance Agreement that arose from the CN/IC merger. While that was before my tenure at KCS, my understanding is that this venture failed because the parties could not coordinate investment and operations in a way that benefitted both railroads. Instead, the railroads did the natural thing: each sought to obtain its long-haul. This defeated the purpose of the Alliance Agreement.

This has also been the case with prior joint-marketing agreements between KCS and CP. Despite good faith efforts in the past, CP and KCS were simply unable individually to financially justify certain infrastructure investments that were needed to unlock commercial opportunities to move more freight on intermodal trains. This combination will remove that friction from the infrastructure investment process. A unified company with a unified goal will be able to make investments that the separate companies could not agree to make. Such is the case with a number of the siding extensions and other infrastructure investments detailed in Mr. Creel's Verified Statement in Figure 4.

F. Helping De-Risk the Supply-Chain

The pandemic has taught us that global supply chains involve greater risk than perhaps a lot of industrial companies are willing to tolerate. In December of 2020, the Wall Street Journal published an article that reported on several studies completed earlier that year. "In May, nearly a quarter of companies told the Institute for Supply Management that they are planning or have begun to reshore or 'nearshore' some or most of their operations. That same month, 93% of executives told McKinsey & Co. they would explore a potential overhaul of their supply chains."[7] We are seeing that story of companies searching for ways to shrink and de-risk their supply chains continue to play out in 2021. In August of 2021, Fortune magazine published an article that observed that "[o]nshoring, nearshoring, and reshoring have become imperatives for businesses . . . whose supply chains snapped in 2020."[8] The data from a recent survey are telling:

- 49% agreed or strongly agreed that the benefits of onshore production outweigh the higher labor costs;
- 52% reported that as COVID disrupted global supply chains, their company increased domestic manufacturing/sourcing of products;
- 48% agreed or strongly agreed that current domestic policies and international trade policies sufficiently encourage reshoring and investment in domestic facilities; and
- 47% said their company will strive to diversify its supply chain over the next three years to reduce dependence on a single country source or manufacturing location.[9]

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[7] *Firms Want to Adjust Supply Chains Post-Pandemic, but Changes Take Time*, Mike Cherney, WALL ST. J. Dec. 27, 2020.

[8] *Globalization isn't dead—it's radically transformed*, Clay Chanler and Nicholas Gordon, Aug. 3, 2021.

[9] *Global Pandemic Roils 2020 Reshoring Index, Shifting Focus from Reshoring to Right-Shoring*, Kearney, available at https://www.kearney.com/operations-performance-transformation/us-reshoring-index

North America is going to continue to be a very attractive source of investment and growth – particularly in manufacturing and industrial activity. The network created by this transaction is not only going to be in a position to benefit from those trends, but it can help to drive those trends, which will result in more job creation in the United States as a result of more onshoring.

G. The Environment and Safety Benefits

CP's combination with KCS will yield demonstrable benefits for the environment and safety. As I noted above, new infrastructure investment, new routes, and growth opportunities target truck traffic, including intermodal traffic. By converting significant volumes of truck traffic from crowded highways that require public investment onto rails, we will deliver better fuel efficiency for moving that freight. It is a well-known fact that moving freight by rail is substantially more fuel-efficient than moving it by trucks. Indeed, rail is about four times more fuel-efficient than trucking. One train can keep as many as 1,000 trucks off the road.[10] So, this transaction with its growth opportunities and commercial synergies is very consistent with our commitment to climate change action and environmentally-friendly operations. Finally, both CP and KCS have committed to setting science-based targets to reduce emissions in line with the Paris Agreement,[11] and the merged entity will continue that work in support of a more sustainable North American supply chain.

The transaction should also improve safety. First, we intend to implement this transaction in a safe and methodical way and without service interruptions. Second, once implemented, the transaction, as noted and as supported elsewhere in this application, will result

[10] Michael Webber, "Freight Trains Are Our Future," POPULAR SCIENCE, May 9, 2019, available at https://www.popsci.com/power-trip-excerpt/ (hereinafter "Webber").

[11] https://investors.kcsouthern.com/news-releases/2021/05-06-2021-130144650?sc_lang=en

in a shift of truck traffic to the newly combined system. Moving freight off of highways has safety benefits for the public. "Transferring freight cargo by rail instead of by truck is also safer. Freight transportation is responsible for approximately 100,000 injuries and 4,500 fatalities each year, and trucks are responsible for 95 percent of those injuries and 88 percent of those deaths. Most of the people killed by trucks are in passenger vehicles sharing the road with 18-wheelers."[12]

III. THE PROPOSED STRATEGIC COMBINATION ADVANCES THE PUBLIC INTEREST IN A WAY THAT A PRIVATE EQUITY TRANSACTION COULD NOT

It is well known and documented that CP was not the only suitor for KCS. The Form F-4 filed with the Securities and Exchange Commission provides more complete details, but let me make a few critical points here.[13] First, KCS had a suitor from outside the rail industry referred to in the SEC filings as "Party A". Second, the KCS Board seriously considered Party A's six offers to purchase KCS, with appropriate consultations with Advisors, and compared those offers to the option of just executing our strategic plan and to other offers received.

A private equity deal would have resulted in KCS becoming a private company, like BNSF. Such a deal would have been consummated without the Board ever reviewing it. But, importantly, such a deal would not have had any public benefits related to new commercial opportunities, improved competition, improved transportation services, increased employment, or environmental gains in the United States – all of which I discussed above. It would not have connected Canada, the United States, and Mexico into a single integrated rail network, which is crucial to supporting the expected growth from USMCA and the trend to inshoring/onshoring of the logistics supply chain. Only a strategic combination – that is a combination with another

[12] Webber, available at https://www.popsci.com/power-trip-excerpt/.

[13] *See* Registration Statement at 49-63.

player in the industry – could produce similar benefits. The strategic combination with CP specifically produces such benefits in a way that does not reduce competition, require significant conditions, or risk downstream transactions by other carriers.

We never agreed to a deal with private equity because there were strategic partners available that produced significant benefits. In contrast, a deal with private equity likely would not have provided such benefits and could have actually resulted in reductions in capital investment and service. To pay a premium, the private equity purchaser would likely finance its purchase through additional debt. Because it is not a strategic transaction, private equity would simply take the place of existing KCS shareholders and there would be no revenue synergies from new routes and business opportunities. Accordingly, the resulting entity would have had to find a means by which to pay any additional debt and to do so without growth or revenue opportunities, which could financially stress the railroad to the . In such situations, it would be common to reduce service and capital investment. Such an outcome would not be in the public interest, and it could have occurred without regulatory scrutiny. In contrast, the CP/KCS transaction produces substantial benefits and without the need to cut back on service or investment.

IV. CP AND KCS ARE COMMITTED TO A SEAMLESS INTEGRATION OF THE TWO RAILROADS AND HAVE THE TRACK RECORD TO PROVE IT.

Our and CP's track records of merger integration are best-in-class. Accordingly, while there are often operational concerns about possible service integration problems or service meltdowns in a post-control environment, they should not exist for this combination.

First, KCS is committed to working with CP to ensure a smooth transition and avoiding the types of problems that have occurred in prior transactions for other railroads. That commitment is backed up by a track record of success. Both companies have a strong history of

integrating prior acquisitions. KCS has smoothly integrated its operations in connection with its prior transactions including KCS-MidSouth; KCS Gateway Eastern and Gateway Western; and most recently KCS-Tex Mex-TFM. KCS has also implemented two phases of PSR without the types of service issues or service complaints faced by others. Similarly, CP integrated Dakota Minnesota, and Eastern seamlessly, and did the same with its acquisition of the Central Maine & Quebec Railway. In this case, the two railroads connect operationally only at Kansas City, which greatly simplifies operational integration. Finally, we have a great team of experienced railroaders who will be working to ensure a smooth integration for our customers and the transportation marketplace. In sum, CP and KCS intend to continue their track record of successful rail integrations when implementing this transaction after receiving Board approval.

V. THERE WILL BE NO ADVERSE IMPACTS AT THE LAREDO GATEWAY; ONLY THE ADDITION OF MORE COMPETITION

I fully expect some of our large rail competitors may raise concerns over whether a combined CP/KCS system will impact existing interline routings over major gateways. Indeed, earlier in this proceeding some parties briefly raised this concern about the Laredo Gateway.

Nothing could be further from the truth. CP/KCS will have neither the incentive nor the ability to "force" any shipper away from an efficient interline route it uses today to a CP/KCS single-line route. These are the same issues raised in the context of the KCS/TFM/Tex Mex transaction and for which the Board rejected requests for conditions, relying instead on market forces, KCS's commitments, and the NITL Agreement as factors which would prevent such vertical foreclosure. As discussed further below, the commitments KCS made in KCS/TFM/Tex Mex will remain. In addition, CP and KCS have publicly stated that in addition to abiding by those prior commitments, the combined entity will commit to maintaining all existing interchange gateways on commercially reasonable terms, and this includes the Laredo Gateway.

CP and KCS are convinced that many shippers will choose to use the combined KCS/CP network for United States/Canada/Mexico movements because the combined system will provide new competition at cost-effective prices and service standards that will match or beat the routings offered by the other carriers.

A. The Mexican Market for KCS Is Strong and Has Further Growth Potential from this Transaction

Today, our Mexico franchise represents about half of KCS. Any way you look at us, whether you measure miles, employees, or revenues, KCS is 50% in Mexico. KCSM operates over a railroad system consisting of approximately 3,800 route miles. This includes approximately 3,300 route miles operated under its concession from the Mexican government and approximately 550 miles of trackage rights. We serve three Mexican ports on the East Coast – Veracruz, which happens to be the largest automotive port in Mexico, Tampico, and Altamira – and one on the West coast – Lázaro Cárdenas, which is a large intermodal and industrial products port. Mexico has represented a tremendous growth opportunity for rail freight because of the industrial investment and growth in that country. The auto industry, with its 16 auto plants in Mexico, is probably the best example of that investment and growth.

Let me provide some additional key facts about our Mexican business that may be helpful. We operate under a concession in Mexico. It's a 50-year concession that expires in 2047, which is renewable at the end of that term for an additional 50 years. Our network continues down through the industrial heart of Mexico, passing through Monterrey, San Luis Potosí, and into Mexico City. Suffice it to say that our network in Mexico covers some of the fastest and most exciting industrial growth markets in North America and we continue to believe Mexico represents a significant growth opportunity for the combined CP/KCS system.

The prospect of further growth because of the adoption of USMCA, along with the changing supply chain strategies, like onshoring and de-risking global supply chains, that I mentioned earlier, all bode very well for Mexico, the United States, and Canada. There will be strong momentum because of the certainty created for at least the next 15 years by the ratification of USMCA. Mexico will continue to benefit from an attractive investment climate as well as the near-shoring phenomenon, and the combined CP/KCS network is poised to play its part in ensuring that shippers benefit from these trends.

In short, we are excited about the prospects to grow traffic moving to and from Mexico. The new single-line service created by this transaction will open business opportunities for freight moving to and from Mexico, from Canada, and particularly from the Great Lakes, Chicago, and Detroit markets that do not exist today, which will further enhance the competitiveness of these products throughout North America.

B. The Dynamics of Mexican Gateways – and the Laredo Gateway in Particular – Are Unaffected By This Transaction

As the Board is fully aware, the current KCS network crosses the border at the Laredo Gateway, which is the most significant freight gateway between the U.S. and Mexico. Indeed, about 44% of all U.S.-Mexico surface trade passes through the Laredo Gateway. On one hand, growing that traffic is an important benefit of this transaction.

On the other hand, there is no harm from the CP/KCS transaction to any other railroad's current access to the Mexican border – although we intend to offer improved services that require them to compete harder. As shown in the map below taken from UP's website,[14] there are six gateways between Mexico and the United States over which freight can be transported by

[14] https://www.up.com/customers/premium/de-mex/index.htm

rail. Union Pacific boasts on its website that: "Union Pacific is the leading rail provider to and from the U.S./Mexico border and the only railroad to serve all six major gateways."[15]



On its website, BNSF touts that "BNSF Mexico is here to facilitate your Mexico transborder shipping with five key United States Gateways: San Diego, El Paso, Eagle Pass, Laredo, and Brownsville."[16]

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[15] https://www.up.com/customers/mexico/ (emphasis added). *See also* https://www.up.com/customers/premium/resource-center/eagle-premium/index.htm

> Union Pacific, in conjunction with Ferromex, offers Eagle Premium Service that features seamless Intermodal service six days per week between Chicago, Illinois, and Monterrey, Mexico with expanded service from Monterrey to Los Angeles, Lathrop, and Seattle.
>
> The FXE Monterrey Intermodal Terminal is ideally located in the Escobedo region of Monterrey, just minutes away from major manufacturers and Mexico's second-largest consumer market. The terminal's proximity to major highways allows service to all of Northern and Central Mexico's markets with ease. Additionally, having access to the largest rail-owned container fleet (EMP & UMAX) provides the capacity to take advantage of the growing opportunities between the United States and Mexico, while simplifying border crossings.
>
> Expanding opportunities to serve more markets in the United States and Mexico, Union Pacific and Ferromex have recently introduced expanded Eagle Premium service from Silao, Mexico to Chicago and Memphis.

There will be no change in the existing dynamics at the border. UP will continue to have six border crossings; BNSF will continue to have five (again, with access via Laredo as part of CPKC-Robstown-BNSF routings). Any combined CP/KCS/KCSM routings will move traffic over the Laredo Gateway only,[17] but CP/KCS/KCSM will not be able to foreclose existing UP or BNSF interline movements for three primary reasons. First, KCS is now, and the combined entity will continue to be, subject to the conditions related to traffic moving via Laredo previously imposed by the Board in KCS/Tex Mex. These conditions require KCS to honor its commitments to: (1) continue to work with UP and BNSF on operating matters such as pre-blocking rail cars, improving automated customs pre-clearance procedures, supplying cars, accommodating run-through train service, providing excellent service, and promptly quoting rates; (2) honor the terms of all existing agreements; (3) keep the Laredo gateway open on commercially reasonable terms; (4) treat all carriers fairly at the Laredo Bridge, preserving existing dispatching and operating practices over the Bridge, and continue to be bound by agreements governing operations over the Bridge; and (5) keep safety a top priority.[18] CPKC will inherit those obligations.

Second, the merged entity will still be subject to the terms related to the Laredo Gateway contained in the evergreen agreement that KCS entered into with NITL in conjunction with that same transaction. The KCS/NITL Agreement put "teeth" on the above commitments and gave

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[16] https://www.bnsf.com/ship-with-bnsf/maps-and-shipping-locations/mexico/gateway-and-connections.html. BNSF does not reach Laredo, but its interline freight traverses the border there as part of a BNSF-KCS-KCSM interline routes, with the interchange usually occurring at Robstown, Texas.

[17] KCSM reaches Brownsville also, but all traffic to that gateway is today – and will be after the transaction – interchanged to other carriers. Neither KCSR nor CP reaches Brownsville.

[18] The fact that Mexican law requires KCSM to give a rate to/from the Laredo gateway also restricts the combined CP/KCS network from providing only a single-line rate on international through traffic. I do not foresee that Mexican law changing either.

shippers a means to enforce them. It is worth noting both that (1) UP asked for the Board to impose many more onerous conditions on traffic moving via the Laredo Gateway in that proceeding but the Board declined, and (2) since the transaction, there has not been a single complaint from railroads or shippers that KCS and KCSM were foreclosing the Laredo Gateway in any way. If shippers believe their ability to utilize KCSM/UP or KCSM/BNSF routings is threatened in any manner by a CP/KCS combination, they will have remedies to ensure that does not happen.[19]

Finally, market forces simply will not allow a combined CP/KCS to foreclose efficient interline movements with UP or BNSF. As was discussed at length in the KCS/TFM/Tex Mex decision, and as the same applies with respect to a CP/KCS transaction, it would not be in the financial interest of the combined entity to attempt to foreclose UP and BNSF routings. Those routings represent a significant amount of revenue to KCS and will continue to do so in the future. We would only harm ourselves if we tried to foreclose these routings. Furthermore, if the combined CP/KCS tried to raise rates on KCSM movements that are not rail dependent, the traffic would shift to motor or water carriage. With respect to existing rail dependent movements, prices are already pushed to market levels. There is no additional revenue to be gained. Market conditions simply would prevent CP/KCS from raising rates to shippers or foreclosing UP and BNSF from the Mexican market.

CONCLUSION

I am pleased that this historic opportunity for CP and KCS to combine forces to be a new fierce competitor has come to fruition. The substantial public benefits from this transaction that

[19] I don't expect any such complaints because the CP/KCS transaction is about enhancing competition and providing an alternative to UP and BNSF routings. It is not about foreclosing shipper opportunities, but is instead about expanding them.

will provide new routes, markets, and opportunities for customers – in competition with other railroads, trucks, and modes of transportation – makes this transaction between CP and KCS a compelling one. The litany of other public benefits, including job growth, unleashed infrastructure investment, environmentally-friendly transportation, derisking supply chains, advancement of USMCA, and others – make this an overwhelmingly positive transaction. Therefore, I respectfully urge the Board to expeditiously approve this transaction so that we can begin to produce these substantial benefits for customers, employees, infrastructure, the environment, and our shareholders.

VERIFICATION

I, Patrick J. Ottensmeyer, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed this 29th day of October 2021.

DocuSigned by:
Pat Ottensmeyer
ACF48868608649E...
Patrick J. Ottensmeyer
President and Chief Executive Officer
Kansas City Southern

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF JOHN BROOKS

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF JOHN BROOKS

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VERIFIED STATEMENT OF JOHN BROOKS

1. I am John Brooks, Canadian Pacific's Executive Vice President and Chief Marketing Officer ("CMO"). I have been CMO since 2017, for two years as Senior Vice President and since 2019 as Executive Vice-President. I have had senior marketing responsibilities for CP since 2007, when CP acquired the Dakota, Minnesota & Eastern Railroad ("DM&E"), where I served as Vice-President of Marketing. I began my railroading career with Union Pacific and later helped start I&M Rail Link, LLC ("IMRL"), which was acquired by DM&E in 2002.

2. Over the course of my railroad career, I have had senior responsibilities across all lines of business, including coal, chemicals, merchandise products, grain, and intermodal. As a lifelong resident of the Upper Midwest, and a graduate of the University of Northern Iowa, I have especially deep knowledge of the transportation needs of customers across the Midwest states served by CP – the Dakotas, Minnesota, Iowa, Illinois, and Wisconsin.

3. I am submitting this statement to provide an overview of how CP anticipates bringing to market the new capabilities unlocked by the CP/KCS combination to serve our customers better, to compete harder, and to continue the CP growth story of recent years. My years of experience working with KCS (first at IMRL, then at DM&E, and later at CP) trying to develop interline service offerings over the Kansas City Gateway teaches that short of a full combination, the benefits of a CP/KCS Transaction promises could not be achieved. I could not be more excited about all of the ways the new Canadian Pacific Kansas City ("CPKC") will uniquely be able to provide our customers with better transportation options, delivering improved service and better commercial terms and stronger competition in important North-South transportation corridors.

4. My statement also outlines the commitments CP is making to backstop our belief in the unambiguously positive character of the proposed CP/KCS Transaction, which include:

- Keeping existing gateways open on commercially reasonable terms;
- Avoiding the creation of any new "bottlenecks;" and
- Assuring our customers that our implementation of the CP/KCS combination will not cause service disruption or degradation.

I. THE CP/KCS COMBINATION BUILDS ON CP'S CUSTOMER-FOCUSED GROWTH STRATEGIES

5. As CP's Chief Marketing Officer one of my principal responsibilities is to understand the transportation needs of our customers and work with them to find ways that CP can better meet their needs. CP is proud to be the fastest-growing Class I railroad in North America, and that growth has come from a lot of hard work to hone our operating efficiency and use those tools to serve our customers better through lower costs, more efficient routes, better reliability, improved cycle times, superior car supply, and a myriad of other factors that affect the value our customers receive. Jonathan Wahba, our Vice President of Commercial Integration, provides a more detailed breakdown of how, on a commodity-by-commodity basis, CP/KCS will take its enhanced capabilities to market in the quest to grow by competing for business with services that deliver superior value to customers.

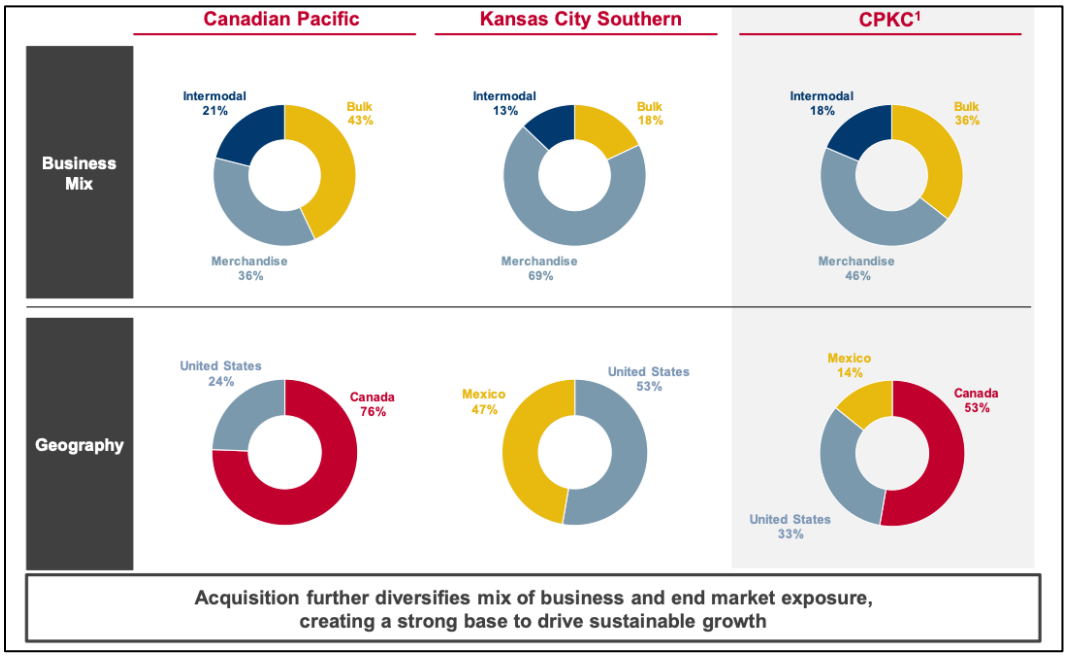
A. CP/KCS Is a Perfect and Natural Fit

6. In every respect, the CP/KCS combination really is a "perfect and natural fit." The two railroads' networks fit together seamlessly, with a single connection at Kansas City and no route overlap anywhere. The combination also meshes perfectly with CP's core values and desire to find ways to serve our customers' needs better and support their growth and ours at the same time. Further, the Transaction could not come at a better time, as there are more reasons

than ever that North America needs more efficient North-South trade arteries to support the interconnected supply chains of the United States, Mexico, and Canada and to achieve the goals of the USMCA trade agreement.

7. CP and KCS are a natural fit in other ways as well. The CP/KCS combination will yield a railroad with a more diversified traffic mix from both a geographic and commodity perspective. Figure 1 below is a slide CP and KCS used when we first announced our plan to combine in March to explain our complementary traffic bases. KCS's relative strength in manifest carload traffic will complement CP's relative strength in intermodal and bulk traffic, often moving in unit trains. Our more balanced mix will provide a hedge against volatility – supporting more aggressive competition to attract additional volumes to the railroad. And this base will establish a foundation for investments in growth spanning a wide array of commodities including grain, chemicals, forest products, automotive products, and intermodal.

FIGURE 1[1]
CP AND KCS ARE HIGHLY COMPLEMENTARY



[1] CP/KCS Investor Presentation (Mar. 21, 2021).

8. The CP/KCS combination is also a perfect fit from the standpoint of the network capacity needed to support long-term growth. The core CP/KCS North-South route between the Upper Midwest and Louisiana is underutilized today, and the Transaction will support investments in CTC and additional and longer sidings that will expand that capacity still further. The CP/KCS network will funnel traffic from Mexico to the Upper Midwest and Western Canada without going near Chicago. And for traffic to/from Chicago itself (or passing through en route to Detroit and Eastern Canada), the favorable location of CP's Bensenville Yard and Schiller Park intermodal terminal will support efficient services that are not bogged down by the kinds of terminal delays for which Chicago is sometimes infamous.

9. CP's network in Canada is already well positioned to handle traffic growth generated by the CP/KCS Transaction. CP is blessed with intermodal terminals, auto ramps, transloads, and other facilities that have room to grow, along with the real estate and other resources necessary to support expansion. Likewise, CP's ongoing investment in new, higher-capacity grain hoppers will support moving more grain in every train, adding to our overall capacity to move freight. As demonstrated by Figure 2 below, CP's presentations to investors have repeatedly emphasized how "room to grow" is one of the crown jewels of CP's network. Access to available capacity has been one of the key underpinnings of CP's recent growth and it will likewise enable the combined CP/KCS system to go to market aggressively with an eye toward growth.

FIGURE 2[2]
CP'S ROOM TO GROW IS A KEY ADVANTAGE IN COMPETING EFFECTIVELY



10. Efficiencies and new investments flowing from the CP/KCS Transaction will further expand our capacity to pursue North-South traffic flows across the combined system. As our Operating Plan outlines, bypassing interchange at Kansas City (or other gateways with other carriers) will enable longer-haul blocks with fewer intermediate handlings, unlocking train and yard capacity that will allow us to grow efficiently. And that room for growth will be accelerated by the capacity investment we plan on the new CP/KCS main stem between Louisiana and Minnesota.

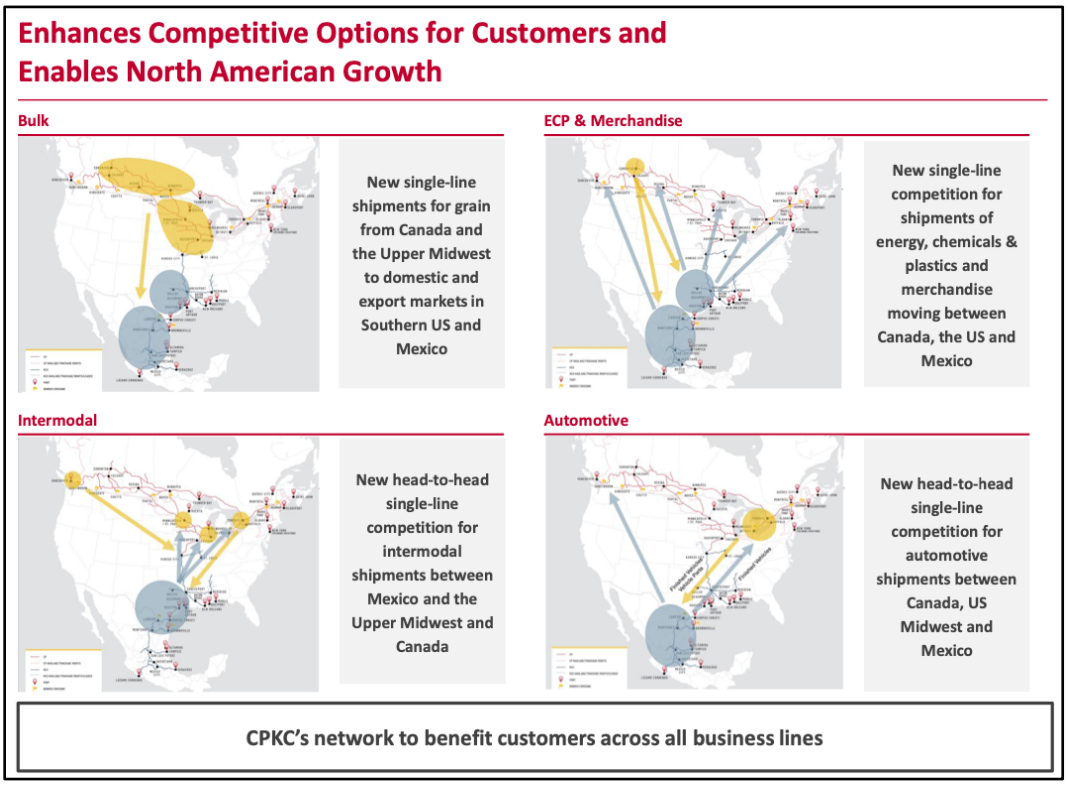
11. All of these features also make the CP and KCS networks the perfect combination for competition. Our lack of overlap means that shippers (including shippers on connecting shortlines) will lose no competitive alternatives – zero. It also highlights how our combination will strengthen (in other words, enhance) the competition we can provide against the larger Class I railroads. Our new single-line routes spanning the expanded CP/KCS network will give customers of both railroads new options for reaching a broader array of markets. We will

[2] CP Investor Presentation, "*Built to Drive Growth*"(Aug. 2021) at 33.

connect CP's rich origin network for shippers of many commodities – like grain, liquified petroleum gas ("LPG"), fertilizers, and forest products – with KCS's rich network of destinations for these commodities in the South Central United States and Mexico, expanding the market reach for CP shippers. Similarly, we will provide new single-routes connecting KCS's strong originations of automotive shipments from Mexico, forest products from Mississippi, chemicals from the Gulf, perishables from Mexico, among many others, with destinations reached by CP's network in the Upper Midwest and Canada. The combination's boost to the scope of our network and scale of our relationships with the many customers we serve will allow us to compete more aggressively and successfully against our larger rivals than either CP or KCS can do today, all to the benefit of the current and future customers of CP and KCS.

12. The competitive benefits of the CP/KCS Transaction are not just a reason why the Transaction is in the public interest. They were the central commercial rationale for the Transaction, as reflected in Figure 3 below, which is a slide from our March presentation to investors explaining the deal rationale.

FIGURE 3[3]
MORE EFFECTIVE COMPETITION IS A CORE TRANSACTION RATIONALE



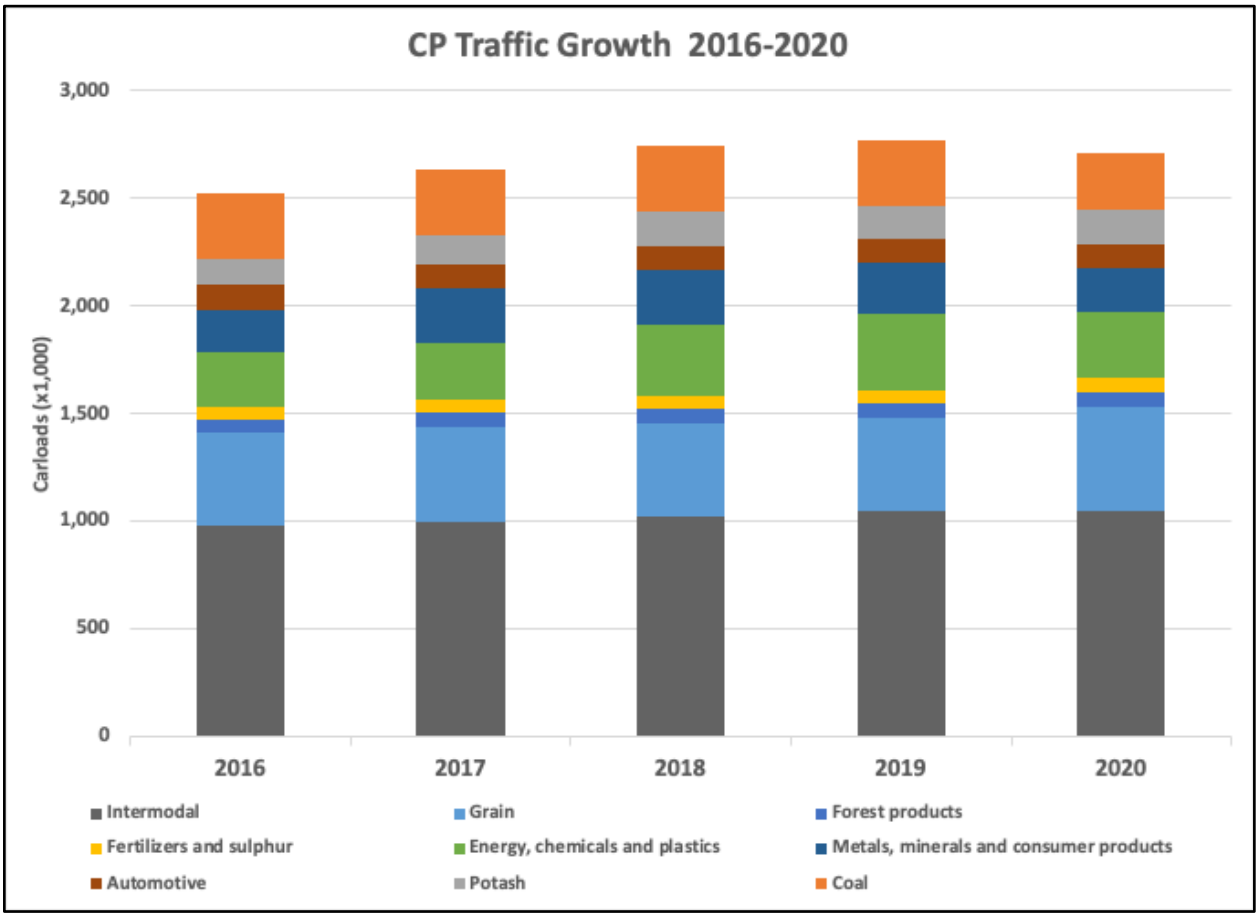
B. CP's Strength Is Delivering Efficient and Reliable Service to Our Customers

13. CP will bring to the combined CP/KCS system the same core values that have enabled our industry-leading growth over the past five years: operational efficiency and reliability, with abiding attention to execution and constant improvement; a focus on meeting the needs of our customers; and offering reasonable prices reflecting the value of the services we provide.

14. CP is proud of our recent track record. As shown in Figure 4 below, since 2016 CP has grown steadily across a broad group of commodities (albeit with a decline in coal traffic and some flattening in 2020 as a result of the COVID pandemic).

[3] CP/KCS Investor Presentation (Mar. 21, 2021).

FIGURE 4



15. We accomplished this success using a very simple but perhaps underappreciated formula. We started by rebuilding the basic product we sell – our origin-to-destination rail service – and then identifying ways that our more efficient and reliable services could provide real value to potential rail customers. We built individualized strategic playbooks (by commodity, market area, lane, and customer) and then set out to win business by demonstrating how we could outperform the competition not just with our train operations, but with the overall package of transportation and logistics services we offer these customers. Our approach covers the gamut of the things customers care about, including transit time, reliability, reasonable rates and terms, customer experience, access to the right rolling stock and related equipment, availability of capacity at transloads and other facilities, and the use of technology.

16. Our focus on growth has embraced both existing and new CP shippers, both large shippers and small, and shippers accustomed to using rail transportation options as well as those moving their goods via the highways. A significant portion of our intermodal traffic growth has resulted from converting truck traffic into rail intermodal traffic. We have also significantly expanded our transload network, convincing shippers who are not directly rail served (or who are directly served only by another railroad) to shift the long-haul movement of their goods to CP's rail network.

17. Our attention to serving customers' needs has enabled us to attract traffic from large numbers of smaller rail shippers. As shown above, the segments where we have had some of our greatest success growing traffic have included those most heavily-weighted towards manifest carload service, such as CP's centerbeam service from origins across Canada to lumber consumers in the United States.

18. CP reaches out to smaller shippers in a variety of ways. We have organized a Customer Advisory Council comprised of customers of all sizes from across all business units. Working with this group – as well as individual shippers and groups of shippers across our system – helps us better understand the needs of our customers and in turn shapes the transportation services we provide and the IT systems and tools we make available. The Council also provides a sounding board that enables customers to give us constructive feedback that helps us do our job better.

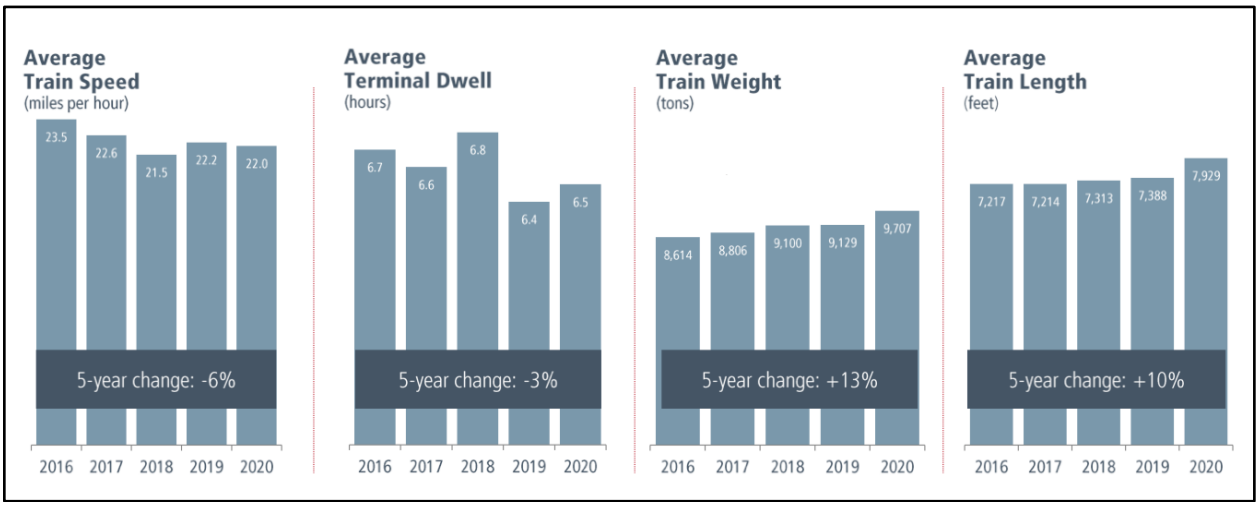
19. CP also cooperates closely with our connecting shortlines, who have "boots on the ground" where their customers do business and understand how we can work better together to satisfy those customers' needs. When I became Chief Marketing Officer in 2017, for example, CP began hosting an annual shortline conference to help build our interline

relationships with the smaller railroads that connect with CP in an effort to attract additional traffic to our networks. Our engagement with these partners helps us learn directly from these partners.

20. To illustrate the emphasis we have placed on adding traffic in one or two carload increments, over the past few years we launched two "Outreach Campaigns" to solicit business from smaller shippers. We kicked off the first of these during the COVID pandemic in 2020 when it was impossible to interface with our shippers face-to-face. We engaged with hundreds of potential customers and persuaded more than 450 of them to bring their rail traffic to CP's network, generating $75 million in revenue. We renewed this effort a few months ago – as our "Drive to Thrive" campaign – and have already attracted almost 3,000 carloads of new freight.

21. The operating efficiency and discipline of our Precision Scheduling Railroading model ("PSR"), with its focus on operations that are planned and monitored at the individual shipment level, has been instrumental in supporting all of this growth. All of the PSR innovations that allowed us to improve asset utilization, reduce costs, and increase on-time performance and service reliability have enabled us to be more aggressive in filling the railroad with new traffic, simultaneously meeting the needs of existing customers as well as the new customers we attract. Some of CP's core operating metrics since 2016 tell part of this story, as shown in Figure 5 below. These improvements are not an end in themselves: they are instead the foundation for the more competitive railroad that CP has become, and they will be the catalyst for enabling CP/KCS to serve customers better.

FIGURE 5[4]
CP'S STEADY OPERATING IMPROVEMENTS SINCE 2016



22. CP's recent experience integrating the former-MMA into our network (as the CMQ) shows the power of our core approach – though on a much smaller scale than our combination with KCS. When we announced that we had completed the CMQ acquisition in June 2020, I explained that the Transaction would "create[] opportunities to move products in literally every line of business in our portfolio," and I added that "[t]hrough the precision scheduled railroading model and the commitment of our people, we will unlock new potential for business and industry across this region and beyond."[5] Our growth-focused strategy for the CMQ acquisition was also reflected in our presentations to investors, as shown in Figure 6, below.

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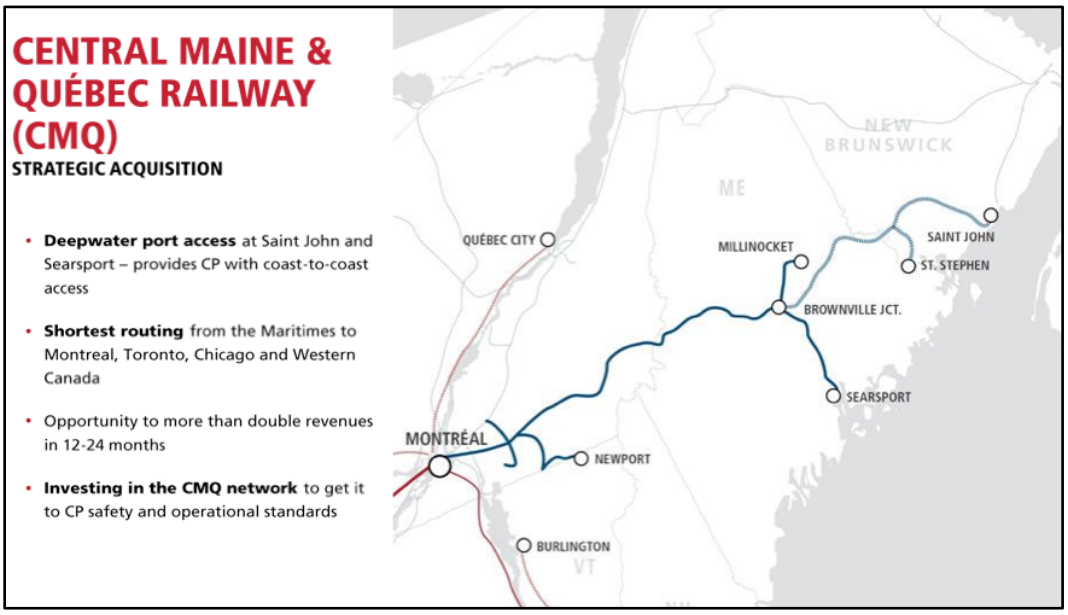
4 CP Investor Presentation, "*Built to Drive Growth*"(Oct. 2020) at 13.

5 CP Press Release, "*CP Completes Acquisition of Central Maine & Quebec Railway, Expanding Reach and Optionality*" (June 3, 2020).

FIGURE 6[6]
CP'S GROWTH-FOCUSED ACQUISITION OF CMQ



23. In carrying out the Transaction, we planned carefully and executed well, and the results have been gratifying. In just the past 15 months, traffic has increased faster and across more lines of business than we anticipated. One noteworthy success was that Hapag-Lloyd began calling regularly at the Port of Saint John starting in 2021, sending double-stack intermodal trains into the heart of North America via CP's new single-line route. Smaller rail customers across Maine and Atlantic Canada have also seen the value in the single-line services CP now can offer. The experience of these new customers in Maine and New Brunswick give them a good understanding of the tremendous benefits they will realize if CP is able to expand its network reach still further by joining forces with KCS. As the Port of St. John wrote, "CP has already proven their track record of seamless connectivity with their acquisition of CMQR that

[6] CP Investor Presentation, "*Built to Drive Growth*" (Jan. 2021) at 33.

leads to Port Saint John by investing heavily in rail safety and expediting investment to accommodate demand."[7]

C. USMCA Creates a Need for Better North-South Transportation Linkages Connecting North America

24. The transportation benefits of the CP/KCS Transaction could not come at a more important time for North American trade. The three nations of North America have recently doubled down on the importance of trade across the Continent. Effective July 1, 2020, the United States-Mexico-Canada Agreement (USMCA), entered into force, with the aim of facilitating trade among the United States, Mexico and Canada. The volumes are staggering. According to the U.S. Chamber of Commerce, trade among these nations reached $1.4 trillion in 2018, amounting to $3.8 billion daily. Trade with Canada and Mexico supports 12 million American jobs, and 49 U.S. states count Mexico or Canada as one of their top three merchandise export markets. Nearly one-third of U.S. agricultural exports go to Canada or Mexico.

25. And the role of North American trade is growing in importance. USMCA contains provisions that encourage the shift toward supply chains more centered in North America and less dependent on overseas trade. In the automotive industry, for example, certain tariff provisions are reserved for vehicles that source their steel from within North America. At the same time, the COVID pandemic and other factors have created pressure to decouple the U.S economy from dependence on trade with China, further supporting a shift toward trade among the three North American economies.

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[7] Letter of Jim Quinn, President and CEO of The Port of Saint John Authority (Mar. 26, 2021) ; *see also* Letter of Matthew Wells Leech, CEO of DP World (Mar. 30, 2021) (CMQ acquisition allowed CP to extend its seamless service offerings to the Port of St. John) (set forth in Volume 3 of the Application). Many other shippers served by CMQ have referenced their experience with CMQ in stating their support for the CP/KCS Transaction, including GAC Chemical Corp. in Searsport, ME (Mar. 30, 2021), Maine Propane Distributors in Hernon, ME (Mar. 30, 2021), and Maine forest products shippers like Maine Woods Company, LLC and Woodland Pulp LLC (all set forth in Volume 3).

26. Efficient rail transportation options are critical to unlocking the potential for North American trade. Highway border crossings at our northern border with Canada and our southern border with Mexico are clogged with truck traffic on a daily basis, and many of the commodity flows in these lanes – like LPG, grain, finished autos, and others – are not well suited to long-distance movement by truck.

27. CP/KCS will bring to the marketplace a new and more efficient set of transportation options in the key north-south corridors that connect the entire continent – from the Port of Lazaro Cardenas in Mexico through the agricultural heartlands of the United States and Canada . It could not come at a better or more important time.

II. OUR PAST EFFORTS AT COOPERATION WITH KCS AS SEPARATE COMPANIES SHOW US THE POTENTIAL OF A FULLY INTEGRATED NETWORK

28. The natural fit between CP's U.S. network and KCS's network has been apparent for many decades. Since the 1980s, when CP's Soo Line subsidiary acquired Milwaukee Road's lines connecting Kansas City with both Chicago and the Twin Cities, CP has known that KCS was its one "friendly" connection at Kansas City. Through most of the 1990s, CP/Soo and KCS developed a healthy interline relationship via their jointly-operated yard in Kansas City (known as the "Joint Agency" or "Knoche Yard"), which dated to the 1940s when Milwaukee Road shifted its route into Kansas City to the newly-built Harry S Truman Drawbridge.

29. In 1997, CP spun off its Kansas City line to IMRL, which in turn became ICE and in 2002 combined with DM&E. From 1997 to 2007 I held various marketing and sales roles during my time at IMRL, ICE, and DM&E. I was DM&E's VP of Marketing and Sales in 2007 when CP acquired DME and regained a route to Kansas City. DM&E worked hard with KCS to develop interline traffic opportunities over the Kansas City Gateway. We achieved some success, but were hampered greatly by DM&E's lack of network reach. During this period, the

larger Class Is (especially UP and BNSF) had managed to bypass DM&E entirely, shifting interchange with CP north to Chicago and St. Paul. This was an important lesson about the power of the larger Class I's extensive network reach.

30. When CP took control of DM&E, I became CP's General Manager, US Sales. CP was eager to grow traffic on the former DM&E lines, and a key part of our strategy was to pursue closer collaboration with KCS in order to tap the potential for more CP-KCS interline traffic via the Kansas City Gateway. The opportunities were tremendous. We approached KCS and in May 2009 entered into a Memorandum of Understanding and put in place formal processes for identifying joint-line traffic opportunities, improving our interline service offerings, and attempting to build traffic over the Kansas City Gateway. Our analysis showed there was a potential to attract many tens of thousands of carloads to CP-KCS joint-line routes if we could improve our joint line offerings and create appropriate incentives for each railroad to market those offerings aggressively. We graced this initiative with the code name "Ice Pick."

31. Over the next few years, the Ice Pick initiative achieved some success by focusing attention on interline possibilities and the natural routing advantages of the two railroads' route structures. CP and KCS agreed to extend the arrangement in May 2010 for an additional two years.

32. Overall, the results of Ice Pick were disappointing. For the first few years we were able to shift some grain and chemicals traffic over to the CP-KCS route via Kansas City, but we could not come close to achieving the full potential of CP-KCS routings. We had been able to win only a small fraction (well under 20 percent) of the traffic we had identified as among the available opportunities, and by 2011 the modest growth in CP-KCS traffic via Kansas City had leveled off.

33. In 2012 we tried to refocus the Ice Pick initiative on discrete efforts to develop new business via CP-KCS interline routes (rather than trying to shift the interchange for traffic that one of the railroads already handled with other interline partners). Some of the ideas we had back then mirror the growth opportunities we know that the CP/KCS combination can achieve – like offering rail shippers expanded market access across the automotive, intermodal, grain, and energy sectors. As separate companies, however, there were too many obstacles to capitalizing on these opportunities, and the Ice Pick initiative eventually ran its course without achieving any meaningful expansion in CP-KCS interline traffic opportunities beyond the traffic that naturally flowed over our route network.

34. In my assessment, the factors that hampered the success of Ice Pick had nothing to do with any limitations on the theoretical potential for CP-KCS transportation offerings, but everything to do with the impediments inherent in two railroads coming to market with their own separate networks, separate operating priorities, separate capital investment plans, and separate financial interests. Our efforts to offer customers best-in-class transportation services were hampered by each individual railroad's desire to be "made whole;" to support its own internal rate-of-return targets; to pursue its own, often divergent, investment priorities (in rolling stock, infrastructure, management attention, and all the other resources needed to support rail operations); and to run its own network its own way.

35. This is not to say that CP has soured on the potential for interline cooperation. To the contrary, we continue to work hard with our interline partners to offer our customers efficient and competitive transportation offerings. One success story is our collaboration with UP via Kingsgate, BC/Eastport, and the ID Gateway, which we have developed into a very efficient route for potash, grain, and other commodities moving between Western Canada (and even the

U.S. Upper Midwest) and UP's network in the Pacific Northwest. These joint-line relationships enable competition against BNSF single-line routes between points in the Upper Midwest and the Pacific Northwest via CP's network in western Canada. CP also looks forward to stepping into KCS's shoes to continue cooperating with UP on interline traffic over the important Laredo Gateway.

36. The concrete lesson of Ice Pick, however, is that the full potential of single-line service can only be unlocked when two railroads are able to align their incentives and efforts fully by combining.

III. WE ARE BACKING UP OUR PRO-SERVICE, PRO-COMPETITION FUNDAMENTALS WITH ROBUST COMMITMENTS FOR THE BENEFIT OF RAIL SHIPPERS

A. CP/KCS Will Have Strong Incentives to Preserve Existing Efficient Interline Options and Commits Not to Close Gateways

37. From the outset of our proposal to acquire KCS, CP has been very clear that the rationale of the combination is to create new and better transportation options for shippers across North America, which will allow us to grow by attracting rail traffic to the exciting new services CPKC will offer. We have no interest in forcing any rail customer to choose CP/KCS options where other options work better for them, whether those options involve single-line services offered by our rivals, truck transportation, or interline services in which we participate. Coercing customers into accepting an inferior option would be contrary to our objectives and ultimately a losing proposition for us.

38. CP's relatively limited U.S. network scope has given us long experience cultivating good working relationships with the other railroads – large and small – that we connect with. All of our many interline connections with other railroads provide transportation options that shippers support because they meet their needs, in many cases better than other existing alternatives.

39. Even though the CP/KCS Transaction will improve the transportation options that CPKC can offer as an integrated system, we will have strong incentives to continue cooperating with interline partners at all of the gateways where CP and KCS do so today. Take Kansas City as an example. CP interchanges with other carriers there, just like KCS does, and we value that interline traffic. Much of it could not effectively be served on an interline basis by a combined CP/KCS system because it is coming from or going to places that our combined system (still the smallest of the Class I railroads) will not reach, so we obviously will maintain our ability to interchange efficiently with all of the other carriers at the Kansas City Gateway. One obvious example is the Powder River Basin ("PRB") coal that KCS interchanges with UP and BNSF at Kansas City; CP cannot serve PRB origins and thus cannot shift this traffic to single-line CP/KCS routes. Similarly, KCS participates with NS in substantial volumes of traffic moving between the Southwest and Southeast United States via the Meridian Speedway route; CP serves neither geography, and thus CPKC will have equally strong incentives to cooperate with NS as KCS does today.

40. Even for the traffic we interchange today with other carriers that a CP/KCS system might be able to serve better, there are reasons why some customers may prefer to continue using the interline options they use today. Again, take Kansas City as an example: UP or BNSF might offer train services to destinations also reached by KCS that better serve the needs of particular customers because of shorter routes, bundling with other geographies, better facility access, car supply, or other factors; and UP and BNSF might (conceivably) even offer customers better economic terms. Likewise, NS, BNSF, or UP might offer customers something north of Kansas City that is more attractive than what they could obtain via an integrated CP/KCS option. CPKC will compete hard for these kinds of opportunities, and our pride in what

we are capable of delivering makes us think we will often prevail. But it would be against our long-run interest to try to win any of this traffic by trying to "force" a customer to accept an inferior deal. That would be doomed to failure and would hurt us in the long run by damaging the value of our brand as a promise of customer value. As CP's statement of purpose describes: "We are an operating company with a team of dedicated, professional, community-minded railroaders, *providing superior service for our customers, by doing what we say we are going to do*."[8]

41. Though I have used Kansas City as an example, the same basic truths would be repeated for all of the other gateways where CP and KCS connect with other Class I railroads today. CPKC will continue to have strong incentives to work with our interline partners on efficient joint-line services at the gateways where CP connects today – most notably, at Kingsgate/Eastport (with UP); Coutts, AB (with BNSF); Emerson, MB/Noyes, MN (with BNSF); St. Paul (with BNSF and UP); Chicago (with BNSF, UP, and CN, as well as NS and CSX); and Kansas City (with UP and BNSF). Our incentives will be no less strong at the gateways where KCS connects with other carriers today, such as Laredo (with UP); Robstown, TX (with BNSF); New Orleans, LA (with BNSF, UP, CSX, NS, and CN); Shreveport, LA (with UP and BNSF); Jackson, MS (with CN); Meridian, MS (with NS); and Kansas City (with UP and BNSF). These aren't the only interchanges we will have an incentive to keep open in order to serve our customers well, but they account for the vast majority of all of CP and KCS's existing interline traffic to/from the United States that might conceivably be affected by the CP/KCS combination.

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[8] CP 2019 Annual Report at 17 ("CP Family Values") (emphasis added).

42. It has become customary for railroads participating in mergers to commit to their customers (and the Board) that they will keep existing gateways open on commercially reasonable terms, and CP has no qualms about doing so here. For the reasons I have said, this concept is well aligned with the fundamental value proposition we offer and our rationale for the Transaction. In fact, CP will inherit KCS's commitment to keep the Laredo Gateway open on commercially reasonable terms, which KCS made in 2003 when it proposed to acquire Tex Mex and TFM (which is now KCSM). KCS's commitment was embodied both in a condition imposed by the Board when it approved KCS's control of Tex Mex and in an agreement that KCS entered into with The National Industrial Transportation League ("NITL") in 2003 for the benefit of KCS/Tex Mex shippers, which have been able to arbitrate any disputes under the agreement. The KCS-NITL Agreement is attached as Exhibit 1 to my statement.

43. As KCS explained in the KCS/Tex Mex proceeding, its commitments reflected KCS's continuing "incentive to ensure the fair and efficient movement of UP's trains over the Laredo Bridge"[9] and to continue supporting UP/TFM and BNSF/TFM routings. The facts on the ground since that transaction was completed – in particular, UP's continued robust presence as a KCS interchange partner at Laredo – has proved KCS right. CP will inherit and honor KCS's obligations under the KCS-NITL Agreement and the Board's approval of the KCS/Tex Mex transaction without hesitation, for the same reason that cooperating with UP at Laredo and BSNF at Robstown will be in the self-interest of the CP/KCS system.

44. Inherent in the promise to keep existing gateways open on commercially reasonable terms is the question of what it means to be "open." Obviously, when an interchange

[9] Finance Docket No. 34342, Applicants' Response to Comments, Protects and Requests for Conditions and Rebuttal in Support of the Application (KCS-18A) (Sept. 2, 2003) at 16, 129.

partner is successful in winning a significant share of the traffic over a gateway – like UP at Laredo – that question is not hard to answer: the gateway is obviously open.

45. To avoid ambiguity, however, allow me to briefly explain how we understand what it means to keep a gateway "open." From CP's perspective, keeping gateways open has two core dimensions: operational efficiency and commercial viability. CP commits to maintaining both. CP/KCS will continue to maintain efficient operations serving existing gateways wherever traffic levels warrant – in terms of both the through train services to and from the gateways as well as the operational capabilities and infrastructure necessary to carry out efficient interchange.

46. Of course, a gateway is not open just because there are tracks that allow railcars to be exchanged there; interline options via these gateways must be commercially viable as well. CP's commitment means that we will continue to offer commercially reasonable rates and terms capable of supporting the continued movement of traffic via the gateway. In these situations, when a customer requests a rate for only the former-CP or former-KCS portion of an origin-to-destination routing, we will provide the shipper with a Rule 11 rate to the gateway. This is not to say that CP/KCS's interline (or Rule 11) rates will always be ones that shippers will choose. We will compete aggressively to win traffic to our new single-line offerings, including with single-line rates that might be quite painful for our interline rivals to beat. But we will not make it impossible to construct viable interline options for shippers by refusing to quote commercially reasonable rates.

47. Finally, we will work with shippers to find ways to make these commitments more concrete and readily enforceable, including via appropriate alternative dispute resolution mechanisms.

B. CP/KCS Will Not Create New "Bottlenecks"

48. Consistent with our commitment not to shut off the interline options that customers of KCS or CP choose today, CP also commits that its control of KCS will not create any new regulatory "bottlenecks." In other words, where the CP/KCS Transaction might give CPKC a new ability to handle traffic in single-line service, and thus refuse to quote a separately-challengeable short-haul tariff rate to an existing interchange with another carrier, CPKC will waive its right to do so. With this commitment, CP and KCS shippers can rest assured that the Transaction will not take away any of the rate regulatory protections they have today. This is an easy commitment for us to make, since we at CP are proud that our interactions with customers have not led to a U.S. rate reasonableness challenge by any shipper in 25 years.

C. CPKC Is Committed to Providing Quality Service to Our Customers

49. One of the core tenets of the CP/KCS combination is that together we will be able to attract new rail traffic from our competitors and the highways by offering a better value proposition, including better and more reliable service. That philosophy applies across the traffic base of both railroads. In the course of combining and attracting new traffic, we plan to make our existing customers better off – and certainly no worse off – than they would have been had CP and KCS stayed separate.

50. To follow through on this goal, CP will plan thoroughly for the integration of the two railroads and implement that integration with care to avoid any service disruptions. Ray Elphick, our Assistant Vice President, Service & Product Design and co-sponsor of the Operating Plan, explains the scrupulous operational planning that has already taken place, which will be supplemented by in-depth engagement with KCS in the months before the first system cut-overs take place. In the meantime, of course, CP and KCS will continue to evolve their own separate operations, and our plan for the combined company will accordingly evolve as well.

James Clements, our Senior VP Strategic Planning & Technology Transformation, describes the IT-related steps that will both be a key part of the integration process as well as a core set of tools available to CP and our customers to monitor our performance against objective benchmarks. CP is accustomed to measuring our own performance against a wide array of metrics and holding managers accountable when we fall short of our goals. We will bring this philosophy to the integration of CP and KCS as well, as Messrs. Elphick and Clements explain.

51. To ensure that customers do not suffer transitional service disruptions as we integrate the two railroads, we will establish an internal "CPKC Transaction Implementation Service Assurance Team." Our Service Assurance Team will be staffed with personnel knowledgeable about the entire CP/KCS network and will have the resources and authority necessary to monitor performance, communicate with shippers about our ongoing integration efforts, and swiftly and proactively address any emerging issues and make adjustments where (or if) necessary to ensure that the Transaction does not degrade the service levels to which our customers have become accustomed. As with all of our commitments, I expect this one to be easy to live up to as the combination should enable improved service across the entire range of lanes in which we operate.

52. Not only will we monitor our own performance and make appropriate corrections where needed, we will also be transparent with our customers. CPKC will invite a cross section of KCS customers onto CP's Customer Advisory Council, so that we can integrate the two rail systems with the benefit of KCS customer perspectives. The Council will provide a forum where they can voice any concerns as our integration proceeds. In addition, as. Mr. Clements explains, CP offers numerous tools that allow customers to track CP's performance with respect to their service commitments, transit times, car availability, and many other metrics. These tools will be

adapted to cover the entire CP/KCS system as we integrate the two railroads to ensure that our customers can hold us accountable as well.

53. Backing up this commitment, CPKC would be prepared to mediate any shipper's good faith concern that the Transaction caused a disruption in the level of service it would otherwise have experienced, and to work in good faith to identify appropriate consensual remedies for any such disruptions.

54. To me the bottom line is clear: we will strive to make the CP/KCS combination the Gold Standard for offering customers with efficient rail transportation services that meet their needs and then delivering on what we promise. We intend to set the bar high and challenge our larger rivals to keep up if they can. We look forward to bringing what CPKC has to offer to rail customers across the Heartland of North America.

VERIFICATION

I, John Brooks, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed this 28 day of October, 2021.

John Brooks
Chief Marketing Officer
Canadian Pacific Railway Limited

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

EXHIBIT 1 TO
VERIFIED STATEMENT OF JOHN BROOKS

AGREEMENT BETWEEN KCS AND NITL
IN FINANCE DOCKET 34342 (AUG. 1, 2003)

208630

THOMPSON HINE BRUSSELS CINCINNATI CLEVELAND COLUMBUS DAYTON NEW YORK WASHINGTON, D.C.

August 5, 2003



By Messenger

Ho. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street NW
Washington, DC 20423-0001

RE: Finance Docket No. 34342, *Kansas City Southern - Control - Kansas City Southern Ry. Co. et al*

Dear Mr. Williams:

Yesterday, in accordance with the schedule in Decision No. 2 in the above proceeding, we filed an original and 25 copies of the Comments and Statement in Support on behalf of The National Industrial Transportation League, identified as NITL-3. As indicated in our cover letter of yesterday, the agreement in Attachment 1 to NITL-3 was a copy of the agreement with signatures transmitted by telecopy. Because of unexpected delays in receiving the executed originals of the agreement, we were unable to attach a copy of the signed original. Enclosed for filing with the Board, as required by Decision No. 2 in the above proceeding, are 26 copies of the signed original of the agreement in Attachment 1 to NITL-3. An IBM-compatible floppy diskette with a copy of the enclosure, including the attachment, was filed yesterday.

If there are any questions regarding the enclosure, please do not hesitate to contact me by telephone or electronic mail.

Respectfully,



Frederic L. Wood

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Enclosures

cc: (with enclosures)
Parties of Record

Rick.Wood@ThompsonHine.com Phone 202.331.8800 Fax 202.331.8330

flw 150311.2

Agreement between The National Industrial Transportation League
And
Kansas City Southern

This Agreement is made this 1st day of August 2003 between The National Industrial Transportation League ("League"), and Kansas City Southern and its affiliated rail carriers ("KCS").

Whereas,

KCS and The Texas Mexican Railway Company ("Tex Mex") (together, "Rail Carriers"), have filed an Application before the Surface Transportation Board ("STB") seeking the STB's approval of the acquisition of control of Tex Mex by KCS ("Transaction");

KCS has agreed, subject to various governmental and shareholder approvals, to acquire control of TFM, S.A. de C.V. ("TFM"), a rail carrier operating entirely in Mexico, and upon such approval, KCS will change its name to NAFTA Rail;

The League and KCS desire to record the terms on which the League, having reviewed the Application, has agreed to support the Transaction; and

The League and KCS desire to record the promises given by KCS to the League for the benefit of the members of the shipping public in exchange for the League's support;

Now, therefore, in consideration of the mutual covenants contained herein, KCS and the League agree as follows:

1) **League Support**. The League agrees to support STB approval of the Transaction. Within a reasonable time after the execution of this Agreement and no later than August 4, 2003, the League will submit a statement to the STB supporting approval of the Transaction by the STB. Either the Rail Carriers or the League may request to have this Agreement made a condition of the Transaction. The League will neither support nor oppose the imposition of any other conditions.

2) **Interchange Protection**.

a) Subject to the provisions of this Section 2, at the request of a shipper or connecting railroad on behalf of a shipper, KCS and/or Tex Mex will establish and maintain commercially reasonable contract or common carrier rates and charges over any existing interchange with that railroad. Such rates and charges shall be either through rates and charges or, if requested by a shipper or connecting railroad on behalf of a shipper to support the commercial terms of trade where the title to the goods being shipped transfers at the border, rates and charges for service within the U.S. to or from the international border

between Mexico and the U.S or within Mexico to or from the international border between Mexico and the U.S.

b) Where rates or rate factors exist in agreements between KCS or Tex Mex on the one hand and other U.S. carriers on the other, those agreements will be honored to their normal expiration date, and when they expire, if requested by the involved railroad, KCS or NAFTA Rail will negotiate in good faith to establish commercially reasonable rates going forward.

c) Any dispute regarding rates and charges described in paragraph (a) or (b) will be resolved by arbitration promptly following the selection of an arbitrator under the arbitration procedure established in Section 6 of this agreement. In no event will the time for completing arbitration of any dispute under this section exceed 90 days after selection of the arbitrator. Such arbitration procedures shall only apply to disputes regarding rates and charges applicable in whole or in part within the U.S.

3) **Confidentiality of Shipper Information.** If control over TFM is achieved by KCS, NAFTA Rail will ensure that any confidential commercial information about a shipper's move, including transportation services and rates, will not be disclosed to other U.S. railroads not within the NAFTA Rail corporate family.

4) **Service Measurements.** KCS and NAFTA Rail will maintain and strive to improve the service levels between Beaumont and Laredo, TX. With the understanding that about 70% of that route involves the use of trackage rights over the Union Pacific Railroad Company ("UP"), KCS and NAFTA Rail will report, based upon agreed specific service measurements, to the Surface Transportation Board ("STB") on the service level provided for each quarter for the past two years and for each quarter for a period of three years from the effective date of the Transaction. If service falls below the levels in existence at the time of this agreement, KCS and NAFTA Rail will provide the STB with a corrective action plan which may include a request for assistance if it were determined that the UP was responsible for the service problems.

5) **Applicability of this Agreement**. This Agreement was negotiated on the expectation that KCS will consummate the acquisition of control of Tex Mex and TFM. Other than each party's obligations under Section 1 hereof, the rights and obligations set forth in this Agreement are contingent upon and will become effective only on the date of such consummation. This Agreement will have no continuing force or effect if the STB does not authorize or KCS does not consummate the Transaction. If KCS does not consummate the acquisition of TFM, then any provisions of this Agreement relating to TFM will not go into effect. However, if KCS does consummate the Transaction, then any individual Shipper that uses the Rail Carriers and/or any NAFTA Rail carrier affected by any of the provisions of this Agreement shall be a third-party beneficiary of this Agreement. No party other than such a Shipper, the League, or the Rail Carriers shall be a beneficiary of this Agreement.

6) **Dispute Resolution**. If a dispute arises under this Agreement, the exclusive means by which any party to or beneficiary of this Agreement may seek to enforce the terms of this Agreement shall be through arbitration as provided in any agreement between a Shipper and the Rail Carriers or, if no such provision has been made, under the Commercial Arbitration Rules administered by the American Arbitration Association. Any disputes arising under this Agreement with respect to matters within Mexico, including disputes involving rates or rate factors in Mexico, will be resolved in accordance with the requirements established by the Government of Mexico.

7) **Governing Law**. This agreement will be governed by the law of the District of Columbia, without regard to rules pertaining to choice of law.

Gerald K. Davies
Executive Vice President and Chief
Operating Officer
Kansas City Southern

Peter Gatti,
Acting President
The National Industrial
Transportation League

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT
OF
JONATHAN WAHBA AND MICHAEL J. NAATZ

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL.* – CONTROL – KANSAS CITY SOUTHERN, *ET AL.*

VERIFIED STATEMENT OF JONATHAN WAHBA AND MIKE NAATZ

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VERIFIED STATEMENT
OF
JONATHAN WAHBA AND MICHAEL J. NAATZ

1. My name is Jonathan Wahba. I am the Vice President of Commercial Integration for Canadian Pacific Railway Company ("CP"). My business address is Suite 800, 1290 Central Parkway West, Mississauga, ON, Canada L5C 4R3. I hold a Bachelor of Arts with honors degree from Queen's University, and am a graduate of the Advanced Management Program at the Harvard Business School.

2. I have been employed by CP since January of 2017. My entire career has been spent in the surface transportation industry. Starting as a sales representative for United Parcel Service in 2002, I have held a series of positions of increasing responsibility at Midland Transport, Canadian National Railway Company, Schneider National, and the Kriska Transportation Group. From 2017 to 2021, I led CP's sales, marketing, and strategy functions for its intermodal and automotive business units.

3. In 2021, I was appointed as leader of CP's commercial integration team for the Kansas City Southern ("KCS") acquisition. In this role, I have responsibility for designing the commercial strategy that will harness the benefits of the CP/KCS combination to attract new rail traffic to the combined network. Once the Board authorizes CP to control KCS, I will have overall responsibility for the commercial and "go-to-market" efforts of the new company, including integrating the two commercial teams into a single unit.

4. My name is Michael J. Naatz. I have been Executive Vice President and Chief Marketing Officer for KCS since October 2018. My business address is 427 West 12th Street, Kansas City, MO 64105. KCS is a non-carrier holding company that owns and controls The Kansas City Southern Railway ("KCSR"), The Texas Mexican Railway ("Tex Mex"), Gateway

Eastern Railway, Kansas City Southern de Mexico ("KCSM"), and other non-rail subsidiaries. I joined KCS in 2012 as Senior Vice President and Chief Information officer. In 2014, I was promoted to Senior Vice President of Operations Support & Chief Information Officer. I held that position until being promoted to my current position. Before joining KCS, I was president of YRC Holland, a division of YRC Worldwide ("YRC"). Prior to that role, I served in a variety of executive leadership positions at YRC, including the role of YRC's chief customer officer. I hold a master of business administration from Northwestern University's Kellogg School of Management and a bachelor of arts in economics from the University of Illinois.

5. John Brooks, CP's Chief Marketing Officer, describes at a high level the ways in which the CP/KCS combination will enhance the transportation services that the new Canadian Pacific Kansas City ("CPKC") can offer its customers, providing more value and intensifying competition with customers' other transportation options, whether they be rail, truck or other modes. In this statement, we drill down to describe in more detail – and on a commodity-by-commodity basis – some of the key opportunities CPKC intends to pursue to bring the benefits of the Transaction to customers across North America.

I. THE CP/KCS TRANSACTION WILL BE A CATALYST FOR AN AGGRESSIVE APPROACH TO COMPETITION AND BUSINESS GROWTH

6. Viewed from CP's perspective (Wahba), the core business rationale for CP's acquisition of KCS is the expectation that by combining, the new CP/KCS network will be better able to serve customers and compete effectively against larger railroads and other transportation providers. CP's evaluation of specific traffic growth opportunities thus began at the very outset of our pursuit of KCS in late 2020, and has continued every day since. The more we learn, the more enthusiastic we are that the new CPKC will be able to deliver customers: improved transportation services that attract new traffic through a combination of new single-line routes

that the merger will create, expanding the market reach of our existing customers; lower operating costs and shorter transit times resulting from optimizing operating and blocking plans across the combined network; more reliable and – in some cases – more frequent service; a broader menu of services than is commercially available to shippers today; and more competitive pricing.

7. CPKC's approach to the market will span a host of business lines, and most of the geographies in which the combined system will operate, with a focus on attracting additional rail traffic by creating faster, more reliable routes; converting existing truck traffic to rail; and developing new markets that will be made possible by optimizing operations and equipment utilization across a combined CP/KCS footprint. By providing fully integrated services across the combined network footprint, CPKC will be able to more effectively compete with other Class I railroads, interstate trucking and, in some cases, ocean-going shipping to create numerous benefits for shippers while reducing densities on the North-South interstate highways in the Central United States. We anticipate that this improved competitive posture will support additional investments by CPKC in rail capacity on our North-South main line, while also justifying investments by us and our prospective shippers in new facilities (like intermodal terminals, auto compounds, transloads, and others) that realize the full potential of the CP/KCS network.

8. Viewed from the KCS perspective (Naatz), we are equally excited about the potential for the CP/KCS combination to enable us to grow by better meeting the transportation needs of our shippers. KCS's limited network footprint – including our inability to reach Chicago and markets in the Upper Midwest and Canada – has always been a handicap in providing the full suite of services that our shippers desire. To connect our customers with their

markets or sources of inputs, KCS almost always must interchange with other Class I carriers – interline traffic represents approximately 80 percent of KCS's U.S. traffic.

9. The CP/KCS Transaction won't reduce the importance of these interline options among the portfolio of service we will offer our shippers, but it will unlock new single-line routes that will allow us to serve our shippers in ways we could never have achieved as separate companies.

10. In the balance of this Verified Statement, we present the commercial and competitive considerations that underlie our expectations that (a) many existing interline movements handled today by CP or KCS (but not both) will move *farther* over the combined CP/KCS system, (b) railroad traffic that is moving today entirely via *other* rail carriers will be attracted to the integrated CP/KCS system, (c) shipments currently moving via interstate trucks in numerous point-to-point lanes will be attracted to the new intermodal (and other) rail services that CPKC will offer, and (d) the CP/KCS Transaction will unlock the potential for investments that generate new economic activity and bring *entirely new* traffic onto the North American rail network.

11. Our discussion of these opportunities complements and builds upon the extensive analysis that Applicants' operating team has performed of the efficiencies and service improvements that can be generated by operating the consolidated system as a single entity. That work is presented in the Operating Plan (Exhibit 13 to the Application). Our assessment of these opportunities has benefitted from significant dialogue with our customers since CP and KCS announced our plan to combine in March of 2021. We strive to understand the business imperatives of our customers and work with them to develop solutions that meet their needs. Evaluating the potential of the CP/KCS combination is no different: in many cases, our deep

customer relationships have allowed us to "stress test" our assumptions and in many cases refine (and indeed expand) our ideas about the new opportunities that would be feasible as a result of a CP/KCS combination.

12. In addition, for many of the categories of growth opportunities we anticipate, we have asked professionals from FTI Economic Consulting and IHS-Markit to undertake independent analyses that we are submitting with the Application. Richard Brown and Nathan Zebrowski, both affiliated with FTI, analyzed opportunities for the CP/KCS combination to divert traffic from other rail carriers to the combined system (either by extending a CP or KCS haul or winning traffic that today is served entirely by other railroads). Their study relies on traffic data and analytical approaches that have been used and accepted in past merger proceedings before the Board.

13. Similarly, Bengt Mutén, from IHS-Markit, uses an industry-standard database of motor carrier movements (*i.e.*, Transearch data) to estimate the number of truckloads that a combined CP/KCS system would divert to new single-line intermodal service made possible by the Transaction. As with the FTI rail-to-rail diversion analysis, Mr. Mutén used an analytical approach that has been accepted in other merger proceedings before the Board.

14. We have reviewed the bottom-line conclusions reached by Messrs. Brown and Zebrowski and Mr. Mutén and find them reasonable in light of the commercial realities in which the CP/KCS Transaction will be implemented. Where those other statements quantify the magnitude of traffic diversions, we do not attempt to offer a quantitative perspective in this statement – again, we view their estimates as reasonable and reliable. In a number of areas outside the scope of the work done by these other witnesses, however, we estimate the range of likely new rail traffic made possible by the Transaction.

II. THE TRANSACTION WILL CREATE NEW SINGLE-LINE ROUTES SERVING EXISTING RAIL FLOWS OF GRAIN AND OTHER BULK COMMODITIES

15. Among the most exciting new opportunities created by the CP/KCS combination will be the ability to expand the market reach of grain and other bulk shippers that are, or could be, served by CP in the Upper Midwest and Canada. The new single-line routes made possible by the Transaction will give these shippers more efficient options to reach more markets, and at the same time will provide receivers served by KCS with more efficient access to more sources for the commodities they receive.

16. Further, the benefits of these new transportation arteries will flow in both directions. Shippers of fertilizers from the Gulf to the grain-growing regions will similarly benefit from the same new single-line routes, but in reverse.

17. As shown in Figure 1 below, the CP/KCS Transaction will create new, efficient single-line routes connecting grain-growing regions in the Midwest and Plains States and across the Canadian Prairies with consuming regions (and export terminals) in the South Central United States and Mexico.

FIGURE 1
CP/KCS EFFICIENTLY CONNECTS GRAIN-GROWING REGIONS WITH NEW MARKETS



18. CPKC will use its new capabilities to aggressively pursue opportunities to attract existing rail shipments from other railroads. This means offering grain growers that can reach elevators served by CP in the Upper Midwest a powerful new alternative to the BNSF and UP networks to reach markets in the South Central States, Texas, and deep into Mexico. Messrs. Brown and Zebrowski reasonably estimate that nearly 13,000 carloads will be diverted annually to CP/KCS single-line service in these lanes. CPKC will also provide more efficient transportation options for longer-haul movements of grain from Canada to the Gulf and Mexico.

19. Not surprisingly, we also expect *northbound* shippers of fertilizer from the Gulf to the Upper Midwest and even Canada to show significant interest in the improved operating efficiencies and transit times in these corridors that a CP/KCS combination will generate.

20. We discuss some of these opportunities in more detail below.

21. ***Grain Shippers in the Upper Midwest.*** Grain – including soybeans, whole grains, wheat, canola, durum, pulses, and barley – produced by farmers in the Upper Midwest is sold to large suppliers like ADM, Bartlett, Cargill and CHS, and sent to large storage facilities (called origin elevators) that load grain into railcars for shipment to grain destinations.[1] As a general proposition, the more destinations to which an origin elevator can ship grain, the better market prices farmers using that elevator are likely to receive. The CP/KCS Transaction would expand substantially the number of destinations to which origin elevators can ship grain by efficiently linking CP's access to origin elevators in the Upper Midwest with KCS's access to grain destinations in the South Central and Gulf States and Mexico. More specifically, CPKC will offer new, single-line access to feed markets in the South Central states (such as Arkansas and Mississippi), export markets reached via New Orleans and other ports in the Gulf States, and Mexican feed markets. Single-line access to these markets today is available only to customers of BNSF, UP, or CN. Without a single-haul solution, CP's Upper Midwest customers have a limited choice of markets from which to choose, or else must make do with less efficient interline transportation options to their preferred destinations.

22. CP believes our extensive experience in transporting grain, our drive for efficiency, and the ability of CPKC to connect Upper Midwest grain producers with markets in

[1] Both Bartlett and CHS explicitly support the Transaction. *See* Letter of Bob Knief, President of Bartlett (Apr. 19, 2021); Letter of John Griffith, CHS Executive Vice President, Global Grain and Processing and CHS Hedging (Apr. 13, 2021) (set forth in Volume 3 of the Application).

the Gulf States and Mexico will attract substantial volumes from the elevators we serve. Given our knowledge of the market and our customers, we expect the Transaction to lead to at least a five percent increase in the CP/KCS share of all grains exported from the United States to Mexico.

23. The long-term impacts of the CP/KCS Transaction will be even greater, as our new, more efficient single-line routes attract investment across the regions CP serves. CP has already been investing heavily in its capacity to serve grain shipments, and these investments – coupled with improved operational efficiency and reduced cycle times – have allowed us to set records in recent years in the total volume of grain handled. As one example, CP has invested in 6,000 new, higher-capacity grain cars, replacing older equipment that sometimes did not live up to our customers' expectations. These cars, combined with CP's innovative, industry-first 8500' High Efficiency Product train model, have driven substantial improvements in operational efficiency and reductions in cycle time. Relatedly, CP has supported investment in higher-capacity loading facilities, capable of loading an entire 8500' High Efficiency Product train in sixteen hours or less, to unlock the full benefits of the HEP model. By the end of 2021, CP will serve 41 of these highly efficient facilities across the United States and Canada, while simultaneously providing excellent service to each of the more than 400 grain elevators across our service territory – big and small.

24. In addition to those efforts, increasing the destinations available for grain shipped from the Upper Midwest will also encourage additional investment by CPKC and our customers to expand and improve origin grain elevator infrastructure. The limited scope of CP's network today provides a classic illustration of the age-old "watershed" problem in rail transportation. CP's lines in Iowa traverse fertile corn-growing regions, but the limited reach of CP's network

and the relatively short distances CP would move grain shipments destined for markets in the south via the Kansas City Gateway have constrained the incentives of both the shippers and CP to invest in the infrastructure necessary to serve these flows as effectively as possible. That will change with the CP/KCS Transaction and the new single-line routes to distant markets it will create.

25. CPKC's improved access to a more diverse range of grain destinations will generate incentives for us and our customers to invest in additional HEP elevators on CP's lines in Iowa. Following our announcement of the CP/KCS Transaction in March, CP heard from many grain shippers expressing interest in making these sorts of investments. Figure 2 below is an illustration of the efficient, high-capacity grain-loading facilities that CP has been supporting across our U.S. and Canadian network, and which the CP/KCS Transaction would support in parts of Iowa where the limited reach of the CP system has not previously supported such investments.

FIGURE 2
INVESTMENT IN CP-SERVED GRAIN LOADING FACILITIES



26. One specific set of opportunities illustrates this potential well. Post-control, CPKC would anticipate partnering with shippers to invest in grain-origination facilities along

CP's Kansas City mainline in far southeastern Iowa. With the terminus of CP's line only a few hundred miles away in Kansas City, CP has in the past had limited motivation to make the investments required to maximize the efficiency of grain movements from this region to the south. But with the CP/KCS combination enabling us to reach markets beyond Kansas City, CP sees tremendous potential for traffic growth, and we expect our new-found interest and the concrete transportation options we will provide would support investments in new elevators tapping grain grown in this part of Iowa. Based on our own assessment and feedback from grain customers, CP anticipates that new investments in grain-loading capacity on CP's lines in the United States could begin as soon as the first year following control approval, taking advantage of the improved market access we will offer and our improved incentives to support those investments with attractive transportation services.

27. CPKC expects to see this dynamic in other types of grain as well, and we have identified soybeans as one area of particularly exciting growth. Today, soybeans travelling to Mexico for processing into oil and meal typically travel on UP or BNSF for part of the movement, then transfer to KCS or FXE. CPKC will offer a superior, single-line shipment from the U.S. Soybean Belt to processors in Mexico. With this single-line alternative, the collective experience of CP and KCS in high-efficiency grain handling, and anticipated elevator investments in the Soybean Belt, we forecast that CPKC would move an additional 3,630 carloads of soybeans to Mexico.[2]

28. Smaller grain elevators – especially those handling specialty grains like organic grains and non-GMO grains – will also benefit from access to new markets via CPKC's new

[2] Our confidential workpapers reflect the incremental revenues we anticipate from this and other new business. We provided these estimates to other witnesses in support of the Application.

single-line service. The CP/KCS combination will open up Mexican markets for these emerging, specialty products that are out of reach for CP today.

29. Dried distillers grains ("DDGs") represent another exciting area of potential growth. As discussed below, CP originates 1.3 billion gallons of ethanol each year. DDGs are a by-product of that ethanol production. Processors can convert DDGs to protein-rich animal feed. Mexico is a major consumer of DDGs for the production of animal feed, but connecting the ethanol producers with Mexican animal feed producers is not always economical. Indeed, some DDGs end up as waste. CPKC, however, will offer a single-line option from U.S. DDG shippers directly to Mexican importers, which we expect will result in an additional 3,000 carloads of DDGs annually.

30. CP and KCS are gratified that so many shippers of grain in the Upper Midwest have recognized the benefits of the CP/KCS combination. One shipper located in North Dakota noted that it struggles to gain access to markets in "Texas, the Gulf of Mexico, and Mexico" because of CP's limited southern reach, and that new single-line CP/KCS options would enable the shipper to compete with "BNSF served competitors" in those markets.[3] The North Dakota Grain Dealers Association similarly concluded that "the [CP/KCS] transaction promises to provide improved service options and open new markets to North Dakota shippers [because] new single-line hauls and access to ports on the U.S. Gulf, Atlantic and Pacific coasts . . . should help us reach our existing markets and new markets more efficiently."[4]

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[3] Letter of Kevin Peach, General Manager of The Farmers Elevator Company of Honeyford, ND (March 29, 2021) (set forth in Volume 3 of the Application).

[4] Letter of Stu Letcher, Executive Vice President of the North Dakota Grain Dealers Association (March 30, 2021) (set forth in Volume 3 of the Application).

31. Grain receivers on KCS tell a similar story. Ragasa, Mexico's leading brand of cooking oil and a major importer of U.S. soybeans, supports the Transaction, stating that the CP/KCS Transaction will provide access to grain elevators in the U.S. and Canada that they "have not been able to reach with the current railroad system."[5]

32. ***Potash and Phosphate Fertilizers.*** Potash and other fertilizers play a critical role in increasing crop yields, which, in turn, help feed a growing North American population. CP's network serves major potash and nitrogen facilities in Canada and can deliver these products to farmers across Western Canada and the Upper Midwest, as well as Mississippi River terminals that move fertilizers south.

33. The integrated CP/KCS network will expand the reach of these fertilizer sources, connecting CP's origins with growers in the South Central States. New CPKC single-line routes will make CPKC competitive with BNSF and UP for these shipments, generating support for the investments needed to facilitate these movements. For example, CP anticipates that demand for fertilizers from Canada moving via efficient CPKC single-line routes to growers in Southwestern Missouri could support future investment in a potash shed on KCS's lines south of Kansas City. Such an investment could enable the rail movement of potash originating on CP in Fort Saskatchewan, AB.

34. In addition, a fully integrated CP/KCS system will also efficiently connect suppliers of phosphate fertilizers in the Gulf region to farms in the Upper Midwest. Access to more efficient transportation options could support future investment in a fertilizer shed on the Gulf Coast that would enable imported phosphates received via vessel to be transloaded to rail

[5] Letter of Francisco Belden, Commodities Procurement and Sales Director of Ragasa Industrias (March 25, 2021) (set forth in Volume 3 of the Application).

for movement via new CP/KCS single-line routes to growers in the Upper Midwest. Such an investment would enable the rail movement of thousands of carloads per year of phosphates from the Gulf Coast to points across CP's system.

35. CPKC will also open opportunities for single-car receivers of fertilizers moving north via barge on the Mississippi River. Today, these shipments move from barge to transload facilities, then via truck to their destinations. KCS access to barge-to-rail facilities in East St. Louis, combined with CP's reach into key grain-growing regions, will allow these shipments that today move by truck to move via rail.

36. ***Ethanol Produced in the Upper Midwest.*** CP's lines serving the corn-growing regions of Iowa and Minnesota also serve many ethanol production facilities in the same region. In the aggregate, CP originates 1.3 billion gallons of ethanol on our network annually and delivers it to consumer markets across the United States and Canada. The CP/KCS Transaction will expand the reach of these ethanol facilities, connecting them more efficiently with high-consumption destinations in the Gulf and Mexico.

37. Canadian corn-based ethanol production is concentrated in Ontario, Quebec and Manitoba. U.S. corn-based ethanol production is concentrated in the Midwestern Corn Belt. CP serves more than 20 production facilities in these regions, including in Calgary, AB; Lloydminster, AB; Regina, SK; Winnipeg, MB; North Dakota; South Dakota; Iowa; and Minnesota.

38. Today, most of this ethanol goes to gasoline blenders in the Northeast, with smaller volumes going to Chicago and Charlotte, NC. CPKC will be able to offer these blenders access to a larger range of destinations. We will offer single-line routes to receivers in East Texas, the largest consumers of ethanol in the U.S., providing a third rail option (after BNSF and

UP) and additional network capacity. We also expect our single-line service will be competitive in markets in the Southeast, including New Orleans and Shreveport, LA. In the longer term, The CP/KCS combination will open Mexican markets to U.S. and Canadian ethanol producers. We expect these new, competitive offerings will generate future investments by receivers in new destination terminals on KCS's system to further support this growth.

III. THE CP/KCS COMBINATION WILL ENHANCE INTERMODAL SERVICE OPTIONS, INTENSIFYING COMPETITION AND ENCOURAGING DIVERSIONS FROM TRUCK TO RAIL

39. By creating an efficient, integrated network spanning Mexico, the U.S. Heartland, and Canada, the combined CP/KCS network will create more efficient and cost-effective single-line transportation solutions for intermodal shippers. The combination of CP and KCS will enable the combined entity to provide entirely new intermodal services spanning the former boundaries of the two separate networks, in the process expanding the scope, density, and quality of the services provided by both networks.

A. The Expanded CP/KCS Domestic Intermodal Network Will Attract Existing Rail Traffic and Divert Trucks from the Highways

40. Consistent with our experience, Mr. Mútenʼs verified statement explains that intermodal shippers have consistently demonstrated a *strong* preference for single-line service. We anticipate that the integrated single-line intermodal service that a combined CP/KCS system will create will compete much more effectively with interstate trucking and joint railroad routes currently available, such as KCS-UP or KCS-BNSF. The analysis presented by Mr. Mutén demonstrates that new single-line CPKC intermodal offerings will attract many tens of thousands of shipments away from trucks to railroad intermodal service – reducing congestion on America's interstate highway system and at U.S.-Mexico border crossings. This will also create a more environmentally friendly and less carbon-intensive North American transportation

network. It will also stimulate more intense competition with the existing intermodal services offered by other Class I railroads.

41. The U.S. domestic intermodal network of CP today is largely confined to serving East-West Canadian cross-border flows. As shown in Figure 3 below, CP's intermodal network in the U.S. connects Eastern and Western Canada with the Chicago Gateway (for connection to services offered by other Class I railroads in the East and West) and CP's handful of Upper Midwest terminals at Chicago, Minneapolis and Detroit (plus a terminal in Jeffersonville, OH (between Columbus and Cincinnati) reached via a through-rate agreement). CP's intermodal network does not reach Kansas City.

42. KCS's intermodal network in the United States is also quite limited in scope and scale. Its highest-density lanes connect Mexico with UP at Laredo (and BNSF at Robstown). KCS also sees east-west flows connecting UP (via Shreveport), as well as its own Wylie, TX intermodal facility near Dallas, with NS's network serving the Southeast via the Meridian Speedway. KCS also handles limited volumes of intermodal traffic between the Laredo Gateway and the Southeast (also connecting with NS at Meridian), as well as very low volumes (well below a trainload per day) through its International Freight Gateway ("IFG") intermodal terminal south of Kansas City. KCS does not interchange any intermodal traffic with CP at Kansas City.

FIGURE 3
CP'S AND KCS'S SEPARATE INTERMODAL NETWORKS DO NOT CONNECT TODAY



43. Combining CP and KCS will create a much broader and more capable intermodal network. Figure 4 below depicts the intermodal offerings of the post-Transaction CP/KCS intermodal network, which retains all of the services of the separate CP and KCS networks and supplements them with an array of attractive new domestic and international intermodal services linking terminals served by the KCS network in Mexico and Texas with terminals served by CP's transcontinental intermodal network.

FIGURE 4
CPKC'S MORE ROBUST CONTINENT-WIDE INTERMODAL NETWORK



44. ***New services connecting Mexico with the Upper Midwest and Eastern Canada***.

The CP/KCS system will offer new long-distance direct intermodal service connecting KCS terminals in Mexico with CP terminals in Eastern Canada and the Upper Midwest (especially Chicago and Minneapolis). Today, CP's express intermodal network primarily runs east to west across Canada, with a connection to the lower Great Lakes region. This network offers a courier-like shipping product designed to compete with truck options. This product offers shippers what we call "Demand Management," providing a choice of three levels of service: "premium," "standard," and "flex." This allows shippers to choose an expedited shipment for

time-sensitive loads and a less expensive option for other loads. CPKC will replicate the success of that network – complete with the "Demand Management" service-level choices – with a North-South route matrix, carrying dry and refrigerated containers through Chicago, Kansas City, Dallas, Monterrey, San Luis Potosí, and Mexico City.

45. These services would offer truck-competitive levels of reliability that would give existing rail intermodal shippers a new competitive option while attracting trucks off the highways and crowded U.S.-Mexico and U.S.-Canada border crossings.

46. For shipments moving between Mexico and points east of Chicago and into Eastern Canada, CPKC would offer a single-line rail intermodal option for the first time ever. Today, these shipments must move via interline service over Laredo, Chicago, and other gateways (often via two separate interchanges) and in many cases must be drayed over long distances to/from intermodal terminals in Chicago. Over-the-road trucking handles the lion's share of volumes, clogging our highways and border crossings. CPKC will be able to move containers seamlessly between Mexican terminals and terminals in Chicago, Toronto, and Montreal (and for limited volumes, CP's Detroit intermodal terminal), which Mr. Mutén anticipates will divert over 16,000 trucks from the highways in these lanes.

47. Automotive parts suppliers will be among the many beneficiaries of these new intermodal services. Substantial flows move between parts suppliers in the U.S. Midwest and Ontario and the cluster of auto assembly plants in central Mexico reached efficiently via KCS-served intermodal terminals, and in reverse from parts manufacturers in Mexico to assembly plants across the United States and Canada. The "domestic content" provisions of the new U.S.-Mexico-Canada Free Trade Agreement ("USMCA") will encourage increased reliance by North

American auto companies on cross-border parts, all of which qualify for "North American" content requirements.

48. Today, substantial volumes of these parts move by truck, but rail intermodal offerings attract significant volumes as well, including UP-KCSM routes via the Laredo Gateway and UP-FXE and BNSF-FXE options via the Eagle Pass Gateway. The CP/KCS combination would give these shippers another – and we think better – option. Even though the CPKC single-line route between Chicago and Laredo would be longer than UP's route, CPKC would offer seamless, origin-to-destination management of all facets of the service, likely unlocking superior economics as well. We anticipate that the existing rail alternatives will continue to compete successfully for many of these shipments, but everyone's game will be elevated by CPKC's competitive entry into these lanes.

49. New intermodal services connecting Mexico with the Upper Midwest and Eastern Canada will be attractive to shippers of many other commodities who mostly rely on truck today. For example, CP's fleet of modern 53' refrigerated containers (equipped with telematics and the latest technology to ensure "cold chain integrity") will allow CPKC to compete with over-the-road trucking to move perishable goods originating in Mexico, including hearty fruits and vegetables and processed foods.

50. Some of these commodity flows are naturally complementary. CPKC will offer meat processors in Illinois, Missouri, Kansas, Oklahoma, and Nebraska single-line service in refrigerated containers for their portion of the roughly 1.2 million tons of meat exported to Mexico from the U.S. annually. In the opposite direction, CPKC will carry produce north from Michoacán, Veracruz, and other KCS Mexican originations. Those originations today send nearly five million tons of produce to the U.S. each year, primarily by truck, to wholesaler

markets in Border States.[6] From those wholesale markets, buyers ship produce to consumer markets across the country, again typically by truck. With new CPKC single-line service, we expect to shift nearly 500,000 tons of that produce to rail service, directly from Mexican growing regions to consumer markets in the Upper Midwest and Canada.

51. ***New services connecting Texas with the Upper Midwest and Eastern Canada***. The CP/KCS system will also offer entirely new long-distance direct intermodal service connecting KCS's Dallas-area terminal (at Wylie) with CP terminals across Canada and the Upper Midwest (especially Chicago and Minneapolis). These services, like those on CP's existing intermodal network, will offer three classes of service, giving shippers both expedited choices and lower-cost choices.

52. In the Dallas-Chicago lane, this new service would compete head-to-head with BNSF's intermodal offering. Though BNSF's service would be both shorter and faster, CPKC would compete by offering very-reliable third-morning availability to/from our strategically-located Bensenville Terminal. Further, both KCS's Wylie terminal and CP's Chicago facilities have available capacity. The CP/KCS combination will increase network capacity in this congested, delay-prone truck lane. We anticipate that this service will be particularly attractive to U.S. asset-based providers and expedited carriers.

53. We would also be able to offer single-line intermodal service from Dallas to Eastern Canada for the first time ever (with the ability to move limited volumes to Detroit as well). Existing interline services require an expensive, time-consuming local connecting assignment in Chicago's crowded rail network to move from one line to another, adding up to a day of delay. CPKC's single-line option will eliminate this delay entirely. This new service will

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[6] *See* Bureau of Transportation Statistics, "2017 Freight Analysis Framework."

offer truck-like levels of reliability and allow CPKC to compete aggressively because of its enhanced efficiency. And for Canadian destinations, this service may well be more reliable than truck service because U.S. trucking companies sometimes struggle to find drivers willing to cross the Canadian border, especially in times of high demand. CPKC, with our collective experience and expertise in handling cross-border rail traffic, will have no such worries.

54. The broader reach of the combined CP/KCS network will open up opportunities for investment in intermodal network expansion that would not have made sense for CP or KCS standing alone. One such opportunity would be a terminal serving Southeast Texas, especially Houston. KCS already operates an intermodal facility in Kendleton, TX, near Houston, but restrictions in KCS's trackage rights over UP between Beaumont and Houston (which KCS must use to reach Kendleton) prohibit intermodal traffic originating or terminating at Kendleton and moving to/from points north. (The specific issue is that movements between Kendleton and the North would not have a "prior or subsequent haul" on Tex Mex's original Laredo-Corpus Christi line, which KCS's trackage rights agreement with UP generally requires.)

55. The trackage rights restriction would not bar traffic to or from a terminal located on KCS's own network in Southeastern Texas, such as at Beaumont, Port Arthur, or other points. With the CP/KCS combination, the combined company would explore investing in a new intermodal terminal adjacent to KCS's lines in this region that could allow CPKC to offer single-line movement of intermodal containers between East Texas and the broader CP/KCS network across the Upper Midwest and Canada. (As noted below, such a facility might well be paired with a new automotive compound allowing service to the same region.) It would be premature to forecast specific volumes for these services, but this is a good example of the kind of growth opportunity that the broader CP/KCS network will enable us to explore aggressively.

56. One major Canadian intermodal shipper noted that a CP/KCS combination has "the potential [to be] a cost-effective alternative to truck to and from many more points in the United States, Canada, and Mexico."[7] Another noted that "[CP/KCS's] new single-line haul offerings for intermodal will expand market reach and offer new competitive transportation options for [their] shipments between Chicago and Dallas."[8] Yet another supports the CP/KCS combination, despite the fact that it has "not often spoken favorably about railroad consolidation," because the "combined [CP/KCS] network . . . would help [it] reach [its] existing markets and new markets more efficiently."[9]

B. The CP/KCS Network Will Unlock New International (Steamship) Intermodal Opportunities, Stimulating Port Competition

57. The combination of CP and KCS will equally transform our international intermodal networks, meaning the movement of marine containers between ports and inland points. The limited reach of the separate CP and KCS networks today constrains our ability to participate in international intermodal traffic. CP operates high-quality intermodal services connecting the Port of Vancouver with points across Canada, and in the East CP serves the container ports at Montreal and Saint John and provides high-quality intermodal serves connecting these ports with the rest of Canada and the U.S. Midwest and West via Chicago. But CP does not reach Texas, the Gulf States, or Mexico, or provide any intermodal service to Kansas City, limiting the inland reach for CP-served container ports.

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[7] Letter of Lance Norman, Executive Vice President of APPS Transport Group (March 25, 2021) (set forth in Volume 3 of the Application).

[8] Letter of Steve Castegan, Executive Vice-President and General Manager of La Milanaise Inc. (March 26, 2021) (set forth in Volume 3 of the Application).

[9] Letter of Mark D. Ascenzo, Managing Director of Express System Intermodal, Inc. (March 26, 2021) (set forth in Volume 3 of the Application).

58. KCS's international intermodal network is even less expansive. KCS serves several ports in Mexico (most importantly Lázaro Cárdenas on the Pacific and Veracruz on the Gulf of Mexico) and New Orleans and other U.S. Gulf ports, but the limited reach of KCS's rail network means that it provides relatively few international intermodal services. KCS's most significant international intermodal service connects the Port of Lázaro Cárdenas with inland Mexican points, which supports very small volumes of shipments that reach as far as Houston (Kendleton), but KCS does not operate intermodal services connecting this port with other inland U.S. points. (Shipments between Mexico and Houston are permitted under KCS's trackage rights agreement with UP.)

59. Joined together as one network, CPKC will be positioned to offer steamship lines and their intermodal shippers an array of new transportation options capable of streamlining international supply chains and improving efficiency.

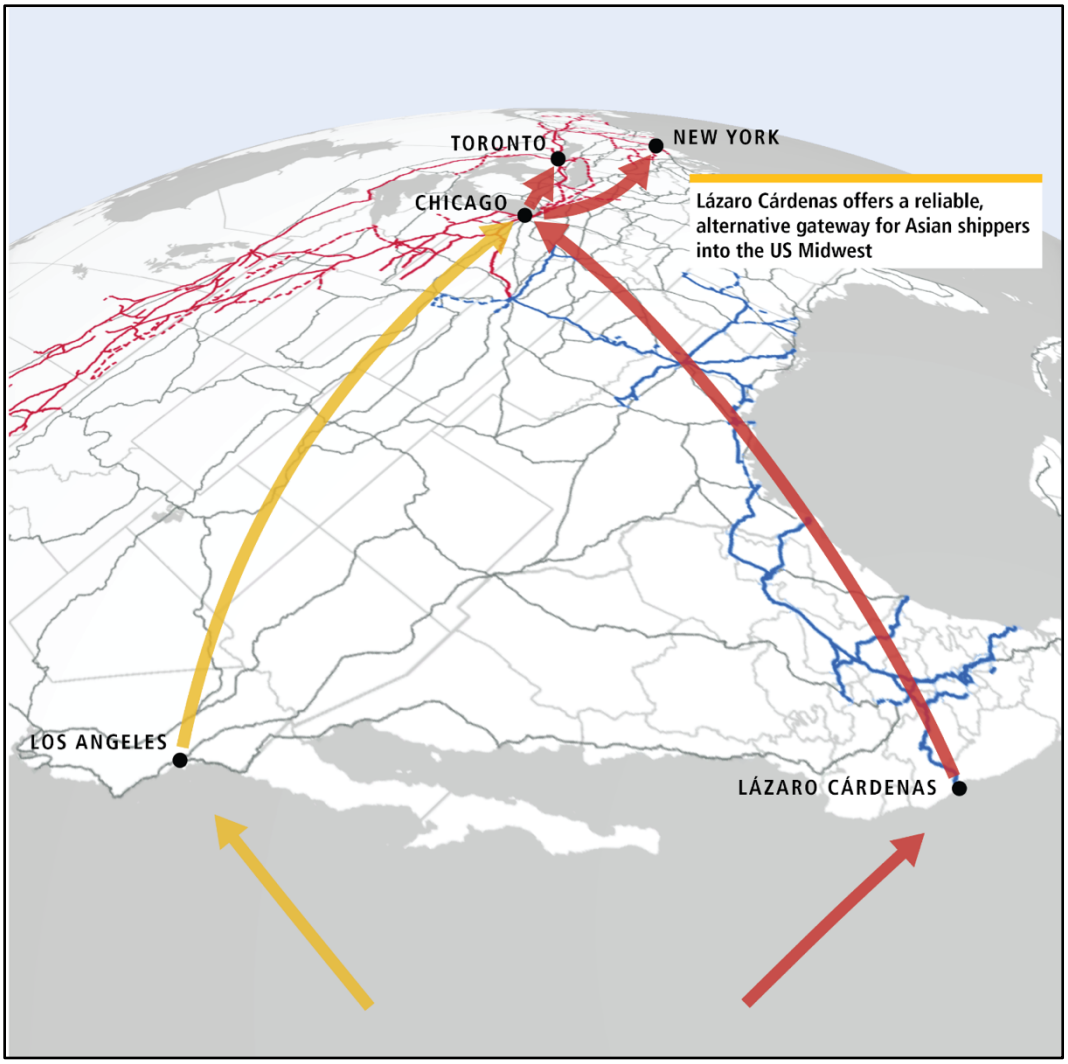
60. Perhaps most compelling is the opportunity to open an entirely new corridor for containerized cargo moving between Asia and points in the Eastern United States and Canada via the Port of Lázaro Cárdenas. Lázaro Cárdenas has well developed and highly efficient, rail-served container facilities with substantial available capacity. And, as shown in Figure 5 below, unlike the overburdened ports of Los Angeles and Long Beach, Lázaro Cárdenas does not have a queue of dozens of vessels waiting offshore for unloading slots.

FIGURE 5
PORT OF LÁZARO CÁRDENAS



61. KCS's network in Mexico provides a direct route from Lázaro Cárdenas north to the United States. Indeed, the rail distance from Lázaro Cárdenas to Chicago is within 20 percent of the distance from the ports of Los Angeles/Long Beach, as shown in Figure 6 below, and avoids port congestion. CP/KCS intermodal routes connecting Lázaro Cárdenas with other major markets in the U.S. Midwest and Canada are likewise comparable to those to/from Los Angeles/Long Beach.

FIGURE 6
SINGLE-LINE INTERMODAL SERVICE FROM LÁZARO CÁRDENAS COULD COMPETE EFFECTIVELY WITH SERVICE VIA LOS ANGELES/LONG BEACH



62. CPKC will offer direct, long-distance intermodal services from the Port of Lázaro Cárdenas all the way to Toronto and Montreal (and points in between, including Texas, Kansas City, and Detroit) via CP's efficient Bensenville/Schiller Park intermodal terminals on the northwest edge of Chicago. From a supply chain perspective, this new service would provide a quite attractive – and likely more reliable – option as compared to inland rail routes to/from Los Angeles/Long Beach, which are notoriously congested (currently handling approximately

seventeen million TEUs, or twenty-foot equivalents) annually, with many dozens of vessels queued offshore for long periods awaiting unloading slots).

63. The combined CP/KCS network is well situated to connect the Port of Lázaro Cárdenas with intermodal customers in the United States and Canada. With its deep experience with border crossings, good relationships with U.S. and Canadian customs agencies, and track record of successfully operating intermodal terminals across the United States, international intermodal shipping is in the DNA of both CP and KCS. As one example, CP has a long and successful history of attracting "gateway" cargo at the Port of Vancouver – 40 percent of which goes to the U.S. – and the Port of Montreal. As another example, in 2020, CP launched service at the Port of Saint John, which at the time had limited international intermodal rail service; in 2021, ocean carrier Hapag-Lloyd began a new, weekly transatlantic service calling at the Port of Saint John. KCS has a similar heritage, with experience shipping hundreds of thousands of containers across the U.S.-Mexico border.

64. Neither the Lázaro Cárdenas-Chicago route nor a potential future Lázaro Cárdenas-Toronto route will supplant the role of Los Angeles/Long Beach (or of the Pacific Northwest ports, Vancouver, or Prince Rupert) for the movement of North America's containerized trade with Asia, but they will provide welcome capacity additions that supplement existing options. Working with the steamship companies and ports we serve, CP has attracted some containerized cargo to the Port of Vancouver that would otherwise have further congested the Los Angeles/Long Beach complex. Those experiences teach us that a combined CP/KCS system could attract nearly 130,000 intermodal containers moving between Lázaro Cárdenas to U.S. destinations, an opportunity that would not be possible without the CP/KCS consolidation because of KCS's limited reach in the U.S. Steamship companies like Maersk, which calls at

Lázaro Cárdenas and operates a terminal there (the one shown in the foreground in Figure 5 above, which claims to be the most efficient in Latin America), see substantial potential for CP/KCS to "open up new options for efficient intermodal rail transportation all the way into America's Heartland" via this underutilized port.[10]

65. The ability of a port like Lázaro Cárdenas to act as a "relief valve" for the crowded Los Angeles/Long Beach ports has precedent. In 2007, CN and its partner began serving the Port of Prince Rupert, providing a similar option to the Port of Vancouver, then and still the dominant Canadian intermodal port on serving Transpacific intermodal trade. Key members of the CN management team that participated in building up the Prince Rupert option are now members of the CP team eager to develop the potential of Lázaro Cárdenas, including Mr. Wahba (as CN's then-Manager of Intermodal Sales), as well as Keith Creel, as CN's then-Executive Vice President of Operations. We know from experience that rail intermodal services from the Port of Prince Rupert blossomed in the intervening years as an outlet that relieves congestion at Vancouver, but did not in any way supplant the Port of Vancouver, which continues to grow and still handles nearly four times the volume of Prince Rupert.

66. The new intermodal network of the combined CP/KCS system will also provide links between ports served by CP on the Atlantic and Pacific and KCS-served intermodal terminals. We expect CPKC to move nearly 10,000 such containers annually. One such opportunity would connect steamship lines serving the Pacific and calling at Vancouver with KCS's intermodal terminal near Kansas City. Although CP serves Kansas City, it does not have access to any intermodal terminal facilities there and provides no intermodal service to that

[10] *See* Letter of Jonathan Sinton, Regional Head of Procurement of A.P. Moller – Maersk Letter (Mar. 30. 2021) (included in Volume 3 of the Application).

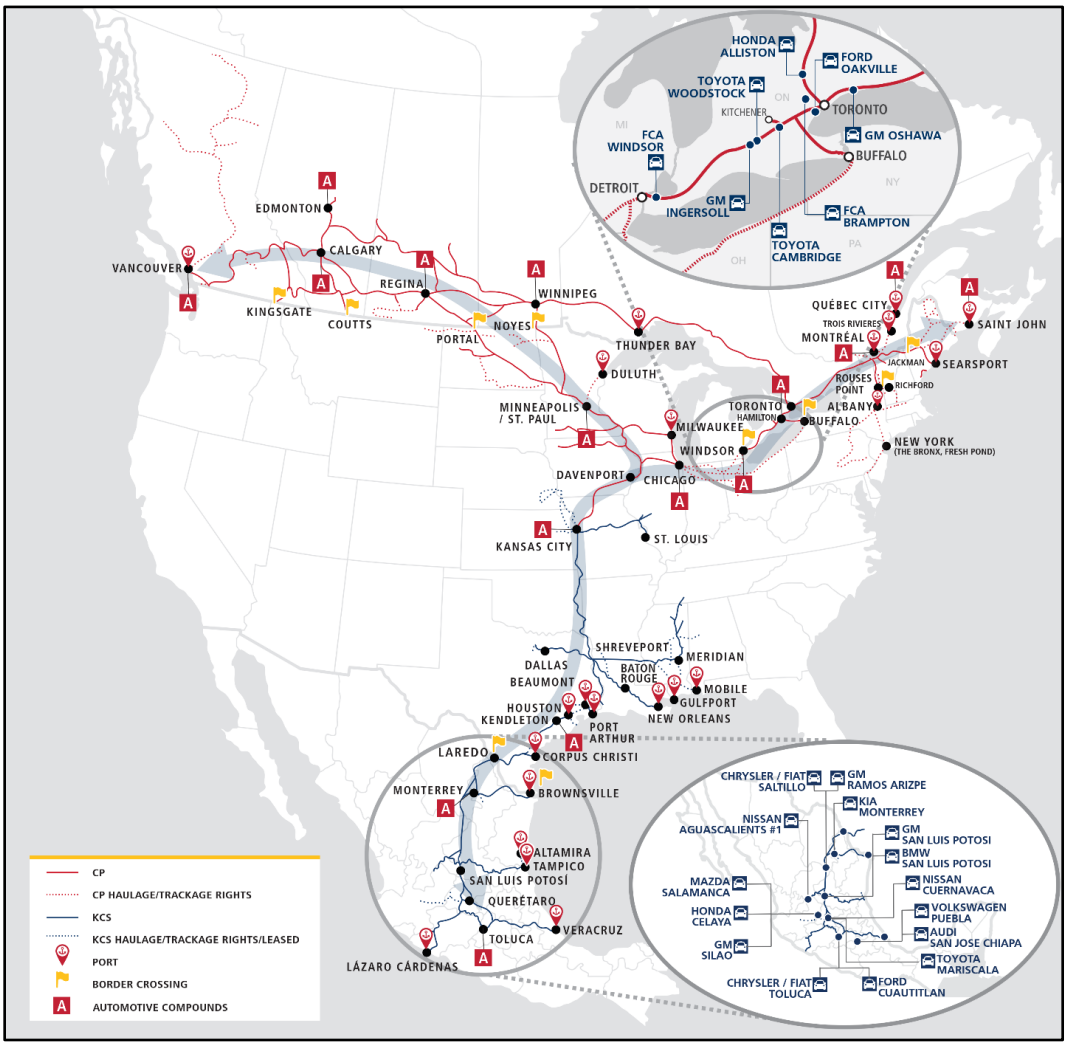
important market. KCS's IFG facility south of Kansas City has available capacity, and we anticipate market demand for international intermodal services linking Vancouver and the Far East with Midwest industries via this facility. Similar potential exists for services linking the Port of Saint John with the KCS-served facilities as the steamship services and port facilities at Saint John expand.

IV. THE TRANSACTION WILL DRIVE BENEFITS FOR AUTOMOTIVE SHIPPERS

67. The CP/KCS combination joins two railroads that play complementary roles in the rail transportation of finished autos and automotive parts, and in the process will offer improved transportation options for those shippers. Auto parts generally move in intermodal service, and our discussion above shows how the CP/KCS Transaction will benefit those shippers. CPKC will bring equally powerful benefits to shippers of finished automobiles.

68. As shown in Figure 7 below, CP serves and owns automotive distribution facilities for finished autos across the Upper Midwest and Canada. CP also serves several automotive assembly plants in Southern Ontario and has efficient connections at Chicago with the eastern carriers that serve numerous auto assembly plants across the U.S. Midwest. For its part, KCS serves numerous assembly plants in Mexico, and it has auto distribution compounds near Houston and Kansas City. But KCS generally must interline traffic with other U.S. and Canadian railroads in order to connect plants in Mexico with the markets where their vehicles are distributed.

FIGURE 7
CP/KCS EFFICIENTLY SERVES AUTOMOTIVE SHIPMENTS



69. The CP/KCS combination overcomes the limitations of these two separate networks by adding new single-line routes connecting these origin and destinations areas, enabling better service and reliability.

70. The robust cluster of auto assembly plants served by KCS in Mexico is shown in more detail in Figure 8 below. The CP/KCS combination will efficiently connect these facilities with destination markets in the Upper Midwest and throughout Canada, offering these shippers an alternative to the interline services they use today.

FIGURE 8
KCS-SERVED MEXICAN AUTO-ASSEMBLY PLANTS



71. CP's network provides direct rail access to facilities located across Canada, from Vancouver to Saint John, and in the Upper Midwest. A CP/KCS combination will create the only integrated single-line network capable of connecting automobile production centers in Mexico, Ontario, and the Upper Midwest with vehicle distribution facilities across Canada and the Central United States – creating improved transportation options that simply do not exist today.

72. We expect single-line CPKC service to be particularly attractive to customers that historically have moved finished automobiles by rail from Mexico to Chicago (both for local termination and further movement to the East via Eastern railroads) and destinations in Minneapolis/St. Paul and across Canada. Those shippers will now have the choice of single-line CPKC services to all of these destinations. As Messrs. Brown and Zebrowski show, service improvements and stronger competition resulting from a CP/KCS combination would attract approximately 30,000 carloads annually from existing interline rail routes. Some of this traffic

would shift from KCS interline routes to CPKC single-line routes, while in other cases more attractive CPKC interline routes with other carriers (such as between Mexico and Eastern or Western U.S. destinations) would attract traffic that now moves from dual-served Mexican assembly plants via FXE interline routes. In all of these cases, CPKC's new services would enhance the competitive alternatives available to automotive shippers.

73. The CP/KCS network will have the flexibility to accommodate these shipments. Many of CP's auto compounds have capacity, and CP has been aggressively expanding by taking advantage of its land holdings adjacent to these facilities. For example, CP developed its Vancouver Automotive Compound in 2019 on 19 acres of CP-owned land adjacent to CP's Vancouver Intermodal Terminal, and this facility is currently receiving automobiles from Ford, Stellantis, and BMW assembly plants across North America. In a similar vein, CP created new capacity by partnering with Glovis Canada Inc. (part of the Hyundai Kia Automotive Group) to develop an auto compound on land CP owns in Southwest Ontario. The combination of CP's capacity for growth with KCS's reach presents exciting opportunities for automotive shippers. Glovis, for example, is "very excited" about CP/KCS's ability to "provide new, more efficient and reliable rail service options" and "strengthen competition against the other, larger rail carriers and trucks that serve [their] markets."[11]

74. CPKC will also be able to leverage CP's relationships with automakers in Canada to improve service to automakers in Mexico. As an example, we understand that Toyota's plant at Mariscala (just west of Queretaro) moves 70 percent of all the cars it imports into the United States via short ocean shipments from ports at Veracruz and Lázaro Cárdenas, and only 30

[11] Letter of Harrison Kim, CEO of Glovis Canada, Inc. (March 30, 2021) (set forth in Volume 3 of the Application).

percent by rail. KCS has struggled in the past to serve this customer because it did not have access to sufficient volumes of the multilevel railcars required for auto shipments. CP, however, directly serves two Toyota factories in Canada. CP will have the ability to move autos from those facilities to the Midwest and Texas, then use those empty multilevel cars to serve the Toyota facility. We expect this business to represent over 3,000 cars per year.

75. CP/KCS unlocks benefits for automakers outside Mexico as well. The second densest collection of automotive assembly plants in North America is located in Southern Ontario, where there are eight such plants located within 200 miles of one other. The CP/KCS network will efficiently connect these plants with the population centers served by KCS in the South Central United States, including Kansas City and Dallas, and eventually Houston.

76. Recognizing the efficiencies that the CP/KCS combination will generate, automotive industry shippers have voiced strong support for a CP/KCS combination. For example, the Mexican Association for the Automotive Industry ("AMIA") stated that it "supports approval of the CP/KCS combination," noting that although "AMIA has not spoken favorably about railroad consolidation . . . we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class 1 consolidation. Another automotive industry shipper has noted that "[CP/KCS's] new single-line haul offerings will expand market reach and offer new competitive transportation options for [their] shipments . . . of automotive goods from Mexico."[12] Similarly, a U.S. supplier to automotive assembly plants explained that "[t]he synergies created by the [CP/KCS] merger will not only enhance current

[12] Letter of Mike Pullam, Director of Business Development, of HCL Logistics Inc. (March 30, 2021) (set forth in Volume 3 of the Application).

supply chain transportation efficiency but will encourage much-needed growth and railroad infrastructure investment."[13]

77. As with CPKC's future intermodal network, the broader reach of the combined CP/KCS network, and in particular CP's access to substantial originations of automotive traffic, will open up opportunities for the investment in traffic growth that would not have made sense for KCS standing alone. One opportunity would be to invest in an automotive compound serving rail shipments to Eastern Texas from the north, perhaps co-terminus with a new intermodal terminal serving the same region. KCS's Kendleton intermodal facility serves finished vehicles traffic from Mexico to Eastern Texas, but cannot terminate carloads from points north because of UP trackage rights restrictions.

78. With the CP/KCS combination, the combined company would explore investing in a new auto compound adjacent to KCS's lines in the Beaumont/Port Arthur area (where UP's restrictions would not apply) that could allow CP/KCS to offer single-line movement of finished autos from assembly plants in Ontario and imported autos from the Canadian ports served by CP to all of Eastern and Central Texas. It would be premature to forecast specific volumes for these services, but this is an example of the growth opportunities that CP/KCS looks forward to exploring aggressively.

V. CP/KCS'S IMPROVED OFFERINGS WILL BENEFIT ENERGY SHIPPERS

79. The CP/KCS combination will dramatically improve transportation options for two key categories of energy-related commodities, yielding substantial public benefits. First, the new single-line routes created by CP/KCS will benefit shippers and receivers of liquefied

[13] Letter of Eric Petersen, President and COO of Northland Products Company (April 7, 2021) (set forth in Volume 3 of the Application).

petroleum gas ("LPG") by efficiently connecting CP's origin network in Alberta and Saskatchewan with consumption markets in Mexico and Texas.

80. Second, CP/KCS will link CP-served origins of crude oil in Alberta and Saskatchewan with KCS-served refineries and petrochemical plants in Louisiana and Eastern Texas via more efficient and safer single-line routes. The volume of crude oil shipments from source to refinery is determined by macroeconomic forces that will not be affected by the Transaction, so CP/KCS will not cause more crude oil to be shipped by rail. But we do anticipate that CP/KCS will allow the crude-by-rail shipments from Canada to the United States that do occur to be handled more safely and efficiently via CP/KCS's new single-line routes. By improving the transportation options for delivering crude extracted in Alberta and Saskatchewan to refineries in the Gulf States, CP/KCS will hasten the emerging shift toward moving this commodity as non-hazardous bitumen (known as "DRUbit") rather than as a volatile and flammable liquid, providing significant safety and environmental benefits.

81. These improved services for energy customers are shown in Figure 9, below.

FIGURE 9
BENEFITS FOR CRUDE AND LPG TRAFFIC



A. CP/KCS Will Improve Transportation Options for LPG Shippers

82. CP originates significant volumes of LPG in Western Canada and North Dakota, with a meaningful portion of those shipments ultimately destined for consumption markets in Mexico and the South Central United States. CP is investing in new origin facilities that will support expanded LPG shipping volumes. Most of CP's LPG shipments destined for Mexico are interchanged *twice*, first with UP in St. Paul, MN, and then *again* with KCSM or FXE for final delivery. The CP/KCS combination will create a more efficient single-line route from 20 LPG loading facilities in Western Canada and Ontario to destination markets in Mexico and Texas,

where the product is used primarily for cooking and heating. The Transaction will even benefit some destinations only served by FXE because CP/KCS will be able to move LPG to Monterrey and Saltillo, from which those locations can be served by truck. CP/KCS will provide propane customers faster speed to market, reduced cycle times, and overall fleet savings that in turn will encourage market growth through a safe and cost-efficient supply chain. We expect this traffic to amount to more than 4,000 carloads annually.

83. These improved transportation options for LPG originating in western Canada will create enhanced competition between Western Canada/Ontario propane suppliers and propane currently sourced from production facilities in other locations, such as Conway, KS and Mont Belvieu, TX for receivers served by KCS, particularly in Mexico.

B. CP/KCS Will Encourage Investment Supporting the Conversion of Crude-by-Rail to Non-Hazardous "DRUbit™"[14]

84. CP, KCS, and other U.S. Class I railroads have long participated in the long-haul movement of crude oil by rail when energy industry customers have sought out crude supplies from sources that cannot deliver via pipeline or vessel. Two such flows are between the Oil Sands of Alberta and the Bakken oilfields in North Dakota, on the one hand, and refineries in the U.S. Gulf region, which the petroleum industry refers to as "PADD III," on the other hand. PADD III is the home to a large number of refiners that are particularly well suited for the heavy crude produced in Alberta. As a result, there has long been demand to move Alberta crude to PADD III refineries, with volumes fluctuating according to commodity price variations,

[14] We understand that DRUbit™ is a trademark of DRU Assets LLC, a subsidiary of USD Group, LLC. When we refer to "DRUbit," the term should be understood to refer to the trademarked product as well as any other technology that removes diluent from dilbit to facilitate safe and efficient rail transportation.

available refining capacity, the declining availability of alternative sources of heavy crude like Venezuela, and other factors. The CP/KCS Transaction will not affect these volumes one way or the other.

85. The Transaction nonetheless will provide significant benefits for shippers of crude oil and the broader public interest. First, CPKC will offer shippers more efficient – and economically more favorable – routes for the crude-by-rail shipments that may occur in the future. Although CP's network serves both the Alberta Industrial Heartland and the Bakken fields, CP's network does not reach the PADD III refiners. Instead, CP must interchange these movements with other railroads in order to reach major refining hubs in the Gulf Coast. CP interchanges crude-by-rail trains with KCS at Kansas City, but far more often those interchanges occur at Chicago with UP or Noyes, MN with BNSF, which then deliver the crude to refineries they serve in Louisiana and Texas or pipeline hubs that serve refineries in the Gulf region.

86. KCS, on the other hand, serves several refineries in Texas (at Port Arthur and Beaumont), Louisiana (at Baton Rouge), and Alabama (at Tuscaloosa). Like CP, however, KCS must interchange these trains with other Class I railroads.

87. The CP/KCS network will efficiently connect CP-served origins with KCS-served destinations, attracting some of the crude shipments from less efficient (and. in many cases, longer) interline routes. For example, a CP/KCS single-line route from northern Alberta to Beaumont, TX is 33 miles shorter than a CP-UP route via Chicago, and in addition avoids the delays and handling costs associated with an interchange in Chicago. Cycle times are particularly important to shippers of crude to facilitate efficient use of their private cars. As described in the Verified Statement of Messrs. Brown and Zebrowski, these single-line

efficiencies will be appealing enough to attract more than 16,000 cars of crude from other rail routes to an integrated, single-line CP/KCS service.

88. Second, the improved transportation options created by the CP/KCS Transaction for movements of Alberta crude to PADD III refining markets will support and accelerate the shift towards a safer and more environmentally friendly way to move Alberta crude by rail. Most of the crude originated in Alberta is from "oil sands," which are a mixture of water, sand, and bitumen. Bitumen is a naturally occurring oil that in its natural state is too thick to flow through pipelines to refining facilities. To facilitate transportation by pipeline, bitumen is typically mixed with a light hydrocarbon "diluent" to yield a liquid that can be pumped through pipelines. Much of Alberta's crude moves by pipeline to refineries in Canada and the U.S. Midwest in this form, which is called "dilbit" (*i.e.*, bitumen mixed with diluent). When Alberta crude has moved by rail to other refining markets (like PADD III) in the past, it has typically moved as dilbit.

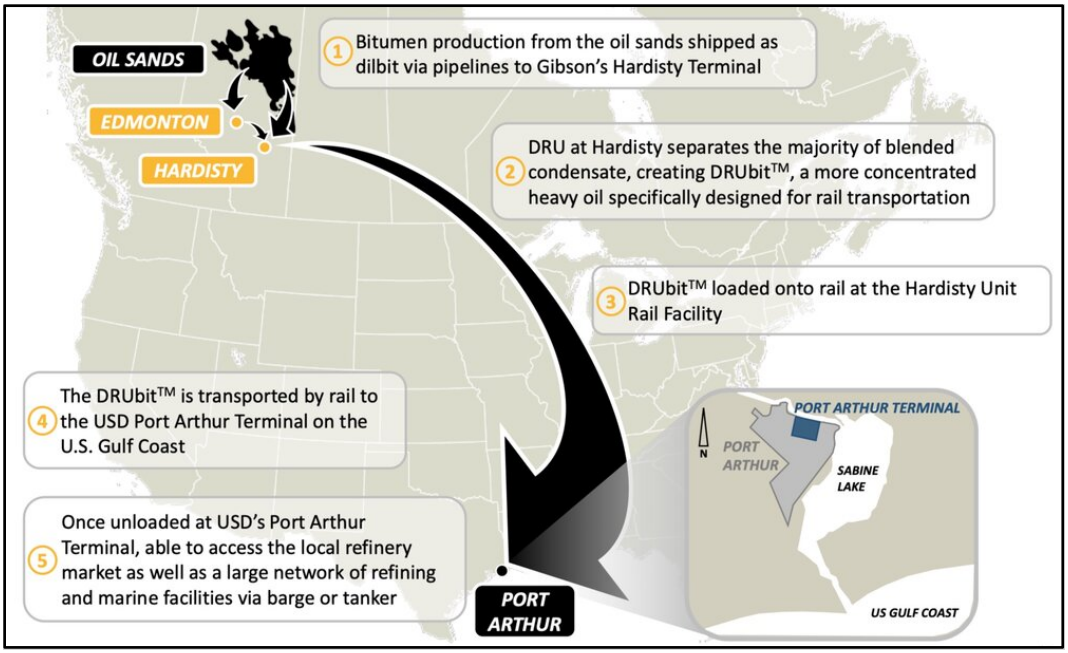
89. There are two disadvantages of dilbit from a rail transportation perspective. The diluent comprises 20-30 percent of the total volume shipped, yet is of little value to destination refineries. That means that a train of 100 tank cars can only deliver the equivalent of 70-80 carloads of the bitumen that PADD III refineries demand. In addition, when mixed with diluent, crude is flammable and must be treated as a hazardous commodity.

90. CP and KCS have been at the forefront of a transition toward a safer and more efficient way to move Alberta crude by rail. Through investments at origin and destination, the hazardous dilbit can be converted to non-hazardous "DRUbit" that can be more safely moved by rail. The process starts at the railhead with a "diluent recovery unit" ("DRU"), which separates out and removes the diluent that has been added to raw bitumen in the production process,

creating "DRUbit," a form of bitumen that is specifically designed for rail transportation. When trains carrying DRUbit arrive at destination, the bitumen is processed and delivered to nearby refineries.

91. CP and KCS have worked with customers to develop the potential for DRUbit shipments by rail. In Canada, CP worked with US Development Group ("USD") and Gibson Energy Inc. ("Gibson") to support investment in a DRU facility near Hardisty, AB, and ConocoPhillips Canada has contracted with CP and USD to process 50,000 barrels per day of inlet bitumen blend through this DRU facility. The DRUbit produced here is then transported by CP from Hardisty to a terminal built by USD at Port Arthur, TX and served by KCS. USD's Port Arthur terminal handles railcar unloading and tank storage and blending, and connects to ConocoPhillips's Beaumont Terminal. Figure 10 below depicts the DRUbit process from extraction in Alberta to refinery in Louisiana.

FIGURE 10[15]
CP/KCS SUPPORTS INVESTMENT IN DRUBIT FOR SAFER RAIL MOVEMENT OF ALBERTA CRUDE



92. The new single-line service unlocked by the CP/KCS Transaction will support the investments needed to accelerate the transition away from traditional crude-by-rail and towards the movement of Alberta crude in private cars in non-hazardous DRUbit form. We anticipate that CP/KCS will be the catalyst for further investments in the Hardisty DRU facility to expand its capacity[16] (and in the future possibly at other Alberta points near the oil sands) as well as in additional cars and additional capacity at destinations served by KCS in the Gulf. USD has expressed support for the CP/KCS Transaction, saying that CP/KCS "will provide benefits to . . . current and future DRUbit™ customers" and will allow them "to reach existing and new markets th[r]ough single-line service hauls." [17]

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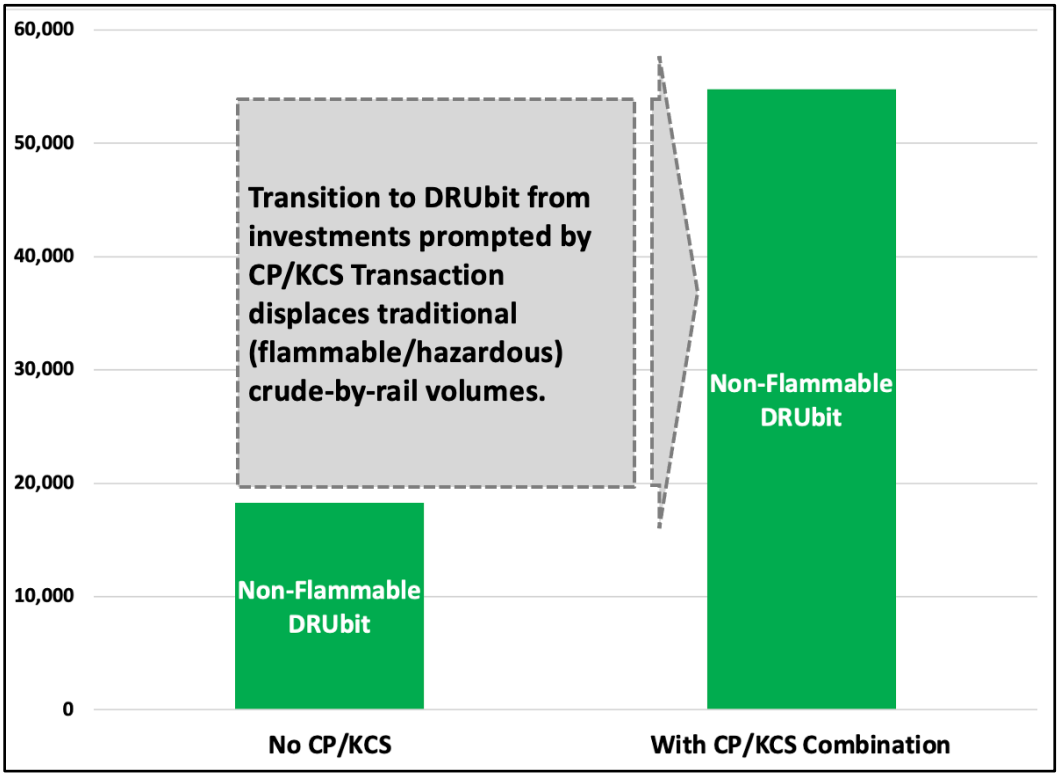
[15] Source: Hardisty Energy Terminal (DRU), Gibson Energy, https://www.gibsonenergy.com/our-operations/dru-at-hardisty/.

[16] Once fully phased-in, we anticipate over 50,000 additional units from Hardisty each year.

[17] Letter of Doug Atkins and Jim Albertson, Directors of Hardisty Energy Terminal LP (March 30, 2021 (set forth in Volume 3 of the Application); *see also* Letter of Brad Sanders, Executive Vice

93. Figure 11 below depicts the anticipated shift of traditional crude shipments to safer DRUbit shipments that the Transaction will facilitate.

FIGURE 11
SHIFT OF CRUDE-BY-RAIL SHIPMENTS FROM ALBERTA TO GULF TO NON-FLAMMABLE, NON-HAZARDOUS DRUBIT



94. This conversion will mean safer and more environmentally friendly transportation of this commodity, benefitting CPKC, shippers, and the public. Again, DRUbit is neither flammable nor hazardous. It is a tar-like substance that does not flow and will not harm the environment or nearby communities if inadvertently spilled in the unlikely event of a derailment or other mishap. And because there is no diluent to transport, fewer trains are needed to move the same volume of Alberta crude – seven or eight trains of DRUbit can haul as much crude as 10 trains of dilbit.

President of Port Arthur Terminal LLC (March 30, 2021); Letter of Jim Albertson, Senior Vice President of USD Group LLC (March 30, 2021) (set forth in Volume 3 of the Application).

VI. BENEFITS FOR SHIPPERS OF GENERAL MERCHANDISE COMMODITIES

95. The new, single-line CP/KCS network will also enable more efficient and cost-effective transportation solutions for a wide array of other commodities – like forest products, chemicals and plastics, and metals – for customers large and small. We review some of the highlights below.

A. Forest Products

96. The CP/KCS combination will improve transportation options for shippers of forest products by efficiently connecting production areas by CP and KCS with consumption areas served by the other railroad. Benefits will accrue at all stages of the supply chain. New CP/KCS single-line routes will better connect CP-served lumber mills and lumber transloads in Canada and Maine with KCS-served facilities serving the home-building industry in the South Central states, will better connect CP-served pulp mills with KCS-served paper mills, and will better connect KCS-served paper mills with CP-served and switch-accessible box plants in the Upper Midwest.

97. The impact of CP/KCS on lumber originating at CP-served mills and lumber transloads in Canada and Maine provides a prime illustration of how the new single-line routes of a CP/KCS system will enhance the transportation alternatives available to shippers and receivers. As shown in Figure 12 below, CP serves numerous lumber mills and transloads in British Columbia, Alberta, Saskatchewan, Ontario, Quebec, New Brunswick, and Maine. For its part, KCS serves, or has switching access to, receivers and transloads in Texas, Louisiana, and Mississippi that support demand for lumber for the hot housing and construction markets in that region, especially the Dallas/Fort Worth metropolitan area (the largest destination market for Canadian lumber, and the second-largest lumber market overall in the United States; Texas is the largest lumber market in the U.S, accounting for 11 percent of total U.S. consumption in 2020).

FIGURE 12
CP/KCS PROVIDES BETTER TRANSPORTATION OPTIONS FOR LUMBER AND PANEL SHIPMENTS

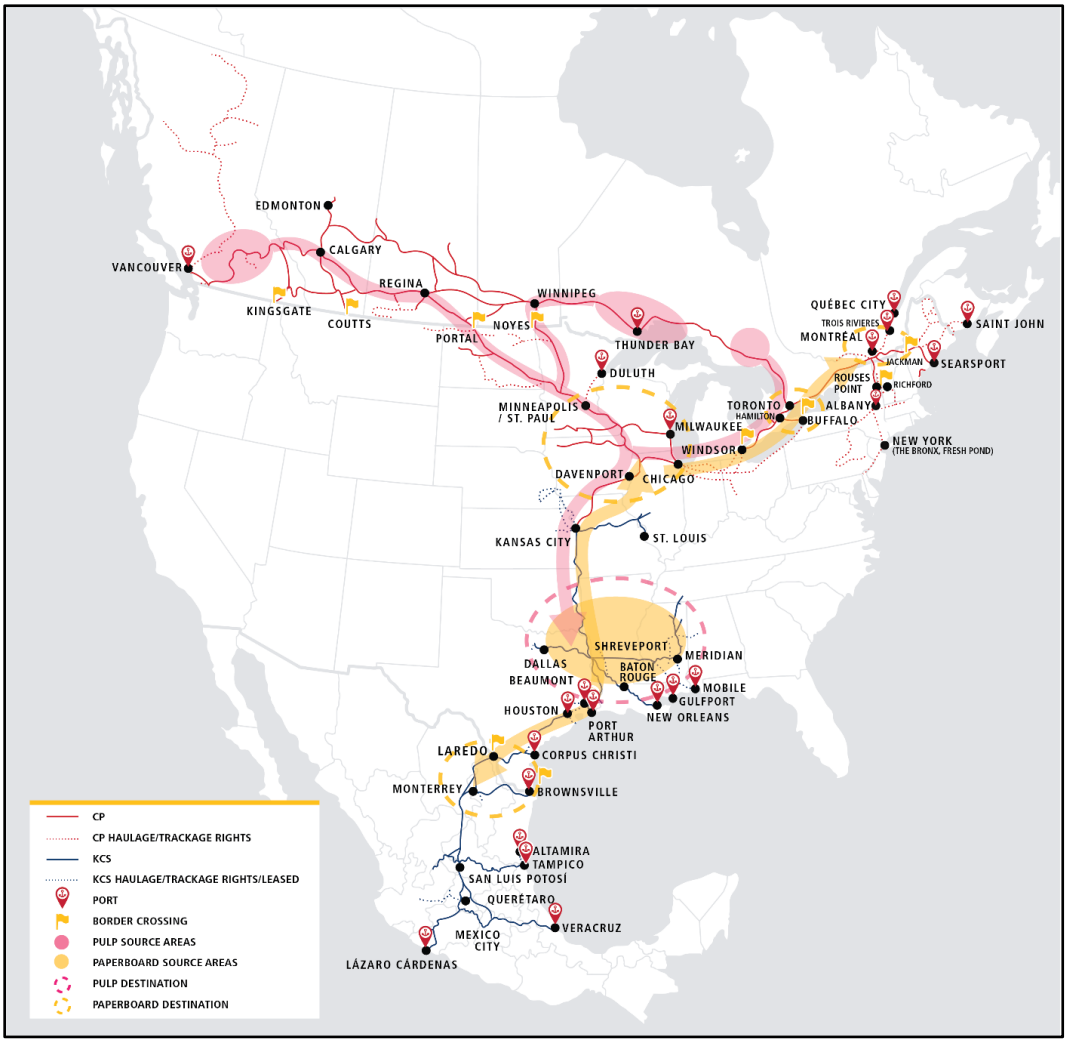


98. This KCS network will allow CPKC to replicate in Texas CP's success delivering to the Southeast via transload facilities. As one example, CPKC will be able to offer shippers like Quebec's Resolute Forest Products, served through CP's Montreal lumber transload facility at St-Luc, QC, a direct route to construction markets in Texas. The transportation benefits of our new CP/KCS single-line routes will also extend to shipments of southern yellow pine flowing the opposite direction, from KCS-served and switch-accessible mills as well as transload facilities in the Southeast, north into the Midwest. We estimate that CPKC's new single-line services will

attract thousands of shipments annually already moving by other, less efficient interline rail routes and also shift thousands of truckload shipments to these markets off America's interstate highway system and border crossings.

99. As shown in Figure 13 below, the integrated CP/KCS network will also better connect the eight CP-served Canadian pulp mills with the 19 paper mills that are served or switch-accessible by the KCS across the South Central United States. Because pulp is a highly price-sensitive commodity, efficient CP/KCS routes may open up new sourcing opportunities for these paper mills, like International Paper's Louisiana facilities.

FIGURE 13
CP/KCS PROVIDES BETTER TRANSPORTATION OPTIONS FOR PULP AND PAPER SHIPMENTS



100. The same transit time and reliability improvements generated by the CP/KCS combination for southbound movements of lumber and pulp will benefit suppliers of paperboard from the 19 paper mills on or switch-accessible to KCS moving *northbound* to box plants served or switch-accessible to CP in the Midwest and Canada. Messrs. Brown and Zebrowski reasonably estimate that CPKC will be able to attract nearly 1,000 carloads annually that are moving via other rail routes today.

101. One shipper of forest products, noting that [s]ervice has not been great coming from the south," stated that the CP/KCS Transaction "will expand market reach and offer new competitive transportation options for [their] shipments of all Forest Products."[18] Recognizing these benefits, a number of forest products companies have similarly expressed their support for the CP/KCS Transaction, including companies involved in shipping lumber[19] and paper products.[20] One shipper of pulp and paper expects CP/KCS to "enhance our competitiveness through lower costs, better service, and improved access to the North American rail network."[21] Another paper shipper sees in CP/KCS "the potential to unlock several new routes for some of [its] Canadian products to start flowing into United States customers."[22]

B. Chemicals and Plastics

102. By creating new single-line routes between Canada and the Southwest/Gulf, the combined CP/KCS network will promote more efficient and cost-effective transportation solutions for shipments of chemicals and plastics originating in the Gulf to destination markets in Chicago, Canada, and the Midwest, and vice versa.

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[18] Letter of Scott Martini, Senior Lumber Buyer of Boise Cascade (March 24, 2021) (set forth in Volume 3 of the Application).

[19] *See, e.g.*, Letter of Abby Mann, Vice President of Aspen Planers Ltd. (March 29, 2021); Letter of Brad Eckford, Manager of Transportation, and Pino Pucci, VP of Sales, Marketing and Logistics of Tolko Industries Ltd. (March 29, 2021); Letter of Saulo Peranton, Director of Logistics at EACOM Timber Corporation (March 29, 2021) (set forth in Volume 3 of the Application).

[20] *See, e.g.*, Letter of Greg Simpson, Director of Logistics and Administration, Millar Western Forest Products Ltd. (March 31, 2021); Letter of Vishnu Sharma (Global Head of Sourcing and Logistics of AV Terrace Bay Inc. (March 30, 2021); Letter of Gerardo M. Jaime, General Manager of JEI, Inc. (March 28, 2021) (set forth in Volume 3 of the Application).

[21] Letter of Mark Mosher, Vice President of the Pulp & Paper Division of J.D. Irving, Limited (March 29, 2021) (set forth in Volume 3 of the Application).

[22] Letter of Thomas S. Howard, Vice-President of Government Relations of Domtar (March 31, 2021) (set forth in Volume 3 of the Application).

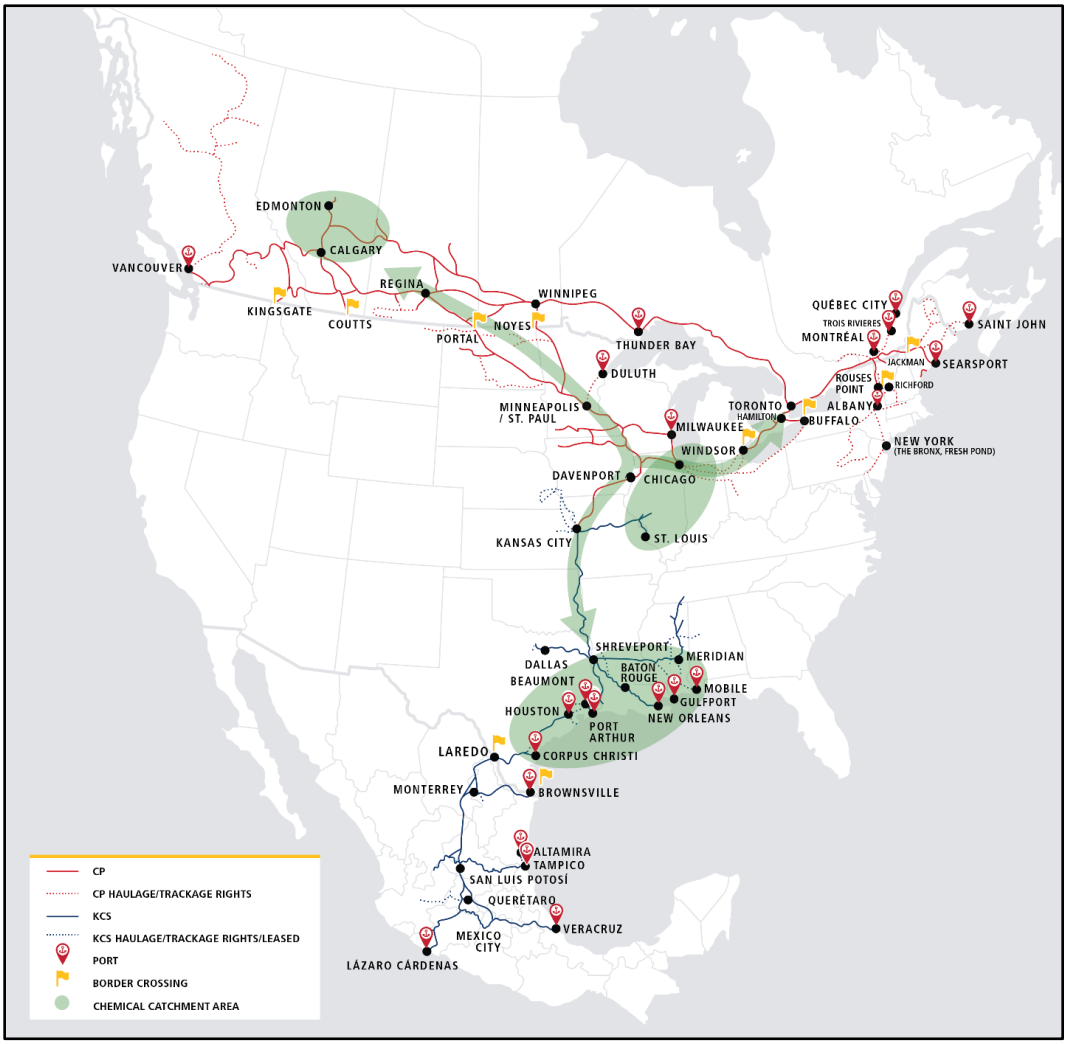
103. Products that we expect to attract from competitors with new CP/KCS single-line routes include:

- butadiene from the Gulf producers to producers of synthetic rubber in Western Canada;
- glycol (used, among other things, for manufacturing and packaging products and other consumer goods and as a solvent by the paint and plastics industries) from Western Canada to Central Mexico;
- isopropanol/propyl alcohol (used in the production of, among other things, cosmetics and industrial solvents) from the Gulf to Western Canada;
- caustic soda, currently moving from Manitoba to Texas on CP interline routes; and
- shipments of chemicals northbound from smaller shippers in the Gulf to companies in Western Canada who specialize in value-added services like packaging and labeling, allowing these shippers to get their products into the hands of smaller customers.

104. Plastics will move more efficiently both northbound and southbound. CPKC will be able to offer shippers like Dow Chemical in Fort Saskatchewan, AB, which ships plastics to auto manufacturers in Mexico, an efficient single-line service that today does not exist. Similarly, plastic producers on the Gulf who ship to manufacturers in Eastern Ontario and Quebec currently have only one single-line option, via CN. CPKC will offer an alternative single-line option, creating new competition for those shipments.

105. The benefits for chemicals shippers are shown in Figure 14, below.

FIGURE 14
CP/KCS PROVIDES BETTER TRANSPORTATION OPTIONS FOR SHIPMENTS OF CHEMICALS AND PLASTICS



106. Shippers of plastics and other chemicals have expressed support for the CP/KCS Transaction. One plastics shipper noted that CP's current market reach is limited, but CP/KCS will help it "to expand the customer base without worrying about the logistics."[23] Another plastics shipper observed that CP/KCS "promises to provide improved service options" and

[23] Letter of Happy Gill, Co-Vice President of Fraser Plastics Ltd. (March 26, 2021) (set forth in Volume 3 of the Application).

"would help [it] to transport [its] raw materials more efficiently."[24] Similarly, a shipper of sulphuric acid expects CP/KCS to result in "a noticeable improvement to [its] service levels out of Louisiana by the creation of better competition."[25]

C. Metals

107. A combined CP/KCS network will enable better service and improved competitive options for metals customers.

108. The complementary network reach and car supply capabilities of the CP and KCS systems will benefit shippers of steel and many other commodities. Finished steel origins served by CP's transload network, including in the Chicago area, will be able to serve destinations in Texas, the Gulf, and Mexico more efficiently and reliably. Steel originating in Ontario (from mills not directly served by CP) and bound for auto producers in Mexico, for example, will have a direct route from CP's wholly-owned Transcare facility in Ontario to KCS's transload network. This finished steel requires specialized covered coil cars, which are not part of CP's existing fleet, but *are* part of KCS's fleet. The story is much the same for Canadian aluminum producers, like Alcoa, shipping to auto producers in Mexico. Similarly, finished steel producers in Iowa and Quebec will be more efficiently connected to destinations in Texas, Oklahoma, and Mississippi, where finished steel is needed for infrastructure projects.

109. Shippers of metals have expressed support for the CP/KCS Transaction. One recycler of scrap metal noted that CP/KCS will "expand market reach and offer new competitive transportation options . . . by providing access to additional export locations/ports in the Gulf"

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[24] Letter of Steven Stone, Executive Vice President of Sterilite Corporation (March 29, 2021) (set forth in Volume 3 of the Application).

[25] Letter of Dennis Smerchanski, General Manager of Border Chemical Company Limited (March 30, 2021) (set forth in Volume 3 of the Application).

and will play a role in "expanding access to growing markets across the United States, Mexico, and Canada."[26] Another pointed out that CP/KCS will provide "[a] larger network, with reduced switching fees allowing expansion and growth of business to markets around North America which [it doesn't] currently have access to," including "Mexico and customers or mills in that country."[27]

D. Benefits for Numerous Other Commodities

110. We see many other opportunities to better serve customers large and small shipping a wide array of other general merchandise commodities. The vast majority – 81 percent of CP's shippers – ship fewer than 100 carloads per year on our system, and the same is true for KCS. CPKC will be attentive to the needs of all of these shippers. While CP often publicly focuses on large shippers, the bread and butter of our business comes from small shippers. Our ability to offer reliable, dependable service to small shippers is the backbone of CP's business and will remain so for CPKC.

111. One category of merchandise traffic bears specific mention: "white goods" or appliances moving north from Mexico offer a particularly exciting illustration of the new capabilities of the CP/KCS network. CP does not handle a substantial volume of white goods today, but with the Transaction we see potential for sizable growth. A significant portion of all appliances consumed in the United States come from Mexico. Major appliance brands – including GE, LG, Whirlpool, and Samsung – produce white goods at factories in Mexico, from which they service consumer markets in the United States and Canada. KCS serves these

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[26] Letter of Mark Hudson, Vice President of American Iron and Metal Inc. (March 29, 2021) (set forth in Volume 3 of the Application).

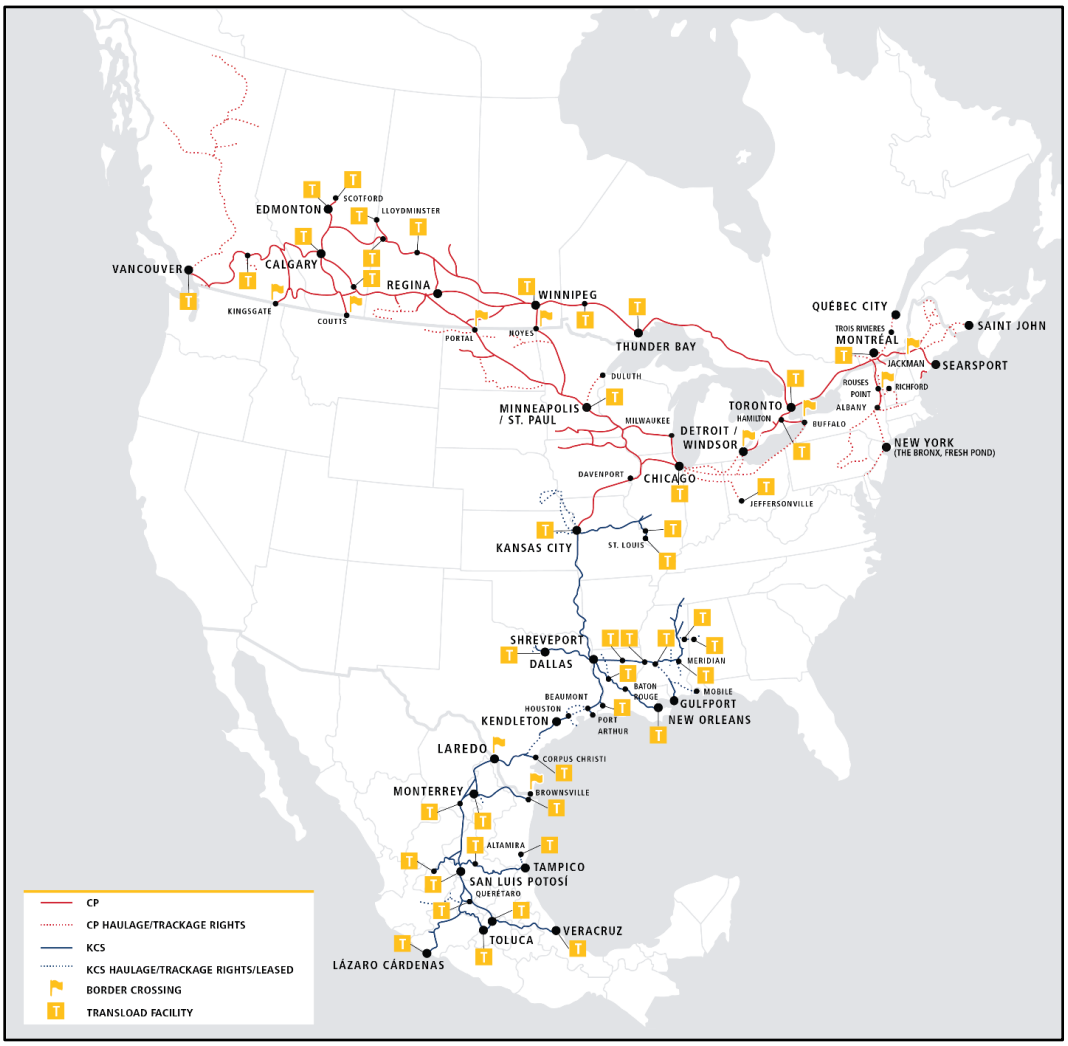
[27] Letter of Bryan Fitzsimmons, President of Centreville Iron and Metal (March 28, 2021) (set forth in Volume 3 of the Application).

shippers today – taking advantage of a supply of empty boxcars that arrive in Mexico with deliveries of pulp and paper from KCS-served origins in the South Central States. But KCS's network does not reach many destinations – particularly those in Chicago, other parts of the Upper Midwest, and Canada.

112. CPKC will be able to move these goods from origin to destination in a single move, minimizing cost and handling, and in effect allowing efficient roundtrip trade, with the empty boxcars being reloaded with commodities moving south. And for a subset of these appliances, CPKC will be even more efficient, because CP has co-located intermodal facilities with certain Home Depot distribution centers in Toronto and Calgary, further reducing handling.

113. In addition, as noted above, many shippers of forest products, chemicals, plastics, and metals benefit from access to CP and KCS transload facilities. CP and KCS today each have strong transload networks. CP alone owns 26 transload facilities, and partners with an additional 67 privately-owned transload facilities across Canada and the United States. These networks handle a vast array of commodities, from steel to stoves, sand to shingles, cement to canola, and coal to consumer goods. Further, they extend the reach of each railroad, allowing them to serve origins and destinations not directly on their lines. As shown in Figure 15, together, CP and KCS will operate a powerful transload network with a broad reach, able to connect shippers of all sizes, from Mexico to Canada, for a wide array of commodities.

FIGURE 15
CP/KCS COMPLEMENTARY TRANSLOAD NETWORK



114. Separately, these networks constitute an underutilized resource for shippers across Canada, the United States, and Mexico. One network acts as a watershed gathering in goods from Canada, the Upper Midwest, and the Northeast; the other does the same for goods in Eastern Mexico and the Southeast. These two watersheds, however, connect only via inefficient interline exchanges, limiting choice and value for customers. The CP/KCS Transaction – and only the CP/KCS Transaction – will bring these two networks together, unlocking choice, value, and better service for shippers

VII. OUR REASONABLE EXPECTATION IS THAT CPKC WILL ACHIEVE THE ANTICIPATED TRANSACTION-RELATED TRAFFIC GAINS OVER THE COURSE OF THE FIRST THREE YEARS FOLLOWING BOARD APPROVAL

115. To support estimates by other witnesses relating to the additional rail traffic that CPKC would attract from other railroads and transportation modes, we considered the likely period over which those traffic gains would occur, and the likely pace of those gains. Our best estimate is that the pace of CPKC's traffic gains will vary by commodity and flow, reflecting underlying market conditions and the CPKC's new capabilities, but that the reasonably anticipated rail-to-rail and truck-to-rail diversions that we and other witnesses forecast would be fully achieved within three years of control approval.

116. Table 1 below summarizes our estimate regarding the timing, with the figures reflecting the percentage of CPKC's Transaction-related traffic gains that we believe would be realized by the end of the referenced year following control approval (these are not shares of total traffic). Our estimates are based on our general knowledge of the varying commercial environments affecting each type of traffic and our experience pursuing opportunities to attract new rail traffic with new services and initiatives.

TABLE 1
PORTION OF TRANSACTION-RELATED TRAFFIC GAINS REALIZED BY END OF PERIOD

Line of Business/Commodity Group	Year 1	Year 2	Year 3
Automotives from Mexico	33%	66%	100%
Automotives from Canada	100%	100%	100%
Energy, chemicals and plastics (bitumen)	100%	100%	100%
Energy, chemicals and plastics (LPG)	0%	80%	100%
Energy, chemicals and plastics (plastics)	0%	50%	100%
Forest products (lumber)	50%	100%	100%
Forest products (other)	100%	100%	100%
Cereal Grains	33%	66%	100%
Other Grains	0%	50%	100%
Grains from Canada	50%	75%	100%
Metals, minerals, and consumer products	0%	50%	100%
Intermodal	33%	66%	100%

.

VERIFICATION

I, Jonathan Wahba, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed this 28th day of October, 2021.

Jonathan Wahba
Vice President of Commercial Integration
Canadian Pacific Railway Company

VERIFICATION

I, Michael J. Naatz, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed this 29 day of October, 2021.

Michael J. Naatz
Executive Vice President and Chief
Marketing Officer
Kansas City Southern

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF GLEN WILSON

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF GLEN WILSON

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VERIFIED STATEMENT OF GLEN WILSON

1. My name is Glen Wilson. I am Managing Director, Environmental Risk at Canadian Pacific Railway. I have held this position since December 2014.

2. I have been working for Canadian Pacific for nearly 30 years. I hold a Bachelor of Arts in History and a Bachelor of Laws from the University of Manitoba.

3. Since this docket was opened, I have been coordinating CP's environmental review process with its consultants and attorneys, as well as with the Board's Office of Environmental Analysis and its third-party contractor.

4. I am making this statement to explain the environmental benefits of the proposed Transaction and to describe the process by which the project's potential environmental effects are being evaluated by CP and its consultants.

I. CP'S COMMITMENT TO THE ENVIRONMENT

5. Before addressing the environmental benefits of the CP/KCS Transaction, I would like to highlight CP's commitment as an enterprise to environmental protection and improvement. This is and will remain one of CP's core values.

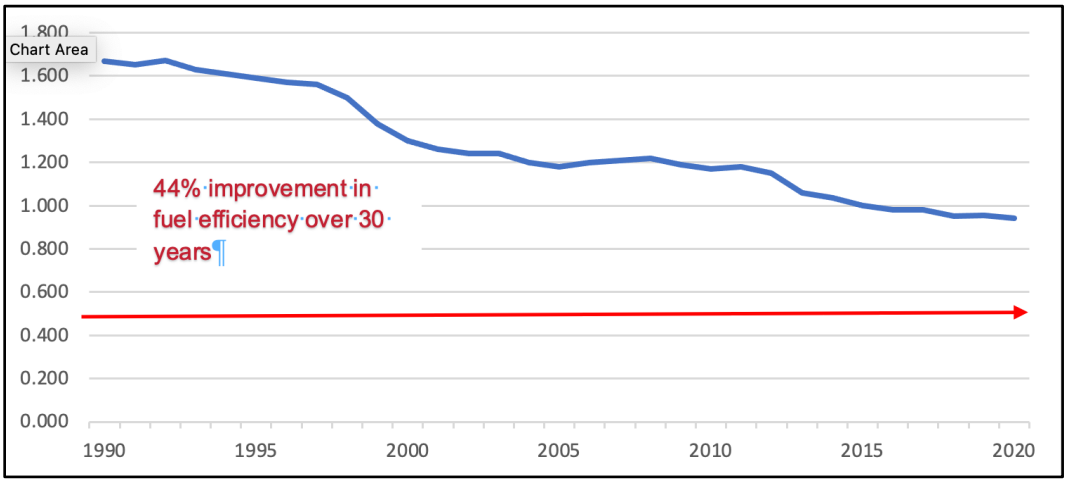
6. Our commitment to the environment spans all aspects, one focus of which is the impact of greenhouse gas emissions on climate change. CP understands that climate change is the challenge of the present generation. CP is committed to meeting the targets set by the Paris Agreement and to being a leader in the transportation sector's low-carbon transition. CP is incorporating globally leading practices into operating more sustainably, reducing its environmental footprint, and reporting its plans and progress.

7. The transportation sector makes up a significant share—about 30 percent—of greenhouse gas emissions in North America. But railroads, which make up about two percent of

transportation sector emissions, offer many advantages over other modes of transportation when it comes to protecting the environment.

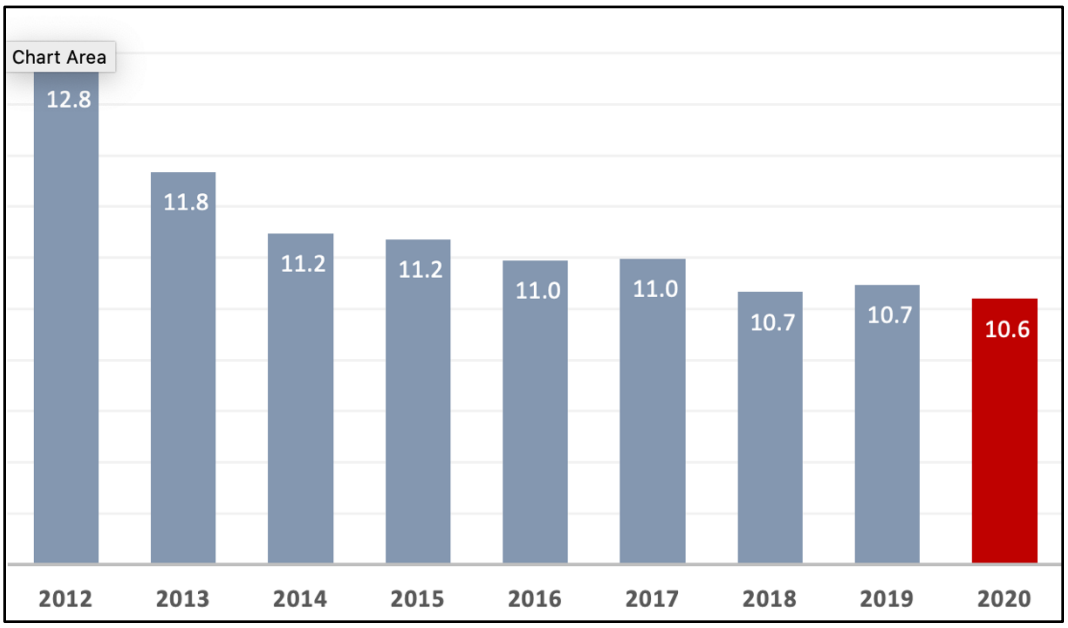
8. Locomotives are responsible for the vast majority of greenhouse gas emissions by freight railroads, and constitute about 96% of CP's direct greenhouse gas emissions. CP already outperforms industry averages for locomotive fuel efficiency—over 11% better than the North American Class I freight average. And CP has improved its fuel efficiency by over 40% since 1990, as shown in Figure 1 below.

FIGURE 1
CP'S GALLONS OF LOCOMOTIVE FUEL CONSUMED/1,000 GTMS



9. CP continues to work to improve its fuel efficiency, including by expanding its use of fuel trip optimizer technology on its locomotive fleet. Figure 2 below tracks CP's improvements in locomotive greenhouse gas emissions ("GHG") intensity over the past decade.

FIGURE 2
CP'S LOCOMOTIVE GHG INTENSITY (KG CO2E/1,000 GTMS)



10. CP is also exploring other ways to reduce its GHG emissions. CP's Climate Strategy, released in July 2021, outlines how CP is taking a leadership role in the transition to a low-carbon future for North America and describes in particular CP's commitment to evaluate a wide variety of potential ways to reduce carbon, including the evaluation of renewable fuels, internal carbon pricing and more.

11. Both CP and KCS have also set science-based (SBTi) targets in recent months: CP has announced its commitment to reduce GHGs by 38 percent by 2030 and KCS has set a target of a 42 reduction percent by 2034. It is therefore expected that significantly more GHG emissions reductions will be achieved by CPKC than those provided by the efficiencies of the merger.

12. CP is establishing a Carbon Reduction Taskforce to evaluate the different potential ways of reducing carbon. This focus on decarbonization benefits both CP and its customers, who have their own carbon reduction goals for their supply chain. One of CP's most

significant efforts in this regard is to undertake retrofitting three locomotives to be powered by hybrid hydrogen fuel cells and batteries (a program that has received a $15 million grant from Emissions Reduction Alberta) to demonstrate the potential of this technology. In so doing, CP is leading a globally significant effort to develop the first zero emissions line-haul freight locomotive.

13. Figure 3 below illustrates how the first such locomotive will appear when it is launched in the coming months.

FIGURE 3
CP'S H2OEL HYDROGEN-POWERED LOCOMOTIVE



II. THE CP/KCS TRANSACTION WILL GENERATE SIGNIFICANT ENVIRONMENTAL BENEFITS

14. The combination of CP and KCS networks, and then the expansion of that combined network, will bring added efficiencies to existing rail operations and freight transportation that will have direct environmental benefits. The efficiency of that combined network and its expanded capacity and reach will also bring environmental benefits beyond that network as truck traffic is diverted off public highways.

A. Greenhouse Gas Emission Reductions

15. CP and KCS's combined U.S. rail network will significantly reduce greenhouse gas emissions and other air pollutants, removing over 389,000 tons of GHGs annually by full integration in Year 3.

16. ***Improved GHG Intensity of Integrated CPKC Operations***. CPKC will achieve significant Transaction-related rail operational efficiencies that will improve GHG relative to how CP and KCS separately handle rail traffic today. Freight shipments that currently have to stop in rail yards to change carriers will be handled as a single, long-haul movement on the combined network.

17. Trains are more fuel efficient when they are moving. Stopping, idling, and switching are less fuel efficient. By creating more long-haul movements with fewer stops, the combined CP/KCS network will improve fuel efficiency. In addition, the combined network will have more sidings that will improve efficiency by allowing better meets, longer trains, and other improvements.

18. These improvements will have significant environmental benefits. The combined CP/KCS network will improve fuel efficiency and reduce GHG emissions. Table 1 below summarizes the various emissions factors comparing baseline intensity (2019) with the optimized combined CP/KCS network and anticipated GHG intensity through Year 5.

TABLE 1
GREENHOUSE GAS EMISSIONS REDUCTIONS FROM RAIL OPERATIONS

Estimated Emissions Factors	Base	Optimized Base	Year 1[(1)]	Year 2	Year 3	Year 4	Year 5
Daily GHG Emissions[(2)]	12,441	12,235	14,404	15,610	16,630	16,892	17,157
GHG Intensity[(3)]	11.8	11.6	11.2	11.2	11.2	11.2	11.1
Daily Baseline GHG Emissions[(4)]	12,441	12,441	15,140	16,429	17,517	17,852	18,192
Daily Avoided GHG Emissions[(5)]	0	206	736	819	887	960	1,034

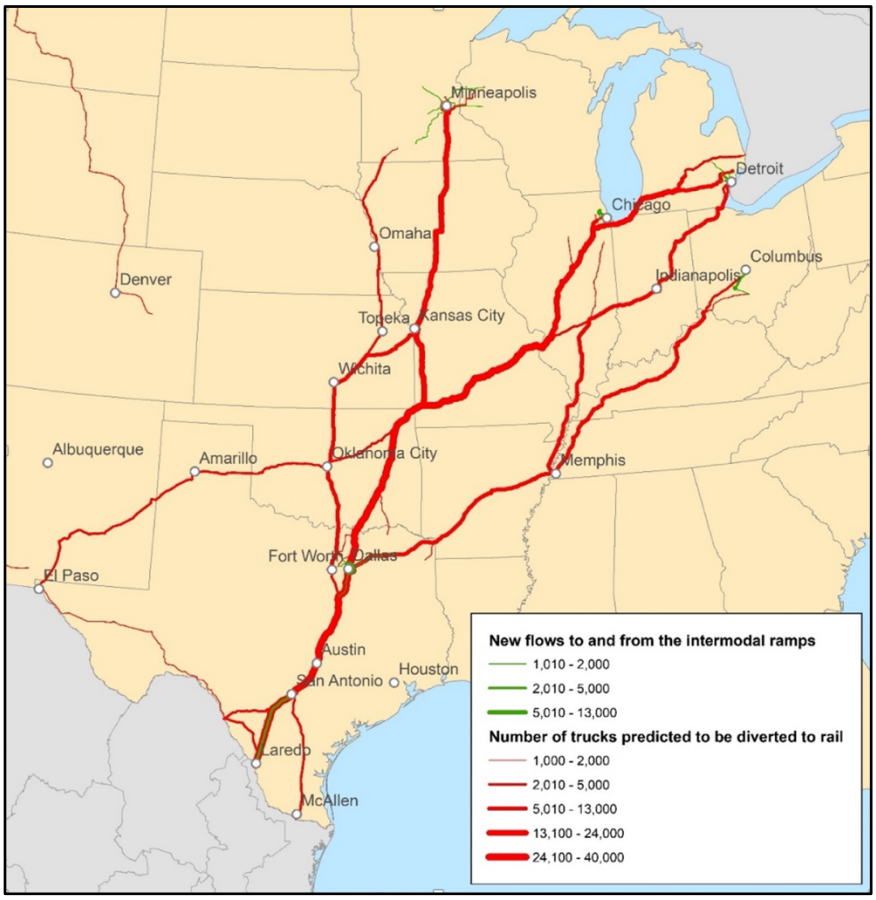
(1) Assumed to be 2023 for the purpose of this analysis
(2) Tons of CO2e
(3) Kg CO2e/1,000 GTM
(4) Tons of CO2e if at baseline 11.8 GHG emission intensity
(5) Avoided due to fuel efficiency improvement (Tons of CO2e/Day)

19. Within five years after commencing merged operations, the improved efficiency of CPKC will avoid in excess of 377,000 tons of GHG emissions annually. Those efficiencies will cumulatively avoid more than 1.6 million tons of GHG by the end of Year 5. Over the course of the next 20 years, the Transaction would yield GHG reductions of more than 7.2 million tons by reducing the GHG intensity of CPKC's rail operations relative to the separate CP and KCS baselines, and without yet factoring in the further reductions expected as a result of pursuing the SBTi targets described in Paragraph 11 above.

20. ***Removing Trucks from Highways***. The combined CP/KCS network in the U.S. will also reduce greenhouse gases by taking trucks off the highways. CP/KCS will be more competitive with long-haul trucking. Long-haul freight movements on a single rail carrier are faster and cheaper than shipping with multiple modes and carriers.

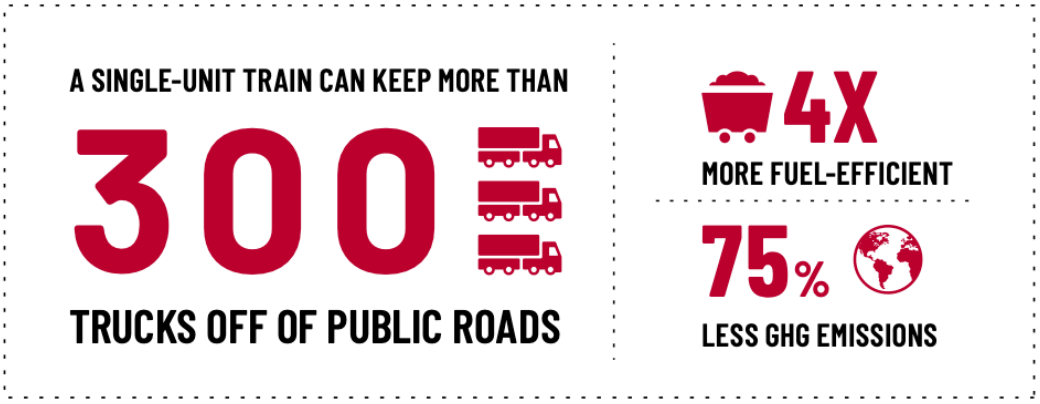
21. As shown in Figure 4 below, the new intermodal services offered by CP/KCS will annually divert almost 64,000 long-haul truck shipments to rail. *See* Verified Statement of Bengt Mutén, Figure 2.

FIGURE 4
MAP SHOWING REDUCTION IN LONG-HAUL TRUCKING AS A RESULT OF TRANSACTION
(FROM MUTÉN V.S.)



22. Moving freight by rail is about four times more fuel efficient than moving the same freight by truck. This increased efficiency leads to 75 percent fewer greenhouse gas emissions when freight moves by rail. CP regularly uses the graphic set forth as Figure 5 below to illustrate this point:

FIGURE 5
TRAINS ARE MORE ENVIRONMENTALLY FRIENDLY THAN TRUCKS



23. Because combining CP's and KCS's networks will move freight from truck to rail, the benefits of CP's and KCS's efforts to improve fuel efficiency and otherwise reduce greenhouse gas emissions will be magnified. Rail will make up a larger share of freight transportation, and rail transportation will be even better for the environment in the future than it is now. Greenhouse gas emissions will be reduced for the transportation sector overall as a result of this Transaction.

24. Mr. Mutén's analysis shows that on average the long-distance truck movements shifted to rail intermodal service would move over 1,500 miles on the highway. CP's outside consultants calculated that by diverting these trucks to rail intermodal service, the Transaction would achieve significant reductions in GHGs and other airborne pollutants: it would reduce GHG emissions by 65,000 tons annually (more than 1.3 million tons over the next 20 years) and reduce particulate emissions of sulfur dioxide (SO_2) by more than 10.3 metric tons and fine particulate matter (PM2.5) emissions by almost two metric tons over the same period.

25. Using well-known social cost calculations, CP's consultants estimated that the 20-year economic value of these greenhouse gas reductions would be more than $79 million.

B. Other Environmental Benefits

1. Reduced Highway Costs

26. Lowering the number of trucks on U.S. highways will also reduce the amount of congestion, the number of accidents on highways, and the costs of highway pavement maintenance.

27. CP's outside consultants found that, over 20 years, truck-to-rail diversions caused by the Transaction would reduce total truck vehicle miles traveled ("VMT") by almost 2 billion miles and reduce the number of trucks on the road by almost 1.3 million.

28. CP also asked its outside consultants to calculate the economic value of these highway benefits. Those consultants applied well-known social cost calculations to the diversion data in the Operating Plan. They concluded that the diversions would save nearly $750 million over 20 years.

2. Reduced Noise Pollution

29. Reducing the number of trucks on U.S. highways also has the benefit of reducing noise pollution from those trucks. That benefit will be distributed throughout the communities where the combined CP/KCS network will take trucks off the roads.

3. Accelerated Shift Away from Traditional Crude-by-Rail to Safe DRUbit Alternative

30. As explained in the Joint Verified Statement of Jonathan Wahba and Michael J. Naatz, the proposed Transaction will also accelerate an ongoing shift away from transporting flammable crude oil toward the movement of non-hazardous "DRUbit." DRUbit is non-hazardous because flammable diluent has been removed from it.

31. This shift will improve transportation efficiency, save fuel, and reduce emissions, while reducing risks to the environment. Increased use of DRUbit will also improve public safety by reducing the risks that could accompany accidents.

III. CP/KCS ARE ALREADY PARTICIPATING COOPERATIVELY IN THE BOARD'S ENVIRONMENTAL REVIEW PROCESS

32. CP has been meeting regularly with the Office of Environmental Analysis ("OEA") since this docket was opened. Those meetings have included, at various times, OEA personnel, OEA's third-party contractor, CP personnel, CP's outside consultant, CP's outside counsel, and KCS personnel.

33. CP received an information request from OEA on May 27, 2021. That request asked CP to provide OEA with information on transaction-related rail traffic on the combined CP-KCS network. CP developed responses to OEA's request based on the operational changes reflected in the Operating Plan presented with this Application.

34. As CP was preparing its responses, it continued to meet with OEA to ensure that those responses gave OEA the information it needed. Beginning on September 15, 2021, KCS joined CP in working on the responses to OEA's information request, and CP and KCS submitted their joint response to OEA's information request on October 28, 2021.

35. CP and KCS will continue to work with OEA to answer any questions and respond to any future information requests. CP and KCS will also work with OEA during the environmental review process to ensure that OEA has everything it needs to complete the process in an accurate and timely manner.

36. The traffic increases that Applicants forecast for the CP/KCS network will happen because they are offering improved transportation options for shippers, and more intense competition against other transportation providers, which benefits the public. To the extent

CPKC will attract traffic away from trucks or other rail lines, the communities where that freight currently moves will see decreases in traffic. Those decreases may create localized benefits in those communities.

37. At the same time, CP and KCS recognize that increasing rail traffic on their combined U.S. network may have localized impacts. CP and KCS will work with OEA and any affected communities to identify and mitigate those impacts where appropriate. As Mr. Creel has committed in his Verified Statement, CP and KCS will work closely with OEA and affected communities to appropriately mitigating potential environmental impacts.

VERIFICATION

I, Glen Wilson, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed this 28th day of October, 2021.

Glen Wilson
Managing Director, Environmental Risk
Canadian Pacific Railway Limited

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF JAMES CLEMENTS

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF JAMES CLEMENTS

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VERIFIED STATEMENT OF JAMES CLEMENTS

1. I am James Clements, Canadian Pacific's Senior Vice-President Strategic Planning and Technology Transformation, a position I have held since September 2019. I am responsible for overseeing the operation of CP's Network Service Centre and driving results through the application of technology, improving data integration, and delivering continuous process improvements.

2. Prior to my current role, I served as Vice-President Strategic Planning and Transportation Services since 2015. I have been at CP in other positions for more than 20 years, giving me an extensive understanding of CP's customers, processes and systems.

3. I am submitting this statement to explain how CP will approach the integration of CP's and KCS's rail networks from an information technology ("IT") perspective, as well as how CP's approach to operational change will assure a successful and seamless transition to an integrated CPKC network. CP's experience integrating the DM&E and CMQ, coupled with our core competencies in operational planning and execution across the U.S. and Canadian portions of the CP system, will support a smooth integration of the CP and KCS networks without disrupting services our customers receive.

I. CP/KCS'S PLAN FOR CAREFUL IT INTEGRATION

4. I begin by outlining how CP and KCS will approach the integration of their IT systems to assure that the benefits of integrated CP/KCS services are realized without disruption. With IT systems becoming a more and more important part of running any business, CP is intensely focused on taking the steps necessary to ensure that the IT systems relied upon by the CP/KCS network function effectively, can speak to one another where necessary, and support

both existing levels of service and the new CP/KCS single line services that the transaction will make possible.

A. The Guiding Principles of the CP/KCS IT Integration Plan

5. The overall goal for integrating CP's and KCS's IT systems is to assure that all of the systems required to run a railroad safely, and to deliver results for our customers, are maintained without disruption. We will accomplish this goal first by extensive planning, undertaken in close cooperation with KCS. Each IT system of both railroads is already being assessed from the perspective of its intended function, its capabilities, and issues relating to its integration with comparable systems on the other railroad, among many other factors. We will base our integration plan on a careful evaluation of the approach that will best serve the twin objectives of supporting the single-line offerings of the CP/KCS network while simultaneously minimizing any risk of IT-related disruptions to the services CP/KCS provides to our customers

6. In some cases, integration will occur very promptly to support the operations of the combined CP/KCS network. For example, we will integrate CP and KCS data into a new integrated CPKC service design system, providing the ability for consolidated strategic operational planning. Network designs generated using this common system will subsequently be published to both CP and KCS critical traffic systems, so that train movements can continue to be executed by each railroad using their separate existing systems, enabling the transaction synergies and CP's mature PSR principles to start on Day 1.

7. Our plans for systems in this category will ensure that all necessary preparatory work occurs as promptly as possible following the Control Date, and that appropriate testing has been undertaken in advance to guarantee fail-safe execution when the cut-over occurs.

8. In other cases, the actual integration of particular IT systems need not occur for some time, if ever. For example, some systems may be able to operate in parallel on different

portions of the network, especially those with no customer-facing function. In those instances, we will plan to integrate only when doing so improves the efficiency of the combined network, and only in a manner that ensures no risk to network services. As one possible illustration, KCS's Mexican operations use different IT systems for certain function from those used on KCS's U.S. network, and we may decide to leave in place some of those separate systems.

9. CP is well aware that some past railroad mergers did not proceed smoothly, at times as a result of failures relating to the IT systems necessary to perform the basic functions of modern railroading, including keeping track of railcars. For some past transactions, the challenges were particularly acute because operations had to be altered in significant ways immediately. For example, in CSX/NS/Conrail, Conrail's network – and all of its rail traffic – had to be split into two parts and combined with either NS or CSX, requiring IT systems to immediately accommodate extraordinary changes.

10. The CP/KCS combination involves no such complexities. CP and KCS are end-to-end partners today, and the CP/KCS transaction will not dictate any Day One changes in operations. Over time, of course, CP/KCS will offer new single-line services and attract rail traffic from other railroads and off of the highways. While this process will begin promptly, it will continue over the three years following Board approval of CP control (the "Control Date"). With appropriate planning for integration that begin after the Control Date, there will be no disruption to how the two railroads run when CP takes the helm. As integration progresses, CP's and KCS's IT systems will be integrated where appropriate, pursuant to methodical planning that is underway now and will be complete by the Control Date. As we implement the planned changes, we will proceed cautiously, flipping no switches until we are ready to do so with confidence that no disruption will ensue.

B. Our Rigorous Planning for Successful IT Integration

11. As I noted above, CP and KCS are currently engaged in a thorough assessment of each of the IT systems used by the two railroads, with an eye toward planning whether and how to integrate those systems on the combined CP/KCS network in accord with the principles outlined above. For mission-critical systems that must be integrated on or shortly after the Control Date, our planning will entail advance testing of data in "non-production" environments (*i.e.*, in the background, without any real-world consequences) to ensure compatibility of KCS data with CP applications and business processes.

12. Our planning, preparation, and testing encompasses all aspects of the two companies' IT systems. Broadly speaking, these functional areas can be thought of as falling into six categories:

- Systems that support operating our freight transportation services;
- Systems that support the sale of our transportation services and customer service functions;
- Systems that support procurement of inputs;
- Systems that support the management of our human resources;
- Systems that support our finances; and
- Systems that support internal corporate-level services, like IT services and regulatory, safety, and other reporting and related services.

I describe below our anticipated approach in each of these areas.

1. IT Systems that Support Operating Freight Transportation

13. In general, these systems are among the most critical to our mission of seamlessly integrating CP and KCS from an operational point of view. These systems support our development of tactical transportation plans and our implementation of efficient train

dispatching, crew management, and PTC functions. They also allow us to keep track of and proactively manage our freight operations, enable us to fulfill customer orders, and support our locomotive and car mechanical services, among other functions.

14. Currently, CP and KCS each possess IT systems that are adequate to meet each railroad's freight operations. To ensure a safe and efficient transition, we plan to continue to use each railroad's existing systems for an initial period following the Control Date..

15. Over time we will migrate operations across both networks to a single set of platforms, choosing the best options based on the following factors: technological capabilities, ability to meet current and future needs of the CP/KCS network, and the ease with which a platform can accommodate a seamless transition for use by additional portions the CP/KCS network. We will not move to any new system until we are ready to do so without disruption.

16. However, to facilitate full, real-time awareness of operations across the combined system during the process of integration, we will very quickly implement systems that allow cross-railroad visibility by extracting and displaying data but doing it in a way that does not disrupt the functioning of the underlying systems. We would use this visibility to manage the network consistent with our PSR principles. We would then systematically complete the move to one system for the whole network underneath this visibility layer.

17. Our integration of IT systems will begin, on the Control Date, with the integration of KCS information into a CPKC Service Design system, providing the ability for consolidated strategic operational planning as outlined in the Operating Plan. Subsequently, the network design will be published to both CP and KCS critical traffic systems, so that train movements can continue to be executed by CP and KCS using their existing systems.

18. Following the Control Date, as CPKC completes its system integration planning and training, improved data exchange across the combined system will enable more efficient handling of formerly-interlined traffic. Concurrently, CP and KCS will complete detailed plans for implementing the best practices of the two roads on a system-wide basis. During the second and third years following approval of the transaction shipment functions will be moved in to centralized CPKC systems.

2. IT Systems that Support Marketing, Sales, and Customer Service

19. CP and KCS both have IT systems that support customer relationship management. We have underway a business capability assessment that will, when implemented following the Control Date, align both companies to a single platform for this function. Our goal is that the common platform, by drawing from the best capabilities of each railroad's current systems, will allow us to (a) improve customer experiences and interactions with marketing and sales and customer service, and (b) support key functions like contract management, and improved customer visibility and engagement.

3. IT Systems that Support Our Procurement of Goods and Services

20. CP and KCS each possess systems supporting supply and asset management that are adequate to their respective needs. All of our systems in this area will continue to be managed using CP and KCS existing systems for an initial period following approval of the transaction, after which they will migrate to a single system that offers optimal functionality and long-term benefits. Simplifying the process, by the anticipated Control Date both railroads will use the same procurement system (Ariba), which will allow for a seamless transition without significant change.

4. IT Systems that Support Our Management of Human Resources

21. Currently, CP and KC each possess administrative systems that are adequate to their respective HR-related needs. Human resources, benefits, talent management, and payroll functions will continue to be managed using CP and KCS existing systems for an initial period following approval of the transaction, after which they will migrate to a single system that offers optimal functionality and long-term benefits.

5. IT Systems that Support Our Financial Operations

22. CP and KCS each possess systems supporting financial operations. As CPKC will quickly need to report consolidated financial results at the end of the first quarter after the Control Date, we plan to install a system to retrieve and consolidate needed financial information shortly after the Control Date and then undertake a planned and systematic migration over the next two to three years to one financial reporting system.

23. During the IT planning process, CP and KCS will work together to identify the optimal single solution for post-Control Date corporate financial reporting as a prelude to consolidating financial reporting and systems. Once a solution direction has been determined, CP and KCS will evaluate the master data required for corporate reporting, merge the data within a non-production test landscape, and validate the consolidated information meets the post-Control Date reporting needs of CPKC.

6. IT Systems that Support Internal Corporate-Level Services

24. CP and KCS each possess a variety of systems to support corporate-level services, such as real estate and facilities, police and security services, legal functions, environmental functions, training, and corporate communications. These systems need not be integrated on Day 1. We are working to identify the best solutions for the combined company and will implement those solutions when appropriate.

25. In addition, both organizations have cyber security frameworks that will be maintained post-Control Date and then systematically transitioned to a common cyber-security framework that delivers optimal protection. Systems supporting Sarbanes-Oxley ("SOX") compliance and internal controls will also be reviewed to ensure compliance.

C. Integration of CP and KCS IT Systems Will Save Capital

26. To implement the integration of CP and KCS IT systems and invest in the common systems and supporting hardware needed to support the seamless integration of the two rail systems, we anticipate that CPKC will spend approximately $138.6 million in IT-related capital over the three-year integration period.

27. At the same time, however, the CP/KCS combination will enable reductions in total capital spending. As we integrate our technology capital and create single system solutions, we will be able to reduce duplication in discretionary capital spend over the integration period and beyond. In addition, although the combined organization will continue to spend capital on basic replacement requirements – such as ongoing replacements of laptops and cellphones, as one of many examples, we also anticipate savings in this area as well though the combination of the two organizations. In the aggregate, we anticipate saving approximately $11.5 million annually in discretionary IT capital (roughly 27 percent of the pre-Transaction total across both organizations) and approximately $10 million annually in basic IT replacement capital spending (roughly 18.5 percent of combined pre-Transaction spending). Overall, we estimate that our consolidation of IT systems across the CPKC network will unlock capital savings of approximately $21.6 million annually.

28. During the integration period, the bulk of our discretionary spending in IT will be directed toward the integration of the two railroads' IT systems, allowing us to invest $138.6

million in IT integration with the expenditure of only about $11.5 million in incremental capital dollars.

29. Table 1 below summarizes the anticipated IT integration investments by year and the capital savings we anticipate over the same period.

TABLE 1
CAPITAL EXPENDITURES TO SUPPORT IT INTEGRATION
(USD MILLIONS)

Period	Capital to Support CPKC IT Integration	Capital Savings Enabled by Transaction	Discretionary IT Capital Directed to Integration	Net Incremental Capital Expenditures
Year 1	$50.0	$18.5	$23.9	$7.7
Year 2	$46.2	$21.6	$20.8	$3.8
Year 3	$42.3	$21.6	$20.8	$0.0
Total Years 1-3	$138.6	$61.6	$65.4	$11.5
Post-Integration Annual Savings	$0.0	$21.6	$0.0	-$21.6

II. OUR DEEP EXPERIENCE AND CAREFUL PLANNING WILL ENSURE SEAMLESS OPERATIONAL INTEGRATION WITHOUT DISRUPTION

A. CP's Successful Emphasis on Operational Planning and Execution

30. Although the integration of CP's and KCS's IT systems will be an important part of the success of CPKC, effectively transitioning the separate CP and KCS networks will ultimately be the product of a well-planned and cross-disciplinary effort of two companies equally motivated to elevate their operational excellence and customer service via a combined CP/KCS system.

31. From CP's perspective, our heritage as a PSR "early-adopter" provides a well-spring of experience with successful operational change. Over the past nine years we have adopted PSR principles, applied and honed them successfully across a wide range of operating conditions, and then pivoted to a focus on traffic growth. We have done this by paying attention

to the things that matter: planning and execution all geared to providing customers with the service quality and reliability that meets their needs. We are not always perfect, but the focus and discipline we impose internally on these fundamental attributes of the service we provide have served us well, driving industry-leading traffic growth over the past five years, as John Brooks explains in his verified statement.

32. The trip plan we generate for every single shipment is at the heart of implementation of CP's PSR-based operating plans. When a customer submits a waybill we push the waybill through our Trip Plan engine ("TPE"). The TPE generates for each carload shipment a plan for handling and train service to get the car from origin to destination. This information is visible to the operating team so they can execute the plan. The TPE is also linked to our service design operating model and generates a plan for which specific train will pick up the railcar from the customer at the "first mile," which specific trains the railcar will be moved in over the road, and which specific local train will deliver the car over the "last mile." This trip planning function generates a baseline ETA (estimated time of arrival) for customers and ETI (estimated time of interchange) for our rail carrier interline partners. We assess the plan against the needs of our customers and measure our actual performance to ensure we are executing on the commitments we make to the customer.

33. CP's track record in planning and executing operational change is second to none, and supports a high degree of confidence that our plans to integrate the CP and KCS networks will proceed smoothly. Our PSR focus allows us to plan operational change in detail, just as we have already begun to do for CP/KCS as part of the preparation of our Operating Plan. We execute daily on planned network operational adjustments, some big and some small, but all

predicated on the core philosophy that both CP and our customers benefit when operations are predictable.

34. We will bring this philosophy to the integration of KCS just as we do on a day-to-day basis, and just as we did when we integrated the CMQ in 2020. Though CMQ's operations were smaller and simpler than KCS's, our approach to operational planning and execution successfully integrated CMQ's operations into the CP system and optimized those operations to achieve improved train scheduling and run times, reduced terminal dwell, improved long-distance blocking to reduce inefficient re-processing at intermediate points, and reduced mainline work events, all without service disruption.

35. Similarly, when we integrated DM&E and IC&E into the CP system in 2009, we re-routed mainline trains, reduced mainline work events in order to improve transit times and service reliability, and re-focused the railroad's operations on providing scheduled and reliable train service rather than the relatively ad hoc, as-needed operations. We also transitioned away from reliance on unit train services for customers that did not have unit train facilities, moving those customers' shipments in more regularly scheduled manifest trains rather than requiring them to accumulate volumes over several days to support unit train operations. All of this improved the services we were able to provide our customers, unlocked traffic growth, and was implemented without operational disruption.

36. These are among the kinds of changes that we anticipate as we optimize the combined CP/KCS network, and we will approach that task will the same attention to detail and flawless execution as we do every operational change we make on the CP system.

B. CP's IT Tools Will Facilitate Smooth Operational Integration

37. A key aspect of CP's operational success has been our focus on measuring our own performance against a wide array of metrics and holding managers accountable when we fall short of our goals. We also make extensive data on our operating performance available to our customers in real-time, so that they can understand what to expect from our services and help to hold us accountable for the promises we make. We will bring this philosophy to the integration of CP and KCS as well.

1. Measuring Our Performance Against Key Metrics

38. CP deploys a wide array of tools to provide our customers and our internal support personnel with information about our own performance. PSR demands measurement and a commitment to continuous improvement. It is an operating model that embraces technology as a tool to strengthen service, safety and performance. Data and connectivity are as powerful as a locomotive. Our information technology team has built a new integrated platform that has exponentially increased the volume of data available to us. We are informed in real-time and act as needed – even before issues arise.

39. Among the key tools that we will deploy to ensure that operations on the combined CP/KCS system are carried out efficiently and without service disruption are our terminal, train performance, and overall railway performance monitoring tools.

40. ***Integrated service design and implementation***. CP's sophisticated performance reporting dashboards support the mature execution of PSR principles and efficiencies. Once a consolidated strategic operational plan is published, a new integrated data lake layer will ingest and consolidate both CP and KCS traffic systems operational events in a non-intrusive read-only manner. This data lake will provide a consolidated view of train schedules, waybilling, car

scheduling and tracking, locomotives, crews, and critical PSR KPIs, and will be a vital aspect of CP/KCS's improved operating practices initiative.

41. ***Trip plan compliance monitoring***. A key service assurance indicator for CP involves monitoring of our performance against the Trip Plans that are generated for every waybilled carload. This monitoring helps us to improve our reliability and on-time performance, which also provides customers with transparency about what to expect from our operations.

42. Every time a waybill is generated a trip plan is generated for the shipment to ensure the "right car on the right train" to provide predictable and timely service to our customers. Our trip plan compliance dashboard reports all shipments planned along with actual transit time, transit variances, and trip plan accuracy. Our team of professional railroaders have the ability to drill down and view operational failures, answering where, when and why a shipment may have diverged from its original trip plan and to ensure we meet or exceed customer expectations.

43. ***Terminal performance monitoring***. Our terminal performance monitoring console allows users to monitor performance of terminals across CP's system, proactively recognize trends in performance, and develop action plans to optimize operational fluidity. The terminal scorecard reports, approximately every four hours, key metrics that relate directly to how well the railway is processing cars for the benefit of our customers. We track not only the performance of railcars moving through the terminal (*e.g.*, classification of manifest trains, block swaps, and run-though trains), but the status of cars moving to/from local industries.

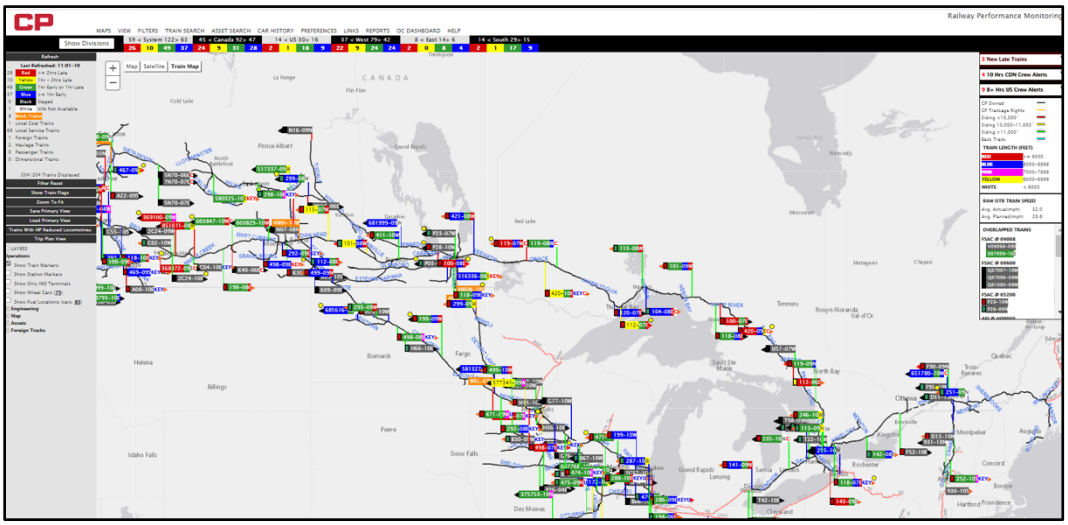
44. ***Train performance monitoring.*** Our IT tools allow near-real-time monitoring of train performance over the road, allowing us to identify when trains are running behind schedule and make operational adjustments as warranted.

45. ***Railway Performance Monitoring ("RPM").*** Our proprietary RPM application was developed to provide a network view of train performance, operating plan adherence, and the overall health of the network. The application captures detailed planned and actual train information for all en-route trains with movement events. Operating data is combined with train, customer, shipment and location information to present train location and performance information in geographical and detailed views.

46. The RPM dashboard provides our operating teams with graphical representations of the entire CP Network displaying all trains running and on time performance with a "red/yellow/green" status and key performance indicators. Using this tool, employees can hover over any train for details (including train type and kind, power, current train speed, destination, last location, origin, length, weight, planned and actual horse power per ton, load/empty count, last event, crew information, marshalling, key train data, presence of PIH/TIH carloads, dangerous cars, and dimensional compliance). This state-of-the-art tool allows the user to drill down at any level (detailed train information, crew information, delays incurred, consist, Operating Plan compliance consist accuracy, locomotive and block compliance, block design, and many other operating metrics).

47. A snapshot of the RPM overview of CP's network on a recent day in 2021 is set forth in Figure 1 below.

FIGURE 1
SNAPSHOT OF NETWORK-WIDE VIEW IN CP'S RPM SYSTEM



48. The RPM application allows users to:

- Monitor train performance and network health;
- Investigate delays to make quick and better decisions to ensure our operations run according to plan;
- Track trip plan compliance and improve connections;
- Reduce yard dwell and review real time compliance reports;
- Improve train speed by reducing the impact of slow orders imposed by required maintenance; and
- Allow CP personnel to access in a single, simple tool information drawn from numerous internal systems to allow them to get answers, make decisions, and keep customers informed about what to expect.

49. Our success pairing these tools with our culture of operational excellence is exemplified by the recognition we have received from our automotive customers. Service consistency and reliability are critically important to the automotive industry, which operates lean manufacturing processes and just-in-time deliveries. With the introduction of Trip Plans, we have been able to provide our customers with precision on-time delivery performance. Our

premium service will deliver products quickly, reliably and seamlessly. CP's operational excellence in automotive compounds enables fluid and consistent loading and unloading, and our industry-leading handling means that products are delivered in showroom conditions. As a result of our premium service, CP has recently won awards from Toyota USA, Toyota Canada and American Honda. We have been recognized in the categories of logistics quality, on-time performance, damage-free service and overall customer service

2. Providing Customers with Information that Allows Them to Hold Us Accountable

50. CP/KCS will provide customers with an array of tools that enable them to monitor the planned and actual movement of their freight across the CP/KCS system and provide up-to-date information on any deviations from our plan.

51. The information available to customers begins with that provided by our customer service teams. Our Customer Station portal offers a view for our sales team of scheduled and actual switch times at each customer location to ensure we have physically switched our customers. To ensure we have spotted cars our CRM tool gives our marketing team a real-time view by customer and ship site of cars ordered vs. cars spotted. Our trip plan dashboards provide visibility for end-to-end movements of shipments and the on-time shipment status of those shipments.

52. Our customer service representatives in our Network Service Centers provide real-time customer assistance for at-risk shipments and where shipments require intervention to meet commitments on the last mile. Our teams interface daily with local operations personnel who have their finger on the pulse for customer commitments ensuring ownership and accountability of the hand-offs from yard to yard and region to region and make themselves accessible to our commercial team as situations need to be managed.

53. We provide CP customers with access to many of the same tools directly. Our carload customers are given access to our customer station product, which provides them with the same map views as our internal teams have, showing where their railcars stand in the logistics pipeline, at serving yards, or at the shipper or receiver facilities. Customers can create reports on shipment transit times and local event history for railcars in and out of any of their facilities. The tool also provides the ability to obtain rate quotes and view tariffs, to order empty equipment for loading, to order railcars for placement on arrival, to release railcars, and to update inventory in their facility.

54. Similarly, KCS offers its customers a self-service portal called "MyKCS." MyKCS offers significant functionality and information including the ability to create specific origin/destination "patterns" and related waybills, request and release empty equipment, create reports from a general inquiry, and search pricing terms. Additional MyKCS functionality includes the ability to view an intermodal service schedule, gain access to training manuals and tutorials, and car/train specific track and trace functionality. KCS is currently engaged in an initiative to upgrade the frequency and accuracy of shipment status and ETA information contained within the MyKCS portal.

55. During the integration process we will leave in place all of the functionality of the separate CP and KCS customer portals, likely with a CPKC overlay so that users understand that they are interfacing with an integrated CP/KCS system. Over time, these functions will be integrated into a common platform that offers best-of-both capabilities.

56. The bottom line is that we hold ourselves accountable for service when we show our customers their shipment ETAs and trip plans using the same data and information we use internally, and we provide transparency as to how we are performing across the entire network.

We will bring all of these approaches to the combined CP/KCS system with the objective of ensuring that every customer understands what service to expect from us and that we measure up to those expectations.

VERIFICATION

I, James Clements, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed this 28th day of October, 2021.

James Clements
Senior Vice-President Strategic Planning
and Technology Transformation
Canadian Pacific Railway Limited

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF DEAN VARGAS

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF DEAN VARGAS

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VERIFIED STATEMENT OF DEAN VARGAS

1. My name is Dean Vargas. I am the Managing Director – Revenue Planning for Canadian Pacific Railway Limited ("CP"). I have served in this position since 2018. My duties include supervision of the following areas: preparation and monitoring of CP's revenue budgets and forecasts, revenue accounting and revenue reporting, internal costing and profitability analysis, and regulatory finance and reporting, which includes the preparation and filing of the Soo Line Railroad Company's Annual Report Financial Data (R1).

2. I have served in various roles during my 15-year tenure at CP, including in the areas of investment analysis and capital planning, resource planning, operating expense planning, and strategic long-term financial planning. My education includes a Master of Business Administration (MBA) from the University of Calgary Haskayne School of Business. I am also a CFA® Charterholder with the CFA Institute.

3. I am submitting this Verified Statement to: (a) summarize the general and administrative ("G&A") cost savings that CP/KCS expects to realize from the Transaction, and describe how these savings were developed, and (b) present the pro forma financial statements for the new Canadian Pacific Kansas City ("CPKC") on a consolidated basis following CP's acquisition of control of KCS, specifically Pro Forma Balance Sheets (Exhibit 16, Appendix D), Pro Forma Income Statements (Exhibit 17, Appendix E), and Pro Forma Sources and Application of Funds Statements (Exhibit 18, Appendix F); and (c) present the Summary of Benefits Exhibit (Appendix B) to the Application.

I. GENERAL AND ADMINISTRATIVE COST SAVINGS

4. CP/KCS expects to save $57.1 million annually in G&A expenses (in 2019 dollars) through the consolidation of CP and KCS functions across the United States and

Canada.[1] This estimate is likely conservative, as it only represents a 17 percent reduction in aggregate G&A expenses relative to the total U.S. G&A expenses reflected in Schedule 410 of the two railroads' R1 reports.[2]

5. The planned consolidation of G&A functions is built to assure that the combined company is adequately resourced to support the operational and customer needs of the combined railroad as well as the planned growth initiatives.

A. Methodology and Approach

6. My estimate of G&A savings was developed in three stages: information collection, consultation with G&A functional leaders, and quantification of savings.

1. Information Collection

7. A team of Finance, Human Resources, and Information Technology personnel from CP and KCS collected detailed information on G&A expenses and resources, both personnel and non-personnel, at a functional level for both companies. The information collected was a combination of internally available data and publicly available data such as the Annual Reports (Form 10-K and R1), and Quarterly Form A&B Wage Statistics for Soo Line and KCSR. The key functional areas reviewed were Information Technology ("IT"), Finance, Human Resources, Legal, Sales & Marketing, and General Administration.

2. Consultation with G&A Function Leaders

8. In the next stage, CP's managers responsible for each G&A functional area were consulted in order to identify opportunities for reductions and efficiencies. These consultations were done separately for personnel and non-personnel reductions.

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[1] We do not anticipate changes in the G&A functions relating to KCSM in Mexico.

[2] KCSR 2019 Annual Report (R1), Schedule 410; Soo line 2019 Annual Report (R1), Schedule 410.

9. Regarding personnel reductions, Chad Rolstad, Vice-President Human Resources Chief Culture Officer of CP, and his team reviewed the organizations of both railroads at a functional level by location with the managers responsible for each functional area. Mr. Rolstad's Verified Statement explains the basis for the anticipated workforce reductions.

10. With respect to non-personnel reductions, my team and I reviewed the G&A related spend with key functional leaders, most notably Pam Arpin VP & Chief Information Officer of CP, to identify opportunities to reduce redundant resources and duplicative spending at the two railroads.

3. Quantifying Savings Estimate

11. Finally, once all G&A functional information was collected, consultations with senior functional areas were complete, and G&A resource reductions were identified, my team and I translated these reductions into estimated expense savings.

12. For personnel savings, unit costs per position were derived for average salaries and wages, benefits, relocation, and separation costs for CPRC, Soo Line, and KCSR. These unit costs were based on a combination of internal and publicly available data, as well as assumptions provided by CP's Compensation team. The unit costs were then applied to the expected personnel reductions.

13. For non-personnel savings, my team and I quantified these by reviewing the reductions proposed by senior functional leaders and aligning those reductions with the detailed G&A information we collected. The team also identified the expenses that are variable with changes in personnel. For these expenses, unit costs were derived for CPRC, Soo Line, and KCSR. The unit costs were then applied to the personnel reductions identified by CP's Human Resources team and senior CP functional area leaders.

14. The resulting G&A savings estimates were then further reviewed and validated by pertinent managerial personnel responsible for the areas in which the consolidations would occur.

B. Summary of G&A Savings

1. Personnel Savings

15. The G&A efficiencies and consolidations permitted by the control transaction will allow CP/KCS to realize $43.7 million annually in personnel savings. The personnel changes are reflected in the Verified Statement of Chad Rolstad and the Labor Impact Exhibit accompanying the Operating Plan. These personnel savings will largely be achieved through consolidating CP's and KCS's headquarters for United States operations in Kansas City, closing CP's U.S. operating headquarters in Minneapolis, MN, and through the course of normal attrition. The majority of the expected position reductions will come from IT, Finance, and Human Resources. There are negligible position reductions anticipated for Sales & Marketing in order to maintain strong customer service and to ensure that there are adequate resources to support traffic growth.

16. I estimate that a total of $47.4 million in one-time relocation and separation costs will be required over the three-year integration period to achieve these personnel savings. These one-time costs are primarily due to the relocation of Soo Line and DM&E positions from Minneapolis to CPKC's new U.S. operating headquarters in Kansas City, and separation costs associated with reductions in duplicative executive positions. For non-executive positions, the majority of these savings will be achieved through retirements and normal attrition with minimal separation costs.

2. Non-Personnel Savings

17. The CP/KCS Transaction will also achieve substantial reductions in non-personnel G&A expenditures. Overall, CPKC will save $13.4 million annually in non-personnel

corporate overhead expenses incurred in a normal year. $2.0 million of these savings will be the result of non-personnel expenditures that will decrease with a reduction in personnel levels, such as business travel and meals, training, and mobile communication.

18. $9.6 million of the non-personnel savings will come from efficiencies achieved in the areas of IT, utilities, and facilities. These saving will be achieved through consolidating the CP and KCS U.S. operating headquarters in Kansas City, eliminating a duplicative IT data center in Minneapolis, rationalizing IT software licensing and subscription fees, and insourcing of outsourced IT contract services.

19. The remaining $1.8 million in non-personnel savings will come from eliminating duplicative fees and expenses related to reporting as a publicly traded company, given that the two railroads will report financial results as a single consolidated company. Examples of these duplicative costs include audit and stock exchange listing fees.

C. Conclusion

20. Table 1 below summarizes total estimated G&A expense savings by year following approval of the control transaction.

TABLE 1
ANNUAL SAVINGS AND ONE-TIME COSTS FOR
GENERAL & ADMINISTRATIVE EXPENSE
($USD MILLIONS)

G&A Expenses	Year 1	Year 2	Year 3	Normal Year
Personnel	$33.4	$39.4	$43.7	$43.7
Non-Personnel (Travel, Meals, Training, Mobile Communication)	$1.3	$1.7	$2.0	$2.0
Information Technology (Licensing, Subscriptions, Contract Services)	$1.3	$8.1	$8.1	$8.1
Facilities (CP Plaza One, Data Centre)	$0.0	$0.0	$1.4	$1.4
Audit & Listing Fees	$0.0	$1.8	$1.8	$1.8
Total G&A Savings*	**$36.0**	**$51.0**	**$57.1**	**$57.1**
Employee Separation Costs	$31.7	$1.3	$0.9	N/A
Employee Relocation Costs	$6.3	$2.0	$5.2	N/A
Total One – Time Costs	**$38.0**	**$3.3**	**$6.1**	N/A

* - Numbers may not add precisely because of rounding.

21. The process by which CP/KCS estimated the likely magnitude of G&A consolidations and the resulting cost savings was careful and thorough. These planned consolidations are both reasonable and realistic, and will allow CP/KCS to maintain adequate resources to properly support the operations of the combined railroads and maintain excellent customer service. All of the planned consolidations – along with the resulting savings – will be achieved within the first three years following the Control Date. Ultimately, these savings will result in a more efficient combined rail system that will benefit customers through increased competition and optionality as well as an improved cost structure.

II. PRO FORMA FINANCIAL STATEMENTS

22. I prepared the pro forma financial statements included within the Application as Exhibits 16, 17, and 18. Consistent with Board regulations, these statements are designed to

show the financial impact of the Transaction on a forward-looking basis over the three-year period during which the Transaction will be implemented and in a normal post-implementation year. All impacts are shown relative to the base year pro forma financial statements of the combined CP/KCS for 2019.

23. The notes accompanying Exhibits 16, 17, and 18 explain in detail the assumptions underlying the statements. I explain below the process by which I prepared these statements.

A. Building Base Year Data for Pro Forma Financial Statements

24. As a starting point for my preparation of pro forma financial statements, I used CP's and KCS's 2019 financial statements. I used 2019 as the base year for purposes of the Application to be consistent with the other analyses presented in the Application, including the Operating Plan and traffic analyses, which were based on 2019 traffic data.

25. I adjusted the 2019 financial statements in order to create representative base year financial statements. My adjustments eliminated the effect of special charges and other significant non-recurring items reflected in 2019 results. Specifics of the adjustments are described in the notes to the Exhibits.

26. CP's historical 2019 consolidated financial statements as reported under U.S. GAAP in its 2019 Annual Report on Form 10-K are reported in Canadian dollars. I adjusted CP's 2019 financial statements to state amounts in U.S. dollars, and to eliminate the effects of non-recurring transactions, such as deferred tax expenses and recoveries and non-cash gains related to foreign exchange translation of debt and lease liabilities. These items are outlined in the Non-GAAP Performance Measures section of CP's 2019 Q4 Results Earnings Release, January 29, 2020, which is Exhibit 1 to this statement. CP's 2019 financial statements were also adjusted to recognize the $700 million merger termination fee paid to CP in Q2 2021.

27. I adjusted KCS's historical 2019 consolidated financial statements as reported under U.S. GAAP in its 2019 Annual Report on Form 10-K to eliminate the effects of non-recurring transactions such as restructuring charges, foreign exchange gains, and foreign exchange components of income tax. These adjustments are outlined in the Statement Regarding Non-GAAP Financial Measures section of KCS's 2019 Q4 Results Earnings News Release, January 17, 2020, which is Exhibit 2 to this statement.

B. Combined Base Year Pro Forma Financial Statements

28. I started with the separate base year financials for CP and KCS and combined those statements on a pro forma basis, reflecting the financial terms of the Transaction. The results are shown in the Base Year columns of the pro forma financial statements presented in Exhibit 16 (Balance Sheet), Exhibit 17 (Income Statement), and Exhibit 18 (Sources and Application of Funds).

29. These combined Base Year statements reflect the purchase price of the Transaction and apply purchase accounting adjustments to create pro forma base year final statements for the post-transaction CPKC. The consideration of the purchase price and any purchase accounting adjustments are consistent with the Form F-4 Registration Statement CP filed with the Securities and Exchange Commission on October 1, 2021 (set forth as Exhibit 7.1 to the Application, in Volume 4). The only differences between this Application and the Form F-4 purchase price and purchase accounting adjustments are driven by:

- This Application is presented in U.S. dollars, whereas the Form F-4 presents the purchase price and purchase accounting adjustments in Canadian dollars.
- There are minor differences between certain values given this Application uses 2019 financial statements as the starting point, whereas Form F-4 primarily uses financials statements as of June 30, 2021.

30. Details regarding the financing arranged by CP in connection with its acquisition of KCS can be found in CP's Form F-4 and is summarized in the Verified Statement of Chris De Bruyn and Section 1180.6(a)(1)(iv) of the Application ("Nature and Amount of Any New Securities or Other Financial Arrangements").

C. Forward-Looking Pro Forma Financial Statements

31. To develop the portions of the pro forma financial statements covering the period post-Control Date, I drew upon the information developed by other witnesses concerning the impact of the Transaction on revenues, costs, and capital expenditures over the period of the Transaction's full implementation. Those impacts are summarized in the Summary of Benefits Exhibit, which I discuss in more detail in the next section.

32. The implementation of the Transaction – and thus the realization of the value of the quantitative benefits associated with implementing the Transaction – is expected to be achieved over three years. In my pro forma statements, therefore, I consider Years 1-3, representing the first, second, and third year following the commencement of integration (upon Board control approval).

33. Each of the forward-looking pro forma financial statements shows the financial effects of those impacts. For example, the pro forma statements include increased revenues from traffic attracted to the more competitive services of the combined system, the operating expense savings from more efficient operations, and the consolidation of G&A functions, all net of the additional costs to handle the additional traffic and the one-time costs to achieve the various synergies (including capital expenditures to add capacity, and employee separation and relocation costs). The pro forma financial statements depict the effects of the interest payments and principal repayments on the CP acquisition debt and CP and KCS historical debt. These statements also take into account dividend payments for CP's existing common shares

outstanding and dividend payments for incremental CP common shares issued as part of the purchase price consideration.

34. In addition to showing the effects in Years 1-3, the statements depict a "normal year" in which the benefits have been fully realized with no remaining one-time costs necessary to achieve those benefits.

III. QUANTIFICATION OF BENEFITS FROM THE CP/KCS TRANSACTION

35. I have summarized in the Summary of Benefits Exhibit certain of the quantifiable benefits and synergies arising from the combination of CP and KCS. That Exhibit is set forth in Appendix B to the Application.

36. Two principal categories of benefit are summarized in the Exhibit: (a) increases in net operating revenues realized by CPKC as a result of the traffic attracted to new, more competitive offerings of the CP/KCS network and (b) the net reductions in operating and administrative expenses that will flow from the Transaction.

37. The net operating revenue increases reflect public benefits in the sense that they result from the CP/KCS combination offering transportation services that are viewed by shippers as more attractive than the options currently available to them, thereby intensifying competition in affected transportation markets. These net revenue gains are based on the analyses presented in the Verified Statement of Bengt Mutén, the Joint Verified Statement of Richard W. Brown and Nathan S. Zebrowski, and the Verified Statement of Michael Baranowski.

38. The reductions in operating expenses reflect public benefits in the sense that they will allow CPKC to compete more aggressively and offer more attractive service and economic terms in light of the combined system's lower cost base. These expense reductions, and the one-time costs required to achieve them, are based on the analyses presented in my discussion of

G&A costs set forth above, and in the Verified Statements of Michael Baranowski, Chad Rolstad, Myron Becker, and James Clements, as well as Exhibit 13 (Operating Plan).

39. The benefits summarized in the Summary of Benefits Exhibit are not exhaustive. The Exhibit does not attempt to quantify numerous other categories of benefits addressed throughout the Application, including:

- Benefits realized by existing customers of CP and KCS in terms of improved market access, improved service levels, and improved economic terms. For many customers, the Transaction will result in real and quantifiable logistics savings. The Joint Verified Statement of Jonathan Wahba and Michael J. Naatz touches on these benefits.

- Benefits realized by all current and potential consumers of rail transportation services in the markets served by the CPKC network. These consumers will benefit from more intense competition and improved transportation options, even if they do not end up choosing CPKC services. The Joint Verified Statement of Jonathan Wahba and Michael J. Naatz and the Verified Statement of W. Robert Majure touch on these benefits.

- Benefits realized by the North American economy as a whole, for which the enhanced CPKC network will provide additional transportation capacity to support trade and economic growth, as discussed in the Verified Statements of Keith Creel and Patrick J. Ottensmeyer.

- Expanded job opportunities, as explained in the Verified Statement of Myron W. Becker and the Labor Impact Exhibit.

- Environmental benefits through the more efficient rail operations of the CPKC system and the shift of freight traffic from long-distance trucking to more environmentally friendly rail transportation, as explained in the Verified Statement of Glen Wilson.

40. The benefits reflected in the Exhibit are presented in 2019 U.S. dollars. Table 2 below shows the likely magnitude of those same benefits in a "normal year" following the implementation of the Transaction in 2025 dollars (indexed from 2019 to 2025 using a factor of 1.1262). This factor is based on the Railroad Cost Adjustment Factor All-Inclusive Less Fuel with Error Adjustment (All-LF). The index factor uses actual All-LF values from 2019 to 2021 and forecasted All-LF values from 2021 to 2025 provided to me by IHS Markit.

41. As shown in Table 2, the Transaction is expected to yield quantifiable benefits of over $1 billion annually in 2025 dollars.

TABLE 2
SUMMARY OF BENEFITS INDEXED FROM 2019 DOLLARS TO 2025 DOLLARS
($USD MILLIONS)

Benefit Component	Normal Year
Operating Revenue Gains	
Revenue Increase from Traffic Gains	$1,150.8
Cost of Handling Added Traffic	$(345.0)
Net Revenue Gains	$ 805.8
Operating Cost Savings	
Engineering - Maintenance of Way	$ -
Mechanical	$22.4
Transportation	$70.4
Equipment Requirements & Utilization	$14.4
Intermodal Operations	$ -
Purchasing	$23.1
Subtotal	$130.3
Support Functions (G&A)	$64.3
Total Operating Benefits	$194.6
Employee Separation/Relocation	$ -
Total Merger Benefits	**$1,000.4**

VERIFICATION

I, Dean Vargas, verify under penalty of perjury under the laws of the United States that the forgoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed this 28 day of October, 2021

Dean Vargas
Managing Director – Revenue Planning
Canadian Pacific Railway Limited

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

EXHIBIT 1 TO
VERIFIED STATEMENT OF DEAN VARGAS

CPRL 2019 Q4 EARNINGS RELEASE
(JAN. 29, 2020)

NEWS

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

Release: January 29, 2020 (8 a.m. ET)

CP reports record fourth-quarter and full-year results; carries momentum into 2020

Calgary - Canadian Pacific Railway Limited (TSX: CP) (NYSE: CP) today announced its fourth-quarter results, including record revenues of $2.07 billion, an operating ratio ("OR"') of 57.0 percent, improved diluted earnings per share ("EPS") of $4.82 and record adjusted diluted EPS of $4.77.

FOURTH-QUARTER 2019 HIGHLIGHTS

- Revenues increased 3 percent to $2.07 billion, from $2.01 billion in Q4 2018
- OR increased by 50 basis points (bps) to 57.0 percent
- Diluted EPS improved 26 percent to $4.82, from $3.83 in Q4 2018. Adjusted diluted EPS rose 5 percent to $4.77, from $4.55 in Q4 2018

"CP's strong operational performance and commitment to controlling costs enabled the railway to be successful despite headwinds to our bulk franchise," said Keith Creel, CP President and CEO. "We continue to take a disciplined approach to sustainable, profitable growth - a plan rooted in the foundations of precision scheduled railroading. This approach in 2019 enabled CP to once again deliver its highest-ever revenues and the lowest-ever yearly operating ratio."

FULL-YEAR 2019 HIGHLIGHTS

- Revenues increased 7 percent to a record $7.79 billion
- Diluted EPS increased 29 percent to a record $17.52 from $13.61, while adjusted diluted EPS rose 13 percent to $16.44, from $14.51
- OR improved to 59.9 percent, a 140 bps improvement year over year

"Global economic uncertainty caused by geopolitical and macroeconomic challenges slowed rail volumes across North America," said Creel. "By leveraging our unique growth opportunities and applying our precision scheduled railroading operating model, CP led the industry in volume growth for the second year in a row and, once again, delivered on its guidance."

FULL-YEAR 2020 GUIDANCE

- High single-digit to low double-digit adjusted diluted EPS growth relative to 2019's adjusted diluted EPS of $16.44
- Mid-single digit volume growth, as measured in revenue ton miles (RTMs)
- Capital expenditures of $1.6 billion

CP's guidance is based on the following key assumptions:

- Effective tax rate of 25 percent
- Other components of net periodic benefit recovery will decrease by approximately $40 million versus 2019

"Our industry-leading CP family remains focused on safely harnessing our network capacity to provide unique solutions that leverage our network strengths and our superior service," said Creel. "As we head into 2020 and beyond, I'm confident we'll continue to see wins in the marketplace enabling us to continue to outpace the economy and our peers."

CP will discuss its results with the financial community in a conference call beginning at 10 a.m. eastern time (8 a.m. mountain time) on Jan. 29, 2020.

Conference Call Access
Toronto participants dial in number: 1-647-427-7450
Operator assisted toll free dial in number: 1-888-231-8191
Callers should dial in 10 minutes prior to the call.

Webcast
We encourage you to access the webcast and presentation material in the Investors section of CP's website at investor.cpr.ca

A replay of the fourth-quarter conference call will be available by phone through to Feb. 12, 2020 at 416-849-0833 or toll free 1-855-859-2056, password 9683103.

Access to the webcast and audio file of the presentation will be made available at investor.cpr.ca

Non-GAAP Measures
Although CP has provided a forward-looking Non-GAAP measure (Adjusted diluted EPS), management is unable to reconcile, without unreasonable efforts, the forward-looking Adjusted diluted EPS to the most comparable GAAP measure, due to unknown variables and uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value. In past years, CP has recognized significant asset impairment charges, management transition costs related to senior executives and discrete tax items. These or other similar, large unforeseen transactions affect diluted EPS but may be excluded from CP's Adjusted diluted EPS. Additionally, the U.S.-to-Canadian dollar exchange rate is unpredictable and can have a significant impact on CP's reported results but may be excluded from CP's Adjusted diluted EPS. In particular, CP excludes the FX impact of translating the Company's debt and lease liabilities, the impact from changes in income tax rates and a provision for uncertain tax item from Adjusted diluted EPS. Please see Note on Forward-Looking Information below for further discussion.

For information regarding non-GAAP measures, including reconciliations to the nearest GAAP measures, see the attached supplementary schedule Non-GAAP Measures.

Note on forward-looking information
This news release contains certain forward-looking information and forward-looking statements (collectively, "forward-looking information") within the meaning of applicable securities laws. Forward-looking information includes, but is not limited to, statements concerning expectations, beliefs, plans, goals, objectives, assumptions and statements about possible future events, conditions, and results of operations or performance. Forward-looking information may contain statements with words or headings such as "financial expectations", "key assumptions", "anticipate", "believe", "expect", "plan", "will", "outlook", "should" or similar words suggesting future outcomes. This news release contains forward-looking information relating, but not limited to, the success of our business, our operations, priorities and plans, anticipated financial and operational performance, business prospects and demand for our services, costs and planned capital expenditures, programs and strategies, including anticipated 2020 full-year adjusted diluted EPS growth, expected RTMs and expected capital expenditures.

The forward-looking information contained in this news release is based on current expectations, estimates, projections and assumptions, having regard to CP's experience and its perception of historical trends, and includes, but is not limited to, expectations, estimates, projections and assumptions relating to: foreign exchange rates, effective tax rates, land sales and pension income; North American and global economic growth; commodity demand growth; sustainable industrial and agricultural production; commodity prices and interest rates; performance of our assets and equipment; sufficiency of our budgeted capital expenditures in carrying out our business plan; geopolitical conditions, applicable laws, regulations and government policies; the availability and cost of labour, services and infrastructure; and the satisfaction by third parties of their obligations to CP. Although CP believes the expectations, estimates, projections and assumptions reflected in the forward-looking information presented herein are reasonable as of the date hereof, there can be no assurance that they will prove to be correct.

Undue reliance should not be placed on forward-looking information as actual results may differ materially from those expressed or implied by forward-looking information. By its nature, CP's forward-looking information involves inherent risks and uncertainties that could cause actual results to differ materially from the forward looking information, including, but not limited to, the following factors: changes in business strategies; general North

American and global economic, credit and business conditions; risks associated with agricultural production, such as weather conditions and insect populations; the availability and price of energy commodities; the effects of competition and pricing pressures; industry capacity; shifts in market demand; changes in commodity prices; uncertainty surrounding timing and volumes of commodities being shipped via CP; inflation; geopolitical instability; changes in laws, regulations and government policies, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; changes in fuel prices; uncertainties of investigations, proceedings or other types of claims and litigation; labour disputes; risks and liabilities arising from derailments; transportation of dangerous goods; timing of completion of capital and maintenance projects; currency and interest rate fluctuations; effects of changes in market conditions and discount rates on the financial position of pension plans and investments; trade restrictions or other changes to international trade arrangements; climate change; and various events that could disrupt operations, including severe weather, such as droughts, floods, avalanches and earthquakes, and cybersecurity attacks, as well as security threats and governmental response to them, and technological changes. The foregoing list of factors is not exhaustive. These and other factors are detailed from time to time in reports filed by CP with securities regulators in Canada and the United States. Reference should be made to "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Information" in CP's annual and interim reports on Form 10-K and 10-Q.

The forward-looking information contained in this news release is made as of the date hereof. Except as required by law, CP undertakes no obligation to update publicly or otherwise revise any forward-looking information, or the foregoing assumptions and risks affecting such forward-looking information, whether as a result of new information, future events or otherwise.

About Canadian Pacific
Canadian Pacific is a transcontinental railway in Canada and the United States with direct links to major ports on the west and east coasts. CP provides North American customers a competitive rail service with access to key markets in every corner of the globe. CP is growing with its customers, offering a suite of freight transportation services, logistics solutions and supply chain expertise. Visit cpr.ca to see the rail advantages of CP. CP-IR

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FINANCIAL INFORMATION

INTERIM CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

(in millions of Canadian dollars, except share and per share data)	For the three months ended December 31		For the year ended December 31	
	2019	2018	**2019**	2018
Revenues				
Freight	**$ 2,024**	$ 1,964	**$ 7,613**	$ 7,152
Non-freight	**45**	42	**179**	164
Total revenues	**2,069**	2,006	**7,792**	7,316
Operating expenses				
Compensation and benefits	**396**	378	**1,540**	1,468
Fuel	**227**	247	**882**	918
Materials	**49**	46	**210**	201
Equipment rents	**35**	31	**137**	130
Depreciation and amortization	**178**	180	**706**	696
Purchased services and other	**294**	250	**1,193**	1,072
Total operating expenses	**1,179**	1,132	**4,668**	4,485
Operating income	**890**	874	**3,124**	2,831
Less:				
Other (income) expense (Note 3)	**(31)**	118	**(89)**	174
Other components of net periodic benefit recovery	**(87)**	(97)	**(381)**	(384)
Net interest expense	**112**	114	**448**	453
Income before income tax expense	**896**	739	**3,146**	2,588
Income tax expense (Note 4)	**232**	194	**706**	637
Net income	**$ 664**	$ 545	**$ 2,440**	$ 1,951
Earnings per share				
Basic earnings per share	**$ 4.84**	$ 3.84	**$ 17.58**	$ 13.65
Diluted earnings per share	**$ 4.82**	$ 3.83	**$ 17.52**	$ 13.61
Weighted-average number of shares (millions)				
Basic	**137.2**	141.8	**138.8**	142.9
Diluted	**137.7**	142.3	**139.3**	143.3
Dividends declared per share	**$ 0.8300**	$ 0.6500	**$ 3.1400**	$ 2.5125

See Notes to Interim Consolidated Financial Information.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

(in millions of Canadian dollars)	For the three months ended December 31		For the year ended December 31	
	2019	2018	**2019**	2018
Net income	**$ 664**	$ 545	**$ 2,440**	$ 1,951
Net gain (loss) in foreign currency translation adjustments, net of hedging activities	**14**	(36)	**37**	(60)
Change in derivatives designated as cash flow hedges	**2**	2	**10**	38
Change in pension and post-retirement defined benefit plans	**(722)**	(535)	**(661)**	(449)
Other comprehensive loss before income taxes	**(706)**	(569)	**(614)**	(471)
Income tax recovery on above items	**176**	180	**135**	169
Other comprehensive loss	**(530)**	(389)	**(479)**	(302)
Comprehensive income	**$ 134**	$ 156	**$ 1,961**	$ 1,649

See Notes to Interim Consolidated Financial Information.

INTERIM CONSOLIDATED BALANCE SHEETS AS AT
(unaudited)

(in millions of Canadian dollars)	December 31 2019	December 31 2018
Assets		
Current assets		
Cash and cash equivalents	**$ 133**	$ 61
Accounts receivable, net	**805**	815
Materials and supplies	**182**	173
Other current assets	**90**	68
	1,210	1,117
Investments (Note 5)	**341**	203
Properties	**19,156**	18,418
Goodwill and intangible assets (Note 5)	**206**	202
Pension asset	**1,003**	1,243
Other assets	**451**	71
Total assets	**$ 22,367**	$ 21,254
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	**$ 1,693**	$ 1,449
Long-term debt maturing within one year	**599**	506
	2,292	1,955
Pension and other benefit liabilities	**785**	718
Other long-term liabilities	**562**	237
Long-term debt	**8,158**	8,190
Deferred income taxes	**3,501**	3,518
Total liabilities	**15,298**	14,618
Shareholders' equity		
Share capital	**1,993**	2,002
Additional paid-in capital	**48**	42
Accumulated other comprehensive loss	**(2,522)**	(2,043)
Retained earnings	**7,550**	6,635
	7,069	6,636
Total liabilities and shareholders' equity	**$ 22,367**	$ 21,254

See Notes to Interim Consolidated Financial Information.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(in millions of Canadian dollars)	For the three months ended December 31		For the year ended December 31	
	2019	2018	**2019**	2018
Operating activities				
Net income	**$ 664**	$ 545	**$ 2,440**	$ 1,951
Reconciliation of net income to cash provided by operating activities:				
Depreciation and amortization	**178**	180	**706**	696
Deferred income tax expense (Note 4)	**65**	101	**181**	256
Pension recovery and funding	**(89)**	(83)	**(360)**	(321)
Foreign exchange (gain) loss on debt and lease liabilities (Note 3)	**(37)**	113	**(94)**	168
Settlement of forward starting swaps on debt issuance	**—**	—	**—**	(24)
Other operating activities, net	**56**	(56)	**143**	(79)
Change in non-cash working capital balances related to operations	**196**	131	**(26)**	65
Cash provided by operating activities	**1,033**	931	**2,990**	2,712
Investing activities				
Additions to properties	**(500)**	(467)	**(1,647)**	(1,551)
Investment in Central Maine & Québec Railway (Note 5)	**(174)**	—	**(174)**	—
Proceeds from sale of properties and other assets	**8**	62	**26**	78
Other	**(2)**	16	**(8)**	15
Cash used in investing activities	**(668)**	(389)	**(1,803)**	(1,458)
Financing activities				
Dividends paid	**(114)**	(93)	**(412)**	(348)
Issuance of CP Common Shares	**6**	8	**26**	24
Purchase of CP Common Shares (Note 6)	**(170)**	(544)	**(1,134)**	(1,103)
Issuance of long-term debt, excluding commercial paper	**—**	—	**397**	638
Repayment of long-term debt, excluding commercial paper	**(9)**	(9)	**(500)**	(753)
Net (repayment) issuance of commercial paper	**(77)**	—	**524**	—
Other	**(10)**	—	**(12)**	—
Cash used in financing activities	**(374)**	(638)	**(1,111)**	(1,542)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	**(3)**	7	**(4)**	11
Cash position				
(Decrease) increase in cash and cash equivalents	**(12)**	(89)	**72**	(277)
Cash and cash equivalents at beginning of period	**145**	150	**61**	338
Cash and cash equivalents at end of period	**$ 133**	$ 61	**$ 133**	$ 61
Supplemental disclosures of cash flow information:				
Income taxes paid	**$ 127**	$ 88	**$ 506**	$ 318
Interest paid	**$ 71**	$ 83	**$ 444**	$ 463

See Notes to Interim Consolidated Financial Information.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)

(in millions of Canadian dollars except per share data)	Common shares (in millions)	Share capital	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
	For the three months ended December 31					
Balance at October 1, 2019	**137.5**	**$ 1,982**	**$ 45**	**$ (1,992)**	**$ 7,180**	**$ 7,215**
Net income	—	—	—	—	664	664
Other comprehensive loss	—	—	—	(530)	—	(530)
Dividends declared ($0.8300 per share)	—	—	—	—	(114)	(114)
Effect of stock-based compensation expense	—	—	4	—	—	4
CP Common Shares repurchased (Note 6)	(0.6)	(8)	—	—	(180)	(188)
Shares issued under stock option plan	0.1	19	(1)	—	—	18
Balance at December 31, 2019	**137.0**	**$ 1,993**	**$ 48**	**$ (2,522)**	**$ 7,550**	**$ 7,069**
Balance at October 1, 2018	142.6	$ 2,017	$ 47	$ (1,654)	$ 6,718	$ 7,128
Net income	—	—	—	—	545	545
Other comprehensive loss	—	—	—	(389)	—	(389)
Dividends declared ($0.6500 per share)	—	—	—	—	(91)	(91)
Effect of stock-based compensation expense	—	—	3	—	—	3
CP Common Shares repurchased (Note 6)	(2.1)	(31)	—	—	(537)	(568)
Shares issued under stock option plan	—	16	(8)	—	—	8
Balance at December 31, 2018	140.5	$ 2,002	$ 42	$ (2,043)	$ 6,635	$ 6,636

(in millions of Canadian dollars except per share data)	Common shares (in millions)	Share capital	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
	For the year ended December 31					
Balance at December 31, 2018, as previously reported	**140.5**	**$ 2,002**	**$ 42**	**$ (2,043)**	**$ 6,635**	**$ 6,636**
Impact of accounting change (Note 2)	—	—	—	—	(5)	(5)
Balance at January 1, 2019, as restated	**140.5**	**$ 2,002**	**$ 42**	**$ (2,043)**	**$ 6,630**	**$ 6,631**
Net income	—	—	—	—	2,440	2,440
Other comprehensive loss	—	—	—	(479)	—	(479)
Dividends declared ($3.1400 per share)	—	—	—	—	(434)	(434)
Effect of stock-based compensation expense	—	—	15	—	—	15
CP Common Shares repurchased (Note 6)	(3.8)	(54)	—	—	(1,086)	(1,140)
Shares issued under stock option plan	0.3	45	(9)	—	—	36
Balance at December 31, 2019	**137.0**	**$ 1,993**	**$ 48**	**$ (2,522)**	**$ 7,550**	**$ 7,069**
Balance at January 1, 2018	144.9	$ 2,032	$ 43	$ (1,741)	$ 6,103	$ 6,437
Net income	—	—	—	—	1,951	1,951
Other comprehensive loss	—	—	—	(302)	—	(302)
Dividends declared ($2.5125 per share)	—	—	—	—	(358)	(358)
Effect of stock-based compensation expense	—	—	11	—	—	11
CP Common Shares repurchased (Note 6)	(4.6)	(66)	—	—	(1,061)	(1,127)
Shares issued under stock option plan	0.2	36	(12)	—	—	24
Balance at December 31, 2018	140.5	$ 2,002	$ 42	$ (2,043)	$ 6,635	$ 6,636

See Notes to Interim Consolidated Financial Information.

NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION
December 31, 2019
(unaudited)

1 Basis of presentation

This unaudited interim consolidated financial information of Canadian Pacific Railway Limited (“CP”, or “the Company”), expressed in Canadian dollars, reflects management’s estimates and assumptions that are necessary for their fair presentation in conformity with generally accepted accounting principles in the United States of America (“GAAP”). It does not include all disclosures required under GAAP for annual financial statements and interim financial statements, and should be read in conjunction with the 2018 annual consolidated financial statements and notes included in CP's 2018 Annual Report on Form 10-K and 2019 interim consolidated financial statements. The accounting policies used are consistent with the accounting policies used in preparing the 2018 annual consolidated financial statements, except for the newly adopted accounting policy discussed in Note 2.

CP's operations can be affected by seasonal fluctuations such as changes in customer demand and weather-related issues. This seasonality could impact quarter-over-quarter comparisons.

In management’s opinion, the unaudited interim consolidated financial information includes all adjustments (consisting of normal and recurring adjustments) necessary to present fairly such information. Interim results are not necessarily indicative of the results expected for the fiscal year.

2 Accounting changes

Implemented in 2019

Leases

On January 1, 2019, the Company adopted the new Accounting Standards Update ("ASU") 2016-02, issued by the Financial Accounting Standards Board ("FASB"), and all related amendments under FASB Accounting Standards Codification ("ASC") Topic 842, Leases. Using the cumulative-effect adjustment transition approach, the Company recognized a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Accordingly, comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods.

In January 2019, the Company implemented a lease management system to assist in delivering the required accounting changes. To facilitate the transition, the Company made policy choices to utilize available practical expedients provided by the new standard, including the:

- Acceptance of the package of practical expedients, permitting the Company not to reassess lease existence, classification, and capitalization of initial direct costs previously determined for all leases under Topic 840, Leases;
- Acceptance of the previous accounting treatment for land easements where Topic 840 was not applied; and
- Use of hindsight at transition to determine lease term length.

Operating leases with fixed terms and in-substance fixed terms were transitioned by recognizing both an operating lease liability and right-of-use ("ROU") asset. Operating lease liabilities and ROU assets were calculated at the present value of remaining lease payments using the Company’s incremental borrowing interest rate as at January 1, 2019. ROU assets were further modified to include previously accrued balances for prepayments and initial direct costs, but reduced for accrued lease incentives. The Company did not recognize operating lease liabilities or ROU assets for leases requiring variable payment not dependent on an index or rate, or short term leases with a term of 12 months or less.

On adoption, the standard had a material impact on the Company's consolidated balance sheet, but did not have a significant impact on its consolidated statement of income. The most significant impact was the recognition of operating lease ROU assets and operating lease liabilities, while the Company's accounting for finance leases remained substantially unchanged.

The impact of the adoption of ASC 842 as at January 1, 2019 was as follows:

(in millions of Canadian dollars)	As reported December 31, 2018	New lease standard cumulative-effect	As restated January 1, 2019
Assets			
Properties	$ 18,418	$ (12)	$ 18,406
Other assets	71	399	470
Liabilities			
Accounts payable and accrued liabilities	$ 1,449	$ 58	$ 1,507
Other long-term liabilities	237	337	574
Deferred income taxes	3,518	(3)	3,515
Shareholders' equity			
Retained earnings	$ 6,635	$ (5)	$ 6,630

There was no significant impact to lessor accounting upon the adoption of ASC 842.

3 Other (income) expense

	For the three months ended December 31		For the year ended December 31	
(in millions of Canadian dollars)	**2019**	2018	**2019**	2018
Foreign exchange (gain) loss on debt and lease liabilities	**$ (37)**	$ 113	**$ (94)**	$ 168
Other foreign exchange losses (gains)	**—**	1	**(4)**	3
Other	**6**	4	**9**	3
Other (income) expense	**$ (31)**	$ 118	**$ (89)**	$ 174

4 Income taxes

During the fourth quarter of 2019, the Company recorded a deferred tax expense in unrecognized tax benefits of $24 million as a result of a specific uncertain tax position of a prior period (2018 - $nil).

During the fourth quarter of 2019 and 2018, there were no changes in corporate income tax rates. For the year ended December 31, 2019, revaluations of deferred tax balances totaled a net recovery of $88 million (2018 - a net recovery of $21 million) associated with a decrease in the Alberta provincial (2018 - Iowa and Missouri state) corporate income tax rate.

5 Business combination

On December 30, 2019 CP acquired Central Maine & Québec Railway Canada Inc. (“CMQ Canada”) and Central Maine & Québec Railway U.S. Inc. (“CMQ U.S.”) (together “CMQ”) for cash consideration of $174 million. CMQ owns 237 miles of rail lines in Québec and 244 miles of rail lines in Maine and Vermont.

The acquisition of CMQ Canada has been accounted for as a business combination under the acquisition method of accounting. The consideration was $47 million and acquired net assets, recorded at their estimated fair values, included intangible assets of $5 million and goodwill of $10 million. The purchase price allocation was prepared on a preliminary basis and is subject to change as additional information becomes available concerning the fair value and tax bases of the net assets acquired.

CP currently accounts for its investment in CMQ U.S., of $127 million, using the equity method of accounting as the shares of CMQ U.S. are held in an independent voting trust while the United States Surface Transportation Board (“STB”) considers the Company's control application. Subject to obtaining final approval of the transaction by the STB, the acquisition of CMQ U.S. will be accounted for as a business combination using the acquisition method of accounting.

6 Shareholders' equity

On December 17, 2019, the Company announced a new normal course issuer bid ("NCIB"), commencing December 20, 2019, to purchase up to 4.80 million Common Shares for cancellation on or before December 19, 2020. As at December 31, 2019, the Company had purchased 0.30 million Common Shares for $100 million under this NCIB program.

On October 19, 2018, the Company announced an NCIB, commencing October 24, 2018, to purchase up to 5.68 million Common Shares for cancellation on or before October 23, 2019. The Company completed this NCIB on October 23, 2019.

All purchases were made in accordance with the respective NCIB at prevalent market prices plus brokerage fees, or such other prices that were permitted by the Toronto Stock Exchange, with consideration allocated to share capital up to the average carrying amount of the shares and any excess allocated to Retained earnings.

The following table describes activities under the share repurchase program:

	For the three months ended December 31		For the year ended December 31	
	2019	2018	**2019**	2018
Number of Common Shares repurchased[1]	**610,688**	2,187,200	**3,794,149**	4,683,162
Weighted-average price per share[2]	**$ 308.74**	$ 259.74	**$ 300.65**	$ 240.68
Amount of repurchase (in millions)[2]	**$ 189**	$ 568	**$ 1,141**	$ 1,127

[1] Includes shares repurchased but not yet cancelled at quarter end.
[2] Includes brokerage fees.

Summary of Rail Data

Financial (millions, except per share data)	Fourth Quarter 2019	Fourth Quarter 2018	Fourth Quarter Total Change	Fourth Quarter % Change	Year 2019	Year 2018	Year Total Change	Year % Change
Revenues								
Freight	**$ 2,024**	$ 1,964	$ 60	**3**	**$ 7,613**	$ 7,152	$ 461	**6**
Non-freight	**45**	42	3	**7**	**179**	164	15	**9**
Total revenues	**2,069**	2,006	63	**3**	**7,792**	7,316	476	**7**
Operating expenses								
Compensation and benefits	**396**	378	18	**5**	**1,540**	1,468	72	**5**
Fuel	**227**	247	(20)	**(8)**	**882**	918	(36)	**(4)**
Materials	**49**	46	3	**7**	**210**	201	9	**4**
Equipment rents	**35**	31	4	**13**	**137**	130	7	**5**
Depreciation and amortization	**178**	180	(2)	**(1)**	**706**	696	10	**1**
Purchased services and other	**294**	250	44	**18**	**1,193**	1,072	121	**11**
Total operating expenses	**1,179**	1,132	47	**4**	**4,668**	4,485	183	**4**
Operating income	**890**	874	16	**2**	**3,124**	2,831	293	**10**
Less:								
Other (income) expense	**(31)**	118	(149)	**(126)**	**(89)**	174	(263)	**(151)**
Other components of net periodic benefit recovery	**(87)**	(97)	10	**(10)**	**(381)**	(384)	3	**(1)**
Net interest expense	**112**	114	(2)	**(2)**	**448**	453	(5)	**(1)**
Income before income tax expense	**896**	739	157	**21**	**3,146**	2,588	558	**22**
Income tax expense	**232**	194	38	**20**	**706**	637	69	**11**
Net income	**$ 664**	$ 545	$ 119	**22**	**$ 2,440**	$ 1,951	$ 489	**25**
Operating ratio (%)	**57.0**	56.5	0.5	**50 bps**	**59.9**	61.3	(1.4)	**(140) bps**
Basic earnings per share	**$ 4.84**	$ 3.84	$ 1.00	**26**	**$ 17.58**	$ 13.65	$ 3.93	**29**
Diluted earnings per share	**$ 4.82**	$ 3.83	$ 0.99	**26**	**$ 17.52**	$ 13.61	$ 3.91	**29**
Shares Outstanding								
Weighted average number of basic shares outstanding (millions)	**137.2**	141.8	(4.6)	**(3)**	**138.8**	142.9	(4.1)	**(3)**
Weighted average number of diluted shares outstanding (millions)	**137.7**	142.3	(4.6)	**(3)**	**139.3**	143.3	(4.0)	**(3)**
Foreign Exchange								
Average foreign exchange rate (US$/Canadian$)	**0.76**	0.76	—	**—**	**0.75**	0.77	(0.02)	**(3)**
Average foreign exchange rate (Canadian$/US$)	**1.32**	1.32	—	**—**	**1.33**	1.30	0.03	**2**

Summary of Rail Data (Continued)

Commodity Data	Fourth Quarter 2019	2018	Total Change	% Change	FX Adjusted % Change[1]	Year 2019	2018	Total Change	% Change	FX Adjusted % Change[1]
Freight Revenues (millions)										
- Grain	**$ 473**	$ 453	$ 20	**4**	4	**$ 1,684**	$ 1,566	$ 118	**8**	6
- Coal	**168**	187	(19)	**(10)**	(10)	**682**	673	9	**1**	1
- Potash	**95**	128	(33)	**(26)**	(26)	**462**	486	(24)	**(5)**	(6)
- Fertilizers and sulphur	**64**	72	(8)	**(11)**	(11)	**250**	243	7	**3**	1
- Forest products	**75**	73	2	**3**	3	**304**	284	20	**7**	5
- Energy, chemicals and plastics	**491**	369	122	**33**	33	**1,534**	1,243	291	**23**	22
- Metals, minerals and consumer products	**173**	202	(29)	**(14)**	(14)	**752**	797	(45)	**(6)**	(8)
- Automotive	**85**	75	10	**13**	12	**352**	322	30	**9**	7
- Intermodal	**400**	405	(5)	**(1)**	(1)	**1,593**	1,538	55	**4**	3
Total Freight Revenues	**$ 2,024**	$ 1,964	$ 60	**3**	3	**$ 7,613**	$ 7,152	$ 461	**6**	5
Freight Revenue per Revenue Ton-Mile (RTM) (cents)										
- Grain	**4.64**	4.46	0.18	**4**	4	**4.56**	4.25	0.31	**7**	6
- Coal	**3.15**	3.23	(0.08)	**(2)**	(2)	**3.13**	3.00	0.13	**4**	4
- Potash	**2.88**	2.77	0.11	**4**	4	**2.67**	2.65	0.02	**1**	—
- Fertilizers and sulphur	**6.57**	6.27	0.30	**5**	5	**6.50**	6.00	0.50	**8**	7
- Forest products	**6.11**	6.24	(0.13)	**(2)**	(2)	**6.11**	5.96	0.15	**3**	1
- Energy, chemicals and plastics	**5.81**	4.74	1.07	**23**	23	**5.23**	4.47	0.76	**17**	15
- Metals, minerals and consumer products	**7.04**	7.24	(0.20)	**(3)**	(3)	**7.04**	6.72	0.32	**5**	3
- Automotive	**28.15**	25.18	2.97	**12**	11	**24.67**	23.92	0.75	**3**	1
- Intermodal	**5.59**	5.90	(0.31)	**(5)**	(5)	**5.68**	5.76	(0.08)	**(1)**	(2)
Total Freight Revenue per RTM	**5.14**	4.84	0.30	**6**	6	**4.93**	4.64	0.29	**6**	5
Freight Revenue per Carload										
- Grain	**$ 3,978**	$ 3,945	$ 33	**1**	1	**$ 3,904**	$ 3,645	$ 259	**7**	6
- Coal	**2,240**	2,404	(164)	**(7)**	(7)	**2,241**	2,211	30	**1**	1
- Potash	**3,094**	3,126	(32)	**(1)**	(1)	**3,094**	3,071	23	**1**	—
- Fertilizers and sulphur	**4,444**	4,450	(6)	**—**	—	**4,386**	4,186	200	**5**	3
- Forest products	**4,310**	4,235	75	**2**	1	**4,252**	4,139	113	**3**	1
- Energy, chemicals and plastics	**4,857**	4,004	853	**21**	21	**4,284**	3,715	569	**15**	14
- Metals, minerals and consumer products	**3,192**	3,226	(34)	**(1)**	(1)	**3,210**	3,161	49	**2**	—
- Automotive	**2,972**	2,991	(19)	**(1)**	(1)	**3,077**	2,975	102	**3**	1
- Intermodal	**1,528**	1,541	(13)	**(1)**	(1)	**1,523**	1,499	24	**2**	1
Total Freight Revenue per Carload	**$ 2,883**	$ 2,767	$ 116	**4**	4	**$ 2,752**	$ 2,611	$ 141	**5**	4

[1] This earnings measure has no standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. This measure is defined and reconciled in Non-GAAP Measures of this Earnings Release.

Summary of Rail Data (Continued)

Commodity Data (Continued)	Fourth Quarter 2019	2018	Total Change	% Change	Year 2019	2018	Total Change	% Change
Millions of RTM								
- Grain	**10,184**	10,158	26	**—**	**36,941**	36,856	85	**—**
- Coal	**5,335**	5,786	(451)	**(8)**	**21,820**	22,443	(623)	**(3)**
- Potash	**3,294**	4,621	(1,327)	**(29)**	**17,297**	18,371	(1,074)	**(6)**
- Fertilizers and sulphur	**974**	1,149	(175)	**(15)**	**3,846**	4,051	(205)	**(5)**
- Forest products	**1,228**	1,167	61	**5**	**4,974**	4,763	211	**4**
- Energy, chemicals and plastics	**8,455**	7,783	672	**9**	**29,356**	27,830	1,526	**5**
- Metals, minerals and consumer products	**2,459**	2,791	(332)	**(12)**	**10,684**	11,858	(1,174)	**(10)**
- Automotive	**302**	300	2	**1**	**1,427**	1,347	80	**6**
- Intermodal	**7,153**	6,868	285	**4**	**28,033**	26,688	1,345	**5**
Total RTMs	**39,384**	40,623	(1,239)	**(3)**	**154,378**	154,207	171	**—**
Carloads (thousands)								
- Grain	**118.9**	114.9	4.0	**3**	**431.4**	429.4	2.0	**—**
- Coal	**75.0**	77.6	(2.6)	**(3)**	**304.3**	304.3	—	**—**
- Potash	**30.7**	41.0	(10.3)	**(25)**	**149.3**	158.4	(9.1)	**(6)**
- Fertilizers and sulphur	**14.4**	16.2	(1.8)	**(11)**	**57.0**	58.1	(1.1)	**(2)**
- Forest products	**17.4**	17.1	0.3	**2**	**71.5**	68.6	2.9	**4**
- Energy, chemicals and plastics	**101.1**	92.2	8.9	**10**	**358.1**	334.6	23.5	**7**
- Metals, minerals and consumer products	**54.2**	62.6	(8.4)	**(13)**	**234.3**	252.2	(17.9)	**(7)**
- Automotive	**28.6**	25.3	3.3	**13**	**114.4**	108.3	6.1	**6**
- Intermodal	**261.8**	263.0	(1.2)	**—**	**1,046.1**	1,025.9	20.2	**2**
Total Carloads	**702.1**	709.9	(7.8)	**(1)**	**2,766.4**	2,739.8	26.6	**1**

	Fourth Quarter 2019	2018	Total Change	% Change	FX Adjusted % Change[1]	Year 2019	2018	Total Change	% Change	FX Adjusted % Change[1]
Operating Expenses (millions)										
Compensation and benefits	**$ 396**	$ 378	$ 18	**5**	5	**$ 1,540**	$ 1,468	$ 72	**5**	4
Fuel	**227**	247	(20)	**(8)**	(8)	**882**	918	(36)	**(4)**	(6)
Materials	**49**	46	3	**7**	7	**210**	201	9	**4**	4
Equipment rents	**35**	31	4	**13**	13	**137**	130	7	**5**	3
Depreciation and amortization	**178**	180	(2)	**(1)**	(1)	**706**	696	10	**1**	1
Purchased services and other	**294**	250	44	**18**	18	**1,193**	1,072	121	**11**	10
Total Operating Expenses	**$ 1,179**	$ 1,132	$ 47	**4**	4	**$ 4,668**	$ 4,485	$ 183	**4**	3

[1] This earnings measure has no standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. This measure is defined and reconciled in Non-GAAP Measures of this Earnings Release.

Summary of Rail Data (Continued)

	Fourth Quarter				Year			
	2019	2018[1]	Total Change	% Change	2019	2018[1]	Total Change	% Change
Operations Performance								
Gross ton-miles ("GTMs") (millions)	**71,495**	72,786	(1,291)	**(2)**	**280,724**	275,362	5,362	**2**
Train miles (thousands)	**8,374**	8,504	(130)	**(2)**	**32,924**	32,312	612	**2**
Average train weight - excluding local traffic (tons)	**9,163**	9,152	11	**—**	**9,129**	9,100	29	**—**
Average train length - excluding local traffic (feet)	**7,405**	7,360	45	**1**	**7,388**	7,313	75	**1**
Average terminal dwell (hours)	**5.9**	6.5	(0.6)	**(9)**	**6.4**	6.8	(0.4)	**(6)**
Average train speed (miles per hour, or "mph")[2]	**22.4**	22.6	(0.2)	**(1)**	**22.2**	21.5	0.7	**3**
Fuel efficiency[3]	**0.952**	0.956	(0.004)	**—**	**0.955**	0.953	0.002	**—**
U.S. gallons of locomotive fuel consumed (millions)[4]	**68.1**	69.6	(1.5)	**(2)**	**268.1**	262.5	5.6	**2**
Average fuel price (U.S. dollars per U.S. gallon)	**2.53**	2.71	(0.18)	**(7)**	**2.49**	2.72	(0.23)	**(8)**
Total Employees and Workforce								
Total employees (average)[5]	**12,860**	12,982	(122)	**(1)**	**13,103**	12,756	347	**3**
Total employees (end of period)[5]	**12,694**	12,840	(146)	**(1)**	**12,694**	12,840	(146)	**(1)**
Workforce (end of period)[6]	**12,732**	12,866	(134)	**(1)**	**12,732**	12,866	(134)	**(1)**
Safety Indicators								
FRA personal injuries per 200,000 employee-hours	**1.31**	1.46	(0.15)	**(10)**	**1.42**	1.48	(0.06)	**(4)**
FRA train accidents per million train-miles	**0.44**	0.64	(0.20)	**(31)**	**1.06**	1.10	(0.04)	**(4)**

(1) Certain figures have been revised to conform with current presentation or have been updated to reflect new information as certain operating statistics are estimated and can continue to be updated as actuals settle.

(2) Average train speed is defined as a measure of the line-haul movement from origin to destination including terminal dwell hours. It excludes delay time related to customers or foreign railroads, and also excludes the time and distance travelled by: i) trains used in or around CP's yards; ii) passenger trains; and iii) trains used for repairing track.

(3) Fuel efficiency is defined as U.S. gallons of locomotive fuel consumed per 1,000 GTMs.

(4) Includes gallons of fuel consumed from freight, yard and commuter service but excludes fuel used in capital projects and other non-freight activities.

(5) An employee is defined as an individual currently engaged in full-time, part-time, or seasonal employment with CP.

(6) Workforce is defined as total employees plus contractors and consultants.

Non-GAAP Measures

The Company presents Non-GAAP measures including Free cash to provide a basis for evaluating underlying earnings and liquidity trends in the Company's business that can be compared with the results of operations in prior periods. In addition, these Non-GAAP measures facilitate a multi-period assessment of long-term profitability, allowing management and other external users of the Company's consolidated financial information to compare profitability on a long-term basis, including assessing future profitability, with that of the Company's peers.

These Non-GAAP measures have no standardized meaning and are not defined by GAAP and, therefore, may not be comparable to similar measures presented by other companies. The presentation of these Non-GAAP measures is not intended to be considered in isolation from, as a substitute for, or as superior to the financial information presented in accordance with GAAP.

Non-GAAP Performance Measures

The Company uses adjusted earnings results including Adjusted income and Adjusted diluted earnings per share ("EPS") to evaluate the Company's operating performance and for planning and forecasting future business operations and future profitability. These Non-GAAP measures provide meaningful supplemental information regarding operating results because they exclude certain significant items that are not considered indicative of future financial trends either by nature or amount. As a result, these items are excluded for management assessment of operational performance, allocation of resources and preparation of annual budgets. These significant items may include, but are not limited to, restructuring and asset impairment charges, individually significant gains and losses from sales of assets, the foreign exchange ("FX") impact of translating the Company's debt and lease liabilities, discrete tax items, and certain items outside the control of management. These items may not be non-recurring. However, excluding these significant items from GAAP results allows for a consistent understanding of the Company's consolidated financial performance when performing a multi-period assessment including assessing the likelihood of future results. Accordingly, these Non-GAAP financial measures may provide insight to investors and other external users of the Company's consolidated financial information.

Significant items that impact reported earnings for 2019 and 2018 include:

2019:

- in the fourth quarter, a deferred tax expense of $24 million as a result of a provision for an uncertain tax item of a prior period that unfavourably impacted Diluted EPS by 17 cents;
- in the second quarter, a deferred tax recovery of $88 million due to the change in the Alberta provincial corporate income tax rate that favourably impacted Diluted EPS by 63 cents; and
- during the course of the year, a net non-cash gain of $94 million ($86 million after deferred tax) due to FX translation of debt and lease liabilities as follows:
  - in the fourth quarter, a $37 million gain ($32 million after deferred tax) that favourably impacted Diluted EPS by 22 cents;
  - in the third quarter, a $25 million loss ($22 million after deferred tax) that unfavourably impacted Diluted EPS by 15 cents;
  - in the second quarter, a $37 million gain ($34 million after deferred tax) that favourably impacted Diluted EPS by 24 cents; and
  - in the first quarter, a $45 million gain ($42 million after deferred tax) that favourably impacted Diluted EPS by 30 cents.

2018:

- in the second quarter, a deferred tax recovery of $21 million due to reductions in the Missouri and Iowa state tax rates that favourably impacted Diluted EPS by 15 cents; and
- during the course of the year, a net non-cash loss of $168 million ($150 million after deferred tax) due to FX translation of debt as follows:
  - in the fourth quarter, a $113 million loss ($103 million after deferred tax) that unfavourably impacted Diluted EPS by 72 cents;
  - in the third quarter, a $38 million gain ($33 million after deferred tax) that favourably impacted Diluted EPS by 23 cents;
  - in the second quarter, a $44 million loss ($38 million after deferred tax) that unfavourably impacted Diluted EPS by 27 cents; and
  - in the first quarter, a $49 million loss ($42 million after deferred tax) that unfavourably impacted Diluted EPS by 29 cents.

2020 Outlook

As a result of a 2020 plan built on sustainable, profitable, growth along with further productivity improvement, CP expects mid-single digit revenue ton-mile ("RTM") growth and high single-digit to low double-digit Adjusted diluted EPS growth. CP's expectations for Adjusted diluted EPS growth in 2020 are based on Adjusted diluted EPS of $16.44 in 2019. As CP continues to enhance the service, productivity and safety of the network, the Company plans to invest approximately a total of $1.6 billion in capital programs. CP's outlook assumes an annualized effective tax rate of approximately 25 percent. CP estimates other components of net periodic benefit recovery to decrease by approximately $40 million versus 2019. Adjusted diluted EPS is defined and discussed further below.

Although CP has provided a forward-looking Non-GAAP measure (Adjusted diluted EPS), management is unable to reconcile, without unreasonable efforts, the forward-looking Adjusted diluted EPS to the most comparable GAAP measure, due to unknown variables and uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value. In past years, CP has recognized significant asset impairment charges, management transition costs related to senior executives and discrete tax items. These or other similar, large unforeseen transactions affect diluted EPS but may be excluded from CP's Adjusted diluted EPS. Additionally, the U.S.-to-Canadian dollar exchange rate is unpredictable and can have a significant impact on CP's reported results but may be excluded from CP's Adjusted diluted EPS. In particular, CP excludes the FX impact of translating the Company's debt and lease liabilities, the impact from changes in income tax rates and a provision for uncertain tax item from Adjusted diluted EPS. Please see Note on Forward-Looking Information in this Earnings Release for further discussion.

Reconciliation of GAAP Performance Measures to Non-GAAP Performance Measures

The following tables reconcile the most directly comparable measures presented in accordance with GAAP to the Non-GAAP measures:

Adjusted income is calculated as Net income reported on a GAAP basis adjusted for significant items.

	For the three months ended December 31		For the year ended December 31	
(in millions)	**2019**	2018	**2019**	2018
Net income as reported	**$ 664**	$ 545	**$ 2,440**	$ 1,951
Less significant items (pre-tax):				
Impact of FX translation gain (loss) on debt and lease liabilities	**37**	(113)	**94**	(168)
Add:				
Tax effect of adjustments[1]	**5**	(10)	**8**	(18)
Income tax rate changes	**—**	—	**(88)**	(21)
Provision for uncertain tax item	**24**	—	**24**	—
Adjusted income	**$ 656**	$ 648	**$ 2,290**	$ 2,080

[1] The tax effect of adjustments was calculated as the pre-tax effect of the adjustments multiplied by the applicable tax rate for the above items of 13.43% and 8.55% for the three months and year ended December 31, 2019, and 9.28% and 10.64% for the three months and year ended December 31, 2018, respectively. The applicable tax rates reflect the taxable jurisdictions and nature, being on account of capital or income, of the significant items.

Adjusted diluted earnings per share is calculated using Adjusted income, as defined above, divided by the weighted-average diluted number of Common Shares outstanding during the period as determined in accordance with GAAP.

	For the three months ended December 31		For the year ended December 31	
	2019	2018	**2019**	2018
Diluted earnings per share as reported	**$ 4.82**	$ 3.83	**$ 17.52**	$ 13.61
Less significant items (pre-tax):				
Impact of FX translation gain (loss) on debt and lease liabilities	**0.26**	(0.79)	**0.67**	(1.17)
Add:				
Tax effect of adjustments[1]	**0.04**	(0.07)	**0.05**	(0.12)
Income tax rate changes	**—**	—	**(0.63)**	(0.15)
Provision for uncertain tax item	**0.17**	—	**0.17**	—
Adjusted diluted earnings per share	**$ 4.77**	$ 4.55	**$ 16.44**	$ 14.51

[1] The tax effect of adjustments was calculated as the pre-tax effect of the adjustments multiplied by the applicable tax rate for the above items of 13.43% and 8.55% for the three months and year ended December 31, 2019, and 9.28% and 10.64% for the three months and year ended December 31, 2018, respectively. The applicable tax rates reflect the taxable jurisdictions and nature, being on account of capital or income, of the significant items.

ROIC and Adjusted ROIC

ROIC is calculated as Operating income less Other (income) expense and Other components of net periodic benefit recovery, tax effected at the Company's annualized effective tax rate, divided by Average invested capital. Average invested capital is defined as the sum of total Shareholders' equity, Long-term debt, Long-term debt maturing within one year and Short-term borrowing, as presented in the Company's Consolidated Financial Statements, averaged between the beginning and ending balance over a rolling twelve-month period. Adjusted ROIC excludes significant items reported in Operating income, Other (income) expense, and Other components of net periodic benefit recovery in the Company's Consolidated Financial Statements, as these significant items are not considered indicative of future financial trends either by nature or amount. Adjusted average invested capital is similarly adjusted

for the impact of these significant items, net of tax, on closing balances as part of this average. ROIC and Adjusted ROIC are performance measures that measure how productively the Company uses its long-term capital investments, representing critical indicators of good operating and investment decisions made by management, and are important performance criteria in determining certain elements of the Company's long-term incentive plan.

Calculation of ROIC and Adjusted ROIC

	For the year ended December 31	
(in millions, except for percentages)	**2019**	2018
Operating income as reported	**$ 3,124**	$ 2,831
Less:		
Other (income) expense	**(89)**	174
Other components of net periodic benefit recovery	**(381)**	(384)
Tax[1]	**806**	749
	$ 2,788	$ 2,292
Average invested capital	**$ 15,579**	$ 14,964
ROIC	**17.9%**	15.3%

[1] Tax was calculated at the annualized effective tax rate of 22.43% and 24.64% for each of the above items for the years ended December 31, 2019 and 2018, respectively.

	For the year ended December 31	
(in millions, except for percentages)	**2019**	2018
Operating income as reported	**$ 3,124**	$ 2,831
Less:		
Other (income) expense	**(89)**	174
Other components of net periodic benefit recovery	**(381)**	(384)
Significant items (pre-tax):		
Impact of FX translation gain (loss) on debt and lease liabilities	**94**	(168)
Tax[1]	**874**	788
	$ 2,626	$ 2,421
Average invested capital	**$ 15,579**	$ 14,964
Less impact of periodic significant items net of tax on the above average:		
Income tax recovery from income tax rate changes	**44**	11
Provision for uncertain tax item	**(12)**	—
Adjusted average invested capital	**$ 15,547**	$ 14,953
Adjusted ROIC	**16.9%**	16.2%

[1] Tax was calculated at the adjusted annualized effective tax rate of 24.96% and 24.55% for each of the above items for the years ended December 31, 2019 and 2018, respectively.

Free Cash

Free cash is calculated as Cash provided by operating activities, less Cash used in investing activities, adjusted for changes in cash and cash equivalents balances resulting from FX fluctuations, the cash settlement of hedges settled upon issuance of debt, and the acquisition of Central Maine and Québec Railway ("CMQ"). Free cash is a measure that management considers to be an indicator of liquidity. Free cash is useful to investors and other external users of the Company's Consolidated Financial Statements as it assists with the evaluation of the Company's ability to generate cash from its operations without incurring additional external financing. The cash settlement of forward starting swaps that occurred in the second quarter of 2018 in conjunction with the issuance of long-term debt is not an indicator of CP's ongoing cash generating ability and therefore has been excluded from Free cash. Similarly, the acquisition of CMQ that occurred in the fourth quarter of 2019 is not indicative of investment trends and has also been excluded from Free cash. Positive Free cash indicates the amount of cash available for reinvestment in the business, or cash that can be returned to investors through dividends, stock repurchase programs, debt retirements or a combination of these. Conversely, negative Free cash indicates the amount of cash that must be raised from investors through new debt or equity issues, reduction in available cash balances or a combination of these. Free cash should be considered in addition to, rather than as a substitute for, Cash provided by operating activities.

Reconciliation of Cash Provided by Operating Activities to Free Cash

(in millions)	For the three months ended December 31 2019	For the three months ended December 31 2018	For the year ended December 31 2019	For the year ended December 31 2018
Cash provided by operating activities	**$ 1,033**	$ 931	**$ 2,990**	$ 2,712
Cash used in investing activities	**(668)**	(389)	**(1,803)**	(1,458)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	**(3)**	7	**(4)**	11
Less:				
Settlement of forward starting swaps on debt issuance	**—**	—	**—**	(24)
Investment in Central Maine and Québec Railway	**(174)**	—	**(174)**	—
Free cash	**$ 536**	$ 549	**$ 1,357**	$ 1,289

Foreign Exchange Adjusted % Change

FX adjusted % change allows certain financial results to be viewed without the impact of fluctuations in foreign currency exchange rates, thereby facilitating period-to-period comparisons in the analysis of trends in business performance. Financial result variances at constant currency are obtained by translating the comparable period of the prior year results denominated in U.S. dollars at the foreign exchange rates of the current period.

FX adjusted % changes in revenues are further used in calculating FX adjusted % change in freight revenue per carload and RTM. FX adjusted % changes in revenues are as follows:

	For the three months ended December 31				
(in millions)	**Reported 2019**	Reported 2018	Variance due to FX	FX Adjusted 2018	FX Adjusted % Change
Freight revenues by line of business					
Grain	**$ 473**	$ 453	$ —	$ 453	4
Coal	**168**	187	—	187	(10)
Potash	**95**	128	—	128	(26)
Fertilizers and sulphur	**64**	72	—	72	(11)
Forest products	**75**	73	—	73	3
Energy, chemicals and plastics	**491**	369	—	369	33
Metals, minerals and consumer products	**173**	202	—	202	(14)
Automotive	**85**	75	1	76	12
Intermodal	**400**	405	—	405	(1)
Freight revenues	**2,024**	1,964	1	1,965	3
Non-freight revenues	**45**	42	—	42	7
Total revenues	**$ 2,069**	$ 2,006	$ 1	$ 2,007	3

(in millions)	Reported 2019	Reported 2018	Variance due to FX	FX Adjusted 2018	FX Adjusted % Change
	For the year ended December 31				
Freight revenues by line of business					
Grain	**$ 1,684**	$ 1,566	$ 19	$ 1,585	6
Coal	**682**	673	2	675	1
Potash	**462**	486	6	492	(6)
Fertilizers and sulphur	**250**	243	4	247	1
Forest products	**304**	284	5	289	5
Energy, chemicals and plastics	**1,534**	1,243	17	1,260	22
Metals, minerals and consumer products	**752**	797	16	813	(8)
Automotive	**352**	322	7	329	7
Intermodal	**1,593**	1,538	10	1,548	3
Freight revenues	**7,613**	7,152	86	7,238	5
Non-freight revenues	**179**	164	1	165	8
Total revenues	**$ 7,792**	$ 7,316	$ 87	$ 7,403	5

FX adjusted % changes in operating expenses are as follows:

(in millions)	Reported 2019	Reported 2018	Variance due to FX	FX Adjusted 2018	FX Adjusted % Change
	For the three months ended December 31				
Compensation and benefits	**$ 396**	$ 378	$ —	$ 378	5
Fuel	**227**	247	—	247	(8)
Materials	**49**	46	—	46	7
Equipment rents	**35**	31	—	31	13
Depreciation and amortization	**178**	180	—	180	(1)
Purchased services and other	**294**	250	—	250	18
Total operating expenses	**$ 1,179**	$ 1,132	$ —	$ 1,132	4

(in millions)	Reported 2019	Reported 2018	Variance due to FX	FX Adjusted 2018	FX Adjusted % Change
	For the year ended December 31				
Compensation and benefits	**$ 1,540**	$ 1,468	$ 11	$ 1,479	4
Fuel	**882**	918	18	936	(6)
Materials	**210**	201	1	202	4
Equipment rents	**137**	130	3	133	3
Depreciation and amortization	**706**	696	4	700	1
Purchased services and other	**1,193**	1,072	11	1,083	10
Total operating expenses	**$ 4,668**	$ 4,485	$ 48	$ 4,533	3

FX adjusted % change in operating income is as follows:

(in millions)	Reported 2019	Reported 2018	Variance due to FX	FX Adjusted 2018	FX Adjusted % Change
	For the three months ended December 31				
Operating income	**$ 890**	$ 874	$ 1	$ 875	2

(in millions)	For the year ended December 31 Reported 2019	Reported 2018	Variance due to FX	FX Adjusted 2018	FX Adjusted % Change
Operating income	**$ 3,124**	$ 2,831	$ 39	$ 2,870	9

Dividend Payout Ratio and Adjusted Dividend Payout Ratio

Dividend payout ratio is calculated as dividends declared per share divided by Diluted EPS. Adjusted dividend payout ratio is calculated as dividends declared per share divided by Adjusted diluted EPS, as defined above. These ratios are measures of shareholder return and provide information on the Company's ability to declare dividends on an ongoing basis.

Calculation of Dividend Payout Ratio

(in dollars, except for percentages)	For the year ended December 31 2019	2018
Dividends declared per share	**$ 3.1400**	$ 2.5125
Diluted EPS	**17.52**	13.61
Dividend payout ratio	**17.9%**	18.5%

Calculation of Adjusted Dividend Payout Ratio

(in dollars, except for percentages)	For the year ended December 31 2019	2018
Dividends declared per share	**$ 3.1400**	$ 2.5125
Adjusted diluted EPS	**16.44**	14.51
Adjusted dividend payout ratio	**19.1%**	17.3%

Long-term Debt to Net Income and Adjusted Net Debt to Adjusted EBITDA Ratios

Long-term debt to Net income ratio is defined as Long-term debt, including Long-term debt maturing within one year, divided by Net income. Adjusted net debt to Adjusted earnings before interest, tax, depreciation and amortization ("EBITDA") ratio is calculated as Adjusted net debt divided by Adjusted EBITDA. The Adjusted net debt to Adjusted EBITDA ratio is a key credit measure used to assess the Company’s financial capacity. The ratio provides information on the Company’s ability to service its debt and other long-term obligations.

Calculation of Long-term Debt to Net Income Ratio

(in millions, except for ratios)	2019	2018
Long-term debt including long-term debt maturing within one year as at December 31	**$ 8,757**	$ 8,696
Net income for the year ended December 31	**2,440**	1,951
Long-term debt to Net income ratio	**3.6**	4.5

Reconciliation of Long-term Debt to Adjusted Net Debt

Adjusted net debt is defined as Long-term debt, Long-term debt maturing within one year and Short-term borrowing as reported on the Company's Consolidated Balance Sheets adjusted for pension plans deficit, operating lease liabilities recognized on the Company's Consolidated Balance Sheets, and Cash and cash equivalents.

(in millions)	2019	2018
Long-term debt including long-term debt maturing within one year as at December 31	**$ 8,757**	$ 8,696
Add:		
Pension plans deficit[1]	**294**	266
Operating lease liabilities[2]	**354**	387
Less:		
Cash and cash equivalents	**133**	61
Adjusted net debt as at December 31	**$ 9,272**	$ 9,288

[1] Pension plans deficit is the total funded status of the Pension plans in deficit only.
[2] Current period amount is as reported in compliance with GAAP following the adoption of Accounting Standards Update ("ASU") 2016-02 under the cumulative-effect adjustment transition approach, discussed further in Note 2 Accounting changes in CP's Interim Consolidated Financial Information for the period ended December 31, 2019. The comparative period amount was calculated as the net present value of operating leases discounted by the Company's effective interest rate for the period presented.

Reconciliation of Net Income to EBIT, Adjusted EBIT and Adjusted EBITDA

Earnings before interest and tax ("EBIT") is calculated as Net income before Net interest expense and Income tax expense. Adjusted EBIT excludes significant items reported in both Operating income and Other (income) expense. Adjusted EBITDA is calculated as Adjusted EBIT plus operating lease expense and Depreciation and amortization, less Other components of net periodic benefit recovery.

	For the year ended December 31	
(in millions)	2019	2018
Net income as reported	**$ 2,440**	$ 1,951
Add:		
Net interest expense	**448**	453
Income tax expense	**706**	637
EBIT	**3,594**	3,041
Less significant items (pre-tax):		
Impact of FX translation gain (loss) on debt and lease liabilities	**94**	(168)
Adjusted EBIT	**3,500**	3,209
Add:		
Operating lease expense	**83**	97
Depreciation and amortization	**706**	696
Less:		
Other components of net periodic benefit recovery	**381**	384
Adjusted EBITDA	**$ 3,908**	$ 3,618

Calculation of Adjusted Net Debt to Adjusted EBITDA Ratio

(in millions, except for ratios)	2019	2018
Adjusted net debt as at December 31	**$ 9,272**	$ 9,288
Adjusted EBITDA for the year ended December 31	**3,908**	3,618
Adjusted net debt to Adjusted EBITDA ratio	**2.4**	2.6

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

EXHIBIT 2 TO
VERIFIED STATEMENT OF DEAN VARGAS

KCS 2019 Q4 RESULTS EARNINGS RELEASE
(JAN. 17, 2020)

Kansas City Southern Reports Strong Fourth Quarter and Full-Year 2019 Results

KANSAS CITY, Mo.--(BUSINESS WIRE)-- Kansas City Southern (KCS) (NYSE:KSU) reported strong fourth quarter and full year 2019 results, driven by implementation of Precision Scheduled Railroading (PSR) principles.

Fourth Quarter 2019

Fourth quarter revenues were $729.5 million, an increase of 5% primarily led by a 13% increase in Chemicals and Petroleum and an 11% increase in Industrial & Consumer Products as compared to fourth quarter 2018. Carloads were down 1%, as declines in Automotive and Intermodal offset carload growth in all other business units.

Fourth quarter operating expenses were $493.5 million, including $38.3 million of restructuring charges related to PSR initiatives. Operating income was $236.0 million and the reported operating ratio was 67.6%. Fourth quarter net income was $127.9 million, or $1.30 per diluted share. Adjusted fourth quarter operating income, operating ratio, net income and diluted earnings per share were as follows:

(in millions, except operating ratio and diluted earnings per share)	Three Months Ended December 31, 2019			
	Operating Income	Operating Ratio	Net Income	Diluted Earnings per Share
GAAP Operating Results	**$ 236.0**	**67.6%**	**$ 127.9**	**$ 1.30**
Restructuring Charges	38.3	(5.2)%	28.2	0.29
Other Adjustments, Net	—	—	23.0	0.23
Adjusted Operating Results (non-GAAP)	$ 274.3	62.4%	$ 179.1	$ 1.82

See below for reconciliations to GAAP

"Kansas City Southern's implementation of PSR principles has sustained momentum in the fourth quarter, driving strong results in the form of more consistent and reliable operations, improved customer service, improved cost structure and growth in shareholder returns," stated President and Chief Executive Officer, Patrick J. Ottensmeyer. "Thanks to the hard work and dedication of KCS's employees, we exited 2019 with network-wide velocity performing at record levels."

Full Year 2019

Full year 2019 revenues were $2.9 billion, an increase of 6% on a 1% decline in carloads. Operating income was $886.3 million and the reported operating ratio was 69.1%. Full year 2019 net income was $540.8 million, or $5.40 per diluted share.

During 2019, KCS significantly improved its operating performance, as demonstrated by an increase in gross velocity of 22%, a decline in terminal dwell of 16%, and an improvement to car miles per day of 19% as compared to 2018. PSR initiatives also contributed directly to operating expense savings of $58.0 million in 2019, and are projected to deliver incremental savings of $61.0 million in 2020.

"Year one of KCS's PSR implementation has exceeded our own expectations for service, operational and financial improvement," stated Ottensmeyer. "As we turn our focus to 2020, we look forward to growing our business while implementing our second year of PSR initiatives.

"These strong results have allowed us to improve guidance, and we now expect to deliver a 60% to 61% operating ratio in 2020, and below 60% in 2021. Additionally, we have improved our outlook for earnings per share growth to a mid-teens CAGR from 2019 through 2021. Finally, with improved asset utilization, we have reduced our outlook for capital expenditures to ~17% of revenue through 2022."

Statement Regarding Non-GAAP Financial Measures

In addition to disclosing financial results in accordance with U.S. GAAP, the accompanying fourth quarter and full year 2019 earnings release contains non-GAAP financial measures. KCS management believes that certain non-GAAP financial measures used to review and in certain cases manage the Company's business fall within the meaning of Regulation G (Disclosure of non-GAAP financial measures) and may provide its users of the financial information with additional meaningful comparison when reviewing the Company's results. KCS management uses non-GAAP information in its planning and forecasting processes and to further analyze its own financial trends and operational performance, as well as making financial comparisons to prior periods presented on a similar basis. Management believes investors and users of the Company's financial information should consider all of the above factors when evaluating KCS's results.

These non-GAAP measures should be viewed as a supplement and not considered a substitute for GAAP measures. Some of KCS's non-GAAP measures may differ from similar measures used by other companies, even if similar terms are used to identify such measures.

REDACTED PUBLIC RECORD VERSION

Reconciliation of Diluted Earnings per Share to Adjusted Diluted Earnings per Share

	Three Months Ended December 31, 2019			
	Income Before Income Taxes	Income Tax Expense	Net Income	Diluted Earnings per Share
As reported	$ 207.5	$ 79.6	$ 127.9	$ 1.30
Adjustments for:				
Restructuring charges	38.3	10.1	28.2	0.29
Debt retirement costs	0.5	0.1	0.4	—
Foreign exchange gain	(7.6)	(2.3)	(5.3)	(0.05)
Foreign exchange component of income taxes	—	(27.9)	27.9	0.28
Adjusted	$ 238.7	$ 59.6	179.1	
Less: Noncontrolling interest and preferred stock dividends			(0.7)	
Adjusted net income available to common stockholders - see (a) below			$ 178.4	$ 1.82

	Three Months Ended December 31, 2018			
	Income Before Income Taxes	Income Tax Expense	Net Income	Diluted Earnings per Share
As reported	$ 222.1	$ 60.3	$ 161.8	$ 1.59
Adjustments for:				
Gain on insurance recoveries related to hurricane damage	(8.5)	(2.0)	(6.5)	(0.06)
Foreign exchange loss	8.5	2.6	5.9	0.05
Foreign exchange component of income taxes	—	2.5	(2.5)	(0.02)
Adjusted	$ 222.1	$ 63.4	158.7	
Less: Noncontrolling interest and preferred stock dividends			(0.7)	
Adjusted net income available to common stockholders - see (a) below			$ 158.0	$ 1.56

GAAP Reconciliations (continued)
($ in millions, except per share amounts)

Reconciliation of Diluted Earnings per Share to Adjusted Diluted Earnings per Share

	Year Ended December 31, 2019			
	Income Before Income Taxes	Income Tax Expense	Net Income	Diluted Earnings per Share
As reported	$ 788.4	$ 247.6	$ 540.8	$ 5.40
Adjustments for:				
Restructuring charges	168.8	43.6	125.2	1.25
Debt retirement costs	1.1	0.3	0.8	0.01
Foreign exchange gain	(17.1)	(5.1)	(12.0)	(0.12)
Foreign exchange component of income taxes	—	(35.9)	35.9	0.36
Adjusted	$ 941.2	$ 250.5	690.7	
Less: Noncontrolling interest and preferred stock dividends			(2.1)	
Adjusted net income available to common stockholders - see (a) below			$ 688.6	$ 6.90

	Year Ended December 31, 2018			
	Income Before Income Taxes	Income Tax Expense	Net Income	Diluted Earnings per Share
As reported	$ 886.9	$ 257.5	$ 629.4	$ 6.13
Adjustments for:				
Gain on insurance recoveries related to hurricane damage	(17.9)	(4.2)	(13.7)	(0.13)
Debt retirement costs	2.2	0.7	1.5	0.02
Foreign exchange gain	(7.8)	(2.3)	(5.5)	(0.05)
Foreign exchange component of income taxes	—	(21.7)	21.7	0.21
Tax Cuts and Jobs Act	—	20.9	(20.9)	(0.21)
Adjusted	$ 863.4	$ 250.9	612.5	
Less: Noncontrolling interest and preferred stock dividends			(2.2)	
Adjusted net income available to common stockholders - see (a) below			$ 610.3	$ 5.97

REDACTED PUBLIC RECORD VERSION

Reconciliation of Operating Expenses to Adjusted Operating Expenses	Three Months Ended December 31,		Years Ended December 31,	
	2019	2018	2019	2018
Operating expenses as reported	$ 493.5	$ 437.6	$1,979.7	$1,727.7
Adjustment for restructuring charges	(38.3)	—	(168.8)	—
Adjustment for gain on insurance recoveries related to hurricane damage	—	8.5	—	17.9
Adjusted operating expenses - see (b) below	$ 455.2	$ 446.1	$1,810.9	$1,745.6
Operating income as reported	$ 236.0	$ 256.4	$ 886.3	$ 986.3
Adjusted operating income - see (b) below	274.3	247.9	1,055.1	968.4
Operating ratio (c) as reported	67.6%	63.1%	69.1%	63.7%
Adjusted operating ratio - see (b) and (c) below	62.4%	64.3%	63.2%	64.3%

(a) The Company believes adjusted diluted earnings per share is meaningful as it allows investors to evaluate the Company's performance for different periods on a more comparable basis by adjusting for the impact of changes in foreign currency exchange rates, the impact of adjustments to 2017 provisional income tax benefit for the Tax Cuts and Jobs Act, and items that are not directly related to the ongoing operations of the Company. The income tax expense impacts related to these adjustments are calculated at the applicable statutory tax rate.

(b) The Company believes adjusted operating expenses, operating income and operating ratio are meaningful as they allow investors to evaluate the Company's performance for different periods on a more comparable basis by adjusting for items that are not directly related to the ongoing operations of the Company.

(c) Operating ratio is calculated by dividing operating expenses by revenues; or in the case of adjusted operating ratio, adjusted operating expenses divided by revenues.

Investor Conference Call and Webcast

KCS will also hold its fourth quarter 2019 earnings conference call on Friday, January 17, 2020 at 8:45 a.m. eastern time. Shareholders and other interested parties are invited to participate via live webcast or telephone. To participate in the live webcast and to view accompanying presentation materials, please log into investors.kcsouthern.com immediately prior to the presentation. To join the teleconference, please call (844) 308-6428 from the U.S., or (412) 317-5409 from all other countries.

A replay of the presentation will be available by calling (877) 344-7529 from the U.S., (855) 669-9658 from Canada or (412) 317-0088 from all other countries and entering conference ID 10136928. The webcast replay and presentation materials will be archived on the company’s website.

About Kansas City Southern

Headquartered in Kansas City, Mo., Kansas City Southern (KCS) (NYSE: KSU) is a transportation holding company that has railroad investments in the U.S., Mexico and Panama. Its primary U.S. holding is The Kansas City Southern Railway Company, serving the central and south central U.S. Its international holdings include Kansas City Southern de Mexico, S.A. de C.V., serving northeastern and central Mexico and the port cities of Lázaro Cárdenas, Tampico and Veracruz, and a 50 percent interest in Panama Canal Railway Company, providing ocean-to-ocean freight and passenger service along the Panama Canal. KCS' North American rail holdings and strategic alliances with other North American rail partners are primary components of a unique railway system, linking the commercial and industrial centers of the U.S., Mexico and Canada. More information about KCS can be found at www.kcsouthern.com.

Forward-Looking Information

REDACTED PUBLIC RECORD VERSION

This news release contains "forward-looking statements" within the meaning of the securities laws concerning potential future events involving KCS and its subsidiaries, which could materially differ from the events that actually occur. Words such as "projects," "estimates," "forecasts," "believes," "intends," "expects," "anticipates," and similar expressions are intended to identify many of these forward-looking statements. Such forward-looking statements are based upon information currently available to management and management's perception thereof as of the date hereof. Differences that actually occur could be caused by a number of external factors over which management has little or no control, including: competition and consolidation within the transportation industry; the business environment in industries that produce and use items shipped by rail; loss of the rail concession of KCS' subsidiary, Kansas City Southern de México, S.A. de C.V.; the termination of, or failure to renew, agreements with customers, other railroads and third parties; access to capital; disruptions to KCS' technology infrastructure, including its computer systems; natural events such as severe weather, hurricanes and floods; market and regulatory responses to climate change; legislative and regulatory developments and disputes; rail accidents or other incidents or accidents on KCS' rail network or at KCS' facilities or customer facilities involving the release of hazardous materials, including toxic inhalation hazards; fluctuation in prices or availability of key materials, in particular diesel fuel; dependency on certain key suppliers of core rail equipment; changes in securities and capital markets; unavailability of qualified personnel; labor difficulties, including strikes and work stoppages; acts of terrorism or risk of terrorist activities; war or risk of war; domestic and international economic, political and social conditions; the level of trade between the United States and Asia or Mexico; fluctuations in the peso-dollar exchange rate; increased demand and traffic congestion; the outcome of claims and litigation involving KCS or its subsidiaries; and other factors affecting the operation of the business. More detailed information about factors that could affect future events may be found in filings by KCS with the Securities and Exchange Commission, including KCS' Annual Report on Form 10-K for the year ended December 31, 2018 (File No. 1-4717) and subsequent reports. Forward-looking statements are not, and should not be relied upon as, a guarantee of future performance or results, nor will they necessarily prove to be accurate indications of the times at or by which any such performance or results will be achieved. As a result, actual outcomes and results may differ materially from those expressed in forward-looking statements. KCS is not obligated to update any forward-looking statements to reflect future events or developments.

Kansas City Southern and Subsidiaries
Consolidated Statements of Income
(In millions, except share and per share amounts)
(Unaudited)

	Three Months Ended December 31,		Years Ended December 31,	
	2019	2018	2019	2018
Revenues	$ 729.5	$ 694.0	$2,866.0	$ 2,714.0
Operating expenses:				
Compensation and benefits	137.1	128.3	529.1	495.7
Purchased services	56.3	51.5	219.2	200.7
Fuel	82.6	91.2	340.4	348.2
Mexican fuel excise tax credit	—	(11.1)	—	(37.7)
Equipment costs	26.8	30.2	108.6	126.1
Depreciation and amortization	88.0	89.6	350.7	346.7
Materials and other	64.4	66.4	262.9	265.9
Restructuring charges	38.3	—	168.8	—
Gain on insurance recoveries related to hurricane damage	—	(8.5)	—	(17.9)
Total operating expenses	493.5	437.6	1,979.7	1,727.7
Operating income	236.0	256.4	886.3	986.3
Equity in net earnings (losses) of affiliates	(2.6)	0.8	1.0	2.6
Interest expense	(31.8)	(28.2)	(115.9)	(110.0)
Debt retirement costs	(0.5)	—	(1.1)	(2.2)
Foreign exchange gain (loss)	7.6	(8.5)	17.1	7.8
Other income (expense), net	(1.2)	1.6	1.0	2.4
Income before income taxes	207.5	222.1	788.4	886.9
Income tax expense	79.6	60.3	247.6	257.5
Net income	127.9	161.8	540.8	629.4
Less: Net income attributable to noncontrolling interest	0.7	0.7	1.9	2.0
Net income attributable to Kansas City Southern and subsidiaries	127.2	161.1	538.9	627.4
Preferred stock dividends	—	—	0.2	0.2
Net income available to common stockholders	$ 127.2	$ 161.1	$ 538.7	$ 627.2
Earnings per share:				
Basic earnings per share	$ 1.31	$ 1.59	$ 5.42	$ 6.16
Diluted earnings per share	$ 1.30	$ 1.59	$ 5.40	$ 6.13
Average shares outstanding (*in thousands*):				
Basic	97,467	101,098	99,316	101,852
Potentially dilutive common shares	513	418	431	418
Diluted	97,980	101,516	99,747	102,270

Kansas City Southern and Subsidiaries
Revenue & Carload/Units by Commodity - Fourth Quarter 2019 and 2018

	Revenues (in millions) Fourth Quarter		%	*Carloads and Units (in thousands)* Fourth Quarter		%	*Revenue per Carload/Unit* Fourth Quarter		%
	2019	2018	Change	2019	2018	Change	2019	2018	Change
Chemical & Petroleum									
Chemicals	$ 59.3	$ 57.3	3%	23.0	24.5	(6)%	$2,578	$2,339	10%
Petroleum	88.4	70.6	25%	41.8	35.4	18%	2,115	1,994	6%
Plastics	38.4	36.1	6%	18.9	18.6	2%	2,032	1,941	5%
Total	186.1	164.0	13%	83.7	78.5	7%	2,223	2,089	6%
Industrial & Consumer Products									
Forest Products	67.5	64.8	4%	27.9	28.7	(3)%	2,419	2,258	7%
Metals & Scrap	56.4	50.3	12%	28.7	26.3	9%	1,965	1,913	3%
Other	30.5	24.4	25%	23.8	21.6	10%	1,282	1,130	13%
Total	154.4	139.5	11%	80.4	76.6	5%	1,920	1,821	5%
Agriculture & Minerals									
Grain	74.2	80.8	(8)%	36.8	37.5	(2)%	2,016	2,155	(6)%
Food Products	39.0	38.3	2%	15.6	15.4	1%	2,500	2,487	1%
Ores & Minerals	6.0	4.8	25%	7.8	6.2	26%	769	774	(1)%
Stone, Clay & Glass	8.1	7.8	4%	3.3	3.4	(3)%	2,455	2,294	7%
Total	127.3	131.7	(3)%	63.5	62.5	2%	2,005	2,107	(5)%
Energy									
Utility Coal	31.8	28.7	11%	36.7	31.3	17%	866	917	(6)%
Coal & Petroleum Coke	11.3	11.0	3%	14.5	16.3	(11)%	779	675	15%
Frac Sand	5.3	7.0	(24)%	3.9	4.5	(13)%	1,359	1,556	(13)%
Crude Oil	14.3	18.6	(23)%	9.4	11.3	(17)%	1,521	1,646	(8)%
Total	62.7	65.3	(4)%	64.5	63.4	2%	972	1,030	(6)%
Intermodal	97.2	98.2	(1)%	254.1	268.3	(5)%	383	366	5%
Automotive	62.3	59.9	4%	36.4	38.9	(6)%	1,712	1,540	11%
TOTAL FOR COMMODITY GROUPS	690.0	658.6	5%	582.6	588.2	(1)%	$1,184	$1,120	6%
Other Revenue	39.5	35.4	12%						
TOTAL	$729.5	$694.0	5%						

Kansas City Southern and Subsidiaries
Revenue & Carload/Units by Commodity - Years Ended December 31, 2019 and 2018

	Revenues (in millions) Years Ended		%	*Carloads and Units (in thousands)* Years Ended		%	*Revenue per Carload/Unit* Years Ended		%
	2019	2018	Change	2019	2018	Change	2019	2018	Change
Chemical & Petroleum									
Chemicals	$ 246.9	$ 236.3	4%	99.6	103.5	(4)%	$2,479	$2,283	9%
Petroleum	341.8	241.9	41%	163.4	120.3	36%	2,092	2,011	4%
Plastics	148.5	143.9	3%	74.4	74.1	—	1,996	1,942	3%
Total	737.2	622.1	19%	337.4	297.9	13%	2,185	2,088	5%
Industrial & Consumer Products									
Forest Products	261.4	268.0	(2)%	109.2	119.8	(9)%	2,394	2,237	7%
Metals & Scrap	232.9	208.2	12%	120.3	114.0	6%	1,936	1,826	6%
Other	116.1	114.8	1%	91.4	91.1	—	1,270	1,260	1%
Total	610.4	591.0	3%	320.9	324.9	(1)%	1,902	1,819	5%
Agriculture & Minerals									
Grain	298.4	289.9	3%	146.1	144.1	1%	2,042	2,012	1%
Food Products	149.4	145.7	3%	60.5	59.5	2%	2,469	2,449	1%
Ores & Minerals	25.0	20.9	20%	32.8	24.8	32%	762	843	(10)%
Stone, Clay & Glass	33.5	29.9	12%	13.9	13.5	3%	2,410	2,215	9%
Total	506.3	486.4	4%	253.3	241.9	5%	1,999	2,011	(1)%

Energy									
Utility Coal	126.9	117.3	8%	139.2	125.6	11%	912	934	(2)%
Coal & Petroleum Coke	43.2	44.3	(2)%	57.6	63.4	(9)%	750	699	7%
Frac Sand	27.4	37.4	(27)%	19.6	24.2	(19)%	1,398	1,545	(10)%
Crude Oil	48.7	57.3	(15)%	28.3	35.4	(20)%	1,721	1,619	6%
Total	246.2	256.3	(4)%	244.7	248.6	(2)%	1,006	1,031	(2)%
Intermodal	370.2	382.8	(3)%	979.8	1,030.4	(5)%	378	372	2%
Automotive	255.6	253.2	1%	154.9	161.9	(4)%	1,650	1,564	5%
TOTAL FOR COMMODITY GROUPS	2,725.9	2,591.8	5%	2,291.0	2,305.6	(1)%	$1,190	$1,124	6%
Other Revenue	140.1	122.2	15%						
TOTAL	$2,866.0	$2,714.0	6%						

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BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF CHAD ROLSTAD

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF CHAD ROLSTAD

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VERIFIED STATEMENT OF CHAD ROLSTAD

1. My name is Chad Rolstad. I am Vice-President Human Resources and Chief Culture Officer of Canadian Pacific Railway Company ("CP"). My business address is 7550 Ogden Dale Road, Calgary, AB T2C 4X9. I have been employed by CP in my current position since September 2019. I joined CP as Assistant Vice-President Strategic Procurement in April 2017 and was appointed Assistant Vice-President Human Resources in August 2018 and Vice-President Human Resources in February 2019.

2. Previously I was employed by BNSF Railway as a General Director, Marketing Business Unit Operations. I received a B.S. from Colorado School of Mines and hold an M.B.A. from Duke University.

3. I am responsible for, among other things, helping CP sustain and improve its industry-best culture, while leading the company's human resources, recruitment, total rewards, and talent management teams. My duties include overall responsibility for hiring, evaluating, and separating employees who are not represented by labor organizations.

4. I am submitting this statement to explain the steps CP anticipates taking to manage the small number of changes in the non-agreement labor force that will result from implementing the proposed combination of CP and KCS under CP control (the "Transaction")

I. OVERVIEW OF ANTICIPATED CHANGES IN CP'S AND KCS'S UNREPRESENTED WORKFORCE IN THE UNITED STATES

5. As explained in the Operating Plan and Labor Impact Exhibit, combining CP and KCS will in general result in *increased employment* overall across the combined network. To the extent there will be any Transaction-related job relocations or reductions for our non-agreement workforce, they will involve small numbers of employees performing general and administrative functions at the U.S. headquarters of CP (in Minneapolis, MN) and KCS (in Kansas City), as

well as a small number of CP headquarters positions in Canada. CP anticipates that KCS's Kansas City headquarters will become the U.S. headquarters for the combined railroad, creating net-positive impacts on employment there, and that the Minneapolis headquarters will eventually close. The consolidation of administrative functions in Kansas City will yield some reductions in the level of employment in general and administrative functions.

II. CP'S NON-AGREEMENT U.S. WORKFORCE AND THE ANTICIPATED IMPACT OF THE TRANSACTION

6. CP employs approximately 547 employees in the United States who are not represented by labor unions. Appendix A to this Verified Statement lists the locations at which these persons are employed and indicates the CP operating entity employer.[1]

7. The proposed Transaction is expected to affect only 172 of these employees at CP's U.S. headquarters in Minneapolis (shown as "CP Plaza 1" in Appendix A), seven of which are employed by DM&E and 165 of which are employed by Soo Line. CP does not anticipate that unrepresented CP employees elsewhere in the United States will be affected by the Transaction.[2]

8. As a result of the Transaction, CP will be relocating its U.S. headquarters to Kansas City, and will consolidate head office and operating center functions. CP anticipates that within the three-year period following assumption of control of KCS, it will substantially close the Minneapolis headquarters facility. CP will be continuing its planning for the new U.S. headquarters location as the Control Date approaches and during the three-year period over

---

[1] CP's U.S. operating subsidiaries are Dakota, Minnesota & Eastern Railroad Corporation ("DM&E"), Soo Line Railroad Company ("Soo Line"), Delaware and Hudson Railway Company, Inc. ("D&H"), and Central Maine & Quebec Railway US Inc. ("CMQ").

[2] D&H and CMQ are not contiguous to DM&E, Soo Line, or KCSR, and there should not be any operational changes on DM&E, Soo Line, or KCSR that would adversely affect any D&H or CMQ employees.

which full integration of the two systems will take place. CP will continue to refine its understanding of its likely needs for personnel at Kansas City. Accordingly, today's best estimates are preliminary and are subject to revision over time.

9. Table 1 below provides a count of CP non-agreement employees at the Minneapolis headquarters by classification. The "operating" classification refers to managerial personnel in the operating department, while "non-operating" refers to personnel in other departments that provide administrative support to the organization. As shown in the Table, CP currently projects that approximately 135 positions will be relocated to Kansas (63 in year 1, 20 in year 2, and 52 in year 3) and 37 positions will remain at other locations in the Minneapolis area and thus be unaffected. These changes are also reflected in the Labor Impact Exhibit, in Volume 2 of the Application.

TABLE 1
CP NON-AGREEMENT EMPLOYMENT AT MINNEAPOLIS HEADQUARTERS BY CLASSIFICATION
(AS OF SEPTEMBER 27, 2021)

CP Entity (USA CP Plaza 1)	Classification	Number of Unrepresented Employees	Jobs Relocated	No Impact	Jobs Reduced
DM&E - Non-Agreement	Non-Operating	0	0	0	0
" "	Operating	7	7 *Year 2 – 7*	0	0
Soo Line - Non-Agreement	Non-Operating	118	87 *Year 1 – 22* *Year 2 – 13* *Year 3 – 52*	31	0
" "	Operating	47	41 *Year 1 – 41*	6	0
Total		**172**	**135**	**37**	**0**

III. KCSR'S NON-AGREEMENT U.S. WORKFORCE AND THE ANTICIPATED IMPACT OF THE TRANSACTION

10. KCS's U.S. rail carrier subsidiary Kansas City Southern Railway Company employs 885 employees in the United States who are not represented by labor organizations, at

locations in Alabama, Arkansas, Illinois, Kansas, Louisiana, Mississippi, Missouri, Oklahoma, Tennessee and Texas. 370 of these non-agreement employees are operating employees, while 515 are non-operating employees. Appendix B lists the locations at which these persons are employed.

11. The proposed Transaction is expected to have potential effects only for non-operating employees at KCSR's U.S. headquarters facilities in Kansas City (shown as "Kansas City General Office" and "Wyandotte Building" in Appendix B). CP does not anticipate that the operating employees at Kansas City or unrepresented KCS employees elsewhere in the United States or in Mexico will be affected by the Transaction.

12. Table 2 below outlines CP's best estimate of the impact of the Transaction on non-agreement personnel at CPKC's new Kansas City headquarters and the planned consolidation of administrative functions there following the transfer of CP (Soo Line and DM&E) jobs from Minneapolis. CP anticipates that a total of 112 non-operating positions will be reduced at Kansas City. We do not anticipate any reductions in non-agreement *operating* positions, so as to ensure that the continued consistent operation of the combined network is fully supported. At the executive level there may be some small number of movements between Calgary and Kansas City as we assess appropriate executive team assignments at CPKC. For the Kansas City headquarters, the net result of the Transaction will be an increase in non-agreement employment levels (526 post-Transaction, up from 503 today) as a result of the transfer of CP positions from Minneapolis. These changes are also reflected in the Labor Impact Exhibit, in Volume 2 of the Application.

13. Our estimate of likely personnel reductions took into account a number of factors including, as a starting point, the elimination of duplicative executive leadership positions, an

assessment of the ability of specific functional teams to absorb the workload of the combined railroads with no impact to the service and support provided to railroad operations and customers, and ensuring there are adequate resources to support revenue growth achieved through combination of the two railroads. The majority of expected position reductions come from administrative and support functions such as Information Technology, Finance, and Human Resources. There are negligible position reductions anticipated for Sales and Marketing in order to maintain strong customer service and to ensure there are adequate resources to support growth.

14. CP anticipates that the modest impact will be achieved through executive restructuring and normal attrition at the Kansas City headquarters, and that employees who leave as a result of retirement or other voluntary departure will not be replaced. CP will supplement its estimates with additional detail as it continues to plan for the integration of the two companies' non-agreement workforces.

TABLE 2
NON-AGREEMENT EMPLOYMENT AT KANSAS CITY HEADQUARTERS BY CLASSIFICATION

Location	Classification	Number of Unrepresented KCSR Employees (Sept. 20, 2021)	KCSR Jobs Relocated	KCSR Jobs No Impact	CPKC Jobs Reduced	CPKC Jobs Transferred to Kansas City	Post-Transaction CPKC Jobs
Kansas City (General Office and Wyandotte Bldg.)	Non-Operating	**413**	0	301	112 *Year 1 – 67* *Year 2 – 28* *Year 3 – 17*	87 *Year 1 – 22* *Year 2 – 13* *Year 3 – 52*	388
" "	Operating	**90**	0	90	0	48 *Year 1 – 41* *Year 2 – 7*	138
Grand Total		**503**	**0**	**391**	**112**	**135**	**526**

IV. OUR INTEGRATION OF GENERAL AND ADMINISTRATIVE FUNCTIONS ACROSS THE CP/KCS SYSTEM WILL LEAD TO THE SHIFT OF SOME WORK TO KANSAS CITY FROM CANADA

15. Our planning for the consolidation of CP and KCS administrative functions anticipates a geographic allocation of CPKC's system-wide administrative support functions befitting a railroad for which U.S. operations will be a more significant part of the overall network than they have been for CP. This shift will occur as CPKC works to achieve anticipated synergies by balancing resource allocation of the executive and staff support positions through reductions across our workforces in Canada, Minneapolis (CP Plaza 1), and Kansas City through executive restructuring (providing associated severance), normal attrition, retirement, and not replacing all voluntary departures. (We do not anticipate making any changes in KCS's Mexican employee base other than the new operating positions outlined in the Labor Impact Exhibit.)

16. CP currently employs approximately 3,023 employees in Canada who are not represented by labor organizations, with 1,540 of these employees in non-operating roles. CP anticipates that a small portion of these positions (approximately 92) may be affected by the consolidation of administrative functions in the CPKC's organization. CP anticipates that this modest impact will be achieved through normal attrition, retirement or other voluntary departures.

17. Table 3 below outlines the CP Canadian non-agreement personnel who may be affected by the integration of the two systems. These changes are also reflected in the Labor Impact Exhibit, in Volume 2 of the Application.

TABLE 3
CP CANADA NON-AGREEMENT EMPLOYMENT BY CLASSIFICATION

CP Entity	Classification	Number of Unrepresented Employees	Jobs Relocated	No Impact	Jobs Reduced
CMQ - CA - Non-Agreement	Non-Operating	0	0	0	0
" "	Operating	1	0	1	0
CPRC - Non-Agreement	Non-Operating	1,540	0	1,448	92 *Year 1 – 69* *Year 2 – 9* *Year 3 - 14*
" "	Operating	1,482	0	1,482	0
Total		**3,023**	**0**	**2,931**	**92**

V. EMPLOYEE PROTECTIVE CONDITIONS

18. CP anticipates that, in accordance with the requirements of 49 U.S.C. § 11326(a), the Board will impose on this Transaction the employee protective conditions set forth in *New York Dock Ry. – Control – Brooklyn Eastern Dist. Terminal,* 360 I.C.C. 60*, aff'd, New York Dock Ry. v. United States,* 609 F.2d 83 (2d Cir. 1979).

19. The *New York Dock* conditions provide extensive benefits for U.S. employees who are dismissed or displaced because of the transaction and require carriers to give advance notice to employees and their representatives of operational changes that may result in the dismissal or displacement of employees, or the "rearrangement of forces," and provide an opportunity for the negotiation of implementing agreements in connection with such operational changes. Article IV of the *New York Dock* conditions provides that employees who are not represented by labor organizations shall be afforded substantially the same levels of protection as union-represented employees.

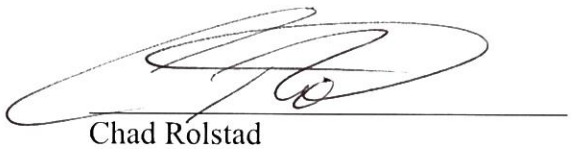
20. CP has not adopted any protective arrangements regarding its unrepresented U.S. employees that may be pertinent to this Transaction, and CP understands that KCS has not

adopted any protective arrangements with respect to its unrepresented U.S. employees (other than established severance programs for covered employees).

VERIFICATION

I, Chad Rolstad, declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed this 28th day of October, 2021.



Chad Rolstad
Vice-President Human Resources and Chief Culture Officer
Canadian Pacific Railway Company

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

APPENDIX A TO
VERIFIED STATEMENT OF CHAD ROLSTAD

CP EMPLOYMENT BY LOCATION –
USA (NON-AGREEMENT)

APPENDIX A
CP EMPLOYMENT BY LOCATION – USA (NON-AGREEMENT)
(AS OF SEPTEMBER 27, 2021)

CP Entity	Work Location Name	Number of Unrepresented Employees	Number Potentially Affected
CMQ US - Non-Agreement	US-ME-BANGOR	7	None
" "	US-ME-CMQ Head Office US	2	None
" "	US-ME-MILO	1	None
" "	US-ME-ROCKLAND	1	None
CMQ US - Non-Agreement Total		**11**	None
D&H - Non-Agreement	US-NY-ALBANY	1	None
" "	US-NY-KENWOOD YARD	1	None
" "	US-NY-MAXON ROAD	2	None
" "	US-NY-SARATOGASPRINGS	18	None
" "	US-NY-WILLSBORO	1	None
" "	US-PA-TAYLOR	1	None
D&H - Non-Agreement Total		**24**	None
DM&E - Non-Agreement	US-IA-CLINTON	1	None
" "	US-IA-DAVENPORT	22	None
" "	US-IA-DUBUQUE	5	None
" "	US-IA-MARQUETTE	2	None
" "	US-IA-MARQUETTE HWY 18	1	None
" "	US-IA-MASON CITY DEPOT	9	None
" "	US-IA-NAHANT (DAVENPORT)	1	None
" "	US-IA-OTTUMWA	2	None
" "	US-IL-SAVANNA	3	None
" "	US-ME-BROWNVILLE JCT	1	None
" "	US-MN-MPLS (CP Plaza 1)	7	7
" "	US-MN-NEW ULM	1	None
" "	US-MN-ROCHESTER	1	None
" "	US-MN-ST PAUL-YARD BATTLE CREEK	2	None
" "	US-MN-ST PAUL-YARD/TCT	1	None
" "	US-MN-WASECA	4	None
" "	US-MO-CHILLICOTHE	6	None
" "	US-MO-KANSAS CTY	12	None
" "	US-NY-SARATOGASPRINGS	1	None
" "	US-SD-ROSHOLT	1	None
DM&E - Non-Agreement Total		**83**	**7**
Soo Line - Non-Agreement	CA-AB-ALYTH YARD - GYO	1	None
" "	CA-AB-OGDEN CANADIAN PACIFIC HEADQUARTER	11	None
" "	CA-BC-COQUITLAM YARD	2	None
" "	CA-ON-LONDON	1	None

CP Entity	Work Location Name	Number of Unrepresented Employees	Number Potentially Affected
“ ”	CA-ON-SCARBOROUGH	3	None
“ ”	CA-SK-MOOSE JAW	1	None
“ ”	US-CA-SYSTEM CA	1	None
“ ”	US-DC-WASHINGTON	1	None
“ ”	US-FL-FLORIDA	1	None
“ ”	US-IA-DAVENPORT	3	None
“ ”	US-IL-BENSENVILLE	4	None
“ ”	US-IL-BENSENVILLE (YARD OFFICE)	44	None
“ ”	US-IL-BENSENVILLE INTERMODAL	4	None
“ ”	US-IL-CHICAGO	2	None
“ ”	US-IL-FRANKLIN PARK	6	None
“ ”	US-IN-ELKHART	2	None
“ ”	US-ME-BANGOR	2	None
“ ”	US-ME-BROWNVILLE JCT	1	None
“ ”	US-MI-DETROIT	7	None
“ ”	US-MI-SYSTEM MI	3	None
“ ”	US-MN-DETROIT LAKES(Soo Line)	4	None
“ ”	US-MN-GLENWOOD	13	None
“ ”	US-MN-HASTINGS	1	None
“ ”	US-MN-HUMBOLDT YARD	1	None
“ ”	US-MN-MINNEAPOLIS	1	None
“ ”	US-MN-MPLS (CP Plaza 1)	149	128
“ ”	US-MN-NESBITT YARD	2	None
“ ”	US-MN-SHOREHAM - INTERMODAL	3	None
“ ”	US-MN-ST PAUL-YARD BATTLE CREEK	68	None
“ ”	US-MN-ST PAUL-YARD/TCT	25	None
“ ”	US-MN-SYSTEM MN	4	None
“ ”	US-MN-T.R.FALLS	3	None
“ ”	US-MN-WINONA	1	None
“ ”	US-MO-KANSAS CTY	1	None
“ ”	US-ND-ENDERLIN	8	None
“ ”	US-ND-FARGO	1	None
“ ”	US-ND-HARVEY	3	None
“ ”	US-ND-MINOT	8	None
“ ”	US-NE-SYSTEM NE	1	None
“ ”	US-NY-ALBANY	1	None
“ ”	US-PA-SYSTEM PA	1	None
“ ”	US-SD-ROSHOLT	1	None
“ ”	US-TX-HOUSTON	1	None

CP Entity	Work Location Name	Number of Unrepresented Employees	Number Potentially Affected
“ ”	US-TX-SYSTEM TX	2	None
“ ”	US-WI-LACROSSE	8	None
“ ”	US-WI-MILWAUKEE	2	None
“ ”	US-WI-MUSKEGO YARD	4	None
“ ”	US-WI-PORTAGE	9	None
“ ”	US-WI-SYSTEM WI	2	None
“ ”	US-WI-TOMAH	1	None
Soo Line - Non-Agreement Total		**429**	**128**
Grand Total Non-Agreement		**547**	**135**

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

APPENDIX B TO
VERIFIED STATEMENT OF CHAD ROLSTAD

KCS EMPLOYMENT BY LOCATION –
USA (NON-AGREEMENT)

APPENDIX B
KCS EMPLOYMENT BY LOCATION – USA (NON-AGREEMENT)
(AS OF SEPTEMBER 20, 2021)

KCS Entity	Work Location (USA)	Number of Unrepresented Employees	Number Potentially Affected
KCSR	Artesia, MS	9	None
	Baton Rouge, LA	12	None
	Beaumont, TX	9	None
	Bossier City, LA	2	None
	Campti, LA	1	None
	Chicago, IL	1	None
	Corinth, MS	2	None
	Corpus Christi, TX	6	None
	Dallas, TX	4	None
	DeQueen, AR	5	None
	East Saint Louis, IL	7	None
	Garland, TX	1	None
	Gulfport, MS	3	None
	Heavener, OK	14	None
	Houston, TX	16	None
	Hughes Springs, TX	5	None
	Hume, MO	1	None
	Jackson, MS	26	None
	Joint Agency Yard, KC	30	None
	Kansas City General Office	460	94*
	Kansas City-Wyandotte Bldg	43	18*
	Kendleton, TX	8	None
	Lake Charles, LA	7	None
	Laredo,TX	22	None
	Latanier, LA	4	None
	Leesville, LA	6	None
	Louisville, MS	1	None
	Meridian, MS	6	None
	Mexico, MO	3	None
	Monroe, LA	7	None
	Neosho, MO	2	None
	Norco, LA	2	None
	Odessa, MO	5	None
	Pittsburg, KS	8	None

KCS Entity	Work Location (USA)	Number of Unrepresented Employees	Number Potentially Affected
	Port Arthur, TX	2	None
	Roodhouse, IL	1	None
	Rosenberg, TX	2	None
	Ruston, LA	1	None
	Sallisaw, OK	1	None
	Shreveport, LA	102	None
	Siloam Springs, AR	1	None
	Slater, MO	4	None
	Spring, TX	7	None
	Sulphur Springs, TX	1	None
	Texarkana, TX	3	None
	Tupelo, MS	1	None
	Tuscaloosa, AL	1	None
	Vicksburg, MS	2	None
	Vivian, LA	3	None
	Watts, OK	1	None
	Wylie, TX	14	None
KCSR Total		**885**	**112**

* - *Reductions will occur in connection with consolidation of functions associated with CP positions moving from Minneapolis, and may not affect KCS position-holders.*

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF MICHAEL R. BARANOWSKI

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT
OF
MICHAEL R. BARANOWSKI

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VERIFIED STATEMENT
OF
MICHAEL R. BARANOWSKI

1. My name is Michael R. Baranowski. I am a Senior Managing Director of FTI Consulting, Inc. and leader of the firm's Network Industries Strategies ("NIS") practice, which is located at 8251 Greensboro Drive, McLean VA 22102. Since 1980, I have been involved in projects analyzing the engineering, operational, and financial aspects of the railroad industry. I have undertaken numerous studies of railroad traffic, the costs of handling those traffic movements, and the resulting financial impacts of those movements. Because of my involvement with these studies, I have testified before the Surface Transportation Board, the Competition Bureau Canada, state and federal courts, and in arbitrations. A detailed statement of my qualifications is attached as Exhibit No. 1 to this Verified Statement.

2. I have been asked by Applicants to (a) develop the total dollar value of the operating savings resulting from the Canadian Pacific ("CP")/Kansas City Southern ("KCS") combination, as quantified in the Operating Plan (Exhibit 13 to the Application), and (b) estimate the additional costs, revenues, and net revenues that would be associated with the additional traffic the CP/KCS system would attract as a result of the merger through extended hauls, rail-to-rail diversions, and truck-to-rail diversions[1]. The results of my work were provided to Dean Vargas for incorporation into the pro forma financial statements accompanying the Application.

3. My Verified Statement describes and explains my calculations. My discussion of these issues is organized into the following sub-parts:

---

[1] The rationale for, methodology used in the estimates of, and estimates of additional traffic are described in the testimony of Richard Brown and Nathan Zebrowski, Jonathan Wahba and Mike Naatz, and Bengt Mutén.

- in Section I, I develop the total operating savings resulting from the proposed combination;
- in Section II, I develop an Uniform Rail Costing System ("URCS") application for 2019 for the consolidated CP/KCS system; and
- in Section III, I calculate the incremental revenues, costs and net revenues associated with extended hauls, rail-to-rail diversions and truck-to-rail diversions – and the effect of organic growth on these quantities.

I. QUANTIFYING THE OPERATING SAVINGS RESULTING FROM THE PROPOSED COMBINATION

4. The CP/KCS Operating Plan (Exhibit No. 13 to the Application) quantifies the resources CP's and KCS's rail operations require but will be saved as a result of the proposed consolidation *before any adjustment is made for the additional traffic that the more-efficient and capable CP/KCS system would attract.* Using this information from the Operating Plan, I was asked to quantify the dollar value of savings in expenses in various operating categories for train, switching and equipment activities.

A. Operating Metrics

5. The integrated Operating Plan reflects the operations of a consolidated CP/KCS network (spanning CP's and KCS's rail systems in the United States, Canada, and Mexico).[2] It does this in two phases: first, by identifying the operational efficiencies that arise from operating a larger, fully integrated and optimized network that adopts the best practices of both railroads,

[2] In my discussion below I refer to CP's system-wide operations as those of "CP," CP's U.S. rail operations as those of "CP-US," and CP's Canadian rail operations as those of "CP-Canada." For KCS, I refer to KCS's system-wide operations as those of "KCS," KCS's U.S. operations as those of "KCSR," and KCS's Mexican operations as those of "KCSM."

and second, by planning for and assessing the operations (including capacity additions) that would accommodate the increased traffic the combined system will attract.

6. In the first phase, the Operating Plan calculates the changes in the relevant operating statistics attributable to merger-related efficiencies. Table 1 below summarizes the merger-related savings for several key metrics as set forth in the Operating Plan, again, *before considering* the merger-related increase in traffic handled by the combined system.

TABLE 1[3]
SUMMARY OF MERGER-RELATED REDUCTIONS IN KEY OPERATING METRICS

Metric	Reduction Relative to CP and KCS Operating Separately
Train Miles	1.690M
Locomotive Unit Miles	4.779M
Switches	0.405M

7. To quantify the dollar savings attributable to the operating metric reductions in Table 1 above, I relied upon relevant unit costs from the URCS. Because the majority of the efficiencies identified in the Operating Plan reflect improved statistics on the KCS portions of the combined system, I based my unit costs on the 2019 KCSR URCS. Also, because general and administrative savings related to the merger are quantified separately in the Verified Statement of Dean Vargas, I eliminated the relevant general overhead markup from the URCS unit costs to avoid double-counting those benefits.

8. Certain of the locomotive-related costs in URCS are attributing to gross ton miles. Therefore, in order to quantify fully the benefits related to the reduction in locomotive unit miles between the base and optimized operating plan, I had to determine the gross ton miles affected by the reduction in locomotive unit miles. I calculated that the approximately 3.5 percent

[3] Source: Base to Operating Plan Savings.xlsx; Tables.

reduction in locomotive unit miles generates locomotive savings related to the equivalent of 13.3 billion gross ton miles. Table 2 below details the quantification of the dollar savings, exclusive of fuel for road operations, attributable to the operating metric reductions in Table 1, and groups those savings by major operating expense category.

TABLE 2[4]
SUMMARY OF MERGER-RELATED REDUCTIONS IN OPERATING EXPENSES

Item	Total -Year 1	Eng./MOW	Transp.	Mech.
Train Mile Savings	1.690M			
Train Mile – Other Than Crew	$0.3307			
Train Mile – Crew	$12.5847			
Total Train Mile Costs	$12.9154			
Train Mile $ Savings	$21.82M	$0.00M	$21.82M	$0.00M
Locomotive Unit Mile Savings	4.779M			
Locomotive Unit Mile Cost – Operating	$3.4060			
Locomotive Unit Mile $ Savings – Operating	$16.28M	$0.00M	$5.63M	$10.65M
Locomotive GTM Related Savings	13.306B			
Locomotive GTM Costs – Operating	$0.0010			
Locomotive GTM $ Savings – Operating	$13.52M	$0.00M	$4.59M	$8.93M
I&I Switches Saved	0.405M			
SEMs Per I&I Switch	1.4921			
Cost Per SEM – Operating	$1.6207			
SEM Savings – Operating	$0.98M	$0.00M	$0.67M	$0.31M
Total Operating Metric Savings	**$52.59M**	**$0.00M**	**$32.71M**	**$19.88M**

B. Fuel Savings

9. As explained in the Operating Plan, the combined CP/KCS network will generate significant fuel consumption benefits as a result of improved train and locomotive productivity coupled with wider application of industry-leading fuel conservation strategies. Applicants have

[4] Source: Base to Operating Plan Savings.xlsx; Tables.

determined that the fuel consumption for the combined CP/KCS system will mirror the improvement projected internally at CP based on a regression of horsepower per ton and gross ton-miles. Applicants applied the regression results to their forecast of Years 1 through 3 gross ton-miles and extrapolated the results to forecasts of KCSR and KCSM Years 1 through 3 gross ton-miles, including organic growth. Table 3 below compares the resulting CP, KCSR and KCSM fuel consumption in gallons per thousand gross ton-miles for the base year and Years 1 through 3.

TABLE 3[5]
FUEL CONSUMPTION
(GAL./MGTM)

Period	Base Year	Year 1	Year 2	Year 3
CP	0.955	0.929	0.929	0.927
KCSR	1.117	1.057	1.051	1.046
KCSM	1.576	1.435	1.428	1.421

10. To determine the fuel savings, I calculated the difference between the number of gallons that would have been consumed in Years 1 through 3 at the base year consumption rate for KCSR and KCSM, and the gallons at the revised consumption rates at each year's projected volumes. I then multiplied the KCS difference by an average price per gallon of $2.04, derived from the KCS 2019 R-1, and the KCSM difference by an average price of $3.08, provided by KCS. I summarize my calculations and results in Table 4 below.

[5] Source: Base to Optimized Fuel Savings Summary.xlsx.

TABLE 4[6]
FUEL SAVINGS SUMMARY

Description	Year 1	Year 2	Year 3
Workload			
KCSR MGTMs/Day	166.60	166.60	166.60
KCSM MGTMs/Day	120.85	120.85	120.85
Projected Fuel Consumption			
KCSR	176,028	175,156	174,289
KCSM	173,483	172,624	171,769
Fuel Consumption Base Efficiency			
KCSR	186,079	186,079	186,079
KCSM	190,461	190,461	190,461
Difference			
KCSR	10,051	10,922	11,789
KCSM	16,978	17,837	18,692
Combined Difference	27,029	28,759	30,481
Daily Value	$72.80	$77.22	$81.62
Total Annualized Fuel Savings	**$ 26.57M**	**$ 28.19M**	**$ 29.79M**

C. Locomotive Depreciation and Lease Annual Expense

11. The reduction in locomotive unit miles between the base and optimized operating plan will achieve savings for locomotive depreciation and lease costs. I calculated these savings by applying the URCS locomotive depreciation and lease costs per locomotive unit mile and per gross ton mile to the locomotive unit miles saved between the base and the optimized operating plan and the equivalent affected gross ton miles. My calculations are summarized below in Table 5.

[6] Source: Base to Optimized Fuel Savings Summary.xlsx.

TABLE 5[7]
SUMMARY OF LOCOMOTIVE DEPRECIATION AND LEASE SAVINGS

Detail of Development of Locomotive Depreciation and Lease Savings				
Item	**Year 1**	**Eng. /MOW**	**Transp.**	**Mechanical**
Locomotive Unit Mile Savings	4.779M			
Locomotive Unit Mile Cost – D&L	$1.1702			
Locomotive Unit Mile $ Savings – D&L	$5.59M	$0.00M	$0.00M	$5.59M
Locomotive GTM Related Savings	13.306B			
Locomotive GTM Cost – D&L	$0.0003			
Locomotive Unit Mile $ Savings – D&L	$4.56M	$0.00M	$0.00M	$4.56M
Total Operating Metric Savings	**$10.15M**	**$0.00M**	**$0.00M**	**$10.15M**

D. Freight Cars

12. In addition to the reductions in operating expenses I calculated in Table 2, CP personnel identified specific reductions in locomotive and freight car counts for the combined system before any extended hauls or traffic diversions. Table 6 summarizes these reductions by year.

TABLE 6[8]
SUMMARY OF MERGER-RELATED FREIGHT CAR ANNUAL SAVINGS

	Year 1	**Year 2**	**Year 3**	**Total**
Total Freight Car	**0**	**372**	**170**	**542**

13. As set forth in the Operating Plan, Applicants have determined that full service lease costs for the types of freight cars identified in Table 5 average $4,800 annually. Based on

[7] Source: Base to Operating Plan Savings.xlsx; Tables.

[8] Source: Freight Car Savings.xlsx.

this number, I calculated the cumulative cost savings attributable to freight cars by year in Table 7.

TABLE 7[9]
SUMMARY OF MERGER RELATED FREIGHT CAR SAVINGS
(USD MILLIONS)

Type	Year 1	Year 2	Year 3
Freight Car Savings	$0.00M	$1.79M	$2.60M

E. Procurement

14. CP identified the total spend by major expense category for which prices are negotiated routinely as part of the procurement process. For each category, CP reviewed the scope of the combined CP/KCS spend and identified opportunities for savings. These opportunities range from increased overall purchase volumes that allow for negotiation of lower rates to the extension of existing favorable terms or best practices to the other carrier. CP then determined the estimated percentage savings from 2019 spend levels that could be achieved in future negotiations by the combined CP/KCS. Procurement synergies are summarized in Table 8.

[9] Source: Freight Car Savings.xlsx.

TABLE 8[10]
SUMMARY OF PROCUREMENT SYNERGIES
(USD MILLIONS)

Description	Year 1	Year 2	Year 3
Fuel	$1.57M	$3.63M	$5.70M
Track Contractors/Materials			
Track Program	0.10M	0.30M	0.60M
Track Services/Other	0.55M	1.86M	3.18M
Track Materials	0.17M	0.52M	0.86M
Locomotive/Car Materials and Maintenance			
Locomotive Material	0.38M	1.15M	1.92M
Locomotive Services	0.02M	0.05M	0.08M
Railcar Material	0.68M	2.03M	3.38M
Railcar Services	0.07M	0.21M	0.35M
Information Technology consultants/services	0.24M	0.71M	1.19M
Other goods and services	0.20M	0.98M	2.16M
Rail Ties	0.02M	0.05M	0.09M
Vehicle Operations/Maintenance	0.14M	0.28M	0.41M
Intermodal Services & Support	0.06M	0.29M	0.63M
Total Annual Procurement Savings	**$4.18M**	**$12.05M**	**$20.54M**

F. Summary

15. I calculated the sum of savings from operating metrics, fuel, equipment and general and administrative in Table 9.

TABLE 9
CP/KCS CUMULATIVE OPERATING SAVINGS SUMMARY
(EXCLUDES SAVINGS RELATED TO MERGER-RELATED TRAFFIC ADDITIONS)
(USD MILLIONS)

Item	Year 1	Year 2	Year 3
Operating Metrics	$52.59M	$52.59M	$52.59M
Fuel Savings	26.57M	28.19M	29.79M
Locomotive Depreciation and Lease	10.15M	10.15M	10.15M
Freight Car	0.00M	1.79M	2.60M
Procurement	4.18M	12.05M	20.54M
Total	**$93.5M**	**$104.8M**	**$115.7M**

[10] Source: CPKCS Procurement Synergies Study.xlsx; Table**.**

II. DEVELOPMENT OF 2019 COSTING APPLICATIONS FOR THE COMBINED COMPANY

16. In order to estimate the incremental costs for the extended hauls and other traffic that the combined CP/KCS will attract, I developed a methodology to calculate how CP operations in both Canada and the U.S., and KCS operations in both the U.S. and Mexico will change as a result of full integration of the CP/KCS system.

17. U.S. operations are summarized in Schedule 410 of the R-1 reports for CP-US and KCS. For potentially affected non-U.S. traffic, I rely on CP-US URCS costs for Canadian operations, and KCSR's URCS costs for Mexican operations.

18. ***U.S. Operations.*** I employed a two-step process to assemble a consolidated R-1 Schedule 410 for U.S. operations of the combined CP/KCS system:

- Step 1: I added together data from the 2019 R-1 reports for CP-US (Soo Line) and KCSR line-by-line to create a "combined" input strip for URCS, and I ran a CP/KCS combined URCS.
- Step 2: I identified productivity improvements related to the combined CP/KCS operations by finding the difference between the Base Operating Plan operating statistics and those developed under the Optimized Operating Plan. I next made related productivity adjustments to the relevant CP/KCS 2019 URCS service unit and unit cost parameters.[11] Specific productivity related adjustments were:
    - I adjusted locomotive unit mile and train mile-related expenses to reflect 3.5 percent, 3.4 percent and 3.3 percent increases in train size for the optimized system from 2019 for Years 1, 2 and 3, respectively;
    - I reduced locomotive fuel expenses by 2.0 percent, 1.8 percent and 1.7 percent to reflect increases in locomotive fuel efficiency for the optimized system for Years 1, 2 and 3, respectively;

[11] Details of my productivity adjustment calculations are set forth in electronic work paper URCS Diversion Costing Metrics Adjustments.xlsx.

- I reduced crew-related train mile expenses by 0.7 percent to reflect a 0.7 percent increase in the train miles per crew shift for the optimized system;
- I reduced the number of locomotives per train by 4.0 percent, 3.2 percent and 2.4 percent to reflect the increase in GTMs per operating horsepower efficiencies between the base and optimized system for Years 1, 2 and 3, respectively; and
- I reduced dwell times at intermediate switching yards to reflect improved yard-switching efficiency for the combined system.

19. ***Operations Outside the United States.*** Costs for the portions of extended hauls, rail-to-rail or truck-to-rail diversions traversing segments of CP's operations in Canada or KCSM's operations in Mexico are modeled from the CP/KCS URCS costs described above with adjustments to the non-U.S. portion of the movement based on observable differences in the relative costs of CP-Canada and KCSM operations. Table 10 below summarizes the percentage of shipment miles for the diverted shipments occurring in the United States, Canada, and Mexico.

TABLE 10[12]
BREAKDOWN OF DIVERSION TRAFFIC MILEAGES BY COUNTRY

Country	Percent of Incremental Car/Unit Miles
United States	76%
Mexico	8%
Canada	16%

20. I next developed benchmarks of relevant cost relationships for CP-Canada relative to CP-US and KCSM relative to KCS to identify observable differences in costs using data provided by CP and KCS, respectively. Table 11 below compares operating expenses per ton mile and per train mile for CP-US and CP-Canada in US dollars based on a 2019 exchange rate of 0.754 U.S. Dollar to one Canadian Dollar.

[12] Source: Mileage by Country.xlsx.

TABLE 11[13]
COMPARISON OF 2019 CP-US AND CP-CANADA COSTS ($US)

Description	CP-US	CPR	% Difference
Gross Ton Miles (GTM) (000)	75,369,720	208,282,663	n/a
Train Miles (TM)	9,206,448	23,785,953	n/a
Operating Expenses ($000)	$1,075,661	$2,930,958	n/a
Operating Expense/GTM	$14.27	$14.07	-1.4%
Operating Expense (TM)	$116.84	$123.22	5.5%
Average Train Weight	7,684	8,757	14.0%
Weight Adjusted Operating Expense (TM)	$133.15	$123.22	-7.5%

21. Table 11 shows that CP-US and CP-Canada average operating expenses per ton-mile are within two percent of one another and the average operating expenses per train-mile for CP-US are approximately 8 percent higher than those for CP-Canada, once the difference in average train size is considered. Although my costing model is designed to adjust for the observed relative cost differences, based on these observations, I have assumed conservatively that CP-US URCS costs are a reasonable surrogate for CP-Canada cost for costing the diverted volumes.

22. I also assumed, based on high-level comparisons of KCS and KCSM costs per unit of output that KCS URCS costs are a reasonable surrogate for KCSM costs for the diverted volumes.

III. DEVELOPMENT OF NET REVENUES FOR MERGER-RELATED TRAFFIC ADDED TO CP/KCS SYSTEM

23. Estimates of and rationale for the additional rail traffic that would be attracted to the CP/KCS system from other railroads were developed by CP Vice President of Sales and Marketing Jonathan Wahba and KCS Chief Marketing Officer Mike Naatz in their Joint Verified Statement, and Richard Brown and Nathan Zebrowski of FTI Consulting in their Joint Verified

[13] Source: CP SOO and CPR comparison table.xlsx.

Statement. Truck-to-rail diversions were developed by Bengt Mutén of IHS Markit in his Verified Statement. For each extended haul or diversion they found, I was provided with the year the diversion is expected to occur, the amount of incremental revenue that would be earned by CP/KCS, and other information helpful in calculating the incremental cost of handling these shipments such as the beginning and ending points of the new movements, relevant waybill information (*e.g.*, cars, net tons, trailers or containers, AAR car type, etc.), routing information (for both the original movement and the CP/KCS route), and the affected number of carloads or intermodal units.

24. To estimate the costs associated with these route extensions and rail-to-rail and truck-to-rail diversions, I developed a model that replicates certain of the relevant URCS costing procedures for the cost components that are affected directly by the traffic shifts that are not accounted for in other analyses undertaken by CP. I describe my development of the additional service units associated with each category of new traffic in Subsection III.A and the development of the relevant unit costs applicable to the corresponding service units of each affected traffic movement in Subsection III.B.

A. Development of Service Units

25. Before I costed extended hauls, rail-to-rail diversions and truck-to-rail diversions, I developed the relevant service units associated with each diverted traffic movement. I derived the loaded car mile distances for the diverted shipments using P.C. Miler.

26. I describe in the following sub-sections inputs and assumptions related to how the relevant statistics were calculated. These statistics were developed for each combination of diverted shipment lane, commodity, car type and lading weight. I then developed relevant unit costs from URCS as described in Section III.B and applied them to the calculated service units for each set of diverted traffic to determine costs.

1. Gross Ton-Miles

27. To calculate gross ton-miles, I first derived mileages from P.C. Miler for diversions based on the 2019 waybill data and truck-to-rail diversions, and used mileages provided by CP for other growth-related traffic gains. I then converted loaded car-miles for non-intermodal traffic to trailing gross ton-miles using the following equation:[14]

Gross Ton-Miles = [((Tare Wt. + Net Tons) X Loaded Car-Miles) + (Tare Wt. X Empty Car-Miles)]

28. For intermodal shipments, I developed loaded intermodal flat car miles based on the CP system average of 4.7 containers per flat car[15] and converted to trailing gross tons using the following equation:

Gross Ton-Miles = [Tons lading/car + intermodal flat tare (car) x intermodal flat ERR + container tare (TCUs) x TCU ERR] x Loaded Car-Miles

29. I derived tare weights for intermodal flats and containers ("TCUs") from the CP/KCS URCS; lading weights were provided as part of the waybill data for each record for existing rail-to-rail diversions. Intermodal diversions related to commercial initiatives and truck-to-rail diversions used an assumed 13.5 lading tons per container consistent with CP's development of the operating plan.

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[14] I obtained tare weights and empty return ratios from the combined CP/KCS URCS while net tons were provided as part of the waybill data for each diverted traffic movement.

[15] Using the CP system average of 4.7 was a conservative and reasonable estimate because CP-US averaged 5.0 and KCS averaged 4.5 as reported in schedule 755 of the R-1.

2. Locomotive Unit-Miles

30. I developed locomotive unit-miles for intermodal and carload diversions by multiplying the train-miles developed below in Section III.A.1.3 by the CP/KCS URCS average locomotive units per train, adjusted as described in Section II based on the train length and productivity reflected in the Operating Plan.

3. Train-Miles

31. To be consistent with the assumptions underlying the Operating Plan, I calculated train-miles attributable to each carload and intermodal unit by multiplying total loaded and empty miles traversed by the shipment by its proportion of URCS average train weight as adjusted as described in Section II.

4. Switching Minutes

32. I examined each new traffic movement, within a particular category, to determine the number of attributable terminal, interchange and/or I&I switches. I then multiplied the total number of switches in each category by the CP/KCS URCS minutes per terminal switch, interchange and I&I switch to generate total incremental switching minutes. I also applied the associated make-whole efficiency reductions for unit train shipments.

5. Car-Miles – Running

33. As explained above in Section III.A.i, I used P.C. Miler to calculate the mileage on the combined system associated with each extended or diverted movement derived from the 2019 waybill data and for truck-to-rail diversions. Mileages for diversions related to growth from new CPKC commercial initiatives were provided by CP.

34. For each non-intermodal shipment, I calculated the mileage between the consolidated system's origin (or on-junction) and termination (or off-junction), and multiplied by the number of cars in the movement to generate loaded car-miles. For extended hauls, I

deducted the original routes mileage from the extended haul route mileage to calculate incremental car-miles and applied the combined system's average empty return ratios.

35. For intermodal traffic, I calculated car-miles using a process similar to that described above for intermodal gross ton-miles. Specifically, I calculated route miles using P.C. Miler and developed loaded and empty intermodal flat car miles based on the URCS-reported number of containers per intermodal flat car and multiplied by the combined system average intermodal flat car empty return ratio.

6. Car Miles – Yard

36. To generate incremental yard days associated with extended hauls, rail-to-rail diversions and truck-to-rail diversions, I multiplied net changes in terminal, interchange and I&I switches by factors of 4.0, 2.75 and 1.0 miles per switch, respectively. I also applied the associated make-whole efficiency reductions for unit train shipments eliminating I&I events and combined system average empty ratios.

7. Car Days – Running

37. I developed car days-running based on the combined CP/KCS relationship of car miles to car days for each specific equipment type.

8. Car Days – Switching

38. I multiplied net changes in terminal, interchange, and I&I switches by factors of 1.0, 0.5, and 0.25 days per switch, respectively, to generate incremental yard days associated with extended hauls, rail-to-rail diversions and truck-to-rail diversions. I also applied the associated make-whole efficiency reductions for unit train and multi-car shipments and combined system average empty return ratios.

9. Intermodal Lifts

39. For trailer/container units that originate and/or terminate at a railhead, costs are incurred to lift the unit from the ground onto the rail car, or vice versa. I developed the lifts associated with new intermodal traffic as follows:

- For the truck-to-rail diversions, I took the total number of units calculated in Mutén's Verified Statement that would be diverted based on a combined and improved CP/KCS system, multiplied by 2.0 to reflect a lift at each end of the rail movement, and multiplied that figure by the combined CP/KCS URCS average empty ratio to reflect lifts associated with the movement of empties.
- For extended hauls on CP and KCS, I started with the number of additional origin/destination activities, multiplied by 1.0 (recognizing that a lift had already occurred at the other end of the move), and multiplied the result by the combined CP/KCS URCS average empty ratio to reflect lifts associated with the movement of empties.
- For rail-to-rail diversions, I started with the number of trailers/containers, multiplied by 2.0 to reflect a lift at each end, and increased that count by the combined CP/KCS URCS average empty ratio to reflect lifts associated with the movement of empties.

10. TCU Days

40. I developed the number of TCU days in line-haul service based on the combined CP/KCS relationship of TCU miles to TCU days. TCU days originating and terminating are based on the CP/KCS URCS days originating and terminating, multiplied by the CP/KCS TCU empty return ratio.

B. Selection of URCS Unit Costs Attributable to Diverted Shipments

41. To determine the incremental cost to CP/KCS of handling the diverted shipments, I modified the base URCS costing process to eliminate costs that are not directly affected by the addition of the diverted shipment or were accounted for elsewhere before calculating the additional costs associated with extended hauls, rail-to-rail diversions, and truck-to-rail diversions. To do so, I made the following modifications:

- I eliminated all general overhead expenses;
- I eliminated all overhead expenses attributed directly to the maintenance of way, mechanical and transportation departments. These departmental overhead expenses are not affected by the addition of diverted traffic;
- I eliminated all carload clerical costs because these were included in information technology costs calculated separately by Applicants;
- I eliminated all road and equipment ownership costs with the exception of a portion of depreciation and lease costs for automotive multi-levels and flats, intermodal flats, TCUs, and a small number of box cars and covered hoppers based on the number of each type of equipment specified within the Operating Plan to be acquired to accommodate the diverted traffic;[16]
- I added a portion of locomotive depreciation and lease costs consistent with the number of locomotive units identified in the Operating Plan to be acquired to accommodate the diverted traffic;[17] and
- I eliminated all relevant URCS make-whole adjustments.

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16 *See* electronic work paper URCS Diversion Costing Metrics Adjustments.xlsx.

17 *Id.*

42. In addition, I made certain modifications to URCS unit costs to include only those line items that will be affected by the incremental diverted shipments. For example, I excluded costs associated with maintenance of way administration, but included those costs related to rail wear and tear resulting from the diverted shipments. My adjustments to each of the URCS cost components are described in detail in the following sections.

1. Gross Ton-Mile

43. Gross ton mile costs in URCS include allocations of running track costs and road operations. Running track costs include maintenance of way, maintenance of way administration, joint facility costs and other costs related to operating and maintaining the right of way. Road operations costs include items such as locomotive repair and servicing, repair and servicing facilities, locomotive administration and fuel costs. To further describe my methodology, I set forth in Table 12 the line items from the URCS gross ton mile costs that I attributed to the diverted traffic shipments.

TABLE 12
GROSS TON-MILE LINE ITEM COSTS INCLUDED

Category	Line Item
Running Track	Ties
	Rails & OTM
	Ballast
Road Operations	Diesel Road Locomotive Repairs
	Locomotive Fuel
	Locomotive Servicing

2. Locomotive Unit Mile

44. Locomotive unit mile costs in URCS include allocations of road operations costs, exactly as defined in the previous section. I describe in Table 13 the line items from the URCS gross ton mile costs that I attributed to the diverted traffic shipments.

TABLE 13
LOCOMOTIVE UNIT MILE LINE ITEM COSTS INCLUDED

Category	Line Item
Road Operations	Diesel Road Locomotive Repairs
	Locomotive Fuel
	Locomotive Servicing

3. Train Mile

45. Train mile costs in URCS also include allocations of road operations costs, but is defined to include train inspection and train crew costs. I describe in Table 14 the line items from the URCS train mile costs that I attributed to the diverted traffic shipments.

TABLE 14
TRAIN MILE LINE ITEM COSTS INCLUDED

Category	Line Item
Road Operations	Train Inspection
	Engine Crews
	Train Crews

4. Switch Engine Minute

46. Switch engine minutes in URCS include allocations of switching track costs and the switch related portion of road operations and yard operations costs. Switching track costs include maintenance, maintenance administration, and other costs related to operating and maintaining the tracks used for switching. Switch related road operations and yard operations costs include switch locomotive repair and service costs, administrative costs, fuel and switch crew costs. I describe in Table 15 the line items from the URCS switch engine minute costs I attributed to the diverted traffic shipments.

TABLE 15
SWITCH ENGINE MINUTE LINE ITEM COSTS INCLUDED

Category	Line Item
Switching Track	Ties
	Rails & OTM
	Ballast
Road Operations	Diesel Road Locomotive Repairs
	Locomotive Fuel
	Locomotive Servicing
	Train Inspection
	Engine Crews
	Train Crews
Yard Operations	Diesel Yard Locomotive Repairs
	Switch Crews
	Locomotive Fuel

5. Car Mile

47. Car mile costs in URCS include the costs of freight car repairs, freight car repair facilities and administration and shop machinery. For my analysis, I attributed only the cost of freight car repairs to the diverted traffic shipments.

48. In addition to car mile operating expenses, I included a portion of car mile-related depreciation and lease costs for boxcars, covered hoppers, multi-level autoracks and flat cars and for intermodal flat cars.

6. Car Day

49. Car day costs in URCS include the costs of freight car repairs, freight car repair facilities and administration and shop machinery. I did not make any adjustments to URCS car day-related costs applied to the diverted traffic shipments.

50. In addition to car day operating expenses, I included a portion of car day-related depreciation and lease costs for boxcars, covered hoppers, multi-level autoracks and flat cars and for intermodal flat cars.

7. Loss and Damage

51. Loss and damage costs in URCS include the costs attributable to losses and damages to freight while transiting the railroad system. I did not make any adjustments to the URCS loss and damage unit costs.

8. Intermodal Lifts

52. Intermodal lift costs in URCS include the cost of loading and unloading containers and trailers on and off freight trains as well as the cost associated with operating and maintaining intermodal facilities. Because the configuration of the intermodal facilities and associated maintenance costs are not affected by the additional diverted shipments, for my analysis, I included only the cost of loading and unloading containers and trailers on and off freight trains.

9. TCU Ownership

53. TCU depreciation and lease costs in URCS are net of any payments received by carriers for the use of containers. These payments sometimes result in negative depreciation and lease costs. I used only positive values in URCS for TCU depreciation and lease expenses to determine TCU-related ownership costs.

C. Summarizing Costs Applied to Diverted Traffic Shipments by Major Expense Category

54. I was asked by CP to summarize the costs I developed for handling the diverted shipments by major operating expense categories, which are: Engineering – Maintenance of Way, Mechanical, Transportation, Equipment, Intermodal Operations and Purchasing. I

allocated percentages to each URCS cost category based on the reported weights of the expense categories of the line items I included. My analysis resulted in the following breakdown:[18]

- GTM: 40% MOW; 10% Mechanical; 50% Transportation
- LUM: 12.5% Mechanical; 87.5% Transportation
- TM: 100% Transportation
- SEM: 20% MOW; 12.5% Mechanical; 67.5% Transportation
- CM-OPR (road and yard): 100% Mechanical
- CM-DRL (road and yard): 100% Equipment Requirements
- CD-OPR (road and yard): 100% Mechanical
- CD-DRL (road and yard): 100% Equipment Requirements
- Loss & Damage: 100% Transportation
- TCU: 100% intermodal

IV. SUMMARY OF NET MERGER-RELATED BENEFITS FROM EXTENDED HAULS, RAIL-TO-RAIL AND TRUCK-TO-RAIL DIVERSIONS

55. I describe by year my cost calculations and the resulting new merger benefits derived by deducting the costs from the diversion revenues in Table 16 below.

[18] *See* electronic work paper Incremental URCS Unit Costs.xlsx.

TABLE 16[19]
SUMMARY OF CP/KCS MERGER BENEFITS

	Year 1 (2023)	Year 2 (2024)	Year 3 (2025)
Diverted Carloads/Units	195,093	351,620	509,490
Incremental Revenues	$418.0M	$726.7M	$1021.9M
Incremental Costs by Category:			
Engineering – Maintenance of Way	$18.1M	$28.6M	$38.8M
Mechanical	$10.2M	$17.1M	$23.4M
Transportation	$91.1M	$148.6M	$204.8M
Equipment Requirements and Utilization	$1.3M	$6.5M	$13.6M
Intermodal Operations	$8.6M	$17.0M	$25.7M
Total Incremental Costs	$129.2M	$217.8M	$306.3M
Net Merger Benefits	**$288.9M**	**$508.8M**	**$715.6M**

[19] Source: URCS Phase III Calculation for Growth Traffic.xlsm; Tab Final Summary.

VERIFICATION

I, Michael Baranowski, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed this 26th day of October, 2021.

Michael Baranowski

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

EXHIBIT 1 TO
VERIFIED STATEMENT OF
MICHAEL R. BARANOWSKI

CURRICULUM VITAE OF MICHAEL R. BARANOWSKI

Exhibit No. 1

Michael Baranowski

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Education

B.S. in Accounting, Fairfield University

Supplemental Finance Studies, Kean College

Mike Baranowski heads FTI's Network Industries Strategies practice and provides strategic, financial, and economic consulting services to the telecommunications and railroad and pipeline transportation industries. He has special expertise in analyzing and developing complex costing and cash flow models, conducting detailed operations analysis, and transportation engineering. Much of his work involves providing oral and written expert testimony before courts, arbitration panels and regulatory bodies.

He is a recognized expert in railroad regulatory economics and has assisted FTI's railroad clients in a broad range of litigation and regulatory engagements involving pricing of services, contract disputes, damage calculations and analyses of the specific effects of pending or proposed changes in policy or regulation.

Some of Mr. Baranowski's representative experience includes:

- Development of strategic litigation analyses for large network industry regulatory rate proceedings based on the theory of Constrained Market Pricing and the Stand-Alone cost test. Theory assumes the existence of a hypothetical, efficient competitor and involves detailed analysis of short and long run operations, expenses, capital expenditures and revenues.
- Analysis of market dynamics effecting pricing and development of a suite of modeling tools to assess the regulatory risk of tariff and contract transportation rates for a mix of commodities and services based on key cost drivers and forecasts.
- Expert testimony related to the determination of damages in a variety of commercial contract disputes in the railroad, telecommunications, pipeline and trucking industries.
- Evaluation of market effects of proposed railroad mergers and identification of merger related efficiencies and quantification of the associated savings.

- Going concern and liquidation value estimates for railroad related assets as the basis for trackage rights and competitive access compensation.
- Develop detailed cost and revenue allocation metrics to assess relative profitability of individual asset groups or segments of complex network industries.

Mr. Baranowski holds a B.S. in Accounting from Fairfield University in Fairfield, Connecticut and has pursued supplemental finance studies at Kean College in Union, New Jersey.

Select Railroad Testimony

Surface Transportation Board

January 6, 2011	Docket No. 42056 Texas Municipal Power Agency v. BNSF Railway Company, BNSF Reply to TMPA Petition for Enforcement of Decision, Joint Verified Statement of Michael R. Baranowski and Benton V. Fisher
October 28, 2011	Docket No. FD 35506 Western Coal Traffic League - Petition for Declaratory Order, Opening Evidence of BNSF Railway Company, Joint Verified Statement of Michael R. Baranowski and Benton V. Fisher
November 10, 2011	Docket No. 42127 Intermountain Power Agency v. Union Pacific Railroad Company, Reply Evidence of Union Pacific Railroad Company
November 28, 2011	Docket No. FD 35506 Western Coal Traffic League - Petition for Declaratory Order, Reply Evidence of BNSF Railway Company, Joint Reply Verified Statement of Michael R. Baranowski and Benton V. Fisher
May 10, 2012	Docket No. 42056 Texas Municipal Power Agency v. BNSF Railway Company, BNSF Reply to TMPA Petition to Reopen and Modify Rate Prescription, Joint Verified Statement of Michael R. Baranowski and Benton V. Fisher
November 30, 2012	Docket No. 42125 E.I. DuPont De Nemours & Company v. Norfolk Southern Railway Company, Reply Evidence of Norfolk Southern Railway Company
December 7, 2012	Docket No. Ex Parte 715, Rate Regulation Reforms, Reply Comments of the Association of American Railroads, Verified Statement of Michael R. Baranowski
January 7, 2013	Docket No. 42130 SunBelt Chlor Alkali Partnership v. Norfolk Southern Railway Company, Reply Evidence of Norfolk Southern Railway Company
March 1, 2013	Ex Parte No. 711 Petition for Rulemaking to Adopt Revised Competitive Switching Rules, Opening Comments of the Association of American Railroads, Verified Statement of Michael R. Baranowski and Richard W. Brown
April 12, 2013	Docket No. 42136 Intermountain Power Agency v. Union Pacific Railroad Company, Reply Evidence of Union Pacific Railroad Company

April 30, 2013	Ex Parte No. 711 Petition for Rulemaking to Adopt Revised Competitive Switching Rules, Reply Comments of the Association of American Railroads, Verified Statement of Michael R. Baranowski and Richard W. Brown
June 20, 2013	Ex Parte No. 431 (Sub-No. 4) Review of the General Purpose Costing System, Comments of the Association of American Railroads, Joint Verified Statement of Michael R. Baranowski and Benton V. Fisher
September 5, 2013	Ex Parte No. 431 (Sub-No. 4) Review of the General Purpose Costing System, Reply Comments of the Association of American Railroads, Joint Verified Statement of Michael R. Baranowski and Benton V. Fisher
July 21, 2014	Docket No. 42121 Total Petrochemicals & Refining USA, Inc. v. CSX Transportation, Inc., Reply Evidence of CSX Transportation, Inc.
September 5, 2014	Ex Parte No. 722 Railroad Revenue Adequacy, Opening Comments of Norfolk Southern Railway Company, Verified Statement of Michael R. Baranowski
November 4, 2014	Ex Parte No. 722 Railroad Revenue Adequacy, Reply Comments of Norfolk Southern Railway Company, Verified Statement of Michael R. Baranowski
September 4, 2015	Docket No. FD 35743 Application of the National Railroad Passenger Corporation Under 49 U.S.C. § 24308(a) - Canadian National Railway Company, Opening Evidence of Illinois Central Railroad Company and Grand Trunk Western Railroad, Joint Verified Statement of Michael Baranowski and Benton Fisher
October 7, 2015	Docket No. 42121 Total Petrochemicals & Refining USA, Inc. v. CSX Transportation, Inc., Supplemental and Compliance Evidence of CSX Transportation, Inc.
October 23, 2015	Docket No. FD 33760 (Sub-No. 46) BNSF Railway Company - Terminal Trackage Rights -- Kansas City Southern Railway Company and Union Pacific Railroad Company, BNSF Rebuttal Statement, Verified Statement of Michael R. Baranowski
November 20, 2015	Docket No. 42121 Total Petrochemicals & Refining USA, Inc. v. CSX Transportation, Inc., Reply to Supplemental and Compliance Evidence
March 7, 2016	Docket No. 42142 Consumers Energy Company v. CSX Transportation, Inc., Reply Evidence of CSX Transportation, Inc.
July 18, 2016	Docket No. FD 35842 New England Central Railroad, Inc. -- Trackage Rights Order – Pan Am Southern LLC, Pan Am Southern Reply Evidence, Verified Statement of Michael R. Baranowski
July 26, 2016	Ex Parte No. 704 (Sub-No. 1) Review of Commodity, Boxcar, and TOFC/COFC Exemptions, Comments of the Association of American Railroads, Verified Statement of Michael R. Baranowski and Benton V. Fisher
August 26, 2016	Ex Parte No. 704 (Sub-No. 1) Review of Commodity, Boxcar, and TOFC/COFC Exemptions, Comments of the Association of American Railroads, Verified Statement of Michael R. Baranowski and Benton V. Fisher

October 11, 2016	Ex Parte No. 431 (Sub-No. 4) Review of the General Purpose Costing System, Comment of the Association of American Railroads, Verified Statement of Michael R. Baranowski and Benton V. Fisher
October 26, 2016	Ex Parte No. 711 (Sub-No. 1) Reciprocal Switching, Opening Comments of the Association of American Railroads, Verified Statement of Michael R. Baranowski
November 7, 2016	Ex Parte No. 431 (Sub-No. 4) Review of the General Purpose Costing System, Reply Comments of the Association of American Railroads, Verified Statement of Michael R. Baranowski and Benton V. Fisher
March 6, 2017	Docket No. 42142 Consumers Energy Company v. CSX Transportation, Inc., Supplemental Reply Evidence of CSX Transportation, Inc.
January 12, 2018	Docket No. FD 32760 (Sub-No. 46) BNSF Railway Company - Terminal Trackage Rights -- Kansas City Southern Railway Company and Union Pacific Railroad Company, BNSF Petition to Establish Conditions of Use and Compensation, Verified Statement of Michael R. Baranowski
July 16, 2018	Docket No. FD 32760 (Sub-No. 46) BNSF Railway Company - Terminal Trackage Rights -- Kansas City Southern Railway Company and Union Pacific Railroad Company, BNSF Rebuttal, Verified Statement of Michael R. Baranowski
April 26, 2019	Docket No. 42144 North American Freight Car Association, et al v. Union Pacific Railroad Company, Verified Statement of Michael R. Baranowski
January 26, 2021	Docket No. FD 32760 (Sub-No. 46) BNSF Railway Company - Terminal Trackage Rights -- Kansas City Southern Railway Company and Union Pacific Railroad Company, BNSF Opening Statement on Compensation, Verified Statement of Michael R. Baranowski
January 29, 2021	Ex Parte No. 704 (Sub-No. 1) Review of Commodity, Boxcar, and TOFC/COFC Exemptions, Comments of the Association of American Railroads, Verified Statement of Michael R. Baranowski and Benton V. Fisher
April 12, 2021	Docket No. FD 32760 (Sub-No. 46) BNSF Railway Company - Terminal Trackage Rights -- Kansas City Southern Railway Company and Union Pacific Railroad Company, BNSF Reply Statement on Compensation, Verified Statement of Michael R. Baranowski
May 12, 2021	Docket No. FD 32760 (Sub-No. 46) BNSF Railway Company - Terminal Trackage Rights -- Kansas City Southern Railway Company and Union Pacific Railroad Company, BNSF Rebuttal Statement on Compensation, Verified Statement of Michael R. Baranowski
June 21, 2021	Docket No. FD 36500, Canadian Pacific Ry. – Control – Kansas City Southern, Canadian Pacific Applicants' Response to KCS Reply, Verified Statement of Michael R. Baranowski

U.S. District Court for the Northern District of Texas, Fort Worth Division

November 7, 2017	Civil Action No. 4:16-cv-1061-O, BNSF Railway Company v. Panhandle Northern Railroad LLC, Expert Report of Michael R. Baranowski
November 22, 2017	Civil Action No. 4:16-cv-1061-O, BNSF Railway Company v. Panhandle Northern Railroad LLC, Reply Expert Report of Michael R. Baranowski
December 21, 2017	Civil Action No. 4:16-cv-1061-O, BNSF Railway Company v. Panhandle Northern Railroad LLC, Rebuttal Expert Report of Michael R. Baranowski

Arbitrations and Mediations

July 25, 2011	American Arbitration Association Case No. 58 147 Y 0031809, BNSF Railway Company and Kansas City Southern Railway Company, Expert Report of Michael R. Baranowski on behalf of BNSF Railway Company
April 25, 2013	JAMS REF #1340009009, Union Pacific Railroad vs. Canadian Pacific and Dakota, Minnesota & Eastern Railroad Arbitration, Expert Report of Michael R. Baranowski on behalf of Union Pacific Railroad Company
September 6, 2013	IN JAMS ARBITRATION, Case No. 1220044715, Union Pacific Railroad Company v. BNSF Railway Company, Expert Report of Michael R. Baranowski
October 25, 2013	IN JAMS ARBITRATION, Case No. 1220044715, Union Pacific Railroad Company v. BNSF Railway Company, Expert Reply Report of Michael R. Baranowski
January 1, 2014	IN JAMS ARBITRATION, Case No. 1220044715, Union Pacific Railroad Company v. BNSF Railway Company, BNSF Post-Argument Submission, Affidavit of Michael R. Baranowski
April 14, 2017	American Arbitration Association Case No. 01-15-0004-4830 and 01-15-0004-4931, Arbitration Between FirstEnergy Generation LLC and CSX Transportation, Inc. & BNSF Railway Company, Expert Report of Michael R. Baranowski
November 22, 2017	American Arbitration Association Case No. No. 01-16-0003-6208, CSXT Transportation, Inc. v. JEA and Florida Power & Light Co., Expert Report of Michael R. Baranowski
January 26, 2018	American Arbitration Association Case No. No. 01-16-0005-5615, BNSF Railway Company & Norfolk Southern Railway Company v. FirstEnergy Generation, LLC, Expert Report of Michael R. Baranowski
February 16, 2018	American Arbitration Association Case No. 01-16-0005-5615, BNSF Railway Company & Norfolk Southern Railway Company v. FirstEnergy Generation, LLC, Rebuttal Expert Report of Michael R. Baranowski
February 23, 2018	American Arbitration Association Case No. 01-17-0000-0130, J.B. Hunt Transport, Inc. and BNSF Railway Company, Expert Report of Michael R. Baranowski
April 17, 2018	American Arbitration Association Case No. 01-17-0000-0130, J.B. Hunt Transport, Inc. and BNSF Railway Company, Reply Expert Report of Michael R. Baranowski
June 22, 2018	JAMS REF #1100088262, BNSF Railway Company v. Union Pacific Railroad Company, Expert Report of Michael R. Baranowski

March 25, 2019	American Arbitration Association Case No. 01-17-0000-0130, J.B. Hunt Transport, Inc. and BNSF Railway Company, Expert Report of Michael R. Baranowski
April 26, 2019	American Arbitration Association Case No. 01-17-0000-0130, J.B. Hunt Transport, Inc. and BNSF Railway Company, Reply Expert Report of Michael R. Baranowski
January 18, 2021	American Arbitration Association Case No. 01-18-0001-3283, BNSF Railway Company & Norfolk Southern Railway Company, and Dynegy Midwest Generation, LLC, Expert Report of Michael R. Baranowski on Behalf of BNSF & NS
February 5, 2021	American Arbitration Association Case No. 01-18-0001-3283, BNSF Railway Company & Norfolk Southern Railway Company, and Dynegy Midwest Generation, LLC, Expert Reply Report of Michael R. Baranowski on Behalf of BNSF & NS

Select Pipeline Testimony

Federal Energy Regulatory Commission

November 20, 2019	Docket Nos. OR18-7-002, et al. (Consolidated), Epsilon Trading, et al v. Colonial Pipeline Company, Prepared Answering Testimony of Michael R. Baranowski on behalf of Colonial Pipeline
March 20, 2020	Docket Nos. OR18-7-002, et al. (Consolidated), Epsilon Trading, et al v. Colonial Pipeline Company, Prepared Answering Testimony to Trial Staff of Michael R. Baranowski on behalf of Colonial Pipeline

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL.* – CONTROL – KANSAS CITY SOUTHERN, *ET AL.*

VERIFIED STATEMENT OF CHRIS DE BRUYN

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF CHRIS DE BRUYN

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VERIFIED STATEMENT OF CHRIS DE BRUYN

1. My name is Chris De Bruyn. I am the Managing Director – Investor Relations and Treasury for Canadian Pacific ("CP"). I have been associated with CP's treasury operations since 2014. I have over ten years of experience in corporate finance. I hold a degree in Business Administration with a concentration in Finance from the State University of New York at Fredonia as well as a Master of Business Administration (MBA) with a specialization in Finance from the University of Calgary Haskayne School of Business.

2. I am submitting this Verified Statement to explain: (a) the financial terms of CP's proposed acquisition of control of Kansas City Southern ("KCS"); (b) CP's ability to repay transaction-related debt while simultaneously increasing its network investment; and (c) the fairness of the consideration to be paid by CP to KCS from the financial perspective of CP's shareholders.

I. THE FINANCIAL TERMS OF THE PROPOSED TRANSACTION

3. On September 15, 2021, KCS executed a definitive Agreement and Plan of Merger pursuant to which CP would acquire control of KCS (the "Merger Agreement"). Under the terms of the Merger Agreement, CP would acquire all of the voting securities of KCS in exchange for stock and cash consideration.

4. Under the Merger Agreement holders of KCS common stock will receive, for each share of KCS common stock, $90.00 in cash and 2.884 CP common shares. Holders of KCS preferred stock will receive $37.50 in cash for each share. Based on the closing price of CP shares as of August 9, the day prior to when CP made the proposal to KCS, holders of KCS common stock will receive consideration valued at $300 per share.

5. This valuation was driven by two factors. First, when CP entered an agreement to combine with KCS in March 2021, it offered $90.00 in cash and 2.445 CP shares for each share of KCS common stock (equivalent to 0.489 CP shares prior to CP's five-for-one stock split), which based on the CP share price the day prior to entering into the agreement represented a value of $275 per share. We offered that price because we understood that KCS likely had received a competing offer from private equity investors, and we believed that our offer needed to provide a premium to reflect the fact that a CP acquisition would require regulatory approval (whereas a private equity acquisition would not). We later learned that our offer beat an offer of $250 per share in cash that KCS had received from private equity investors, and thus represented only a ten percent premium over the private equity offer.[1]

6. Then, in August 2021, CP improved its offer to $300 per share in order to persuade KCS to postpone a shareholder vote on the CN proposal to acquire KCS in exchange for cash and stock. The CN offer had been valued at $325 per share at the time CN made a proposal to acquire KCS in May 2021. CP believed that a failure to improve our offer at that time could result in KCS shareholders approving the CN-KCS merger agreement, which would have precluded KCS from terminating its agreement with CN and entering into an agreement with CP until sometime in 2022 at the earliest.

7. When we decided to improve our offer, we did so by offering KCS shareholders an additional $25 per share in value, to approximately $300 per share, entirely in the form of

[1] As our securities filings now show, our assessment of private equity's bid to acquire KCS was very close to the mark. The "Transaction Background" section of our F-4 Registration Statement, which was filed with the SEC on October 1, 2021, provides a blow-by-blow description of the competition CP was engaged in with "Party A" (which CP understands to be a non-railroad private equity bidder). In the final round of that competition, CP's bid was within 10 percent of the all-cash offer that Party A was offering (at $250 per share). *See* Registration Statement at 54-55. Excerpts are attached as Exhibit 1.

increased stock consideration. In the aggregate, KCS shareholders will be receiving 70 percent of their consideration in the form of stock and 30 percent in the form of cash.

8. We consciously chose not to increase the amount of cash consideration in order to avoid the need to burden the combined company with additional debt. A mix of consideration involving more cash would not necessarily have placed the financial soundness of the combined company at risk, but we wanted to ensure that our revised offer would raise no doubts about the ability of the new Canadian Pacific Kansas City ("CPKC") to hit the ground running and compete aggressively for new rail traffic without the need to service additional debt.

9. To fund the KCS acquisition, CP will issue approximately 262 million new CP common shares to pay the stock consideration (as well as amounts owed relating to equity awards to certain KCS employees). KCS shareholders will in the aggregate hold approximately 28% percent of CPRL shares. The cash consideration will be funded by a combination of cash on hand and up to $8.5 billion in new debt.[2] The new debt will be raised by CPRL subsidiary CPRC issuing senior unsecured notes on substantially similar terms to its outstanding unsecured notes.[3]

10. In the event the entire amount of debt has not been raised before the acquisition of KCS shares, CP has obtained commitments to borrow up to $8.5 billion via a senior unsecured 364-day bridge loan from Bank of Montreal and Goldman Sachs Lending Partners LLC, among

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[2] Pursuant to the Merger Agreement, CP has already reimbursed KCS's payment of the $700 million "break fee" to Canadian National triggered by its termination of the CN-KCS merger agreement.

[3] For completeness, pursuant to a credit agreement, dated as of September 15, 2021, by and among CPRL and CPRC, BMO as a lender and the administrative agent, and the other lenders and financial institutions party thereto, CPRC borrowed the aggregate amount of $500 million in unsecured term loans, which have an initial six-month maturity, for the purpose of permitting CPRL to make certain remittances in connection with the payments made by KCS in connection with the termination of its merger agreement with CN.

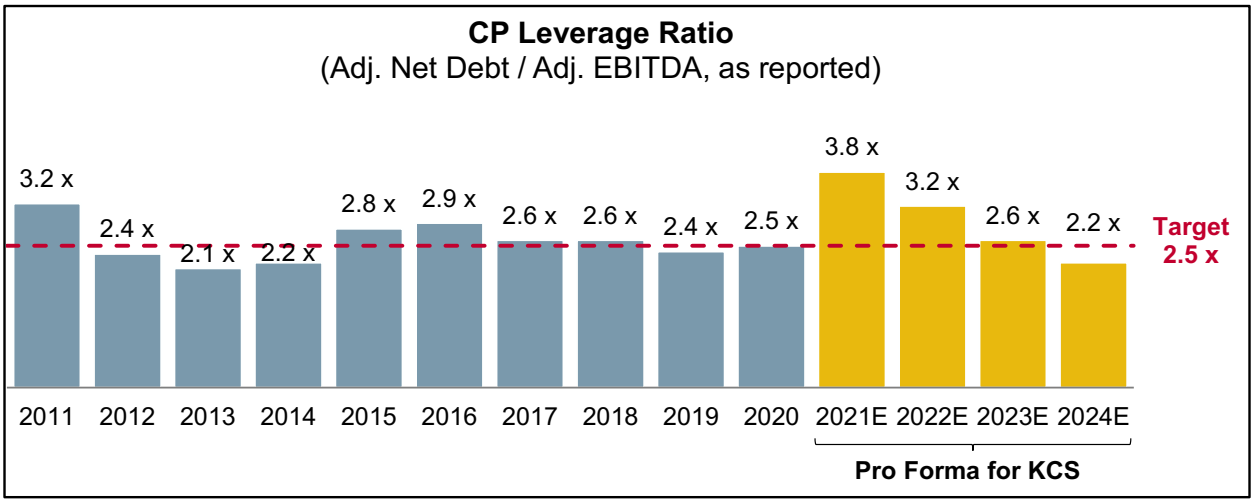
other financial institutions. Further details on our funding of the Transaction are provided in the Sources and Application of Funds Statement (Exhibit 18) attached as Appendix H in Volume 1 of the Application.

II. CPKC WILL HAVE STRONG FINANCES CAPABLE OF SUPPORTING INCREASED INVESTMENT AND IMPROVED SERVICE WHILE SIMULTANEOUSLY PAYING OFF TRANSACTION-RELATED DEBT

A. The Transaction's Financial Terms Will Not Affect CPKC's Ability to Compete and Invest

11. CP is financially strong, as is KCS, and the new debt associated with the acquisition of KCS will neither place CP or CPKC in financial jeopardy or interfere with our plans to invest and compete to attract traffic to the combined CP/KCS system. CP operates with a target leverage ratio (adj. net debt to adj. EBITDA) of 2.5x. Since late in 2020, in anticipation of a possible acquisition of KCS, CP has paused share buybacks and dividend increases, with the result that for the past several quarters our leverage ratio has been materially below 2.5x. CP's leverage ratio over the past ten years is shown in Figure 1 below.

FIGURE 1
CP LEVERAGE RATIO SINCE 2011



Note: Projections assume transaction closes into Voting Trust Q4 2021. 2011-2013 EBITDA calculated as adjusted operating income plus depreciation & amortization.

12. With the addition of acquisition-related debt, our net leverage ratio would temporarily increase to approximately 3.8x, but the strong cash flow of both CP and KCS (and with Board approval, a combined CPKC), coupled with a continued pause in share buybacks and dividend increases, would allow us to bring our net leverage ratio back under 2.5x by the end of 2024. In addition, because our projected net leverage ratio for 2024 assumes that we would have re-commenced discretionary shareholder returns (*i.e.*, buybacks and dividend increases), we would have the flexibility to improve our leverage ratio further by continuing the pause if circumstances warranted.

13. Our anticipated financial trajectory takes into account all of the costs associated with the KCS acquisition, as well as the hundreds of millions of dollars in new capacity investment we plan to make to unlock the true competitive potential of the CP/KCS network. The detailed pro forma financial statements presented with the Application – and discussed in the Verified Statement of Dean Vargas – show in greater detail the impact of the transaction on the financial health of the combined company. These pro forma financial statements utilize 2019 standalone financial statements as a base. They do not incorporate any organic growth from CP or KCS since 2019, nor do they take into account either company's individual anticipated ongoing economic growth from now forward. As a result the figures in the Verified Statement of Dean Vargas and the 2019 pro forma financial statements will differ slightly from those in my analysis which is based on the CP and KCS as they are today and with ongoing economic growth moving forward. However, the conclusion on the financial health of CPKC remains the same. In short, CPKC will be every bit as strong financially, and every bit as capable of competing hard in the marketplace as CP and KCS were as separate companies.

14. As a further reflection of the financial soundness of CPKC, we expect to retain a strong investment grade credit rating once we acquire KCS, despite the post-acquisition capital structure reflecting the revised transaction terms. S&P Global Ratings indicated that CP's revised proposal will "not materially weaken CP Rail's credit measures relative to our previous forecasts."[4] When CP and KCS announced their first agreement in March 2021, S&P had noted that they "expect steady deleveraging over the next several years from earnings growth and free cash flow generation. In addition, the completion of the transaction should strengthen CP's business risk profile notably from the combined larger transcontinental network, increased customer breadth, and enhanced service capability that add efficiencies."[5]

15. Similarly, Moody's reported that CP's credit profile "will benefit from a larger, more diversified business with greater exposure to higher margin merchandise business, increased customer diversity and breadth, the potential for synergies from network and equipment efficiencies as well as greater revenue expansion."[6] Although Moody's downgraded CP to Baa2 from Baa1 in light of its increased leverage and uncertainties around regulatory approval, it maintained a stable outlook for CP. Moody's explained: "The stable outlook reflects Moody's expectation that CP's existing rail network will continue to operate well … [and] incorporates the expectation that the company will receive shareholder approval for the

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[4] *See* S&P Global Ratings, "*Canadian Pacific Railway Ltd. Sweetens Its Offer For Kansas City Southern Amid Uncertainty*" (Aug. 10, 2021), which is Exhibit 2 hereto.

[5] See S&P Global Ratings, "*CP Rail's Merger With Kansas City Southern Would Be a Good Fit if Approved*" (Mar. 22, 2021), which is Exhibit 3 hereto.

[6] *See* Moody's Investor's Service, "*Moody's downgrades CP Rail to Baa2 Stable on KCS Acquisition*" (Mar. 22, 2021) (Exhibit 4 hereto) at 1.

KCS acquisition in mid-2021 and will make steady progress in reducing its initial elevated leverage as a result of the acquisition toward 3x by 2023."[7]

16. CP (and later CPKC) will easily be able to manage its increased debt load given its strong cash flow generation. As illustrated in Figure 3 below, CP (even without including cash flow from KCS), expects to have a meaningful cash flow buffer after accounting *for both the acquisition and its capital-investment plan*, which is in-line with historical capital expenditure rates as well as the servicing costs of both CP's standalone debt and the new Transaction-related debt. CP expects to generate an aggregate of $10.4 billion of unlevered free cash flow before capital expenditures between 2022 and 2024 (calculated as cash from operations, less cash from investing, plus capital expenditures and after-tax interest payments on CP standalone and transaction-related debt) and expects to spend an aggregate of $3.7 billion on capital expenditures, and $1.2 billion on after-tax interest payments on CP standalone and Transaction-related debt for the same time period. This leaves CP with a cushion of $5.5 billion in excess cash flow after capital expenditures and after-tax interest payments over this period.

[7] *Id.* at 2.

FIGURE 3
CP HAS SIGNIFICANT CASH FLOW BUFFER ON A STANDALONE BASIS EVEN AFTER ACCOUNTING FOR TRANSACTION-RELATED DEBT
(FIGURES IN USD BILLIONS)

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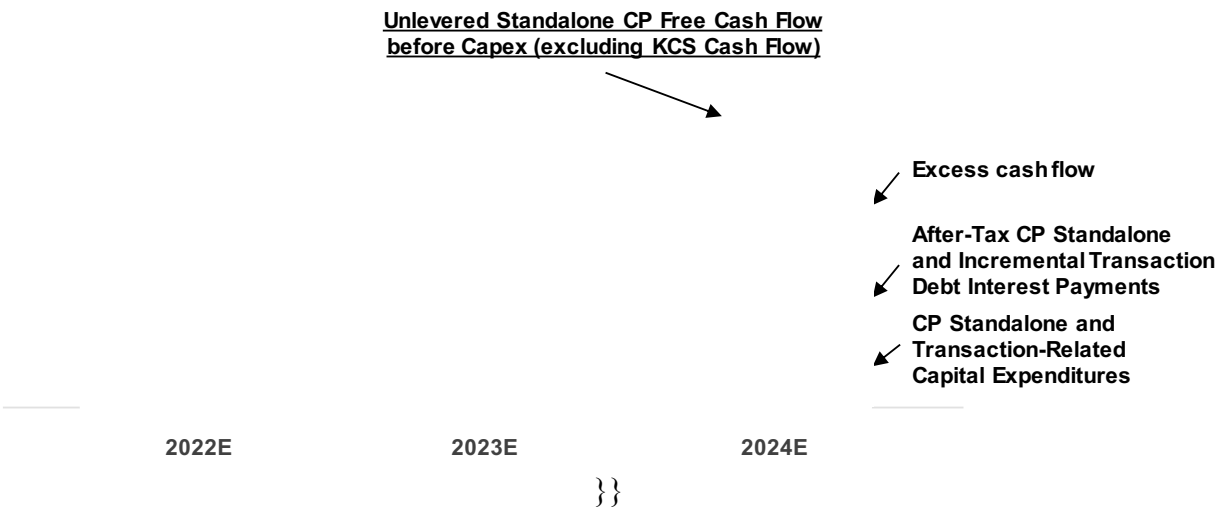

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B. Potential Downside Scenarios Will Not Jeopardize CPKC's Ability to Pay Down Debt While Competing and Investing in New Services

17. Among the reasons why CPKC will be financially strong are the significant synergies we expect will flow from the Transaction, primarily in the form of substantial additional revenue from the new traffic CPKC will attract (EBITDA of approximately $806 million annually by 2025) along with some improvement in operating efficiency (EBITDA of approximately $195 million annually by 2025). These Transaction-related synergies will occur against the backdrop of anticipated ongoing economic growth, all of which will bolster CP/KCS's ability to continue to pursue aggressive competitive initiatives from a position of financial health.

18. Although we are highly confident that the CP/KCS combination will achieve financial synergies of at least this magnitude, and that the North American freight marketplace will continue to grow, we have not blindly assumed only favorable trends. We have also considered potential downside scenarios, which contemplate both an economic downturn and

reduced synergies realized. Even in such scenarios, the Transaction-related debt will not place CPKC in financial jeopardy or undermine its incentives or ability to continue to make the investments (both in terms of capital and aggressive competitive initiatives) needed to compete successfully for additional rail traffic.

19. Under the base case CP forecasts, CP EBITDA would grow at a CAGR of seven percent from 2021 to 2025 and KCS's EBITDA would grow at a CAGR of nine percent, for a projected growth rate of eight percent for the combined CP/KCS, before taking into account incremental growth from the realization of synergies. To put this in context, over the past 20 years, CP achieved an average three-year EBITDA CAGR of 13 percent and an average five-year EBITDA CAGR of ten percent. This compares to KCS's average three-year and five-year EBITDA CAGRs, being 18 percent and 17 percent, respectively, over the past two decades. CP's projected growth is thus conservatively below the observed CP and KCS historical growth averages. Even when considering this conservative growth profile on a go-forward basis, CP will be able to comfortably de-lever its balance sheet.

20. In addition to the base case, I present below two potential downside scenarios, both of which show the financial strength and resilience of CPKC.

21. First, assuming both (a) a 2021-2025 EBITDA CAGR of just four percent, which represents *half* of our projected eight percent EBITDA CAGR for CP and KCS combined, and (b) a realization of only *half* of our anticipated synergies, all while (c) retaining the same level of capital expenditures as in our base case, CPKC would generate $1.6 billion less cash flow between 2022 and 2024, which would only slightly delay CPKC's stated leverage objectives. Under such a scenario, we would expect our leverage ratio to be 2.7x by the end of 2024 compared to 2.3x under the base case.

22. Assuming a more severe economic downturn, resulting in (a) no growth in EBITDA after 2021 for CP and KCS combined, (b) a reduction of our anticipated synergies in half, and (c) maintaining the same level of capital expenditures as in our base case, CP would generate $2.5 billion less cash flow over the same three-year period. This outcome, however, would still allow us to reduce our leverage ratio to be 3.2x by the end of 2024, which is still consistent with an investment grade credit profile.

23. As shown in Table 1 below, the impact of these economic downturn scenarios on CPKC's financial position would not be material and I expect CPKC to maintain its investment grade credit rating under both downside scenarios.

TABLE 1

	Base Case (8% 2021-2025 EBITDA CAGR with 100% merger synergies)	**Scenario 1** Economic Downturn (4% 2021-2025 EBITDA CAGR and 50% merger synergies)	**Scenario 2** Severe Economic Downturn (0% 2021-2025 EBITDA CAGR) and 50% merger synergies)
Aggregate Reduction in Cash Flow vs. Base Case (2022-2024E)	$0	$1.6 billion	$2.5 billion
2024E Leverage	2.3x	2.7x	3.2x
2023E Leverage	2.6x	3.1x	3.5x
2023E FFO / Debt	28%	23%	21%
Expected Credit Rating in 2023	Investment Grade	Investment Grade	Investment Grade

III. FAIRNESS OF FINANCIAL TERMS TO CP

24. CP's Board of Directors voted unanimously to approve entering into the Merger Agreement because the combination of CP with KCS would enhance the value of CP shares, benefitting CP shareholders. This value, in the view of the Board of Directors, stems from the

fundamentals of the transaction, which will position CPKC to pursue profitable growth opportunities by competing more effectively in the North American freight marketplace.

25. CP engaged BMO Nesbitt Burns and Goldman Sachs to act as its financial advisors in connection with the Transaction, and the CP Board of Directors engaged Evercore to act as its financial advisor in connection with the Transaction. Each of those advisors was asked to provide the Board of Directors with its opinion whether the merger consideration to be paid by CP to the stockholders of KCS pursuant to the merger agreement was fair, from a financial point of view, to CP. Each of those advisors – BMO Capital Markets, Goldman Sachs, and Evercore – has extensive experience and expertise performing financial analyses of proposed mergers and acquisitions.

26. As set forth in Appendix A, BMO Capital Markets delivered to the CP Board of Directors its written opinion, dated September 15, 2021, to the effect that, as of September 15, 2021 and based upon and subject to the factors and assumptions set forth in the written opinion, the merger consideration to be paid by CP to the stockholders of KCS pursuant to the merger agreement was fair from a financial point of view to CP.

27. As set forth in Appendix B, Goldman Sachs delivered to the CP Board of Directors its written opinion, dated September 15, 2021, to the effect that, as of September 15, 2021 and based upon and subject to the factors and assumptions set forth in the written opinion, the merger consideration to be paid by CP to the stockholders of KCS pursuant to the merger agreement was fair from a financial point of view to CP.

28. As set forth in Appendix C, Evercore delivered to the CP Board of Directors with its written opinion, dated September 15, 2021, to the effect that, as of September 15, 2021 and based upon and subject to the factors and assumptions set forth in the written opinion, the merger

consideration to be paid by CP to the stockholders of KCS pursuant to the merger agreement was fair from a financial point of view to CP.

VERIFICATION

I, Chris De Bruyn, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed this 28 day of October, 2021.

Chris De Bruyn
Managing Director – Investor Relations and Treasury
Canadian Pacific Railway Limited

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

APPENDIX A TO
VERIFIED STATEMENT OF CHRIS DE BRUYN

BMO CAPITAL MARKETS FAIRNESS OPINION

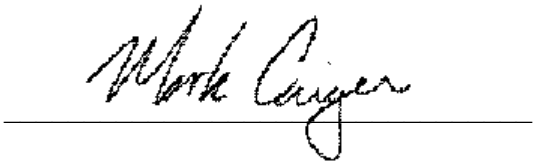
VERIFICATION OF BMO NESBITT BURNS INC.

On behalf of BMO Nesbitt Burns Inc. ("BMO"), this is to verify that (a) the Fairness Opinion of BMO dated September 15, 2021 ("BMO Fairness Opinion") appended hereto is a true and correct copy of the Fairness Opinion provided by BMO to the Board of Directors of Canadian Pacific Railway Limited ("CPRL") in connection with its proposed acquisition of Kansas City Southern, and (b) the summary of the BMO Fairness Opinion appended hereto is an accurate summary of the BMO Fairness Opinion.

In providing this verification, BMO does not intend that any person other than the Board of Directors of CPRL be entitled to rely on the BMO Fairness Opinion.

I, Mark Caiger, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed this 27 day of October, 2021.



FAIRNESS OPINION LETTER

BMO

BMO Capital Markets®

September 15, 2021

The Board of Directors
Canadian Pacific Railway Limited
7550 Ogden Dale Rd. S.E.
Calgary, AB T2C 4X9, Canada

To the Board of Directors:

BMO Nesbitt Burns Inc. ("BMO Capital Markets" or "we" or "us") understands that Canadian Pacific Railway Limited (the "Company"), Cygnus Merger Sub 1 Corporation, a direct wholly owned subsidiary of the Company ("Surviving Merger Sub"), Cygnus Merger Sub 2 Corporation, a direct wholly owned subsidiary of Surviving Merger Sub ("First Merger Sub", and, together with Surviving Merger Sub, "Merger Subs") and Kansas City Southern propose to enter into an Agreement and Plan of Merger to be dated as of September 15, 2021 (the "Merger Agreement"). Pursuant to the Merger Agreement, among other things, First Merger Sub shall be merged with and into Kansas City Southern (the "First Merger"), with Kansas City Southern surviving the First Merger as a direct wholly owned subsidiary of Surviving Merger Sub (the "First Surviving Corporation"). Immediately following the First Merger, the First Surviving Corporation shall be merged with and into Surviving Merger Sub (the "Second Merger" and, together with the First Merger, the "Transaction"), with Surviving Merger Sub surviving the Second Merger as a direct wholly owned subsidiary of the Company. Each issued and outstanding common share of Kansas City Southern (excepting Cancelled Shares, Excluded Shares and Dissenting Shares, each as defined in the Merger Agreement) will be converted into the right to receive 2.884 common shares of the Company and US$90 in cash (the "Merger Consideration"). The terms and conditions of the Transaction are more fully set forth in the Merger Agreement and will be summarized in the Company's management information circular (the "Circular") to be mailed to holders of the Company's common shares.

We have been retained to provide financial advice to the Company, including our opinion (the "Opinion") to the board of directors of the Company (the "Board of Directors") as to the fairness to the Company, from a financial point of view, of the Merger Consideration payable pursuant to the Merger Agreement.

ENGAGEMENT OF BMO CAPITAL MARKETS

BMO Capital Markets was formally engaged by the Company pursuant to an agreement effective December 1, 2020 (the "Engagement Agreement"). Under the terms of the Engagement Agreement, BMO Capital Markets has agreed to provide the Company and the Board of Directors with various advisory services in connection with the Transaction including, among other things, the provision of the Opinion.

BMO Capital Markets will receive certain fees for our advisory services under the Engagement Agreement, a substantial portion of which is contingent upon the successful completion of the Transaction. The Company has also agreed to reimburse us for our reasonable out-of-pocket expenses and to indemnify us against certain liabilities that might arise out of our engagement.

CREDENTIALS OF BMO CAPITAL MARKETS

BMO Capital Markets is one of North America's largest investment banking firms, with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading, investment research and investment management. BMO Capital Markets has been a financial advisor in a significant number of transactions throughout North America involving public and private companies in various industry sectors and has extensive experience in preparing fairness opinions.

The Opinion represents the opinion of BMO Capital Markets, the form and content of which have been approved for release by a committee of our officers who are collectively experienced in merger and acquisition, divestiture, restructuring, valuation, fairness opinion and capital markets matters.

INDEPENDENCE OF BMO CAPITAL MARKETS

Neither BMO Capital Markets, nor any of our affiliates, is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario) (the "Act") or the rules made thereunder) of the Company, Kansas City Southern, or any of their respective associates or affiliates (collectively, the "Interested Parties").

BMO Capital Markets has not been engaged to provide any financial advisory services nor has it participated in any financings involving the Interested Parties within the past two years, other than: (i) acting as financial advisor to the Company and the Board of Directors pursuant to the Engagement Agreement; (ii) providing ongoing cash management and trade finance services to the Company; (iii) providing ongoing equity and financing solutions to the Company; (iv) providing ongoing fixed income, currency and commodity services to the Company; (v) acting as joint bookrunner, joint lead arranger, and administrative agent for the US$8.5 billion bond bridge financing in connection with the Company's proposed acquisition of Kansas City Southern in March 2021; (vi) acting as joint bookrunner and joint lead arranger on the US$1.3 billion and US$600 million of credit facility backstops in connection with the Company's proposed acquisition of Kansas City Southern in March 2021; (vii) providing foreign exchange and interest rate hedging services for the US$8.5 billion bond bridge financing in connection with the Company's proposed acquisition of Kansas City Southern in March 2021; (viii) acting as joint bookrunner for the issuance by the Company of C$300 million 3.050% notes due March 9, 2050 in March 2020; (ix) acting as co-manager for the issuance by the Company of US$500 million 2.050% notes due March 5, 2030 in March 2020; (x) providing foreign exchange swaps services to the Company in 2020; (xi) acting as co-lead arranger and joint bookrunner for the Company's new revolving credit facility of US$300 million in September 2019; (xii) acting as co-lead arranger and joint bookrunner for the Company's amended and restated US$1.0 billion revolving credit facility in September 2019; and (xiii) providing deposit services to Kansas City Southern in 2019 and 2020.

Additionally, at your request, BMO Capital Markets or one or more of our affiliates has agreed to act as a joint bookrunner, joint lead arranger, and administrative agent on the US$8.5 billion bond bridge financing to be made available to the Company in connection with the consummation of the Transaction; entered into financing commitments and agreements to act as a joint bookrunner and joint lead arranger on the US$1.3 billion and US$600 million of credit facility backstops to be made available to the Company in connection with the consummation of the Transaction; and agreed to act as a joint lead bookrunner for the issuance by the Company of US$8.5 billion bonds in connection with the consummation of the Transaction. BMO Capital Markets or one or more of our affiliates may agree to provide additional financing services to the Company in connection with the Transaction, for which services BMO Capital Markets or such affiliate would receive compensation.

Other than those described above, there are no understandings, agreements or commitments between BMO Capital Markets and any of the Interested Parties with respect to future business dealings. BMO Capital Markets may, in the future, in the ordinary course of business, provide financial advisory, investment banking, or other financial services to one or more of the Interested Parties from time to time.

BMO Capital Markets and certain of our affiliates act as traders and dealers, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of one or more of the Interested Parties and, from time to time, may have executed or may execute transactions on behalf of one or more Interested Parties for which BMO Capital Markets or such affiliates received or may receive compensation. As investment dealers, BMO Capital Markets and certain of our affiliates conduct research on securities and may, in the ordinary course of business, provide research reports and investment advice to clients on investment matters, including with respect to one or more of the Interested Parties or the Transaction. In addition, Bank of Montreal ("BMO"), of which BMO Capital Markets is a wholly-owned subsidiary, or one or more affiliates of BMO, may provide banking or other financial services to one or more of the Interested Parties in the ordinary course of business.

SCOPE OF REVIEW

In connection with rendering the Opinion, we have reviewed and relied upon, or carried out, among other things, the following:

1. a draft of the Merger Agreement dated September 10, 2021;

2. certain publicly available information relating to the business, operations, financial condition and trading history of the Company, Kansas City Southern and other selected public companies we considered relevant;

3. certain internal financial, operating, corporate and other information prepared or provided by or on behalf of the Company or Kansas City Southern relating to the business, operations and financial condition of the Company and Kansas City Southern;

4. internal management forecasts, projections, estimates and budgets prepared or provided by or on behalf of management of the Company or Kansas City Southern;

5. discussions with management of the Company relating to the Company's current business, plan, financial condition and prospects;

6. discussions with management of Kansas City Southern relating to Kansas City Southern's current business, plan, financial condition and prospects;

7. discussions with management of the Company relating to Company management's assessment of opportunities to enhance cash flows of the combined entity;

8. public information with respect to selected precedent transactions we considered relevant;

9. various reports published by equity research analysts, industry sources and credit rating agencies we considered relevant;

10. a letter of representation as to certain factual matters and the completeness and accuracy of certain information upon which the Opinion is based, addressed to us and dated as of the date hereof, provided by senior officers of the Company; and

11. such other information, investigations, analyses and discussions as we considered necessary or appropriate in the circumstances.

BMO Capital Markets has not, to the best of its knowledge, been denied access by the Company to any information under the Company's control requested by BMO Capital Markets.

ASSUMPTIONS AND LIMITATIONS

We have relied upon and assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions, representations (including the letter of representation delivered as of the date hereof by the Company to BMO Capital Markets) and other material obtained by us from public sources or provided to us by or on behalf of the Company or Kansas City Southern or otherwise obtained by us in connection with our engagement (the "Information"). The Opinion is conditional upon such completeness, accuracy and fair presentation. We have not been requested to, and have not assumed any obligation to, independently verify the completeness, accuracy or fair presentation of any such Information. We have assumed that forecasts, projections, estimates (including, without limitation, estimates of revenue and cost synergies and timing for the realization thereof) and budgets provided to us and used in our analyses were reasonably prepared on bases reflecting the best currently available assumptions, estimates and judgments of management of the Company, having regard to the business, plans, financial condition and prospects of the Company or Kansas City Southern, as applicable.

In addition, we have assumed that: (i) the Information provided to BMO Capital Markets orally by, or in the presence of, an officer or employee of, the Company, or in writing by the Company or any of its subsidiaries (as defined in National Instrument 45-106 – *Prospectus Exemptions*) or any of its or their representatives in connection with our engagement was, at the date the Information was provided to BMO Capital Markets, and is, as of the date hereof, complete, true and correct in all material respects, and did not and does not contain a misrepresentation (as defined in the Act); (ii) since the dates on which the Information was provided to BMO Capital Markets, except as disclosed in writing to BMO Capital Markets, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or any of its subsidiaries, or Kansas City Southern or any of its subsidiaries, and no change has occurred in the Information or any part thereof which would have or which could reasonably be expected to have a material effect on the Opinion; (iii) since the dates on which the Information was provided to BMO Capital Markets, except as disclosed publicly or in writing to BMO Capital Markets, there has been no material transaction entered into by the Company, Kansas City Southern or any of their respective subsidiaries; (iv) none of the Company, Kansas City Southern or their respective subsidiaries has any material contingent liabilities and there are no actions, suits, claims, proceedings or inquiries pending or threatened in writing against or affecting the Company, Kansas City Southern or any of their respective subsidiaries, at law or in equity or before any federal, provincial, state, municipal or other governmental department, commission, bureau, board agency or instrumentality which may in any way materially adversely affect the Company and its subsidiaries, Kansas City Southern and its subsidiaries, or the Transaction; (v) all financial information about the Company or Kansas City Southern provided to BMO Capital Markets was prepared on a basis consistent in all material respects with the accounting policies applied in the Company's most recent audited consolidated financial statements or Kansas City Southern's most recent audited consolidated financial statements, as the case may be; (vi) there are no agreements, undertakings, commitments or understandings (written or oral, formal or informal) relating to the Transaction, except as have been disclosed to BMO Capital Markets; (vii) the Company's and Kansas City Southern's public disclosure documents did not, at the time they were filed with the applicable securities regulatory authorities, contain a misrepresentation (as defined under the Act) and complied in all material respects with applicable securities laws at the time they were filed; and (viii) the Company and Kansas City Southern each has filed on a timely basis with the applicable securities regulatory authorities all documents required to be filed by the Company and Kansas City Southern.

We have not been provided with, and understand that there is not, any formal valuation or appraisal of the securities or assets of the Company, Kansas City Southern or any of their respective affiliates.

In preparing the Opinion, we have assumed that the executed Merger Agreement will not differ in any material respect from the draft that we reviewed, and that the Transaction will be consummated in accordance with the terms and conditions of the Merger Agreement without waiver of, or amendment to, any term or condition that is in any way material to our analyses.

The Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as of the date hereof and the condition and prospects, financial and otherwise, of the Company and Kansas City Southern as they are reflected in the Information and as they have been represented to BMO Capital Markets in discussions with management of the Company and Kansas City Southern and their respective representatives. In our analyses and in preparing the Opinion, BMO Capital Markets made numerous judgments and assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond our control or that of any party involved in the Transaction.

The Opinion is provided to the Board of Directors for its use only in considering the Transaction and may not be used or relied upon by any other person or for any other purpose without our prior written consent. The Opinion does not constitute a recommendation as to how any shareholder should vote or act on any matter relating to the Transaction. Except for the inclusion of the Opinion in its entirety and a summary thereof (in a form acceptable to us) in the Circular, the Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without our prior written consent.

We have not been asked to prepare and have not prepared a formal valuation or appraisal of the securities or assets of the Company, Kansas City Southern or any of their respective affiliates, and the Opinion should not be construed as such. The Opinion is not, and should not be construed as, advice as to the price at

which the securities of the Company or Kansas City Southern may trade at any time. BMO Capital Markets was not engaged to review any legal, tax or regulatory aspects of the Transaction and the Opinion does not address any such matters. We have relied upon, without independent verification, the assessment by the Company and its legal and tax advisors with respect to such matters. In addition, the Opinion does not address the relative merits of the Transaction as compared to any strategic alternatives that may be available to the Company.

The Opinion is rendered as of the date hereof and BMO Capital Markets disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of BMO Capital Markets after the date hereof. Without limiting the foregoing, if we learn that any of the information we relied upon in preparing the Opinion was inaccurate, incomplete or misleading in any material respect, BMO Capital Markets reserves the right to change or withdraw the Opinion.

CONCLUSION

Based upon and subject to the foregoing, BMO Capital Markets is of the opinion that, as of the date hereof, the Merger Consideration payable pursuant to the Merger Agreement is fair from a financial point of view to the Company.

Yours truly,

BMO Nesbitt Burns Inc.

BMO Nesbitt Burns Inc.

EXCERPTS FROM CPRL CIRCULAR

BMO

BMO Capital Markets Fairness Opinion

CP retained BMO Capital Markets under an engagement agreement, as amended, effective December 1, 2020 to provide financial advisory services in connection with the Transaction. As part of its engagement, BMO Capital Markets was requested to provide the CP Board with its opinion as to the fairness to CP, from a financial point of view, of the Merger Consideration to be paid to the holders of KCS common stock in the First Merger.

The BMO Capital Markets Fairness Opinion stated that, based upon and subject to the assumptions, limitations, qualifications and other matters stated therein, BMO Capital Markets was of the opinion that, as of September 15, 2021, the Merger Consideration to be paid to the holders of KCS common stock in the First Merger was fair, from a financial point of view, to CP.

The full text of the BMO Capital Markets Fairness Opinion, setting out BMO Capital Markets' credentials, assumptions made, procedures followed, information reviewed, matters considered and limitations and qualifications on the scope of review undertaken in connection with the BMO Capital Markets Fairness Opinion, is attached as "*Appendix C – BMO Capital Markets Fairness Opinion*" to this Management Proxy Circular. This summary is qualified in its entirety by reference to the full text of the BMO Capital Markets Fairness Opinion.

Details regarding the qualifications, credentials and independence of BMO Capital Markets, and the assumptions, limitations and qualifications applicable to the BMO Capital Markets Fairness Opinion, are set forth in the BMO Capital Markets Fairness Opinion.

The BMO Capital Markets Fairness Opinion is not a recommendation as to how the CP shareholders should vote on the Share Issuance Resolution or any other matter. The BMO Capital Markets Fairness Opinion was one of a number of factors taken into consideration by the CP Board in making its unanimous determination that it is in the best interests of CP to enter into the Merger Agreement and to recommend that CP shareholders vote in favour of the Share Issuance Resolution. In evaluating the Transaction, the CP Board considered, among other things, the advice and financial analyses provided by BMO Capital Markets referred to above, in addition to the BMO Capital Markets Fairness Opinion. In assessing the BMO Capital Markets Fairness Opinion, the CP Board took into account that a substantial portion of the fees payable to BMO Capital Markets for its services are contingent upon the closing of the Transaction, subject to the obligation of CP to make an earlier payment to BMO Capital Markets in certain circumstances.

In rendering the BMO Capital Markets Fairness Opinion, BMO Capital Markets reviewed, or carried out, among other things: (i) a September 10, 2021 draft of the Merger Agreement; (ii) certain publicly available information relating to the business, operations, financial condition and trading history of CP, KCS and other selected public companies BMO Capital Markets considered relevant; (iii) certain internal financial, operating, corporate and other information prepared or provided by or on behalf of CP or KCS relating to the business, operations and financial condition of CP and KCS; (iv) internal management forecasts, projections, estimates and budgets prepared or provided by or on behalf of management of CP or KCS; (v) discussions with management of CP relating to CP's current business, plan, financial condition and prospects; (vi) discussions with management of KCS relating to KCS's current business, plan, financial condition and prospects; (vii) discussions with management of CP relating to CP's management's assessment of opportunities to enhance cash flows of the combined entity; (viii) public information with respect to selected precedent transactions BMO Capital Markets considered relevant; (ix) various reports published by equity research analysts, industry sources and credit rating agencies BMO Capital Markets considered relevant; (x) a letter of representation as to certain factual matters and the completeness and accuracy of certain information upon which the BMO Capital Markets Fairness Opinion is based, addressed to BMO Capital Markets and dated as of the date of the BMO Capital Markets Fairness Opinion, provided by senior officers of CP; and (xi) such other information, investigations, analyses and discussions as BMO Capital Markets considered necessary or appropriate in the circumstances.

BMO Capital Markets was not provided with, and understood that there was not, any formal valuation or appraisal of the securities or assets of CP, KCS or any of their respective affiliates. BMO Capital Markets was not asked to prepare and did not prepare a formal valuation or appraisal of the securities or assets of CP, KCS or any of their respective affiliates, and the BMO Capital Markets Fairness Opinion should not be construed as such.

BMO Capital Markets and certain of its affiliates act as traders and dealers, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of one or more of CP, KCS or any of their respective associates or affiliates and, from time to time, may have executed or may execute transactions on behalf of one or more such parties for which BMO Capital Markets or such affiliates received or may receive compensation. As investment dealers, BMO Capital Markets and certain of its affiliates conduct research on securities and may, in the ordinary course of business, provide research reports and investment advice to clients on investment matters, including with respect to one or more of CP, KCS or any of their respective associates or affiliates or the Transaction. In addition, BMO, of which BMO Capital Markets is a wholly owned subsidiary, or one or more affiliates of BMO, may provide banking or other financial services to one or more of CP, KCS or any of their respective associates or affiliates in the ordinary course of business.

BMO Capital Markets has not been engaged to provide any financial advisory services nor has it participated in any financings involving the parties within the past two years, other than: (i) acting as financial advisor to CP and the CP Board under the engagement agreement, as amended; (ii) providing ongoing cash management and trade finance services to CP; (iii) providing ongoing equity and financing solutions to CP; (iv) providing ongoing fixed income, currency and commodity services to CP; (v) acting as joint bookrunner, joint lead arranger, and administrative agent for the U.S.$8.5 billion bond bridge financing in connection with CP's proposed acquisition of KCS in March 2021; (vi) acting as joint bookrunner and joint lead arranger on the U.S.$1.3 billion and U.S.$600 million of credit facility backstops in connection with CP's proposed acquisition of KCS in March 2021; (vii) providing foreign exchange and interest rate hedging services for the U.S.$8.5 billion bond bridge financing in connection with CP's proposed acquisition of KCS in March 2021; (viii) acting as joint bookrunner for the issuance by CP of $300 million 3.050% notes due March 9, 2050 in March 2020; (ix) acting as co-manager for the issuance by CP of U.S.$500 million 2.050% notes due March 5, 2030 in March 2020; (x) providing foreign exchange swaps services to CP in 2020; (xi) acting as co-lead arranger and joint bookrunner for CP's new revolving credit facility of U.S.$300 million in September 2019; (xii) acting as co-lead arranger and joint bookrunner for CP's amended and restated U.S.$1.0 billion revolving credit facility in September 2019; and (xiii) providing deposit services to KCS in 2019 and 2020.

Additionally, at CP's request, BMO Capital Markets or one or more of its affiliates has agreed to act as a joint bookrunner, joint lead arranger, and administrative agent on the U.S.$8.5 billion bond bridge financing to be made available to CP in connection with the closing of the Transaction; entered into financing commitments and agreements to act as a joint bookrunner and joint lead arranger on the U.S.$1.3 billion credit facility backstop to be made available to CP and the U.S.$600 million credit facility backstop to be made available to CP, in each case in connection with the closing of the Transaction; agreed to act as a joint lead bookrunner for the issuance by CP of U.S.$8.5 billion of bonds in connection with the closing of the Transaction; and agreed to act as administrative agent and sole bookrunner on a syndicated U.S.$500.0 million unsecured term loan made available to CP for general corporate purposes. BMO Capital Markets or one or more of its affiliates may agree to provide additional financing services to CP in connection with the Transaction, for which services BMO Capital Markets or such affiliate would receive compensation.

Under the terms of its engagement agreement, as amended, BMO Capital Markets will be paid a fee for its services in connection with the Transaction, a substantial portion of which is contingent upon the successful closing of the Transaction, subject to the obligation of CP to make an earlier payment to BMO Capital Markets in certain circumstances. CP has also agreed to reimburse BMO Capital Markets for certain out-of-pocket expenses and to indemnify BMO Capital Markets against certain liabilities that may arise in connection with its engagement.

The BMO Capital Markets Fairness Opinion was provided to the CP Board for its use only in considering the Transaction and may not be used or relied upon by any person for any other purpose without BMO Capital Markets' prior written consent and does not constitute a recommendation as to how the CP shareholders should vote on the Share Issuance Resolution or any other matter. BMO Capital Markets expresses no view as to, and the BMO Capital Markets Fairness Opinion does not address, the underlying business decision of CP to effect the Transaction or the relative merits of the Transaction as compared to any strategic alternatives that may be available to CP; nor does it address any legal, tax or regulatory matters.

The CP Board urges the CP shareholders to read the BMO Capital Markets Fairness Opinion in its entirety. Any summary of the BMO Capital Markets Fairness Opinion herein is qualified in its entirety by reference to the full text of the BMO Capital Markets Fairness Opinion as set out in "*Appendix C – BMO Capital Markets Fairness Opinion*".

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

APPENDIX B TO
VERIFIED STATEMENT OF CHRIS DE BRUYN

GOLDMAN SACHS FAIRNESS OPINION

VERIFICATION OF GOLDMAN SACHS & CO. LLC

On behalf of Goldman Sachs & Co. LLC ("GS"), this is to verify that (a) the Fairness Opinion of GS dated September 15, 2021 ("GS Fairness Opinion"), set forth in the attached Appendix, is a true and correct copy of the Fairness Opinion provided by GS to the Board of Directors of Canadian Pacific Railway Limited ("CPRL") in connection with its proposed acquisition of Kansas City Southern, and (b) the summary of the GS Fairness Opinion set forth in the attached Appendix is an accurate summary of the GS Fairness Opinion.

In providing this verification, GS does not intend that any person other than the Board of Directors of CPRL be entitled to rely on the GS Fairness Opinion.

I, Eduard Wittig, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed on this 5th day of October, 2021.

E K Wittig

[Managing Director]
Goldman Sachs & Co. LLC

FAIRNESS OPINION LETTER

GOLDMAN SACHS

200 West Street | New York, NY 10282-2198
Tel: 212-902-1000 | Fax: 212-902-3000

Goldman Sachs

PERSONAL AND CONFIDENTIAL

September 15, 2021

Board of Directors
Canadian Pacific Railway Limited
7550 Ogden Dale Rd. S.E.
Calgary, Alberta T2C 4X9
Canada

Ladies and Gentlemen:

You have requested our opinion as to the fairness from a financial point of view to Canadian Pacific Railway Limited ("CPR") of the Merger Consideration (as defined in the Agreement (as defined below)) to be paid by CPR for each outstanding share of common stock, par value $0.01 per share (the "KCS Common Stock"), of Kansas City Southern ("KCS") pursuant to the Agreement and Plan of Merger, dated as of September 15, 2021 (the "Agreement"), by and among CPR, Cygnus Merger Sub 1 Corporation, a wholly owned subsidiary of CPR ("Surviving Merger Sub"), Cygnus Merger Sub 2 Corporation, a wholly owned subsidiary of Surviving Merger Sub, and KCS.

Goldman Sachs & Co. LLC and its affiliates are engaged in advisory, underwriting and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. Goldman Sachs & Co. LLC and its affiliates and employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of CPR, KCS and any of their respective affiliates and third parties, or any currency or commodity that may be involved in the transaction contemplated by the Agreement (the "Transaction"). We have acted as financial advisor to CPR in connection with, and have participated in certain of the negotiations leading to, the Transaction. We expect to receive fees for our services in connection with the Transaction, all of which are contingent upon consummation of the Transaction, and CPR has agreed to reimburse certain of our expenses arising, and indemnify us against certain liabilities that may arise, out of our engagement. At your request, an affiliate of Goldman Sachs & Co. LLC has entered into financing commitments and agreements to provide CPR with bridge financing in connection with the consummation of the Transaction, in each case subject to the terms of such commitments and agreements and pursuant to which such affiliate expects to receive compensation. We have provided certain financial advisory and/or underwriting services to CPR and/or its affiliates from time to time for which our Investment Banking Division has received, and may receive, compensation, including having acted as financial advisor to CPR in connection with its entrance into the subsequently terminated merger agreement with KCS in March 2021. We have provided certain financial advisory and/or underwriting services to KCS and/or its affiliates from time to time for which our Investment Banking Division has received, and may receive, compensation, including having acted as senior co-manager with respect to an offering of KCS's 3.50% notes due in 2050 (aggregate principal amount $550,000,000) in April 2020. We may also

in the future provide financial advisory and/or underwriting services to CPR, KCS and their respective affiliates for which our Investment Banking Division may receive compensation.

In connection with this opinion, we have reviewed, among other things, the Agreement; annual reports to stockholders and Annual Reports on Form 10-K of CPR and KCS for the five fiscal years ended December 31, 2020; certain interim reports to stockholders and Quarterly Reports on Form 10-Q of CPR and KCS; certain other communications from CPR and KCS to their respective stockholders; certain publicly available research analyst reports for CPR and KCS; certain updated internal financial analyses and forecasts for KCS prepared by its management; and certain updated financial analyses and forecasts for KCS and certain updated internal financial analyses and forecasts for CPR, standalone and pro forma for the Transaction, in each case, as prepared by the management of CPR and approved for our use by CPR (the "Forecasts"), including certain updated operating synergies projected by the management of CPR to result from the Transaction, as approved for our use by CPR (the "Synergies"). We have also held discussions with members of the senior managements of CPR and KCS regarding their assessment of the past and current business operations, financial condition and future prospects of KCS and with the members of senior management of CPR regarding their assessment of the past and current business operations, financial condition and future prospects of CPR and the strategic rationale for, and the potential benefits of, the Transaction; reviewed the reported price and trading activity for the Parent Common Shares (as defined in the Agreement) and the shares of KCS Common Stock; compared certain financial and stock market information for CPR and KCS with similar information for certain other companies the securities of which are publicly traded; reviewed the financial terms of certain recent business combinations in the commercial railway industry and in other industries; and performed such other studies and analyses, and considered such other factors, as we deemed appropriate.

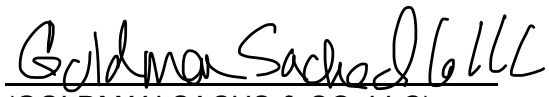
For purposes of rendering this opinion, we have, with your consent, relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by, us, without assuming any responsibility for independent verification thereof. In that regard, we have assumed with your consent that the Forecasts, including the Synergies, have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of CPR. We have not made an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of CPR or KCS or any of their respective subsidiaries and we have not been furnished with any such evaluation or appraisal. We have assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on CPR or KCS or on the expected benefits of the Transaction in any way meaningful to our analysis. We also have assumed that the Transaction will be consummated on the terms set forth in the Agreement, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to our analysis.

Our opinion does not address the underlying business decision of CPR to engage in the Transaction, or the relative merits of the Transaction as compared to any strategic alternatives that may be available to CPR; nor does it address any legal, regulatory, tax or accounting matters. This opinion addresses only the fairness from a financial point of view to CPR, as of the date hereof, of the Merger Consideration to be paid by CPR for each share of KCS Common Stock pursuant to the Agreement. We do not express any view on, and our opinion does not address, any other term or aspect of the Agreement or Transaction or any term or aspect of any other agreement or instrument contemplated by the Agreement or entered into or amended in

connection with the Transaction, including, any obligation of CPR to undertake the Post-Closing Contributions (as defined in the Agreement), enter into the Voting Trust Agreement (as defined in the Agreement), perform the Voting Trust Transaction (as defined in the Agreement) or engage in a Post-Closing Disposition (as defined in the Agreement) pursuant to the Agreement, or the fairness of the Transaction to, or any consideration received in connection therewith by, the holders of any class of securities, creditors, or other constituencies of CPR; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of CPR or KCS, or any class of such persons in connection with the Transaction, whether relative to the Merger Consideration to be paid by CPR for each share of KCS Common Stock pursuant to the Agreement or otherwise. We are not expressing any opinion as to the prices at which shares of Parent Common Shares or shares of KCS Common Stock will trade at any time, as to the potential effects of volatility in the credit, financial and stock markets on CPR or KCS or the Transaction, or as to the impact of the Transaction on the solvency or viability of CPR or KCS or the ability of CPR or KCS to pay their respective obligations when they come due. Our opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof and we assume no responsibility for updating, revising or reaffirming this opinion based on circumstances, developments or events occurring after the date hereof. Our advisory services and the opinion expressed herein are provided for the information and assistance of the Board of Directors of CPR in connection with its consideration of the Transaction and such opinion does not constitute a recommendation as to how any holder of Parent Common Shares should vote with respect to such Transaction or any other matter. This opinion has been approved by a fairness committee of Goldman Sachs & Co. LLC.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Merger Consideration to be paid by CPR for each share of KCS Common Stock pursuant to the Agreement is fair from a financial point of view to CPR.

Very truly yours,



(GOLDMAN SACHS & CO. LLC)

EXCERPTS FROM CPRL CIRCULAR

GOLDMAN SACHS

Goldman Sachs Fairness Opinion

Goldman Sachs rendered its opinion to the CP Board that, as of September 15, 2021 and based upon and subject to the factors and assumptions set forth therein, the Merger Consideration to be paid for each share of KCS common stock in the First Merger was fair from a financial point of view to CP.

The full text of the Goldman Sachs Fairness Opinion which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the Goldman Sachs Fairness Opinion, is attached as "*Appendix D – Goldman Sachs Fairness Opinion*". Goldman Sachs provided advisory services and the Goldman Sachs Fairness Opinion for the information and assistance of the CP Board in connection with its consideration of the Transaction. The Goldman Sachs Fairness Opinion is not a recommendation as to how any CP shareholder should vote with respect to the Share Issuance Resolution, or any other matter.

In connection with rendering the Goldman Sachs Fairness Opinion and performing its related financial analyses, Goldman Sachs reviewed, among other things:

- the Merger Agreement;
- annual reports to stockholders and Annual Reports on Form 10-K of CP and KCS for the five fiscal years ended December 31, 2020;
- certain interim reports to stockholders and Quarterly Reports on Form 10-Q of CP and KCS;
- certain other communications from CP and KCS to their respective stockholders;
- certain publicly available research analyst reports for CP and KCS;
- certain updated internal financial analyses and forecasts for KCS prepared by its management; and
- certain updated financial analyses and forecasts for KCS and certain updated internal financial analyses and forecasts for CP, standalone and pro forma for the Transaction, in each case as prepared by the management of CP and approved for Goldman Sachs' use by CP (the "**Forecasts Prepared by CP for Goldman Sachs**"), including certain updated operating synergies projected by the management of CP to result from the Transaction, as approved for Goldman Sachs' use by CP (the "**Synergies Prepared by CP for Goldman Sachs**").

Goldman Sachs also held discussions with members of the senior managements of CP and KCS regarding their assessment of the past and current business operations, financial condition and future prospects of KCS and with the members of senior management of CP regarding their assessment of the past and current business operations, financial condition and future prospects of CP and the strategic rationale for, and the potential benefits of, the Transaction; reviewed the reported price and trading activity for the CP common shares and the shares of KCS common stock; compared certain financial and stock market information for CP and KCS with similar information for certain other companies the securities of which are publicly traded; reviewed the financial terms of certain recent business combinations in the commercial railway industry and in other industries; and performed such other studies and analyses, and considered such other factors, as Goldman Sachs deemed appropriate.

For purposes of rendering the Goldman Sachs Fairness Opinion, Goldman Sachs, with CP's consent, relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by, it, without assuming any responsibility for independent verification thereof. In that regard, Goldman Sachs assumed with CP's consent that the Forecasts Prepared by CP for Goldman Sachs, including the Synergies Prepared by CP for Goldman Sachs, were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of CP. Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of CP or KCS or any of their respective subsidiaries and it was not furnished with

any such evaluation or appraisal. Goldman Sachs assumed that all governmental, regulatory or other consents and approvals necessary for the closing of the Transaction will be obtained without any adverse effect on CP or KCS or on the expected benefits of the Transaction in any way meaningful to its analysis. Goldman Sachs has also assumed that the Transaction will be consummated on the terms set forth in the Merger Agreement, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to its analysis.

The Goldman Sachs Fairness Opinion did not address the underlying business decision of CP to engage in the Transaction or the relative merits of the Transaction as compared to any strategic alternatives that may be available to CP; nor did it address any legal, regulatory, tax or accounting matters. The Goldman Sachs Fairness Opinion addressed only the fairness from a financial point of view, as of the date of the Goldman Sachs Fairness Opinion, of the Merger Consideration to be paid for each share of KCS common stock in the First Merger. The Goldman Sachs Fairness Opinion did not express any view on, and did not address, any agreement or instrument contemplated by the Merger Agreement, or entered into or amended in connection with the Transaction, including any obligation of CP to undertake the Post-Closing Contributions, enter into the Voting Trust Agreement, perform the Voting Trust Transaction or engage in a Post-Closing Disposition under the Merger Agreement, or the fairness of the Transaction to, or any consideration received in connection therewith by, the holders of any other class of securities, creditors, or other constituencies of CP; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of CP or KCS, or class of such persons in connection with the Transaction, whether relative to the Merger Consideration to be paid for each share of KCS common stock in the First Merger or otherwise. The Goldman Sachs Fairness Opinion was necessarily based on economic, monetary, market and other conditions, as in effect on, and the information made available to it as of the date of the Goldman Sachs Fairness Opinion and Goldman Sachs assumed no responsibility for updating, revising or reaffirming the Goldman Sachs Fairness Opinion based on circumstances, developments or events occurring after the date of the Goldman Sachs Fairness Opinion. In addition, Goldman Sachs does not express any opinion as to the prices at which shares of KCS common stock will trade at any time, as to the potential effects of volatility in the credit, financial and stock markets on CP or KCS or the Transaction, or as to the impact of the Transaction on the solvency or viability of CP or KCS or the ability of CP or KCS to pay their respective obligations when they come due. The Goldman Sachs Fairness Opinion was approved by a fairness committee of Goldman Sachs.

The Merger Consideration was determined through arm's-length negotiations between CP and KCS and was approved by the CP Board. Goldman Sachs provided advice to CP during these negotiations. Goldman Sachs did not, however, recommend any specific amount of consideration to CP or the CP Board or that any specific amount of consideration constituted the only appropriate consideration for the Transaction.

As described above, the Goldman Sachs Fairness Opinion to the CP Board was one of many factors taken into consideration by the CP Board in making its determination to approve the Merger Agreement. In evaluating the Transaction, the CP Board considered, among other things, the advice and financial analyses provided by Goldman Sachs referred to above, in addition to the Goldman Sachs Fairness Opinion. In assessing the Goldman Sachs Fairness Opinion, the CP Board took into account that the transaction fee payable to Goldman Sachs for its services is contingent upon the closing of the Transaction. The foregoing summary is qualified in its entirety by reference to the Goldman Sachs Fairness Opinion attached as "***Appendix D –*** *Goldman Sachs Fairness Opinion*".

Goldman Sachs and its affiliates are engaged in advisory, underwriting and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. Goldman Sachs and its affiliates and employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and invest in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of CP, KCS, any of their respective affiliates and third parties, or any currency or commodity that may be involved in the Transaction. Goldman Sachs acted as financial advisor to CP in connection with, and participated in certain of the negotiations leading to, the Transaction. At the request of CP, an affiliate of Goldman Sachs has entered into certain Debt Commitment Letters and agreements to provide CP with bridge financing in connection with the closing of the Transaction, in each case subject to the terms of such commitments and agreements and under which such affiliate expects to receive compensation. Goldman Sachs has provided certain financial advisory and/or underwriting services to CP and/or its affiliates from time to time for which Goldman Sachs' Investment Banking Division has received, and may receive, compensation, including having acted as financial advisor to CP in connection with its entrance into the subsequently terminated Original Merger Agreement. Goldman

Sachs has provided certain financial advisory and/or underwriting services to KCS and/or its affiliates from time to time for which the Investment Banking Division of Goldman Sachs has received, and may receive, compensation, including having acted as senior co-manager with respect to an offering of KCS's 3.50% notes due in 2050 (aggregate principal amount U.S.$550.0 million) in April 2020. Goldman Sachs may also in the future provide financial advisory and/or underwriting services to CP, KCS and their respective affiliates for which the Investment Banking Division of Goldman Sachs may receive compensation.

The CP Board selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the Transaction. Under a letter agreement dated March 17, 2021, CP engaged Goldman Sachs to act as its financial advisor in connection with the contemplated Transaction. The engagement letter between CP and Goldman Sachs provides for a transaction fee, all of which are contingent upon the closing of the Transaction. In addition, CP has agreed to reimburse Goldman Sachs for certain of its expenses, including attorneys' fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities.

The CP Board urges the CP shareholders to read the Goldman Sachs Fairness Opinion in its entirety. Any summary of the Goldman Sachs Fairness Opinion herein is qualified in its entirety by reference to the full text of the Goldman Sachs Fairness Opinion as set out in "*Appendix D – Goldman Sachs Fairness Opinion*".

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

APPENDIX C TO
VERIFIED STATEMENT OF CHRIS DE BRUYN

EVERCORE FAIRNESS OPINION

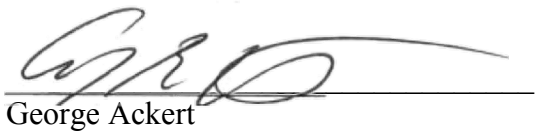
VERIFICATION OF EVERCORE GROUP L.L.C.

On behalf of Evercore Group L.L.C. ("Evercore"), this is to verify that (a) the Fairness Opinion of Evercore dated September 15, 2021 ("Evercore Fairness Opinion"), set forth in the attached Appendix, is a true and correct copy of the Fairness Opinion provided by Evercore to the Board of Directors of Canadian Pacific Railway Limited ("CPRL") in connection with its proposed acquisition of Kansas City Southern, and (b) the summary of the Evercore Fairness Opinion set forth in the attached Appendix is an accurate summary of the Evercore Fairness Opinion.

In providing this verification, Evercore does not intend that any person other than the Board of Directors of CPRL be entitled to rely on the Evercore Fairness Opinion.

I, George Ackert, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed on this 19th day of October, 2021.



George Ackert
Evercore Group L.L.C.

FAIRNESS OPINION LETTER

EVERCORE

September 15, 2021

The Board of Directors
Canadian Pacific Railway Limited
7550 Ogden Dale Road S.E.
Calgary, Alberta T2C 4X9
Canada

Members of the Board of Directors:

We understand that Canadian Pacific Railway Limited (the "Acquiror") proposes to enter into an Agreement and Plan of Merger (the "Merger Agreement"), with Cygnus Merger Sub 1 Corporation, a wholly owned subsidiary of the Acquiror (the "Surviving Merger Sub"), Cygnus Merger Sub 2 Corporation, a wholly owned subsidiary of Surviving Merger Sub ("First Merger Sub") and Kansas City Southern (the "Company"). Pursuant to the Merger Agreement, the First Merger Sub will merge with and into the Company, with the Company being the surviving corporation as a wholly owned subsidiary of the Acquiror (the "First Merger") and immediately following the First Merger, the Company shall be merged with and into Surviving Merger Sub, with the Surviving Merger Sub being the surviving corporation (the "Second Surviving Corporation") as a wholly owned subsidiary of the Acquiror (the "Second Merger" and, together with the First Merger, the "Mergers"). As a result of the First Merger, each outstanding share of common stock, par value $0.01 per share, of the Company (the "Company Common Stock"), other than Excluded Shares and Dissenting Shares (as defined in the Merger Agreement), will be converted into the right to receive (i) $90.00 per share in cash (the "Cash Consideration") and (ii) 2.884 shares (such number of shares, the "Stock Consideration" and, together with the Cash Consideration, the "Consideration") of the common stock, par value $0.01 per share, of the Acquiror (the "Acquiror Common Stock"). We also understand that pursuant to the Voting Trust Agreement (as defined in the Merger Agreement), immediately upon the completion of the Mergers and the Post-Closing Contributions (as defined in the Merger Agreement), all outstanding shares of the Second Surviving Corporation will be deposited into the Voting Trust (as defined in the Merger Agreement). The terms and conditions of the Mergers are more fully set forth in the Merger Agreement.

The Board of Directors has asked us whether, in our opinion, the Consideration to be paid to the holders of the Company Common Stock in the First Merger is fair, from a financial point of view, to the Acquiror.

In connection with rendering our opinion, we have, among other things:

(i) reviewed certain publicly available business and financial information relating to the Company and the Acquiror that we deemed to be relevant, including publicly available research analysts' estimates;

(ii) reviewed certain internal projected financial data relating to the Company prepared by the management of the Company as adjusted and furnished to us by the management of the Acquiror and certain internal projected financial data relating to the Acquiror prepared and furnished to us by

management of the Acquiror, each as approved for our use by the Acquiror (the "Forecasts"), including certain operating synergies prepared by the management of the Acquiror expected to result from the Mergers, as approved for our use by the Acquiror (the "Synergies");

(iii) discussed with managements of the Acquiror and the Company their assessment of the past and current operations of the Company, the current financial condition and prospects of the Company and the Forecasts relating to the Company, and discussed with management of the Acquiror their assessment of the past and current operations of the Acquiror, the current financial condition and prospects of the Acquiror, and the Forecasts;

(iv) reviewed the reported prices and the historical trading activity of the Company Common Stock and the Acquiror Common Stock;

(v) compared the financial performance of the Company and the Acquiror and their respective stock market trading multiples with those of certain other publicly traded companies that we deemed relevant;

(vi) compared the financial performance of the Company and the valuation multiples relating to the Mergers with the financial terms, to the extent publicly available, of certain other transactions that we deemed relevant;

(vii) reviewed the financial terms and conditions of a draft, dated September 10, 2021, of the Merger Agreement; and

(viii) performed such other analyses and examinations and considered such other factors that we deemed appropriate.

For purposes of our analysis and opinion, we have assumed and relied upon the accuracy and completeness of the financial and other information publicly available, and all of the information supplied or otherwise made available to, discussed with, or reviewed by us, without any independent verification of such information (and have not assumed responsibility or liability for any independent verification of such information), and have further relied upon the assurances of the managements of the Acquiror and the Company that they are not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the Forecasts, including the Synergies, we have assumed with your consent that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of the Acquiror as to the future financial performance of the Acquiror and the Company and the other matters covered thereby. We have relied, at the direction of the Acquiror on the assessments of the management of the Acquiror as to the Acquiror's ability to achieve the Synergies and have been advised by the Acquiror, and have assumed with your consent that the Synergies will be realized in the amounts and at the times projected. We express no view as to the Forecasts, including the Synergies, or the assumptions on which they are based.

For purposes of our analysis and opinion, we have assumed, in all respects material to our analysis, that the final executed Merger Agreement will not differ from the draft Merger Agreement reviewed by us, that the representations and warranties of each party contained in the Merger Agreement are true and correct, that each party will perform all of the covenants and agreements required to be performed by it under the Merger Agreement and that all conditions to the consummation of the Mergers will be satisfied without waiver or modification thereof. We

have further assumed, in all respects material to our analysis, that all governmental, regulatory or other consents, approvals or releases necessary for the consummation of the Mergers will be obtained without any delay, limitation, restriction or condition that would have an adverse effect on the Company, the Acquiror or the consummation of the Mergers or reduce the contemplated benefits to the Acquiror of the Mergers. We have also assumed, with your consent, that the STB Final Approval (as defined in the Merger Agreement) will be obtained without any delay, limitation, restriction or condition that would have an adverse effect on the Second Surviving Corporation or the Acquiror or reduce the contemplated benefits to the Acquiror of the Mergers and that upon receipt of the STB Final Approval, the outstanding shares of the Second Surviving Corporation deposited into the Voting Trust will be released from the Voting Trust, and we have relied, with your consent, for purposes of our opinion on the assessment of the management of the Acquiror as to the timing for obtaining the STB Final Approval.

We have not conducted a physical inspection of the properties or facilities of the Company or the Acquiror and have not made or assumed any responsibility for making any independent valuation or appraisal of the assets or liabilities (including any contingent, derivative or other off-balance sheet assets and liabilities) of the Company or the Acquiror, nor have we been furnished with any such valuations or appraisals, nor have we evaluated the solvency or fair value of the Company or the Acquiror under any state or federal laws relating to bankruptcy, insolvency or similar matters. Our opinion is necessarily based upon information made available to us as of the date hereof and financial, economic, market and other conditions as they exist and as can be evaluated on the date hereof. It is understood that subsequent developments may affect this opinion and that we do not have any obligation to update, revise or reaffirm this opinion.

We have not been asked to pass upon, and express no opinion with respect to, any matter other than the fairness to the Acquiror, from a financial point of view, of the Consideration. We do not express any view on, and our opinion does not address, the fairness of the proposed Mergers to, or any consideration received in connection therewith by, the holders of any class of securities, creditors or other constituencies of the Company, nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Acquiror or the Company, or any class of such persons, whether relative to the Consideration or otherwise. We have not been asked to, nor do we express any view on, and our opinion does not address, any other term or aspect of the Merger Agreement or the Mergers, including, without limitation, the structure or form of the Mergers, or any term or aspect of any other agreement or instrument contemplated by the Merger Agreement or entered into or amended in connection with the Merger Agreement. Our opinion does not address the relative merits of the Mergers as compared to other business or financial strategies that might be available to the Acquiror, nor does it address the underlying business decision of the Acquiror to engage in the Mergers. We do not express any view on, and our opinion does not address, what the value of the Acquiror Common Stock actually will be when issued or the prices at which the Acquiror Common Stock will trade at any time, including following announcement or consummation of the Mergers. We also do not express any view on, and our opinion does not address, the price that may be obtained in connection with any disposition of the Trust Stock in the event of an STB Denial (both as defined in the Voting Trust Agreement). Our opinion does not constitute a recommendation to the Board of Directors or to any other persons in respect of the Mergers, including as to how any holder of shares of the Acquiror Common Stock should vote or act in respect of the Mergers. We are not expressing any opinion as to the prices at which shares of Company Common Stock will trade at any time, as to the potential effects of volatility in the credit, financial and stock markets on the Company or the Mergers or as to the impact of the Mergers

on the solvency or viability of the Company or the ability of the Company to pay its obligations when they come due. We are not legal, regulatory, accounting or tax experts and have assumed the accuracy and completeness of assessments by the Acquiror and its advisors with respect to legal, regulatory, accounting and tax matters. As you are aware, the credit, financial and stock markets have been experiencing unusual volatility and we express no opinion or view as to any potential effects of such volatility on the Company or Acquiror or the Mergers.

We have acted as financial advisor to the Board of Directors of the Acquiror in connection with the Mergers and have received retainer and monthly work fees for our services and will receive additional fees for our services, all of which are payable promptly following the delivery of this opinion. The Acquiror has also agreed to reimburse our expenses and to indemnify us against certain liabilities arising out of our engagement. During the two year period prior to the date hereof, Evercore Group L.L.C. and its affiliates have not been engaged to provide financial advisory or other services to the Acquiror and we have not received any compensation from the Acquiror during such period. In addition, during the two year period prior to the date hereof, Evercore Group L.L.C. and its affiliates have not been engaged to provide financial advisory or other services to the Company and we have not received any compensation from the Company during such period. We may provide financial advisory or other services to the Acquiror and the Company in the future, and in connection with any such services we may receive compensation.

Evercore Group L.L.C. and its affiliates engage in a wide range of activities for our and their own accounts and the accounts of customers, including corporate finance, mergers and acquisitions, equity sales, trading and research, private equity, placement agent, asset management and related activities. In connection with these businesses or otherwise, Evercore Group L.L.C. and its affiliates and/or our or their respective employees, as well as investment funds in which any of them may have a financial interest, may at any time, directly or indirectly, hold long or short positions and may trade or otherwise effect transactions for their own accounts or the accounts of customers, in debt or equity securities, senior loans and/or derivative products or other financial instruments of or relating to the Acquiror, the Company, potential parties to the Mergers and/or any of their respective affiliates or persons that are competitors, customers or suppliers of the Acquiror or the Company.

Our financial advisory services and this opinion are provided for the information and benefit of the Board of Directors (in its capacity as such) in connection with its evaluation of the proposed Mergers. The issuance of this opinion has been approved by an Opinion Committee of Evercore Group L.L.C.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Consideration to be paid to the holders of the Company Common Stock in the First Merger is fair, from a financial point of view, to the Acquiror.

Very truly yours,

EVERCORE GROUP L.L.C.

By: _____
George Ackert
Senior Managing Director

EXCERPTS FROM CPRL CIRCULAR

EVERCORE

Evercore Fairness Opinion

Under an engagement letter dated as of December 31, 2020, Evercore was engaged to act as financial advisor to the CP Board in connection with a possible acquisition by CP of KCS. As part of its engagement, Evercore was requested to evaluate the fairness to CP, from a financial point of view, of the Merger Consideration to be paid to the holders of KCS common stock in the First Merger.

Evercore rendered its opinion to the CP Board that, as of September 15, 2021 and based upon and subject to the assumptions, limitations, qualifications and conditions described in Evercore's written opinion, the Merger Consideration to be paid to the holders of KCS common stock in the First Merger was fair, from a financial point of view, to CP.

The full text of the Evercore Fairness Opinion, dated as of September 15, 2021, setting out, among other things, the procedures followed, assumptions made, matters considered and qualifications and limitations on the scope of review undertaken in rendering its opinion, is attached as "*Appendix E – Evercore Fairness Opinion*" to this Management Proxy Circular. This summary is qualified in its entirety by reference to the full text of the Evercore Fairness Opinion. Details regarding the qualifications, credentials and independence of Evercore, and the assumptions, limitations and qualifications applicable to the Evercore Fairness Opinion, are respectively set forth in the Evercore Fairness Opinion.

The Evercore Fairness Opinion was addressed to, and provided for the information and benefit of, the CP Board (in its capacity as such) in connection with the CP Board's evaluation of the Transaction and does not constitute a recommendation to the CP Board or to any other person in respect of the Transaction, including as to how the CP shareholders should vote or act in respect of the Transaction or any other matter. The Evercore Fairness Opinion does not address the relative merits of the Transaction as compared to other business or financial strategies that may be available to CP; nor does it address the underlying business decision of CP to engage in the Transaction. Evercore expressed no opinion as to the price at which KCS common stock will trade at any time.

The CP Board urges the CP shareholders to read the Evercore Fairness Opinion in its entirety. Any summary of the Evercore Fairness Opinion herein is qualified in its entirety by reference to the full text of the Evercore Fairness Opinion as set out in "*Appendix E – Evercore Fairness Opinion*".

In connection with rendering the Evercore Fairness Opinion, Evercore, among other things: (i) reviewed certain publicly available business and financial information relating to KCS and CP that Evercore deemed to be relevant, including publicly available research analysts' estimates; (ii) reviewed certain internal projected financial data relating to KCS prepared by the management of KCS as adjusted and furnished to Evercore by the management of CP and certain internal projected financial data relating to CP prepared and furnished to Evercore by management of CP, each as approved for Evercore's use by CP (the "**Management Forecasts**"), including certain operating synergies prepared by the management of CP expected to result from the Transaction, as approved for Evercore's use by CP (the "**Evercore Synergies**"); (iii) discussed with managements of CP and KCS their assessment of the past and current operations of KCS, the current financial condition and prospects of KCS and the Management Forecasts relating to KCS, and discussed with management of CP their assessment of the past and current operations of CP, the current financial condition and prospects of CP, and the Management Forecasts; (iv) reviewed the reported prices and the historical trading activity of the KCS common stock and the CP common shares; (v) compared the financial performance of KCS and CP and their respective stock market trading multiples with those of certain other publicly traded companies that Evercore deemed relevant; (vi) compared the financial performance of KCS and the valuation multiples relating to the Transaction with the financial terms, to the extent publicly available, of certain other transactions that Evercore deemed relevant; (vii) reviewed the financial terms and conditions of a draft, dated September 10, 2021, of the Merger Agreement; and (viii) performed such other analyses and examinations and considered such other factors that Evercore deemed appropriate.

For purposes of its analysis and opinion, Evercore assumed and relied upon the accuracy and completeness of the financial and other information publicly available, and all of the information supplied or otherwise made available to, discussed with, or reviewed by Evercore, without any independent verification of such information (and Evercore assumed no responsibility or liability for any independent verification of such information), and further relied upon

the assurances of the managements of CP and KCS that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the Management Forecasts, including the Evercore Synergies, Evercore assumed with CP's consent that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of CP as to the future financial performance of CP and KCS and the other matters covered thereby. Evercore relied, at the direction of CP on the assessments of the management of CP as to CP's ability to achieve the Evercore Synergies and was advised by CP, and assumed with CP's consent that the Evercore Synergies will be realized in the amounts and at the times projected. Evercore expressed no view as to the Management Forecasts, including the Evercore Synergies, or the assumptions on which they were based.

For purposes of its analysis and opinion, Evercore assumed, in all respects material to its analysis, that the final executed Merger Agreement would not differ from the draft Merger Agreement reviewed by Evercore, that the representations and warranties of each party contained in the Merger Agreement were true and correct, that each party would perform all of the covenants and agreements required to be performed by it under the Merger Agreement and that all conditions to the closing of the Transaction would be satisfied without waiver or modification thereof. Evercore further assumed, in all respects material to its analysis, that all governmental, regulatory or other consents, approvals or releases necessary for the closing of the Transaction would be obtained without any delay, limitation, restriction or condition that would have an adverse effect on KCS, CP or the closing of the Transaction or reduce the contemplated benefits to CP of the Transaction. Evercore also assumed, with CP's consent, that STB Final Approval would be obtained without any delay, limitation, restriction or condition that would have an adverse effect on the Second Surviving Corporation or CP or reduce the contemplated benefits to CP of the Transaction and that upon receipt of STB Final Approval, the outstanding shares of capital stock of the Second Surviving Corporation deposited into the Voting Trust would be released from the Voting Trust, and Evercore relied, with CP's consent, for purposes of its opinion on the assessment of the management of CP as to the timing for obtaining STB Final Approval.

Evercore did not conduct a physical inspection of the properties or facilities of KCS or CP and did not make or assume any responsibility for making any independent valuation or appraisal of the assets or liabilities (including any contingent, derivative or other off-balance sheet assets and liabilities) of KCS or CP. Evercore was not furnished with any such valuations or appraisals, nor did Evercore evaluate the solvency or fair value of KCS or CP under any state or federal laws relating to bankruptcy, insolvency or similar matters. Evercore's opinion is necessarily based upon information made available to it as of September 15, 2021 and financial, economic, market and other conditions as they existed and as could be evaluated on such date. Subsequent developments may affect Evercore's opinion and Evercore does not have any obligation to update, revise or reaffirm its opinion.

Evercore was not asked to pass upon, and expressed no opinion with respect to, any matter other than the fairness to CP, from a financial point of view, of the Merger Consideration. Evercore did not express any view on, and its opinion did not address, the fairness of the Transaction to, or any consideration received in connection therewith by, the holders of any class of securities, creditors or other constituencies of KCS, nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of CP or KCS, or any class of such persons, whether relative to the Merger Consideration or otherwise. Evercore was not asked to, nor did Evercore express any view on, and Evercore's opinion did not address, any other term or aspect of the Merger Agreement or the Transaction, including, without limitation, the structure or form of the Transaction, or any term or aspect of any other agreement or instrument contemplated by the Merger Agreement or entered into or amended in connection with the Merger Agreement. Evercore's opinion did not address the relative merits of the Transaction as compared to other business or financial strategies that might be available to CP, nor did it address the underlying business decision of CP to engage in the Transaction. Evercore did not express any view on, and its opinion did not address, what the value of CP common shares actually would be when issued or the prices at which the CP common shares would trade at any time, including following announcement or closing of the Transaction. Evercore also did not express any view on, and its opinion did not address, the price that might be obtained in connection with any disposition of the Trust Stock in the event of an STB Denial. Evercore's opinion did not constitute a recommendation to the CP Board or to any other persons in respect of the Transaction, including as to how any holder of CP common shares should vote or act in respect of the Transaction. Evercore expressed no opinion as to the prices at which shares of KCS common stock will trade at any time, as to the potential effects of volatility in the credit, financial and stock markets on KCS or the Transaction or as to the impact of the Transaction on the solvency or viability of KCS or the ability of KCS to pay its obligations when they come due. Evercore is not a legal, regulatory, accounting or tax expert and has assumed the accuracy and completeness of assessments by CP and its advisors with respect to legal, regulatory, accounting and tax

matters. The credit, financial and stock markets have been experiencing unusual volatility and Evercore expressed no opinion or view as to any potential effects of such volatility on KCS or CP or the Transaction.

The issuance of the fairness opinion was approved by a Fairness Opinion Committee of Evercore.

Under the terms of its engagement letter dated as of December 31, 2020, Evercore received a retainer and monthly work fees, along with an opinion fee which was payable upon rendering of an opinion, for its services. CP also agreed to reimburse Evercore's expenses and to indemnify Evercore against certain liabilities arising out of Evercore's engagement.

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

EXHIBIT 1 TO
VERIFIED STATEMENT OF CHRIS DE BRUYN

EXCERPTS FROM F-4
FILED WITH SEC OCTOBER 1, 2021

Background of the Transaction

The KCS board and senior management team periodically review and evaluate KCS's long-term strategy and the range of strategic opportunities that might be available to it to strengthen KCS's business and to enhance stockholder value. As part of this ongoing evaluation, management maintains a long-range plan (the "KCS long-range plan"), which is periodically updated and reviewed with the KCS board, that reflects management's financial and business outlook for KCS over a ten-year period. In addition, the KCS board and management team have, from time to time in the past, discussed and considered the possibility of entering into strategic transactions with other parties.

On July 29, 2020, Patrick Ottensmeyer, President and Chief Executive Officer of KCS, and Keith Creel, President and Chief Executive Officer of CPRL, had a lunch meeting at which they discussed a variety of industry topics. During this meeting, Mr. Creel raised whether KCS would be amenable to discussing a business combination of CPRL and KCS. No further actions were taken by the KCS management team or board at the time with respect to Mr. Creel's inquiry.

Beginning on July 31, 2020, several financial media outlets reported that an investor consortium was considering making a takeover proposal for KCS. Following these reports, the KCS board and senior management reached out to its financial advisor, Morgan Stanley, and its outside counsel, Wachtell, Lipton, Rosen & Katz ("Wachtell Lipton"), to discuss the reports and the question of how KCS should respond if a proposal were made.

On August 11, 2020, the KCS board met, together with members of senior management and representatives of Morgan Stanley and Wachtell Lipton, to discuss the financial media reports and the possibility of a proposal, including the KCS board's fiduciary duties under Delaware law and preliminary perspectives on valuation for KCS based on the KCS long-range plan and Wall Street research analyst forecasts. Thereafter, KCS reached out to BofA Securities to join Morgan Stanley as KCS's and the KCS board's financial advisor. KCS and the KCS board determined to engage both Morgan Stanley and BofA based on, among other things, each firm's overall reputation and experience as an investment banking firm, each firm's substantial experience in the transportation sector, and the belief that having the benefit of both firms' advice would be in the best interests of KCS and its stockholders.

On August 17, 2020, Robert Druten, the Chairman of the KCS board, and Mr. Ottensmeyer received an unsolicited written proposal from an investor consortium ("Party A") to acquire KCS for $195.00 per share in cash. The proposal indicated that Party A intended to finance the acquisition through a combination of equity financing and $6.5 billion in debt financing, and that Party A anticipated obtaining all regulatory approvals within four to six months of signing a definitive agreement. Messrs. Druten and Ottensmeyer notified the KCS board of the receipt of Party A's proposal and, later that day, Mr. Ottensmeyer and Michael Upchurch, the Executive Vice President and Chief Financial Officer of KCS, participated in a conversation with representatives of Party A to discuss the terms of the proposal.

A special meeting of the KCS board was convened on August 18, 2020, with members of senior management, and representatives of Morgan Stanley and Wachtell Lipton, to discuss Party A's proposal and potential next steps. Representatives of Morgan Stanley shared their perspectives on the financial terms of Party A's proposal. Members of management also reviewed the KCS long-range plan and the opportunities and risks associated with executing on KCS's long-term strategy. The KCS board discussed these considerations and perspectives and concluded that KCS should remain focused on its long-term strategic plans and should not pursue Party A's proposal. Messrs. Ottensmeyer and Upchurch subsequently conveyed the KCS board's conclusion to representatives of Party A.

On August 21, 2020, Mr. Creel called Mr. Ottensmeyer to propose that CPRL and KCS consider entering into a merger-of-equals transaction in which KCS stockholders would receive consideration consisting solely of CPRL common shares, in an at-market transaction. Mr. Creel expressed his view that, relative to the other Class I

railroad companies, a transaction involving CPRL and KCS would likely face the least amount of regulatory uncertainty given the companies' status as the two smallest Class I railroad companies in North America and their lack of geographic overlap. During the same week, a representative of Party A contacted Mr. Ottensmeyer to request a meeting to further discuss the possibility of a transaction.

During the following week, Jean-Jacques Ruest, President and Chief Executive Officer of CN, contacted Mr. Ottensmeyer telephonically to note the financial media reports regarding a possible takeover proposal. Mr. Ruest stated that, if KCS was interested in a sale, CN would be interested in discussing such a transaction. No further actions were taken by the KCS management team or board to engage with CN at the time.

On August 28, 2020, the KCS board met with members of senior management and a representative of Wachtell Lipton. The KCS board discussed Party A's request for a meeting and instructed Mr. Ottensmeyer to accept the request. Representatives of KCS management then reviewed possible exchange ratios implied by the historical trading prices of KCS common stock and CPRL common shares, as well as possible exchange ratios implied by the relative contributions of various financial metrics of KCS and CPRL. The KCS board discussed potential responses and determined not to take action with respect to CPRL's proposal at the time, pending Mr. Ottensmeyer's discussion with Party A and Party A's response. Mr. Ottensmeyer also described his conversation with Mr. Ruest of CN. In the days following the KCS board meeting, Messrs. Ottensmeyer and Upchurch had a discussion with representatives of Party A with respect to Party A's interest in a possible transaction.

On August 31, 2020, Party A submitted an updated, unsolicited written proposal to acquire KCS for $208.00 per share in cash, subject otherwise to the same terms and conditions set forth in Party A's August 17th proposal. The next day, Messrs. Ottensmeyer and Upchurch participated in a conversation with representatives of Party A to discuss the updated proposal.

A meeting of the KCS board was held on September 2, 2020, with members of senior management and representatives of Morgan Stanley, BofA Securities and Wachtell Lipton. Representatives of Morgan Stanley and BofA Securities discussed the terms of Party A's proposal and CPRL's proposal and presented preliminary perspectives on valuation for KCS based on the KCS long-range plan. After consideration of these and other factors, the KCS board again concluded that KCS should remain focused on its long-term strategic plans and determined that KCS should not pursue either Party A's proposal or CPRL's proposal. The KCS board did, however, believe that KCS should engage in discussions with CPRL about possible commercial opportunities or arrangements that could be in both companies' interests. Thereafter, Mr. Ottensmeyer communicated the KCS board's conclusions to representatives of Party A and to Mr. Creel.

From September to November 2020, the KCS board continued to discuss and review KCS's long-term strategic plan and strategic opportunities in consultation with senior management and KCS's external advisors. In addition, representatives of KCS and CPRL met on September 14 and 15, 2020 to discuss possible commercial opportunities or arrangements outside the context of a combination. The representatives of CPRL also provided their views on a potential at-market combination of KCS and CPRL.

On September 23, 2020, the KCS board met with members of management to further analyze and consider KCS's financial and business outlook and strategic options, including KCS's outlook as an independent company and an analysis of combinations with various other railroads. The KCS board also discussed the investor feedback received by KCS management following the publication of a September 9th financial media report that KCS had rejected the acquisition proposal that had reportedly been made for $208.00 per share in cash.

On October 20, 2020, the KCS board convened a meeting for informational purposes with members of management and representatives of Morgan Stanley, BofA Securities and Wachtell Lipton to discuss various strategic alternatives that might be available to the Company. This included a discussion led by representatives of Morgan Stanley and BofA Securities regarding illustrative buyout and ability-to-pay analyses with respect to Party A and various railroads who could be potential buyers.

On November 11, 2020, Mr. Ottensmeyer and Mr. Creel had a telephonic discussion on which they agreed that, given the political uncertainties following the recent U.S. election and the fact that KCS and CPRL were each focused on closing the fiscal year and preparing for the upcoming earnings season, KCS and CPRL would discontinue their discussions regarding potential commercial opportunities at such time and potentially revisit the idea of a strategic combination of the two companies in the future.

On November 17, 2020, Mr. Ottensmeyer received a call from a representative of another Class I railroad company expressing interest in a potential acquisition of a portion of KCS's assets. Mr. Ottensmeyer reported this conversation to the KCS board, but no further actions were taken by the KCS management team or KCS board to engage with such railroad company.

On November 23, 2020, representatives of Party A contacted Mr. Ottensmeyer to inform him that Party A intended to submit a revised proposal to acquire KCS for $230.00 per share in cash, which Party A submitted later that day. The revised proposal noted that Party A had high confidence that it would be able to obtain firm commitments from its equity partners and lenders once the parameters of a transaction had been agreed upon.

The KCS board met on December 2, 2020, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors, to discuss Party A's revised proposal and potential next steps. Mr. Upchurch discussed the KCS long-range plan and KCS's general strategic positioning. Representatives of Morgan Stanley and BofA Securities provided their preliminary perspectives on valuation for KCS based on the KCS long-range plan. The KCS board discussed the terms of Party A's proposal and the possibility of contacting CPRL, and potentially other Class I railroads, to determine their interest in submitting a proposal to acquire KCS. The KCS board reviewed potential synergy estimates and the possible merger consideration such parties could offer to KCS stockholders. The KCS board also discussed the timing and certainty of consummating a transaction with a Class I railroad company in light of the regulatory framework for such a transaction. Among other things, the KCS board and management team discussed the possibility of addressing potential uncertainties by employing a voting trust structure in which an acquiring Class I railroad would close the acquisition and immediately deposit the shares of KCS into an independent voting trust, with KCS stockholders receiving their merger consideration at that time and prior to the acquiror's receipt of final control approval from the STB.

After deliberation, the KCS board determined that Party A's proposal was not at a value that the KCS board was prepared to accept, but authorized management to begin providing Party A with due diligence materials, subject to the execution of a mutually acceptable confidentiality agreement, so that Party A could have an opportunity to submit an improved proposal. The KCS board also directed Mr. Ottensmeyer to notify Mr. Creel that KCS was now considering a potential transaction and would be willing to consider an acquisition proposal from CPRL that contemplated a significant control premium and a voting trust structure to address timing and regulatory issues. After consideration of the risks associated with a broader outreach effort, the KCS board determined not to contact other parties at the time and to revisit the question of reaching out to additional parties at a later date. After the KCS board meeting, Mr. Ottensmeyer reached out to Party A and to Mr. Creel with the messages determined by the KCS board.

On December 4, 2020, KCS entered into a confidentiality agreement with Party A, which contained customary standstill restrictions on Party A (which restrictions would terminate in the event any person acquired or became the owner of, or entered into a definitive agreement to acquire or become the owner of, more than 50% of the outstanding voting securities of KCS or assets of KCS representing more than 50% of its consolidated earning power).

On December 8, 2020, KCS entered into formal engagement letters with Morgan Stanley and with BofA Securities to provide advice to KCS and the KCS board with respect to KCS's strategic alternatives.

On December 9, 2020, CPRL submitted a written proposal to acquire KCS for 0.469 of a CPRL common share (equivalent to 2.345 shares after giving effect to the share split) and $77.00 in cash per share of KCS common stock (equal to approximately $235.00 per share of KCS common stock based on the market price of CPRL

common shares at the time). The proposal also contemplated that a transaction would be effectuated using a voting trust structure, which CPRL anticipated consummating within four months of signing a definitive agreement, with CPRL taking control of KCS following STB final approval within eight to twelve months thereafter. Mr. Ottensmeyer and other members of management subsequently participated in a call with Mr. Creel and other members of CPRL management to discuss the terms of CPRL's proposal. On December 9, 2020, KCS entered into a mutual confidentiality agreement with CPRL, which contained customary standstill restrictions on CPRL (which restrictions would terminate in the event any person acquired or became the owner of, or entered into a definitive agreement to acquire or become the owner of, more than 50% of the outstanding voting securities of KCS or assets of KCS representing more than 50% of its consolidated earning power).

On December 10, 2020, senior executives of each of CPRL and KCS (including Mr. Creel and Mr. Ottensmeyer) met, and CPRL presented the terms of its December 9 proposal.

The KCS board held a meeting on December 14, 2020 at which it discussed CPRL's proposal and the substance of the management team's conversation with CPRL. The KCS board then determined that CPRL's proposal was not at a value that the KCS board was prepared to accept, but authorized management to begin providing CPRL with due diligence materials under the mutual confidentiality agreement, so that CPRL could have an opportunity to submit an improved proposal.

Through December 2020, KCS provided Party A and CPRL with access to a virtual data room and various business and legal due diligence materials, including a copy of the KCS long-range plan and hosted management presentations and diligence sessions for the benefit of Party A and CPRL. CPRL also provided KCS with access to a virtual data room and various reverse diligence materials.

On December 22, 2020, the KCS board held a special meeting, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors. Mr. Upchurch presented an update to the KCS long-range plan, which had been adjusted upwards to reflect management's more optimistic financial and operational outlook for KCS as a result of the expected recovery from the COVID-19 pandemic and a lower cost structure resulting from an acceleration of Precision Scheduled Railroading initiatives. Members of management then provided an update regarding the status of Party A's and CPRL's ongoing diligence efforts, as well as internal discussions regarding the regulatory process and potential issues associated with a strategic transaction. Representatives of Morgan Stanley and BofA Securities also shared their perspectives on the financial terms of Party A's and CPRL's latest proposals and refreshed their perspectives on valuation for KCS to reflect the new financial terms of those proposals and the updated KCS long-range plan.

On December 28, 2020, Party A sent an updated written proposal to Messrs. Ottensmeyer and Upchurch to acquire KCS for $235.00 per share in cash. The proposal noted that, pursuant to the restrictions in its confidentiality agreement with KCS, Party A had not informed its equity partners or lenders of its recent conversations with KCS, but that Party A remained highly confident of the availability of financing for a transaction.

On December 30, 2020, Mr. Ottensmeyer reached out to Mr. Creel to alert him that KCS would need CPRL to promptly provide a revised offer if CPRL was still interested in pursuing a potential transaction, so that KCS could determine whether it would be willing to move towards a deal with CPRL or with a competing bidder.

On December 31, 2020, CPRL submitted an updated written proposal to acquire KCS for 0.489 of a CPRL common share (equivalent to 2.445 CPRL common shares after giving effect to the share split) and $78.00 in cash per share of KCS common stock (equal to approximately $248.00 per share of KCS common stock based on the market price of CPRL common shares at the time).

The KCS board met on January 7, 2021, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors. Mr. Ottensmeyer provided an update on the status of KCS's discussions with Party A and with CPRL and outlined potential next steps. Mr. Ottensmeyer offered his

perspective that a potential combination with CPRL would be attractive for KCS and its stockholders and his expectation that CPRL could further increase its purchase price given potential synergies. Members of the KCS board and management also entered into a discussion regarding the updated KCS long-range plan and a range of potential synergies for a combination with CPRL. Representatives of Morgan Stanley and BofA Securities provided their perspectives on the latest proposals received from Party A and from CPRL. The Company's Chief Legal Officer then described the expected regulatory approval process and potential timeline in the event KCS pursued a transaction with a Class I railroad company. After discussion, the KCS board determined not to accept either of the proposals that had been most recently submitted by Party A and by CPRL. The KCS board directed Mr. Ottensmeyer to communicate to representatives of each party that the KCS board was not prepared to proceed with a transaction at its proposed purchase price, but that the KCS board was willing to allow each party to complete its confirmatory due diligence (and, in the case of Party A, to reengage with its financing partners) with the expectation that the parties would complete diligence efforts by early-to-mid February and revert with their best and final offers. In addition, the KCS board again discussed the possibility of reaching out to other parties to ascertain their potential interest in a transaction, but, for the same reasons considered at its previous meeting on December 2, 2020, determined not to do so at the time and to revisit the question again in the future.

In the days following the meeting, Mr. Ottensmeyer communicated the KCS board's decisions to representatives of Party A and CPRL. Through the course of January and February 2021, members of KCS management, together with representatives of KCS's legal and financial advisors, continued to engage with and to address due diligence requests from Party A and from CPRL. Members of the KCS board also periodically met and consulted with members of management regarding the status of the process and to discuss transaction-related issues. On January 22 and 23, 2021, representatives of KCS, including Messrs. Druten and Ottensmeyer, met with representatives of CPRL to discuss CPRL's views on regulatory considerations and other issues relating to a potential combination with CPRL.

Following a meeting of the CPRL board on January 25, 2021, Mr. Creel contacted Mr. Ottensmeyer to discuss the potential transaction and the timeline to announcing a transaction. Mr. Ottensmeyer informed Mr. Creel that KCS expected to receive a revised offer from a competing bidder by mid-February and noted that the competing bidder's offer would not have the regulatory complexity and need for a voting trust structure that would exist in a transaction with CPRL. Mr. Ottensmeyer explained that KCS remained committed to evaluating offers from both CPRL and the competing bidder and continuing to hold working sessions with CPRL and its representatives to determine whether there was a path to a potential transaction with CPRL. Mr. Creel conveyed to Mr. Ottensmeyer that CPRL would be committed to engaging with KCS to complete its diligence and finalize the transaction structure and the terms of the merger agreement over the coming weeks, and that CPRL would be prepared to provide its final offer on value and price by mid-February, such that CPRL and KCS would be in a position to announce a transaction by the end of February 2021 should KCS choose to move forward with CPRL.

On January 26, 2021, the KCS board held a meeting with members of management and its legal advisors to specifically discuss potential regulatory considerations and issues relating to a strategic combination, including an assessment of the process for a voting trust transaction and obtaining final regulatory approval for the potential merger. The KCS board also convened meetings on February 4, 2021 and February 15, 2021, at which the KCS board reviewed the status of KCS's discussions with Party A and CPRL and discussed potential next steps.

On February 16, 2021, Mr. Creel called Mr. Ottensmeyer to inform him that CPRL would not be submitting a revised proposal until KCS confirmed that it had also received a revised competing proposal from the competing bidder. Mr. Ottensmeyer subsequently had separate discussions with both Mr. Creel and representatives of Party A regarding the status and timing with respect to the submission of revised bids.

On March 3, 2021, KCS received updated acquisition proposals from Party A and from CPRL. Party A's proposal contemplated an all-cash purchase price of $245.00 per share. The proposal indicated that Party A had re-engaged with its equity partners and that it was highly confident that the equity partners would be able to

secure final internal approvals upon confirmation of the key transaction terms over a two- to three-week period. The proposal also noted that Party A believed the credit committee approvals that its lenders had received in August 2020 remained valid, although it had not engaged in any recent discussions with its lenders in light of the restrictions in its confidentiality agreement with KCS. CPRL's proposal contemplated a purchase price of 0.489 of a CPRL common share (equivalent to 2.445 CPRL common shares after giving effect to the share split) and $81.00 in cash per share of KCS common stock (equal to approximately $260.00 per share of KCS common stock based on the market price of CPRL common shares at the time). The proposal indicated that CPRL anticipated consummating the voting trust transaction within four to six months after the signing of the merger agreement, with the acquisition of control within eight to twelve months thereafter. CPRL's proposal also contemplated a $400.0 million reverse termination fee payable to KCS in the event the merger agreement was terminated due to the inability to complete the voting trust transaction as a result of STB regulatory issues. Furthermore, CPRL's proposal contemplated the renaming of the combined company to "Canadian Pacific Kansas City", with the U.S. headquarters of the combined company to be located in Kansas City, and indicated that CPRL would be open to considering KCS director representation on its board following consummation of the voting trust transaction.

In the subsequent days, with the authorization of the KCS board, members of KCS management circulated a draft merger agreement to representatives of CPRL. The draft included, among other terms, a customary "fiduciary out" provision that would permit the KCS board to terminate its existing agreement with an acquirer in order to accept an alternative acquisition proposal from a third party under certain circumstances. In addition, the draft merger agreement provided to CPRL contemplated a reverse termination fee representing 7.0% of the transaction consideration (or approximately $1.7 billion based on CPRL's then proposed purchase price) and a one-way exchange ratio collar in which KCS stockholders would receive a fixed dollar amount of stock consideration in the event the acquirer's stock price fell below a specified threshold, up to a maximum number of shares.

On March 5, 2021, Mr. Ottensmeyer had a discussion with Mr. Creel regarding the key issues in the draft merger agreement received from KCS the prior day, including with respect to the transaction structure and regulatory termination fee size and structure as proposed in KCS's draft, as well as the one-way exchange ratio collar.

On March 6, 2021, the KCS board convened a meeting to discuss the updated proposals submitted by CPRL and Party A. Mr. Ottensmeyer reviewed the terms of each proposal and again expressed his views on the strategic options available to the Company. Representatives of Morgan Stanley and BofA Securities also shared their perspectives on the financial terms of the proposals. The directors discussed with members of management and representatives of the financial advisors the potential synergies from a transaction involving CPRL and the possible benefits and risks associated with accepting merger consideration that included an acquirer's common stock. Among other things, the KCS board discussed various mechanisms to protect against a potential decline in an acquirer's stock price, including the one-way exchange ratio collar proposed in the draft merger agreement provided to CPRL. The KCS board discussed again with the Company's legal advisors the regulatory uncertainties and timeline for a strategic combination. The KCS board then directed management and the financial advisors to ask Party A and CPRL to submit final proposals and merger agreement markups by no later than March 15, and to inform Party A that it could reach out to its lending sources to confirm financing. The KCS board also again considered whether or not to reach out to other parties. After considering, among other factors, the various risks associated with further opening up the process, and the "fiduciary out" provisions included in the proposed merger agreement, the KCS board determined to focus its efforts on negotiating a transaction with either Party A or CPRL and not to reach out to other potential counterparties at the time.

Following the KCS board meeting, representatives of KCS and their advisors sent a letter to representatives of each of Party A and CPRL outlining the process and request for final proposals. In addition, representatives of KCS sent a draft merger agreement to representatives of Party A. Similar to the draft merger agreement provided to CPRL, the draft merger agreement contemplated a customary "fiduciary out" provision that would permit the

KCS board to terminate its existing agreement with an acquirer in order to accept an alternative acquisition proposal under certain circumstances. It also included a reverse termination fee representing 7.0% of the transaction consideration (or approximately $1.6 billion based on Party A's then proposed purchase price) in the event the transaction did not close due to the failure to obtain financing.

On March 9, 2021, the finance committee of the KCS board held a meeting for the purpose of further analyzing and discussing the possible benefits and risks associated with accepting merger consideration that included an acquirer's common stock. At the meeting, representatives of Morgan Stanley and BofA Securities reviewed the mechanics of the one-way exchange ratio collar proposed in the draft merger agreement provided to CPRL and a range of other mechanisms that could be used to protect against a potential decline in an acquirer's stock price, together with a summary of the frequency with which such mechanisms had been employed or not employed in recent M&A transactions.

On March 10, 2021, KCS and CPRL executed a clean team agreement to facilitate the sharing of certain sensitive diligence materials. Also on March 10, 2021, representatives of the CPRL management team held a reverse due diligence call with representatives of KCS.

On March 11, 2021, Wachtell Lipton sent to Sullivan & Cromwell LLP, CPRL's outside counsel ("Sullivan & Cromwell"), an initial draft of the KCS disclosure schedules to the merger agreement.

On March 15, 2021, Party A and CPRL submitted revised acquisition proposals, including markups of the forms of merger agreement previously provided by KCS. Party A's proposal contemplated an all-cash purchase price of $250.00 per share, which it noted was its "final proposal." The proposal indicated that Party A's lenders had received full credit committee approvals to increase the overall debt financing to $10.3 billion and that all but one of Party A's equity partners had received the required internal approvals to fund the transaction (Party A informed KCS subsequently that this final approval had been obtained). CPRL's proposal contemplated merger consideration of 0.489 of a CPRL common share (equivalent to 2.445 CPRL common shares after giving effect to the share split), without any provision for a collar, and $86.00 in cash per share of KCS common stock (equal to approximately $268.00 per share of KCS common stock based on the market price of CPRL common shares at the time). CPRL's proposal also contemplated, among other things, an increased $800.0 million reverse termination fee and the elimination of the right of the KCS board to terminate the merger agreement in order to accept a superior proposal in certain circumstances.

On March 16, 2021, the KCS board met, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors, to review the proposals received from Party A and CPRL. Representatives of Morgan Stanley and BofA Securities reviewed the history of KCS's discussions with Party A and with CPRL, including the financial terms of the proposals that each party had submitted since August 2020. Representatives of Wachtell Lipton also provided an overview of the merger agreement markups delivered by Party A and CPRL. The KCS board entered into a discussion with members of management and representatives of the Company's financial advisors regarding Party A's proposed financing structure and its potential capacity to further increase its purchase price. It was the view of the KCS board based on this discussion, as well as Party A's statement that it had made its "final proposal", that Party A would have minimal room to further increase its offer. The KCS board considered these facts and perspectives, as well as the facts and perspectives previously discussed and reviewed at prior meetings, and determined to focus its efforts on negotiating a transaction with CPRL, subject to CPRL agreeing to specific improvements to the terms of its proposal. To that end, the KCS board directed Mr. Ottensmeyer to communicate to Mr. Creel that the KCS board would be willing to proceed with a transaction if CPRL were to improve its proposal by, among other things, increasing its contemplated exchange ratio from 0.489 to 0.5 of a CPRL common share, increasing the amount of the reverse termination fee from $800.0 million to $1.3 billion, and accepting the KCS board's right to terminate the merger agreement in order to accept a superior proposal in certain circumstances. A member of management and representatives of KCS's outside compensation advisor also reviewed the terms of a proposed retention

program and severance arrangements proposed to be submitted for approval by the KCS board were it to approve a transaction with CPRL. The KCS board discussed the terms of and reasons for the proposed retention program and severance arrangements.

Later that day, Mr. Ottensmeyer called Mr. Creel to communicate the KCS board's requests. Mr. Creel said that he would need to consult with members of the CPRL board. Mr. Creel subsequently responded by stating that CPRL was prepared to offer an increased merger consideration of $90 in cash and 0.489 of a CPRL common share (equivalent to 2.445 shares after giving effect to the share split) for each share of KCS common stock (equal to approximately $272 per share of KCS common stock based on the market price of CPRL common shares at the time), to increase the reverse termination fee to $1 billion, and to agree to the right of the KCS board to terminate the merger agreement to accept a superior proposal from a third party in certain circumstances. The following day, CPRL submitted a revised written proposal reflecting these terms. Mr. Ottensmeyer informed the KCS board of the terms of CPRL's proposal, and at the direction of the KCS board and management, representatives of Wachtell Lipton proceeded to negotiate final terms of the transaction documents with representatives of Sullivan & Cromwell, with the goal of announcing a signed merger agreement no later than the morning of March 21, 2021. From March 17 through March 20, 2021, representatives of Wachtell Lipton and Sullivan & Cromwell exchanged further revised drafts of the merger agreement and participated in calls to resolve the remaining open issues.

On March 20, 2021, the KCS board held a meeting, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors. A representative of Wachtell Lipton again discussed with the board its fiduciary duties under Delaware law. Thereafter, representatives of each of the financial advisors presented to the KCS board their respective financial analyses and each financial advisor rendered to the KCS board its oral opinion, which was subsequently confirmed in writing on the same date, to the effect that, as of such date and based upon and subject to the matters considered, the procedures followed, the assumptions made and various limitations of and qualifications to the review undertaken, as set forth in each financial advisor's respective written opinion, the consideration to be received in the transaction by holders of KCS common stock (other than certain excluded shares as described in the merger agreement) was fair, from a financial point of view, to such holders. The Wachtell Lipton representative then summarized the terms of the merger agreement compared to the terms previously reviewed. After further discussion and deliberation, the KCS board unanimously approved the merger agreement and resolved to recommend that the stockholders of KCS adopt the merger agreement. The KCS board also approved the proposed retention and severance arrangements previously discussed.

Following the completion of the KCS board meeting, representatives of Wachtell Lipton and Sullivan & Cromwell finalized the merger agreement, and in the early morning of March 21, 2021, KCS and CPRL executed the prior CP merger agreement. KCS and CPRL issued a joint press release announcing the transaction in the morning of March 21, 2021.

On March 22, 2021, representatives of CPRL submitted a letter to STB Staff requesting an informal opinion that CPRL's proposed voting trust agreement comported with the standards set forth in 49 C.F.R. § 1013.3(a).

On April 20, 2021, KCS received an unsolicited written proposal from CN (the "CN proposal") to acquire KCS for 1.059 common shares of CN and $200.00 in cash per share of KCS common stock (valued at $325.00 per share of KCS common stock based on the market price of CN common shares at the time). The proposal contemplated that CN and KCS would enter into a merger agreement with substantially similar terms to those of the prior CP merger agreement, including the use of a voting trust arrangement and a commitment to obtain regulatory approvals on the same terms as in the prior CP merger agreement.

The KCS board met on April 20, 2021, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors, for a preliminary review of the CN proposal. Representatives of Morgan Stanley and BofA Securities reviewed and discussed their preliminary perspectives

on the financial terms of the CN proposal in comparison to the financial terms of the prior CP merger agreement. The KCS board also reviewed potential synergy estimates for a combination with CN relative to the synergies estimated for the transaction with CPRL.

On April 23, 2021, the STB announced a decision that the waiver provision under 49 C.F.R. § 1180.0(b) applied to the proposed transaction between CPRL and KCS and stated that the agency's review of the transaction would be governed by the regulations set forth at 49 C.F.R. part 1180 (2000).

On April 24, 2021, the KCS board held a meeting, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors. Representatives of Morgan Stanley and BofA Securities again shared their perspectives on the financial terms of the CN proposal in comparison to the financial terms of the prior CP merger agreement. The KCS board reviewed the potential synergies for a combination with each of CPRL and CN and discussed with the advisors the likely capacity of each party to further increase its purchase price and other enhancements that could be requested of CPRL and CN with respect to the terms of a transaction. The KCS board also discussed the regulatory considerations and issues relating to a combination with CN relative to CPRL, including an assessment of the process for approval of the proposed voting trust and for obtaining final regulatory approval for the potential combination. After consideration of these facts and perspectives, as well as the facts and perspectives previously discussed and reviewed at the KCS board's April 20th meeting, the KCS board determined that the CN proposal could reasonably be expected to lead to a "Company Superior Proposal", as defined in the prior CP merger agreement (which we refer to as a "company superior proposal"). Accordingly, the KCS board determined that KCS should provide information to CN, and engage in discussions and negotiations with CN, with respect to the CN proposal. KCS management subsequently notified representatives of CN and CPRL of the KCS board's determination, after which KCS issued a press release announcing its decision and intent to engage in discussions with CN. On the evening of April 24, 2021, representatives of Cravath, Swaine & Moore LLP (which we refer to as "Cravath"), CN's outside counsel, sent to Wachtell Lipton proposed forms of a merger agreement and a voting trust agreement reflecting the terms described in the CN proposal.

On April 26, 2021, representatives of CN submitted an application to the STB requesting approval of CN's proposed voting trust agreement, pursuant to 49 C.F.R. § 1180.4(b)(4)(iv) (and not under the waiver provision under 49 C.F.R. § 1180.0(b)). Also on April 26, 2021, KCS entered into a confidentiality agreement and clean team agreement with CN in substantially the same forms as the confidentiality agreements entered into with CPRL and Party A, other than the absence of standstill provisions and other immaterial changes. Through the subsequent weeks, KCS provided CN with access to a virtual data room and various business and legal due diligence materials, including a copy of the KCS long-range plan. Representatives of CN participated in management presentations and diligence sessions hosted by KCS. In addition, CN provided KCS with access to a virtual data room and various reverse diligence materials.

On May 6, 2021, the STB announced a decision finding that the voting trust agreement proposed by CPRL was acceptable, subject to certain modifications.

On May 8, 2021, the KCS board convened a meeting with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors to discuss KCS's ongoing engagement with CN and potential next steps. Members of management and representatives of Wachtell Lipton reviewed the terms of CN's draft merger agreement and presented a proposed list of enhancements to request from CN with respect to the CN proposal, including (1) increasing the exchange ratio from 1.059 shares so that the transaction could qualify as a "reorganization" within the meaning of Section 368(a) of the Code, (2) increasing the reverse termination fee payable to KCS in the event the merger agreement was terminated due to the inability of the parties to complete the voting trust transaction as a result of STB regulatory issues from $1.0 billion to $2.0 billion, (3) requiring CN to reimburse KCS upon payment of the $700.0 million termination fee by KCS to CPRL in the event KCS terminated the prior CP merger agreement to enter into a merger agreement with CN and (4) enhancing the flexibility of KCS to undertake certain actions following the execution of a merger agreement with CN without CN's prior written consent, including with respect to the terms of KCS's retention program and

severance arrangements. The KCS board also reviewed a proposed timeline for soliciting a revised proposal from CN. The KCS board then directed management, together with KCS's legal advisors, to seek the enhancements to the CN proposal discussed with the KCS board and to request that CN submit a revised binding proposal so that the KCS board could be in a position to make a determination as to whether such revised proposal constituted a company superior proposal at a meeting scheduled for May 13, 2021. The KCS board also directed management to notify CPRL of the KCS board's intention to make a determination with respect to the CN proposal at its next meeting and to suggest that CPRL submit any revisions with respect to the prior CP merger agreement before such time.

Following the meeting, Mr. Ottensmeyer communicated the KCS board's requests to Mr. Ruest and to Mr. Creel. Representatives of Wachtell Lipton also reached out to Cravath to review the requested enhancements with respect to the CN proposal.

On May 11, 2021, representatives of Cravath contacted Wachtell Lipton to convey CN's responses to KCS's requested enhancements. The representatives of Cravath expressed that CN was prepared to accept several of KCS's requests for enhanced flexibility during the pendency of the transaction, including with respect to the terms of KCS's retention program and severance arrangements. The representatives of Cravath also expressed that CN was prepared to accept KCS's proposal that CN (or an affiliate of CN) reimburse KCS for the $700.0 million termination fee that would be payable by KCS to CPRL in connection with the termination of the prior CP merger agreement, subject to KCS refunding such reimbursement in the event (i) KCS terminated the merger agreement with CN in order to accept a superior proposal, (ii) CN terminated the merger agreement upon a change of recommendation by the KCS board, (iii) CN terminated the merger agreement on the basis of a breach by KCS of its representations, warranties or covenants in a manner that would entitle CN not to consummate the merger or (iv) CN terminated the merger agreement on the basis of the occurrence of a material adverse effect on the business and operations of KCS. The Cravath representatives indicated that CN was unwilling to increase the exchange ratio or the reverse termination fee.

On May 12, 2021, Mr. Ottensmeyer called Mr. Ruest to request that CN increase its exchange ratio so as to restore the $325.00 per share valuation of the CN proposal based on the current market price of CN common shares. Mr. Ottensmeyer further requested that CN consider increasing the amount of the reverse termination fee payable to KCS in the event the merger agreement was terminated due to the inability of the parties to complete the voting trust transaction as a result of STB regulatory issues. Mr. Ottensmeyer also spoke with Mr. Creel and encouraged CPRL to submit any proposed revisions to the prior CP merger agreement before the KCS board's next meeting.

On the morning of May 13, 2021, representatives of Cravath sent to representatives of Wachtell Lipton a proposed form of offer letter and revised drafts of the merger agreement and other transaction documents. CN's revised proposal contemplated an increase in the exchange ratio to 1.129 shares of CN common shares while maintaining the $200.00 per share cash component of the proposed consideration (restoring the $325.00 per share valuation of the CN proposal based on the closing price of CN common shares on May 12, 2021), an obligation by an affiliate of CN to reimburse KCS for the $700.0 million termination fee payable to CPRL (subject to KCS refunding such reimbursement in the event (i) KCS terminated the merger agreement with CN in order to accept a superior proposal, (ii) CN terminated the merger agreement upon a change of recommendation by the KCS board or (iii) CN terminated the merger agreement on the basis of a breach by KCS of its representations, warranties or covenants in a manner that would entitle CN not to consummate the merger), and enhanced flexibility on the part of KCS to undertake certain actions without CN's prior written consent during the pendency of the transaction, including with respect to the terms of KCS's retention program and severance arrangements. Through the morning and early afternoon, representatives of Wachtell Lipton and Cravath discussed various minor revisions to the transaction documents. Representatives of Cravath then submitted a binding offer letter on behalf of CN, together with proposed final and binding forms of merger agreement and schedules (collectively, the "revised CN proposal"). The offer letter indicated that the revised CN proposal could be accepted by KCS at any time prior to 5:00 pm Eastern Time on May 21, 2021.

On the afternoon of May 13, 2021, the KCS board met, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors, to discuss the revised CN proposal. The KCS board reviewed the terms of the revised CN proposal relative to the terms of the prior CP merger agreement and discussed various regulatory considerations relating to a combination with CN and with CPRL, including the STB's decision to apply the waiver provision under 49 C.F.R. § 1180.0(b) to the potential CPRL transaction and CPRL's receipt of STB voting trust approval. The KCS board discussed potential next steps and the requirements of the prior CP merger agreement with respect to any further engagement with CN. Among other things, the KCS board considered the fact that, in the event the KCS board determined that the revised CN proposal constituted a company superior proposal, KCS would be required to provide CPRL the opportunity for at least five business days to attempt to match the terms of the revised CN proposal prior to terminating the prior CP merger agreement and entering into a definitive agreement with CN. Representatives of Morgan Stanley and BofA Securities also provided to the KCS board their respective financial analyses. The representatives stated that they had each reviewed the terms of the revised CN proposal with their respective fairness committees and that, absent any material developments following the conclusion of the meeting, the financial advisors stood ready to deliver customary fairness opinions with respect to the revised CN proposal at such time as the KCS board were to consider terminating the prior CP merger agreement and entering into a merger agreement in relation to the revised CN proposal. The KCS board determined that the revised CN proposal constituted a company superior proposal and directed management to notify CPRL of the KCS board's intention to terminate the prior CP merger agreement and to enter into a definitive agreement with respect to the revised CN proposal unless, at the end of the five business day period following the notice, the KCS board determined that the revised CN proposal no longer constituted a company superior proposal. Members of KCS management communicated the KCS board's determination to representatives of CN and CPRL after the end of the meeting, and later on the evening of May 13, 2021, KCS issued a press release announcing the KCS board's determination.

On May 17, 2021, the STB announced a decision finding that application of the waiver provision under 49 C.F.R. § 1180.0(b) to a potential transaction between CN and KCS was not warranted and stated that the agency's review of the transaction would be governed by the regulations set forth at 49 C.F.R. part 1180, as adopted in Major Rail Consolidation Procedures, 5 S.T.B. 539 (2001). The STB also denied CN's motion to approve its proposed voting trust agreement as incomplete, without prejudice to filing a new motion.

On the morning of May 20, 2021, Mr. Creel contacted Mr. Ottensmeyer to notify him that CPRL did not intend to propose revisions to the prior CP merger agreement, explaining that, in CPRL's view, it would be destructive to CPRL's and KCS's mutual interests to engage in a bidding war with CN. Shortly thereafter, Mr. Creel publicly announced CPRL's intention not to increase its offer. Later that afternoon, the KCS board convened a meeting to discuss next steps with respect to the revised CN proposal. The KCS board reviewed again with KCS's financial and legal advisors the financial terms of the revised CN proposal in comparison to the financial terms of the prior CP merger agreement. The KCS board also discussed the regulatory considerations associated with pursuing a transaction with CN and CPRL, including the STB's determinations with respect to CN's and CPRL's proposed voting trust agreements, and considered the possibility of seeking additional enhancements to CN's proposal. The KCS board then directed management to reach out to CN to request a further increase in the exchange ratio so as to restore the $325.00 per share valuation of the CN proposal based on the current market price of CN common shares and a revised "escalating" reverse termination fee that would increase by $100.0 million per month in the event CN were unable to obtain STB voting trust approval within three months of the execution of a merger agreement with KCS.

Following the meeting, Mr. Ottensmeyer contacted Mr. Ruest to convey the requests from the KCS board. Later that evening, Mr. Ruest reached out to Mr. Ottensmeyer to indicate that CN was not willing to make any further changes to the revised CN proposal.

On the morning of May 21, 2021, the KCS board met again. Mr. Ottensmeyer updated the KCS board as to his conversations with Mr. Ruest, after which a discussion followed among the directors as to potential next steps. A representative of Wachtell Lipton discussed with the board its fiduciary duties under Delaware law. Thereafter,

representatives of each of the financial advisors presented to the KCS board their respective financial analyses and each financial advisor rendered to the KCS board its oral opinion, which was subsequently confirmed in writing on the same date, to the effect that, as of such date and based upon and subject to the matters considered, the procedures followed, the assumptions made and various limitations of and qualifications to the review undertaken, as set forth in each financial advisor's respective written opinion, the consideration to be received in the transaction with CN by holders of KCS common stock (other than certain excluded shares as described in the merger agreement) was fair, from a financial point of view, to such holders. After further discussion and deliberation, the KCS board unanimously determined that the revised CN proposal continued to constitute a company superior proposal and approved the termination of the prior CP merger agreement, KCS's payment of the $700.0 million CP termination payment to CPRL pursuant to the terms of the prior CP merger agreement and KCS's entry into the merger agreement with CN. The KCS board also approved the updated retention and severance arrangements set forth in the revised CN proposal.

Following the completion of the KCS board meeting, KCS management notified CPRL of the KCS board's determination, after which KCS terminated the prior CP merger agreement and paid the $700.0 million CP termination payment to CPRL. Shortly thereafter, KCS delivered an executed signature page to the CN agreement, which had already been executed by CN, and KCS and CN issued a joint press release announcing the transaction. Following execution of the CN agreement, an affiliate of CN reimbursed KCS for the $700.0 million CP termination payment paid to CPRL.

On May 26, 2021, representatives of KCS and CN jointly filed with the STB a renewed motion for approval of CN's proposed voting trust agreement. The motion included, among other things, a commitment by CN to divest KCS's 70-mile line between New Orleans and Baton Rouge following the consummation of a transaction and STB final approval.

On June 8, 2021, the STB issued a timetable for reviewing CN's proposed voting trust agreement. The STB directed KCS and CN to file certain additional materials relating to the financial condition of CN with the STB by June 14, 2021 and requested public comments on CN's proposed voting trust on June 28, 2021 and KCS's and CN's replies on July 6, 2021.

On June 22, 2021, CN filed with the SEC a preliminary Form F-4 registration statement with respect to the CN common shares issuable in the proposed merger with KCS. The registration statement included a preliminary proxy statement of KCS relating to the KCS stockholder meeting proposed to be convened to vote on the CN merger (the "KCS-CN merger approval stockholder meeting") .

On July 2, 2021, KCS fixed and announced August 19, 2021 as the date for the KCS-CN merger approval stockholder meeting.

On July 7, 2021, CN filed with the SEC a final prospectus with respect to the CN common shares issuable in the proposed merger with KCS and KCS filed a definitive proxy statement with respect to KCS-CN merger approval stockholder meeting.

On July 29, 2021, CPRL filed with the SEC a preliminary proxy statement in connection with the solicitation of votes against the CN merger at the KCS-CN merger approval stockholder meeting. On August 9, 2021, CPRL filed with the SEC a definitive proxy statement in connection with the solicitation of votes against the CN merger at the KCS-CN merger approval stockholder meeting.

On the morning of August 10, 2021, KCS received an unsolicited written proposal from CPRL (the "revised CPRL proposal") to acquire KCS for 2.884 CPRL common shares and $90.00 in cash per share of KCS common stock (valued at $300.00 per share of KCS common stock based on the market price of CPRL common shares at the time). The revised CPRL proposal contemplated that CPRL and KCS would enter into a merger agreement with substantially similar terms to those of the CN agreement and included proposed forms of a merger agreement and a voting trust agreement. The revised CPRL proposal indicated that, in connection with KCS's termination of the CN agreement, CPRL would remit $1.4 billion to KCS to reimburse KCS for the payment of

the $700.0 million termination payment that would be due to CN and the $700.0 million refund that would be due to an affiliate of CN with respect to the CN affiliate's reimbursement of the CP termination payment previously paid by KCS to CPRL. The revised CPRL proposal contemplated that KCS would be required to refund the full amount of the reimbursement in connection with the termination of a merger agreement under specified circumstances. In the afternoon of August 10, 2021, the STB announced that it expected to issue a decision on CN's proposed voting trust no later than August 31, 2021. The KCS board convened a meeting on the same day, together with members of senior management and representatives of KCS's legal advisors for a preliminary review of the revised CPRL proposal and to discuss the STB's announcement and potential next steps. The KCS board instructed Mr. Ottensmeyer to reach out to Mr. Ruest to inquire as to whether CN would be willing to increase its purchase price or otherwise improve the terms of its proposed merger in light of the receipt of the revised CPRL proposal and the STB's recent announcement.

On August 11, 2021, Mr. Ottensmeyer contacted Mr. Ruest to communicate the KCS board's inquiry. Later that day, Mr. Ruest indicated that CN was not prepared to increase its proposed purchase price or otherwise modify the terms of the proposed transaction, but that CN would support a decision by the KCS board (if the KCS board so decided) to adjourn the KCS-CN merger approval stockholder meeting to take place after the STB's announcement of a final ruling on the CN voting trust.

On August 12, 2021, the KCS board held a meeting, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors. Representatives of Morgan Stanley and BofA Securities shared their perspectives on the financial terms of the revised CPRL proposal in comparison to the financial terms of the CN agreement. The KCS board reviewed the potential synergies for a combination with each of CN and CPRL and discussed with management and the advisors the potential capacity of each party to further enhance the terms of a transaction, including the feedback Mr. Ottensmeyer had received from Mr. Ruest regarding CN's unwillingness to improve the terms of its proposal. The KCS board also discussed the feedback received from investors and the potential paths available to KCS and reviewed again the regulatory considerations and issues relating to a combination with CPRL relative to CN. The KCS board then determined that the revised CPRL proposal did not constitute, and could not reasonably be expected to lead to, a "Company Superior Proposal", as defined in the CN agreement (which, for purposes of the remainder of this section of this proxy statement/prospectus, we refer to as a "company superior proposal"). The KCS board also determined to adjourn the KCS-CN merger approval stockholder meeting in the event the STB did not release a public decision on the CN voting trust by August 17, 2021, at 6:00 p.m., Central Time. Shortly thereafter, KCS issued a press release announcing its decision. Because the STB had not yet released its decision on the CN voting trust, on August 19, 2021, KCS convened and adjourned the KCS-CN merger approval stockholder meeting until September 3, 2021.

On August 31, 2021, the STB announced a unanimous decision rejecting the use of a voting trust agreement in connection with the proposed transaction between KCS and CN. Later that day, Mr. Creel called Mr. Ottensmeyer to renew and reaffirm the terms of the revised CPRL proposal, which Mr. Creel conveyed in writing to Mr. Ottensmeyer shortly after the conclusion of their call, together with proposed forms of a merger agreement and a voting trust agreement. The letter indicated that the revised CPRL proposal would expire at 11:59 p.m., Eastern Time, on September 12, 2021, if KCS did not deliver evidence to CPRL by that time that KCS had delivered to CN notice of its intention to terminate the CN agreement and enter into a merger agreement with CPRL. At 8:00 p.m., Eastern Time, the KCS board convened a meeting, with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors, to discuss the developments of the day. After deliberation, in light of these developments, the KCS board determined to further adjourn the KCS-CN merger approval stockholder meeting.

On September 3, 2021, KCS convened and adjourned the KCS-CN merger approval stockholder meeting until September 24, 2021.

On the morning of September 4, 2021, the KCS board held a meeting, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors, to discuss the

revised CPRL proposal and potential next steps. Representatives of Morgan Stanley and BofA Securities again provided their perspectives on the financial terms of the revised CPRL proposal in comparison to the financial terms of the CN agreement. The KCS board reviewed an illustrative expected value comparison with respect to the CN and CPRL offers weighted, respectively, by a range of probabilities of consummating a voting trust transaction in connection with each offer. Mr. Ottensmeyer also informed the KCS board that Mr. Ruest had indicated that CN would be willing to join KCS in an appeal of the STB ruling denying approval of the CN voting trust, and would be willing to explore the possibility of pursuing a combination of KCS and CN without a voting trust, but that CN would not be willing to increase the merger consideration or the reverse termination fee that would be payable to KCS if regulatory approval were not obtained.

The KCS board then discussed a proposed list of potential enhancements to request from CN and CPRL. These included, with respect to CN, requests to appeal the STB decision and increase the proposed purchase price and reverse termination fee due to KCS (notwithstanding Mr. Ruest's statements to Mr. Ottensmeyer), and with respect to CPRL, requests to increase the proposed purchase price, reduce the amount of the reimbursement that would be refundable by KCS under certain circumstances from $1.4 billion to $700.0 million, permit KCS to pay a one-time special dividend to KCS stockholders prior to closing, revise the contemplated transaction structure so that the transaction could qualify as a "reorganization" within the meaning of Section 368(a) of the Code (as was contemplated in the prior CP merger agreement) and enhance the flexibility of KCS to undertake certain actions following the execution of a merger agreement with CPRL without CPRL's prior written consent (such as with respect to the terms of KCS's retention program and severance arrangements). The KCS board also reviewed a proposed timeline for soliciting revised proposals from CN and CPRL. After consideration of these perspectives, together with analysis of the STB's ruling on the CN voting trust and the other events of the week, the KCS board determined that the revised CPRL proposal could reasonably be expected to lead to a company superior proposal. Accordingly, the KCS board determined that KCS should provide information to CPRL, and engage in discussions and negotiations with CPRL, with respect to the revised CPRL proposal. The KCS board then directed management, together with KCS's legal advisors, to seek from CN and CPRL the enhancements discussed with the KCS board. KCS management subsequently notified representatives of CN and CPRL of the KCS board's determination, after which KCS issued a press release announcing its decision and intent to engage in discussions with CPRL.

Over the following week, KCS provided CPRL with renewed access to a virtual data room and various business and legal due diligence materials, including a copy of the KCS long-range plan, and responded to diligence requests and questions from CPRL. In addition, CPRL provided KCS with renewed access to a virtual data room and various reverse diligence materials, including a copy of CPRL's internal five-year financial forecast (the "CPRL five-year plan"). Additionally, during this time, members of KCS management and representatives of KCS's legal advisors discussed with their counterparts at CN and CPRL the proposed enhancements sought by the KCS board with respect to their respective proposals. On September 5, 2021, representatives of Wachtell Lipton sent to representatives of Sullivan & Cromwell a revised draft of the merger agreement reflecting these requested enhancements.

On September 6, 2021, Mr. Creel reached out to Mr. Ottensmeyer to express that CPRL was prepared to reduce the amount of the reimbursement that would be refundable by KCS under certain circumstances from $1.4 billion to $700.0 million, revise the contemplated transaction structure so that the transaction could qualify as a "reorganization" within the meaning of Section 368(a) of the Code and accept several of KCS's requests for enhanced flexibility during the pendency of the transaction, including with respect to the terms of KCS's retention program and severance arrangements. Mr. Creel indicated that CPRL was unwilling to accept KCS's other requests, including the request for any additional merger consideration and the ability to pay a one-time special dividend to KCS stockholders. On the next day, representatives of Sullivan & Cromwell sent to representatives of Wachtell Lipton revised drafts of the transaction documents reflecting the positions communicated by Mr. Creel. Representatives of Wachtell Lipton and Sullivan & Cromwell subsequently discussed various minor revisions to the transaction documents.

On September 9, 2021, Mr. Ruest reiterated CN's position that CN would be willing to pursue an appeal of the STB ruling and to explore the possibility of pursuing a combination of KCS and CN without a voting trust, but that CN would not be willing to increase its merger consideration or reverse termination fee.

On the night of September 11, 2021, representatives of Sullivan & Cromwell sent to representatives of Wachtell Lipton a binding offer letter, dated September 12, 2021, and final forms of merger agreement and other transaction documents (collectively, the "final CPRL proposal"). The binding offer letter indicated that the final CPRL proposal could be accepted at any time prior to 5:00 p.m. Eastern Time on September 20, 2021, assuming that the KCS board determined that the final CPRL proposal constituted a company superior proposal and KCS delivered to CN, no later than 11:59 p.m. Eastern Time on September 12, 2021, notice of KCS's intention to terminate the CN agreement and enter into a merger agreement with CPRL.

On the morning of September 12, 2021, the KCS board met, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors, to discuss the final CPRL proposal. The KCS board reviewed the terms of the final CPRL proposal relative to the terms of the CN agreement and discussed potential next steps and the requirements of the CN agreement with respect to any further engagement with CPRL, including the obligation of KCS to provide CN the opportunity for at least five business days to attempt to match the terms of the final CPRL proposal in the event the KCS board determined that the final CPRL proposal constituted a company superior proposal. Representatives of Morgan Stanley and BofA Securities also provided to the KCS board their respective financial analyses. The representatives stated that they had each reviewed the terms of the final CPRL proposal with their respective fairness committees and that, absent any material developments following the conclusion of the meeting, the financial advisors stood ready to deliver customary fairness opinions with respect to the final CPRL proposal at such time as the KCS board were to consider terminating the CN agreement and accept the final CPRL proposal.

Following these presentations and discussions, the KCS board determined that the final CPRL proposal constituted a company superior proposal and directed management to notify CN of the KCS board's intention to terminate the CN agreement and to enter into a definitive agreement with respect to the final CPRL proposal unless, at the end of the five business day period following the notice, the KCS board determined that the final CPRL proposal no longer constituted a company superior proposal. After the end of the meeting, members of KCS management communicated the KCS board's determination to representatives of CN and CPRL and KCS issued a press release announcing the KCS board's determination.

On September 13, 2021, members of KCS and CN management and representatives of their respective legal advisors began discussing the possibility of entering into a waiver letter agreement pursuant to which CN would agree to waive the five business day match period under the CN agreement. Representatives of CN reiterated the position that CN was unwilling to offer any additional merger consideration or increase the amount of the reverse termination fee contemplated by CN's proposed transaction with KCS. On September 14, 2021, representatives of CN communicated to KCS that CN was prepared to enter into the waiver letter agreement. Shortly thereafter, representatives of KCS notified CPRL of CN's intention to waive the five business day match period under the CN agreement and that, as such, the KCS board would convene a meeting the next morning to make a final determination as to whether or not to terminate the CN agreement and accept the final CPRL proposal.

On the morning of September 15, 2021, the KCS board held a meeting. A representative of Wachtell Lipton discussed with the board its fiduciary duties under Delaware law. Thereafter, representatives of each of the financial advisors presented to the KCS board their respective financial analyses and each financial advisor rendered to the KCS board its oral opinion, which was confirmed by delivery of its written opinion dated September 15, 2021, to the effect that, as of such date and based upon and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by such financial advisor, as set forth in such financial advisor's written opinion, the consideration to be received by holders of KCS common stock (other than certain excluded shares as described in the merger agreement) in the transaction with CPRL was fair, from a financial point of view, to such holders. The full text of the written opinion of each of Morgan Stanley and BofA Securities is attached to this proxy statement as Annexes B and C, respectively, and is incorporated by reference in this proxy statement in its entirety. See also the sections entitled

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

EXHIBIT 2 TO
VERIFIED STATEMENT OF CHRIS DE BRUYN

S&P GLOBAL RATINGS
"*CANADIAN PACIFIC RAILWAY LTD. SWEETENS ITS OFFER FOR KANSAS CITY SOUTHERN AMID UNCERTAINTY*"
(AUG. 10, 2021)

S&P Global
Ratings

RatingsDirect®

Bulletin:

Canadian Pacific Railway Ltd. Sweetens Its Offer For Kansas City Southern Amid Uncertainty

August 10, 2021

TORONTO (S&P Global Ratings) Aug. 10, 2021--S&P Global Ratings today said that Canadian freight railroad services provider Canadian Pacific Railway Ltd. (CP Rail; BBB+/Stable/--) announced a new offer to acquire Kansas City Southern (KCS; BBB/Stable/A-2). The sweetened offer is about US$2 billion above the company's initial proposal in March 2021 (representing a total enterprise value of KCS at about US$31 billion). The offer follows KCS' acceptance of Canadian National Railway Co.'s (CN Rail; A/Watch Neg/A-1) higher bid in May 2021, which remains subject to regulatory and shareholder approval.

Our ratings on CP Rail are unaffected by today's announcement, as the outcome of this proposal is speculative. Regulatory and shareholder approval of the CN Rail/KCS combination is pending; in our view, the approval of CN Rail's planned independent voting trust structure by the U.S. Surface Transportation Board is a critical requirement. In the event that KCS accepts CP Rail's current proposal (assuming KCS' deal with CN Rail is not consummated), we believe the incremental debt associated with the company's planned funding (about US$900 million above its previous offer) will not materially weaken CP Rail's credit measures relative to our previous forecasts.

For more details on our view of CP Rail, refer to our latest article "Credit FAQ: CP Rail's Merger With Kansas City Southern Is A Good Fit Pending Regulatory Approval," published March 30, 2021, on RatingsDirect.

This report does not constitute a rating action.

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BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL.* – CONTROL – KANSAS CITY SOUTHERN, *ET AL.*

EXHIBIT 3 TO
VERIFIED STATEMENT OF CHRIS DE BRUYN

S&P GLOBAL RATINGS
"*CP RAIL'S MERGER WITH KANSAS CITY SOUTHERN WOULD BE A GOOD FIT IF APPROVED*"
(MAR. 22, 2021)

S&P Global
Ratings

RatingsDirect®

Bulletin:

CP Rail's Merger With Kansas City Southern Would Be A Good Fit If Approved

March 22, 2021

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TORONTO (S&P Global Ratings) March 22, 2021--S&P Global Ratings today said that its rating and outlook on Canadian freight railroad services provider Canadian Pacific Railway Ltd. (CP; BBB+/Stable/--) are currently unaffected by the proposed acquisition of Kansas City Southern (KCS; BBB/Stable/A-2). CP has offered approximately US$29 billion (enterprise value) for KCS, which will include US$8.6 billion in incremental debt, and the remainder in cash on hand and CP common shares. The deal has unanimous support from the boards of both companies, and would combine the two smallest Class 1 railways in North America. CP targets the transaction to close in mid-2022, but this is dependent on regulatory approval that we believe could delay the process.

In our view, the proposed acquisition will materially increase CP's leverage in the short term and could pose a headwind to credit quality. However, we expect steady deleveraging over the next several years from earnings growth and free cash flow generation. In addition, the completion of the transaction should strengthen CP's business risk profile notably from the combined larger transcontinental network, increased customer breadth, and enhanced service capability that add efficiencies. The deal is contingent on regulatory approval, notably from the U.S. Surface Transportation Board (STB), which presents a key source of uncertainty.

We do not ascribe a probability to regulatory approval. The company attempted to merge with Norfolk Southern (unsolicited offer) in late-2015 but faced opposition to certain aspects of the transaction. The previous proposed Class 1 merger (Burlington Northern Santa Fe and Canadian National Railway Co. in 1999) was blocked with a 15-month merger moratorium, after which the STB developed more stringent conditions for approving such mergers. However, the networks of CP and KCS do not overlap; we believe the impact on public interest and competition, and the potential benefits for key constituents (such as shippers) will be key considerations for regulators. The company intends to close the acquisition before regulatory approval, with the acquired KCS shares held in an independent trust (and insulate KCS from control by CP until the STB authorizes control). In the event the STB does not approve the acquisition, we understand the company would be required to divest its KCS shares.

We estimate CP will generate steady growth in earnings and cash flow over the next few years, with discretionary cash flow applied toward meaningful debt reduction. Share repurchases have historically been a significant use of cash flow. The curtailment of the company's buyback program during the review process, in tandem with earnings growth should primarily facilitate material deleveraging. On a standalone basis, we estimate CP's adjusted debt-to-EBITDA (leverage) in the low-4x area at end-2021 (inclusive of excess cash flow from KCS), but for this ratio to improve to below 4x at end-2022. On a pro forma consolidated basis at end-2023, we

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estimate this ratio approaches 2.5x and funds-from-operations to debt of approximately 30%, before potential synergies (estimated by the company at US$780 million over three years).

We believe the combination of CP and KCS would present opportunities for growth from a single-line network across Canada though the U.S. Midwest to Mexico. We would expect meaningful efficiencies beyond cost cutting, supported by an improved competitive position linked to enhanced operating breadth. CP already maintains the lowest operating ratio in the industry, but KCS is close (low-60% area versus the high-50% range at CP) and has adopted the precision scheduled railroading model in place at CP.

This report does not constitute a rating action.

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BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

EXHIBIT 4 TO
VERIFIED STATEMENT OF CHRIS DE BRUYN

MOODY'S INVESTOR'S SERVICE
"*MOODY'S DOWNGRADES CP RAIL TO BAA2 STABLE ON KCS ACQUISITION*"
(MAR. 22, 2021)

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's downgrades CP Rail to Baa2 Stable on KCS acquisition

22 Mar 2021

Toronto, March 22, 2021 -- Moody's Investors Service, ("Moody's") downgraded Canadian Pacific Railway Company's ("CP") senior unsecured ratings to Baa2 from Baa1 following the announcement that its parent, Canadian Pacific Railway Limited, has agreed to acquire Kansas City Southern ("KCS") for approximately $29 billion, the funding of which includes raising approximately $8.6 billion in debt. CP's commercial paper rating has been affirmed at Prime-2 and its outlook remains stable.

Financing for the new debt has been committed. As part of the merger, CP will also assume KCS' outstanding debt of approximately $3.8 billion.

"The downgrade reflects the increase in adjusted leverage, which will exceed 3X through 2023" said Jamie Koutsoukis, Moody's analyst. "It also incorporates the regulatory and integration risks of the acquisition" she added.

The following rating actions were taken:

Affirmations:

..Issuer: Canadian Pacific Railway Company

....Senior Unsecured Commercial Paper, Affirmed P-2

Downgrades:

..Issuer: Canadian Pacific Railway Company

....Senior Unsecured Shelf, Downgraded to (P)Baa2 from (P)Baa1

....Senior Unsecured Regular Bond/Debenture, Downgraded to Baa2 from Baa1

Outlook Actions:

..Issuer: Canadian Pacific Railway Company

....Outlook, Remains Stable

RATINGS RATIONALE

CP's Baa2 credit rating benefits from 1) its well-positioned railway network, 2) a preponderance of stable commodity hauls, and 3) a track record of a very good operating margin. CP is constrained by 1) its small size versus its North American Class 1 peers, 2) uncertainties associated with regulatory approval for CP's recent announcement to acquire KCS (we expect shareholder approval will occur in mid-2021) which will result in adjusted leverage exceeding 4x in 2021, 3) its exposure to economic cyclicality, 4) adverse weather conditions and 5) increasing regulatory risks. Moody's believes the company has the ability and is committed to reducing its adjusted financial leverage towards the mid-point of its 2x to 2.5x public leverage target, however the time to achieve this will be protracted.

The acquisition of KCS will strengthen CP's rail network, creating a bigger continental network and expanding the reach of single hauls and service capabilities that can be provided to customers. In addition, its credit profile will benefit from a larger, more diversified business with a greater exposure to higher margin merchandise business, increased customer diversity and breadth and the potential for synergies from network and equipment efficiencies as well as greater revenue expansion. Offsetting these benefits however is the increase in adjusted leverage which will increase from 2.5x at year-end 2020 to 4.5x pro forma for the acquisition, and remain above 3x through 2023. There is also the economic risk to CP should they not be granted regulatory approval and be required to unwind its purchase of KCS at an unknown price.

CP has excellent liquidity. Excluding the announced acquisition, the company has CAD2.5 billion in expected sources of liquidity compared to about CAD770 million of uses over the next 12 months. Sources of liquidity include cash of CAD147 million and an undrawn US$1 billion credit facility (matures in September 2024) as of December 31, 2020. As well, we expect CP will generate about CAD1.1 billion of free cash flow in 2021. The company has C$320 million of debt due August 2021, and C$450 million due in January 2022. CP's revolving credit facility agreement has a maximum debt to EBITDA covenant and we expect they will maintain significant headroom under this covenant.

CP has secured US$8.6 billion of committed bridge financing for its announced acquisition of KCS.

The stable outlook reflects Moody's expectation CP existing rail network will continue to operate well, such that operating margins do not decrease below 37%. It also incorporates the expectation that the company will receive shareholder approval for the KCS acquisition in mid-2021 and will make steady progress in reducing its initial elevated leverage as a result of the acquisition towards 3x by 2023.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

A ratings upgrade would require clarity regarding regulatory approval for CP's acquisition of KCS. It would also require the company maintain adjusted debt/EBITDA below 2.75x and free cash flow/debt of more than 10%.

A ratings downgrade could occur if Moody's expects the company to sustain its adjusted debt/ EBITDA above 3.25x and free cash flow/debt of less than 5%.

The principal methodology used in these ratings was Surface Transportation and Logistics published in May 2019 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1113382 . Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

Canadian Pacific Railway Company, headquartered in Calgary, Alberta, Canada, provides rail freight transportation services over a 12,700 mile network. The railroad serves the principal business centers of Canada from Montreal to Vancouver as well as the U.S. Midwest and Northeast regions. Revenues in 2020 totaled CAD7.7 billion. KCS operates a Class I railroad in the central U.S., The Kansas City Southern Railway Company, and, through its wholly-owned subsidiary Kansas City Southern de Mexico, S.A. de C.V., owns a concession to operate Mexico's northeastern railroad. Revenues in 2020 totaled $2.6 billion.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

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BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF STEVEN BARONOFF

VERIFICATION OF BOFA SECURITIES, INC.

On behalf of BofA Securities, Inc. ("BofA Securities"), this is to verify that (a) the Fairness Opinion of BofA Securities, dated September 15, 2021 (the "BofA Securities Fairness Opinion"), to the effect that, as of such date and based upon and subject to the assumptions made, the procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken BofA Securities, as set forth therein, the consideration to be received by the holders of common stock of Kansas City Southern ("KCS") (other than certain excluded shares) in the transaction was fair, from a financial point of view, to such holders, set forth in the attached Appendix A, is a true and correct copy of the BofA Securities Fairness Opinion provided by BofA Securities to the Board of Directors of KCS in connection with the proposed sale of KCS to Canadian Pacific Railway Limited, pursuant to the Agreement and Plan of Merger, dated as of September 15, 2021 (the "Merger Agreement"), and (b) the attached Appendix B sets forth a summary of the BofA Securities Fairness Opinion and the material financial analyses presented by BofA Securities to the KCS board in connection therewith, which was included in KCS's preliminary proxy statement in connection with the transaction that was filed with the Securities and Exchange Commission (the "SEC") on October 1, 2021, and which will be included in the definitive proxy statement to be filed with the SEC.

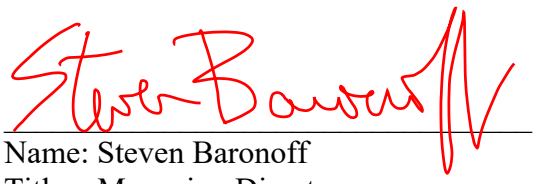
In providing this verification, BofA Securities does not intend that any person other than the Board of Directors of KCS be entitled to rely on the BofA Securities Fairness Opinion. The BofA Securities Fairness Opinion does not address any other terms or other aspects or implications of the transaction and no opinion or view was expressed as to the relative merits of the transaction in comparison to other strategies or transactions that might be available to KCS or in which KCS might engage or as to the underlying business decision of KCS to proceed with or effect the transaction. The BofA Securities Fairness Opinion and financial analyses were only

one of many factors considered by the Board of Directors of KCS in its evaluation of the transaction and should not be viewed as determinative of the views of the Board of Directors or management of KCS with respect to the transaction or the consideration to be received by the stockholders of KCS.

I, Steven Baronoff, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed on this 27th day of October, 2021.

BOFA SECURITIES, INC.

By: 

Name: Steven Baronoff
Title: Managing Director

APPENDIX A

BOFA SECURITIES FAIRNESS OPINION

BofA SECURITIES

BofA Securities, Inc.

GLOBAL CORPORATE &
INVESTMENT BANKING

September 15, 2021

The Board of Directors
Kansas City Southern
427 West 12th Street
Kansas City, Missouri

Members of the Board of Directors:

We understand that Kansas City Southern ("KCS") proposes to enter into an Agreement and Plan of Merger (the "Merger Agreement"), among KCS, Canadian Pacific Railway Limited ("CP"), Cygnus Merger Sub 1 Corporation, a wholly owned subsidiary of CP ("Surviving Merger Sub") and Cygnus Merger Sub 2 Corporation, a wholly owned subsidiary of Surviving Merger Sub ("First Merger Sub", and together with Surviving Merger Sub, "Merger Subs"), pursuant to which, among other things, First Merger Sub will merge with and into KCS (the "First Merger"), with KCS surviving the First Merger as a wholly owned subsidiary of Surviving Merger Sub, and immediately thereafter KCS will merge with and into Surviving Merger Sub (the "Second Merger", and together with the First Merger, the "Transaction"), with Surviving Merger Sub surviving the Second Merger as a wholly owned subsidiary of CP. Pursuant to the First Merger, each outstanding share of common stock, par value $0.01 per share, of KCS (the "KCS Common Stock"), other than shares held in treasury or held by CP, Merger Subs or KCS (in each case, other than shares held on behalf of third parties) or shares with respect to which the holders thereof have not voted in favor of the adoption of the Merger Agreement or consented thereto in writing and who have properly exercised appraisal rights with respect thereto in accordance with, and who have complied with, Section 262 of the Delaware General Corporation Law (collectively, "Excluded Shares"), will be converted into the right to receive (i) $90.00 in cash (the "Cash Consideration") and (ii) 2.884 shares (the "Stock Consideration" and, together with the Cash Consideration, the "Consideration") of the common stock, without par value, of CP (the "CP Common Stock") as set forth in the Merger Agreement. The terms and conditions of the Transaction are more fully set forth in the Merger Agreement.

You have requested our opinion as to the fairness, from a financial point of view, to the holders of KCS Common Stock (other than Excluded Shares) of the Consideration to be received by such holders in the Transaction.

In connection with this opinion, we have, among other things:

(1) reviewed certain publicly available business and financial information relating to KCS and CP;

(2) reviewed certain internal financial and operating information with respect to the business, operations and prospects of KCS furnished to or discussed with us by the management of KCS, including certain financial forecasts relating to KCS prepared by the management of KCS (such forecasts, the "KCS Forecasts");

(3) reviewed certain internal financial and operating information with respect to the business, operations and prospects of CP furnished to or discussed with us by the management of KCS, including certain financial forecasts relating to CP prepared by the management of KCS (such forecasts, the "CP Forecasts");

(4) reviewed certain estimates as to the amount and timing of cost savings and revenue enhancements (collectively, the "Synergies") anticipated by the managements of KCS and CP to result from the Transaction;

(5) discussed the past and current business, operations, financial condition and prospects of KCS with members of senior managements of KCS and CP, and discussed the past and current business, operations, financial condition and prospects of CP with members of senior managements of KCS and CP;

(6) reviewed the trading histories for KCS Common Stock and CP Common Stock and a comparison of such trading histories with the trading histories of other companies we deemed relevant;

(7) compared certain financial and stock market information of KCS and CP with similar information of other companies we deemed relevant;

(8) compared certain financial terms of the Transaction to financial terms, to the extent publicly available, of other transactions we deemed relevant;

(9) reviewed a draft dated September 10, 2021 of the Merger Agreement (the "Draft Agreement"), commitment letters from certain lenders, dated as of September 12, 2021 (collectively, the "Commitment Letters"), Decision No. 5 (Docket No. FD 36500) of the Surface Transportation Board (the "STB Voting Trust Approval") and the form of Voting Trust Agreement to be entered into among CP, Cygnus Holding Corporation, a wholly owned subsidiary of CP, and the Trustee (the "Voting Trust Agreement"), and certain related documents; and

(10) performed such other analyses and studies and considered such other information and factors as we deemed appropriate.

In arriving at our opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with us and have relied upon the assurances of the managements of KCS and CP that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the KCS Forecasts, we have been advised by KCS, and have assumed, that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of KCS as to the future financial performance of KCS. With respect to the CP Forecasts and Synergies, we have been advised by KCS, and have assumed, with the consent of KCS, that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of KCS as to the future financial performance of CP and other matters covered thereby. We have relied, at the direction of KCS,

on the assessments of the managements of KCS and CP, respectively, as to CP's ability to achieve the Synergies and have been advised by KCS and CP, and have assumed, with the consent of KCS, that the Synergies will be realized in the amounts and at the times projected. We have not made or been provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of KCS or CP, nor have we made any physical inspection of the properties or assets of KCS or CP. We have not evaluated the solvency or fair value of KCS or CP under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. We have assumed, at the direction of KCS, that the Transaction will be consummated in accordance with the terms set forth in the Merger Agreement, without waiver, modification or amendment of any material term, condition or other agreement contemplated therein or thereby and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the Transaction, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, will be imposed that would have an adverse effect on KCS, CP or the contemplated benefits of the Transaction. We have also assumed, at the direction of KCS, that (i) the Transaction will qualify for federal income tax purposes as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended, (ii) CP will obtain financing in accordance with the terms set forth in the Commitment Letters, (iii) the Surface Transportation Board will permit the Transaction to close into a Voting Trust in accordance with the terms of the STB Voting Trust Approval and the Voting Trust Agreement and (iv) the final executed Merger Agreement will not differ in any material respect from the Draft Agreement reviewed by us.

We express no view or opinion as to any terms or other aspects of the Transaction (other than the Consideration to the extent expressly specified herein), including, without limitation, the form or structure of the Transaction. Our opinion is limited to the fairness, from a financial point of view, of the Consideration to be received by the holders of shares of KCS Common Stock (other than Excluded Shares) in the Transaction and no opinion or view is expressed with respect to any consideration to be received by the holders of the preferred stock, par value $25 per share, of KCS or any other class of securities, creditors or other constituencies of any party. In addition, no opinion or view is expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the Transaction, or class of such persons, relative to the Consideration. Furthermore, no opinion or view is expressed as to the relative merits of the Transaction in comparison to other strategies or transactions that might be available to KCS or in which KCS might engage or as to the underlying business decision of KCS to proceed with or effect the Transaction. We are not expressing any opinion as to what the value of CP Common Stock actually will be when issued or the prices at which KCS Common Stock or CP Common Stock will trade at any time, including following announcement or consummation of the Transaction. In addition, we express no opinion or recommendation as to how any stockholder should vote or act in connection with the Transaction or any related matter.

We have acted as financial advisor to KCS in connection with the Transaction and will receive a fee for our services, a portion of which was paid to us upon delivery of our opinion in connection with the previously proposed acquisition of KCS by CP announced in March 2021, a portion of which was paid upon delivery of our opinion in connection with the alternate proposed transaction involving Canadian National Railway Company announced in May 2021, a portion of which is payable upon the rendering of this opinion and a significant portion of which is contingent upon consummation of the Transaction. In addition, KCS has agreed to reimburse our expenses and indemnify us against certain liabilities arising out of our engagement.

We and our affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of our businesses, we and our affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of KCS, CP and certain of their respective affiliates.

We and our affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to KCS and have received, or in the future may receive, compensation for the rendering of these services, including (i) having acted as a joint bookrunner on certain debt capital markets transactions for KCS, (ii) having acted as a dealer-manager on an accelerated share repurchase transaction for KCS and (iii) having acted or acting as administrative agent, co-lead arranger and joint bookrunner for, and as a lender (including a letter of credit lender) under, KCS's $600 million senior unsecured revolving credit facility due March 8, 2024.

In addition, we and our affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to CP and have received or in the future may receive compensation for the rendering of these services, including (i) having acted as a bookrunning manager and/or co-manager on certain debt capital markets transactions for CP, (ii) having acted or acting as a lender under CP's $1.3 billion revolving credit facility, which consists of a $1.0 billion tranche due September 27, 2024 and a $300 million tranche due September 27, 2021, and (iii) having provided or providing certain treasury services and products to CP.

It is understood that this letter is for the benefit and use of the Board of Directors of KCS (in its capacity as such) in connection with and for purposes of its evaluation of the Transaction.

Our opinion is necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to us as of, the date hereof. As you are aware, the credit, financial and stock markets have been experiencing unusual volatility and we express no opinion or view as to any potential effects of such volatility on KCS, CP or the Transaction. It should be understood that subsequent developments may affect this opinion, and we do not have any obligation to update, revise, or reaffirm this opinion. The issuance of this opinion was approved by a fairness opinion review committee of BofA Securities, Inc.

Based upon and subject to the foregoing, including the various assumptions and limitations set forth herein, we are of the opinion on the date hereof that the Consideration to be received in the Transaction by the holders of KCS Common Stock (other than Excluded Shares) is fair, from a financial point of view, to such holders.

Very truly yours,



BOFA SECURITIES, INC.

APPENDIX B

SUMMARY OF BOFA SECURITIES FAIRNESS OPINION

Opinion of BofA Securities

KCS retained BofA Securities to act as its financial advisor in connection with the transaction. BofA Securities is an internationally recognized investment banking firm which is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. KCS selected BofA Securities to act as KCS's financial advisor in connection with the transaction on the basis of BofA Securities' experience in transactions similar to the transaction, its reputation in the investment community and its familiarity with KCS and its business.

On September 15, 2021, at a meeting of the KCS board held to evaluate the transaction, BofA Securities delivered to the KCS board an oral opinion, which was confirmed by delivery of a written opinion dated September 15, 2021, to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in BofA Securities' written opinion, the merger consideration to be received in the transaction by holders of KCS common stock (other than "excluded shares") was fair, from a financial point of view, to such holders.

The full text of BofA Securities' written opinion to the KCS board, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex C to this proxy statement/prospectus and is incorporated by reference herein in its entirety. The following summary of BofA Securities' opinion is qualified in its entirety by reference to the full text of BofA Securities' written opinion. BofA Securities delivered its opinion to the KCS board for the benefit and use of the KCS board (in its capacity as such) in connection with and for purposes of its evaluation of the mergers. BofA Securities' opinion does not address any other terms or other aspects or implications of the transaction and no opinion or view was expressed as to the relative merits of the transaction in comparison to other strategies or transactions that might be available to KCS or in which KCS might engage or as to the underlying business decision of KCS to proceed with or effect the transaction. BofA Securities' opinion does not address any other aspect of the transaction and does not express any opinion or recommendation as to how any stockholder should vote or act in connection with the transaction or any related matter.

In connection with rendering its opinion, BofA Securities, among other things:

(1) reviewed certain publicly available business and financial information relating to KCS and CPRL;

(2) reviewed certain internal financial and operating information with respect to the business, operations and prospects of KCS furnished to or discussed with BofA Securities by the management of KCS, including the KCS management unaudited KCS projections (as defined and described in the below section entitled "*KCS Unaudited Prospective Financial Information*") relating to KCS prepared by the management of KCS;

(3) reviewed certain internal financial and operating information with respect to the business, operations and prospects of CPRL furnished to or discussed with BofA Securities by the management of KCS, including the KCS management unaudited CPRL projections (as defined and described in the below section entitled "KCS Unaudited Prospective Financial Information,") relating to CPRL prepared by the management of KCS;

(4) reviewed the KCS management assumed synergies (as defined and described in the below section entitled "*KCS Unaudited Prospective Financial Information*") anticipated by the managements of KCS and CPRL to result from the transaction;

(5) discussed the past and current business, operations, financial condition and prospects of KCS with members of senior managements of KCS and CPRL, and discussed the past and current business, operations, financial condition and prospects of CPRL with members of senior managements of KCS and CPRL;

(6) reviewed the trading histories for KCS common stock and CPRL common shares and a comparison of such trading histories with the trading histories of other companies BofA Securities deemed relevant;

(7) compared certain financial and stock market information of KCS and CPRL with similar information of other companies BofA Securities deemed relevant;

(8) compared certain financial terms of the transaction to financial terms, to the extent publicly available, of other transactions BofA Securities deemed relevant;

(9) reviewed the draft agreement, the debt commitment letters, the STB May 6 decision, the form of the voting trust agreement, and certain related documents; and

(10) performed such other analyses and studies and considered such other information and factors as BofA Securities deemed appropriate.

In arriving at its opinion, BofA Securities assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with BofA Securities and has relied upon the assurances of the managements of KCS and CPRL that they were not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the KCS management unaudited KCS projections, BofA Securities was advised by KCS, and assumed, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of KCS as to the future financial performance of KCS. With respect to the KCS management unaudited CPRL projections and the KCS management assumed synergies, in each case, BofA Securities was advised by KCS, and assumed, with the consent of KCS, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of KCS as to the future financial performance of CPRL and other matters covered thereby. BofA Securities also relied, at the direction of KCS, on the assessments of the managements of KCS and CPRL, respectively, as to CPRL's ability to achieve the KCS management assumed synergies and was advised by KCS and CPRL, and assumed, with the consent of KCS, that the KCS management assumed synergies would be realized in the amounts and at the times projected. BofA Securities did not make and was not provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of KCS or CPRL, nor did BofA Securities make any physical inspection of the properties or assets of KCS or CPRL. BofA Securities did not evaluate the solvency or fair value of KCS or CPRL under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. BofA Securities assumed, at the direction of KCS, that the transaction would be consummated in accordance with the terms set forth in the merger agreement, without waiver, modification or amendment of any material term, condition or other agreement contemplated therein or thereby and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the transaction, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, would be imposed that would have an adverse effect on KCS, CPRL or the contemplated benefits of the transaction. BofA Securities also assumed, at the direction of KCS, that (i) the transaction would qualify for federal income tax purposes as a reorganization under the provisions of Section 368(a) of the Code, (ii) CPRL would obtain financing in accordance with the terms set forth in the commitment letters, (iii) the STB would permit the transaction to close into the voting trust in accordance with the terms of the STB May 6 decision and the voting trust agreement and (iv) the final executed merger agreement would not differ in any material respect from the draft agreement reviewed by BofA Securities.

BofA Securities expressed no view or opinion as to any terms or other aspects of the transaction (other than the merger consideration to the extent expressly specified in its opinion), including, without limitation, the form or structure of the transaction. BofA Securities' opinion was limited to the fairness, from a financial point of view, of the merger consideration to be received by the holders of shares of KCS common stock (other than excluded shares) in the transaction and no opinion or view was expressed with respect to any consideration to be received by the holders of KCS preferred stock or any other class of securities, creditors or other constituencies of any party. In addition, no opinion or view was expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the transaction, or class of such persons, relative to the merger consideration. Furthermore, no opinion or view was expressed as to the relative merits of the transaction in comparison to other strategies or transactions that might be available to KCS or in which KCS might engage or as to the underlying business decision of KCS to proceed with or

effect the transaction. BofA Securities did not express any opinion as to what the value of CPRL common shares actually would be when issued or the prices at which KCS common stock or CPRL common shares would trade at any time, including following the announcement or consummation of the transaction. In addition, BofA Securities expressed no opinion or recommendation as to how any stockholder should vote or act in connection with the transaction or any related matter.

BofA Securities' opinion was necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to BofA Securities as of, the date of its opinion. While the credit, financial and stock markets have been experiencing unusual volatility, BofA Securities expressed no opinion or view as to any potential effects of such volatility on KCS, CPRL or the transaction. It should be understood that subsequent developments may affect BofA Securities' opinion, and BofA Securities does not have any obligation to update, revise, or reaffirm its opinion. The issuance of BofA Securities' opinion was approved by a fairness opinion review committee of BofA Securities.

The discussion set forth below in the subsections entitled "*—Summary of Material Financial Analyses of KCS*," "*—Summary of Material Financial Analyses of CPRL,*" and "*—Summary of Material Pro Forma Financial Analysis,*" beginning on pages 87, 91, and 93, respectively, represents a brief summary of the material financial analyses presented by BofA Securities to the KCS board in connection with its opinion. **The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by BofA Securities, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses performed by BofA Securities. Considering the data set forth in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by BofA Securities.**

Summary of Material Financial Analyses of KCS

Selected Publicly Traded Companies Analysis.

BofA Securities reviewed publicly available financial and stock market information of the following five selected publicly traded companies in the rail transportation industry:

- Union Pacific Corporation
- CN
- CSX Corporation
- Norfolk Southern Corporation
- CPRL

BofA Securities reviewed, among other things, the closing price per share as of September 13, 2021 for Union Pacific Corporation, CSX Corporation and Norfolk Southern, as of April 19, 2021 for CN (which was the last trading day prior to the announcement of the CN proposal) and as of March 19, 2021 for CPRL (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement), as a multiple of Wall Street analyst consensus estimates of calendar year 2022 earnings per share ("EPS") for the applicable company (such multiples are referred to in this section as "2022E Price/EPS"). BofA Securities also reviewed the estimated enterprise value, calculated as the market value of equity plus short-term debt, long-term debt, preferred equity and non-controlling interest, minus cash, marketable securities and investments, as applicable ("EV") for each selected company, as a multiple of Wall Street analyst consensus estimates of calendar year 2022 EBITDA (such multiples are referred to in this section as "2022E EV/EBITDA"). Financial data of the selected companies were derived from their public filings and publicly available Wall Street research analysts' estimates published by FactSet as of September 13, 2021.

The results of BofA Securities' analysis were presented for the selected publicly traded companies, as indicated in the following table:

Company	Price/EPS 2022E	EV/EBITDA 2022E
Union Pacific Corporation	18.3x	12.8x
CN	22.6x	14.5x
CSX Corporation	18.2x	11.7x
Norfolk Southern Corporation	18.5x	12.4x
CPRL	21.2x	14.7x

The overall low to high 2022E Price/EPS multiples observed for the selected companies were 18.2x to 22.6x (with a mean of 19.8x and median of 18.5x). Based on BofA Securities' review of the 2022E Price/EPS multiples for the selected companies and on its professional judgment and experience, BofA Securities applied a 2022E Price/EPS multiple reference range of 18.5x to 22.0x to KCS management's estimated calendar year 2022 EPS as reflected in the KCS management unaudited KCS projections to calculate an implied equity value reference range per share of KCS common stock (rounded to the nearest $0.05). The selected multiple range of 18.5x to 22.0x was based on BofA Securities' professional judgment and experience as well as the observable range of the selected publicly traded companies.

The overall low to high 2022E EV/EBITDA multiples observed for the selected companies were 11.7x to 14.7x (with a mean of 13.2x and median of 12.8x). Based on BofA Securities' review of the 2022E EV/EBITDA multiples for the selected companies and on its professional judgment and experience, BofA Securities applied a 2022E EV/EBITDA multiple reference range of 12.0x to 15.0x to KCS management's estimated calendar year 2022 EBITDA as reflected in the KCS management unaudited KCS projections to calculate an implied equity value reference range per share of KCS common stock (rounded to the nearest $0.05). The selected multiple range of 12.0x to 15.0x was based on BofA Securities' professional judgment and experience as well as the observable range of the selected publicly traded companies.

This analysis indicated the following approximate implied equity value reference ranges per share of KCS common stock, as compared to the implied value of the merger consideration, calculated by adding the $90.00 in cash consideration to $198, the implied value of the 2.884 CPRL common shares included in the merger consideration based on the $68.55 closing price of CPRL common shares on September 13, 2021 ("implied consideration value"):

	Implied Equity Value Reference Range Per Share of KCS Common Stock	Implied Consideration Value
2022E Price/EPS	$ 198.90 - $236.55	
2022E EV/EBITDA	$ 198.60 – $258.40	$ 288

No selected publicly traded company used in this analysis is identical or directly comparable to KCS. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics (reflected, among other things, in differences in historical trading levels of these companies) and other factors that could affect the public trading or other values of the companies to which KCS was compared.

Selected Precedent Transactions Analysis.

BofA Securities reviewed, to the extent publicly available, financial information relating to 21 selected transactions involving acquisitions of rail transportation companies since 1994. For each of these transactions, BofA Securities reviewed the merger values for each transaction based on the merger consideration paid to the shareholders of the target company in the selected transactions (with the full transaction value implied for transactions with less than 100% being acquired), as multiples of estimates of the target company's EBITDA, for the last twelve months for the year in which the applicable transaction was announced except with respect to the Glencore Rail/Genesee & Wyoming Australia and the Genesee & Wyoming Australia/Macquarie Infrastructure & Real Assets transactions, where, in each case, such multiple was based on the estimated EBITDA for the twelve months following the announcement made in October 2016, and based on publicly available information at that time (such multiples are referred to in this section as "TV/LTM EBITDA").

Date Announced	Target	Acquiror	TV /LTM EBITDA	Transaction Value (1)
07/19	Genesee & Wyoming Inc.	Brookfield Infrastructure Partners L.P. / GIC Pte. Ltd.	13.4x	$ 8,432
03/17	Florida East Coast Railway Holdings Corp.	GMéxico Transportes S.A. de C.V.	13.6x	2,100
10/16	Glencore Rail (NSW) Pty Limited	Genesee & Wyoming Australia Pty Ltd	11.4x	866
10/16	Genesee & Wyoming Australia Pty Ltd. (49%)	Macquarie Infrastructure and Real Assets	11.2x	1,534
03/16	Pacific National Holdings Pty Ltd.	Rail Consortium(2)	10.3x	6,594
02/15	Freightliner Group Limited (95%)	Genesee & Wyoming Inc.	9.5x	807
07/12	RailAmerica, Inc.	Genesee & Wyoming Inc.	10.3x	2,008
11/09	Burlington Northern Santa Fe Corp.	Berkshire Hathaway Inc.	8.8x	43,847
09/07	Dakota, Minnesota & Eastern Railroad Corporation	Canadian Pacific Railway Limited	15.2x	1,480
05/07	Florida East Coast Industries Inc.	Fortress Investment Group LLC	NA	3,475
11/06	RailAmerica, Inc.	Fortress Investment Group LLC	11.7x	1,055
12/05	Meridian Speedway, LLC	Kansas City Southern (70%) / Norfolk Southern Corporation (30%)	NA	1,000
08/05	Patrick Corporation	Toll Holding Ltd.	15.0x	5,284
12/04	Transportacion Ferroviaria Mexicana, S.A. de C.V. (51%)	Kansas City Southern	6.1x	1,320
11/03	BC Rail Ltd.	Canadian National Railway Company	14.4x	1,204
01/01	Wisconsin Central Ltd.	Canadian National Railway Company	9.8x	1,191
02/98	Illinois Central Corp.	Canadian National Railway Company	11.4x	2,973
04/97	Conrail Inc.	CSX Corp./Norfolk Southern Corporation	12.1x	12,329
08/95	Southern Pacific Rail Corp.	Union Pacific Corp.	12.3x	5,388
03/95	Chicago and North Western Holdings Corporation	Union Pacific Corp.	8.4x	2,614
06/94	Santa Fe Pacific Corporation	Burlington Northern Inc.	7.2x	5,087

(1) Full transaction value implied when less than 100% stake. All amounts in USD millions.
(2) CPP Investments Limited (33%), Global Infrastructure Partners Inc. (27%), China Investment Corporation (16%), GIC Pte Ltd. (12%) and British Columbia Investment Management Corporation (12%).

The overall low to high TV/LTM EBITDA multiples of the target companies in the selected transactions were 6.1x to 15.2x (with a mean of 11.2x and a median of 11.4x).

Based on BofA Securities' review of the TV/LTM EBITDA multiples for the selected transactions and on its professional judgment and experience, BofA Securities applied a TV/LTM EBITDA multiple reference range of

11.5x to 14.0x to KCS's COVID-Adjusted EBITDA for the twelve month period ended June 30, 2021 of $1,600 million as provided by KCS management, which reflects an add-back of $128 million, as provided by KCS management, for the estimated impact of COVID-19 for the third quarter through the fourth quarter of 2020, to calculate a range of implied EV for KCS. BofA Securities then calculated an implied equity value reference range per share of KCS common stock (rounded to the nearest $0.05). The selected multiple range of 11.5x to 14.0x was based on BofA Securities' professional judgment and experience as well as the observable implied transaction multiples. This analysis indicated the following approximate implied equity value reference ranges per share of KCS common stock (rounded to the nearest $0.05), as compared to the implied consideration value:

Implied Equity Value Reference Range Per Share of KCS Common Stock	Implied Consideration Value
$160.10 - $203.75	$ 288

No selected precedent transaction used in this analysis or the applicable business or target company is identical or directly comparable to KCS or the transaction. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics, market conditions and other factors that could affect the acquisition or other values of the companies or transactions to which KCS and the transaction were compared.

Discounted Cash Flow Analysis

BofA Securities performed a discounted cash flow analysis of KCS to calculate a range of implied present values per share of KCS common stock utilizing estimates of the standalone, unlevered, after-tax free cash flows that KCS was expected to generate during the six-month period ending December 31, 2021 and for the fiscal years 2022 through 2029 based on the KCS management unaudited KCS projections. BofA Securities calculated terminal values for KCS by applying a selected range of perpetuity growth rates of 2.25% to 2.75% to KCS's normalized free cash flows in the terminal year. BofA Securities then calculated implied equity value reference ranges per share of KCS common stock (rounded to the nearest $0.05) by deducting from this range of present values KCS's net debt, preferred equity and non-controlling interest as of June 30, 2021, as reflected in KCS's public filings, at the direction of KCS management, and dividing the result by the number of fully-diluted shares of KCS common stock outstanding (calculated on a treasury stock method basis, based on information provided by the management of KCS). The cash flows were discounted to present value as of June 30, 2021, utilizing mid-year discounting convention, and using a discount rate range of 6.0% to 7.5%, which was based on an estimate of KCS's weighted average cost of capital. A growth rate range of 2.25% to 2.75% was based on BofA Securities' professional judgment and experience and represents long-term growth outlook for the business. The discount rate range reflected KCS's estimated weighted average cost of capital, which was calculated by multiplying the estimated cost of each capital source (debt and equity) by its relevant weight, and then adding the products together. The estimated cost of equity was obtained using the capital asset pricing model (which takes into account the risk-free rate, the levered beta and the applicable equity market risk premium) and the estimated cost of debt was based on KCS's estimated borrowing cost. KCS's net debt as of June 30, 2021 was based on KCS's Form 10-Q for the quarter ended June 30, 2021, which reported debt of $3,780 million and cash of $326 million. The calculation for fully diluted shares was based on approximately 91 million common shares outstanding as provided by KCS management and other dilutive shares such as options, performance shares and deferred shares. Preferred equity of $5 million and non-controlling interest of $327 million were based on the balance sheet provided in KCS's Form 10-Q for the quarter ended June 30, 2021. This analysis indicated the following approximate implied equity value reference range per share of KCS common stock (rounded to the nearest $0.05), as compared to the implied consideration value:

Implied Equity Value Reference Range Per Share of KCS Common Stock	Implied Consideration Value
$206.00 - $351.95	$ 288

Other Factors

BofA Securities also noted certain additional factors that were not considered part of BofA Securities' financial analyses with respect to its opinion but were referenced for informational purposes, including, among other things the following:

- *52-Week Trading Range.* BofA Securities reviewed the trading range of the shares of KCS common stock for the 52-week period ended March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement), which was $100.54 to $224.16.
- *Wall Street Analysts Price Targets.* BofA Securities reviewed 20 publicly available equity research analyst price targets for the shares of KCS common stock available as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement), and noted that the range of such price targets (discounted by one year at KCS's estimated mid-point cost of equity of 7.7% and rounded to the nearest $0.05) was $185.70 to $238.65. The 7.7% discount rate applied by BofA reflected KCS's estimated mid-point cost of equity, which was selected based on KCS's observable cost of equity.
- *Present Value of Future Stock Price.* BofA Securities calculated a range of present values of KCS future stock prices discounted back to June 30, 2021 by using KCS' estimated calendar year 2029 EPS based on the KCS management unaudited KCS projections, a range of price to next twelve months EPS multiples of 16.0x to 22.0x and KCS's estimated mid-point cost of equity of 7.7%, as well as the expected future dividend payments as provided by KCS management, which indicated a range of implied present values of future stock prices of KCS common stock of $247.85 per share to $334.55 per share, in each case rounded to the nearest $0.05 per share. Multiples used were based on BofA Securities' professional judgment and experience as well as observable historical trading data of KCS and selected publicly traded companies. The discount rate (cost of equity) used was based on KCS's observable cost of equity.

Summary of Material Financial Analyses of CPRL

Selected Publicly Traded Companies Analysis.

BofA Securities reviewed publicly available financial and stock market information of the following five selected publicly traded companies in the rail transportation industry:

- Union Pacific Corporation
- CSX Corporation
- Norfolk Southern Corporation
- CN
- KCS

BofA Securities reviewed, among other things, the closing price per share as of September 13, 2021 for Union Pacific Corporation, CSX Corporation and Norfolk Southern, as of April 19, 2021 for CN (which was the last trading day prior to the announcement of the CN proposal) and as of March 19, 2021 for KCS (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement), as a multiple of Wall Street analyst consensus estimates of calendar year 2022 "EPS" for the applicable company (such multiples are referred to in this section as "2022E Price/EPS"). BofA Securities also reviewed the estimated "EV" for each selected company, as a multiple of Wall Street analyst consensus estimates of calendar year 2022 "EBITDA" (such multiples are referred to in this section as "2022E EV/EBITDA"). Financial data of the selected companies were derived from their public filings and publicly available Wall Street research analysts' estimates published by FactSet as of September 13, 2021.

The results of BofA Securities' analysis were presented for the selected publicly traded companies, as indicated in the following table:

Company	Price/EPS 2022E	EV/EBITDA 2022E

Union Pacific Corporation	18.3x	12.8x
CSX Corporation	18.2x	11.7x
Norfolk Southern Corporation	18.5x	12.4x
CN	22.6x	14.5x
KCS	21.4x	13.5x

The overall low to high 2022E Price/EPS multiples observed for the selected companies were 18.2x to 22.6x (with a mean of 19.8x and median of 18.5x). Based on BofA Securities' review of the 2022E Price/EPS multiples for the selected companies and on its professional judgment and experience, BofA Securities applied a 2022E Price/EPS multiple reference range of 18.5x to 22.0x to KCS management's estimated calendar year 2022 EPS as reflected in the KCS management unaudited CPRL projections to calculate an implied equity value reference range per share of CPRL common shares (rounded to the nearest $0.05). The selected multiple range of 18.5x to 22.0x was based on BofA Securities' professional judgment and experience as well as the observable range of the selected publicly traded companies.

The overall low to high 2022E EV/EBITDA multiples observed for the selected companies were 11.7x to 14.5x (with a mean of 13.0x and median of 12.8x). Based on BofA Securities' review of the 2022E EV/EBITDA multiples for the selected companies and on its professional judgment and experience, BofA Securities applied a 2022E EV/EBITDA multiple reference range of 12.0x to 15.0x to KCS management's estimated calendar year 2022 EBITDA as reflected in the KCS management unaudited CPRL projections to calculate an implied equity value reference range per share of CPRL common shares (rounded to the nearest $0.05). The selected multiple range of 12.0x to 15.0x was based on BofA Securities' professional judgment and experience as well as the observable range of the selected publicly traded companies.

This analysis indicated the following approximate implied equity value reference ranges per share of CPRL common shares, as compared to the closing price of the CPRL common shares on September 13, 2021 of $68.55 and the closing price of CPRL common shares on March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $75.70 (taking into account the share split):

	Implied Equity Value Reference Range Per Share of CPRL Common Stock	
2022E Price/EPS	$	67.80 - $80.65
2022E EV/EBITDA	$	60.15 –$77.30

No selected publicly traded company used in this analysis is identical or directly comparable to CPRL. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics (reflected, among other things, in differences in historical trading levels of these companies) and other factors that could affect the public trading or other values of the companies to which CPRL was compared.

Discounted Cash Flow Analysis

BofA Securities performed a discounted cash flow analysis of CPRL to calculate a range of implied present values per share of CPRL common shares utilizing estimates of the standalone, unlevered, after-tax free cash flows that CPRL was expected to generate during the six-month period ending December 31, 2021 and for the fiscal years 2022 through 2029 based on the KCS management unaudited CPRL projections. BofA Securities calculated terminal values for CPRL by applying a selected range of perpetuity growth rates of 2.25% to 2.75% to CPRL's normalized free cash flows in the terminal year. BofA Securities then calculated implied equity value reference ranges per share of CPRL common shares (rounded to the nearest $0.05) by deducting from this range of present values CPRL's net debt as of June 30, 2021, as provided by KCS management, and adding net pension assets as of June 30, 2021, as reflected in CPRL's public filings, at the direction of KCS management, and dividing the result by the number of fully-diluted shares of CPRL common shares outstanding (calculated on a treasury stock method basis, based on information provided by the management of KCS). The cash flows were discounted to present value as of June 30, 2021, utilizing mid-year discounting convention, and using a discount rate range of 6.0% to 7.5%, which was based on an estimate of CPRL's weighted average cost of capital. A growth rate range of

2.25% to 2.75% was based on BofA Securities' professional judgment and experience and represents long-term growth outlook for the business. The discount rate range reflects CPRL's estimated weighted average cost of capital, which was calculated by multiplying the estimated cost of each capital source (debt and equity) by its relevant weight, and then adding the products together. The estimated cost of equity was obtained using the capital asset pricing model (which takes into account the risk-free rate, the levered beta and the applicable equity market risk premium) and the estimated cost of debt was based on CPRL's estimated borrowing cost. Net debt as of June 30, 2021 was based on the balance sheet provided in CPRL's Form 10-Q dated July 29, 2021, which reported debt of $6,978 million and cash of $714 million. The calculation of fully diluted shares was based on 666.8 million common shares outstanding and other dilutive shares such as options and performance shares. Net pension assets as of June 30, 2021 were based on the balance sheet provided in CPRL's Form 10-Q dated July 29, 2021, which reported $237 million.. This analysis indicated the following approximate implied equity value reference range per share of CPRL common shares (rounded to the nearest $0.05), as compared to the closing price of the CPRL common shares on September 13, 2021 of $68.55 and the closing price of the CPRL common shares on March 19, 2021(which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $75.70:

Implied Equity Value Reference Range Per Share of CPRL Common Shares (taking into account the share split)
$67.25 - $111.50

Other Factors

BofA Securities also noted certain additional factors that were not considered part of BofA Securities' financial analyses with respect to its opinion but were referenced for informational purposes, including, among other things the following:

- *52-Week Trading Range.* BofA Securities reviewed the trading range of the shares of CPRL common shares for the 52-week period ended March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement), which was $36.27 to $76.75 (taking into account the share split).
- *Wall Street Analysts Price Targets.* BofA Securities reviewed 26 publicly available equity research analyst price targets for the CPRL common shares available as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement), and noted that the range of such price targets (discounted by one year at CPRL's estimated mid-point cost of equity of 7.3% and rounded to the nearest $0.05) was $63.90 to $75.50 (taking into account the share split). The 7.3% discount rate reflects CPRL's estimated mid-point cost of equity, which was selected based on CPRL's observable cost of equity.

Summary of Material Pro Forma Financial Analysis

Has/Gets Analysis

BofA Securities performed a Has/Gets Analysis to calculate the theoretical change in value for holders of KCS common stock resulting from the transaction based on a comparison of (i) the pro forma ownership by holders of KCS common stock of CPRL after giving effect to the transaction, and (ii) the 100% ownership by holders of KCS common stock of KCS common stock on a stand-alone basis. For KCS common stock on a stand-alone basis, BofA Securities used the reference range obtained in its discounted cash flow analysis described above under "*Summary of Material Financial Analyses of KCS – Discounted Cash Flow Analysis*." BofA Securities then performed the same analysis by calculating the range of implied per share equity values allocable to holders of KCS common stock on a pro forma basis, giving effect to the transaction, by assuming approximately 28% pro forma ownership, based on the number of shares of CPRL common shares estimated to be issued to holders of KCS common stock in the transaction, utilizing the results of the standalone discounted cash flow analyses for KCS and CPRL described above under "*Summary of Material Financial Analyses of KCS – Discounted Cash Flow Analysis*" and under "*Summary of Material Financial Analyses of CPRL – Discounted Cash Flow Analysis*," and taking into account the KCS management assumed synergies on the basis of (i) a projected $990 million in EBITDA synergies as provided by KCS management (referred to in this section as the "$990 million synergy case"), which also included $20 million of projected D&A and Capex synergies, for total projected gross synergies of $1,010 million, and (ii) a projected

$377 million in EBITDA synergies as provided by KCS management (referred to in this section as the "$377 million synergy case"), which also included $23 million of projected D&A and Capex synergies for total projected gross synergies of $400 million. BofA Securities calculated the present value of the synergies (including after-tax costs to achieve such synergies) as of June 30, 2021 by using a discount rate range of 6.0% to 7.5%. The discount rate range of 6.0% to 7.5% was based on BofA Securities' professional judgment and experience and obtained using the capital asset pricing model for the estimated cost of equity (which takes into account the risk-free rate, the levered beta and the applicable equity market risk premium) and the estimated cost of debt. Estimated additional net debt of $10.3 billion was based on announced transaction debt of $8.5 billion and estimated transaction fees and expenses as well as inclusion of $1.4 billion in break fees and reimbursements. BofA Securities then compared these implied per share equity value reference ranges, which were further adjusted by an estimated additional net debt from the transaction and $90.00 per share cash consideration, to the implied per share equity value reference ranges derived for KCS on a standalone basis utilizing the results of the standalone discounted cash flow analysis for KCS described above.

This analysis yielded the following implied per share equity value reference ranges for KCS common stock on a stand-alone basis and on a pro forma basis (rounded to the nearest $1.00):

Range Per Share of KCS common stock	**Implied Equity Value Reference**	
Stand-Alone	**Pro-Forma $990 Million Synergy Case**	**Pro-Forma $377 Million Synergy Case**
$206 - $352	$290 - $444	$268 - $409

Miscellaneous

As noted above, the discussion set forth above in "*Summary of Material Financial Analyses of KCS*," "*Summary of Material Financial Analyses of CPRL*" and "*Summary of Material Pro Forma Financial Analysis*" represents a brief summary of the material financial analyses presented by BofA Securities to the KCS board in connection with its opinion, and is not a comprehensive description of all analyses undertaken or factors considered by BofA Securities in connection with its opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to partial analysis or summary description. BofA Securities believes that its analyses summarized above must be considered as a whole. BofA Securities further believes that selecting portions of its analyses and the factors considered or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying BofA Securities' analyses and opinion. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that such analysis was given greater weight than any other analysis referred to in the summary.

In performing its analyses, BofA Securities considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of KCS and CPRL. The estimates of the future performance of KCS and CPRL in or underlying BofA Securities' analyses are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those estimates or those suggested by BofA Securities' analyses. These analyses were prepared solely as part of BofA Securities' analysis of the fairness, from a financial point of view, to the holders of KCS common stock of the merger consideration, to be received by such holders in the transaction and were provided to the KCS board in connection with the delivery of BofA Securities' opinion. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or acquired or the prices at which any securities have traded or may trade at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be BofA Securities' view of the actual values of KCS or CPRL.

The type and amount of consideration payable in the transaction was determined through negotiations between KCS and CPRL, rather than by any financial advisor, and was approved by the KCS board. The decision to enter into the merger agreement was solely that of the KCS board. As described above, BofA Securities' opinion and analyses were only one of many factors considered by the KCS board in its evaluation of the transaction and should not be

viewed as determinative of the views of the KCS board or management or any other party with respect to the transaction or the merger consideration.

KCS has agreed to pay BofA Securities for its services in connection with the transaction an aggregate fee, which is currently estimated, based on the information available as of the date of announcement, to be approximately $63 million, $5 million of which was paid to BofA Securities upon delivery of its opinion in connection with the execution of the prior CP merger agreement announced in March 2021, $2.5 million of which was paid upon delivery of BofA Securities' opinion in connection with the alternate proposed transaction involving CN announced in May 2021, $2.5 million of which is payable upon the rendering of its opinion in connection with the transaction and the remainder of which is payable upon the closing of the transaction. KCS also has agreed to reimburse BofA Securities for its expenses incurred in connection with BofA Securities' engagement and to indemnify BofA Securities, any of its affiliates, its and their respective directors, officers, employees and agents and each other person controlling BofA Securities or any of its affiliates, against certain liabilities, including liabilities under the federal securities laws, arising out of BofA Securities' engagement.

BofA Securities and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of BofA Securities' businesses, BofA Securities and its affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of KCS, CPRL and certain of their respective affiliates.

BofA Securities and its affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to KCS and its affiliates and have received, or in the future may receive, compensation for the rendering of these services, including (i) having acted as a joint bookrunner on certain debt capital markets transactions for KCS, (ii) having acted as a dealer-manager on an accelerated share repurchase transaction for KCS and (iii) having acted or acting as administrative agent, co-lead arranger and joint bookrunner for, and as a lender (including a letter of credit lender) under, KCS's $600 million senior unsecured revolving credit facility due March 8, 2024. From September 1, 2019, through August 31, 2021, BofA Securities and its affiliates derived aggregate revenues from KCS and its affiliates of approximately $10.4 million for corporate and/or investment banking services, which includes the fee received upon delivery of its opinion in connection with the CN proposal.

In addition, BofA Securities and its affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to CPRL and its affiliates and have received or in the future may receive compensation for the rendering of these services, including (i) having acted as a bookrunning manager and/or co-manager on certain debt capital markets transactions for CPRL, (ii) having acted or acting as a lender under CPRL's $1.3 billion revolving credit facility, which consists of a $1.0 billion tranche and a $300 million tranche, which was amended on September 24, 2021 to extend the maturity dates of such tranches to September 27, 2026 and September 27, 2023, respectively, and (iii) having provided or providing certain treasury services and products to CPRL. From September 1, 2019, through August 31, 2021, BofA Securities and its affiliates derived aggregate revenues from CPRL of approximately $6.6 million for corporate and/or investment banking services. In addition, BofA Securities received a customary fee of less than $100,000 in connection with its commitment to act as a lender under CPRL's amended revolving credit facility, which was received subsequent to such period.

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL.* – CONTROL – KANSAS CITY SOUTHERN, *ET AL.*

VERIFIED STATEMENT OF BRIAN HEALY

VERIFICATION OF MORGAN STANLEY & CO. LLC

On behalf of Morgan Stanley & Co. LLC ("Morgan Stanley"), this is to verify that (a) the Fairness Opinion of Morgan Stanley, dated September 15, 2021 (the "Morgan Stanley Fairness Opinion"), to the effect that, as of such date and based upon and subject to the assumptions made, the procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken Morgan Stanley, as set forth therein, the consideration to be received by the holders of common stock of Kansas City Southern ("KCS") (other than certain excluded shares) in the transaction was fair, from a financial point of view, to such holders, set forth in the attached Appendix A, is a true and correct copy of the Morgan Stanley Fairness Opinion provided by Morgan Stanley to the Board of Directors of KCS in connection with the proposed sale of KCS to Canadian Pacific Railway Limited, pursuant to the Agreement and Plan of Merger, dated as of September 15, 2021 (the "Merger Agreement"), and (b) the attached Appendix B sets forth a summary of the Morgan Stanley Fairness Opinion and the material financial analyses presented by Morgan Stanley to the KCS board in connection therewith, which was included in KCS's preliminary proxy statement in connection with the transaction that was filed with the Securities and Exchange Commission (the "SEC") on October 1, 2021, and which will be included in the definitive proxy statement to be filed with the SEC.

In providing this verification, Morgan Stanley does not intend that any person other than the Board of Directors of KCS be entitled to rely on the Morgan Stanley Fairness Opinion. The Morgan Stanley Fairness Opinion does not address any other terms or other aspects or implications of the transaction and no opinion or view was expressed as to the relative merits of the transaction in comparison to other strategies or transactions that might be available to KCS or in which KCS might engage or as to the underlying business decision of KCS to proceed with or

effect the transaction. The Morgan Stanley Fairness Opinion and financial analyses were only one of many factors considered by the Board of Directors of KCS in its evaluation of the transaction and should not be viewed as determinative of the views of the Board of Directors or management of KCS with respect to the transaction or the consideration to be received by the stockholders of KCS.

I, Brian Healy, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed on this 27th day of October, 2021.

MORGAN STANLEY & CO. LLC

By: _____
Name: Brian Healy
Title: Managing Director

APPENDIX A

MORGAN STANLEY FAIRNESS OPINION

Morgan Stanley

September 15, 2021

Board of Directors
Kansas City Southern
427 West 12th Street
Kansas City, Missouri

Members of the Board:

We understand that Kansas City Southern ("KCS" or the "Company"), Canadian Pacific Railway Limited (the "Buyer"), Cygnus Merger Sub 1 Corporation, a wholly owned subsidiary of the Buyer ("Surviving Merger Sub"), Cygnus Merger Sub 2 Corporation, a wholly owned subsidiary of Surviving Merger Sub ("First Merger Sub", and together with Surviving Merger Sub, "Merger Subs") propose to enter into an Agreement and Plan of Merger, substantially in the form of the draft dated September 10, 2021 (the "Merger Agreement"), which provides, among other things, for the merger of First Merger Sub with and into the Company (the "First Merger"), with the Company surviving the First Merger as a wholly owned subsidiary of Surviving Merger Sub, and the subsequent merger of the Company with and into Surviving Merger Sub (the "Second Merger", and together with the First Merger, the "Transaction"), with Surviving Merger Sub surviving the Second Merger as a wholly owned subsidiary of the Buyer. Pursuant to the First Merger, each outstanding share of common stock, par value $0.01 per share, of the Company (the "Company Common Stock"), other than shares held in treasury or held by the Buyer, Merger Subs or the Company (in each case, other than shares held on behalf of third parties) or shares with respect to which the holders thereof have not voted in favor of the adoption of the Merger Agreement or consented thereto in writing and who have properly exercised appraisal rights with respect thereto in accordance with, and who have complied with, Section 262 of the Delaware General Corporation Law (collectively, "Excluded Shares"), will be converted into the right to receive (i) $90.00 per share in cash and (ii) 2.884 shares of common stock, without par value, of the Buyer (the "Buyer Common Stock") as set forth in the Merger Agreement (together, the "Consideration"). The terms and conditions of the Transaction are more fully set forth in the Merger Agreement.

You have asked for our opinion as to whether the Consideration to be received by the holders of shares of the Company Common Stock (other than Excluded Shares) pursuant to the Merger Agreement is fair from a financial point of view to such holders of shares of the Company Common Stock.

For purposes of the opinion set forth herein, we have:

1) Reviewed certain publicly available financial statements and other business and financial information of the Company and the Buyer, respectively;

2) Reviewed certain internal financial statements and other financial and operating data concerning the Company and the Buyer, respectively;

3) Reviewed certain financial projections with respect to the Company and the Buyer prepared by the management of the Company;

4) Reviewed information relating to certain strategic, financial and operational benefits anticipated from the Transaction, prepared by the managements of the Company and the Buyer, respectively;

5) Discussed the past and current operations and financial condition and the prospects of the Company, including information relating to certain strategic, financial and operational benefits anticipated from the Transaction, with senior executives of the Company;

Morgan Stanley

6) Discussed the past and current operations and financial condition and the prospects of the Buyer, including information relating to certain strategic, financial and operational benefits anticipated from the Transaction, with senior executives of the Buyer;

7) Reviewed the reported prices and trading activity for the Company Common Stock and the Buyer Common Stock;

8) Compared the financial performance of the Company and the Buyer and the prices and trading activity of the Company Common Stock and the Buyer Common Stock with that of certain other publicly-traded companies comparable with the Company and the Buyer, respectively, and their securities;

9) Reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

10) Participated in certain discussions and negotiations among representatives of the Company and the Buyer and certain parties and their financial and legal advisors;

11) Reviewed the Merger Agreement, the commitment letters from certain lenders, dated as of September 12, 2021 (collectively, the "Commitment Letters"), Decision No. 5 (Docket No. FD 36500) of the Surface Transportation Board (the "STB Voting Trust Approval"), the form of Voting Trust Agreement to be entered into among the Buyer, Cygnus Holding Corporation, a wholly owned subsidiary of the Buyer, and the Trustee (the "Voting Trust Agreement"), and certain related documents; and

12) Performed such other analyses, reviewed such other information and considered such other factors as we have deemed appropriate.

We have assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to us by the Company and the Buyer, respectively, and formed a substantial basis for this opinion. With respect to the financial projections of the Company, including information relating to certain strategic, financial and operational benefits anticipated from the Transaction, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of the Company of the future financial performance of the Company. With respect to the financial projections of the Buyer, including information relating to certain strategic, financial and operational benefits anticipated from the Transaction, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of the Company of the future financial performance of the Buyer, including following consummation of the Transaction. In addition, we have assumed that the Transaction will be consummated in accordance with the terms set forth in the Merger Agreement without any waiver, amendment or delay of any terms or conditions, including, among other things, (i) that the Transaction will be treated as a tax-free reorganization pursuant to the Internal Revenue Code of 1986, as amended, (ii) that the Buyer will obtain financing in accordance with the terms set forth in the Commitment Letters, (iii) that the Surface Transportation Board will permit the Transaction to close into a Voting Trust in accordance with the terms of the STB Voting Trust Approval and the Voting Trust Agreement and (iv) that the definitive Merger Agreement will not differ in any material respect from the draft thereof furnished to us. Morgan Stanley has assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed Transaction, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed Transaction. We have relied upon, without independent verification, the assessment by the managements of the Company and the Buyer of: (i) the strategic, financial and other benefits expected to result from the Transaction; (ii) the timing and risks associated with the integration of the Company and the Buyer; (iii) their ability to retain key employees of the Company and the Buyer, respectively, and (iv) the validity of, and risks associated with, the Company and the Buyer's existing and future technologies, intellectual property, products, services and business models. We are not legal, tax, or regulatory advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of the

Morgan Stanley

Buyer and the Company and their legal, tax or regulatory advisors with respect to legal, tax, or regulatory matters. We express no opinion with respect to the fairness of the amount or nature of the compensation to any of the Company's officers, directors or employees, or any class of such persons, relative to the Consideration to be received by the holders of shares of the Company Common Stock in the Transaction. This opinion does not address the relative merits of the transactions contemplated by the Merger Agreement as compared to other business or financial strategies that might be available to the Company, nor does it address the underlying business decision of the Company to enter into the Merger Agreement or proceed with any other transaction contemplated by the Merger Agreement. We express no opinion with respect to the treatment of the preferred stock, par value $25 per share, of the Company in the Transaction. We have not made any independent valuation or appraisal of the assets or liabilities of the Company or the Buyer, nor have we been furnished with any such valuations or appraisals. Our opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this opinion and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this opinion.

We have acted as financial advisor to the Board of Directors of the Company in connection with the Transaction and will receive a fee for our services, a portion of which was paid to us upon the execution and announcement of the previous merger agreement with the Buyer in March 2021, a portion of which was paid to us upon the rendering of a fairness opinion in connection with the alternate transaction involving Canadian National Railway Company announced in May 2021, a portion of which is contingent upon the rendering of this opinion and a significant portion of which is contingent upon the closing of the Transaction. In the two years prior to the date hereof, we have provided financial advisory and/or financing services to the Company, the Buyer and certain of their respective affiliates, and have received fees in connection with such services. In addition, Morgan Stanley or one of its affiliates is currently a lender to each of the Company and the Buyer under their respective revolving credit facilities, and is also currently engaged to provide financing services to the Buyer that are unrelated to the Transaction, for which Morgan Stanley expects to receive customary fees. Morgan Stanley may also seek to provide financial advisory and financing services to the Company, the Buyer and their respective affiliates in the future and would expect to receive fees for the rendering of these services.

Please note that Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Our securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of the Buyer, the Company, their respective affiliates or any other company, or any currency or commodity, that may be involved in the Transaction, or any related derivative instrument.

This opinion has been approved by a committee of Morgan Stanley investment banking and other professionals in accordance with our customary practice. This opinion is for the information of the Board of Directors of the Company and may not be used for any other purpose or disclosed without our prior written consent, except that a copy of this opinion may be included in its entirety in any filing the Company is required to make with the Securities and Exchange Commission in connection with the Transaction if such inclusion is required by applicable law. In addition, this opinion does not in any manner address the prices at which the Buyer Common Stock will trade following consummation of the Transaction or at any time and Morgan Stanley expresses no opinion or recommendation as to how the shareholders of the Company or the Buyer should vote at the shareholder meetings to be held in connection with the Transaction.

Morgan Stanley

Based on and subject to the foregoing, we are of the opinion on the date hereof that the Consideration to be received by the holders of shares of the Company Common Stock (other than Excluded Shares) pursuant to the Merger Agreement is fair from a financial point of view to such holders of shares of the Company Common Stock.

Very truly yours,

MORGAN STANLEY & CO. LLC

By: 

Brian Healy
Managing Director

APPENDIX B

SUMMARY OF MORGAN STANLEY FAIRNESS OPINION

Opinion of Morgan Stanley

The KCS board retained Morgan Stanley to act as its financial advisor and to provide it with a financial opinion in connection with the transaction. KCS selected Morgan Stanley to act as its financial advisor based on Morgan Stanley's qualifications, expertise and reputation and its knowledge of the industry, business and affairs of KCS. At the meeting of the KCS board on September 15, 2021, Morgan Stanley rendered its oral opinion, which was confirmed by delivery of a written opinion dated September 15, 2021, to the KCS board to the effect that, as of such date, and based upon and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley as set forth in its written opinion, the merger consideration to be received by the holders of shares of KCS common stock (other than excluded shares) pursuant to the merger agreement was fair from a financial point of view to such holders of KCS common stock.

The full text of Morgan Stanley's written opinion to the KCS board, dated September 15, 2021, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion, is attached to this proxy statement/prospectus as Annex B and is incorporated by reference herein in its entirety. The foregoing summary of Morgan Stanley's opinion is qualified in its entirety by reference to the full text of the opinion. You are encouraged to read Morgan Stanley's opinion and the summary of Morgan Stanley's opinion below carefully and in their entirety. Morgan Stanley's opinion was for the benefit of the KCS board, in its capacity as such, and addressed only the fairness from a financial point of view of the merger consideration to be received by the holders of shares of KCS common stock (other than excluded shares) pursuant to the merger agreement as of the date of the opinion and did not address any other aspects or implications of the transaction. Morgan Stanley's opinion was not intended to, and does not, constitute advice or a recommendation as to how the shareholders of KCS or CPRL should vote at the shareholder meetings to be held in connection with the transaction.

In connection with rendering its opinion, Morgan Stanley, among other things:

(a) reviewed certain publicly available financial statements and other business and financial information of KCS and CPRL, respectively;

(b) reviewed certain internal financial statements and other financial and operating data concerning KCS and CPRL, respectively;

(c) reviewed the KCS management unaudited KCS projections, the KCS management assumed synergies and the KCS management unaudited CPRL projections (each as defined and described in the below section entitled "KCS Unaudited Prospective Financial Information"), in each case prepared by the management of KCS;

(d) reviewed information relating to certain strategic, financial and operational benefits anticipated from the transaction, prepared by the managements of KCS and CPRL, respectively;

(e) discussed the past and current operations and financial condition and the prospects of KCS, including information relating to certain strategic, financial and operational benefits anticipated from the transaction, with senior executives of KCS;

(f) discussed the past and current operations and financial condition and the prospects of CPRL, including information relating to certain strategic, financial and operational benefits anticipated from the transaction, with senior executives of CPRL;

(g) reviewed the reported prices and trading activity for KCS common stock and CPRL common shares;

(h) compared the financial performance of KCS and CPRL and the prices and trading activity of KCS common stock and CPRL common shares with that of certain other publicly-traded companies comparable with KCS and CPRL, respectively, and their securities;

(i) reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

(j) participated in certain discussions and negotiations among representatives of KCS and CPRL and certain parties and their financial and legal advisors;

(k) reviewed a draft of the merger agreement dated September 10, 2021 (the "draft agreement"), the debt commitment letters, the STB May 6 decision, the form of the voting trust agreement, and certain related documents; and

(l) performed such other analyses, reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to Morgan Stanley by KCS and CPRL, respectively, and formed a substantial basis for its opinion. With respect to the KCS management unaudited KCS projections and the KCS management assumed synergies, Morgan Stanley assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of KCS of the future financial performance of KCS. With respect to the KCS management unaudited CPRL projections, Morgan Stanley assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of KCS of the future financial performance of CPRL, including following consummation of the transaction. In addition, Morgan Stanley assumed that the transaction will be consummated in accordance with the terms set forth in the merger agreement without any waiver, amendment or delay of any terms or conditions, including, among other things, (i) that the transaction will be treated as a tax-free reorganization pursuant to the Code, (ii) that CPRL will obtain financing in accordance with the terms set forth in the debt commitment letters, (iii) that the STB will permit the transaction to close into the voting trust in accordance with the terms of the STB May 6 decision and the voting trust agreement and (iv) that the definitive merger agreement would not differ in any material respect from the draft agreement. Morgan Stanley assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the transaction, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the transaction. Morgan Stanley relied upon, without independent verification, the assessment by the managements of KCS and CPRL of: (i) the strategic, financial and other benefits expected to result from the transaction; (ii) the timing and risks associated with the integration of KCS and CPRL; (iii) their ability to retain key employees of KCS and CPRL, respectively, and (iv) the validity of, and risks associated with, KCS and CPRL's existing and future technologies, intellectual property, products, services and business models. Morgan Stanley is not a legal, tax or regulatory advisor. Morgan Stanley is a financial advisor only and relied upon, without independent verification, the assessment of CPRL and KCS and their legal, tax or regulatory advisors with respect to legal, tax or regulatory matters. Morgan Stanley expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of KCS's officers, directors or employees, or any class of such persons, relative to the merger consideration to be received by the holders of shares of KCS common stock in the transaction. Morgan Stanley's opinion does not address the relative merits of the transactions contemplated by the merger agreement as compared to other business or financial strategies that might be available to KCS, nor does it address the underlying business decision of KCS to enter into the merger agreement or proceed with any other transaction contemplated by the merger agreement. Morgan Stanley expressed no opinion with respect to the treatment of the KCS preferred stock, in the transaction. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of KCS or CPRL, nor was it furnished with any such valuations or appraisals. Morgan Stanley's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Morgan Stanley as of, the date of its opinion. Events occurring after such date may affect Morgan Stanley's opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion.

The following is a summary of the material financial analyses performed by Morgan Stanley in connection with the preparation of its opinion to the KCS board. The following summary is not a complete description of Morgan Stanley's opinion or the financial analyses performed and factors considered by Morgan Stanley in connection with its opinion, nor does the order of analyses described represent the relative importance or weight given to those analyses. The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. The analyses listed in the tables and described below must be considered as a whole; considering any portion of such analyses and of the

factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Morgan Stanley's opinion. Morgan Stanley considered a number of factors in analyzing the merger consideration. The fact that points in the ranges of implied equity value per share of KCS common stock derived below were less than or greater than the merger consideration is not necessarily dispositive in connection with Morgan Stanley's analysis of the merger consideration, but is one of many factors Morgan Stanley considered. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before September 13, 2021 and is not necessarily indicative of current market conditions.

In performing the financial analyses summarized below and in arriving at its opinion, Morgan Stanley, at the direction of the KCS board, used and relied upon the KCS management unaudited KCS projections, the KCS management assumed synergies and the KCS management unaudited CPRL projections. For more information, please see the section of this proxy statement captioned "*The KCS Merger Proposal – KCS Unaudited Prospective Financial Information*" on page 96.

Analyses Related to KCS

Discounted Cash Flow Analysis

Morgan Stanley performed a discounted cash flow analysis, which is designed to provide an implied value of a company by calculating the present value of the estimated future unlevered free cash flows and terminal value of such company. Morgan Stanley calculated a range of implied equity values per share of KCS common stock as of June 30, 2021, based on estimates of future unlevered free cash flows for the six months ending December 31, 2021 and fiscal years 2022 through 2029 contained in the KCS management unaudited KCS projections, including net debt of KCS as of June 30, 2021 of $3,787 million. Morgan Stanley also calculated a range of terminal values for KCS based on next twelve months ("NTM") EBITDA exit multiple range of 10.75x to 12.25x, which was selected based on Morgan Stanley's professional judgment and experience. The estimated unlevered free cash flows and the range of terminal values were then discounted to June 30, 2021 by applying a discount rate range of 6.1% to 7.3%, which was selected based on Morgan Stanley's professional judgment and experience, to reflect KCS's estimated weighted average cost of capital. Morgan Stanley used a discount rate range of 6.1% to 7.3% to reflect KCS's estimated weighted average cost of capital, which was calculated by multiplying the cost of each capital source (debt and equity) by its relevant weight, and then adding the products together to determine the value. Cost of equity was calculated using the Capital Asset Pricing Model ("CAPM"). The CAPM takes into account market risk premium, risk-free rate and beta of the underlying stock. Morgan Stanley used an EBITDA exit multiple range of 10.75x to 12.25x based on KCS's and comparable companies' EBITDA multiples over time.

This analysis indicated a range of implied equity values per share of KCS common stock of $226.00 to $280.00, in each case rounded to the nearest $1.00.

Morgan Stanley compared the foregoing range of implied equity values per share of KCS common stock to the closing trading price of KCS common stock as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $224.16 and the implied value of the merger consideration to be received by holders of shares of KCS common stock in the transaction as of September 13, 2021 of $288.00, rounded to the nearest $1.00.

Comparable Public Company Analysis

Morgan Stanley performed a comparable public company analysis, which attempts to provide an implied value of a company by comparing it to similar companies that are publicly traded. Morgan Stanley reviewed and compared certain financial information of KCS with corresponding publicly available financial information for other Class 1 Rail companies that shared certain similar characteristics to KCS to derive an implied valuation range for KCS. The companies used in this comparison were the following:

- CPRL
- CN

- Union Pacific Corporation
- Norfolk Southern Corporation
- CSX Corporation

The above companies were chosen based on Morgan Stanley's knowledge of the industry and because they have businesses that may be considered similar to KCS's. Although none of such companies are identical or directly comparable to KCS, these companies are publicly traded companies with operations and/or other criteria, such as lines of business, markets, business risks, growth prospects, maturity of business and size and scale of business, that for purposes of its analysis Morgan Stanley considered similar to KCS.

For purposes of this analysis, Morgan Stanley analyzed the following statistics of each of these companies, based on public filings, publicly available research estimates and publicly available financial information published by Capital IQ as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) for KCS and CPRL, as of April 19, 2021 (which was the last trading day prior to the announcement of the CN proposal) for CN and as of September 13, 2021 for Union Pacific Corporation, Norfolk Southern Corporation and CSX Corporation:

- the ratio of aggregate value ("AV"), calculated as the market value of equity plus short-term debt, long-term debt, preferred equity and non-controlling interests, net of cash, cash equivalents and investments to estimated fiscal year 2022 EBITDA (which is referred to below as the "2022E AV/EBITDA Ratio"); and
- the ratio of stock price to estimated fiscal year 2022 earnings per share (which is referred to below as the "2022E P/E Ratio").

The results of Morgan Stanley's analysis were presented for the comparable companies, as indicated in the following table:

	2022E AV/EBITDA Ratio	2022E P/E Ratio
KCS	13.4x	21.4x
CPRL	14.6x	21.1x
CN	14.2x	22.5x
Union Pacific Corporation	12.9x	18.3x
Norfolk Southern Corporation	12.4x	18.4x
CSX Corporation	11.8x	18.1x
Mean	**13.2x**	**20.0x**
Median	**13.2x**	**19.8x**

Based on its analysis of the relevant metrics for each of the comparable companies and upon the application of its professional judgment and experience, Morgan Stanley selected representative ranges of 2022E AV/EBITDA Ratio and 2022E P/E Ratio and applied these ranges to KCS's estimated fiscal year 2022 EBITDA of $1,839 million based on consensus analyst estimates and of $1,827 million based on the KCS management unaudited KCS projections, and to KCS's estimated fiscal year 2021 earnings per share of $10.50 based on consensus analyst estimates and of $10.75 based on the KCS management unaudited KCS projections. For purposes of this analysis, Morgan Stanley utilized the KCS management unaudited KCS projections and consensus analyst estimates. Morgan Stanley then calculated a range of implied equity values per share of KCS common stock as follows, in each case rounded to the nearest $1.00:

	Selected Representative Range	Implied Equity Value Per Share of KCS Common Stock
2022E AV/EBITDA Ratio (KCS management unaudited KCS projections)	12.0x – 14.5x	$ 199.00-$248.00
2022E P/E Ratio (KCS management unaudited KCS projections)	18.5x – 22.5x	$ 199.00-$242.00

2022E AV/EBITDA Ratio (Consensus)	12.0x – 14.5x	$ 200.00-$250.00
2022E P/E Ratio (Consensus)	18.5x – 22.5x	$ 194.00-$236.00

Morgan Stanley compared the foregoing ranges of implied equity values per share of KCS common stock to the closing trading price of KCS common stock as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $224.16 per share and the implied value of the merger consideration to be received by holders of shares of KCS common stock in the transaction as of September 13, 2021 of $288.00 per share, rounded to the nearest $1.00.

No company included in the comparable public company analysis is identical to KCS. In evaluating comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of KCS. These include, among other things, the impact of competition on the business of KCS and the industry generally, industry growth, and the absence of any adverse material change in the financial condition and prospects of KCS and the industry, and in the financial markets in general. Mathematical analysis is not in itself a meaningful method of using comparable company data.

Morgan Stanley used a 12.0x to 14.5x representative range for 2022E AV/EBITDA Ratio for both KCS and CPRL. This range was based on market data multiples for KCS, CPRL and the four other public Class I railroads (CN, Union Pacific Corporation, CSX Corporation and Norfolk Southern Corporation). The KCS and CPRL market data were as of March 19, 2021 (the unaffected date for KCS's share price), the CN market data was as of April 19, 2021 (the unaffected date for CN's share price), and the Union Pacific Corporation, CSX Corporation and Norfolk Southern Corporation market data were as of September 13, 2021.

Summary Statistics for 2022E AV / EBITDA Ratio	
Minimum	11.8x
Median	13.2x
Mean	13.2x
Maximum	14.6x

Morgan Stanley used a 18.5x to 22.5x representative range for 2022E P/E Ratio for both KCS and CPRL. This range was based on market data multiples for KCS, CPRL and the four other public Class I railroads (CN, Union Pacific Corporation, CSX Corporation and Norfolk Southern Corporation). The KCS and CPRL market data were as of March 19, 2021 (the unaffected date for KCS's share price), the CN market data was as of April 19, 2021 (the unaffected date for CN's share price), and the Union Pacific Corporation, CSX Corporation and Norfolk Southern Corporation market data were as of September 13, 2021.

Summary Statistics for 2022E P / E Ratio	
Minimum	18.1x
Median	19.8x
Mean	20.0x
Maximum	22.5x

Precedent Transactions and Premia Paid Analysis

Morgan Stanley performed a precedent transactions analysis, which attempts to imply a value of a company based on publicly available financial terms and premia of selected transactions. Morgan Stanley reviewed the publicly available financial information for certain transactions in the railroad industry since June 1994.

For purposes of this analysis, based on publicly available financial information, Morgan Stanley analyzed the ratio of the implied AV to last twelve months EBITDA, referred to as the AV/LTM EBITDA Ratio, for each of the target companies in the selected transactions. The transactions reviewed, the date that each transaction was announced and the corresponding AV/LTM EBITDA Ratios were as follows:

Date Announced	Acquiror	Target	AV/LTM EBITDA Ratio	Transaction Value (in millions)
July 2019	Brookfield Infrastructure Partners L.P. / GIC Pte. Ltd.	Genesee & Wyoming Inc.	13.4x	$8,432
March 2017	GMexico Transportes S.A. de C.V.	Florida East Coast Railway Holdings Corp.	13.6x	$2,100
October 2016	Genesee & Wyoming Australia Pty Ltd.	Glencore Rail (NSW) Pty Limited	11.4x (1)	$866
October 2016	Macquarie Infrastructure and Real Assets	Genesee & Wyoming Australia Pty Ltd. (49%)	11.2x (1)	$1,534
March 2016	Rail Consortium(2)	Pacific National Holdings Pty Ltd.	10.3x	$6,594
February 2015	Genesee & Wyoming Inc.	Freightliner Group Limited (95%)	9.5x	$807
July 2012	Genesee & Wyoming Inc.	RailAmerica, Inc.	10.3x	$2,008
November 2009	Berkshire Hathaway Inc.	Burlington Northern Santa Fe Corp.	8.8x	$43,847
September 2007	Canadian Pacific Railway Limited	Dakota, Minnesota & Eastern Railroad Corporation	15.2x	$1,480
November 2006	Fortress Investment Group LLC	RailAmerica, Inc.	11.7x	$1,055
August 2005	Toll Holding Ltd.	Patrick Corporation	15.0x	$5,284
December 2004	Kansas City Southern	Transportacion Ferroviaria Mexicana, S.A. de C.V. (51%)	6.1x	$1,320
November 2003	Canadian National Railway Company	BC Rail Ltd.	14.4x	$1,204
January 2001	Canadian National Railway Company	Wisconsin Central Ltd.	9.8x	$1,191
February 1998	Canadian National Railway Company	Illinois Central Corp.	11.4x	$2,973
April 1997	CSX Corp. / Norfolk Southern Corporation	Conrail Inc.	12.1x	$12,329
August 1995	Union Pacific Corp.	Southern Pacific Rail Corp.	12.3x	$5,388
March 1995	Union Pacific Corp.	Chicago and North Western Holdings Corporation	8.4x	$2,614
June 1994	Burlington Northern Inc.	Santa Fe Pacific Corporation	7.2x	$5,087
Median			**11.4x**	

(1) G&W Australia transaction multiple was based on NTM projections since LTM were unavailable. All other transactions reflect AV/LTM EBITDA Ratios.

(2) Rail Consortium consists of CPP Investments Limited (33%), Global Infrastructure Partners Inc. (27%), China Investment Corporation (16%), GIC Pte. Ltd. (12%), and British Columbia Investment Management Corporation (12%).

The selected precedent transactions varied significantly based upon company scale, business risks, growth prospects and geography, as well as prevailing market trends. Based on its analysis of the relevant metrics for each of the precedent transactions and upon the application of its professional judgment and experience, Morgan Stanley selected a representative range of AV/LTM EBITDA Ratio and applied this range to KCS's last 12 months ("LTM")

COVID-Adjusted EBITDA as of June 30, 2021 of $1,600 million as provided by KCS management, which reflects an add-back of $128 million, as provided by KCS management, for the estimated impact of COVID-19 for the third and the fourth quarters of 2020.

Based on this analysis, Morgan Stanley calculated a range of implied equity values per share of KCS common stock as follows, in each case rounded to the nearest $1.00:

	Selected Representative Range	Implied Equity Value Per Share of KCS Common Stock
AV/LTM EBITDA Ratio	11.0x – 15.0x	$151.00 – $221.00

Morgan Stanley also reviewed the premia paid for transactions announced between January 1, 2007 and December 31, 2020 with a publicly announced transaction value of more than $1,000 million, as published by Thomson Reuters. The premia paid were calculated based on each of (i) the target company's closing stock price and (ii) the 52-week high of the target company's stock price, in each case on the last trading day prior to the public announcement of the transactions. Based on its analysis of the relevant metrics and upon the application of its professional judgment and experience, Morgan Stanley (A) selected a representative range of premia of 15% to 35% with respect to the target companies' closing stock prices and applied this range of premia to the closing trading price of KCS common stock as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $224.16 and (B) selected a representative range of premia of (5%) to 20% with respect to the 52-week highs of such target companies' stock prices and applied this range of premia to the 52-week high price per share of KCS common stock as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $224.16.

Morgan Stanley's premia paid analysis was based on precedent transactions with transaction values greater than $1,000 million from 2007 to 2020. The multiple range of 11.0x to 15.0x for the precedent transactions analysis was selected based on Morgan Stanley's professional experience and judgment.

These analyses indicated ranges of implied equity values per share of KCS common stock of (i) $258.00 to $303.00 and (ii) $213.00 to $269.00, respectively, in each case rounded to the nearest $1.00.

Morgan Stanley compared the foregoing ranges of implied equity values per share of KCS common stock to the closing trading price of KCS common stock as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $224.16, and the implied value of the merger consideration to be received by holders of shares of KCS common stock in the transaction as of September 13, 2021 of $288.00, rounded to the nearest $1.00.

No company or transaction used in the precedent transactions or premia paid analysis is identical to KCS or the transaction. In evaluating the precedent transactions, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of KCS. These include, among other things, the impact of competition on the business of KCS or the industry generally, industry growth, and the absence of any adverse material change in the financial condition and prospects of KCS or the industry, and in the financial markets in general. Mathematical analysis is not in itself a meaningful method of using precedent transactions data.

Other Factors

Morgan Stanley observed certain additional factors that were not considered part of its financial analyses with respect to its opinion but were referenced for informational purposes, including, among other things, the following:

- *Historical Trading Range.* For reference only and not as a component of its fairness analysis, Morgan Stanley reviewed the low and high per share trading range of shares of KCS common stock for the 12-month period ending March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement). Morgan Stanley observed that during such period the trading range was $101.00 to $224.00 per share of KCS common stock, rounded to the nearest $1.00.

- *Equity Research Analysts' Price Targets.* For reference only and not as a component of its fairness analysis, Morgan Stanley reviewed the undiscounted price targets for shares of KCS common stock prepared and published by 20 equity research analysts as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement). These targets generally reflect each analyst's estimate of the future public market trading price of shares of KCS common stock. In order to better compare the equity analysts' stock price targets with the merger consideration, Morgan Stanley discounted each analyst's price target to present value by applying, for a one year discount period, a discount rate of 7.4%, selected by Morgan Stanley based on the application of its professional judgment and experience to reflect KCS's cost of equity. This analysis resulted in a discounted analyst price target range for shares of KCS common stock of $186.00 to $239.00 per share, rounded to the nearest $1.00. Morgan Stanley used a discount rate of 7.4% to reflect KCS's estimated cost of equity. Cost of equity was calculated using the CAPM. The CAPM takes into account market risk premium, risk-free rate and beta of the underlying stock.

- *Discounted Equity Value Analysis.* For reference only and not as a component of its fairness analysis, Morgan Stanley performed a discounted equity value analysis, which is designed to provide insight into a theoretical estimate of the future implied value of a company's common equity as a function of such company's estimated future earnings and a theoretical range of trading multiples. The resulting estimated future implied value of equity is subsequently discounted back to the present day at the company's cost of equity in order to arrive at an illustrative estimate of the present value for the company's theoretical future implied stock price. Morgan Stanley used a discount rate of 7.4% to reflect KCS's estimated cost of equity. Cost of equity was calculated using the CAPM. The CAPM takes into account market risk premium, risk-free rate and beta of the underlying stock. Morgan Stanley used a NTM P/E multiple range of 17.0x to 21.0x based on KCS's and comparable companies' NTM P/E multiples over time.

In arriving at the estimated equity values per share of KCS common stock, Morgan Stanley selected a representative range of ratio of stock price to future earnings per share ("P/E Multiple") utilizing the next 12 months ("NTM") estimated earnings per share and applied this range of multiples to an estimate of fiscal year 2029 earnings per share from the KCS management unaudited KCS projections. Morgan Stanley then discounted the resulting equity values per share to June 30, 2021 at a discount rate of 7.4%, selected by Morgan Stanley based on the application of its professional judgment and experience to reflect KCS's cost of equity. Based on this analysis, Morgan Stanley derived a range of implied equity values per share of KCS common stock as follows, each rounded to the nearest $1.00:

	Selected Representative Range	Implied Equity Value Per Share of KCS common stock
P/E Multiple	17.0x–21.0x	$ 269.00–$328.00

Analyses Related to CPRL

Discounted Cash Flow Analysis

Morgan Stanley performed a discounted cash flow analysis, which is designed to provide an implied value of a company by calculating the present value of the estimated future unlevered free cash flows and terminal value of such company. Morgan Stanley calculated a range of implied equity values per CPRL common share as of June 30, 2021, based on estimates of future unlevered free cash flows for the six months ending December 31, 2021 and fiscal years 2022 through 2029 contained in the KCS management unaudited CPRL projections, including net debt of CPRL as of June 30, 2021 of $6,027 million. Morgan Stanley also calculated a range of terminal values for CPRL based on NTM EBITDA exit multiple range of 11.75x to 13.25x, which was selected based on Morgan Stanley's professional judgment and experience. The estimated unlevered free cash flows and the range of terminal values were then discounted to June 30, 2021 by applying a discount rate range of 5.4% to 6.7%, which was selected based on Morgan Stanley's professional judgment and experience, to reflect CPRL's estimated weighted average cost of capital. Morgan Stanley used a discount rate range of 5.4% to 6.7% to reflect CPRL's estimated weighted average cost of capital, which was calculated by multiplying the cost of each capital source (debt and equity) by its relevant weight, and then adding the products together to determine the value. Cost of equity was calculated using the CAPM. The CAPM takes into account market risk premium, risk-free rate and beta of the underlying stock. Morgan Stanley used an EBITDA exit multiple range of 11.75x to 13.25x based on CPRL's and comparable companies' EBITDA multiples over time.

This analysis indicated a range of implied equity values per CPRL common share of $76.00 to $93.00, in each case rounded to the nearest $1.00.

Morgan Stanley compared the foregoing range of implied equity values per CPRL common share to the closing trading price of CPRL common shares on September 13, 2021 of $68.55 and to the closing trading price per CPRL common share on March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $75.70 (taking into account the share split).

Comparable Public Company Analysis

Morgan Stanley performed a comparable public company analysis, which attempts to provide an implied value of a company by comparing it to similar companies that are publicly traded. Morgan Stanley reviewed and compared certain financial information of CPRL with corresponding publicly available financial information for other Class 1 Rail companies that shared certain similar characteristics to CPRL to derive an implied valuation range for CPRL. The companies used in this comparison were the following:

- KCS
- CN
- Union Pacific Corporation
- Norfolk Southern Corporation
- CSX Corporation

The above companies were chosen based on Morgan Stanley's knowledge of the industry and because they have businesses that may be considered similar to CPRL's. Although none of such companies are identical or directly comparable to CPRL, these companies are publicly traded companies with operations and/or other criteria, such as lines of business, markets, business risks, growth prospects, maturity of business and size and scale of business, that for purposes of its analysis Morgan Stanley considered similar to CPRL.

For purposes of this analysis, Morgan Stanley analyzed the following statistics of each of these companies, based on public filings, publicly available research estimates and publicly available financial information published by Capital IQ as of March 19, 2021(which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) for KCS and CPRL, as of April 19, 2021 (which was the last trading day prior to the announcement of the CN proposal) for CN and as of September 13, 2021 for Union Pacific Corporation, Norfolk Southern Corporation and CSX Corporation:

- the 2022E AV/EBITDA Ratio; and
- the 2022E P/E Ratio.

The results of Morgan Stanley's analysis were presented for the comparable companies, as indicated in the following table:

	2022E AV/EBITDA Ratio	**2022 E P/E Ratio**
KCS	13.4x	21.4x
CPRL	14.6x	21.1x
CN	14.2x	22.5x
Union Pacific Corporation	12.9x	18.3x
Norfolk Southern Corporation	12.4x	18.4x
CSX Corporation	11.8x	18.1x
Mean	**13.2x**	**20.0x**
Median	**13.2x**	**19.8x**

Based on its analysis of the relevant metrics for each of the comparable companies and upon the application of its professional judgment and experience, Morgan Stanley selected representative ranges of 2022E AV/EBITDA Ratio and 2022E P/E Ratio and applied these ranges to CPRL's estimated fiscal year 2022 EBITDA of $3,900 million based on consensus analyst estimates and of $3,862 million based on the KCS management unaudited CPRL projections, and to CPRL's estimated fiscal year 2022 earnings per share of $3.63 based on consensus analyst estimates and of $3.67 based on the KCS management unaudited CPRL projections. For purposes of this analysis, Morgan Stanley utilized the KCS management unaudited CPRL projections and consensus analyst estimates.

Morgan Stanley then calculated a range of implied equity values per CPRL common share as follows, in each case rounded to the nearest $1.00:

	Selected Representative Range	**Implied Equity Value Per CPRL Common Share**
2022E AV/EBITDA Ratio (KCS management unaudited CPRL projections)	12.0x – 14.5x	$ 60.00-$74.00
2022E P/E Ratio (KCS management unaudited CPRL projections)	18.5x – 22.5x	$ 68.00-$82.00
2022E AV/EBITDA Ratio (Consensus)	12.0x – 14.5x	$ 61.00-$75.00
2022E P/E Ratio (Consensus)	18.5x – 22.5x	$ 67.00-$82.00

Morgan Stanley compared the foregoing ranges of implied equity values per CPRL common share to the closing trading price of CPRL common shares on September 13, 2021 of $68.55 and to the closing trading price on March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $75.70.

No company included in the comparable public company analysis is identical to CPRL. In evaluating comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of CPRL. These include, among other things, the impact of competition on the business of CPRL and the industry generally, industry growth, and the absence of any adverse material change in the financial condition and prospects of CPRL and the industry, and in the financial markets in general. Mathematical analysis is not in itself a meaningful method of using comparable company data.

Other Factors

Morgan Stanley observed certain additional factors that were not considered part of its financial analyses with respect to its opinion but were referenced for informational purposes, including, among other things, the following:

- *Historical Trading Range.* For reference only and not as a component of its fairness analysis, Morgan Stanley reviewed the low and high per share trading range of CPRL common shares for the 12-month period ending March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement). Morgan Stanley observed that during such period the trading range was $36.00 to $77.00 per CPRL common share (taking into account the share split), rounded to the nearest $1.00.

- *Equity Research Analysts' Price Targets.* For reference only and not as a component of its fairness analysis, Morgan Stanley reviewed the undiscounted price targets for CPRL common shares prepared and published by 24 equity research analysts as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement). These targets generally reflect each analyst's estimate of the future public market trading price of CPRL common shares. In order to better compare the equity analysts' stock price targets with the trading price of CPRL common shares on September 13, 2021 of $68.55 and to the closing trading price of $75.70 on March 19, 2021 (which was the last trading day prior to the execution of the prior CP merger agreement), Morgan Stanley discounted each analyst's price target to present value by applying, for a one year discount period, a discount rate of 6.4%, selected by Morgan Stanley based on the application of its professional judgment and experience to reflect CPRL's cost of equity. This analysis resulted in a discounted analyst price target range for CPRL common shares of $64.00 to $76.00 per share, rounded to the nearest $1.00. Morgan Stanley used a discount rate of 6.4% to reflect CPRL's estimated cost of equity. Cost of equity was calculated using the CAPM. The CAPM takes into account market risk premium, risk-free rate and beta of the underlying stock.

Summary of Material Pro Forma Financial Analysis

Has/Gets Analysis

Morgan Stanley performed a Has/Gets Analysis to calculate the theoretical change in value for holders of KCS common stock resulting from the transaction based on a comparison of (i) the pro forma ownership by holders of KCS common stock of CPRL giving effect to the transaction, and (ii) the 100% ownership by holders of KCS common stock of the KCS common stock on a standalone basis. For KCS common stock on a standalone basis, Morgan Stanley used the reference range obtained in the discounted cash flow analysis described above under "*Summary of Material Financial Analyses of KCS – Discounted Cash Flow Analysis*." Morgan Stanley then performed the same analysis by calculating the range of implied per share equity values allocable to holders of KCS common stock on a pro forma basis, giving effect to the transaction, by assuming approximately 28% pro forma ownership, based on the number of CPRL common shares estimated to be issued to holders of KCS common stock in the transaction, utilizing the results of the standalone discounted cash flow analyses for KCS and CPRL described above under "*Summary of Material Financial Analyses of KCS – Discounted Cash Flow Analysis*" and under "*Summary of Material Financial Analyses of CPRL – Discounted Cash Flow Analysis*," and taking into account the KCS management assumed synergies on the basis of (1) a projected $990 million in EBITDA synergies as provided by KCS management (referred to in this section as the "$990 million synergy case"), which also included $20 million of projected D&A and Capex synergies, for total projected gross synergies of $1,010 million, and (2) a projected $377 million in EBITDA synergies as provided by KCS management (referred to in this section as the "$377 million synergy case"), which also included $23 million of projected D&A and Capex synergies for total projected gross synergies of $400 million. Morgan Stanley then compared these implied per share equity value ranges, which were further adjusted by an estimated additional net debt from the transaction and $90.00 per share cash merger consideration, to the implied per share equity value ranges derived for KCS common stock on a standalone basis utilizing the results of the standalone discounted cash flow analysis for KCS described above.

This analysis yielded the following implied per share equity value ranges for KCS common stock on a standalone and on a pro forma basis (rounded to the nearest $1.00):

Implied Equity Value Per Share of KCS common stock		
Standalone	**Pro-Forma $990 million synergy case**	**Pro-Forma $377 million synergy case**
$226.00 - $280.00	$310.00 - $365.00	$291.00 - $343.00

Other Considerations

In connection with the review of the transaction by the KCS board, Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to

any analysis or factor it considered. Morgan Stanley believes that selecting any portion of its analyses, without considering all analyses as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley's view of the actual value of KCS or CPRL.

In performing its analyses, Morgan Stanley made numerous assumptions with regard to industry performance, general business, regulatory, economic, market and financial conditions and other matters, which are beyond the control of KCS or CPRL. These include, among other things, the impact of competition on the businesses of KCS and CPRL or the industry generally, industry growth, and the absence of any adverse material change in the financial condition and prospects of KCS, CPRL or the industry, and in the financial markets in general. Any estimates contained in Morgan Stanley's analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Morgan Stanley conducted the analyses described above solely as part of its analysis of the fairness, from a financial point of view, of the merger consideration to be received by the holders of shares of KCS common stock (other than excluded shares) pursuant to the merger agreement, and in connection with the delivery of its opinion to the KCS board. These analyses do not purport to be appraisals or to reflect the prices at which shares of KCS common stock or CPRL common shares might actually trade.

The merger consideration to be received by the holders of shares of KCS common stock was determined through arm's-length negotiations between KCS and CPRL and was approved by the KCS board. Morgan Stanley acted as financial advisor to the KCS board during these negotiations but did not, however, recommend any specific merger consideration to KCS, nor opine that any specific merger consideration constituted the only appropriate merger consideration for the transaction. In addition, Morgan Stanley's opinion does not in any manner address the prices at which CPRL common shares will trade following consummation of the transaction or at any other time and Morgan Stanley expressed no opinion or recommendation as to how KCS's or CPRL's shareholders should vote at any shareholder meetings to be held in connection with the transaction.

Morgan Stanley's opinion and its presentation to the KCS board was one of many factors taken into consideration by the KCS board in deciding to approve the merger agreement. Consequently, the analyses as described above should not be viewed as determinative of the recommendation of the KCS board with respect to the merger consideration or of whether the KCS board would have been willing to agree to different merger consideration. Morgan Stanley's opinion was approved by a committee of Morgan Stanley investment banking and other professionals in accordance with its customary practice.

KCS has agreed to pay Morgan Stanley for its services in connection with the transaction an aggregate fee, which is currently estimated, based on the information available as of the date of announcement, to be approximately $63 million, a portion of which was paid upon the execution and announcement of the prior CP merger agreement in March 2021, a portion of which was paid to Morgan Stanley upon the rendering of a fairness opinion in connection with the CN agreement announced in May 2021, a portion of which was payable upon the rendering of its opinion in connection with the transaction and the remainder of which is payable upon the closing of the transaction. KCS has also agreed to reimburse Morgan Stanley for certain of its expenses incurred in performing its services, including fees and expenses of outside counsel to Morgan Stanley. In addition, KCS has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including certain liabilities under the federal securities laws, related to or arising out of Morgan Stanley's engagement.

In the two years prior to the date of its opinion, Morgan Stanley or its affiliates have provided financial advisory and financing services to KCS and its affiliates and have received aggregate fees of approximately $5 million to $15 million in connection with such services (which includes the fee received upon delivery of its opinion in connection with the prior CP merger agreement announced in March 2021 and the fee received upon delivery of its opinion in connection with the CN agreement announced in May 2021). In addition, Morgan Stanley or one of its affiliates is currently a lender to each of KCS and CPRL under their respective revolving credit facilities, and is also

currently engaged to provide financing services to CPRL that are unrelated to the transaction, for which Morgan Stanley expects to receive customary fees. Morgan Stanley may also seek to provide financial advisory and financing services to KCS, CPRL and their respective affiliates in the future and would expect to receive fees for the rendering of these services.

Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Its securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of CPRL, KCS, their respective affiliates or any other company, or any currency or commodity, that may be involved in the transaction, or any related derivative instrument.

REDACTED PUBLIC RECORD VERSION

CP-26/KCS-14

BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED; CANADIAN PACIFIC RAILWAY COMPANY; SOO LINE RAILROAD COMPANY; CENTRAL MAINE & QUEBEC RAILWAY US INC.; DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION; AND DELAWARE AND HUDSON RAILWAY COMPANY, INC. – CONTROL – KANSAS CITY SOUTHERN, THE KANSAS CITY SOUTHERN RAILWAY COMPANY, GATEWAY EASTERN RAILWAY COMPANY, AND THE TEXAS MEXICAN RAILWAY COMPANY

RAILROAD CONTROL APPLICATION
VOLUME 2 OF 4

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VOLUME 2 OF APPLICATION – CP-26/KCS-14

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BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF W. ROBERT MAJURE

CORNERSTONE RESEARCH
ECONOMIC AND FINANCIAL CONSULTING AND EXPERT TESTIMONY

BEFORE THE SURFACE TRANSPORTATION BOARD

Finance Docket No. 36500
CANADIAN PACIFIC RAILWAY LIMITED, ET AL. – CONTROL – KANSAS CITY SOUTHERN, ET AL.

EXPERT STATEMENT OF W. ROBERT MAJURE, PH.D.

October 29, 2021

REDACTED

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1. QUALIFICATIONS AND ASSIGNMENT

1.1. Qualifications

1. My name is W. Robert Majure. I am a Vice President at Cornerstone Research. Prior to joining Cornerstone Research, I worked for approximately 25 years in the Antitrust Division of the U.S. Department of Justice ("DOJ") as an economist, Assistant Section Chief, Section Chief, and ultimately as the Director of Economics.

2. I earned my Ph. D. in Economics from Massachusetts Institute of Technology in 1994 and a B.A. from the University of Virginia in 1990. My main area of expertise is the economics of industrial organization – particularly issues of competition.

3. While at the DOJ, I performed and supervised economic analyses of competition issues in various industries, including transportation, telecommunications, banking, computer software and hardware, heavy industry, mining and drilling, healthcare, entertainment, and railroads. I submitted testimony on competitive effects in the merger of the Union Pacific and Southern Pacific Railroads and on the suitability of remedy in *U.S. v. SBC Communications Inc. and AT&T Corp.* and *U.S. v. Verizon Communications Inc. and MCI, Inc.* I also served on the committee that drafted the 2010 Horizontal Merger Guidelines. I received awards for my work at the DOJ, including presidential recognition for my contributions as a senior executive of the civil service.

4. A copy of my *curriculum vitae* is attached as Appendix A.

1.2. Assignment

5. In the context of these proceedings, on April 30, 2021 and at the request of counsel for Canadian Pacific ("CP"), I submitted an expert statement ("Initial Statement") to describe my preliminary findings on the competition issues related to the proposed acquisition of Kansas City Southern ("KCS") by Canadian Pacific, and to compare them to competitive issues that would be raised in an acquisition of KCS by Canadian National ("CN").[1]

6. On June 28, 2021, at the request of counsel for CP, I submitted a second expert statement ("Voting Trust Statement"), in the context of the proceedings related to the proposed acquisition of KCS by CN.[2] In the Voting Trust Statement, I provided an economic analysis of the voting trust arrangement that had been proposed by CN for its potential acquisition of KCS, and showed that a voting trust arrangement would have given CN an immediate incentive to implement its part of the anticompetitive horizontal consequences of a CN-KCS combination. I also provided additional analysis that confirmed the proposed merger of CN and KCS should have been treated as a horizontal merger, and that CN's proposed divestiture was insufficient to resolve the horizontal competition issues that would have been created by the transaction.

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[1] Expert Statement of W. Robert Majure, Ph.D., *Canadian Pacific Railway Limited, et al. – Control – Kansas City Southern, et al.*, Finance Docket No. 36500 and *Canadian National Railway Company, et al. – Control – Kansas City Southern, et al.*, Finance Docket No. 36514, Apr. 30, 2021 ("Initial Statement").

[2] Expert Statement of W. Robert Majure, Ph.D., *Canadian Pacific Railway Limited, et al. – Control – Kansas City Southern, et al.*, Finance Docket No. 36514, June 28, 2021 ("Voting Trust Statement").

7. I have been asked to submit a third expert statement at the request of counsel for CP evaluating whether the proposed acquisition of KCS by CP is likely to generate any procompetitive benefits or cause any competitive harms.

8. Cornerstone Research is being compensated at my standard billing rate of $875 per hour. I have been assisted by staff of Cornerstone Research, who worked under my direction. Cornerstone Research's compensation in this matter is not in any way contingent or based on the content of my opinion or the outcome of this or any other matter, nor is my compensation.

9. Appendix B contains a list of materials I have relied upon in preparing this statement. My work is ongoing, and I expect to supplement this analysis as these proceedings continue.

2. OVERVIEW AND SUMMARY OF OPINIONS

10. My economic analysis supports the following main conclusion: a CP and KCS combination is a vertical transaction of two complementary networks that would create opportunities for procompetitive benefits throughout the CP/KCS network and would not substantially lessen competition.

11. That a combination of CP and KCS would be a vertical, end-to-end combination of complementary networks that connect in only one location, Kansas City, is apparent from a map of the two railroads' route structures. The map in **Exhibit 1**, which shows the CP and KCS networks, including both owned tracks and trackage rights, make this clear.

EXHIBIT 1
A Canadian Pacific and Kansas City Southern deal is a vertical combination of complementary networks



Source: Canadian Pacific
Note: This map plots the rail networks of CP and KCS including tracks that each railroad either owns or has trackage rights over.

12. I organize the economic analysis of the potential competitive effects of a CP and KCS combination that supports my main conclusion as follows:

- In section 3, I consider the implications of an end-to-end railroad combination for competition. By combining railroads that extend rather than duplicate one another's systems, end-to-end combinations present benefits for shippers. This consistent conclusion of the Surface Transportation Board ("Board") is well grounded in economics. In the language of competition economics, these

benefits are consistent with the general expectation that a vertical merger can enable more efficient arrangements between parties and, as a result, can enhance competition. Specifically, new single line service created by a CP/KCS combination would have such benefits for shippers. End-to-end railroad combinations have also consistently been found by the Board unlikely to harm competition. I discuss the economics of vertical transactions and explain that neither CP nor KCS would have the incentive and ability as a combined firm to foreclose rivals or otherwise lessen competition as a result of vertical integration. I analyze traffic KCS brings to the Laredo gateway to illustrate how the overall effects on rivals of a combination of CP and KCS are likely to stem, not from CP/KCS foreclosing those rivals, but from enhanced competition as shippers freely choose newly-created CP/KCS single line options.

- In sections 4-6, I confirm that a combination of CP and KCS will not have any adverse horizontal competitive effects, which is consistent with its end-to-end character. In section 4, I analyze corridors of rail movements observed in the 2019 Confidential Waybill Sample for potential horizontal effects. Where both CP and KCS participate in movements of commodities in the same corridor, I examine the number of independent routes available to shippers before and after a combination of CP and KCS. This analysis confirms that a combination of CP and KCS would not reduce the number of independent options available in any corridor – i.e., that shippers would have no reduction in the number of horizontal competitors serving the rail corridor that shipper has used.
- In section 5, I analyze another aspect of horizontal competition, competition between corridors – i.e., situations where a shipper may have options to choose a different source or destination and may benefit from competition between a corridor involving CP and one involving KCS. After applying well-established screens for potential competitive effects, I examine the screened situations in more detail to determine whether CP and KCS are likely to pose an important competitive constraint on each other. I conclude that a combination of CP and KCS would not be likely to diminish between-corridor competition.
- In section 6, I consider the question of possible coordinated effects of a combination of CP and KCS. I find such effects particularly unlikely from this combination because: (i) a combined CP/KCS will still be the smallest Class I railroad with the same incentives to grow share that CP and KCS both exhibit today, (ii) effective coordination would require the participation of the same number of railroads whether or not CP and KCS combine, as CP and KCS are currently not providing significant competition to one another for any particular customers, and (iii) the incentives of a combined CP/KCS will tend to be

antagonistic to any possible coordination scheme, as the combination seeks to realize the efficiencies of new single-line service. I conclude that coordinated effects on competition stemming from the combination of CP and KCS are unlikely.

3. A CP AND KCS COMBINATION BENEFITS SHIPPERS AS AN END-TO-END RAILROAD COMBINATION

13. End-to-end railroad mergers have often been deemed beneficial to shippers. As the Board noted in its decision to allow a KCS combination with The Texas Mexican Railway Company ("Tex Mex" or "TM"): "An end -to-end consolidation of carriers, by its very nature, is not likely to generate the kinds of competitive problems that often arise in connection with a 'parallel' consolidation . . . Indeed, the evidence demonstrates that the end-to-end configuration of the KCS/TM control transaction will benefit shippers by enabling KCS to offer expanded single-line service . ."[3] Similarly, in its decision to approve the combination between Burlington Northern and Santa Fe, the ICC (predecessor to the Board) noted that: "The primarily end-to-end (vertical) integration of the rail operations conducted by BN and Santa Fe will enable the consolidation carrier to reduce the costs it incurs and to improve the services it provides. Shippers should benefit from lower rates and improved service, including new single-line service."[4]

14. These conclusions are consistent with the nature of end-to-end railroad combinations. They are a form of vertical merger, and vertical mergers have been widely recognized as presenting opportunities for enhancing competition by improving the service that merging parties are able to offer together.[5] As I discuss in section 3.1,

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[3] *Kansas City Southern – Control – The Kansas City Southern Railway Company et al.*, Finance Docket No. 34342 (Decision No. 12 served Nov. 29, 2004) ("KCS-TM-TFM Decision"), at p. 17.

[4] *Burlington Northern Inc. et al. – Control and Merger – Santa Fe Pacific Corporation et al.*, Finance Docket No. 32549 (Decision No. 38 decided Aug. 16, 1995), 10 I.C.C.2d ("BN-SF Decision"), at p. 740.

[5] U.S. Department of Justice and the Federal Trade Commission, Vertical Merger Guidelines ("Vertical Merger Guidelines"), June 30, 2020, at pp. 11–12.

the new single-line service CP and KCS will be able to offer is an example of this pro-competitive effect associated with vertical mergers. In some circumstances, vertical mergers are also capable of impairing competition. However, as I explain in section 3.2, that is not likely in a combination of CP and KCS. I use traffic KCS currently brings to the Laredo gateway to illustrate the balance of vertical effects that is likely to prevail at all the gateways of a combined CP/KCS and show that the effect is beneficial to shippers. That is, a combined CP/KCS will have the incentive to compete more effectively to provide opportunities for shippers to benefit from new single-line service offered by CP/KCS while also working with other railroads at these gateways to provide interconnection service if shippers so choose.

3.1. A CP and KCS combination enhances competition through the vertical effect of allowing new single-line service

15. I begin with the opportunity to enhance competition. Vertical mergers can enable a product improvement that is difficult to achieve through contracts or other agreements among vertically-related independent entities such as CP and KCS.[6]

16. Vertical mergers involve firms that are, absent a merger, not rivals for a customer's business but instead are working together in some fashion to produce a joint product for that customer. For end-to-end railroad mergers, the joint product is an interline movement. Both railroads would like to offer shippers interline service that is just as good as single-line service. However, producing a product together can be difficult

[6] *See, e.g.*, Nicholas Economides, "Quality choice and vertical integration," *International Journal of Industrial Organization*, 17(6), 1999, at pp. 903–914.

and, as the Verified Statement of John Brooks illustrates, railroads are no exception to the difficulties of coordinating operations, investments, and pricing of such products.

17. I understand from John Brooks's Statement that CP and KCS have in the past undertaken concerted efforts to achieve improvements in interline service through interline coordination as separate carriers. The difficulties he describes with contractual arrangements include disagreements about the split of revenues, about the costs of externalities imposed on each railroad's operations as equipment is outside of their tracking and control, and about the need for investment in improving operations across the interconnection.[7] All of these difficulties suggest that the reason interline service is inferior to single-line service is that separate railroads are limited in what they can do to align their incentives with respect to joint operations – limitations that fit into the model of vertical mergers enhancing efficiency by enabling more efficient coordination.

18. By resolving these shortcomings, an end-to-end railroad merger can enhance competition. In a combination of CP with KCS, the interconnection in Kansas City would become part of a commonly managed system. The features that make single-line service preferable – features that are difficult to implement by agreement between interlining railroads – would be directly enabled by the combination of CP and KCS. As a result, the combined CP/KCS product would be expected to divert some traffic

[7] For a detailed discussion of CP's attempts to coordinate and to contract for improvements to interline service, see Verified Statement of John Brooks ("Brooks V.S."), ¶¶ 30-34.

from other railroads.[8] Those other railroads will need to improve the quality of their own service or find ways to lower their prices to retain shippers.

19. In short, a combination of CP and KCS is likely to enhance competition through an effect common to many vertical mergers: resolving inefficient production of a joint product. Specifically, the combination is likely to eliminate coordination inefficiencies so that the present ability to interconnect in Kansas City will achieve the features of single-line service, which shippers prefer. As a result, shippers will benefit and competition will be enhanced.

3.2. The "vertical effects" of a CP and KCS combination would enhance rather than diminish competition

20. In this section, I examine the competitive implications of the end-to-end features of the combination of CP and KCS. I consider whether there are any features of this Transaction that would call into question the Board's consistent conclusions in other cases that end-to-end combinations are procompetitive and are not likely to lead to competitive harm. Specifically, I consider whether the combination might lead to competitive harm arising from closing off access to gateways for rival railroads that customers would prefer to the single-line offerings of the combined CP/KCS.

[8] For detailed predictions of traffic likely to be diverted to new single-line service for a combined CP/KCS, see Verified Statement of Bengt Mutėn ("Mutėn V.S."); Verified Statement of Jonathan Wahba and Mike Naatz ("Wahba V.S."); and Verified Statement of Richard Brown and Nathaniel S. Zebrowski ("Brown V.S.").

21. In the circumstances of this case, I find that harm from so-called "vertical" effects is not likely. To the contrary, the vertical features of the Transaction will add new competitive alternatives to the marketplace, enhancing competition.

22. The Board's approach to the analysis of end-to-end railroad combinations is well grounded in competition economics reflected in the relevant enforcement guidance of the antitrust agencies. The Vertical Merger Guidelines issued in 2020 by the Antitrust Division and the Federal Trade Commission identify two elements that are necessary for these agencies to investigate to assess whether a proposed merger creates potential adverse vertical effects, neither of which are present here. First, one of the merging parties must have the *ability* to preclude or control a rival's ability to compete. Second, there must be an *incentive* for the merged entity to exercise this ability over rivals.[9] Neither of these elements is applicable to the combination of CP and KCS, consistent with the general conclusion the Board has reached in prior cases.[10]

23. To illustrate how the incentive and ability elements apply to railroads, I consider two examples that have often featured in the Board's evaluation of end-to-end

[9] *See* Vertical Merger Guidelines, at pp. 4–5. On September 15, 2021, the FTC voted to withdraw from these guidelines. The majority statement in that decision took issue with a separate section of the 2020 VMG related to efficiencies while endorsing the sections that discussed the incentive and ability elements: "The 2020 VMGs represent a substantial improvement over the 1984 guidelines that they replaced and address important principles such as raising rivals' costs, foreclosure, and misuse of competitively sensitive information." *See* Statement of Chair Lina M. Khan, Commissioner Rohit Chopra, and Commissioner Rebecca Kelly Slaughter on the Withdrawal of the Vertical Merger Guidelines, Federal Trade Commission, Commission File No. P810034, Sept. 15, 2021, at p. 2, available at https://www.ftc.gov/system/files/documents/public_statements/1596396/statement_of_chair_lina_m_khan_commissioner_rohit_chopra_and_commissioner_rebecca_kelly_slaughter_on.pdf.

[10] *See, e.g.*, the decision in NS and CSX combinations with Conrail: "It has been our experience that end-to-end restructurings of this kind rarely result in a diminution of competition. We have adopted a presumption, known as the one-lump theory, that vertical combinations will not result in competitive harm." *CSX Corp. et al. -Control and Operating Leases/Agreements - Conrail Inc. et al.*, Finance Docket No. 33388 (Decision No. 89 served Jul. 28, 1998), at p. 248.

transactions: (i) a completely captive shipper and (ii) a shipper who can readily turn to other transportation options in the face of any price increase. Assume these two hypothetical shippers are both located on parts of the KCS system.

24. First, consider the solely-served shipper who has no ready alternative to KCS for originating its movements. A combined CP/KCS would not be expected to have any *incentive* to affect the competitive terms available to this shipper, because KCS would already be collecting the full measure of returns associated with its existing market power. This lack of an incentive to change prices for such shippers (or reduce service or otherwise degrade the terms that shipper receives) is what the Board and its predecessor agency have found when evaluating other end-to-end transactions, and is sometimes labeled as "the one-lump theory."[11] The combination of CP and KCS would not change the state of affairs for a completely captive shipper, except possibly to give that shipper an option to use the KCS/CP single-line if that service is better than a KCS-Other Carrier route. To that extent, diversion to the KCS/CP route would indicate a presumptively better outcome for that shipper. Likewise, if the other carrier responds to this pressure with an offer to tighten margins and retains the shipper, the outcome reflects enhanced competition.

25. Next, consider the other hypothetical shipper, who can readily switch to another railroad or mode of transportation. Perhaps this second shipper can rely on FXE's

[11] *See* BN-SF Decision at pp. 747–748, 751: "Our experience has been that where a single rail carrier controls a destination segment, and no transportation alternatives are available, the shipper will be captive and the single rail carrier will be able to capture the preponderance of the economic profits" and "the through rate will be at the level maximizing net revenue for the traffic, subject to regulatory limits, and the destination carrier will establish favorable through service with the origin carrier willing to take the lowest division of the through rate for its segment of the movement." *See*, also, fn. 10.

network in Mexico as a suitable alternative to KCSM for originating its movements. For the shipper with ready alternatives, there would be no *ability* for a combined CP/KCS to force inferior terms on the shipper. Doing so would only lead to loss of the traffic – or failure to attract new traffic – contrary to the company's economic incentives. Again, this shipper may still see the benefit of new single-line service and choose to divert from a KCS-Other Carrier route to a KCS/CP route or the other carrier may tighten its margins to retain the shipper – in either case, enhancing, rather than diminishing, competition. The Board has summarized this lack of ability by noting that any forces constraining a rail carrier from taking "full advantage of a bottleneck" are a limit on that ability both before and after a merger.[12] Whether those limiting forces are a regulatory constraint, competitive pressure from other rail or non-rail options, or anything else, the combination of CP and KCS is not likely to create any ability for the combined firm to profit from inferior terms to any shipper.

26. These two examples illustrate the extremes of a continuum. For any actual shipper, the degree to which they can turn to competitive options is likely somewhere between being completely captive and having a perfect limiting force. That is, the shipper has a "lump" that a serving railroad can earn but less of a lump than a completely captive shipper might convey. However large the lump is, the lack of either incentive or ability ensures that the shipper is not likely to suffer any incremental adverse effects from an end-to-end rail merger.

[12] *See* BN-SF Decision at p. 751: "Conversely, when certain factors are present that limit a carrier's ability to take full advantage of a bottleneck, those factors will remain in place as effective safeguards after the merger. We have consistently adhered to these principles in assessing harm in merger cases and in making market dominance determinations in rate cases."

27. Examination of the impact of past transactions in which vertical competitive concerns were raised tends to confirm the Board's conclusion in those prior cases. Of particular interest for this Transaction are the concerns raised by Union Pacific ("UP") in 2004-2005 about the impact of KCS's acquisition of Tex Mex and TFM (the holder of the Northeast Concession and predecessor of KCSM) on competition for traffic moving via the Laredo gateway. UP's concerns 15 years ago echo the concerns UP raised when it opposed the waiver of the 2001 merger rules to this Transaction.[13]

28. In the KC-TM-TFM proceeding, UP argued that KCS would inefficiently divert TFM-UP traffic to TFM-KCS routes in order to extend KCS's haul and earn greater revenues.[14] KCS responded by arguing that it would not have any incentive or ability to foreclose efficient TFM-UP routes and the Board agreed.[15] However, the Board nonetheless held KCS to its representations that it would keep the Laredo gateway open on commercially reasonable terms.[16]

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[13] *Canadian Pacific Railway Limited, et al. – Control – Kansas City Southern, et al.,* Union Pacific Railroad Company's Opposition to Waiver of the Regulations Contained in Current Subpart A of 49 CFR Part 1180, Finance Docket No. 36500, Apr. 1, 2021, at pp. 8–9.

[14] *See Kansas City Southern – Control – The Kansas City Southern Railway Company et al.*, Finance Docket No. 34342, Union Pacific Railroad Company's Comments, Volume 1 of 2: Narrative, Aug. 4, 2003 ("UP Comments on KCS-TM-TFM"), at pp. 45–58.

[15] "KCS's experts credibly explained that market conditions would prevent KCS from raising rates to shippers or foreclosing UP and BNSF from the Mexican market, because the latter two carriers account for more than 90% of the rail traffic interchanged with TFM at Laredo, and it would be unprofitable for KCS to use its control of TFM to take actions that would foreclose this traffic." KCS-TM-TFM Decision, at pp. 17–18.

[16] "In addition, we are requiring KCS to comply with its commitment to keep the Laredo gateway open on commercially reasonable terms. . . We will approve the KCS/TM application because the evidence demonstrates that, subject to the conditions imposed in this decision, there will not be, as a result of common control of KCS, KCSR, GWER, Mexrail, and TM, either a substantial lessening of competition, the creation of a monopoly, or a restraint of trade in freight surface transportation in any region of the United States." KCS-TM-TFM Decision, at pp. 6, 16.

29. I examine KCS's handling of traffic that moved from Mexico via KCS's Mexican affiliate in 2019 – 15 years after KCS acquired control of TFM (and renamed it KCSM) – to explore how the alleged incentive to foreclose UP at Laredo has played out. The traffic that could potentially generate the relevant foreclosure incentive is the traffic that KCSM originates in Mexico and for which KCS is UP's competitor for the delivery in the United States. Looking back at the KCS-TFM merger, UP's stated concern would suggest that post-control KCS would have found ways to close the gateway by disadvantaging UP traffic moving over the gateway because doing so would improve KCS's ability to win the delivery of this traffic.[17]

30. In **Exhibit 2**, I use KCS's traffic tape to look at the handling at Laredo of all the traffic KCS brings to Laredo from Mexico. The first row captures traffic in the category where KCS allegedly has an incentive to refuse to work with UP – i.e., traffic that KCS itself could deliver to the ultimate termination. Even within this category of traffic, KCS interchanges {{ }} percent with UP at Laredo. That sizable percentage is consistent with KCS having an incentive to provide shippers with their preferred route and carrier – interchanging as necessary to meet the shipper's preference rather than forcing shippers to use KCS alone.

[17] While UP's concern could have applied to southbound traffic as well, I test the effect on the northbound traffic as I can readily categorize movements of this traffic in terms of whether an interchange with another railroad happened as early in the movement as feasible.

EXHIBIT 2
Traffic KCSM brings to the Laredo gateway from Mexico is interchanged with UP, BNSF, and KCS

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Source: CP-KCS Traffic Tapes, 2019; Confidential Waybill Sample, 2019; CP Intermodal Containers to Railcar Conversion Factor.xls; KCS R-1 Annual Report, 2019

Note: This analysis focuses on northbound shipments that KCS routes from Mexico through Laredo. Total carloads and shares are broken down based on whether KCS, CP, UP, or BNSF can serve the ultimate destination area. Areas served are based on BEA areas. An area is considered "served" by a carrier in this analysis if the carrier is observed terminating the final segment of a movement in the area in the 2019 CP-KCS traffic tapes or is observed terminating a shipment in the 2019 Confidential Waybill Sample. There are {{ }} carloads that KCS routes from Mexico through Laredo for which the ultimate destination is not reported in the data. These carloads are excluded from the analysis. Intermodal units are converted to carloads using 4.7 units per flat car, which corresponds to a system average for CP. Using the KCS system average, 3.9 units per flat car, does not qualitatively change the results.

31. Of course, the exchange of traffic with UP is also consistent with KCS having no ability to force shippers into using KCS. Possibly, that lack of ability follows from the commitments KCS undertook as a condition for its merger with KCSM. However, even if the incentive to refuse to work with UP might exist and might be acted upon if KCS were not subject to those commitments, a combined CP/KCS would assume the same commitments KCS has been operating under since its merger with KCSM. Moreover, I understand that CP has already extended similar commitments to other existing gateways.[18] The fact that KCS has continued to interchange {{ }} traffic with UP at the Laredo gateway, even where KCS could be the single-line carrier of that traffic, demonstrates that the elements required to constitute a vertical concern are not present in a combination of CP and KCS. That is, interchange

[18] Brooks V.S., at ¶¶ 42–47.

activity at the Laredo gateway demonstrates a combined CP/KCS would not have the ability and incentive to preclude its rivals' access to gateways.

32. In addition, comparisons of the KCS shares in Exhibit 2 are consistent with my assessment that competition will benefit from the creation of new and improved single-line offerings. Of KCS's {{ }} percent share of the Laredo crossings destined for areas where KCS could potentially deliver to the ultimate destination, KCS handles {{ }} percent of this traffic via longer-hauls on its network (row 1). That is, counting the traffic KCS takes to Robstown, TX to exchange with BNSF as effectively the same as an interchange at Laredo, KCS is chosen by shippers for service beyond Laredo on about {{ }} percent of the carloads. This rate stands in contrast to the percentages seen in the second row – representing traffic that is destined for areas where KCS could not deliver to the ultimate destination. For that traffic, shippers choose KCS for service beyond Laredo on {{ }} percent of carloads. That difference, {{ }} percent where KCS could offer a single-line service compared to {{ }} percent where they could not, suggests that shippers have a preference for single-line service.

33. A portion of the areas where KCS cannot deliver to the ultimate destination today have the potential to gain single-line service from a combination of CP and KCS. Limiting my analysis only to those areas where CP could deliver to the ultimate destination (row 3), I see that KCS is handling the traffic beyond Laredo on an even smaller share of these carloads, about {{ }} percent. Within the same group of destinations, KCS is chosen for service beyond Laredo {{

}} for locations where each of UP or BNSF would have to interconnect with other railroads north of Laredo or Robstown to complete the movement (row 4), and

KCS is chosen for service beyond Laredo {{ }} where UP or BNSF instead would be able to reach the destination via their own networks and thus would not need to interconnect north of Laredo or Robstown (row 5).[19] These comparisons suggest that the ability to offer fewer interchanges can significantly improve a railroad's ability to win the business of shippers to these areas and can make a railroad's service a more significant competitive force.

34. These figures imply significant scope for shippers to benefit from enhanced competition resulting from the CP/KCS combination. This is particularly true for the shipments covered in row 3, where KCS only wins carriage of the traffic beyond Laredo for {{ }} of carloads. These are shipments destined for locations beyond Kansas City where the combined CP/KCS will create the potential to change the present interline service option of CP and KCS into single-line service. As I just showed, comparisons to regions where KCS can currently offer single-line service suggest the combined CP/KCS will win a larger percentage of shipper business as their competitiveness is enhanced as a result of the combination extending their single-line capability to these areas. In these areas, for which KCS currently exchanges about {{ }} percent of carloads with UP at Laredo and about {{ }} percent of them with BNSF at Robstown, CP/KCS will be in a stronger position after a CP and KCS combination to compete for the movement. UP and BNSF might lose some of their share on this traffic to the improved CP/KCS product, but they would not likely be foreclosed, just as UP has not been foreclosed by KCS for movements to areas KCS

[19] For these movements, UP and BNSF tend to serve the same set of delivery locations. Of the {{ }} carloads moving to delivery locations served by UP or BNSF (row 5), {{ }} carloads are destined for locations served by both UP and BNSF, {{ }} carloads for locations served by UP and not BNSF, and {{ }} for locations served by BNSF and not UP. See my workpaper 1.

can currently serve with a single line (row 1). Rather, UP and BNSF would have to compete harder to maintain share similar to what UP wins today in competition against KCS single-line routes to the areas in row 1.

35. To the extent that these shares suggest that KCS is less likely to exchange traffic with UP and BNSF when it has a competitive incentive to deliver the traffic itself, it is important to distinguish between an incentive to compete, which is good for shippers, and an incentive to impair competitors, which is bad for shippers. I expect a combined CP/KCS will have incentives and ability to compete more effectively, rather than an incentive to impair competitors, and that this would give more opportunities for shippers to benefit from new single-line service offered by a combined CP/KCS. This conclusion is consistent with the observed shares in Exhibit 2.

36. The Board has consistently recognized that the goal of preserving competition is not the same as protecting competitors. The economic consequence of a vertical merger creating an opportunity for the combined firm to bring a higher quality product to the market is an incentive for the combined firm to compete harder. This, in turn, forces rivals to compete harder – either through offering higher quality service themselves or through reducing their rates – to maintain share. If the net effect of this economic implication is the combined firm gains some share at the expense of its rivals, this is a procompetitive outcome, not the result of any incentive to foreclose a rival. Without the risk of this outcome, the rivals would not have to improve their own offers and competition would suffer. This tension between protecting competition or protecting competitors has been recognized in the Board's past reviews. For instance, in its decision on the KCS-TF-TFM transaction, the Board noted that to the extent the

transaction "would lead KCS to favor its own routings for those few points that are served by both KCS and UP (or KCS and BNSF), KCS might earn more revenue than in the past, and UP (or BNSF) might earn less, but that is not going to result in higher costs to shippers. This could well mean some harm to a competitor (UP, BNSF), but not harm to competition."[20]

37. Similarly, a vertical transaction may have the effect of reducing the leverage of a rival carrier in negotiations with the combined carrier over the division of joint rates. However, again, this effect is a result of increased competitiveness. The combined firm's ability to offer an attractive single-line option to shippers changes the relative value of interlining services. This change in competitive position among carriers serves to promote competition, rather than creating harm to shippers. Indeed, the Board also acknowledged this aspect of the distinction between competition and competitors when dismissing vertical concerns in its decision to allow the KCS–TM–TFM transaction.[21]

38. Other gateways throughout the combined CP/KCS system would present similar circumstances. The combined CP/KCS will have an incentive to win business with enhanced single-line service where the combination extends the reach of CP or KCS. The combined CP/KCS will also have an incentive to interchange traffic destined for locations it still cannot reach. And, like at Laredo, a combined CP/KCS should be expected to interchange traffic even where it can offer an enhanced service if the

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[20] KCS-TM-TFM Decision, at p.18.

[21] "If KCS tried to raise rates on TFM movements that are not rail dependent, the traffic would shift to motor or water carriage. And on TFM movements that are rail dependent, if for some reason TFM is not presently extracting monopoly rents, then the connecting carrier within the United States could be doing so. Therefore, UP's argument seeks to protect the U.S. carrier's leverage regarding divisions of joint rates (that is, concerns over how the interline rail partners will divide the profit), not to protect shippers." KCS-TM-TFM Decision, at p. 17.

shipper, nevertheless, prefers a different routing or wants to use a different carrier. CP's willingness to make the same sort of commitments adopted by KCS at Laredo (and which appear to have been effective) demonstrates this. Consequently, I conclude that a combined CP/KCS is likely to benefit shippers through enhanced competition and not likely to impair competition through vertical effects.

4. ANALYSIS OF INDEPENDENT ROUTE COUNTS BEFORE AND AFTER A CP AND KCS COMBINATION SHOWS THERE WOULD BE NO REDUCTION IN COMPETITION WITHIN ANY CORRIDOR

39. In sections 4 and 5, I demonstrate that a CP and KCS combination is not likely to harm horizontal competition. That result should not be surprising as this is not a horizontal combination but rather is an end-to-end combination.

40. In analyzing the prospect for a CP and KCS combination to affect horizontal competition, I start with the simplest and most direct form such competition can take – competition within a corridor. This is the competition among railroads to ship goods from a specific origin to a specific destination, i.e., in a corridor.

41. A shipper can presumably negotiate among the various railroads that offer service in a given corridor, so this analysis is predicated on identifying any corridors where a combination of CP and KCS could reduce the competitive options. With that goal in mind, in section 4.1 I consider the scope of specific locations (origin or destination) that could practically define a corridor and show that a Bureau of Economic Analysis Economic Area ("BEA area") is a reasonable way to ensure that the various recognized forms of competition have been included in the analysis.

42. To identify the options a shipper has for a given corridor, I look to the Confidential Waybill Sample ("Waybill Sample") and identify options based on actual movements of goods in that corridor in 2019. The shipments observed in the Waybill Sample, however, often involve interconnections where different railroads work together to deliver the goods from origin to destination. If the same railroad is involved in two different options seen in the data, the shipper is unlikely to generate competition among those two options by trying to get that railroad to negotiate against itself.

Consequently, the focus of this analysis will be on the number of *independent* rail options a shipper has and whether that number changes when CP and KCS are combined.

43. If the number of independent options is unchanged, a shipper is not likely to see any loss in the ability to generate competition among competing railroads. I present my analysis of corridor competition in section 4.2, and show that a combination of CP and KCS would not reduce independent rail choices for shippers, and thus would not harm competition within corridors.

4.1. The BEA area is an appropriate scope to define the origin or destination of a corridor in screening for competitive effects of a combination of CP and KCS

44. Rail corridors are defined by their endpoints. The scope of those endpoints, however, needs to reflect a reasonable area to reflect the competitive options a shipper might have. For example, one candidate for defining a corridor's endpoints might be the exact location at which a movement starts and the exact location at which it ends. Such a narrow definition would count only competition among railroads that serve these exact locations and would not allow consideration of other potential forms of competition.

45. The Board has identified a number of ways that nearby railroads can compete without having existing service at the same exact location. Specifically, the Board has asked about the possibility of "elimination of shippers' buildout, transloading, plant siting, and production shifting choices when two railroads serving overlapping areas

merge."[22] To address these possibilities, a screen of corridor competition should include railroads that operate close enough to the exact endpoints of a shipper's observed movement to capture realistic opportunities the shipper may have had to induce competition through one of these means for a specific movement.[23]

46. The Waybill Sample offers a range of practical alternatives for defining the scope of competition at an endpoint of a corridor: town (6-digit SPLC), county (4-digit SPLC), BEA area, or state.[24] Of these, only the BEA area is designed to identify a reliable commercial center for statistical purposes. The label refers to the Economic Areas defined by the Bureau of Economic Analysis based on observed commercial activity and transportation patterns rather than historic political boundaries.[25] The BEA areas, therefore, are a reasonable representation of areas in which a shipper is likely to look for "nearby" railroad competition. A shipper considering relocating a plant within an economic community or transloading their product within that community, for

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22 *See Canadian National Railway Company, et al. – Control – Kansas City Southern, et al.,* Finance Docket No. 36514 (Decision No. 3 served May 17, 2021), at p. 4.

23 For the shippers associated with movements observed in the data, "plant siting" and "production shifting" could introduce the possibility of relocating one endpoint of an observed movement, which I discuss below as the potential for competition between corridors. To the extent a shipper might be able to rearrange its business and rely on a different movement altogether – swapping out both endpoints of an observed movement – I consider that corridor and the competition for it as a separate issue to the extent that corridor is observed in the data.

24 Railinc Business Services, "2019 Surface Transportation Board Carload Waybill Sample Reference Guide," Dec. 23, 2020, at pp. 39–41, 70 ("SPL Codes are based on a six-digit system of nesting recognized entities and numbering them in a standard geographic pattern. The nesting system is STATE - COUNTY - CITY (POINT), using two digits to identify each.")

25 Johnson, Kenneth P., and John R. Kort, "2004 Redefinition of the BEA Economic Areas," *Survey of Current Business*, Nov. 2004, at p. 68 ("BEA's economic areas define the relevant regional markets surrounding metropolitan and micropolitan statistical areas. They consist of one or more economic nodes – metropolitan or micropolitan statistical areas that serve regional centers of economic activity – and the surrounding counties that are economically related to the nodes. These economic areas represent the relevant regional markets for labor, products, and information. They are mainly determined by labor commuting patterns that delineate local labor markets and that also serve as proxies for local markets where businesses in the areas sell their products.").

example, is making a decision that largely reflects the sort of general activity defining the BEA area.

47. Theoretically, for screening purposes, one could use a larger area such as a state or even a group of states and capture more possible overlaps that are farther removed from one another. Unlike choosing too small an area, choosing a larger area does not exclude any potential for competition. However, including possible overlaps that are unlikely to reflect any realistic prospect of a competitive alternative defeats the purpose of screening for overlaps as a first step. The factors used to construct a BEA area correspond well to the kinds of economic decisions underlying local competition possibilities that have been considered by the Board, so there is no apparent gain from using any larger area for screening.

48. The Bureau of Economic Analysis does not define areas outside the United States. For Canadian origins and destinations, a similar concept is embodied in the Economic Region defined by Statistics Canada, the Canadian national statistics office, and created as a "standard geographic unit for analysis of regional activity."[26] For Mexico, I have relied on the State as the geographic area most similar to the BEA areas. U.S. BEA areas, Canadian Economic Regions, and Mexican states are roughly similar in geographic size, although Mexican states tend to be somewhat larger.[27] For ease of

[26] Statistics Canada, "Economic region (ER), Detailed definition," available at https://www150.statcan.gc.ca/n1/pub/92-195-x/2011001/geo/er-re/er-re-eng.htm.

[27] The median Mexican state is 58,400 square kilometers. The median U.S. BEA area is 29,843 square kilometers and the median Canadian Economic Region is 21,734 square kilometers. Ten percent of Mexican states are smaller than 5,617 square kilometers, ten percent of U.S. BEA areas are smaller than 10,393 square kilometers, and ten percent of Canadian Economic Regions are smaller than 7,192 square kilometers. Ten percent of Mexican states are larger than 120,361 square kilometers, ten percent of U.S. BEA areas are larger than 99,028 square kilometers, and ten percent of Canadian Economic Regions are larger than 273,312 square kilometers. See my workpaper 2.

reference in describing my analysis, I use the term "BEA area" to stand for whichever of these areas is applicable for locations in a given country.

4.2. Analysis of competition within corridors shows that a CP and KCS combination would not reduce rail options for shippers

49. Analyzing competition for shipments between specific origin and destination pairs, a corridor, is a standard part of analyzing a proposed railroad combination.[28] The analysis is comprised of two main steps.

50. In step one, I implement a screen based on movements observed in the Waybill Sample, with a focus on data from 2019. For origin and destination areas, I use the BEA area (i.e., the Bureau of Economic Analysis Economic Areas within the United States, Economic Regions within Canada, and states for Mexico).[29] For each corridor where CP and KCS participated in at least one observed movement in the Waybill Sample, I identify and count the number of independent routings observed in the data. I consider two routings independent of one another if they do not have any carriers in

[28] *See, e.g.*, Verified Statement of Curtis Grimm, *Norfolk Southern Railway Company - Acquisition and Operation – Certain Rail Lines of the Delaware and Hudson Railway*, Finance Docket No. 35873, Nov. 5, 2014 ("Grimm V.S., 2014"). This screening analysis has been relied on by the Board in its past reviews of railroad acquisitions. *See, e.g.*, *Norfolk Southern Railway Company – Acquisition and Operation – Certain Rail Lines of the Delaware and Hudson Railway Company, Inc.*, Finance Docket No. 35873 (Decision No. 6 served May 15, 2015), pp. 18, 20; *Kansas City Southern et al. – Control – Gateway Western Railway Company and Gateway Eastern Railway Company*, Finance Docket No. 33311 (Decision served May 1, 1997), at pp. 4–5.

[29] BEA Economic Areas and states for each movement are native to the Confidential Waybill Sample. Economic Regions are administrative boundaries provided by Statistics Canada and "created as a standard geographic unit for analysis of regional economic activity." *See* Statistics Canada, "Economic region (ER), Detailed definition," available at https://www150.statcan.gc.ca/n1/pub/92-195-x/2011001/geo/er-re/er-re-eng.htm.

common.[30] For example, two routes in a corridor that both involve CP for at least one segment are not treated as independent in my analysis, but a route that involves BNSF and does not involve CP would be treated as independent of all routes involving CP.[31]

51. This screen identifies corridors where the number of independent routes observed in the Waybill Sample suggests that shippers doing business in the corridor might see reduced competition. This exercise has the benefit of using data on actual movements to identify routes – including interchanges between separate railroads – that are practical for shippers.

52. By screening for reductions in the number of independent routes, the screen identifies possible reductions in choices that are most likely to affect shippers' ability to generate competitive bids. Economists model this sort of competition as a negotiation that depends on each party's next-best alternatives. From that perspective, a merger is

[30] To count the number of independent routings observed in a corridor, I begin with the observed routings for which the carriers involved have the fewest number of overlaps with other routings. I then compare these to routings with more carrier overlaps, identifying as independent any routings that do not have carriers in common with the previously identified independent routes. This progression ensures an accurate and intuitive count of independent routings. To see this, consider the following simple example: a corridor with CN-KCS, CN-BNSF, and KCS-UP routings. This corridor has two independent options – CN-BNSF and KCS-UP. A shipper could play CN and BNSF against KCS and UP to negotiate a better rate. The CN-KCS routing can be dismissed as not independent of the CN-BNSF or KCS-UP since it has a carrier in common with each. However, because it has more overlaps, if one starts with the CN-KCS routing, both the CN-BNSF and KCS-UP routings would be dismissed as not independent of the CN-KCS routing and one would wrongly conclude that this corridor is served by a single independent routing. A similar approach has been used in analysis of prior railroad mergers. For example, see Grimm V.S., 2014, at pp. 89–90.

[31] Consistent with the use of a BEA area as the appropriate scope of an origin and destination, I treat a terminating or originating railroad carrying less than 15 miles as not determinative of whether a route is independent. In other words, if the set of railroads involved in a movement would constitute an independent route, but for the presence in the movement of originating or terminating railroads that carried for less than 15 miles (as measured by straight line distances), I consider the set an independent route. For example, if CP only handles the first 10-mile straight-line segment from the origin to the first interchange of a route that involves BNSF and KCS, then CP is not a factor when determining whether the route is independent of all other carrier-based routes that are feasible in the corridor.

likely to affect competition if it is likely to reduce shippers' ability to use a specific route as a threat (i.e., what the shipper would do if a deal could not be reached).[32] However, a credible threat needs to be independent of the railroad with which a shipper is bargaining. Attempting to bargain for better rates with a threat to switch to another route is unlikely to be successful if that alternative route also depends on getting a rate from the same railroad.

53. Consistent with that focus on identifying the lost choices that are most important to shippers, a common practice in railroad merger reviews is to focus on situations where a proposed acquisition reduces the number of independent routes from 3-to-2 or from 2-to-1.[33] In the former (a 3-to-2 reduction), a shipper still has some potential for competition but significantly less than before. In the latter (a 2-to-1 reduction), the loss of competition is even worse. A shipper that previously had some potential for competition no longer has any competition – i.e., the shipper would essentially face a monopoly on rail transport post-merger.

54. This screen represents a necessary but not sufficient test – i.e., the screen is an initial step of the analysis and identifies corridors where more detailed review is warranted. Here, the screen identifies only seven corridors for further examination.

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[32] This concept is addressed in FTC and DOJ's Horizontal Merger Guidelines, which state, "a merger between two competing sellers prevents buyers from playing those sellers off against each other in negotiations. This alone can significantly enhance the ability and incentive of the merged entity to obtain a result more favorable to it, and less favorable to the buyer, than the merging firms would have offered separately absent the merger." U.S. Department of Justice and the Federal Trade Commission, Horizontal Merger Guidelines ("Horizontal Merger Guidelines"), Aug. 19, 2010, at p. 22.

[33] *See, e.g.*, Grimm V.S., 2014, at pp. 86–92.

55. In step two, for each corridor identified for further review in the screening step, I examine additional facts to determine whether a substantial lessening of competition for shippers in that corridor is actually likely. Because the screen is based on routes chosen by shippers in 2019 (as evidenced by movements observed in the 2019 Waybill Sample), it often identifies corridors in which shippers may have viable rail options that happen not to be sampled in a given year's Waybill Sample. A route that shippers chose to use on a given corridor in prior years is likely still a viable route even if no shipper happened to have used it in 2019 – or none that ended up in the sample. The potential to use such a route is relevant to whether the corridor is likely to see a reduction in competition after a combination of CP and KCS.[34]

56. In all seven corridors flagged in the initial screen, further examination shows that shippers in these corridors would not face a meaningful reduction in the competition available within the corridor. For six of those seven corridors, I find that additional viable independent routes exist that were not captured in the 2019 Waybill Sample; the seventh has at least four independent options for shippers and KCS being independent of CP does not appear to add significantly to competition in this route.

[34] Grimm also uses arguments about other railroads that could serve the OD pairs that were identified by the screen, even if the proposed service was not observed in the data. *See* Grimm, at pp. 91–92 ("In fact, I determined that these corridors were not true 2-to-1 independent competitive alternatives in which there would be lessening of competition. This is because there exist independent alternatives to NS/DHS involving CSX although the sample used for the analysis did not include any such CSX traffic for that particular year notwithstanding the existence of CSX routings.").

4.2.1. Results of an initial screen to identify any corridors where shippers may experience a loss in rail choice from a combination of CP and KCS

57. I find that the initial screen triggers further examination for only seven corridors. I summarize these seven corridors in **Exhibit 3**. There are four screened for examination as potential 2-to-1 corridors, including {{{

}}} There are two screened for examination as potential 3-to-2 corridors: {{{

}}} One corridor, {{{

}}} is screened for further examination as a potential 5-to-4 corridor.

58. As I show in the next subsection, after further examination, none of these corridors hold up as likely to see a reduction in competition as a result of a combination of CP and KCS.

EXHIBIT 3
Corridors identified by the initial screen for further analysis of within-corridor competition for a CP and KCS combination

{{{

}}}

Source: Confidential Waybill Sample, 2019
Note: A corridor is screened as having a potential reduction in competition if the number of independent routes decrease due to a CP and KCS combination. Independent routes are those in which there is no overlap between participating railroads. For example, if there are two available routes, (a) KCS-CN and (b) KCS direct, they would not be independent because KCS is involved in both; however, if the second route instead used UP single-line service, then the two routes (KCS-CN and UP direct) would be independent. If the set of railroads involved in a movement would constitute an independent route but for the presence in the movement of originating or terminating railroads that carried for less than 15 miles long in straight-line distance, it is considered an independent route. Origin and destination areas are defined at the BEA areas level for the U.S., at the Economic Region level for Canada, and at the state level for Mexico. The table also reports the total expanded revenues observed in the 2019 Confidential Waybill Sample for each corridor. A "No Issue" note in the last column indicates that a corridor originally screened for more detailed review did not present any competitive concern after further analysis.

4.2.2. Further examination of the screened corridors shows that none would experience a meaningful reduction in competition, if any at all, following a combination of CP and KCS

59. In this section, I show that none of the seven corridors that triggered the screen would see a meaningful reduction in competition, if any at all, because of a CP and KCS combination.

60. I begin with the corridors that screen for examination as potential 2-to-1 corridors.

61. I first consider {{{

}}}. Most of the movements in 2019 in this corridor were for dried lumber.[35] However, shippers of dried lumber in this corridor have options independent from CP and KCS that were not observed in the sample for 2019. Specifically, {{{

}}} and {{{

. }}} Indeed, the 2017 Waybill Sample includes shipments of dried lumber using the {{{ }}} and the {{{ }}} routes.[36] The track map in **Exhibit 4**, illustrates these routing options that will be available for shippers in this corridor after a CP and KCS combination, including {{{

}}}.

[35] See my workpaper 3.

[36] See my workpaper 3.

EXHIBIT 4
{{{ }}} would have at least three viable, independent routes after a CP and KCS combination

{{{

}}}

Source: Confidential Waybill Sample, 2015–2019
Note: The table describes the potential independent routes before and after a CP and KCS combination. The italicized routes are those that are feasible based on Confidential Waybill Sample shipments observed in 2016, 2017, or 2018, or are routes that are feasible based on the railroads' networks.

62. I do a similar analysis for {{{ }}}. If the {{{ }}} route interconnecting in {{{ }}} is included, this corridor would not see a reduction in the number of independent routes. It would have two before and still have two after a CP and KCS combination. This {{{ }}} route does not appear in the 2019 Waybill Sample, but it would be a viable option following a CP and KCS combination. It does appear in the 2018 Waybill Sample with shippers using it to move wood products, which are shipped in this corridor in the 2019 data.[37] The track map in **Exhibit 5** shows that shippers will have at least two independent routes available after a CP and KCS combination, {{{ }}}.

[37] The specific types of wood products differ at the level of 7-digit STCC. See my workpaper 4.

EXHIBIT 5
{{{ }}} would have at least two viable, independent routes after a CP and KCS combination

{{{

}}}

Source: Confidential Waybill Sample, 2015–2019
Note: The table describes the potential independent routes before and after a CP and KCS combination. The italicized routes are those that are feasible based on Confidential Waybill Sample shipments observed in 2016, 2017, or 2018, or are routes that are feasible based on the railroads' networks. The dotted line is a route observed from the 2019 Waybill Sample that involves {{{ }}} After a CP and KCS combination, the CN-KCS route would no longer be independent of the CP single-line service.

63. I next evaluate {{{

}}}. Two viable routes, {{{ }}}, are not observed in the 2019 data. However, these routes were used by shippers in previous years. The 2017 Waybill Sample shows the {{{ }}} route used to ship plastic materials, and the {{{ }}} option used by shippers of vegetable oils, which represented 75 percent of the movements observed in this corridor in the 2019 data.[38] Shippers seeking competitive options in this corridor would still have three independent routes after a combination of CP and KCS, as can be seen on the track map in **Exhibit 6**.

[38] The specific types of vegetable oils differ at the level of 7-digit STCC. See my workpaper 5.

EXHIBIT 6
{{{ }}} would have at least three viable, independent routes after a CP and KCS combination

{{{

}}}

Source: Confidential Waybill Sample, 2015–2019
Note: The table describes the potential independent routes before and after a CP and KCS combination. The italicized routes are those that are feasible based on Confidential Waybill Sample shipments observed in 2016, 2017, or 2018, or are routes that are feasible based on the railroads' networks.

64. I now evaluate {{{ }}}. Further examination of the screening results reveals that this is a case where the screen is not actually identifying a possibility of consolidation by the merging parties. Instead, the screen is identifying a situation where the set of options would appear to be reduced only because the data do not include any observations of shippers currently using CP-KCS.[39] Including the new single-line route of a combined CP/KCS, shippers in this corridor will have two independent options rather than one. To help illustrate this artifact of the Waybill Sample, I summarize in **Exhibit 7** the route options observed in the 2019 Waybill Sample for this corridor.

EXHIBIT 7
{{{ }}}

{{{

}}}

Source: Confidential Waybill Sample, 2019

65. There are three routes observed in the 2019 Waybill Sample: {{{ }}}. Among these, a shipper cannot threaten both {{{ }}} and {{{ }}} with either the {{{ }}} option or with the {{{ }}} option. However, in negotiating with {{{ }}} and {{{ }}}, a shipper could use the threat of {{{ }}} and vice versa. The screen, being limited to routes observed in

[39] See my workpaper 6.

the data, sees a potential reduction in independent options even though a combined CP/KCS would offer a new single-line service, which would be independent of the {{{ }}} option. Consequently, shippers would still have at least two independent options to generate competition in negotiations: {{{ }}} and {{{ }}}. These options are shown in the track map in **Exhibit 8**.

66. Moreover, the results for this corridor actually identify a benefit of a CP and KCS combination. Although the 2019 Waybill Sample does not include {{{ }}}, I understand that such a route would be viable given {{{ }}}.[40] The efficiency of this new single line service could enhance competition with the existing {{{ }}} route, providing procompetitive benefits to shippers in this corridor.

[40] See my workpaper 7.

EXHIBIT 8
{{{ }}} would have at least two viable, independent routes after a CP and KCS combination

{{{

}}}

Source: Confidential Waybill Sample, 2015–2019
Note: The table describes the potential independent routes before and after a CP and KCS combination. The italicized routes are those that are feasible based on Confidential Waybill Sample shipments observed in 2016, 2017, or 2018, or are routes that are feasible based on the railroads' networks.

67. Next, I examine the corridors screened for examination as potential 3-to-2 corridors.

68. I begin with {{{ }}}. The 2019 Waybill Sample suggests {{{ }}} would have only two independent routes, down from three, following a combination of CP and KCS. However, a review of the track maps in **Exhibit 9** suggests otherwise. There are at least three viable independent routes in this corridor, with or without a combination of CP and KCS, including {{{ }}}. All three of these route options are observed in the Waybill Sample for 2018 and for 2017, moving types of industrial sand that are shipped in this corridor in 2019.[41] After the combination, the CP-KCS route will constitute a new single-line service.

[41] See my workpaper 8.

EXHIBIT 9
{{{ }}} would have at least three viable, independent routes after a CP and KCS combination

{{{

}}}

Source: Confidential Waybill Sample, 2015–2019
Note: The table describes the potential independent routes before and after a CP and KCS combination. The italicized routes are those that are feasible based on Confidential Waybill Sample shipments observed in 2016, 2017, or 2018, or are routes that are feasible based on the railroads' networks.

69. I next evaluate {{{ }}}. This low-volume corridor is not likely to see material competitive effects. In 2019, revenues in this corridor were only {{{ }}} dollars and only {{{ }}} tons of goods were moved.[42] Moreover, 60 percent of the tonnage moved in this corridor in the 2019 data were {{{ }}}.[43] Although not observed in the Waybill Sample, the two carriers' network maps suggests this corridor can be served by {{{ }}}.[44] The track map in **Exhibit 10**, illustrates these routing options that will be available for shippers in this corridor after a combination of CP and KCS, including {{{ }}}.

[42] *See* Exhibit 3. See my workpaper 9.

[43] See my workpaper 9.

[44] Another, circuitous route involving {{{ }}}, which does not appear on the map, can be found on several shipments in the 2016 Waybill Sample. These two routes, even if circuitous, are likely to be reasonable options given that most movements in this corridor are {{{ }}}. See my workpaper 9.

EXHIBIT 10
{{{ }}} would have at least three viable, independent routes after a CP and KCS combination

{{{

}}}

Source: Confidential Waybill Sample, 2015–2019
Note: The table describes the potential independent routes before and after a CP and KCS combination. The italicized routes are those that are feasible based on Confidential Waybill Sample shipments observed in 2016, 2017, or 2018, or are routes that are feasible based on the railroads' networks. The dotted line is a route observed from the 2019 Waybill Sample that involves {{{ }}} After a CP and KCS combination, the CN-KCS route would no longer be independent of the CP single-line service.

70. Finally, I evaluate the corridor that screened for examination as a potential 5-to-4 reduction, {{{ }}}. First, as I noted above, the Board has

historically focused on 3-to-2 and 2-to-1 reductions as most relevant. That focus is consistent with the fact that economic models of competition tend to suggest the effect of losing a competitive option is most significant when the number of options is already small.[45] Even taking the screen results at face value, without any additional evaluation, there would be at least four independent options available to shippers in this corridor after a combination of CP and KCS. Second, KCS currently does not have a large presence on this corridor. Out of more than {{{ }}} movements in this corridor in 2019, only {{{ }}} have participation by KCS, which is consistent with shippers having so many choices and also with KCS not being one of the better options among those.[46] Shippers are unlikely to experience a significant competitive effect from not having an independent KCS on this corridor.

71. In summary, the analysis of all seven corridors identified in the screening step demonstrates that there would not likely be a reduction in competition within any corridor because of a combination of CP and KCS.

[45] This general principle is embodied in the Herfindahl-Hirschman Index ("HHI") thresholds used in the Horizontal Merger Guidelines, which spell out increasing significance of concern for mergers in markets that are more concentrated and where the acquired firm is a larger portion of the competition that would otherwise exist. *See* Horizontal Merger Guidelines, Section 5.3.

[46] {{{ }}}. See my workpaper 10.

5. ANALYSIS OF CROSS-CORRIDOR COMPETITION SCENARIOS SHOWS NO LIKELY REDUCTION IN COMPETITION BETWEEN CORRIDORS IN A CP AND KCS COMBINATION

72. In the previous section, I examined competition within corridors. In this section, I examine geographic competition, i.e., competition between corridors. Specifically, I consider whether a combined CP and KCS would be likely to limit (a) receivers' ability to source a given commodity from shippers at different origins ("source competition"), or (b) shippers' ability to send a given commodity to a receiver at other destinations ("destination competition"). A railroad combination that reduces source competition or destination competition can potentially harm shippers and lead to higher prices or lower quality service.

73. As I showed in section 4, competition within corridors is undiminished by the combination of CP and KCS. Any benefit shippers may see from additional competition between corridors is incremental to this within-corridor competition. Consequently, the analysis of between-corridor competition is focused on identifying situations where CP and KCS are important and therefore could constitute an outsized portion of any incremental competitive significance and potentially raise a between-corridor competitive effect. That factual premise is likely to be unique to specific commodities and to depend on where that commodity originates and where it terminates. Therefore, this analysis will examine patterns of movements for specific commodities.[47]

[47] That is, I analyze geographic competition *commodity by commodity* allowing each commodity to have specific origins and destinations that are relevant for competition for the shippers of that commodity. For example, certain raw materials may only be sourced from a handful of areas and may only be processed in other specific areas.

74. Similar to my analysis of within-corridor competition, my analysis of cross-corridor competition for a given commodity is comprised of two steps. First, I apply a screen based on the 2019 Waybill Sample to identify origin-commodity pairs or destination-commodity pairs for which additional examination is useful. Second, I further analyze each of the areas identified by the screen to determine whether a substantial lessening of competition is, in fact, likely. Applying this established analytic framework demonstrates that no form of competition between corridors is likely to be harmed by a combination of CP and KCS.

5.1. The "50/10" analysis encapsulates the various possible forms of geographic competition

75. In this subsection, I explain the framework, methodology, and economic intuition of the two steps in my analysis of geographic competition. These steps are consistent with past practice in examining geographic competition in railroad mergers.[48] I then present the results of my analysis in section 5.2. I find that a combination of CP and KCS would not substantially lessen competition between corridors.

76. Before describing the methodology, it may be useful to establish some terminology to be clear about the various forms of geographic competition the analysis is designed to explore. The focus of the analysis will be:

- *Origin-commodity* pairs for which there might be reduced *destination* competition, and

[48] Verified Statement of Christopher Vellturo, *Canadian National Railway Company et al – control – EJ&E West Company*, Finance Docket No. 35087, Oct. 29, 2007 ("Vellturo V.S., 2007"), at pp. 85–88.

- *Destination-commodity* pairs for which there might be reduced *source* competition.

77. Consider a shipper located in Kansas City who produces brackets, which they currently ship to Mexico using KCS. In addition to the competition within this corridor to Mexico, the analysis of destination competition for this shipper asks whether there is an incremental competitive benefit because shippers of brackets from Kansas City can also find another destination for their brackets served by CP, perhaps Toronto. At the same time, this shipper may rely on steel as an input for making brackets and may currently source that steel from a mill in Mexico, again using KCS. The analysis of source competition for this shipper of steel to Kansas City involves other potential sources of steel, perhaps a Midwestern mill served by CP.

78. As these examples illustrate, geographic competition opens the possibility of dispersed options and of routes that a particular shipper is not currently using. To make useful comparisons across different corridors and reflect the likelihood a shipper might switch to any particular alternative, I rely on the economic intuition that similarly situated shippers are informative about each other's likelihood of choosing among the available options. That is, I use the share of all movements by shippers of the same commodity from the same origin (or to the same destination) as an indication of preferences among all shippers for that origin-commodity pair (or, respectively, the destination-commodity pair).[49] These shares, however, are not necessarily the share of

[49] This is consistent with the standard approach of other regulatory agencies in evaluating potential competitive effects of proposed mergers. For example, FTC and DOJ's Horizontal Merger Guidelines state that, "[t]he Agencies give weight to the merging parties' market shares in a relevant market, the level of concentration, and the change in concentration caused by the merger. . . Mergers that cause a significant increase in concentration and result in highly concentrated markets are presumed to be likely to enhance market power, but this presumption can be rebutted by persuasive

all movements that constitute a relevant market. Shipments of the commodity from other origins or to other destinations may also be relevant to the ultimate question of whether a combination of CP and KCS poses a risk of competitive effects in a well-defined market involving source or destination competition. Thus, the two steps of the analysis may be thought of as first narrowing consideration to origin-commodity or destination-commodity pairs that could be a relevant group of shippers, and then asking if such effects are likely for that group.

5.1.1. The initial screen methodology identifies areas for further review based on all varieties of possible geographic competition effects

79. The initial screen identifies for further review origin-commodity pairs and destination-commodity pairs for which a CP and KCS combination could potentially reduce "destination competition" or "source competition." The initial screen examines these two types of geographic competition separately.

80. Counting the number of options relevant to between-corridor competition is more complicated than counting options within a single corridor. Some corridors may be more desirable for shippers. Economists frequently rely on measures such as share of tons or revenues to standardize across such differences, as I do here. Using shares instead of counts, however, introduces a question of whether the denominator reflects the relevant set of options for shippers. Including too many or too few options could make shares a poor representation of actual competitive conditions. The share analysis

evidence showing that the merger is unlikely to enhance market power." *See* Horizontal Merger Guidelines, at p. 3.

used in past railroad mergers allows for various possibilities of how shippers may benefit from additional railroads operating at the origin or the destination or some combination by considering three variations – shares among all participating railroads, shares among railroads that were the originating carrier, and shares among railroads that were the terminating carrier.[50] I take the same approach here.

81. For each of these definitions of shares, the screen measures that share of traffic handled by the merging railroads for each origin-commodity and destination-commodity pair. If one of the merging railroads has a low share, then the combination is unlikely to substantially reduce competition and no further review is warranted. If, however, both merging railroads have sizable shares and the merger will result in a high share controlled by the combined firm, then there is a possibility that the merged firm could gain the ability to raise prices or reduce service quality for shippers of the commodity.[51] The screen flags these pairs for further review.

82. Specifically, the screen flags for further review origin-commodity or destination-commodity pairs if CP and KCS's combined shares of traffic (measured in tons) for the

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[50] *See, e.g.*, Vellturo V.S., 2007, at pp. 85–88; Amended and Supplemented Verified Statement of Dr. David Reishus, *CSX Corporation et al. – control – Pan Am Systems, Inc. et al.*, Finance Docket No. 36472, July 1, 2021 ("Reishus V.S., 2021"), at pp. 65–66.

[51] A shipper faced with a multi-carrier movement may negotiate separately for portions of the movement under Rule 11, generating multiple waybills for parts of a single movement. The sampling methodology used to construct the Waybill Sample does not guarantee that the corresponding waybill for the rest of that movement is in the data. Thus, the waybill data for these "Rule 11" movements may list origins or terminations that are a point of interchange and not the actual origin or termination of the full movement. Even so, the origins and terminations listed in Rule 11 observations identify movements over which a carrier may be able to exercise market power in freight revenue negotiations. I am aware that KCS/KCSM recategorizes movements as rebills in a way that may not reflect shipper choices. There is no clean way to reverse this practice in the data. I include Rule 11 movements in the 50\10 analysis, consistent with the approach taken in analysis of prior railroad mergers. *See, e.g.*, Vellturo V.S., 2007, Appendix A, at p. 141, fn. 4.

pair exceed 50 percent, *and* both CP and KCS individually each have shares of at least 10 percent.[52]

83. The three definitions of shares used as screens for each type of geographic competition overlap. That is, they measure the same movements observed in the Waybill Sample, but using different assumptions about how important a railroad may be to competition. A screen can be triggered for any of the three calculations of shares to reflect different possibilities of either source or destination competition. In Appendix 7.1.1, I use an illustrative example to describe in more detail how the three types of shares are calculated.

84. The *participating* screens – *origin BEA area ("OBEA") participating* screen and *destination BEA area ("DBEA") participating* screen – assume that a railroad is not likely to compete with itself and measures shares for each of CP and KCS based on routings that either do or do not involve that railroad at any stage of the movement.[53]

85. The two screens that focus on the competition at the specific BEA area where source or destination competition is being assessed (*OBEA-originating* screen and *DBEA-terminating* screen) may express a more natural assumption: competition between corridors could depend on the independent railroads available to a shipper.

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[52] The choice of these thresholds is consistent with the goal of identifying special circumstances where CP and KCS may have an outsize importance consistent with the possibility of an incremental effect from lost between-corridor competition and with the thresholds used to implement similar screens in prior railroad merger reviews. *See, e.g.*, Vellturo V.S., 2007, Attachment 2, at pp. 115–116.

[53] This measure can involve some intentional "double-counting" of routes that involve both CP and KCS, ensuring this screen is over inclusive. Some extremes of over-inclusiveness are ruled out with an adjustment to the threshold used in these double-counting instances. To trigger the screen, the participating share of the combined railroad, after removing double counting, must be at least 10 percentage points higher than the higher of the merging railroads' individual shares.

For example, a shipper looking to employ different destinations might look at the railroads immediately available in a BEA area such as Kansas City, MO and try to negotiate between KCS, who can start a movement headed southward, and CP, who could start a movement headed northward.

86. The last two screens (*OBEA-terminating* screen and *DBEA-originating* screen) may seem unusual in that they focus on the "other end" of each movement. That is, for movements of a commodity from a given origin, the *OBEA-terminating* screen looks at the *terminating* end of these movements, potentially across many different possible destinations. This measure accounts for the possibility that a shipper can only choose an alternative destination if it can find a customer served by a different railroad.

87. Taken together, these various ways of measuring shares across both forms of geographic competition address every recognized way in which there might be some competition between corridors that warrants further investigation.

88. The second-stage methodology addresses each possibility from the step-one screen to assess whether competitive effects are likely.

89. There are two primary reasons why the 50/10 screens could flag a commodity-BEA area pair for further review when in fact there is no likelihood of competitive effects. First, the 2019 Waybill Sample used to calculate shares may not accurately indicate actual shares. Second, for some commodity-BEA area pairs, in response to any attempted exercise of market power, shippers could turn to other railroads serving other sources or destinations of the commodity in enough numbers to make the attempted price increase unprofitable.

90. The first issue, measurement of shares as a reliable description of choices, has been recognized in the Board's recent decision to adjust the Waybill sampling methodology to better capture smaller shipments.[54] With the thin observation of these shipments that was still used in the 2019 Waybill Sample, the initial screen can be triggered by shares based on as few as 2 observed shipments which mathematically has to give one carrier at least 50 percent even if that is not an accurate representation of competition. This issue was indirectly addressed in past implementations of this test by imposing a minimum of one carload per day on candidate BEA area-commodity pairs.[55] I will use an equivalent threshold for reliability of the screen.[56] That *de minimis* approach to the screens may be appropriate in some cases where there are not enough movements observed to know what choices shippers have. In some cases, however, we may be able to glean, even from minimal numbers of movements, the pertinent fact that shippers have exercised different choices over time and conclude the screening shares overstate any potential for competitive effects.

91. Generalizing this issue, I conclude that the shares underlying the screen itself are reliable descriptions only when they are based on a sufficient number of movements in

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[54] *Waybill Sample Reporting*, EP 385_8 (Decision served Nov. 29, 2019) at pp. 3–4.

[55] For example, Vellturo says, "As can be seen in Attachment 3, most of the 50/10 product/DBEA pairs involve combined CN/EJ&E traffic that represents relatively limited volumes with respect to the total traffic shipped by the parties. Only ten product/DBEA pairs involve traffic where the combined volumes of the two railroads amount to more than a carload a day (and only four have more than three carloads per day). I understand that the Board has stated that it must approve a transaction of this type 'unless there will be adverse competitive impacts that are both 'likely' and 'substantial.'" *See* Vellturo V.S., 2007, at p. 88.

[56] With the 1:40 scaling of the sample for single carload waybills, this threshold indirectly implements a minimum of 10 observed shipments so that the 10 percent portion of the test is possible to obtain with one observed shipment. *See* Railinc Business Services, 2019 Surface Transportation Board Carload Waybill Sample Reference Guide, Dec. 23, 2020, at pp. 49, 57. Requiring 10 shipments or 365 carloads is functionally equivalent as a "reliability threshold" in the BEA-commodity pairs I examine.

the given year and are sustained over time. Where the shares are based on a small number of observed movements, the shares cannot be deemed to reflect accurately a shipper's choices. In addition, however many observations they are based on, shares that lack persistence over time suggest a concern is not likely. For CP and KCS to offer important incremental competition between corridors, their shares should consistently be high enough that the same screen would trigger for any recent year's data. If, instead, the BEA area-commodity pair only triggers in the 2019 data because of share fluctuations from year to year, then shippers' choices in the prior years suggest that they can and do rely on different railroads to such an extent that they would certainly be able to turn to these other options to defeat any attempted price increase.[57]

92. For the second issue, assessing whether shippers are likely to defeat any hypothetical price increase, I implement a version of the "critical loss" analysis used in past railroad mergers to examine the feasibility of anyone imposing a price increase on the shipments of a given commodity from a given source (or to a given destination).[58] This is a version of the test that is commonly used in competition analysis to ensure "market shares" are measuring concentration in a well-defined market – i.e., whether shippers have choices outside of those measured in the shares used by the screen and which the shippers would turn to in large enough numbers to make a small but significant and non-transitory increase in price (a "SSNIP") unprofitable.[59]

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[57] Where a commodity-BEA pair does not appear in these prior years of the Waybill Sample, I cannot distinguish a commodity that did not move by rail from one that may not have moved by any means or from one that moved in such small volume as to be missed by the sampling methodology. Therefore, I make no inference about the availability of other options based on commodity-BEA pairs that do not appear in prior years.

[58] Vellturo V.S., 2007, at pp. 88–90.

[59] Horizontal Merger Guidelines, at pp. 11–12

93. In constructing the critical-loss analysis, I recognize that the demand for rail services is a product of shippers' options at both the originating and the receiving ends of a shipment. If the price of a shipment increased, shippers at the originating end may have other outlets to which they could divert some of their product or shippers at the receiving end may have other sources they could turn to for the commodity. In order for a price increase to be profitable, the profit lost on shipments that no longer happen (either because affected originating *or* receiving shippers have alternatives) needs to be less than the increased profit on shipments that do still happen. The critical loss test examines whether the alternatives at either end are so plentiful that a prediction that a price increase would be profitable is not credible.[60] In Appendix 7.1.2, I illustrate the volume available for a shipper to make such diversions at either the originating or receiving end of the shipment.

94. In practice, the fact that shippers on either end could defeat a price increase means the larger of the volumes available as (a) alternative sources for the affected destinations or (b) alternative destinations for affected sources will serve as the relevant comparison point to the affected volume in a hypothesis of CP and KCS raising price on their shipments of a screened BEA-commodity pair. Following analysis used in

[60] Note that "critical loss" is a concept that antitrust analysis usually associates with the elasticity of demand – i.e., with shipper responses to prices. The terminology Vellturo uses to describe his implementation of the test can suggest the response depends on the divertible capacity of competing railroads. Both of my implementations actually reflect that the ability of shippers to get the commodity to the affected areas on an independent routing is important and that shippers would make a choice to do so based on relative prices. *See* Vellturo V.S., 2007, Attachment 2, at p. 119 ("Accordingly, for the product/DBEA pairs identified by the screen, I evaluated the *ability (both actual and potential) of other providers of transportation services* to prevent the combined firm from raising prices (or reducing service) after the proposed combination. Other providers of transportation services provide such competitive discipline if they collectively have the ability and incentives to take sufficient volumes from the combined firm in the event of price increase so as to render such an increase unprofitable." [emphasis added]).

previous railroad mergers, I use a conservative threshold of the relative volumes to identify whether enough volume would plausibly divert to other railroads if CP and KCS were to impose a SSNIP on shipments from the OBEA. The threshold implies that a ratio of the affected volume to the available volume that is smaller than one supports a conclusion that the hypothesized price increase would not be profitable.[61]

95. In the next section, I present the results of the initial screens and then, for each BEA-commodity pair identified in those screens, I show that the fuller analysis demonstrates that shippers could readily defeat any attempted price increase on that BEA-commodity pair.

5.2. Analysis of competition between corridors shows that a CP and KCS combination would not materially reduce geographic competition for shippers

5.2.1. Results for source competition

96. In this section, I discuss the results of the 50/10 screen for source competition and the subsequent analysis that confirms that none of the destinations identified by the screen are concerning.

[61] This threshold for the ratio of available to affected volume is consistent with the threshold used by Vellturo in his critical loss analysis. He required that direct divertible capacity (available volume) be ten times greater than the critical loss volume. Under his assumption of a 50 percent profit margin, the comparison using his "conservative" ratio of 10 amounts to comparing available volume to the capacity handled by the merging parties prior to the merger (affected volume). *See* Vellturo V.S., 2007, Attachment 2, at pp. 124–126. The price increase would likely be unprofitable if affected volume is less than available volume – that is, if the ratio of affected to available volume is less than one.

97. In **Exhibit 11**, I summarize the results of the initial screen for source competition. Overall, based on movements in the 2019 Waybill Sample, twelve DBEA-commodity pairs screen for the second-stage considerations of source competition. None of these are in the category that may be most intuitive for competition – i.e., the DBEA-terminating category where CP and KCS might be seen as competing to deliver products into Kansas City does not screen as potentially problematic for any commodity. The screen does trigger further examination for seven pairs in terms of the DBEA-participating screen and five in terms of the DBEA-originating screen.

EXHIBIT 11
Results of the initial screen for source competition

	Termination BEA Area (DBEA)	Commodity Description	2019 Share of Tonnage KCS	CP	KCS or CP	2019 Total Expanded Tonnage
DBEA – Participating Screen						
1.	Amarillo, TX-NM, US	Plate, Iron Or Steel, n.e.c., Plain, Galvanized, etc	{{{		}}}	21,520
2.	Chicago-Gary-Kenosha, IL-IN-WI, US	Kits, Furniture, Unassembled	{{{		}}}	1,360
3.	Dallas-Fort Worth, TX-AR-OK, US	Plastic Dishes, Cellular	{{{		}}}	1,640
4.	Des Moines, IA-IL-MO, US	Clay, Crushed, Ground Or Pulverized	{{{		}}}	18,960
5.	Jackson, MS-AL-LA, US	Lumber Or Timber, Dried	{{{		}}}	30,120
6.	{{{ [redacted] }}}	Plate, Iron Or Steel, n.e.c., Plain, Galvanized, etc	{{{		}}}	{{{ [redacted] }}}
7.	Spokane, WA-ID, US	Lead Bars, Blocks Or Ingots	{{{		}}}	14,040
DBEA – Terminating Screen						
8.	–	–				–
DBEA – Originating Screen						
9.	Davenport-Moline-Rock Island, IA-IL, US	Polypropylene, Other Than Liquid	{{{		}}}	61,800
10.	Michoacán de Ocampo, MX	Woodpulp, Not Powdered, n.e.c.	{{{		}}}	34,560
11.	Nuevo León, MX	Wheat (Fertilized)	{{{		}}}	214,344
12.	Nuevo León, MX	Pulpboard Or Fibreboard	{{{		}}}	124,560
13.	Rochester, MN-IA-WI, US	Plate, Iron Or Steel, n.e.c., Plain, Galvanized, etc	{{{		}}}	30,760

Source: Confidential Waybill Sample, 2019
Note: The exhibit reports the results from the initial stage of the of 50/10 screen for source competition. The three panels describe the DBEA-commodity pairs triggered by each of the participating, terminating, and originating screens. A DBEA-commodity pair is triggered when both KCS and CP have tonnage shares greater than 10 percent and a combined share greater than 50 percent, and, for the participating screen, the combined share must also be at least 10 percent greater than the maximum of either the CP or KCS shares. The CP, KCS, and combined shares are reported for each pair in the "Share of Tonnage" columns. The exhibit also reports the total expanded tonnage.

98. For each of these DBEA-commodity pairs, I look at additional information to determine whether the results of the screen reflect the kind of competitive significance of CP and KCS in movements of the commodity into the BEA area that would be

needed to create a between-corridor competitive effect. As explained above, there are two prominent considerations in my assessment: first, the reliability of the share measure as a description of shipper choices; second, whether the measured shares reflect sustainable market power or whether shippers have ready alternatives involving other railroads that they could turn to in the face of higher prices.

99. In **Exhibit 12**, I summarize the results of this assessment for each of the DBEA-commodity pairs that screen for examination of source competition. For each DBEA and commodity, the third column identifies whether the pattern of shares over time indicates that shippers' choices in prior years demonstrate an ability to circumvent any attempted price increase. The fourth column identifies whether the number of movements underlying the shares used in the screen satisfies the *de minimis* threshold and, consequently, involves enough movements for the shares to be accurate enough for the screen to apply. Check marks in the fifth column indicate that a DBEA-commodity pair can be dismissed based on the unreliability of the screen's underlying share information.

100. The two columns on the right report the results of the critical loss analysis. I report the ratio of the affected volume to the available volume for diversion. If this ratio is below one, any attempt to impose a SSNIP is likely to be unprofitable, which I indicate with a check mark in the final column. I find that every DBEA-commodity pair can be eliminated as a concern for at least one of these reasons, and many for both, demonstrating that none are likely to experience a between-corridor competitive effect from a combination of CP and KCS.

EXHIBIT 12
Summary of second stage analysis for DBEA-commodity pairs screened for examination of source competition

	Termination BEA Area (DBEA)	Commodity Description	Assesment of Reliability of Screened Shares: Prior Year Significant Movement on Other Railroads	Assesment of Reliability of Screened Shares: Insufficient Movements or Carloads in 2019 Data	Assesment of Reliability of Screened Shares: Pattern Rebutts Screen	Critical Loss Analysis: Ratio of Affected to Available Volume	Critical Loss Analysis: Volume to Defeat Price Increase
DBEA – Participating Screen							
1.	Amarillo, TX-NM, US	Plate, Iron Or Steel, n.e.c., Plain, Galvanized, etc	Yes	Yes	✓	<0.01	✓
2.	Chicago-Gary-Kenosha, IL-IN-WI, US	Kits, Furniture, Unassembled	No	Yes	✓	–	
3.	Dallas-Fort Worth, TX-AR-OK, US	Plastic Dishes, Cellular	Pre-2018	Yes	✓	0.06	✓
4.	Des Moines, IA-IL-MO, US	Clay, Crushed, Ground Or Pulverized	Yes	Yes	✓	<0.01	✓
5.	Jackson, MS-AL-LA, US	Lumber Or Timber, Dried	Yes	Yes	✓	<0.01	✓
6.	{{{ [redacted] }}}	Plate, Iron Or Steel, n.e.c., Plain, Galvanized, etc	Pre-2018	Yes	✓	{{{ [redacted] }}}	✓
7.	Spokane, WA-ID, US	Lead Bars, Blocks Or Ingots	Yes	Yes	✓	0.19	✓
DBEA – Terminating Screen							
8.	–	–	–	–		–	
DBEA – Originating Screen							
9.	Davenport-Moline-Rock Island, IA-IL, US	Polypropylene, Other Than Liquid	Yes	No	✓	<0.01	✓
10.	Michoacán de Ocampo, MX	Woodpulp, Not Powdered, n.e.c.	Yes	Yes	✓	<0.01	✓
11.	Nuevo León, MX	Wheat (Fertilized)	Yes	No	✓	<0.01	✓
12.	Nuevo León, MX	Pulpboard Or Fibreboard	Yes	No	✓	<0.01	✓
13.	Rochester, MN-IA-WI, US	Plate, Iron Or Steel, n.e.c., Plain, Galvanized, etc	Yes	Yes	✓	0.01	✓

Source: Confidential Waybill Sample, 2015–2019
Note: See Appendix, Exhibit 20 and Exhibit 21 for details. The first three columns characterize the reliablility of screened shares and report the extent to which shippers likely have access to additional alternative railroad options for shipments of each commodity to each DBEA. The last two columns characterize the critical loss analysis and report the ratio of the total expanded tonnage affected by the combination CP and KCS over the maximum of the available tonnage. A ratio below one indicates that sufficient diversion on either the receivers' or shippers' end is likely to render a price increase unprofitable. The two check-mark columns are checked when a commodity-DBEA pair is considered to have unreliable shares or is able to defeat a hypothetical price increase by a combined CP/KCS.

101. To make more concrete the logic behind my assessments of these DBEA-commodity pairs, consider **steel or iron plate shipped to the Amarillo, TX-NM BEA**. I first address the reliability of the screening shares. As I explained above, shares are not a reliable description of shippers' choices unless they are based on enough movements in the given year and are not merely a fluke of year-to-year fluctuations. That is not what I observe in the pattern of movements for this BEA-commodity. KCS and CP each participated in more than 10 percent of these movements in the 2019 data ({{{ }}} and {{{ }}} percent, respectively) and combined, CP and KCS participated in {{{ }}} percent. However, when I look at movements in previous years, I see that shippers are demonstrating that they can rely on alternatives to CP and

KCS.[62] Indeed, in other years, shippers {{{ }}} used alternatives to CP and KCS. I observe movements of steel plate to Amarillo in the data for each year from 2015 through 2019, yet only in 2019 are CP and KCS used often enough by shippers to trigger the screen.[63] This pattern tells me that although I observe shippers currently (in 2019) using CP and KCS, they routinely used other options and could respond with these options to any attempted price increase by a combined CP/KCS on steel plate movements to Amarillo.

102. In addition, steel plate is rarely shipped to Amarillo, as there are only {{{ }}} observed movements in the 2019 Waybill Sample.[64] Thus, any railroad involved in even one of the {{{ }}} movements would have a share above the 10 percent threshold, which makes that portion of the screen unreliable. These {{{ }}} movements represent {{{ }}} carloads in 2019, well below the one-carload-per-day threshold that the Board has relied upon in previous competitive analyses.[65] This *de minimis* level of activity, by itself, would be enough reason to conclude that the shares that trigger the screen are not a reliable measure of the competitive significance of CP and KCS for the BEA-commodity pair.

103. Continuing with steel plate shipped to Amarillo as an exemplar, I next discuss how the volume ratio informs the critical loss analysis. This analysis explores whether a hypothetical price increase on steel plate shipped to Amarillo is likely to be defeated by shippers diverting their steel plate shipments to other railroads, and the volume ratio

62 *See* Appendix 7.2, Exhibit 20.
63 See my workpaper 11.
64 *See* Appendix 7.2, Exhibit 20.
65 *See* fn. 56.

reveals that the answer is yes. In this case, the shippers of plate to Amarillo have more options than receivers of plate in Amarillo. Either group has enough alternatives evident for their volume to suggest they could divert enough of their demand for rail service to defeat a price increase, but I proceed with the shipper side. The volume affected by the hypothetical price increase is two percent of the volume of steel plate demand available to shippers looking to divert their shipments from Amarillo – that is, there is ample potential for shippers to defeat the price increase.[66] Thus, from the critical loss analysis, I can also conclude that a combined CP/KCS would not likely find it profitable to increase prices on steel plate shipped to Amarillo.

104. After analyzing all 12 DBEA-commodity pairs that trigger the screen for further examination of source competition from Exhibit 11, I find that none is likely to experience a between-corridor competitive effect as the result of a CP and KCS combination. As detailed in Appendix 7.2, these DBEA-commodity pairs have a reliability basis or a critical-loss basis, or both, to conclude that there is unlikely to be any harm to source competition from a CP and KCS combination.

[66] To identify volume of steel plate demand available to shippers looking to divert their shipments from Amarillo, I look at all the origin BEAs that shipped steel plate to Amarillo in 2019, and only keep those for which steel plate could be shipped independently of CP and KCS to destinations other than Amarillo. That is, I check whether I observe in the 2019 Waybill Sample a movement of steel plate to a destination other than Amarillo independently of CP and KCS. Shippers at these origins could divert volume being shipped to Amarillo to these other destinations in order to defeat a hypothetical price increase. I then compare the total volume of steel plate shipping to Amarillo to the volume of steel plate being shipped to these other destinations. If this ratio is below the critical loss threshold, then there is enough available volume to likely defeat a hypothetical price increase. *See* Appendix 7.2, Exhibit 21.

5.2.2. Results for destination competition

105. In this section, I summarize the results of the 50/10 screen for destination competition and the subsequent analysis that confirms that none of the origins identified by the screen are concerning.

106. In **Exhibit 13,** I summarize the results of the initial screen for destination competition. Overall, based on movements in the 2019 Waybill Sample, 20 OBEA-commodity pairs trigger the screen for destination competition, including 9 that trigger the OBEA-participating screen and 11 that trigger the OBEA-terminating screen. No OBEA-commodity pairs trigger the OBEA-originating screen.

EXHIBIT 13
Results of the initial screen for destination competition

	Origin BEA Area (OBEA)	Commodity Description	2019 Share of Tonnage KCS	CP	KCS or CP	Total Expanded Tonnage
OBEA – Participating Screen						
1.	Atlanta, GA-AL-NC, US	Kaolin (China Clay), Crude	{{{		}}}	2,920
2.	Atlanta, GA-AL-NC, US	Paper, n.e.c., Not Printed	{{{		}}}	7,120
3.	Atlanta, GA-AL-NC, US	Pellets, Gas Well Fracture Supporting	{{{		}}}	29,864
4.	Capitale-Nationale, PQ, CA	Lumber Or Timber, Dried	{{{		}}}	33,560
5.	{{{ [redacted] }}}	Sugar Of Milk (Lactose), Refined	{{{		}}}	{{{ [redacted] }}}
6.	Davenport-Moline-Rock Island, IA-IL, US	Animal Tallow Or Fat, Inedible, Liquid	{{{		}}}	25,320
7.	Fargo-Moorhead, ND-MN, US	Peas, Canadian Field, Dried	{{{		}}}	11,960
8.	Hamilton--Niagara Peninsula, ON, CA	Animal Tallow Or Fat, Inedible, Liquid	{{{		}}}	18,800
9.	San Antonio, TX, US	Calender Roll Paper	{{{		}}}	3,440
OBEA – Originating Screen						
10.	–	–				–
OBEA – Terminating Screen						
11.	Davenport-Moline-Rock Island, IA-IL, US	Corn Syrup (Glucose), Dehydrated	{{{		}}}	60,560
12.	{{{ [redacted] }}}	Soybean Oil	{{{		}}}	{{{ [redacted] }}}
13.	Madison, WI-IL-IA, US	Sand Fracing 30/50 Mesh	{{{		}}}	112,116
14.	Madison, WI-IL-IA, US	Sand Fracing 40/70 Mesh	{{{		}}}	741,919
15.	Madison, WI-IL-IA, US	Sand Fracing 100 Mesh	{{{		}}}	675,384
16.	Madison, WI-IL-IA, US	Animal Tallow Or Fat, Inedible, Liquid	{{{		}}}	18,000
17.	Minneapolis-St. Paul, MN-WI-IA, US	Linseed (Flaxseed) Oil	{{{		}}}	26,520
18.	Northwest / Nord-ouest, ON, CA	Newsprint Paper	{{{		}}}	30,960
19.	Red Deer, AB, CA	Propane Gas, Liquefied	{{{		}}}	172,000
20.	Saskatoon--Biggar, SK, CA	Rapeseed Oil (Colza Oil)	{{{		}}}	417,508
21.	Thompson--Okanagan, BC, CA	Structural Beams	{{{		}}}	21,080

Source: Confidential Waybill Sample, 2019
Note: The exhibit reports the results from the initial stage of the of 50/10 screen for destination competition. The three panels describe the OBEA-commodity pairs triggered by each of the participating, terminating, and originating screens. An OBEA-commodity pair is triggered when both KCS and CP have tonnage shares greater than 10 percent and a combined share greater than 50 percent, and, for the participating screen, the combined share must also be at least 10 percent greater than the maximum of either the CP or KCS shares. The CP, KCS, and combined shares are reported for each pair in the "share of tonnage" columns. The exhibit also reports the total expanded tonnage.

107. For each of these OBEA-commodity pairs, I look at additional information to determine whether the results of the screen reflect the kind of competitive significance of CP and KCS in movements of the commodity out of the BEA area that would be needed to create a between-corridor competitive effect. In **Exhibit 14**, I summarize the results of this assessment for each of the OBEA-commodity pairs that screen for destination competition, reporting and organizing results as I did in the previous section for source competition.

108. I evaluate the reliability of the measured shares themselves, and whether the measured shares reflect sustainable market power or whether shippers have ready alternatives involving other railroads that they could turn to in the face of higher prices. Based on these two assessments, as detailed in Appendix 7.3, I can eliminate all but one OBEA-commodity pair. Those two assessments do not allow me to eliminate corn syrup shipped from Davenport-Moline-Rock Island, IA-IL (row 11) as a potential concern for between corridor competitive effects. I discuss corn syrup from Davenport in more detail below and explain why it is also unlikely to experience a reduction in between-corridor competition.

EXHIBIT 14
Summary of second stage analysis for OBEA-commodity pairs screened for further examination of destination competition

	Origin BEA Area (OBEA)	Commodity Description	Assesment of Reliability of Screened Shares: Prior Year Significant Movement on Other Railroads	Assesment of Reliability of Screened Shares: Insufficient Movements or Carloads in 2019 Data	Assesment of Reliability of Screened Shares: Pattern Rebutts Screen	Critical Loss Analysis: Ratio of Affected to Available Volume	Critical Loss Analysis: Volume to Defeat Price Increase
OBEA – Participating Screen							
1.	Atlanta, GA-AL-NC, US	Kaolin (China Clay), Crude	Pre-2018	Yes	✓	–	
2.	Atlanta, GA-AL-NC, US	Paper, n.e.c., Not Printed	Yes	No	✓	0.04	✓
3.	Atlanta, GA-AL-NC, US	Pellets, Gas Well Fracture Supporting	No	Yes	✓	0.37	✓
4.	Capitale-Nationale, PQ, CA	Lumber Or Timber, Dried	Yes	No	✓	<0.01	✓
5.	{{{ [redacted] }}}	Sugar Of Milk (Lactose), Refined	Yes	Yes	✓	–	
6.	Davenport-Moline-Rock Island, IA-IL, US	Animal Tallow Or Fat, Inedible, Liquid	No	Yes	✓	0.04	✓
7.	Fargo-Moorhead, ND-MN, US	Peas, Canadian Field, Dried	Yes	Yes	✓	1.01	
8.	Hamilton--Niagara Peninsula, ON, CA	Animal Tallow Or Fat, Inedible, Liquid	No	Yes	✓	0.02	✓
9.	San Antonio, TX, US	Calender Roll Paper	Pre-2017	Yes	✓	<0.01	✓
OBEA – Originating Screen							
10.	–	–	–	–		–	
OBEA – Terminating Screen							
11.	Davenport-Moline-Rock Island, IA-IL, US	Corn Syrup (Glucose), Dehydrated	No	No		–	
12.	{{{ [redacted] }}}	Soybean Oil	No	Yes	✓	{{{ [redacted] }}}	✓
13.	Madison, WI-IL-IA, US	Sand Fracing 30/50 Mesh	No	No		0.01	✓
14.	Madison, WI-IL-IA, US	Sand Fracing 40/70 Mesh	No	No		0.04	✓
15.	Madison, WI-IL-IA, US	Sand Fracing 100 Mesh	Yes	No	✓	0.05	✓
16.	Madison, WI-IL-IA, US	Animal Tallow Or Fat, Inedible, Liquid	No	Yes	✓	0.02	✓
17.	Minneapolis-St. Paul, MN-WI-IA, US	Linseed (Flaxseed) Oil	Pre-2018	Yes	✓	6.91	
18.	Northwest / Nord-ouest, ON, CA	Newsprint Paper	Yes	Yes	✓	0.12	✓
19.	Red Deer, AB, CA	Propane Gas, Liquefied	Pre-2017	No		0.02	✓
20.	Saskatoon--Biggar, SK, CA	Rapeseed Oil (Colza Oil)	Yes	No	✓	0.18	✓
21.	Thompson--Okanagan, BC, CA	Structural Beams	Yes	Yes	✓	0.03	✓

Source: Confidential Waybill Sample, 2015–2019
Note: See Appendix, Exhibit 22 and Exhibit 23 for details. The three columns under "Assessment of Reliability of Screened Shares" characterize the reliablility of screened shares and report the extent to which shippers likely have access to additional alternative railroad options for shipments of each commodity from each OBEA. The last two columns characterize the critical loss analysis and report the ratio of the total expanded tonnage affected by the CP and KCS combination over the maximum of the available tonnage. A ratio below one indicates that sufficient diversion on either the receivers' or shippers' end is likely to render a price increase unprofitable. The two check-mark columns are checked when a commodity-OBEA pair is considered to have unreliable shares or is able to defeat a hypothetical price increase by a combined CP/KCS.

109. To the extent that a combination of CP and KCS affects **corn syrup shipped from Davenport-Moline-Rock Island, IA-IL**, competition and shippers will benefit from potential new CP/KCS single line service. The 2019 data show CP or KCS handling the terminating leg of {{{ }}} percent of movements of corn syrup that originate out of the Davenport BEA. However, {{{ }}} of the shipments terminated by CP terminate in Kansas City, and {{{ }}} of these movements are Rule 11 shipments that

CP handed off to another railroad in Kansas City.[67] {{{ }}} of these Rule 11 interchanges in Kansas City are with KCS and destined for Mexico.[68] After a combination of CP and KCS, these CP movements could instead go on a CP/KCS single line through Kansas City.

110. Thus, after my analysis, I find that none of the 20 OBEA-commodity pairs that trigger the screen for further examination of destination competition summarized in Exhibit 13 is likely to experience a between-corridor competitive effect as a result of a combination of CP and KCS.[69] There is unlikely to be any harm to destination competition.

[67] See my workpaper 12.

[68] The CP and KCS 100% traffic tapes confirm that out of the {{ }} movements of corn syrup in which CP handled the shipment from Davenport to Kansas City, {{ }} were interchanged with KCS in Kansas City with an ultimate destination in Mexico. See my workpaper 12.

[69] In Appendix 7.3, I describe similar analysis of additional information for each of the remaining OBEA-commodity pairs in Exhibit 14. I find that each of the OBEA-commodity pairs described in the appendix have a reliability basis, critical-loss basis, or both on which to conclude that the combination of CP and KCS is unlikely to affect destination competition.

6. A CP AND KCS COMBINATION DOES NOT CREATE ANY ISSUE OF COORDINATED COMPETITIVE EFFECTS

111. In the previous sections, I considered the various forms of competitive effects theories that could involve unilateral action by a combined CP/KCS. In this section, I consider a competitive effect theory raised in the U.S. Department of Justice's comment – that a combination of CP and KCS might affect competition by facilitating a more coordinated outcome among the railroads that would otherwise be competing with one another.[70]

112. A number of factors are generally recognized as making coordination more difficult to achieve without industry participants outright engaging in illegal activities. Collectively, these factors go to the difficulty of industry participants reaching some agreement on industry outcomes with each other, monitoring each other's compliance with that agreement, and punishing non-compliance to incentivize continued coordination.[71]

113. In the case of a combination between CP and KCS, three additional factors make any effect on competition through coordinated effects unlikely regardless of how likely (or not) the railroad industry is to support coordinated outcomes of any sort based on the general factors of coordination.

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[70] Comment of the United States Department of Justice, *Canadian Pacific Railway Limited, et al. – Control – Kansas City Southern, et al.*, Finance Docket No. 36500, Apr. 12, 2021.

[71] Horizontal Merger Guidelines, section 7.2.

114. First, a combined CP/KCS would still be the smallest Class I railroad. CP and KCS are currently the two smallest Class I railroads.[72] The smallest participants in an industry generally have incentives to grow and build their share at the expense of larger participants.[73] That dynamic can make an agreement between large and small participants particularly difficult to achieve as the two groups would likely disagree about whether to split the gains from coordination based on historic performance or future potential. Likewise, small and large industry participants are likely to have disagreements over what constitutes non-compliance and have different capabilities to punish and be punished for non-compliance.[74]

115. Second, as shown in the previous sections, a combination of CP and KCS does not eliminate any significant competitive overlap between them. In general, coordinated

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[72] *Canadian Pacific Railway Limited, et al. – Control – Kansas City Southern, et al.*, Finance Docket No. 36500 (Decision No. 4 decided Apr. 23, 2021), at p. 2 ("[T]he combination of CP and KCS, the sixth largest and seventh largest Class I railroads, respectively, would still result in the smallest Class I railroad, based on U.S. operating revenues").

[73] The Horizontal Merger Guidelines explain that a small firm with an ability to expand quickly is less likely to conform to a coordinated agreement. *See* Horizontal Merger Guidelines, at p. 26 ("A firm is less likely to be deterred by whatever responses occur [(i.e., less likely to coordinate with rivals)] if the firm has little stake in the status quo. For example, a firm with a small market share that can quickly and dramatically expand, constrained neither by limits on production nor by customer reluctance to switch providers or to entrust business to a historically small provider, is unlikely to be deterred."). *See also* Bos, Iwan, and Joseph E. Harrington, Jr. "Endogenous cartel formation with heterogeneous firms," *The RAND Journal of Economics* 41, no. 1 (2010): 92-117 at p. 93. The authors consider small firms with production constraints and also find reason to conclude "we should not expect a cartel to include very small firms."

[74] The academic literature confirms that these types of asymmetries, which may be generalized as differences in various aspects of cost structure, increase the difficulty of coordination. *See* Ivaldi, Marc, Bruno Jullien, Patrick Rey, Paul Seabright, and Jean Tirole, "The Economics of Tacit Collusion: Implications for Merger Control," in *The Political Economy of Antitrust* (Emerald Group Publishing Limited 2007) ("Ivaldi 2007") at pp. 223-224 ("[In regards to cost asymmetry] First, firms may find it difficult to agree to a common pricing policy. Indeed, firms with a lower marginal cost will insist on lower prices than what high-cost firms would wish to sustain. More generally, the heterogeneity in cost structures may rule out any 'focal point' in pricing policies and so exacerbate coordination problems. . . Second, even if firms agree on a given collusive price, low-cost firms are more difficult to discipline.").

effects theories often reflect a simple intuition that coordination is easier among fewer parties – that two people can coordinate their actions more easily than three – and there is some economic foundation for considering reductions in the number of competitors as a possible impetus to coordination.[75] However, a combination of CP and KCS does not involve such a reduction as they are not horizontal competitors to each other. So, the combination does not change the likelihood of any agreement being reached or enforced.

116. Third, the pro-competitive effect of a combination of CP and KCS would tend to disrupt any tendency toward agreement. The incentive to realize the potential of new single-line service, for example, would create an incentive for the combined CP/KCS to compete more aggressively. And, as discussed above, the enhanced quality of the combined CP/KCS single-line service would incentivize rivals to change their own service and pricing. Change and disruption of this sort generally make reaching an agreement more difficult (at least without engaging in outright illegal activity) as there is not an obvious focal point for outcomes from which an agreement could build.

117. Based on these factors, I conclude that a combination of CP and KCS is unlikely to affect competition through coordinated effects.

[75] For example, see Ivaldi 2007 at p. 220 ("Collusion is more difficult when there are more competitors. First, coordination is more difficult, the larger the number of parties involved. Second, and beyond the issue raised by the difficulty of reaching a consensus, deviations from it are more tempting in the presence of many competitors: Since firms must share the collusive profit, as the number of firms increases each firm gets a lower share of the pie. This implies that the short-run gain from deviation increases, while at the same time the long-run benefit of maintaining collusion is reduced. It is thus more difficult to prevent firms from deviating.").

7. APPENDIX

7.1. Appendix: Details of 50/10 screen implementation

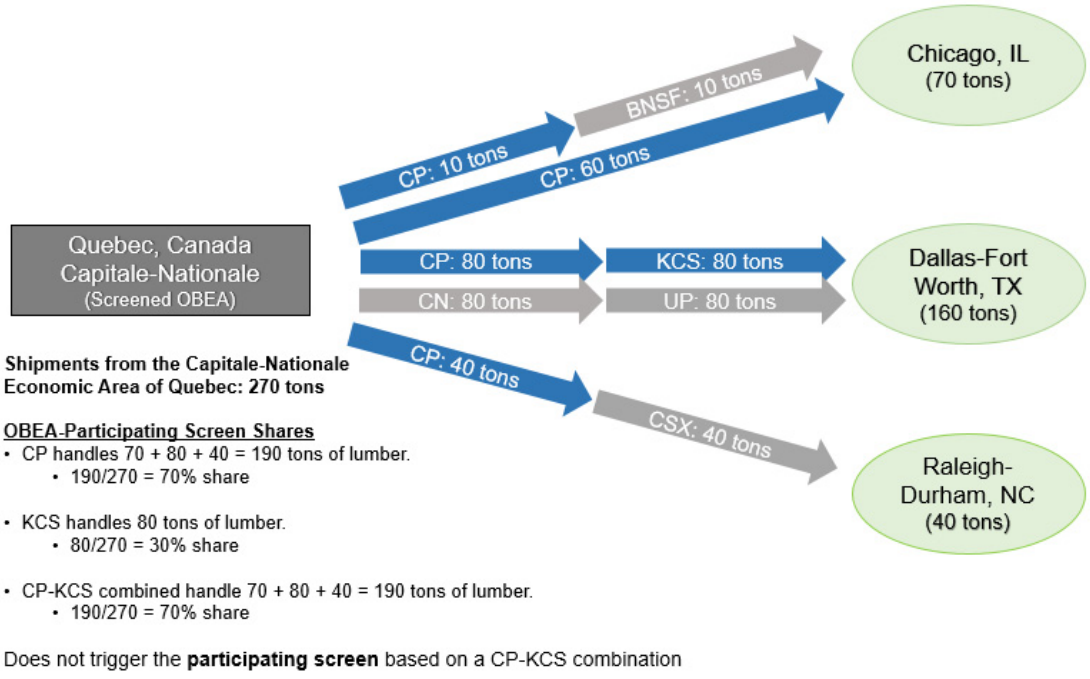
7.1.1. Illustration of three definitions of share calculations

118. To make the three share calculations of the 50/10 screens more concrete, I will explain each screen as they apply to destination competition (that is, the potential that shippers benefit from alternative shipment routes from a given origin to alternative destinations). I use the same pairings of a commodity (defined by a non-hazardous 7-digit STCC code) and an originating BEA area (*OBEA*) in the Confidential Waybill Sample in each of the three screens. Each screen, however, uses a different method for calculating the CP and KCS movement shares for each pair.

119. The first version is the most general and calculates CP and KCS shares based on all movements of the commodity from the OBEA that CP and KCS *participate* in at all, whether as the originating, terminating, or intermediate railroad. I call this the "*OBEA-participating*" screen. I describe a stylized example of how to calculate the three OBEA-participating screen shares in **Exhibit 15** based on actual movements in the data, but the details in the diagram are all fabricated for the purpose of exposition. In the exhibit, the blue arrows describe tonnage of lumber shipped by either CP or KCS from the Capitale-Nationale, QB OBEA. To calculate the shares, I separately sum the tonnage handled by CP, by KCS, and by either CP or KCS, and then divide by the total tonnage originating from the OBEA.

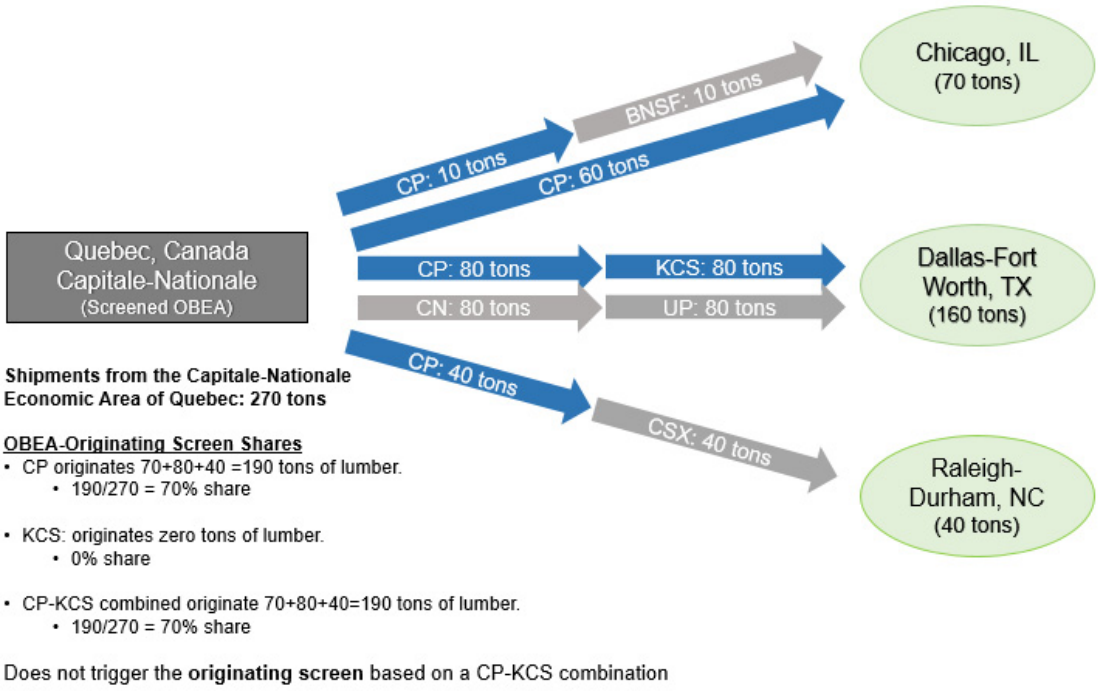
120. The participating screen allows for some intentional double-counting. In this example, the route where 80 tons are interchanged between CP and KCS has the same 80 tons counted in the shares for each railroad, although counted only once in the combined share. The threshold accounts for this sort of double-counting. Specifically, the OBEA-participating screen is not triggered for this example because, while both CP and KCS each have shares greater than 10 percent and a combined share greater than 50 percent, the combined share is not at least 10 percent greater than the maximum of the separate shares for CP and KCS. This is consistent with the intuition that KCS's participation on the route to Dallas may be relevant to shippers, but as a partner on this route with CP, the shippers' options are not likely to be made worse by a combination of CP and KCS.

EXHIBIT 15
Stylized example of an OBEA-participating screen calculation to assess the extent of destination competition



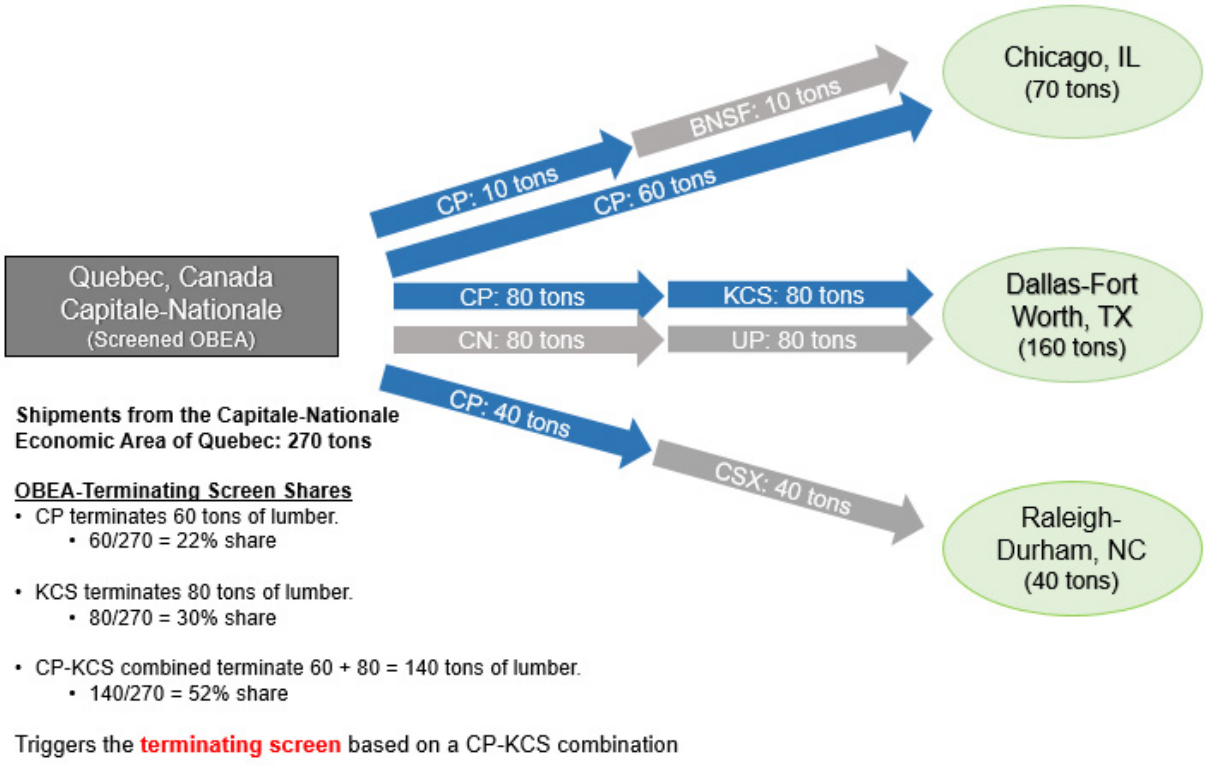
121. The second version of shares allows for the possibility that a shipper's ability to choose alternative destinations is most dependent on the railroads available to originate traffic in the OBEA. This version calculates shares based on the identity of the *originating* carrier for movements of the commodity from the OBEA. I call this the "*OBEA-originating*" screen. The OBEA-originating screen shares are calculated similar to the OBEA-participating screen, except that the parties must be the originating railroad for the tonnage to factor into the share calculations. The stylized example in **Exhibit 16** presents the same movements as the previous example, but counted according to the originating screen. As originations are only observed as competition between CP and CN in this example, the combination of CP and KCS does not reduce the choices of shippers. This screen would trigger, however, for a hypothetical combination of CP with CN reflecting the fact that such a combination would not only affect competition on the route to Dallas, it might affect shippers to Chicago and Raleigh as well.

EXHIBIT 16
Stylized example of an OBEA-originating screen calculation to assess the extent of destination competition



122. The third version allows for the possibility that a shipper's ability to choose alternative destinations is most influenced by the carriers operating at those destinations. It calculates shares for movements of the commodity from an OBEA based on the identity of the *terminating* railroad. I call this the "*OBEA-terminating*" screen. The OBEA-terminating screens are calculated similar to the other screens, except that the parties must be the terminating railroad for the tonnage to factor into the share calculations. The stylized example in **Exhibit 17** illustrates the same movements as the prior examples, but counted according to terminations. In the example, this screen does trigger for a CP and KCS combination suggesting further examination to cover the possibility that KCS at Dallas is a relevant option affecting competition for shippers of lumber out of Quebec as they negotiate with CP for termination at Chicago.

EXHIBIT 17
Stylized example of an OBEA-terminating screen calculation to assess the extent of destination competition



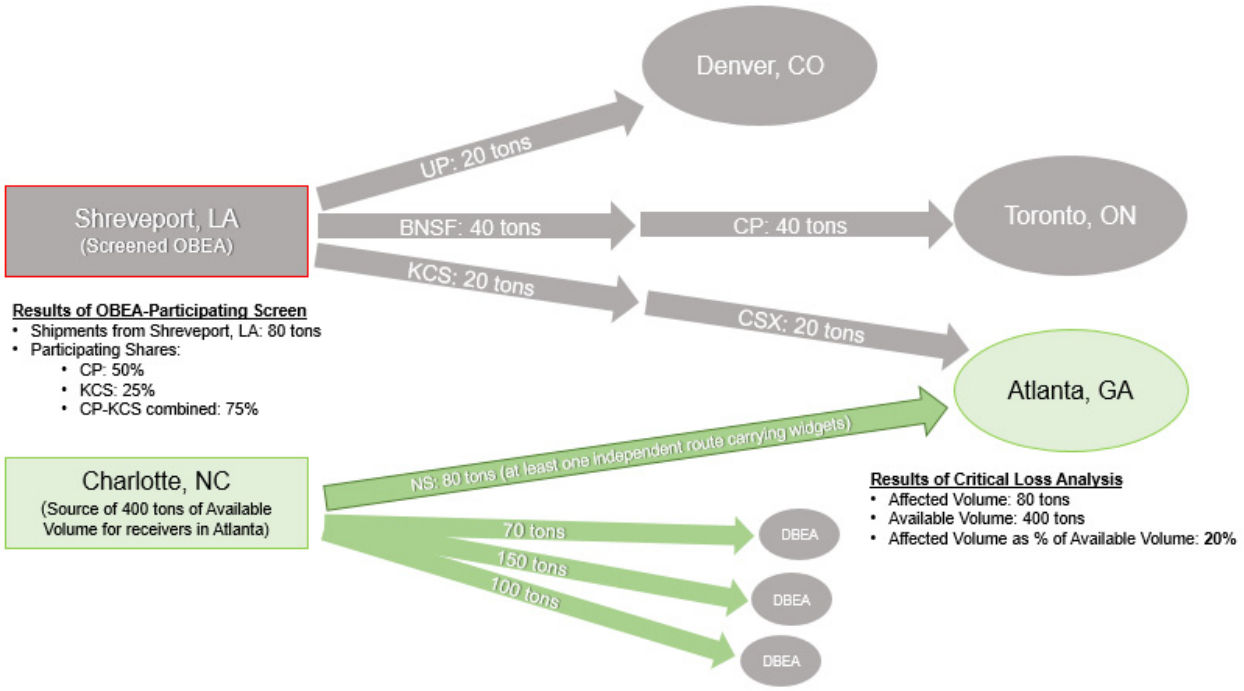
123. The analogous definitions and share calculations for source competition revolve around shipments of each commodity to a destination BEA area (the "*DBEA*"). They are "*DBEA-participating*" which uses shares based on all movements CP or KCS participate in, "*DBEA-terminating*" which gives CP and KCS shares based on their identities as the terminating carriers, and "*DBEA-originating*" which gives them shares based on their identities as the originating carrier.

7.1.2. Illustration of available capacity calculations for critical-loss analysis

124. To make the available capacity used in the critical-loss analysis more concrete, **Exhibit 18** illustrates a BEA-commodity pair that would trigger the *OBEA-*

participating screen. In this example, shipments of widgets are observed from Shreveport to Denver, Toronto, and Atlanta with CP participating in 50 percent of the shipped tons and KCS participating in 25 percent. The screen identifies widgets shipped from Shreveport as having the potential to be affected by a CP and KCS combination based on these shares and the critical loss test can then address whether the implied concentration is likely to matter. In this example, widgets are also shipped to Atlanta from Charlotte via NS without any involvement by CP or KCS. Shippers on the receiving end, faced with a hypothetical price increase on their shipments from Shreveport, would be able to divert some of their demand for widgets to Charlotte and, consequently, divert their demand for rail service to NS. There may be lots of widgets shipped out of sources like Charlotte that serve the same destinations as Shreveport over independent routes. As I explained in section 88, the volume of such shipments relative to the volume of shipments included in the screening shares is a useful approximation of whether enough diversion on the receiving end is likely that a price increase would be unprofitable.

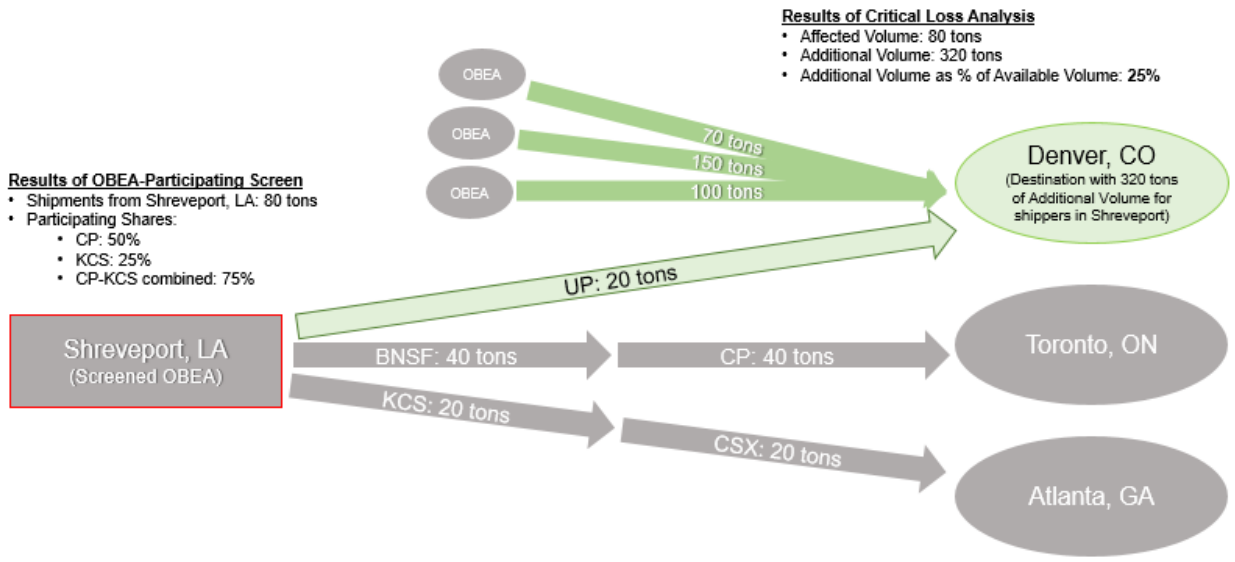
EXHIBIT 18
Illustration of volume available to shippers on the receiving end of movements for a BEA-commodity that would trigger the OBEA-participating screen



125. To illustrate the way that shippers on the origin end might also divert their sales to defeat a price increase, **Exhibit 19** presents the same scenario of widgets shipped from Shreveport but now considering the availability of Denver as an alternative outlet for the shippers looking to move their widgets out of Shreveport. In this version of the example, Denver is identified as an alternative outlet because UP's route for widgets to Denver is independent of CP and KCS. The potential to divert widgets to Denver as an outlet is demonstrated by the volume of widgets currently shipped to Denver from other sources. Faced with a hypothetical price increase by a combined CP/KCS on shipping their widgets to their current outlets, shippers in Shreveport would likely divert some of their product to Denver and their demand for rail services to UP. The demand for widgets in Denver is large based on the volume received in Denver and diversion is

likely to make the assumed price increase unprofitable based on the comparison of that volume to the volume included in the screening shares.

EXHIBIT 19
Illustration of volume available to shippers on the origin end of movements for a BEA-commodity that would trigger the OBEA-participating screen



7.2. Appendix: Detailed results for source competition

126. Below, I describe the additional information used to determine whether the results of the DBEA-participating screen reflect the kind of competitive significance of CP and KCS for the remaining commodities listed in Exhibit 11 and not already described in section 5.2.1. I find that the remaining BEA-commodity pairs do not meet the reliability threshold, that shippers are able to defeat a price increase, or both.

127. **Exhibit 20** describes the detailed results of the reliability threshold for the DBEA-commodity pairs screened for source competition presented in section 5.2. The additional columns document with green check marks the years in which shippers have

enough options available to them from other railroads. The exhibit also summarizes the total number of BEA-commodity pair movements and expanded carloads, and numbers colored in green indicate that the number of movements in the 2019 data do not meet the reliability threshold.

EXHIBIT 20
Reliability results for the second stage analysis of DBEA-commodity pairs screened for source competition

	Termination BEA Area (DBEA)	Commodity Code	Commodity Description	Assesment of Reliability of Screened Shares: Pattern of Shares '15	'16	'17	'18	'19	Movements in 2019 Data	Total Carloads
DBEA – Participating Screen										
1.	Amarillo, TX-NM, US	3312253	Plate, Iron Or Steel, n.e.c., Plain, Galvanized, etc	✓	✓	✓	✓	X	{{{ [redacted] }}}	
2.	Chicago-Gary-Kenosha, IL-IN-WI, US	2599969	Kits, Furniture, Unassembled	–	–	–	–	X	{{{ [redacted] }}}	
3.	Dallas-Fort Worth, TX-AR-OK, US	3071149	Plastic Dishes, Cellular	✓	✓	✓	X	X	{{{ [redacted] }}}	
4.	Des Moines, IA-IL-MO, US	3295232	Clay, Crushed, Ground Or Pulverized	✓	✓	✓	✓	X	{{{ [redacted] }}}	
5.	Jackson, MS-AL-LA, US	2421184	Lumber Or Timber, Dried	✓	✓	✓	✓	X	{{{ [redacted] }}}	
6.	{{{ [redacted] }}}	3312253	Plate, Iron Or Steel, n.e.c., Plain, Galvanized, etc	✓	✓	✓	X	X	{{{ [redacted] }}}	
7.	Spokane, WA-ID, US	3332115	Lead Bars, Blocks Or Ingots	–	–	–	✓	X	{{{ [redacted] }}}	
DBEA – Terminating Screen										
8.	–	–	–	–	–	–	–	–	–	–
DBEA – Originating Screen										
9.	Davenport-Moline-Rock Island, IA-IL, US	2821139	Polypropylene, Other Than Liquid	✓	✓	✓	✓	X	{{{ [redacted] }}}	
10.	Michoacán de Ocampo, MX	2611135	Woodpulp, Not Powdered, n.e.c.	✓	✓	✓	✓	X	{{{ [redacted] }}}	
11.	Nuevo León, MX	0113710	Wheat (Fertilized)	✓	✓	✓	✓	X	{{{ [redacted] }}}	
12.	Nuevo León, MX	2631117	Pulpboard Or Fibreboard	✓	✓	✓	✓	X	{{{ [redacted] }}}	
13.	Rochester, MN-IA-WI, US	3312253	Plate, Iron Or Steel, n.e.c., Plain, Galvanized, etc	✓	X	✓	✓	X	{{{ [redacted] }}}	

Source: Confidential Waybill Sample, 2015–2019
Note: The "Pattern of Shares" columns indicate years for which movements of the commodity shipping to the BEA area do not trigger the screen with a green check mark and years for which the screen is triggered with a red X. Dashes indicate years for which there are no observed movements of the commodity to the BEA. The last two columns summarize the number of BEA-commodity pair movements in the 2019 data, or the number of observations in the Waybill sample, and the total expanded carloads shipped via those movements. The green-colored movements and carloads indicate that the BEA-commodity pair does not meet the one-carload-per-day threshold, suggesting that the shares that triggered the screen are not reliable. The red-colored movements and carloads indicate that the pair meets the one-carload-per-day threshold. Total carloads are not adjusted for railcars carrying more then one intermodal unit. Doing so, adjusting carloads by the average units per flat car, would further reduce the number of carloads represented by these movements.

128. **Exhibit 21** describes the underlying tonnage values for the critical loss analysis presented in section 5.2.1 for the DBEA-commodity pairs screened for source competition. The receivers' available expanded tonnage describes what can be diverted from other origins that also serve the DBEA that is also independent of CP and KCS, representing the supply available elsewhere to receivers. The shippers' available

expanded tonnage describes what can be diverted to other destinations that is independent of CP and KCS, representing the available demand for the commodity elsewhere.

129. The outcome of the critical loss analysis is captured by the ratio of the total expanded tonnage affected by the combination of CP and KCS over the maximum of the receivers' or shippers' available tonnage. A ratio below one indicates that a combined CP/KCS would likely not find it profitable to increase prices.

EXHIBIT 21
Critical loss analysis for the second stage analysis of DBEA-commodity pairs screened for source competition

	Termination BEA Area (DBEA)	Commodity Code	Commodity Description	Critical Loss Analysis: Total Expanded Tonnage	Receivers' Available Tonnage	Shippers' Available Expanded Tonnage	Maximum Available Tonnage	Ratio of Affected to Available Volume
DBEA – Participating Screen								
1.	Amarillo, TX-NM, US	3312253	Plate, Iron Or Steel, n.e.c., Plain, Galvanized, etc	21,520	1,124,940	2,610,040	2,610,040	<0.01
2.	Chicago-Gary-Kenosha, IL-IN-WI, US	2599969	Kits, Furniture, Unassembled	1,360	–	–	–	–
3.	Dallas-Fort Worth, TX-AR-OK, US	3071149	Plastic Dishes, Cellular	1,640	13,880	27,200	27,200	0.06
4.	Des Moines, IA-IL-MO, US	3295232	Clay, Crushed, Ground Or Pulverized	18,960	1,253,360	2,491,316	2,491,316	<0.01
5.	Jackson, MS-AL-LA, US	2421184	Lumber Or Timber, Dried	30,120	1,140,800	16,785,920	16,785,920	<0.01
6.	{{{ [redacted] }}}	3312253	Plate, Iron Or Steel, n.e.c., Plain, Galvanized, etc	{{{ [redacted] }}}	–	308,660	308,660	{{{ [redacted] }}}
7.	Spokane, WA-ID, US	3332115	Lead Bars, Blocks Or Ingots	14,040	23,840	74,360	74,360	0.19
DBEA – Terminating Screen								
8.	–	–	–	–	–	–	–	–
DBEA – Originating Screen								
9.	Davenport-Moline-Rock Island, IA-IL, US	2821139	Polypropylene, Other Than Liquid	61,800	–	13,009,596	13,009,596	<0.01
10.	Michoacán de Ocampo, MX	2611135	Woodpulp, Not Powdered, n.e.c.	34,560	–	4,769,356	4,769,356	<0.01
11.	Nuevo León, MX	0113710	Wheat (Fertilized)	214,344	–	32,256,226	32,256,226	<0.01
12.	Nuevo León, MX	2631117	Pulpboard Or Fibreboard	124,560	–	17,067,072	17,067,072	<0.01
13.	Rochester, MN-IA-WI, US	3312253	Plate, Iron Or Steel, n.e.c., Plain, Galvanized, etc	30,760	–	2,435,200	2,435,200	0.01

Source: Confidential Waybill Sample, 2015–2019
Note: The critical loss analysis assesses the extent to which a combined CP/KCS would find it unprofitable to increase the price on shippers of a BEA-commodity pair. The total expanded tonnage describes the volume of commodity shipped to the DBEA. The receivers' available expanded tonnage summarizes the volume of the commodity that can be shipped to the screened DBEA from origins that serve the screened DBEA through a route independent from CP or KCS, representing the available supply of that commodity from these particular origins. The shippers' available expanded tonnage summarizes the volume of commodity that is shipped to other destinations that the origins of the screened DBEA can reach through a route independent from CP or KCS, representing the available demand for the commodity in these particular origins. The maximum available tonnage is the larger of the receivers' and shippers' available expanded tonnage. The outcome of the critical loss analysis is captured by the ratio of the total expanded tonnage affected by the CP and KCS combination over the maximum of the available expanded tonnage. A ratio below one indicates that enough diversion on either the receivers' or shippers' end renders it likely that a price increase would be unprofitable.

130. **Furniture kits moved to Chicago-Gary-Kenosha, IL-IN-WI**. This commodity only rarely ships to this BEA area – there are only {{{ }}} observed movements in the 2019 Waybill Sample. Incidentally, all of these movements were intermodal, which suggests other railroads serving the Chicago area were likely competitive options for the movements.[76] These {{{ }}} movements represent {{{ }}} carloads in 2019, well below the one-carload-per-day threshold. The shares are thus not a reliable measure of the competitive significance of CP and KCS for this BEA-commodity pair. Moreover, there are only {{{ }}} movements of furniture kits to *any* destination in the Waybill Sample for 2015–2019.[77] This commodity has limited competitive relevance. This BEA-commodity pair is not likely to have competition affected by a combination of CP and KCS.

131. **Plastic dishes moved to Dallas-Fort Worth, TX-AR-OK**. This BEA-commodity pair triggered the screen in 2019 and 2018. In earlier years (2015–2017), the data does include movements of plastic dishes to Dallas-Fort Worth but {{{ }}}.[78] This lack of persistence to the CP and KCS shares is one reason to conclude that competitive effects are not likely – shippers have demonstrated they can and do switch to other railroads. In addition, only {{{ }}} movements, representing {{{ }}} carloads, are observed in 2019, which is below the reliability threshold.

132. The critical loss analysis for plastic dishes moved to Dallas-Fort Worth also suggests there is little competitive concern. The volume affected by a hypothetical

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[76] See my workpaper 13.

[77] See my workpaper 14.

[78] {{{ }}}. See my workpaper 15.

price increases is only six percent of the volume of plastic dish demand available to shippers looking to divert their shipments from Dallas-Fort Worth if a combined CP/KCS attempted to increase the price in this area. This BEA-commodity pair is not likely to have competition affected by a combination of CP and KCS.

133. **Steel and iron plate moved to {{{ }}}.**

This commodity ships only rarely to {{{ }}}. Although the 2019 participating shares for CP and KCS were {{{ }}} percent and {{{ }}} percent, respectively, these shares are based on only {{{ }}} observed movements in the Waybill Sample.[79] With only {{{ }}} movements, the share for one of the railroads involved is going to be at least {{{ }}} percent.[80] These {{{ }}} movements, which expand for the Waybill Sampling frame to {{{ }}} carloads, are far below the reliability threshold used by the Board in past competitive analyses.[81] Shares for this BEA-commodity pair are not reliable measures of CP and KCS competitive significance.

134. In addition, the critical loss analysis confirms that a combined CP/KCS would not find it profitable to raise prices for this BEA-commodity pair. The volume affected by a hypothetical price increase is only {{{ }}} percent of the volume of steel plate

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79 {{{ }}} See my workpaper 16. See Exhibit 11.

80 Shares for CP, KCS, and combined CP-KCS were, respectively: in 2018, {{{ }}}; in 2017, {{{ }}}; in 2016, {{{ }}}; and in 2015, {{{ }}}. See my workpaper 17.

81 Vellturo V.S., 2007, at p. 88.

demand available to shippers looking to divert their shipments from San Francisco if a combined CP/KCS attempted to increase the price in this area.[82] This BEA-commodity is not likely to have competition affected by a combination of CP and KCS.

135. **Clay moved to Des Moines, IA-IL-MO.** Similar to steel plate that is shipped to the Amarillo, TX-NM BEA, clay shipped to the Des Moines, IA-IL-MO BEA area only triggers the screen in 2019. In all other years of data, enough other railroads carried the commodity such that the screen would not have been triggered, so the shares of CP and KCS lack persistence. The {{{ }}} movements in 2019, representing {{{ }}} expanded carloads, also fall below the reliability threshold. The shares underlying the screens for this pair, therefore, do not demonstrate a commodity likely to experience competition issues from a CP and KCS combination. Additionally, the critical loss analysis of this BEA-commodity pair demonstrates that a combined CP/KCS would not find it profitable to increase price on shippers of clay shipped to the Des Moines, IA-IL-MO BEA.

[82] I do not find any origins that in 2019 ship steel plate to {{{ }}} independent of CP and KCS. This is not surprising, since CP and KCS happened to participate in {{{ }}} movements in 2019, and does not mean that there would be no available volume of steel plate for shippers to divert *to* {{{ }}}. Steel plate may be shipped relatively infrequently by rail to {{{ }}}, but it is not a rare commodity more generally. Large volumes of steel plate are shipped by rail throughout the U.S. each year – in 2019, I observe 828 rail movements totaling 2,831,800 expanded tons of steel plate to U.S. destinations in the Waybill Sample. See my workpaper 18. Moreover, origins of steel plate movements can be connected to {{{ }}} via a railroad routing that is independent of CP and KCS. Indeed, in 2019 more than 800,000 tons of steel plate shipped from sources that ship other commodities to {{{ }}} independent of CP and KCS. Shippers in these locations would only need to divert a small fraction of this volume to {{{ }}} in order to defeat a hypothetical price increase. The volume affected by a hypothetical price increase for steel plate shipped to {{{ }}} is {{{ }}}, which is less than {{{ }}} percent of the more than 800,000 expanded tons of steel plate that ships from origins that could be connected to {{{ }}} independent of CP and KCS. See my workpaper 19.

136. **Lumber or timber moved to Jackson, MS-AL-LA.** Shares of lumber or timber shipped to the Jackson, MS-AL-LA BEA area fluctuate from year to year such that the 2019 shares, which trigger the screen, do not persist in looking at prior years. Movements of lumber or timber to Jackson appear in all prior years of the data, but with shares for CP and KCS that would not have triggered the screen. The {{{ }}} 2019 movements, representing {{{ }}} shipped carloads, are approaching but still below the reliability threshold. Finally, the critical-loss analysis of this BEA-commodity pair suggests that a combined CP/KCS would not find it profitable to increase price on shippers of lumber or timber to the Jackson, MS-AL-LA BEA.

137. **Lead bars moved to Spokane, WA-ID.** The screen of lead bars shipped to the Spokane, WA-ID BEA area is based on shares for CP and KCS out of {{{ }}} 2019 movements representing {{{ }}} carloads, falling well below the reliability threshold. This is a BEA-commodity pair that is not even observed in prior years other than 2018. However, the shares observed in 2018 for CP and KCS would not have triggered the screen. This pattern suggests the shares lack persistence to the extent the movement is observed in a given year's data. A critical loss analysis of lead bars shipped to the Spokane, WA-ID BEA area demonstrates that a combined CP/KCS would not find it profitable to increase price on shippers of this commodity to this BEA area.

138. Five commodity-DBEA pairs trigger the originating screen. For each of the five pairs, the CP and KCS shares underlying the screen lack persistence – shares of CP and KCS observed on movements in prior years would not have triggered the screen. These pairs are all observed frequently enough in the 2019 data to be close to or above the

reliability threshold. Consequently, the lack of persistence in these shares is particularly informative about shippers' ability to return to the other railroads they relied upon in these prior years if CP and KCS were to attempt to raise their prices.[83] Moreover, the critical loss analysis for each of these commodity-DBEA pairs reveals that a combined CP/KCS would not find it profitable to raise prices on any of them. These include the following commodity-DBEA pairs:

- **Polypropylene moved to Davenport-Moline-Rock Island, IA-IL;**
- **Woodpulp moved to Michoacán de Ocampo, Mexico;**
- **Wheat (not organically grown) moved to Nuevo León, Mexico;**
- **Pulpboard or fiberboard moved to Nuevo León, Mexico;** and
- **Steel plate moved to Rochester, MN-IA-WI.**

7.3. Appendix: Detailed results for destination competition

139. Below, I describe the additional information used to determine whether the results of the OBEA-participating screen reflect the kind of competitive significance of CP and KCS for the remaining commodities listed in Exhibit 14 and not already discussed in section 5.2.2. I find that the remaining BEA-commodity pairs do not meet the reliability threshold, that shippers are able to defeat a price increase, or both.

140. **Exhibit 22** describes the detailed results of the reliability threshold for the OBEA-commodity pairs screened for destination competition presented in section 5.2.2. The columns document with green check marks the years in which shippers have enough

[83] In one of the five pairs, steel plate shipped to Rochester, MN-IA-WI, the shares based on movements in one of the prior years, 2016, would trigger the screen, however, this appears to be simply another manifestation of year-to-year fluctuations in share rather than suggesting persistence of the shares.

options available to them from other railroads. The exhibit also summarizes the total number of BEA-commodity pair movements and expanded carloads, and numbers colored in green indicate that the number of movements in the 2019 data does not meet the reliability threshold.

EXHIBIT 22
Reliability results for the second stage analysis of OBEA-commodity pairs screened for destination competition

	Origin BEA Area (OBEA)	Commodity Code	Commodity Description	Assesment of Reliability of Screened Shares: Pattern of Shares '15	'16	'17	'18	'19	Movements in 2019 Data	Total Carloads
OBEA – Participating Screen										
1.	Atlanta, GA-AL-NC, US	1451410	Kaolin (China Clay), Crude	✓	✓	✓	X	X	{{{	}}}
2.	Atlanta, GA-AL-NC, US	2621990	Paper, n.e.c., Not Printed	✓	✓	✓	✓	X	{{{	}}}
3.	Atlanta, GA-AL-NC, US	3295975	Pellets, Gas Well Fracture Supporting	–	–	–	–	X	{{{	}}}
4.	Capitale-Nationale, PQ, CA	2421184	Lumber Or Timber, Dried	✓	✓	✓	✓	X	{{{	}}}
5.	{{{ [redacted] }}}	2025970	Sugar Of Milk (Lactose), Refined	–	✓	✓	✓	X	{{{	}}}
6.	Davenport-Moline-Rock Island, IA-IL, US	2014350	Animal Tallow Or Fat, Inedible, Liquid	–	–	–	–	X	{{{	}}}
7.	Fargo-Moorhead, ND-MN, US	0134215	Peas, Canadian Field, Dried	–	✓	✓	✓	X	{{{	}}}
8.	Hamilton--Niagara Peninsula, ON, CA	2014350	Animal Tallow Or Fat, Inedible, Liquid	–	–	–	–	X	{{{	}}}
9.	San Antonio, TX, US	2621711	Calender Roll Paper	✓	✓	–	X	X	{{{	}}}
OBEA – Originating Screen										
10.	–	–	–	–	–	–	–	–	–	–
OBEA – Terminating Screen										
11.	Davenport-Moline-Rock Island, IA-IL, US	2046110	Corn Syrup (Glucose), Dehydrated	X	X	X	X	X	{{{	}}}
12.	{{{ [redacted] }}}	2092110	Soybean Oil	–	–	–	–	X	{{{	}}}
13.	Madison, WI-IL-IA, US	1441313	Sand Fracing 30/50 Mesh	X	X	X	X	X	{{{	}}}
14.	Madison, WI-IL-IA, US	1441316	Sand Fracing 40/70 Mesh	X	X	X	X	X	{{{	}}}
15.	Madison, WI-IL-IA, US	1441317	Sand Fracing 100 Mesh	✓	✓	✓	✓	X	{{{	}}}
16.	Madison, WI-IL-IA, US	2014350	Animal Tallow Or Fat, Inedible, Liquid	✓	X	X	X	X	{{{	}}}
17.	Minneapolis-St. Paul, MN-WI-IA, US	2093915	Linseed (Flaxseed) Oil	✓	✓	✓	X	X	{{{	}}}
18.	Northwest / Nord-ouest, ON, CA	2621115	Newsprint Paper	✓	✓	✓	✓	X	{{{	}}}
19.	Red Deer, AB, CA	2912111	Propane Gas, Liquefied	✓	✓	X	X	X	{{{	}}}
20.	Saskatoon--Biggar, SK, CA	2093342	Rapeseed Oil (Colza Oil)	✓	✓	✓	✓	X	{{{	}}}
21.	Thompson--Okanagan, BC, CA	2439120	Structural Beams	✓	✓	✓	✓	X	{{{	}}}

Source: Confidential Waybill Sample, 2015–2019
Note: The "Pattern of Shares" columns indicate years for which movements of the commodity shipping from the BEA area do not trigger the screen with a green check mark and years for which the screen is triggered with a red X. Dashes indicate years for which there are no observed movements of the commodity from the BEA. The last two columns summarize the number of BEA-commodity pair movements in the 2019 data, or the number of observations in the Waybill sample, and the total expanded carloads shipped via those movements. The green-colored movements and carloads indicate that the BEA-commodity pair does not meet the one-carload-per-day threshold, suggesting that the shares that triggered the screen are not reliable. The red-colored movements and carloads indicate that the pair meets the one-carload-per-day threshold. Total carloads are not adjusted for railcars carrying more then one intermodal unit. Doing so, adjusting carloads by the average units per flat car, would further reduce the number of carloads represented by these movements.

141. **Exhibit 23** describes the underlying tonnage values for the critical loss analysis presented in section 5.2.2 for the OBEA-commodity pairs screened for destination

competition. The receivers' available tonnage describes what can be diverted from other origins that ship to destinations served by the OBEA that is also independent of CP and KCS, representing the supply available elsewhere to receivers. The shippers' available tonnage describes what can be diverted to other destinations reached by the OBEA and that is independent of CP and KCS, representing the available demand for the commodity elsewhere.

142. The outcome of the critical loss analysis is captured by the ratio of the total expanded tonnage affected by the combination of CP and KCS over the maximum of the receivers' or shippers' available tonnage. A ratio below one indicates that a combined CP/KCS would likely not find it profitable to increase prices.

EXHIBIT 23
Critical loss analysis for the second stage analysis of OBEA-commodity pairs screened for destination competition

	Origin BEA Area (OBEA)	Commodity Code	Commodity Description	Critical Loss Analysis: Total Expanded Tonnage	Receivers' Available Expanded Tonnage	Shippers' Available Expanded Tonnage	Maximum Available Tonnage	Ratio of Affected to Available Volume
OBEA – Participating Screen								
1.	Atlanta, GA-AL-NC, US	1451410	Kaolin (China Clay), Crude	2,920	–	–	–	–
2.	Atlanta, GA-AL-NC, US	2621990	Paper, n.e.c., Not Printed	7,120	188,480	36,800	188,480	0.04
3.	Atlanta, GA-AL-NC, US	3295975	Pellets, Gas Well Fracture Supporting	29,864	81,708	46,408	81,708	0.37
4.	Capitale-Nationale, PQ, CA	2421184	Lumber Or Timber, Dried	33,560	17,433,600	45,960	17,433,600	<0.01
5.	{{{ [redacted] }}}	2025970	Sugar Of Milk (Lactose), Refined	{{{ [redacted] }}}	–	–	–	–
6.	Davenport-Moline-Rock Island, IA-IL, US	2014350	Animal Tallow Or Fat, Inedible, Liquid	25,320	649,360	–	649,360	0.04
7.	Fargo-Moorhead, ND-MN, US	0134215	Peas, Canadian Field, Dried	11,960	{{{ [redacted] }}}			
8.	Hamilton--Niagara Peninsula, ON, CA	2014350	Animal Tallow Or Fat, Inedible, Liquid	18,800	892,600	229,200	892,600	0.02
9.	San Antonio, TX, US	2621711	Calender Roll Paper	3,440	767,960	368,600	767,960	<0.01
OBEA – Originating Screen								
10.	–	–	–	–	–	–	–	–
OBEA – Terminating Screen								
11.	Davenport-Moline-Rock Island, IA-IL, US	2046110	Corn Syrup (Glucose), Dehydrated	60,560	–	–	–	–
12.	{{{ [redacted] }}}	2092110	Soybean Oil	{{{ [redacted] }}}	4,068,340	–	4,068,340	{{{ [redacted] }}}
13.	Madison, WI-IL-IA, US	1441313	Sand Fracing 30/50 Mesh	112,116	7,828,940	–	7,828,940	0.01
14.	Madison, WI-IL-IA, US	1441316	Sand Fracing 40/70 Mesh	741,919	19,613,713	–	19,613,713	0.04
15.	Madison, WI-IL-IA, US	1441317	Sand Fracing 100 Mesh	675,384	14,612,515	770,138	14,612,515	0.05
16.	Madison, WI-IL-IA, US	2014350	Animal Tallow Or Fat, Inedible, Liquid	18,000	826,520	–	826,520	0.02
17.	Minneapolis-St. Paul, MN-WI-IA, US	2093915	Linseed (Flaxseed) Oil	26,520	{{{ [redacted] }}}			
18.	Northwest / Nord-ouest, ON, CA	2621115	Newsprint Paper	30,960	256,120	37,360	256,120	0.12
19.	Red Deer, AB, CA	2912111	Propane Gas, Liquefied	172,000	7,150,702	392,479	7,150,702	0.02
20.	Saskatoon--Biggar, SK, CA	2093342	Rapeseed Oil (Colza Oil)	417,508	2,314,660	954,752	2,314,660	0.18
21.	Thompson--Okanagan, BC, CA	2439120	Structural Beams	21,080	654,640	–	654,640	0.03

Source: Confidential Waybill Sample, 2015–2019
Note: The critical loss analysis assesses the extent to which a combined CP/KCS would find it unprofitable to increase the price on shippers of a BEA-commodity pair. The total expanded tonnage describes the affected volume of commodity shipped from the OBEA. The receivers' available expanded tonnage summarizes the volume of the commodity that can be shipped to the BEAs served by the screened OBEA from any other BEA area that can ship the commodity to those BEAs through a route independent from CP and KCS, representing the supply of that commodity from other originations. The shippers' available expanded tonnage summarizes the volume of commodity that is shipped from any other BEA area to a destination that the screened OBEA can reach through a route independent from CP or KCS, representing the available demand for the commodity in that particular destination. The maximum available tonnage is the maximum between the receivers' and shippers' available tonnage. The outcome of the critical loss analysis is captured by the ratio of the total expanded tonnage affected by the CP and KCS combination over the maximum of the available tonnage. A ratio below one indicates that enough diversion on either the receivers' or shippers' end renders it likely that a price increase would be unprofitable.

143. **Kaolin (China Clay) moved from Atlanta, GA-AL-NC**. This OBEA-commodity pair triggers the screen based on shares that lack persistence. The {{{ }}} movements in the 2019 data, representing only {{{ }}} carloads, fall well below the reliability threshold. Moreover, there are only {{{ }}} total movements anywhere in the 2019 data. All {{{ }}} movements were intermodal,

suggesting that other railroads serving the Atlanta area or possible destinations were likely competitive options for the movements.[84]

144. **Paper moved from Atlanta, GA-AL-NC**. This OBEA-commodity pair triggers the screen based on shares that lack persistence. This is not a completely infrequent movement with {{{ }}} observations in the 2019 data, which all happen to be intermodal movements, so the year-to-year fluctuation in shares is particularly informative about shipper choices in prior years.[85] The critical loss analysis for this commodity-OBEA pair confirms that the combined CP/KCS would not find it profitable to raise prices for paper shipped from the Atlanta, GA-AL-NC BEA.

145. **Pellets for gas well fractures moved from Atlanta, GA-AL-NC**. This OBEA-commodity pair triggers the screen based on shares that lack persistence. Additionally, the shares are based on {{{ }}} 2019 movements representing only {{{ }}} carloads and well below the reliability threshold. Finally, the critical loss analysis confirms that a combined CP/KCS would not find it profitable to raise prices for the OBEA-commodity pair.

146. **Lumber or timber moved from Capitale-Nationale, QB, Canada**. This OBEA-commodity pair triggers the screen in 2019 based on shares that lack persistence despite the observation of sufficient movements in 2019, suggesting the shares in prior years are particularly informative of shippers' ability to return to other railroads if a combined CP/KCS attempted to raise prices. Additionally, the ratio of affected to available volume for the critical loss analysis of this OBEA-commodity pair is less than

[84] See my workpaper 20.

[85] See my workpaper 21.

one percent, confirming that a combined CP/KCS would not find it profitable to raise prices.

147. **Lactose moved from {{{ }}}**. This OBEA-commodity pair triggers the screen based on shares that lack persistence. Moreover, the shares are based on only {{{ }}} movements, representing {{{ }}} carloads, which is significantly less than the reliability threshold. Based on these factors, the screened commodity is not likely to experience competition issues from a combination of CP and KCS.

148. **Animal tallow or fat moved from Davenport-Moline-Rock Island, IA-IL**. This OBEA-commodity pair has no movements observed in the data from prior years and has only {{{ }}} 2019 movements, representing {{{ }}} carloads, suggesting that the shares that triggered the screen are not reliable. The critical loss analysis confirms that a combined CP/KCS would not find it profitable to raise prices for this OBEA-commodity pair.

149. **Dried peas moved from Fargo-Moorhead, ND-MN**. This OBEA-commodity pair trigger the screen based on shares that lack persistence. Moreover, the shares are based on only {{{ }}} movements in the 2019 data, representing {{{ }}} carloads, which is significantly less than the reliability threshold. The critical loss analysis yields a volume ratio of almost exactly {{{ }}}. Based on these factors, the screened OBEA-commodity pair is not likely to experience competition issues from a combination of CP and KCS.

150. **Animal tallow moved from Hamilton-Niagara Peninsula, ON, Canada**. This OBEA-commodity pair has no movements observed in the data from prior years, and has only {{{ }}} 2019 movements, representing {{{ }}} carloads, suggesting that the shares that triggered the screen are not reliable. The critical loss analysis confirms that a combined CP/KCS would not find it profitable to raise prices for this OBEA-commodity pair.

151. **Calendar roll paper moved from San Antonio, TX**. This OBEA-commodity pair triggers the screen based on shares that have only fleeting persistence. Prior to 2018, when movements of this pair are observed, the shares for CP and KCS would not have triggered the screen. Additionally, the shares are based on only {{{ }}} 2019 movements, representing {{{ }}} carloads, missing the reliability threshold. The critical loss analysis confirms that a combined CP/KCS would not find it profitable to raise prices for this OBEA-commodity pair.

152. **Soybean oil moved from {{{ }}}**.
This OBEA-commodity pair has no movements observed in the data from prior years, and has only {{{ }}} 2019 movements, representing {{{ }}} carloads, suggesting that the shares that triggered the screen are not reliable. The critical loss analysis confirms that a combined CP/KCS would not find it profitable to raise prices for the BEA-commodity pair.

153. **Frac sand moved from Madison, WI-IL-IA.** There are three grades of frac sand (30/50 Mesh, 40/70 Mesh, and 100 Mesh) that appear in the data as separate commodities, each triggering further investigation of movements from Madison, WI-IL-IA. The critical loss analyses for all three of these grades demonstrate that shippers

would readily divert enough frac sand of the relevant grade to defeat any attempted price increase by a combined CP/KCS. Moreover, for the 100 Mesh sand, the shares lack persistence. Because of these factors, all three grades of frac sand from Madison, WI-IL-IA are unlikely to experience competition issues from a combination of CP and KCS.

154. **Animal tallow moved from Madison, WI-IL-IA**. This OBEA-commodity pair triggers the screen with shares based on only {{{ }}} movements, representing {{{ }}} carloads, which are well below the reliability threshold. The critical loss analysis confirms that a combined CP/KCS would not find it profitable to raise prices for this OBEA-commodity pair.

155. **Linseed oil moved from Minneapolis-St. Paul, MN-WI-IA**. This OBEA-commodity pair triggers the screen based on shares that have only fleeting persistence. Prior to 2018, the shares for CP and KCS would not have triggered the screen. Moreover, the shares are based on only {{{ }}} 2019 movements, representing {{{ }}} carloads, which is less than the reliability threshold. Based on these factors, the screened commodity is not likely to experience competition issues from a combination of CP and KCS.[86]

[86] {{{ }}} originates volume of linseed oil from two BEAs in {{{ }}} that are located about 1.5 hours in driving distance apart. One BEA area appears to predominately serve demand in the west. However, if {{{ }}} were able to divert linseed oil volume from both of these {{{ }}} locations to the {{{ }}} BEA, in response to a hypothetical price increase on shipments there from the Minneapolis-St. Paul, MN-WI-IA BEA, the ratio measuring critical loss would be nearly equal to {{{ }}} instead of {{{ }}}. See my workpaper 22.

156. **Newsprint paper moved from Northwest, ON, Canada**. This OBEA-commodity pair triggers the screen based on shares that lack persistence. The critical loss analysis confirms that a combined CP/KCS would not find it profitable to raise prices for this BEA-commodity pair.

157. **Liquefied Propane Gas moved from Red Deer, AB, Canada**. This OBEA-commodity pair triggers the screen based on shares that lack persistence. Prior to 2017, the shares for CP and KCS would not have triggered the screen. Moreover, the critical loss analysis confirms that a combined CP/KCS would not find it profitable to raise prices for this BEA-commodity pair.

158. **Rapeseed oil moved from Saskatoon-Biggar, SK, Canada**. This OBEA-commodity pair triggers the screen based on shares that lack persistence. The critical loss analysis confirms that a combined CP/KCS would not find it profitable to raise prices for this BEA-commodity pair.

159. **Structural beams moved from Thompson-Okanagan, BC, Canada**. This OBEA-commodity pair triggers the screen based on shares that lack persistence. Moreover, the shares are based on only {{{ }}} 2019 movements, representing {{{ }}} carloads, suggesting that the shares that triggered the screen are not reliable. The critical loss analysis confirms that a combined CP/KCS would not find it profitable to raise prices for this BEA-commodity pair.

VERIFICATION

I, W. Robert Majure, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed this 28th day of October, 2021.

W. Robert Majure

APPENDIX A

W. Robert Majure, Ph.D.
Vice President

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ACADEMIC BACKGROUND

1990 – 1994 **Massachusetts Institute of Technology** Cambridge, MA
Ph.D., Economics
Specialization: Industrial Organization, Microeconomics, Econometrics
Thesis: Disequilibrium Game Theory

1986 – 1990 **University of Virginia** Charlottesville, VA
B.A., Economics and Mathematics

PROFESSIONAL EXPERIENCE

2019 – Present **Cornerstone Research, Inc.** Washington, DC
Vice President
Provide financial and economic analysis for commercial litigation matters. Support experts in preparing for deposition and trial testimony.

2010 – 2018 **Antitrust Division – U.S. Department of Justice** Washington, DC
Director of Economics
Senior career executive supervising the Antitrust Division's Economic Analysis Group. Helped formulate economic evidence and testimony for cases in industries such as software (*U.S. v. H&R Block, Inc., et al.*), telecommunications (*U.S. and Plaintiff States v. AT&T Inc., et al.*), video (*U.S. v. AT&T Inc., DirecTV Group Holdings, LLC, and Time Warner Inc.*), publishing (*U.S. v. Apple, Inc., et al.*), airlines (*U.S., et al. v. US Airways Group, Inc. and AMR Corp.*), oilfield services (*U.S. v. Halliburton Co. and Baker Hughes Inc.*), and health insurance (*U.S. and Plaintiff States v. Aetna Inc., and Humana Inc.* and *U.S. and Plaintiff States v. Anthem, Inc. and Cigna Corp.*).

2003 – 2010 **Antitrust Division – U.S. Department of Justice** Washington, DC
Chief of Competition Policy Section
Managed a section of about 18 economists and other staff. Supervised economic analysis of antitrust investigations in various industries including computer software (*U.S. v Oracle Corp.*), real estate (*U.S. v Kentucky Real Estate Commission*), and telecommunications (*U.S. v Cingular Wireless et al*). Testified in *U.S. v SBC Communications Inc. and AT&T Corp.* and *U.S. v. Verizon Communications Inc. and MCI, Inc.* Consulted on appellate arguments of the United States in Circuit Court (including *FCC v Prometheus Radio Project*).

1997 – 2003 **Antitrust Division – U.S. Department of Justice** Washington, DC
Assistant Chief of Economic Regulatory Section

Assisted with the management of a section of about 18 economists and other staff. Supervised economic analysis of antitrust investigations in various industries including telecommunications (*U.S. v WorldCom and Sprint*), computer software (*U.S. v Mathworks and Wind River*), publishing, radio and television advertising (*U.S. v Univision and Hispanic Broadcasting Corp*), electricity, and airlines. Consulted on appellate arguments of the United States in Circuit Court and the U.S. Supreme Court (including *Iowa Utilities Board v FCC and U.S.*).

1994 – 1997 **Antitrust Division – U.S. Department of Justice** Washington, DC
Economist
Performed economic analysis in antitrust investigations. Applied developments in the fields of industrial organization, microeconomics, and econometrics to practical questions raised in antirust analysis. Examined mergers or practices in telecommunications (including *U.S. v Sprint and Joint Venture Co.*), computer software, and banking. Testified in the merger of Union Pacific Railroad and Southern Pacific Railroad (before the Surface Transportation Board).

TESTIMONY

Real Estate Exchange, Inc. v Zillow, Inc. et al. – Filed declaration in support of motion for preliminary injunction.

U.S. v SBC Communications Inc. and AT&T Corp. and *U.S. v. Verizon Communications Inc. and MCI, Inc.* – Filed declarations in Tunney Act proceeding to explain the economic analysis of the United States for the proposed mergers and of the proposed consent decrees.

ICC Finance Docket No. 32760 – Submitted testimony on behalf of the U.S. Dept. of Justice analyzing prospective merger of Union Pacific Railroad and Southern Pacific Railroad.

PUBLICATIONS

"Evaluating Innovation Theories of Harm in Merger Review: Economic Frameworks and Difficulties" with Nathaniel Hipsman and Jessica Liu in *Getting the Deal Through—Merger Control 2022* September 2021

"Comparing Vertical Merger Guidelines Across Jurisdictions" with Peter Davis and Kostis Hatzitaskos in *Law360* February 2020.

"Revisiting Guidance on MFN Terms" with Andrew Sfekas in *Antitrust Chronicle* September 2019.

"Economics at the Antitrust Division 2016-2017: Healthcare, Nuclear Waste, and Agriculture," with A. Gerstle, H. Knudsen, D. Williamson, and J. Lee, *Review of Industrial Organization,* Vol 51, Issue 4, 2017, pp. 515-528

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"An Empirical Analysis of Bank Branching: Portugal 1989-1991" with L. Cabral, in The Empirical Analysis of Industrial Organization Conference Report of the Centre for Economic Policy Research

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"Comparison with the EU Non-Horizontal and the UK Merger Assessment Guidelines," with Peter Davis and Kostis Hatzitaskos, February 2020, available at https://media.justice.gov/vod/atr/comments-draft-vmg/dvmg-0011.pdf.

"Review: Selected Research of Andrew Sweeting, New Bureau of Economics Director" with Andrew Sfekas, Ross Askenazi, and Laurien Gilbert, January 2020, available at https://www.cornerstone.com/Publications/Articles/Selected-Research-of-Andrew-Sweeting.pdf

HONORS AND AWARDS

President's Award for Meritorious Executive	2017
Assistant Attorney General's Award for Excellence	2015
Attorney General's John Marshall Award for Legal Advice (Nominated)	2004
Assistant Attorney General's Award for Excellence	2001
Distinguished Service Award	1997
National Science Foundation Fellowship	1990 – 1993
Phi Beta Kappa	1989

CONFERENCE PARTICIPATION

8th Annual Bill Kovacic Antitrust Salon 2020
Discussed vertical merger guidelines and enforcement issues in a panel hosted by George Washington University School of Law and *Concurrences Review*.

"New Debates and Tensions in Antitrust: The 2020 Vertical Merger Guidelines" 2020
Discussed newly issued vertical merger guidelines with attorneys and economists in government and private practice.

ABA panel "Sequences & Sparks: Life Sciences Innovation Mergers." (podcast) 2020
Discussed issues of innovation competition, potential competition, and merger enforcement.

DOJ Workshop on Proposed Vertical Merger Guidelines 2020
Discussed issues of vertical merger analysis and suggested modifications to draft guidelines.

ICN Chief/Senior Economist Workshop 2016
Discussed tools and techniques of current interest with senior economists representing competition authorities around the world.

FCC Roundtable on Media Ownership Policies 2001
Discussed economic issues related to prospective changes in the FCC's rules governing media ownership.

PERSONAL

U.S. Citizen. Married with two daughters and one son.

APPENDIX B

Majure V.S. Materials Relied Upon

Verified Statements

Amended and Supplemented Verified Statement of Dr. David Reishus, *CSX Corporation et al – control – Pan Am Systems, Inc. et al.* , Finance Docket No. 36472, July 1, 2021.

Expert Statement of W. Robert Majure, Ph.D., Canadian Pacific Railway Limited, et al. – Control – Kansas City Southern, et al., Finance Docket No. 36500 and Canadian National Railway Company, et al. – Control – Kansas City Southern, et al., Finance Docket No. 36514, Apr. 30, 2021.

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BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT
OF
RICHARD W. BROWN AND NATHAN S. ZEBROWSKI

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF RICHARD W. BROWN AND NATHANIEL S. ZEBROWSKI

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VERIFIED STATEMENT OF RICHARD W. BROWN AND NATHANIEL S. ZEBROWSKI

PART I INTRODUCTION AND OVERVIEW

1. We are Richard W. Brown and Nathaniel S. Zebrowski of FTI Consulting, Inc.

2. Richard W. Brown is an as-needed contractor in FTI Consulting's Network Industries Strategies ("NIS") practice and is responsible for conducting detailed railroad market studies for a variety of railroad clients. He previously served as a Director for FTI Consulting for over 10-years. He has performed numerous internal studies related to exploring potential rail merger opportunities including estimating likely traffic diversions. Prior to joining FTI in 1999, Mr. Brown spent 28-years with BNSF Railway ("BNSF") and its predecessor The Atchison, Topeka and Santa Fe Railway ("ATSF") where he most recently served in executive-level positions involving strategic merger analysis and planning, and prior to that headed ATSF's Bulk Commodity Marketing department. He holds a BA in Economics from Syracuse University and an MBA degree from Northwestern University Graduate School of Management.

3. Nathaniel S. Zebrowski is a Managing Director in FTI's NIS practice. He joined the practice in 2011 and has over 10-years of experience providing professional consulting services to freight transportation companies including developing numerous evidence submissions to the Surface Transportation Board, Federal courts, and arbitration boards. His work includes analyzing railroad traffic and revenue patterns, evaluating railroad operations and service, and studying the competitive dynamics of the freight transportation industry. He has special expertise in developing complex computer models assessing traffic flows over railroad networks and conducting detailed studies on costs, operations, and pricing of freight transportation services. He holds a Bachelor's Degree in

Economics from Northwestern University and a graduate certificate in Transportation Policy, Operations, and Logistics from George Mason University.

4. Details of our backgrounds and qualifications are set forth in Exhibits 1 and 2 to this Verified Statement.

5. As part of the assessment of the market impacts of Canadian Pacific Railway's ("CP") proposed acquisition of control of Kansas City Southern ("KCS"), we have been asked by CP to estimate the amount of railroad traffic that would shift from movement on other railroads to the combined CP/KCS system as a result of the new service offerings, more efficient single-line services, and other changes resulting from the Transaction. Such traffic shifts are commonly referred to as rail-to-rail diversions. In this statement we describe the analysis we performed to determine the volume and nature of the rail-to-rail diversions to the combined CP/KCS system reasonably expected to occur as a result of the proposed Transaction. We also estimate incremental revenue gains to the combined CP/KCS system associated with these rail-to-rail traffic diversions, and develop traffic characteristic information which is used in the Verified Statement of Michael Baranowski ("Baranowski V.S.") to develop incremental costs for this traffic.

6. Our analysis focuses on determining how a CP/KCS combination would create rail-to-rail diversion opportunities for existing traffic flows that moved over the North American railroad network in the base year of 2019.[1] Specifically, we examine whether the traffic moving

[1] The Board has made 2015-2019 CWS data available for this proceeding. We rely on 2019 data for measuring representative traffic patterns because it is the most recent period of full-year data available in both traffic tape data and CWS data sources, which are analyzed together in our work. We use 2015-19 combined CWS data for supplemental purposes, including identifying prevailing revenue levels and determining railroad interchange partners.

between individual origins and destinations in 2019 would have moved differently were CP and KCS functioning as a combined system.[2] In terms of annual traffic flows at 2019 levels, we estimate that approximately 80,000 carloads and 138,000 intermodal containers would likely divert each year from existing routes to CP/KCS as a result of the CP/KCS combination. Table 1 below summarizes this.

TABLE 1[3]
SUMMARY OF 2019 RAIL-TO-RAIL DIVERSIONS LIKELY TO OCCUR DUE TO CP/KCS COMBINATION

	Estimated Volume of Existing 2019 Rail Traffic Flows Diverted to CP/KCS
Automotive	33,218
Grain	15,768
Energy, chemicals and plastics	21,143
Forest Products	4,616
Metals, minerals and consumer products (including chemicals)	4,514
Carload Subtotal	79,259
Intermodal Containers	137,416
Total	216,675

7. These diversions are principally made possible by new single-line service options the end-to-end CP/KCS combination would generate for traffic moving between origins and destinations that could be served efficiently by a combined CP/KCS network, but where

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Our analysis based on 2019 traffic data does not consider other potentially significant traffic opportunities that would arise from (a) post-merger changes in traffic patterns (except for grain); (b) investments by CP/KCS in growth opportunities unlocked by a combined CP/KCS network; or (c) diversions to CP/KCS intermodal offerings from the highways (so-called truck-to-rail diversions). All of these categories of potential traffic gains by the combined CP/KCS system are addressed in other portions of the Application, particularly the Verified Statement of Bengt Mutén and the Verified Statement of Jonathan Wahba and Michael Naatz (the "Wahba/Naatz V.S.").

[2] We considered the potential for some geographic shift for finished vehicles, intermodal, LPG and lumber. We analyzed grain from a broader origin and destination perspective, as detailed later in this statement.

[3] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

individually CP and KCS each serve one end of the movement but not the other. Many opportunities involve situations where there are no existing single-line options today, which require that shippers interact with multiple railroads on price and service terms, while also bearing additional costs, longer transit times and increased unpredictability associated with interchanging shipments between separately-run networks.

8. In the cases where other carriers already offer single-line service, the combination would bring to fruition the full competitive potential of CP's and KCS's assets by operating them in a manner that could offer services capable of providing enhanced competition against the incumbent single-line carriers. In these cases, whether given levels of traffic shift to the combined CP/KCS system or not, shippers obtain more and better transportation options and expanded competitive leverage.

9. The opportunities for diversions are fundamentally related to how the major North American railroad networks are presently configured and operated and how those characteristics would be affected by a CP/KCS combination. A major weakness for both the independent CP and KCS railroads is that their network franchises are not sufficiently diverse to create opportunities for efficient single-line routes to connect major markets. KCS has an extensive origination franchise in Mexico for autos and manufactured goods but does not have access to major consumption markets in the United States. KCS's network also serves an extensive population in Mexico with demand for food, fuel, and manufacturing inputs, but with limited access to production areas in the United States. CP's network complements KCS's by providing both access to origins for traffic that KCS can terminate as well as access to destinations for traffic that KCS can originate. As our analysis confirms, there is substantial opportunity for synergy in a CP/KCS combination.

10. Because the networks of the two Western Class Is are generally oriented east-to-west, there is an opening for a north-to-south oriented railroad spanning trans-continentally and operating through and within the Plains states and provinces and connecting to eastern population centers. The need for this increased connectivity is heightened by the recently signed USMCA trade agreement which increases opportunities for additional trade between the United States, Mexico, and Canada.

11. A combined CP/KCS system would significantly change the existing competitive dynamics by injecting a large number of new single-line routes into north-to-south oriented rail transportation corridors. CP/KCS would have the expanded geographic reach and integrated operating economies necessary to provide shippers with new single-line service options capable of competing more effectively with the routings of the larger Class I railroads. The distinct operating advantage CP/KCS would have is rooted in simple, repetitive train movements through the CP/KCS system's major north-to-south corridor running through the geographic middle of the United States. While the network has a simple linear configuration which is well-suited to reliable and efficient operations, the opportunities to attract traffic are great because, in extending through the middle of the United States, it spans from the Gulf of Mexico to the Upper Midwest, connects at either end to wide gathering networks stretching across both Canada and Mexico, and provides efficient access to Dallas, Houston, Shreveport, Jackson, Kansas City, St. Louis, Chicago, the Twin Cities, and a variety of other important industrial and agricultural centers along the way. While our analysis evaluates thousands of individual diversion opportunities at a lane-by-lane basis across all of CP's and KCS's commodity groups, there are five key areas where the CP/KCS combination would generate rail-to-rail diversions promoting enhanced competition and providing better service and value.

12. ***Midwest Grain to the Gulf Region and Mexico***. First, under the CP/KCS combination, grain shippers in the Midwest would gain access to a stronger railroad enabled to compete against the larger Class I carriers by offering new direct service access into Mexican markets as well as providing an additional direct service option to the Gulf region. This would be achieved by aligning CP's origin capabilities with KCS's access to the major consumption markets in Mexico and the Gulf region. Currently grain originations by rail in the Midwest are dominated by other Class I carriers even though CP has at least as strong a network reach into many of the core production areas located throughout the region. Despite this, CP's market share remains small because it is unable to effectively compete against the larger Class I carriers with greater destination access. KCS is an ideal partner for CP because it offers the destination access CP requires to grow its grain business, while benefiting from CP's origin access required to grow its grain business. CP and KCS already work together to transport grain in interline service by matching CP grain origins with KCS grain destinations but cannot compete effectively against the larger Class I carriers' single-line service accessing more destinations. The merger would put CP/KCS on a more equal footing with their competitors in the transportation of Midwestern grain, thus enabling CP/KCS to win new business by offering attractive service alternatives and boosting competition across thousands of miles of grain-producing land in the United States.

13. ***Automotive Parts and Other Containerized Mixed Goods between the United States and Mexico***. Second, the CP/KCS combination would streamline United States exports of automotive parts from the major originations in the Upper Midwest (served via Chicago and Detroit) into Mexico by creating a new single-line intermodal service option with direct access to the Mexican automotive plants, as well as balanced reverse flows of complementary automotive

parts and other merchandise flowing into the United States integrated into the same intermodal supply chain. Currently, interline movements with larger Class I carriers interchanging containerized automotive parts with KCSM at the Mexican border dominates these traffic flows. The CP/KCS combination creates the opportunity for Midwest automotive parts manufacturers to obtain access to a single-line service option offering reliable end-to-end automotive parts movements critical to effective supply chain management. Other containerized merchandise volumes, including appliances, manufactured goods, and prepared foods, would enhance these new intermodal services by providing additional economies of scale. The larger Class I carriers, which heavily dominate Mexican cross-border intermodal flows today, would remain as strong competitors and likely continue to handle a majority of this traffic, in part due to their route structure advantages and franchise strength. The new competition from CP/KCS single-line offerings would incentivize all participants to improve performance and offer attractive rates.

14. ***Finished Vehicles from Mexico to the United States.*** Third, the CP/KCS combination would pair KCS's access to Mexican automotive production facilities and core north-to-south oriented mainline with CP's distribution network to open a new competitive corridor for moving finished vehicles into the United States and Canada. The larger Class I carriers currently dominate the domestic automotive distribution network and generally KCS hands off automotive carloads at or near the Mexican/U.S. border. While many of these handoffs would continue because the larger Class I carriers will retain access to a broader array of distribution points and efficient routes to Upper Midwest markets, the combined CP/KCS would have the ability to design an attractive single-line service that would compete well to win a share of the existing market. This service would anchor a new automotive distribution network with the economies to also successfully compete for service to the Kansas City, Twin Cities, and

Canadian markets, as well as strengthening CP's existing business delivering autos manufactured at Canadian plants to the United States. This will benefit domestic automotive distributors by introducing a new cost-competitive direct service option, pressuring all market participants to improve performance and offer attractive rates.

15. ***New Domestic Intermodal Services.*** Fourth, the major corridor between Dallas and Chicago would benefit from the introduction of a third competitor with a single-line route capable of providing reliable services of the sort demanded by many intermodal shippers, as explained in the Wahba/Naatz V.S. *See* Wahba/Naatz V.S. at ¶ 52.

16. ***Bitumen/Crude from Alberta to the Gulf Region.*** Fifth, a CP/KCS combination would provide an efficient single-line service capable of moving bitumen from production fields in Northern Alberta to Gulf region refineries and terminals served by KCS while avoiding Chicago. A coordinated unit train loop service that avoids the need for interchange would offer the prospects for improved performance and economic terms that would be able to attract traffic from other routes. *See* Wahba/Naatz V.S. at ¶ 87. Our analysis identifies likely diversions of existing interline flows to CP/KCS single-line routes, but the availability of this option likely will also incentivize a more rapid shift away from the movement of hazardous crude oil traffic in flammable form towards the non-hazardous "DRUbit" form of bitumen ultimately demanded in the Gulf region.

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17. In addition to these five significant categories of likely diversions, there are many other important diversion opportunities driven by similar synergies aligning CP's and KCS's networks and linking them together via Kansas City and an integrated CP/KCS north-to-south mainline. Foremost among these include boosting lumber flows from Canadian mills into the

rapidly expanding Texas market, expanding CP's LPG supply opportunities by opening destinations in Mexico, providing single-line service for intermodal traffic moving between Mexico and Canada, and creating new single-line competition for moving Gulf region plastics and chemicals into the Midwest, metals from Chicago plants to Texas and the Gulf region, corn-derived sweeteners and animal feeds from Midwest grain producing areas into Mexico, and wood pulp and paper products from Louisiana into the Midwest. Details on the individual diversion market opportunities and how we estimated the amount of rail-to-rail diversion traffic for each are described in the remainder of our statement.

18. The remainder of this statement describes how we estimated likely rail-to-rail diversions, evaluates the results of this analysis, and develops estimates of incremental revenues and traffic characteristics associated with the diverted traffic.

PART II
ESTIMATING LIKELY RAIL-TO-RAIL TRAFFIC DIVERSIONS

A. Data Sources and Modeling Approach

19. We describe in greater detail in Appendix A our development of a comprehensive dataset of traffic for use in our diversion analysis. We summarize here the salient features of that approach.

20. Our analysis started by compiling a comprehensive dataset of 2019 North American freight railroad traffic movements. For this we relied on complete 2019 traffic tape data provided by CP and KCS to identify all loaded revenue traffic movements handled by CP or KCS, and the Board's 2019 Confidential Carload Waybill Sample ("CWS") data to identify all other loaded revenue traffic movements handled by other carriers. To avoid a double count with traffic tape data, we removed all moves in the CWS handled by CP or KCS. The traffic tape data

includes all CP (including CPRL in Canada and Soo Line and affiliates in the United States) and KCS (including KCSR and KCSM) loaded revenue movements throughout North America and typically provides the full routing information for all movements whether rebilled or not.

21. Because rebill moves in the CWS only report partial route information, we projected where possible full routing information by linking together forwarded and received rebill moves flowing into and out of major Rule 11 gateways at the car type-specific, commodity-specific, shipment-size specific, and car ownership-specific levels. This approach yielded estimated full routing information for approximately 57% of all rebilled moves in the CWS less CP/KCS Traffic Tape moves. Table 2 below summarizes total loaded revenue movements included in our consolidated 2019 traffic data.

TABLE 2[4]
SUMMARY OF 2019 CONSOLIDATED NORTH AMERICAN RAIL TRAFFIC DATABASE USED TO IDENTIFY POTENTIAL CP/KCS DIVERSION OPPORTUNITIES

	2019 Carloads	2019 Intermodal Containers	Total
CWS Total	19,244,313	16,448,525	35,692,838
CWS Total Less CP/KCS Moves	16,899,723	15,540,425	32,440,148
Portion Through Moves	11,858,497	13,227,105	25,085,602
Portion Rebilled Moves With Projected Full Routing	2,470,981	1,748,640	4,219,621
Portion Rebilled Moves With Partial Routing	2,570,245	564,680	3,134,925
CP/KCS Loaded Revenue Moves in Traffic Tapes	2,738,379	1,473,002	4,211,381

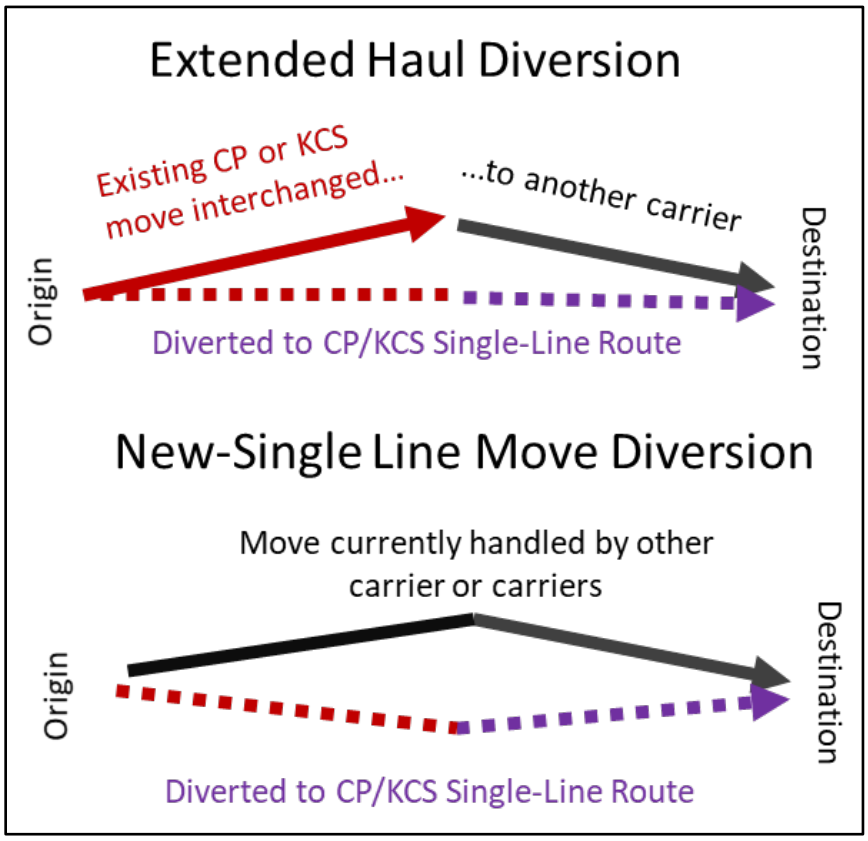
22. Next, we identified the movements in the consolidated traffic data that would potentially be divertible to a combined CP/KCS system. To do this, we developed a screening process to determine the universe of all 2019 railroad traffic movements that a combined CP/KCS system could potentially handle in single-line service. Generally speaking, this includes

[4] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

movements that could potentially be served by either CP or KCS at the origin, and the other carrier at the destination, but are not currently interlined between the two carriers.[5] Where CP or KCS already handled one end of the movement, but as a merged system could serve both ends instead of interlining the movement with another carrier, or where CP or KCS interlined the traffic but also used a bridge carrier in between, we identified potential rail-to-rail diversion opportunities where CP/KCS could convert some of KCS's and CP's interline shipments to single-line movements on the CP/KCS system ("extended hauls"). Where neither KCS nor CP handled either end of the movement, but could potentially serve both ends as a merged carrier, we identified potential new single-line movement opportunities ("new single-line move" shipments). Figure 1 below illustrates these different categories of diversions.

[5] The stations KCS or CP could potentially serve were identified using the AAR's 2019 Centralized Station Master ("CSM"). Stations not served by KCS or CP directly but served by shortline carriers interchanging traffic with KCS or CP were also considered.

FIGURE 1
ILLUSTRATION OF DIFFERENT TYPES OF DIVERSIONS TO COMBINED CP/KCS SYSTEM



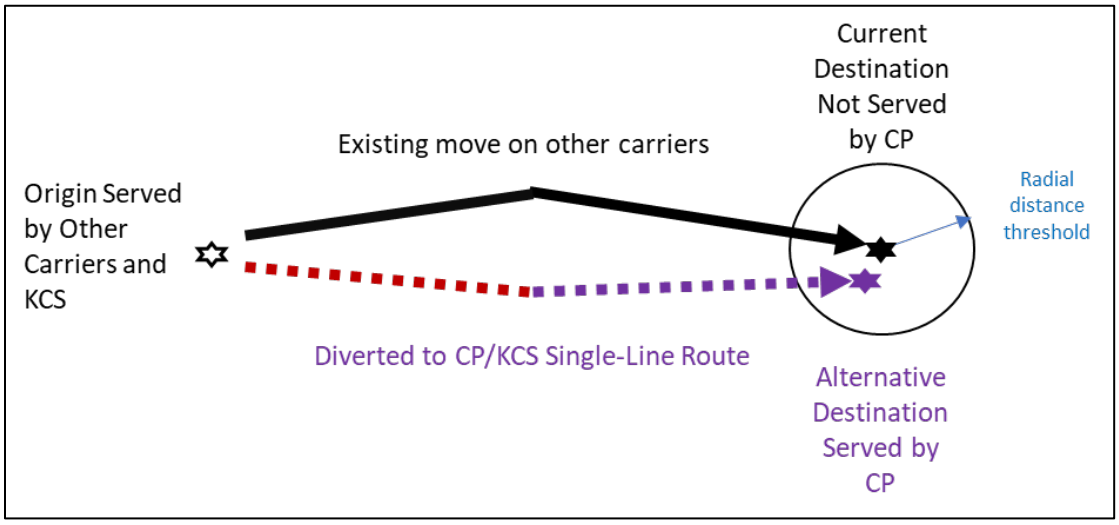
23. We made adjustments to ensure inclusion of movements of certain commodities where the specific destination locations are known to be flexible.[6] For intermodal, lumber, and automotive movements, we treated all destinations as accessible to CP or KCS so long as they had terminated intermodal or automotive traffic at a station within 250 radial miles, or lumber traffic at a station within 50 radial miles.[7] This is appropriate because such traffic will be trucked to a final destination after it is unloaded at the distribution facility at the rail station,

[6] A similar concept applies to origins for cereal grain commodities including corn, wheat, and soybeans, which may be trucked to various elevators served by rail located throughout production areas. We treat these commodities separately as discussed later in this statement, and therefore do not apply radial adjustments at this stage.

[7] For these analyses, we used the 2019 consolidated traffic tape data to look for nearby stations with qualifying CP or KCS volumes.

which implies that the shipment is not dependent on the exact location of a given facility. Automotive shipments and containers are typically trucked from rail facilities (automotive ramps and intermodal terminals) to final destinations in a single shift for a driver which represents a range of about 250 miles one-way. Lumber distribution facilities are predominantly located at or around major cities, so 50 miles is a sufficient range to provide coverage. Figure 2 below provides an illustration of this process for destination shifts for lumber.

FIGURE 2
ILLUSTRATION OF DIVERSION INVOLVING DESTINATION STATION SHIFT WITHIN CERTAIN RADIAL MILEAGE THRESHOLD
(*E.G.*, LUMBER, FINISHED VEHICLES, INTERMODAL)



24. As Figure 2 depicts, if we observed a railroad movement terminating on another carrier (represented by the black star) at a station not accessed by CP or KCS but we identified a CP or KCS station terminating the same commodity within the given distance threshold (represented by the purple star within the black circle), we treated that move as potentially divertible in our screening process. This approach takes into account the fact that shippers likely are indifferent between receiving the commodity from either of these stations. We selected the nearest CP or KCS station to the one currently in use, but recognize there may be other CP or KCS stations within similar distances that might be alternatively selected.

25. Table 3 below summarizes total 2019 traffic movements initially identified in our screening process as potential diversion opportunities by commodity group.[8]

TABLE 3[9]
SUMMARY OF POTENTIALLY DIVERTIBLE MOVEMENTS IDENTIFIED IN SCREENING PROCESS

Commodity Group	2019 Movements Potentially Divertible to CP/KCS (Carloads / Units)		
	Interline to Single-Line Movements (Extended Haul Traffic)	New Single-Line Movements	Total
Automotive	74,345	62,877	137,222
Coal	222	1,240	1,462
Energy, chemicals and plastics	34,643	31,021	75,664
Fertilizer and sulphur	1,013	3,746	4,759
Forest Products	10,883	10,109	20,992
Grain	2,1781	24,110	45,891
Intermodal	223,928	571,133	795,061
Metals, minerals and consumer products	13,395	31,323	44,718
Potash	1,073	822	1,895
Total	381,283	746,380	1,127,663

B. Grouping Potential Diversion Opportunities for Further Analysis

26. We next grouped individual lanes identified in the screening model as potentially divertible into broader groupings of commodity-specific regional traffic flows. Since the initial results consisted of over 4,000 individual lanes, we sought to identify a smaller number of distinct groupings of traffic representing potential diversion opportunities to facilitate review in consultation with knowledgeable Applicant personnel. Overall we assigned approximately 69

[8] We defined commodity groups using the same line of business categories used by CP internally.

[9] Source: Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

percent of the total potentially-divertible carloads/units (representing approximately 746,000 carloads in 2,200 individual lanes) into over 70 specific traffic groups for further analysis. Some portion of the remaining traffic – *i.e.,* approximately 380,000 carloads/units in over 1,800 different lanes – likely would be attracted to the new service offerings of the CP/KCS system, but we regarded the commodity and geographic mix as too heterogeneous to permit reasonable and reliable determinations as to whether the traffic was in fact divertible or the likelihood that it would in fact divert to CP/KCS routes.

27. We then considered each of the groups individually and gathered feedback from Applicant personnel in order to determine which presented realistic current diversion opportunities.[10] Factors we considered included the level of access that CP and KCS had to customers, how a CP/KCS route compared to alternative routes in terms of length of haul and service levels, the other railroads' market position and franchise strength, the capability of CP/KCS facilities to support the service shippers demand, and whether the opportunity would require new investments that were unlikely to be a good fit with the near-term priorities of the combined CP/KCS network. We determined that 33 traffic groups containing approximately 580,000 carloads or intermodal containers represented opportunities we expect would experience some level of traffic diversions within the three years following consummation of the CP/KCS merger.[11] Table 4 below summarizes by commodity group the results of this process.

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[10] Due to the confidentiality restrictions of CWS data, all information provided to Applicants for review was aggregated to include at least three stations and not permit identification of particular traffic flows for an individual railroad other than CP or KCS.

[11] There were several reasons for why certain groups of traffic were removed from the initial screening group as not reflecting likely diversion opportunities. First, the initial screens considered only whether CP and KCS provided service at one or the other end of a move and not whether the two carriers together could offer an efficient route between these end points, so some groups of moves were eliminated where CP/KCS routings would be unduly circuitous. For example, while KCS can originate

TABLE 4[12]
SUMMARY OF EVALUATING POTENTIALLY DIVERTIBLE MOVEMENTS TO IDENTIFY TRAFFIC GROUPS PRESENTING NEAR-TERM DIVERSION OPPORTUNITIES

	Total 2019 Potentially Divertible Movements	Portion Assigned to Traffic Groups For Further Review	Traffic Groups Presenting Near-Term Diversion Opportunities
Automotive	137,222	90,183	72,915
Coal	1,462	-	-
Energy, chemicals and plastics	83,303	48,595	37,534
Fertilizer and sulphur	4,759	2,434	6
Forest Products	20,992	10,631	6,277
Grain	45,891	19,374	9,219
Intermodal	795,061	566,859	434,973
Metals, minerals and cons. prod.	44,718	26,773	12,497
Potash	1,895	1,346	-
Total	1,127,663	766,194	573,421

28. For those traffic groups presenting potential diversion opportunities, we developed mileage estimates using PC Miler for the CP/KCS route and the shortest available route and removed any lanes where the CP/KCS route was more than 500 miles or 50% longer than the shortest available route. Table 5 below shows the effect of applying this filter.

traffic at Counce, TN (just east of Memphis) and CPRS can terminate traffic in Chicago, there is no realistic, non-circuitous CP/KCS route between these two locations. Second, AAR's Central Station Master ("CSM") data used to identify whether CP or KCS has access at origin or destination occasionally does not reflect all limitations on access or operating rights relevant to the potential for traffic diversion. For example, although the CSM lists CP as having access to NS's intermodal facility in Bethlehem, PA, this is an NS-owned facility that CP does not serve independently from NS. As another example, KCS does not currently have rights to move traffic over UP trackage between Houston and Beaumont unless that traffic has had a prior or subsequent haul on the Tex Mex Laredo-Robstown/Corpus Christi line or is moving to/from shipper facilities on KCS's "Wharton Line" between Rosenberg and Victoria, TX. As a result, our analysis excluded movements between Houston and CP territory from potential diversion. In addition, we removed certain traffic from consideration in our diversion analysis because it consisted of low volume flows of geographically dispersed traffic that we deemed de minimis for purpose of this study.

[12] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

TABLE 5[13]
SUMMARY OF EFFECT OF MILEAGE FILTER APPLIED TO TRAFFIC IN DIVERSION OPPORTUNITIES

	Traffic Groups Presenting Diversion Opportunities	Diversion-Eligible Movement With Mileage Filter Applied
Automotive	72,915	71,900
Energy, chemicals and plastics	37,534	36,654
Fertilizer and sulphur	6	6
Forest Products	6,277	5,579
Grain	9,219	8,105
Intermodal	434,973	434,525
Metals, minerals and cons. prod.	12,497	12,397
Total	573,421	569,166

PART III
ANALYSIS OF LIKELY RAIL-TO-RAIL TRAFFIC DIVERSIONS TO THE COMBINED CP/KCS SYSTEM

29. With the near-term diversion opportunities defined, we next developed the appropriate principles to apply to each individual traffic record (or groups of records) to reliably estimate the portion of the traffic that CP/KCS would be able to attract from the other railroads currently moving this traffic. As part of this assessment, we studied the factors influencing how traffic moving in particular origin-destination pairs is distributed among the array of competing rail options.[14] We observed, for example, that origin-destination pairs (lanes) served by two single-line carriers tended to have traffic distributed relatively evenly among the two, while on lanes for which only one carrier offers a single-line route, that carrier tends to move a majority of the traffic in single-line service. Notably, we observed that the traffic share distributions varied

[13] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

[14] The details of this analysis are provided in Appendix B.

widely across lanes and there was weak correlation between the relative shares of traffic among the available routing options and the movement mileages for those options.

30. We also gave consideration to the likely differentiation of the CP/KCS service offering, recognizing that CP/KCS would in many lanes offer somewhat longer routes than the larger Class Is. Table 6 below summarizes average miles for movements currently handled by other carriers where we identify diversion opportunities.

TABLE 6[15]
OVERALL AVERAGE MILEAGE CHARACTERISTICS FOR TRAFFIC ELIGIBLE TO BE DIVERTED

Overall Average Miles For New Single-Line Diversion Opportunities	
Existing Movement on Other Carriers	1,853
Shortest Route Theoretically Possible	1,747
CP/KCS Route for Diversion Opportunity	2,070

31. Table 6 shows that existing movements of traffic eligible for diversion travel on average around 100 miles longer than the shortest route theoretically possible (including the effects of circuity), and that CP/KCS routes would be on average around 200 miles longer than the existing routes. Average end-to-end haul lengths for traffic eligible for diversion are typically between 1,500 and 2,000 miles, so these differences are relatively minor in percentage terms and from a cost perspective.[16] We also recognize that CP/KCS would also remain smaller than its larger Class I rivals, which have built strong franchises and are well-entrenched in many

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[15] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

[16] For perspective, the 2019 URCS cost for a western carrier's 2,000 mile movement in single-line service is 7% higher than for an equivalent 1,800 mile movement with one interchange. These mileage levels correspond generally to the overall average traffic composition included in our diversion results. All else equal, assuming another railroad currently priced this traffic at 200% R/VC, CP/KCS could offer a 5% rate discount to the shipper and still move the traffic at an R/VC level of 175%. (This calculation assumes a single car shipment of 100 net tons of lumber in a private flat car with circuity set to 1.0. $5,409 / $5,055 = 1.07. $5,055 x 200% x 95% / $5,409 = 178%.) *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summaries.xlsx," tab "Tables."

of the markets where CP/KCS will compete. Applicant personnel provided us with observations on market conditions and their commercial experience related to the diversion opportunities. We gave weight to all of these factors in determining what probabilities to assign to the diversion opportunities for purposes of stating them in terms of expected values.

32. The combination of these factors led us to err on the side of conservatism in estimating the likely lane shares that CP/KCS offerings would achieve. CP/KCS's incentives to offer improved reliability, more aggressive pricing, and other ways of differentiating themselves from the larger Class I carriers could lead to higher levels of diversions than we predict, whereas aggressive competitive responses by the incumbent carriers could lead to lower diversions than we predict. In light of the factors noted above, and the incentives that incumbent carriers will have to seek to retain the traffic in which they currently participate, we considered it appropriate to assume that CP/KCS would be required to offer rate reductions averaging five percent in order to attract traffic away from existing single-line service to CP/KCS single-line service.

33. Our estimates of potential rail-to-rail diversions of traffic that CP or KCS currently interchange with other railroads took account of Applicants' stated commitment to keep open all existing gateways on commercially reasonable terms. In no instance do we assume that CP/KCS would be in a position to – or have an incentive to – "force" a shift of traffic to CP/KCS single-line routes. Rather, our analysis considers the advantages of an additional single-line competitive option from the perspective of shippers, which would benefit from stronger competition and in many cases a shipping alternative they would prefer from a value point of view (in terms of service reliability, car supply, economic terms, and all of the other factors that are relevant to a shipper's transportation purchase decision). As we discuss below

(*see* Table 27), our analysis concludes that a majority of CP's and KCS's existing interline traffic would not be diverted away from the interline routes that shippers choose today.

34. We applied the starting point diversion percentages shown in Table 7 below to project the amount of traffic that will divert to CP/KCS, but as noted below our diversion estimates considered further individualized factors that led us to apply adjustments that affected these percentages.

TABLE 7
STARTING POINT DIVERSION RULES FOR TRAFFIC SUSCEPTIBLE TO DIVERSION

Existing Conditions	Post-Transaction Conditions	% of Traffic Shifted to CP/KCS
Traffic moves via single-line option via other carriers (e.g., BNSF Direct)	CP/KCS adds new single-line option	25%
Traffic moves via interline service via other carriers (e.g., CN-UP)	CP/KCS adds new single-line option eliminating interchange	50%
CP or KCS participates in traffic via interline service with other carriers (e.g., CP-UP)	CP/KCS could handle traffic in efficient single-line service eliminating interchange	50% (where origin/destination served by CP or KCS today is open to other carriers) 75% (where origin/destination served by CP or KCS today is sole-served)
Traffic moves in interline service via two interchanges, with CP and KCS at origin or destination and a third bridge carrier	CP/KCS could handle traffic in efficient single-line service eliminating two interchanges	75%

For purposes of applying these diversion percentages, we conservatively did not treat any stations in Mexico as sole-served by KCSM to account for potential FXE access. We also reduced by half the amount of divertible traffic in the CWS reported as rebill received or forwarded by UP at the Eagle Pass border crossing with FXE because we were unable to identify

which carloads originated or terminated at locations where KCSM would be able to serve effectively.

35. We next discuss how we applied these diversion percentages in analyzing the dynamics of the individual diversion opportunities on a commodity-by-commodity basis.

A. Grain

36. Grain diversion opportunities derive primarily from the fact that the merged entity will provide synergy for grain production in the Midwest and grain consumption and export in the Gulf region and Mexico. Grain commodities include both cereal grains such as corn, wheat, and soybeans which are sourced from changing geographies as market conditions and transportation rates fluctuate, as well as grain-derived commodities including corn syrup, corn starch, ethanol, and distillers dried grains (DDGs). Since the latter are typically produced at fixed origin plants located in grain-producing regions, they represent relatively more stable traffic flows. Accordingly, we use existing 2019 rail traffic flows as a basis to identify diversions for grain-derived commodities, but for cereal grain diversions we look beyond specific historical origin-to-destination flows and focus instead on underlying factors related to origin production and destination consumption driving the overall demand for transportation.

37. For cereal grains, CP has a strong origin capability but it has been underutilized due to lacking destination options. Table 8 below summarizes CP's broad access but small share for soybeans, wheat, and corn originating in the Midwest.

TABLE 8[17]
SUMMARY OF CP'S SHARE OF MIDWEST CORN, WHEAT, AND SOYBEANS SHIPPED BY RAIL

	2019 Carloads in CWS and Traffic Tapes	Percent of Total
Total Corn, Wheat, and Soybeans Originated by Rail in BEAs Served by CP	429,722	100%
CP Share of Originated Traffic	76,459	18%

38. This outcome is driven by CP's limited book of destination options. CP competes with BNSF, UP, and CN from Iowa and the upper Midwest. These carriers have more grain destination options than CP which makes their elevator locations more valuable to the shipper. In particular, via a UP or BNSF elevator, grain can access Pacific Northwest and eastern markets, can ship directly to the Gulf region, and can reach other important export markets. From the perspective of the farmer, this means that, depending on present market conditions, trucking to a more distant elevator with railroad service to destinations not accessible to another closer elevator could result in receiving a higher price. The CP/KCS combination addresses this weakness for CP by enabling it to offer its customers single-line access to the South Central and Gulf regions as well as large consumption points in Mexico.

39. In contrast, KCS has more destination demand than origin supply, terminating more than 23,000 more cereal grain carloads than it originates, as Table 9 summarizes.

TABLE 9[18]
COMPARISON OF KCS/KCSM ORIGINATED AND TERMINATED CORN, WHEAT, AND SOYBEAN CEREAL GRAIN

2019 KCS/KCSM Carloads of Cereal Grain in Traffic Tapes Excluding Intra-Mexico Movements	
Total Originated	59,972
Total Terminated	83,104
Difference	23,132

[17] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

[18] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

40. CP has the capability to increase cereal grain shipments from the elevators it serves in Minnesota, Iowa, and the Dakotas by attracting grain volumes from other carriers' nearby elevators or truck shipments currently moving to the Mississippi for barge transportation. CP also expects that grain shippers will work with it to build out additional elevator capacity to supply additional destination demand stimulated by CP/KCS single-line service options to Mexico and the Gulf region, as the Wahba/Naatz V.S. explains. *See* Wahba/Naatz V.S. at ¶ 24.

41. KCS has a large grain-distribution network in Mexico and terminates over 80,000 carloads of grain from the United States. As discussed in the Wahba/Naatz V.S., CP/KCS expects that merger-related service improvements will allow it to increase its share of cereal grain exports from the United States to Mexico by five percent. *See* Wahba/Naatz V.S. at ¶ 22. To provide context for this increase, based on 2017 Freight Analysis Framework data published by the Bureau of Transportation Statistics, 2019 U.S. Department of Trade data, and 2019 CP/KCS combined traffic tapes, we estimate the 2019 modal shares for United States cereal grain exports to Mexico shown in Table 10 below.

TABLE 10[19]
ESTIMATED 2019 UNITED STATES TO MEXICO CEREAL GRAIN EXPORT TONNAGES BY MODE

Mode	Estimated Share
KCSM	{{{ }}}
Other Rail	
Barge	36%
Truck	6%
2019 Total Export Tonnage	**25,860,634**

42. A five percent gain would increase KCS's share from {{{ }}} percent of total cereal grain exports to Mexico to a CP/KCS post-combination share of {{{ }}} percent. This

[19] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

would represent 12,930 additional carloads of cereal grains moving via CP/KCS single-line routes. For purposes of developing operating outputs for us in the Operating Plan, we estimate that these carloads would be distributed proportionally across the CP-served grain-supply regions that would be newly accessible via single-line routes. Table 11 below reports these figures.

TABLE 11[20]
ALLOCATION OF UNITED STATES TO MEXICO EXPORT CEREAL GRAIN DIVERSIONS TO CORN, SOYBEANS, AND WHEAT

Commodity	Rail Carloads Originated by All Carriers in BEAs Served by CP	Percent of Total	Diversion Carloads
Corn	204,730	48%	6,160
Soybeans	122,417	28%	3,684
Wheat	102,575	24%	3,086
Total	429,722	100%	12,930

43. We then allocated these estimated diversions across individual origins and destinations identified by Applicants for corn, soybeans, and wheat to reflect the locations where Transaction-related synergies are expected.

44. The five percent increase in share anticipated by CP is realistic for several reasons. First, it is well supported by the core complementarity of CP's and KCS's grain networks and the synergies achieved by linking CP origins and KCS destinations via reliable single-line service. Second, even with this increased share, CP/KCS would still have less than a {{{ }}} share of the overall export tonnages despite being the only carrier offering single-line end-to-end service. Third, the estimated new Mexican export traffic would reflect a very small fraction of the grain for which CP/KCS could offer single-line access to Mexico. KCS currently exports about {{{ }}} cereal grain carloads originated by rail

[20] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

from origin areas for which it is able to provide single-line service to Mexican destinations, whereas even with the expected diversions CP/KCS would be exporting only about *one out of every 30* of the additional cereal grain carloads for which CP/KCS would be able to provide new single-line service to Mexican destinations.[21]

45. In addition to cereal grains, the CP/KCS combination would attract additional movements of other grain commodities as well.

46. ***Sweeteners and Dried Distillers Grains ("DDGs")*:** This traffic primarily consists of corn syrup and DDGs from corn-rich production areas in Illinois and Iowa accessible to CP that move to Mexico and to a lesser extent to the Gulf region, where they are used for food production (for corn syrup) and animal feed (for DDGs). Two lanes that are illustrative of this opportunity are movements of corn syrup from Rock Island, IL into Mexico, which currently moves via {{ }}, and DDGs from CP-served plants in Lawler, IA and Charles City, IA that CP currently forwards to {{ }} for movement to Mexican Gateways for movement beyond into Mexico on FXE and KCSM. In both of these examples, we would expect that a CP/KCS single-line route offering would attract some of this traffic.

47. ***Canadian Seed Oils and Legumes*:** This opportunity includes seed oils and legumes from CP-served origins in Manitoba and Saskatchewan that CP forwards to UP for movement to Eagle Pass and movement beyond via FXE to Mexican destinations primarily around Mexico City and Celaya. Since KCSM also reaches these destinations and has a

[21] Specifically, of the {{{ }}} carloads of cereal grains shipped by rail on any carrier in origin BEAs accessible to KCS, KCS shipped {{ }} carloads. {{ }} / {{{ }}}. CPRS would provide access to origin BEAs that generated an additional {{{ }}} carloads of cereal grains in 2019. 12,930 / {{{ }}}.

comparable route structure, we expect some of this traffic would be attracted to CP/KCS single-line movements that would offer improved economics and service to shippers.

48. Table 12 below summarizes additional individual diversion opportunities in existing 2019 traffic flows we have identified for grain commodities other than corn, wheat, and soybeans.

TABLE 12[22]
SUMMARY OF GRAIN CARLOADS EXCEPT CORN, WHEAT, AND SOYBEANS DIVERTED TO CP/KCS FROM EXISTING 2019 TRAFFIC FLOWS

Origin Area	Destination Area	Primary Commodities	Total Diverted Carloads	Overall Percent Diverted
IL/IA	Mexico / Gulf region	DDGs and Sweeteners	2,650	34%
Canada	Mexico	Legumes and Oil Seeds	188	48%

B. Intermodal

49. Viewed from the perspective of our rail-to-rail diversion analysis, the primary flows of existing intermodal traffic that likely would be attracted to new CP/KCS services are (a) between Mexico and Chicago and Detroit where CP/KCS would create new single-line service, as well as (b) between Chicago and Dallas, where CP/KCS would enter as the third competitor with a single-line route.

50. ***Intermodal Shipments Between Mexico and Chicago/Detroit***. More than {{{ }}} containers of freight annually flow northbound from Mexico into the United States/Canada each year by rail, and slightly less moves in the reverse southbound direction, which includes some empty specialized-crate containers moving in revenue backhaul service. Much of this traffic consists of containerized automotive parts, appliances, and other

[22] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

manufactured goods. KCSM handles about {{{ }}} of these total volumes. Table 13 below summarizes the major locations originating and terminating for KCSM's cross-border intermodal traffic.

TABLE 13[23]
SUMMARY OF INTERMODAL FLOWS BETWEEN UNITED STATES/CANADA AND MEXICO HANDLED BY KCSM BY MEXICO LOCATION

Mexico Location	Northbound into U.S.	Southbound from U.S.
SALINASVICTORIA-NL (Monterrey)	{{	
INTERPUERTO-SL (San Luis Potosi)		
ENCANTADA-CU (near Saltillo)		
PUERTAMEXICO-EM (Mexico City)		
ROJAS-CU (near Monterrey)		
SILAO-GJ (near Celaya)		
Other		
KCSM Total		}}
Estimated Total-Cross Border Containers	{{{	}}

51. KCSM's intermodal franchise in Mexico has strong network reach into core industrial areas generating traffic. FXE also has a competitive presence in intermodal but its network provides more advantageous services in the west of Mexico, although it is capable of providing competitive alternatives for most Mexican traffic by partnering with other Class I carriers in the United States.

52. Despite KCSM's strong position in Mexico, due to its limited intermodal distribution network in the United States, almost all of the more than 240,000 intermodal cross-border containers KCS handles in Mexico are originated or terminated north of the border by other railroads. KCS originates or terminates fewer than 5,500 of these containers in the United States. The majority of KCS's cross-border intermodal traffic is interchanged with BNSF or UP, and moves to/from the Midwest, especially Detroit and Chicago, where some traffic is then

[23] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

interchanged to eastern carriers. KCS's remaining cross-border intermodal traffic is mostly interchanged with NS or CSXT to reach the eastern United States. Table 14 below summarizes KCSM's cross-border intermodal traffic flows.

TABLE 14[24]
SUMMARY OF KCS CROSS-BORDER INTERMODAL FLOWS BY U.S. ORIGIN/DESTINATION

United States Location	Northbound into U.S.	Southbound from U.S.
Chicago-Gary-Kenosha, IL-IN-WI	{{	
Detroit-Ann Arbor-Flint, MI		
Atlanta, GA-AL-NC		
Los Angeles-Riverside-Orange County, CA-AZ		
Charlotte-Gastonia-Rock Hill, NC-SC		
Ontario		
Washington-Baltimore, DC-MD-VA-WV-PA		
Jacksonville, FL-GA		
New York Area		
Kansas City, MO-KS		
Memphis, TN-AR-MS-KY		
San Francisco-Oakland-San Jose, CA		
Seattle-Tacoma-Bremerton, WA		
Quebec		
Houston-Galveston-Brazoria, TX		
Other		
KCSM Total		}}

53. Linking KCSM's access to Mexican intermodal markets with CP's access to Detroit and Chicago intermodal markets (as well as Ontario and Quebec) would establish a core service opening a new competitive corridor offering the first single-line service option. A distinct advantage of the CP/KCS combination is that this new corridor connects through Kansas City, which would provide the operating economies to support an additional competitive

[24] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

intermodal service option linking Kansas City with markets to the north, as discussed in the Wahba/Naatz V.S. *See* Wahba/Naatz V.S. at ¶¶ 63-65.

54. ***Intermodal Shipments Between Dallas and Chicago.*** As the Wahba/Naatz V.S. also explains, CP/KCS will make possible a new single-line intermodal service between Dallas and Chicago, creating new head-to-head competition with existing services offered by BNSF and UP. CP/KCS's concentration on providing efficient and reliable north-to-south movements through its core mainline will create an attractive service alternative to the existing intermodal services between Chicago and Dallas that are a comparatively small part of a much larger group of east-to-west focused intermodal services. A reliable third-morning availability offering, tapping CP's efficiently located Bensenville intermodal facility on the northwest side of Chicago, offers the promise of attracting a meaningful share of the traffic moving in this lane despite the longer CP/KCS route, for reasons Wahba/Naatz explain. *See* Wahba/Naatz V.S. at ¶¶ 51-52.

55. Table 15 summarizes the individual diversion opportunities identified by our analysis.

TABLE 15[25]
SUMMARY OF INTERMODAL CONTAINERS DIVERTED TO CP/KCS FROM EXISTING 2019 TRAFFIC FLOWS

Origin Area	Destination Area	Diverted Containers	Overall Percent Diverted
Mexico	Chicago	33,496	47%
Mexico	Detroit	7,485	23%
Chicago	Mexico	30,215	43%
Detroit	Mexico	10,950	22%
Subtotal Mexico – Midwest Traffic Diversions		**82,146**	**37%**
Chicago	Dallas	{{{	
Dallas	Chicago		
Subtotal Chicago – Dallas Traffic Diversions			}}}
Mexico	Canada (excl. Toronto)	807	54%
Mexico	Toronto	3,722	54%
Toronto	Dallas	144	54%
Subtotal Intermodal Other Traffic Diversions		**4,673**	**54%**
Total		**137,416**	**32%**

56. All of the above moves represent existing 2019 traffic flows where CP/KCS would be capable of providing end-to-end single-line service. These diversion opportunities are reasonable in light of the logistical advantages of single-line service especially important to intermodal, and CP/KCS's ability to attract sufficient intermodal volumes required to build a reliable and integrated service on the north-to-south core mainline overcoming its route length disadvantages in certain lanes. Each of these rail-to-rail diversion opportunities, and their associated volume levels, was reviewed and deemed reasonable by Applicants' commercial teams. The associated operating changes required to serve the diverted traffic were provided to the team developing the Operating Plan and integrated into the CP/KCS service design plan. The

[25] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

operating team determined that CP/KCS would be capable of effectively serving the diverted traffic subject to the below adjustments.

57. As a result of the service design analysis, certain capacity restraints were identified for intermodal shipments into and out of CP's Detroit intermodal terminal accessed via CSXT trackage rights that include daily haul-length limits, and as a result we adjusted downwards our Detroit intermodal diversions by 55 percent. *See* Operating Plan (Exhibit 13) at ¶ 36.

58. In addition to the diversions we estimate, we understand that other Applicant witnesses (Mutén and Wahba/Naatz) have identified additional intermodal traffic opportunities that the CP/KCS system could attract, including international intermodal traffic via the Port of Lazaro Cardenas on the Pacific Coast of Mexico, and additional domestic intermodal traffic that would be diverted from truck to rail. Those additional traffic estimates are fully consistent with our conclusions regarding likely rail-to-rail intermodal diversions and would provide beneficial economies of scale key to developing successful new intermodal services.

C. Automotive Traffic

59. Over {{{ }}} automotive carloads originating from automotive plant facilities in Mexico move north into the United States/Canada each year. KCSM has a strong position with respect to this traffic and in 2019 originated more than half of Mexican automotive traffic imported into the United States and Canada by rail, with the rest handled by FXE. Rail participation in the transportation of finished vehicles is heavily influenced by whether the railroad is able to serve an individual automotive production plant. Table 16 below summarizes automotive carloads KCSM originated from major plant locations in Mexico, the majority of which move into the United States and Canada.

TABLE 16[26]
SUMMARY OF 2019 AUTOMOTIVE CARLOADS ORIGINATED BY KCSM BY ORIGIN LOCATION IN MEXICO

Origin	2019 Carloads
ROJAS-CU	{{
JESUSMARIA-SL	
TOLUCA-EM	
SILAO-GJ	
PANZACOLA-NL	
LAGRANGE-NL	
PESQUERIA-NL	
SANTAMARIA-CU	
OJOSECO-GJ	
BAJIO-GJ	
SANLUISPOTOSI-SL	
CUAUTITLAN-EM	
ARELLANO-AG	
LECHERIA-EM	
SALAMANCA-GJ	}}

60. Some of these plants are also accessible by FXE, and the same holds true in reverse in that there are volumes that are currently moved by FXE from automotive plants in Mexico that KCSM could potentially attract with better access to end markets in North America.[27] Figure 3 below plots these automotive origins. The relative size of the pie charts reflects KCSM automotive volumes in the indicated origin clusters (with the different colors reflecting the portion of the volumes represented by individual plants within that cluster).

FIGURE 3[28]
MAP OF MAJOR AUTOMOTIVE PRODUCTION AREAS IN MEXICO SHOWING 2019 KCSM ORIGINATED AUTOMOTIVE CARLOADS (CHARTS SCALED BASED ON RELATIVE VOLUMES)

{{

[26] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

[27] The majority of non-KCS automotive flows from Mexico into the United States are reported in the CWS as rebilled received by UP or BNSF at the U.S./Mexico border (generally at Eagle Pass), which prevents visibility into their ultimate origin in Mexico.

[28] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

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61. While having significant access to automotive supply from Mexico, KCS terminates very little of this traffic in the United States, and none in Canada, due to a limited distribution network. As Table 17 below shows, this leads KCS to interchange with other carriers, often with KCSM handing the traffic off at or near the U.S./Mexican border.

TABLE 17[29]
SUMMARY OF AUTOMOTIVE CARLOADS ORIGINATED BY KCSM IN MEXICO AND FORWARDED NEAR THE BORDER FOR MOVEMENT INTO THE UNITED STATES

Percent of KCSM-Originated Automotive Carloads Moved Into the United States by Carrier	
UP (interchanged at Laredo)	{{{
BNSF (interchanged at Corpus Christi)	
KCS	}}}

62. From CP's perspective, KCS's access to Mexican finished automotive traffic is a natural fit with the capabilities of its automotive distribution network built primarily to deliver autos from Canadian automotive manufacturing plants to major Canadian and U.S. markets. Despite its access to these distribution points, CP's participation in finished automotive flows from Mexico is small, comprising less than {{{ }}} of all imported Mexican finished automotive carloads into Canada and less than {{{ }}} into the United States. Pairing KCSM's supply of Mexican automotive imports with CP's automotive distribution network and connecting these markets with a new single-line route from Mexico to Chicago offers new service efficiencies and enhanced competition.

63. Table 18 below summarizes the individual regional diversion opportunities we identify.

[29] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

TABLE 18[30]
SUMMARY OF FINISHED VEHICLE AUTOMOTIVE CARLOADS DIVERTED TO CP/KCS FROM EXISTING 2019 TRAFFIC FLOWS

Origin Area	Destination Area	Diverted Carloads	Percent of Eligible Traffic Diverted
Mexico	Chicago interchange (CSX or NS)	14,430	40%
Mexico	Canada	8,349	52%
Mexico	Chicago	5,197	50%
Mexico	Twin Cities	2,933	71%
Mexico	Kansas City	1,838	46%
Subtotal Mexican Imported Autos		**32,747**	**46%**
Ontario	Kansas City	337	57%
Gulf region	Canada	134	67%
Subtotal Other		**471**	**59%**
Total		**33,218**	**46%**

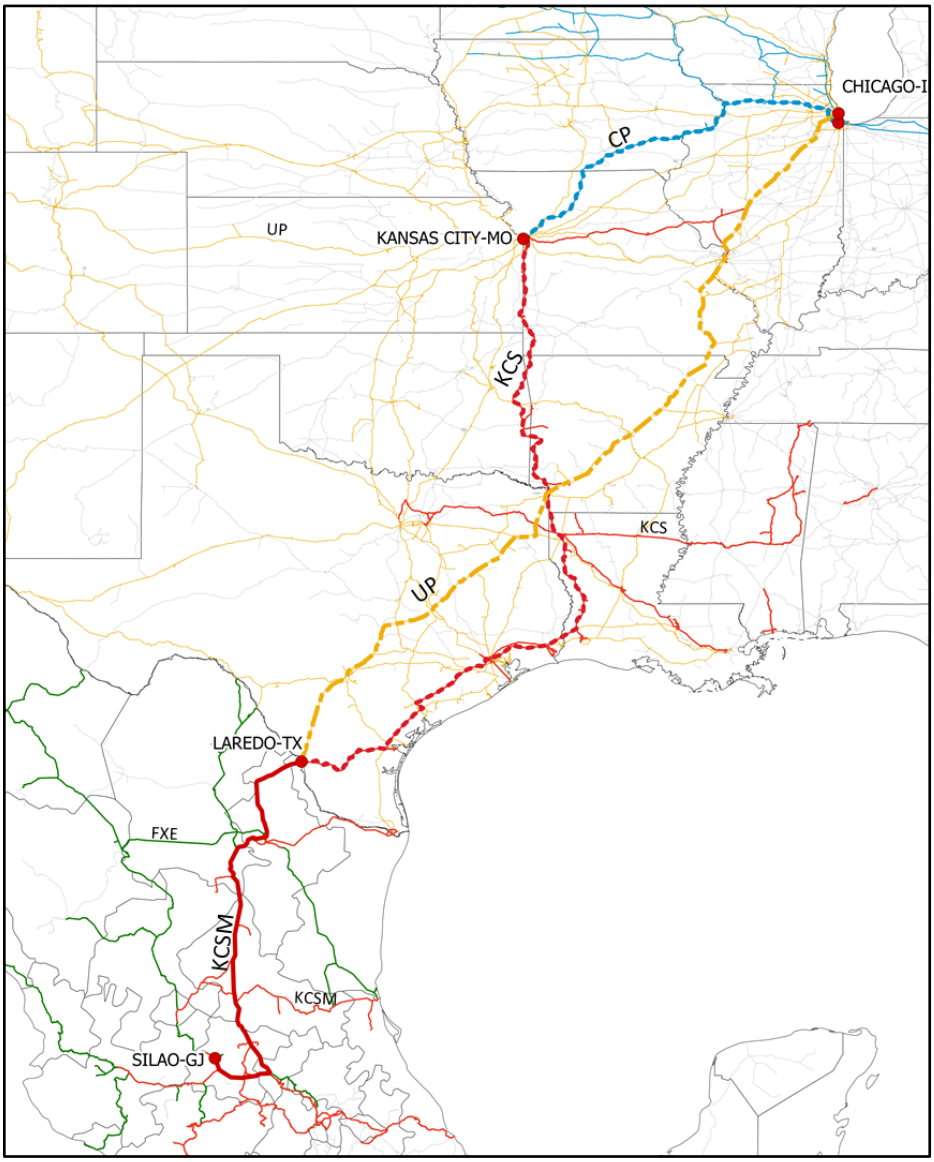
64. As Table 18 shows, we project over 33,000 automotive carloads diverting to the CP/KCS system each year primarily from Mexico once the full effects of the merger are phased in. This represents slightly under half of the total eligible traffic moving in lanes CP and KCS are capable of serving on either end but currently do not serve from origin to destination. More than half of the movements originated in Mexico that our analysis concludes would be diverted are already handled by KCSM and nearly all are currently delivered to UP or BNSF at or near the border. While CP/KCS would have routes that are on average 17 percent longer, CP/KCS would offer the only single-line service in the market, which would be highly attractive to shippers.

65. The map in Figure 4 below shows the existing KCSM-UP interline and alternative CP/KCS single-line routes for a representative finished vehicle movement from Silao,

[30] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

Guanajuato to the Chicago gateway. Under our analysis, half of these movements will divert from the current KCSM-UP interline-route to the CP/KCS single-line route.

FIGURE 4
MAP OF KCSM-UP INTERLINE ROUTE AND CP/KCS SINGLE-LINE DIVERSION ROUTE FOR MOVEMENT OF AUTOMOTIVE CARLOADS FROM SILAO TO CHICAGO



66. Although our initial logic identified Kansas City as already served by CP, and thus the combination with KCS would not provide new access associated with a merger-related diversion possibility, we overrode this classification to reflect the fact that CP does not currently

terminate finished vehicles in Kansas City because it does not have a facility to do so, whereas the CP/KCS combination would give CP access to the KCS automotive facility at International Freight Gateway.

67. Each of these diversion opportunities, and their associated volume levels, was reviewed by Applicants' commercial and operating teams and deemed reasonable.

68. In addition to the diversions we estimate, we understand that Wahba/Naatz have identified additional automotive traffic opportunities that the CP/KCS system could attract, including future services connecting Canadian and Upper Midwest assembly plants with Dallas and Eastern Texas where CP/KCS could build new distribution facilities. They also identified a similar diversion opportunity related to a plant just west of Queretaro that came online in 2020 and thus did not show up in the 2019 traffic data we use. *See* Wahba/Naatz V.S. at ¶ 74. Those additional traffic estimates are fully consistent with our conclusions regarding likely rail-to-rail intermodal diversions.

C. Energy and Chemicals

69. We address diversion opportunities for crude, liquified petroleum gas ("LPG") and chemicals in the following section.

1. Bitumen/Crude

70. In 2019, approximately {{{ }}} carloads of bitumen moved from production fields in northern Alberta into the United States, with most destined for the Gulf region. CP currently originates {{{ }}} of the Alberta crude moving by rail to all destinations, but it has a much smaller share of volumes destined for the Gulf region. CN moved approximately {{{ }}} more carloads to the Gulf region than CP in 2019.

71. CP's service is handicapped by its need to interchange this traffic with destination carriers. CN does not have this limitation, although its single-line route requires passing through

the Chicago area. The vast majority of CP's traffic destined for the Gulf region currently moves via interchange with BNSF at Noyes, MN (at the Canadian border) or with UP via the Chicago Gateway. Because the tank cars that haul this traffic are shipper-owned, operating efficiencies and related cycle times are highly influential on shippers' choice of transportation provider. *See* Wahba/Naatz V.S. at ¶ 87. Many of these moves would be expected to convert to CP/KCS single-line service, along with smaller volumes from origins accessible to CP that CN currently moves to the Gulf region.

72. The resulting diversions we identified are summarized in Table 19 below.

TABLE 19[31]
SUMMARY OF DRU CARLOADS DIVERTED TO CP/KCS FROM EXISTING 2019 TRAFFIC FLOWS

Origin Area	Destination Area	Total Diverted Carloads	Overall Percent Diverted
Northern Alberta	Texas Gulf	16,341	69%

73. In addition to these estimated diversions, we understand that Wahba/Naatz explain that the CP/KCS Transaction – and the availability of improved single-line routes for shipments of Alberta bitumen to Gulf region refiners, likely would accelerate the transition of the crude oil in existing forms (which are highly flammable and treated as hazardous shipments) towards the movement of so-called "DRUbit," which is bitumen from which diluent has been removed. DRUbit is not flammable and not hazardous, and Wahba/Naatz anticipate that CP/KCS would attract additional volumes of crude moving in this form. *See* Wahba/Naatz V.S. at ¶ 88 et seq.. Those additional traffic estimates are fully consistent with our conclusions regarding likely rail-to-rail intermodal diversions.

[31] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

2. Liquefied Petroleum Gas

74. LPG moves by rail from production regions to areas where sufficient demand for consumption exists that is not already supplied from other more proximate sources. CP has origin access to large production areas in Alberta and Saskatchewan, while KCS has access to destination markets in Mexico (as discussed by Wahba/Naatz), and the KCS north-to-south mainline links the two together to provide the opportunity to attract additional rail traffic in these lanes. *See* Wahba/Naatz V.S. at ¶¶ 82-83.

75. Over {{{ }}} carloads of LPG were originated in Alberta in 2019, the majority of which moved into the United States, with more than {{{ }}} continuing into Mexico. Mexico does not have significant domestic production and relies on imports of LPG to satisfy its demand, much of which is moved by rail from the United States and Canada. In 2019, more than half of the approximately {{{ }}} carloads of North American LPG imported by rail into Mexico came from Alberta. Table 20 below summarizes CN and CP LPG flows to Mexico via interchange with other carriers and ultimate delivery to their destinations by KCSM or FXE.

TABLE 20[32]
SUMMARY OF LPG CARLOADS DIVERTED TO CP/KCS FROM EXISTING 2019 TRAFFIC FLOWS

	CN	CP
LPG Carloads Originated in Alberta	{{{ }}}	{{ }}
Portion Delivered to Mexico		
KCSM		
FXE[33]		

[32] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

[33] FXE estimates assume traffic showing in 2019 CWS as rebilled at the U.S./Mexico border, less CP/KCS volumes from 100% traffic tapes, delivered to FXE.

76. Many of CP's originations are currently handed off to UP in Saint Paul, which then forwards the traffic to KCSM or FXE at the Mexican border. A single-line CP/KCS option likely would attract much of this LPG to CP/KCS routes serving final consumption points in Mexico, thereby avoiding two separate interchanges (CP to UP and UP to FXE or KCSM). To the extent KCSM could not reach FXE-served consumption points directly or find sufficient consumption demand at alternative destinations it serves, we understand from Applicants that KCSM could work with truck networks out of Monterrey and Saltillo to provide access to western Mexico destinations (*see* Wahba/Naatz V.S. at ¶ 82). Based on these considerations, we relaxed the typical constraint in our screening model and allowed inclusion of movements where KCSM could not directly serve the ultimate destination in Mexico, which identified modest amounts of additional rail-to-rail diversion traffic. Table 21 below summarizes our traffic diversion estimates.

TABLE 21[34]
SUMMARY OF LPG CARLOADS DIVERTED TO CP/KCS FROM EXISTING 2019 TRAFFIC FLOWS

Origin Area	Destination Area	Total Diverted Carloads	Overall Percent Diverted
Alberta	Mexico	1,545	60%

3. Chemicals

77. We examined potential shifts of chemicals traffic to CP/KCS single-line routes arising from the linkage of KCS's access to chemical plants in the Gulf region with CP's access to Chicago, the Upper Midwest, and Canada. Among the particular flows that could be served by a combined CP/KCS system are movements of plastics and lubes from production areas served by KCS – including Princeton, Baton Rouge, Westlake, Reserve, Cotton Valley, and Woodlawn

[34] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

in Louisiana, Port Neches, and Beaumont in Texas, and Vicksburg in Mississippi. Table 22 below table summarizes the regional flows where we expect CP/KCS to attract additional traffic. Details on the specific diversion movements are included in our workpapers.

TABLE 22[35]
SUMMARY OF CHEMICAL CARLOADS DIVERTED TO CP/KCS FROM EXISTING 2019 TRAFFIC FLOWS

Origin Area	Destination Area	Primary Commodities	Total Diverted Carloads	Overall Percent Diverted
Gulf region	Canada	Plastics	944	62%
Gulf region	Chicago	Plastics/Lubes	1,579	48%
Gulf region	Midwest	Plastics/Lubes	734	49%

D. Forest Products

78. We identified two categories of forest products traffic likely to be attracted to CP/KCS single-line routes.

79. ***Lumber from CP Origins to Dallas, TX***. CP's forest products business is based on its broad geographic access to Canadian lumber production areas in British Columbia, Alberta, Ontario, and Quebec. Each year over {{{ }}} carloads of lumber move into the United States from Canada. Despite having similar access at origin to lumber mill production sources as compared to CN, CP currently handles less than {{{ }}} percent of this cross-border traffic. What CP does handle is nearly all interchanged with other U.S. carriers due to CP's limited distribution network in the United States. [36]

80. The CP/KCS combination would expand CP's market access, most significantly by providing single-line service to the Dallas area, which is the second-largest termination area

[35] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

[36] BNSF also competes for lumber traffic in British Columbia via the BCOL, which CN owns and operates but BNSF and CP also have access rights to.

for lumber by rail in the United States, and the largest termination area for Canadian lumber. *See* Wahba/Naatz at ¶¶ 97 and 98. To complement CP's origin access to lumber supply, KCS has a lumber distribution facility in the Dallas area which currently terminates fewer than {{ }} lumber carloads annually. For context, UP and BNSF respectively terminate over {{{ }}} carloads of lumber annually at their facilities in the Dallas area.

81. In addition to CP/KCS's increased ability to attract Canadian lumber traffic that CP currently hands off to other U.S. carriers, CP/KCS's new single-line routes will also enable it to originate a larger share of lumber from Canadian mills served by both CP and CN (and where CN dominates). We estimate this additional traffic by identifying lumber mills CP can access in Alberta, British Columbia, Ontario, and Quebec, and assuming CP increases its share by five percentage points and moves that traffic to destinations in Dallas and other destinations to either displace existing supply or accommodate future growth. Table 23 below summarizes our quantification of this expectation.

TABLE 23[37]
SUMMARY OF FOREST PRODUCTS CARLOADS DIVERTED TO CP/KCS FROM EXISTING 2019 TRAFFIC FLOWS ORIGINATING AT NEARBY CN-SERVED ORIGINS

Total 2019 Lumber Traffic Into United States From Canadian Origins CP Can Access Supplying Dallas	{{{
CP 2019 Share of Rail Volumes at These Origins	
Effect of Increasing CP's Share From {{{ }}}} to Supply Lumber to Dallas	
Total by 2021 After Accounting for 15% Growth from 2019 to 2021	}}}

82. ***Paperboard from KCS-Served Mills to CP-Served Production Facilities***. KCS serves numerous paperboard production facilities in Louisiana and other South Central states. Paperboard is used in the production of cardboard boxes, which have become ubiquitous in most

[37] *See* Brown/Zebrowski Workpaper "Lumber Analysis.xlsx," tab "Tables."

American's daily deliveries of goods to their homes via Amazon, UPS, USPS, FedEx, and other delivery services. These boxes are manufactured at facilities across the United States, with a significant concentration in the Upper Midwest – and in particular the Chicago area, where so much commerce originates. Due to KCS's strong origin network and the expanded destination reach CP will provide, CP/KCS will attract a material portion of the paperboard moving from the South Central states to packaging facilities surrounding Chicago.

83. Table 24 below summarizes the forest products traffic that our analysis indicates would be attracted to CP/KCS single-line routes.

TABLE 24[38]
SUMMARY OF FOREST PRODUCTS CARLOADS DIVERTED TO CP/KCS FROM EXISTING 2019 TRAFFIC FLOWS

Origin Area	Destination Area	Primary Commodities	Nature of Diversion	Total Diverted Carloads	Overall Percent Diverted
Canada	Texas	Lumber	Existing Traffic Patterns	1,684	48%
Canada	Texas	Lumber	Increased Share of Originations	2,038	na
TX/LA/OK	Midwest	Paperboard	Existing Traffic Patterns	894	42%
Totals				4,616	46%

E. Metals, Minerals and Consumer Products ("MMA")

84. There are several specific regional flows presenting opportunities for CP/KCS to attract various commodities that CP classifies as part of its MMA line of business. Although not all involve large volumes of traffic, these opportunities reflect the breadth of the impact of the CP/KCS combination in enhancing competition in the North American rail network for

[38] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

numerous shippers of various sizes benefitting from improved transportation services. As illustrations, sugar production primarily in Louisiana would have new single-line access to Chicago and the Upper Midwest; iron and steel produced near Chicago could flow to the CP/KCS system through local shortline connections to consumption areas such as Texas and Mexico; and rail shipments of foundry sand from a large mine near Utley, WI to Mexican industrial plants requiring it for specialized production processes could bypass multiple interchanges with larger Class Is and move directly from CP's WSOR shortline connection into Mexico via CP/KCS single-line service. Table 25 below summarizes these individual opportunities. Additional details underlying these flows are provided in our workpapers.

TABLE 25[39]
SUMMARY OF MMA CARLOADS DIVERTED TO CP/KCS FROM EXISTING 2019 TRAFFIC FLOWS

Origin Area	Destination Area	Primary Commodities	Total Diverted Carloads	Overall Percent Diverted
LA	NY/VT/PA	Sugar	184	34%
LA	IN/IL	Sugar	448	25%
WI	Mexico	Sand	{{{ }}}	50%
IN/IL	TX/MS/LA	Iron and Steel	1,444	27%
Midwest	Mexico	Iron and Steel	833	51%

F. Summary of Diversion Results from 2019 Traffic Data

85. Table 26 below summarizes the total amount of diverted traffic we project for the different categories of rail-to-rail diversions our analysis identified.

[39] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

TABLE 26[40]
SUMMARY OF ELIGIBLE TRAFFIC IN DIVERSION OPPORTUNITIES AND PERCENTAGE DIVERTED BY CATEGORY

	Eligible Traffic for Diversion	Effective Overall Diversion Percentage	Diverted Traffic
CP/KCS Competitive Wins			
New CP/KCS Single-line Movement Diverted From Single-Line Movement on Other Carrier	250,159	25%	62,543
New CP/KCS Single-line Movement Diverted From Existing Interline Movement on Other Carriers	50,778	29%	14,925
CP/KCS Extended Hauls (Interline Moves Becoming Single-Line Moves)			
Existing CP or KCS Interline Movement Converted to CP/KCS Single-line Movement Open at Both End	239,060	43%	102,637
Existing CP or KCS Interline Movement Converted to CP/KCS Single-line Movement Sole-Served at One End	23,895	74%	17,620
Existing Interline Movement Between KCS and CP Using Bridge Carrier Converted to Single-Line Movement	5,274	76%	3,982
Subtotal Rail-to-Rail Diversions from Existing 2019 Traffic Movements	***569,166***	***35%***	***201,707***
Additional Diversions Resulting from Traffic Pattern Shifts			
Lumber and Grain	N/A	N/A	14,968
Total	569,166	N/A	216,675

86. Table 27 on the next page breaks down our expected "extended haul" diversion opportunities by the connecting carriers and major gateways where CP/KCS single-line offerings would win some portion of the traffic currently moving in interline service. As shown in that

[40] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

table, CP/KCS will affect only a minority – and in most cases a small minority – of the traffic that CP or KCS interchange with other Class I carriers at the gateways they serve.

TABLE 27[41]
EXTENDED HAUL DIVERSION OPPORTUNITIES BY AFFECTED CARRIER AND GATEWAY

Interchange Partner	2019 Total U.S. Interchange Traffic	Traffic Eligible for Diversion	Diverted Traffic	Diverted Traffic as Percentage of All Interchange	Diverted Traffic as Percentage of "Eligible" Traffic
CP-KCS at Kansas City	{{	0	0	{{	
CP					
BNSF Total		11,899	8,329		
Noyes		8,810	6,610		
Chicago		1,648	955		
UP Total		16,627	11,872		
Twin Cities		1,156	758		
Chicago		13,896	10,288		
NS Total		31	17		
CSX Total		2	2		
CN Total		806	499		
Other Carriers Total		-	-		
KCS					
BNSF Total		17,946	9,433		
U.S./Mexico Border*		16,921	8,746		
Kansas City		536	315		
UP Total		71,812	33,641		
U.S./Mexico Border*		70,979	33,046		
Shreveport		341	261		
Kansas City		304	206		
NS Total		1,006	668		
Meridian (including NS haulage traffic)		630	418		
CSX Total		346	193		
CN Total		4,427	2,519		
Jackson, MS		3,724	2,079		
Other Carriers	}}	87	56		}}

* Includes Laredo, Corpus Christi, Robstown, and Brownsville.

41 *See* Brown/Zebrowski Workpaper "Interchange Analysis.xlsx," tab "Tables."

87. As we have discussed, the specific rail-to-rail diversions that we forecast will occur because the combined CP/KCS system is better able to enhance the value received by prospective customers, in the form of better service, improved cycle times, better economic terms, and all of the other attributes of transportation service that matter to these customers.

88. One quantification of those benefits is reflected in the actual diversions themselves – in terms of carloads and revenues. CP/KCS will realize those gains, of course, but the choices shippers make to shift their traffic to CP/KCS options will also reflect the enhanced value those shippers realize from the improved competitive options made available by the CP/KCS Transaction.

89. Though more difficult to quantify, the shipping public and the broader economy will benefit in many direct and tangible ways. For example:

- Shippers will realize rate reductions, both from CP/KCS's more aggressive competition enabled by its new single-line offerings and reduced cost profile as well as from shippers' incumbent-serving railroads striving harder to retain the traffic for which CP/KCS will compete more effectively. These competitive benefits, although difficult to quantify with any precision, likely will be quite significant over time given the aggregate volume of rail traffic for which CP/KCS will be a stronger competitor, even where it does not win the traffic.
- Shippers will realize improvements in service and service reliability as a result of CP/KCS removing an interchange and enabling operating improvements and investments that improve transit times and predictability. Those improvements will push other railroads to improve as well, magnifying the benefits beyond the diversions we project.
- CP/KCS single-line routes offer the potential to improve railcar utilization and cycle times, improving CP/KCS's cost profile when using railroad-owned equipment and simultaneously delivering direct benefits for shippers who own or lease their own equipment. Those shippers will be able to ship more goods using their existing fleets or be able to achieve fleet size reductions, in both cases generating direct economic benefits.
- Shippers will benefit in more subtle ways as well, such as through improved ease of doing business with a single, integrated end-to-end system rather than coordinating and managing two separate connecting

railroads for purposes of billing/invoicing, shipment monitoring, inventory control, and the like. These benefits likely will be greatest where CP/KCS is able to assist in simplifying multiple cross-border customs and currency logistics (spanning the entire USMCA continent), which no railroad can do today.

- In addition, over the longer run, a broader CP/KCS network almost certainly will support a broader array of investments in new transportation services than the two separate railroads would, given their narrower footprints and more limited market reach. Examples of these sorts of initiatives are discussed in Wahba/Naatz V.S. and include investments in international intermodal services to/from the Port of Lazaro Cardenas, investments supporting the conversion of crude-by-rail shipments into safer DRUbit form, and investments supporting new grain distribution capacity in the U.S. Corn Belt, among many others.

PART IV
ESTIMATING LIKELY INCREMENTAL REVENUES FROM DIVERTED TRAFFIC

90. Our estimate of revenues associated with rail-to-rail diversions began with an assessment of prevailing rate levels for the diverted shipments based on rates for rail movements of the same or similar commodities between the same regions. We also identified the diversions received by CP or KCS under existing interline movements that would convert to single-line service to determine the incremental revenues gained by CP/KCS. We then applied an aggregate five percent reduction in revenue to movements that new CP/KCS single-line services would win away from other carriers' existing single-line services, as noted at paragraph 32 above. The revenues we estimate represent price levels as of 2019.

A. Identifying Revenue Earned by Other Carriers for Portion of Move that Will Shift to CP/KCS

91. Our estimates of the incremental revenues CP/KCS would earn from diverted traffic vary depending on the category of the diversion and whether the current move is rebilled.[42]

92. For ***new single-line moves***, incremental revenues are those reported in the 2019 CWS for the existing movement. When these moves are rebilled at the Mexican border, we include estimated average Mexican revenue divisions from KCSM traffic tape data for similar commodities.[43] Where CP/KCS relies on a shortline partner to serve the origin or destination, we deduct the average estimated division paid to that shortline as determined from CWS data.

93. For ***existing CP or KCS interline traffic that is non-rebilled***, incremental revenues are determined by calculating the average revenues for the portion of the existing route that is not on CP or KCS as reported in the combined 2019 CP/KCS traffic tape data. [44]

94. Incremental revenues for ***interline rebilled moves*** currently handled by CP or KCS that would be converted to single-line CP/KCS movements are not readily available in the data and thus had to be estimated. For these moves, we estimated revenues based on rate levels observed for comparable movements in the 2015-2019 CWS.[45] Where possible, we measured rate levels for comparable end-to-end movements of the same or similar commodities moving

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[42] All revenue estimates are stated in United States dollars ("USD"). Revenues from the CP Traffic Tape Data were reported in Canadian Dollars ("CAD"). A conversion rate of 1 USD = 1.33 CAD was used to convert revenues in the CP Traffic Tape Data into USD.

[43] Certain Mexican cross-border movements reported in the CWS as non-rebilled involving FXE appeared to not include revenue divisions for FXE, and we therefore included estimated average Mexican revenue divisions for these movements as well.

[44] Average revenues refers to the average revenue per car or intermodal unit.

[45] We adjusted revenues across all five-years of CWS data to 2019 levels using the STB's Railroad Revenue Deflator factors determined in EP 748. *See* https://www.stb.gov/reports-data/economic-data/railroad-revenue-deflator-factors/.

between the same regions in comparable service, accounting for shipment size and car supply among other things, and deducted CP's or KCS's current division to identify the incremental portion. If there were not adequate movements on an end-to-end basis, we instead looked for comparable rebilled movements on a similar basis corresponding to the segment of the move not currently handled by CP or KCS. Over 95% of estimated revenues were based on prevailing rate levels for comparable traffic movements of the same 2-STCC commodity (or more refined, e.g., 7-STCC) moving between the same state-to-state pairs (or more refined, e.g., station-to-station). Details of this process are provided in Appendix C.

B. Adjusting Revenues to Take Account of Rate Competition Aimed at Winning Traffic Away from Incumbent Routings

95. For movements already moving on other railroads in single-line service, as discussed above we conservatively assumed that CP/KCS would attract only 25 percent of the existing shipments to new CP/KCS single-line routes, and we also reduced the prevailing rate levels by five percent to reflect that CP/KCS would not be able to differentiate its offering solely on the basis of its new single-line option in order to win the traffic. These levels of assumed rate reductions are generally consistent with the observed effects of railroad competition at origin and destination discussed in the Christensen Report commissioned by the STB.[46]

96. Table 28 below summarizes the application of our revenue-assignment methodology. We provide results phased in over a three-year period using the phase in assumptions discussed in the Wahba/Naatz V.S. *See* Wahba/Naatz at ¶ 115. The fully phased-in diversion levels occur in Year 3.

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[46] "Volume 2: Analysis of Competition, Capacity, and Service Quality, Revised Final Report." Lauritis R. Christensen Associates, Inc. November 2009. *See* Tables 13-3, 13-4, 14-3, and 14-4.

TABLE 28[47]
SUMMARY OF PHASED IN RAIL–TO-RAIL DIVERSION TRAFFIC AND INCREMENTAL REVENUES BY LINE OF BUSINESS

	Year 1	Year 2	Year 3
Diverted Carloads/Units			
Automotive	11,188	22,038	33,218
Energy, chemicals and plastics	16,343	19,207	21,143
Forest Products	2,100	3,961	4,616
Grain	4,984	10,365	15,768
Domestic IM	45,336	90,708	137,416
Metals, minerals and consumer products	0	2,257	4,514
Total	79,950	148,536	216,675
Incremental Revenues (2019 Levels)			
Automotive	$42.3M	$84.2M	$127.3M
Energy, chemicals and plastics	$63.0M	$80.0M	$89.8M
Grain	$25.4M	$52.5M	$79.8M
Domestic IM	$49.0M	$98.1M	$148.6M
International IM	$0.0M	$0.0M	$0.0M
Metals, minerals and consumer products	$0.0M	$12.1M	$24.3M
Total	$195.5M	$362.5M	$513.1M

C. Developing Shipment Information Required to Support the Operating Plan and Determine Incremental Costs Associated with Diverted Traffic

97. For all of the traffic that we estimated would be diverted to the CP/KCS system, we reported to other witnesses the movement characteristics required to (a) develop the Operating Plan and (b) estimate the costs associated with moving the new traffic (as presented in the Baranowski V.S.). The data we reported included average tons per car, car type, and shipment size information, all of which was readily available from the underlying 2019 movement records on which the diversions were based.

[47] *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary.xlsx," tab "Tables."

98. Certain of the movement characteristics that we reported had to be estimated, using the following approaches:

- Car ownership was defined by treating car initials ending in "X" as private, except for car initials associated with TTX, and other car initials as railroad-owned.
- We projected AAR Car Type for limited records where it was missing in the traffic tape data based on the prevalent car type among similar commodities.
- We developed total end-to-end miles on CP/KCS using PC Miler practical routes between the starting and ending locations on CP/KCS. For extended hauls, we also developed existing miles on CP or KCS to deduct from end-to-end miles so as to identify the incremental additional miles associated with the diversions. For traffic in the CWS rebilled at the Mexican border, we estimated average Mexican miles from KCSM traffic tape data for similar commodities.
- For diversion lanes affected by our radial flags, such as forest products traffic shifted to a nearby CP or KCS transload, we assumed the traffic would originate or terminate at the nearest point where CP or KCS had handled traffic to the existing flow.
- We identified the pre- and post-diversion switches by type on either end performed by CP and KCS, including identifying where the diverted traffic would be interchanged with a shortline carrier.
- For the through moves we projected by allocating rebilled moves, we assigned shipment tonnage by averaging the tons for the two segments of the move for paired shipments.

APPENDIX A
PREPARATION OF CONSOLIDATED CP AND KCS 2019 TRAFFIC TAPE DATA FOR USE IN MERGER APPLICATION

1. We were asked by counsel for Applicants to prepare a consolidated set of 2019 CP and KCS system-wide traffic data for use in preparing the Application. Traffic tape data, also referred to as waybill data or movement data, is maintained by freight railroads in the ordinary course of business and is a primary source for capturing information on rail freight movements at the individual shipment level. Traffic tape data records report route information, including origin and destination station and interchange locations; the railroads' participating in

the movement; car type; commodity; shipment size and weight; and a variety of other information for individual shipments moving across a given carrier's network.

2. Because many parts of the Application depend on analyzing the proposed CP and KCS network as a combined system, it was expedient to prepare a single master dataset of consolidated CP and KCS traffic for use in various analyses underlying the Application. The consolidated dataset has been provided to the following witnesses for their preparation of Application materials:

- Our Verified Statement;
- The Mutén V.S. addressing truck-to-rail diversions;
- The Verified Statement of W. Robert Majeure addressing competitive impacts;
- The Operating Plan sponsored by Ray Elphick and John Orr (without confidential revenue information); and
- The Baranowski V.S., addressing operating costs.

3. Below we describe the process used to develop the consolidated dataset. CP and KCS provided us with raw traffic tape data records maintained in the ordinary course of business for shipments with a waybill date in 2019. These tapes included all available data records for both loaded and empty movements and revenue and non-revenue movements for the entire CP system (both in Canada and the United States (*i.e.*, Soo Line and affiliates) and the entire KCS and KCSM system (KCSM in Mexico and KCSR and affiliates in the United States)). The tapes do not include trackage or haulage movements of other carriers' traffic on CP's or KCS's networks. CP and KCS provided us with standard fields of information for these records corresponding to those that are typically provided to the Board when preparing the Carload Waybill Sample. They also provided shipper and consignee information. A complete listing of these fields is included in Exhibit 3 attached hereto.

4. Table A1 below summarizes total raw records provided.

TABLE A1[48]
TRAFFIC TAPE RECORDS

2019 Total Traffic Tape Records Provided	
CP/Soo Line	4,307,445
KCSR/KCSM	3,057,747
Total	**7,365,192**

5. Based on our review of the data, we identified certain minor discrepancies in KCS data that required supplemental modifications. These modifications involved supplementing missing or inconsistent STCC information, appending car type information to certain intermodal flatcar records, and adding switching details KCS provided, all of which are contained in our workpapers along with the raw traffic tape data.

6. We removed multiple copies of movement records that were internally duplicated within the CP and KCS data. Duplicate records for the same movement were generally identified as multiple records with the same waybill number, waybill date, and car initial and number (or container initial and number for intermodal shipments). We also identified certain multi-car shipments with duplicate records covering the same movement where car initial and number differed. We eliminated duplicate versions and only kept a single record for each movement.

7. For CP, the following process was used to determine which duplicate record to keep:

- Eliminate any non-revenue duplicate records first;
- If duplicates remain pick the one with the most recent "RELEASE TMS";
- If duplicates remain, pick the one with CSTMS_CLRNC_CD = "Y"; and

[48] *See* Brown/Zebrowski Workpaper "Consolidated 2019 Traffic Data.xlsx," tab "Tables."

- If duplicates remain, pick the last one in the data.

This process removed 52,576 records from the 4,307,445 records provided by CP.

8. Nearly all duplicate records involved cases of cross-border movements on KCSR and KCSM, where both KCSR and KCSM raw data files reported the same movements. For these, we first determined which records were duplicates and then dropped the KCSM version of the record. This adjustment removed 306,141 of 3,057,747 records provided by KCS.

9. We added the system revenues (for both freight and fuel surcharges) from the dropped record to the record that was retained in cases where each record only reported the portion relating to either KCSR or KCSM. The following logic was applied to determine when to combine through revenues, which may include other carriers' revenue divisions depending on the rebilling status of the particular move, and when to use the through revenues from a single version of the record:

- First, if through freight revenues in the KCSR and KCSM duplicate records were the same, use that value – *i.e.,* do not add together – to determine total through freight revenues.
- Second, if KCSR plus KCSM system revenue divisions are less than the higher of the two through freight revenues in the duplicate KCSR and KCSM records, then use the higher of the two values to determine total through freight revenues.
- Otherwise, add together total through freight revenues in the duplicate KCSR and KCSM records to determine total through freight revenues.

10. Table A2 below summarizes the total records received and our processing to eliminate duplicates.

TABLE A2[49]
PROCESSED WAYBILL RECORDS

+ Add Raw CP 2019 Waybill Records	4,307,445

[49] *See* Brown/Zebrowski Workpaper "Consolidated 2019 Traffic Data.xlsx," tab "Tables."

+ Add Raw KCS 2019 Waybill Records	3,057,747
- Remove CP Internal Duplicates	52,576
- Remove KCS Internal Duplicates	306,141
- Remove CP-KCS Interline Record Duplicates (discussed below)	89,603
= Final 2019 CP/KCS Consolidated Traffic Tape Records	**6,916,872**

11. We compared the processed dataset against CP- and KCS- reported totals to ensure they were aligned. Table A3 below compares CP's system freight revenues and revenue units from the data to those reported publicly in CP's 2019 Annual Report.

TABLE A3[50]
CP TRAFFIC RECORDS

	2019 CP Traffic Tape Data	CP Reported Revenue Units in 2019 10-K
Intermodal	1,043,656	1,046,100
Carload	1,719,073	1,720,400
Total Revenue Units	2,762,729	2,766,500
Intermodal	$1,165.2M	$1,194.8M
Carload	$4,526.3M	$4,515.0M
Total Freight Revenues	$5,691.5M	$5,709.8M

12. This table shows that the data are well aligned. It should be noted that some difference is expected because reported information is based on accounting date – *i.e.*, when an individual movement was reported in the company's general ledger – as opposed to the waybill date, which is the date used for purposes of selecting data for inclusion in the Board's Carload Waybill Sample.

13. Table A4 below compares KCS/KCSM's system freight revenues and revenue units to those provided by KCS and shows that they are well aligned.

[50] *See* Brown/Zebrowski Workpaper "Consolidated 2019 Traffic Data.xlsx," tab "Tables."

TABLE A4[51]
KCS TRAFFIC RECORDS

	2019 KCS/KCSM Traffic Tape Data	KCS/KCSM Reported Revenue Units
Intermodal	675,145	676,691
Carload	1,125,003	1,130,593
Total Revenue Units	1,800,148	1,807,284
Intermodal	$397.0M	$370.2M
Carload	$2,557.2M	$2,355.7M
Total Freight Revenues	$2,954.2M	$2,725.9M
Less Payouts in Reported Data	$237.0M	Included
Total Adjusted Freight Revenues	$2,717.2M	$2,725.9M

14. Next we aligned the fields provided by CP and KCS and combined them into a single dataset. Certain issues on reporting convention and record interpretation are noted below:

- For CP records, through freight revenues include fuel surcharge revenues but system freight revenues do not include fuel surcharge revenues; For KCS records, through freight revenues and system freight revenue include fuel surcharge revenues.

- KCSR/KCSM's origin-to-destination routing fields (Origin FSAC thru Termination FSAC) report the end-to-end ultimate-origin-to-ultimate-destination-movement regardless of whether the move is rebilled, except for interline records that are not settled in the Interline Settlement System ("ISS") (*e.g.*, those including an ISS non-participant in the movement). For non-ISS rebill movements, end-to-end routing may not be reported consistently. For example, we have confirmed non-ISS records do not report the ultimate end point for movements originating or terminating at Laredo. We populated these ultimate endpoint fields for KCSR/KCSM records for consistency using the end-to-end routing information already provided. CP records' origin-to-destination routing reports only the Rule 11 rebill portion of the move, but CP separately provided fields reporting ultimate origin and ultimate destination railroad and location.

- The physical on/off fields reflect the on/off points of the railroad that reported the record, *e.g.,* a KCSM record reports where the shipment came on and off KCSM.

15. With the CP and KCS data stacked in a single dataset, we next identified joint CP-KCS interline movements which would be expected to be reported separately in both of the

[51] *See* Brown/Zebrowski Workpaper "Consolidated 2019 Traffic Data.xlsx," tab "Tables."

carriers' datasets. We did this both by reviewing the railroads reported in the relevant routing fields in the KCS data and by matching the CP and KCS records for rebilled moves together using car initial and car number and a seven-day date range to control for cases where the waybill number may have changed. We dropped the KCS version of the record and kept the CP version, except when a KCS record identified CP in the move but a corresponding record was not contained in the CP data.[52] KCS revenues from dropped KCS records were appended in a field added to the corresponding CP version of the record that was retained to ensure that all CP and KCS revenues were captured.

16. Table A5 below summarizes total consolidated 2019 CP and KCS revenue units and freight revenues (including fuel surcharges).

TABLE A5[53]
CONSOLIDATED CP AND KCS TRAFFIC RECORDS

	Carload	Intermodal	Total Units
Revenue Unit Movements	2,805,904	1,717,582	4,523,486
System Freight Revenues	$7,082.7M	$1,562.2M	$8,644.9M

17. Finally, at the request of Applicants, we prepared supplementary flat car movement records derived from KCSR and KCSM traffic tape data. The raw KCSR/KCSM traffic tape data typically contained records for container movements that identify only the individual flat car on which they are conveyed, but do not include separate records reflecting movements of the flat car itself. We estimated flat car movements by identifying unique combinations of origin-to-destination movements in given date ranges reported in the various

[52] Witness Robert Majure requested copies of the dropped KCS version of the records, which we provided.

[53] *See* Brown/Zebrowski Workpaper "Consolidated 2019 Traffic Data.xlsx," tab "Tables."

container movement records conveyed by the same flat car. Details of this process are included in our workpapers.

APPENDIX B
TRAFFIC DISTRIBUTION ANALYSIS

1. This Appendix describes certain of our analyses of traffic data supporting our range of percentage diversion estimates.

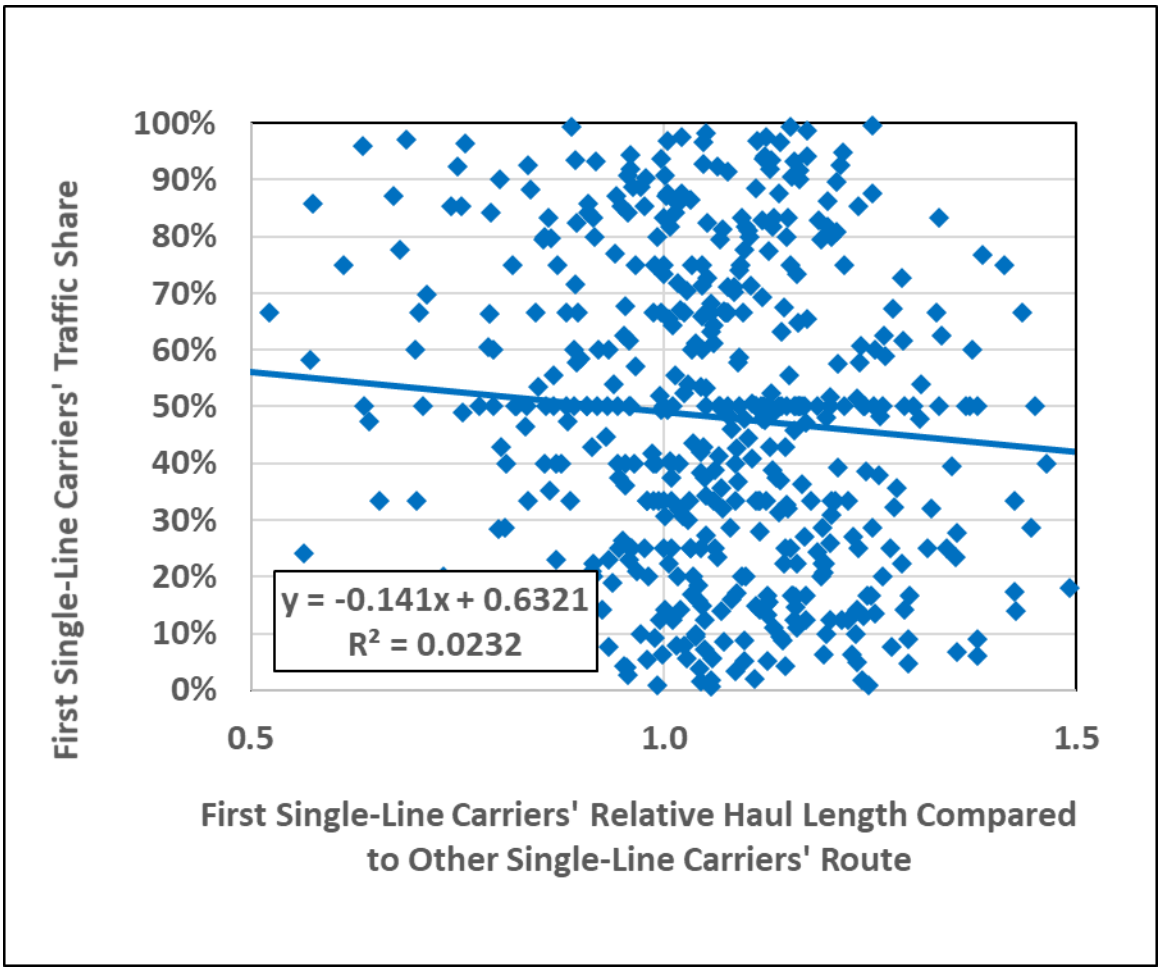
2. Our determination of appropriate diversion percentages began by surveying distributions of traffic among carriers for regional flows with characteristics similar to the traffic we have identified as eligible to divert. Specifically, we examined carload and intermodal traffic shares for county-to-county traffic flows in the 2015-2019 CWS for pairs historically served by either multiple Class I railroads with single-line routes or one Class I with a single-line route and at least one other interline alternative, whether or not involving the single-line carrier.

3. Our analysis focused on county-to-county pairs with rail distances over 1,000 miles corresponding to the longer distances of the traffic we identified as eligible for diversion. We isolated county-to-county pairs with either two single-line route alternatives, one single-line route and at least one dependent interline route alternative (*i.e.*, the interline route(s) involves the single-line carrier), or one single-line route and at least one independent interline route alternative (*i.e.*, the interline routes do not involve the single-line carrier).

4. We calculated relative traffic shares for the various route options based on total units over the period 2015-2019 and compared these shares to the relative lengths of haul for each route alternative. We then plotted the relevant traffic shares against relative length of haul and fitted these distributions with regression equations to identify the overall average distributions and examine the influence of routing options and length of haul on the distribution of traffic share.

5. Figure B1 below depicts 524 individual county-to-county carload traffic flows of at least 1,000 miles in length for which two Class I carriers offered single-line routes that were used between 2015 and 2019. The y-axis shows, for a given observation, the percentage share of traffic on one of the two single-line carriers' routes (the other carriers' share would be the difference of one minus this percentage amount). The x-axis shows how the route miles for the carrier whose option is depicted compared to the other single-line carrier's route miles. For example, for the observation in Figure B1 for which the carrier's share of traffic is 55 percent (per the y-axis) and the relative route mile figure is 1.2 (per the x-axis), this data point indicates that the first carrier handled 55 percent of the traffic even though its route was on average 20 percent longer for carload traffic traversing that county-to-county pair over the past five years.

FIGURE B1[54]
CARLOAD TRAFFIC SHARES (Y-AXIS) AND RELATIVE ROUTE MILES (X-AXIS) FOR MOVEMENTS BETWEEN COUNTY-TO-COUNTY PAIRS SERVED BY TWO SINGLE-LINE CARRIERS IN 2015-2019 CWS DATA



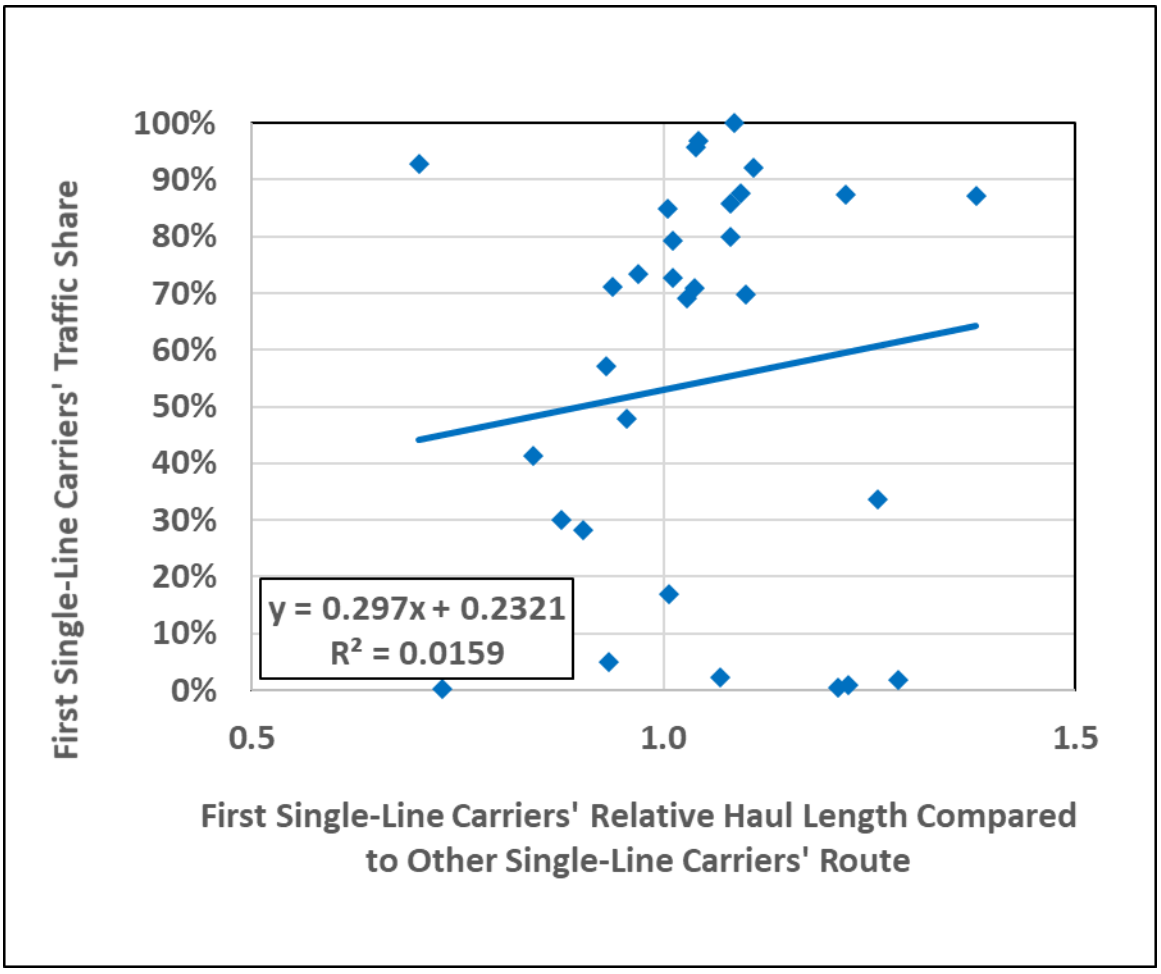
6. Figure B1 shows that overall there is a wide distribution of traffic shares that are minimally affected by relative route length. While the dispersed data illustrates a weak relationship between traffic share and relative route length, we may interpret the above chart to indicate that on average – *i.e.,* aggregated on an overall basis across all traffic analyzed – such

[54] *See* Brown/Zebrowski Workpaper "Traffic Distribution Analysis," tab "Figures."

traffic on average splits quite evenly between the two available single-line routes, with the carrier having the shorter route likely to take a slightly larger share of the traffic.

7. Figure B2 below plots the same data for intermodal traffic. Because only 33 county-to-county pairs qualify, the regression analysis has poor predictive power and there are high levels of variance.

FIGURE B2[55]
INTERMODAL TRAFFIC SHARES (Y-AXIS) AND RELATIVE ROUTE MILES (X-AXIS) FOR MOVEMENTS BETWEEN COUNTY-TO-COUNTY PAIRS SERVED BY TWO SINGLE-LINE CARRIERS IN 2015-2019 CWS DATA

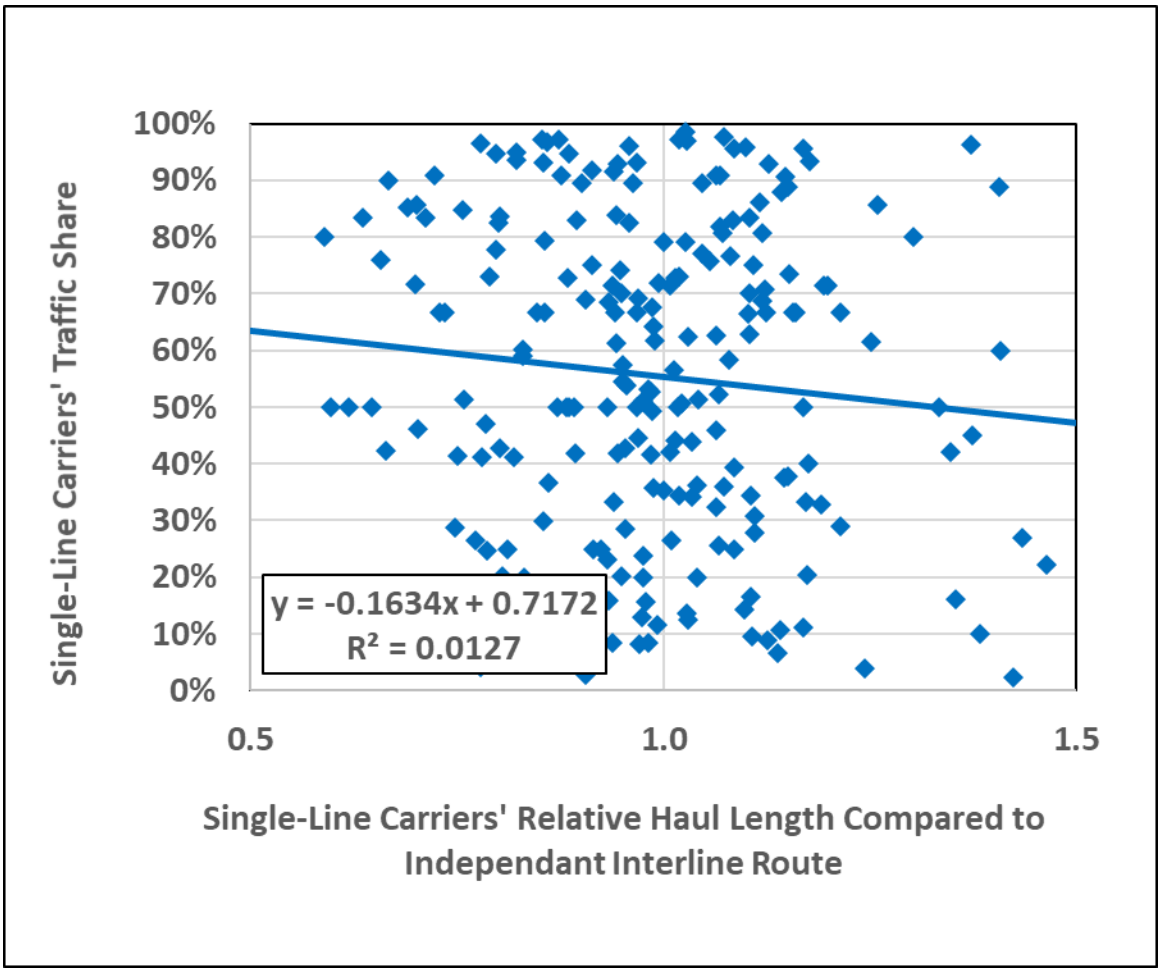


55 *See* Brown/Zebrowski Workpaper "Traffic Distribution Analysis," tab "Figures."

8. The analysis depicted in Figures B1 and B2 supports the conclusion that a 50 percent diversion percentage represents a reasonable starting point for determining how much traffic would divert from another single-line carrier to a new CP/KCS single-line option.

9. Next we performed a similar analysis examining traffic distributions and relative haul length where one carrier offers a single-line route and another carrier offers an independent interline route (*i.e.*, one that does not require the participation of the first carrier to complete the move). Figure B3 below is based on 221 individual county-to-county pairs involving movements over 1,000 miles. It shows traffic shares that vary greatly and have a weak negative relationship with relative haul length.

FIGURE B3[56]
CARLOAD TRAFFIC SHARES (Y-AXIS) AND RELATIVE ROUTE MILES (X-AXIS) FOR MOVEMENTS BETWEEN COUNTY-TO-COUNTY PAIRS SERVED BY ONE SINGLE-LINE CARRIER AND INDEPENDENT INTERLINE ROUTES IN 2015-2019 CWS DATA



10. As Figure B3 depicts, for county-to-county carload flows where a single-line and independent interline route are both used by shippers, the carrier with the single-line route on average is expected to attract roughly one-half to two-thirds of the traffic, with percentage shares at the higher end of this range correlated with that carrier having a relatively shorter route.

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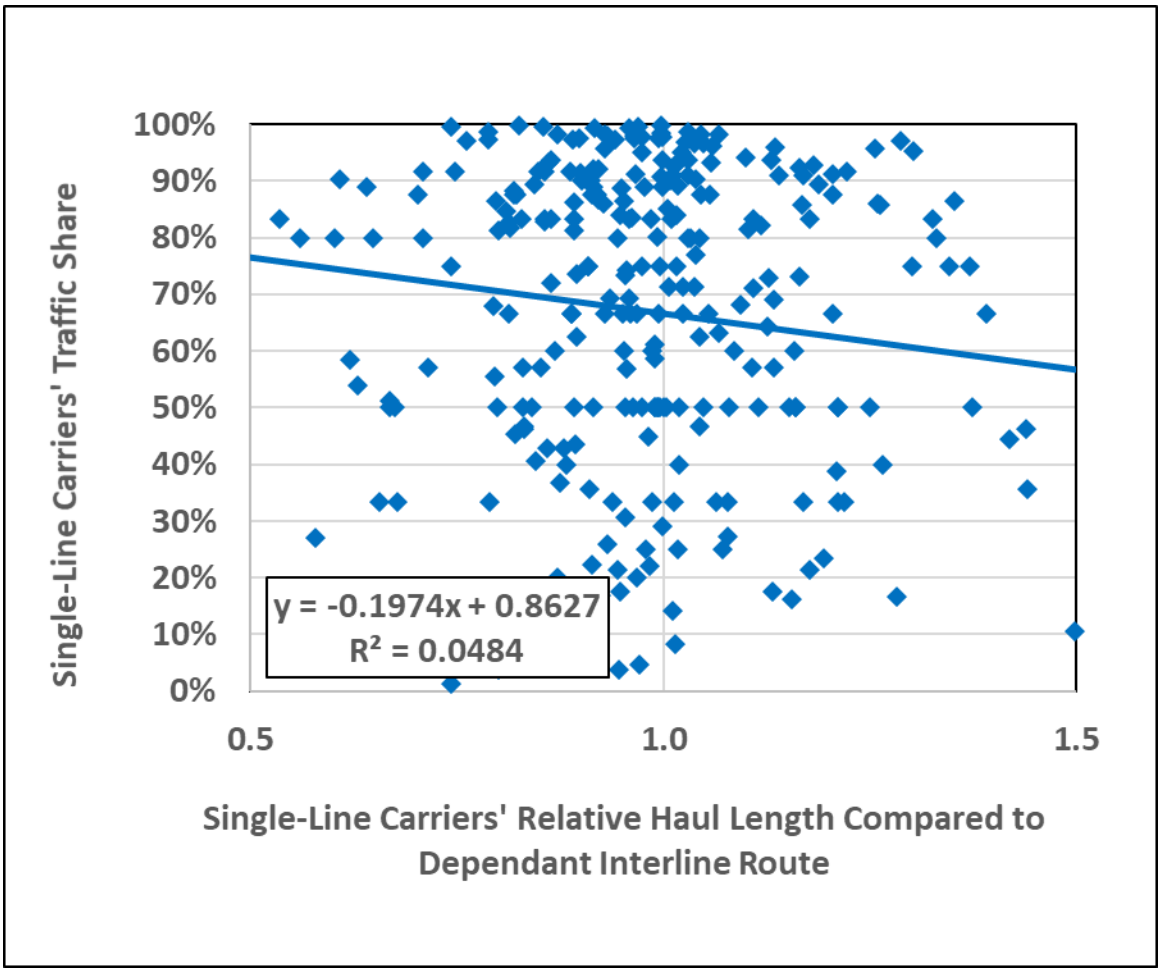
56 *See* Brown/Zebrowski Workpaper "Traffic Distribution Analysis," tab "Figures."

11. For intermodal traffic, the importance of single-line routes is even more pronounced. Very little intermodal traffic is attracted to interline offerings between counties where a rival railroad offers single-line service.

12. This analysis generally supports using as a starting point a diversion percentage of more than 50 percent for traffic where CP/KCS would offer the only single-line route and other carriers could offer interline route options not involving CP or KCS.

13. We also considered a situation where there is another interline option, but where that routing would involve CP or KCS participation in the origin-to-destination route. Figure B4 below depicts the relationship between relative traffic share of the single-line carrier and relative length of haul for the 289 individual county-to-county pairs involving carload traffic moving at least 1,000 miles.

FIGURE B4[57]
CARLOAD TRAFFIC SHARES (Y-AXIS) AND RELATIVE ROUTE MILES (X-AXIS) FOR MOVEMENTS BETWEEN COUNTY-TO-COUNTY PAIRS SERVED BY ONE SINGLE-LINE CARRIER AND "DEPENDENT" INTERLINE ROUTES IN 2015-2019 CWS DATA



14. Figure B4 indicates that where a given carrier participates in an interline route, and that same carrier offers its own single-line route, then on average more than two-thirds of the traffic would be expected to be move in single-line service, with that percentage increasing where the single-line carrier's length of haul is relatively shorter. However, it is also frequently the case that the single-line carrier participates in interline routes with other carriers to offer end-

[57] *See* Brown/Zebrowski Workpaper "Traffic Distribution Analysis," tab "Figures."

to-end service across a range of different relative route lengths. As with the previous survey, we note there is very limited qualifying intermodal traffic to evaluate.

15. These data provide statistical support for higher diversion percentages than we have applied. Our more conservative approach is driven in part by the market context in which the CP/KCS system will operate. CP/KCS will remain smaller than its entrenched Class I competitors, which have built strong franchises over the years for much of the traffic for which CP/KCS would be competing. Although our analysis does not indicate a strong influence of relative route length on traffic-share levels, we have considered that CP/KCS single-line routes for the diversion opportunities average 10 to 20 percent longer than those of the shortest rival route.

16. In light of these factors, it is reasonable to conclude that only 25 percent of eligible traffic would divert to CP/KCS single-line routes, while the incumbent single-line carrier(s) would retain 75 percent. Similarly, it is reasonable and conservative to conclude that only 50 percent of interline traffic would be attracted to CP/KCS single-line routes, with competing independent interline routes retaining 50 percent, even though overall distributions indicate that figure could be higher. Likewise, for interline traffic involving another carrier which CP or KCS would participate and where CP/KCS could offer its own single-line route, we assume 75 percent of eligible traffic will move in single-line service, a figure confirmed by the data above indicating that carriers offering their own single-line service routinely cooperate with other carriers to offer interline service on the same lanes.

17. It should be emphasized that the diversion percentages we apply are intended to estimate the expected value of diversions across eligible traffic groups as achieved during an

average period and should not be construed as specifying the exact movements predicted to divert at a future time.

APPENDIX C
PROCESS FOR ESTIMATING INCREMENTAL REVENUES FOR REBILLED TRAFFIC ATTRACTED TO CP/KCS SYSTEM

1. This Appendix describes our process for estimating the incremental revenues that CP/KCS would earn from the new traffic that would be attracted to its new single-line routes in the situation where the affected traffic is currently moving in rebilled interline service.

2. For traffic shifted to CP/KCS single-line service from rebilled interline shipments, we estimated revenue levels for the incremental portion of the shipment based on comparable shipments. We used the current movement's car ownership, AAR car type, and standard transportation commodity code ("STCC") to match with other traffic in the 2015-2019 CWS for which revenues were reported. In doing so, we examined various origin-to-destination geographic aggregations, including at the level of standard point location code ("SPLC"), business economic area ("BEA"), state, freight rate territory, and country level.

3. For each traffic grouping, we proceeded by systematically relaxing the degree of aggregation in a step-by-step process by which we identified the most comparable available traffic from which to calculate average revenues. For carload traffic, car ownership, STCC, and geographic aggregation were prioritized in this matching process because rate structures and revenues are most dependent on these variables. For intermodal movements, car ownership and geographic aggregation were prioritized, given that STCC is generally less significant in determining the rate structure and revenues for intermodal traffic.

4. As an illustrative example of this step-by-step matching process:

- If there is not a matching move at the car ownership-AAR car type-STCC-SPLC level, then a match is attempted at the car ownership-1st Digit AAR car type-STCC-SPLC level.

- If no match is found, then a match is attempted at the car ownership-STCC-SPLC level.
- If no match is found, attempts to match at the 4- and 2- digit STCC level are made.
- If no match is found, the process repeats sequentially at the next largest geographic aggregation level until a match is found.

5. We used this process to calculate average revenues estimates for both the entire movement (end-to-end) and the non-CP/KCS segment of the current movement.[58] We deducted CP and KCS's current divisions from the calculated end-to-end revenues to estimate incremental revenues to CP/KCS for extending the haul. We compared this to estimated revenues for the new segment where CP/KCS would extend the haul, which already represent the incremental revenue to CP/KCS. Both approaches are designed to estimate the same incremental revenues. In cases where we were able to develop reliable estimates under both approaches, we generally preferred to use the end-to-end revenues less actual CP and KCS divisions since this accounts for the amount CP and KCS already received for that particular move. To determine cases where one approach was more reliable than the other, we applied certain checks and comparisons between the two. If either the end-to-end or segment approach was matched at poor geographic level not more specific than the state-level, we used the other approach assuming it was matched at a geographic level more specific than the country-level (*e.g.*, station, BEA, or state). We also made comparisons between the developed data points to ensure they related in a consistent fashion. Specifically, if the estimated end-to-end revenue amount was below the actual CP and/or KCS divisions, or if the estimated end-to-end revenue amount was lower than the estimated segment revenue amount, we used the segment revenue estimate. For diverted moves

[58] Only non-rebill moves in the 2015-2019 CWS were used when estimating Average Revenue per Car for the entire movement, and only rebilled moves were used when estimating Average Revenue per Car for the non-CP/KCS segment.

derived from CWS movement records that do not report the Mexico portion of revenues (a situation that arose primarily for FXE moves rebilled at Eagle Pass), we derived estimates of the revenue levels for the Mexican portion of the move from comparable KCSM shipments in the traffic tape data.[59]

6. As a final step to ensure reasonableness, we calculated average revenues per-mile for each line of business from the revenues developed for each individual diverted shipment. We removed as outliers the bottom ten percent and top 90 percent revenue per-mile figures from the calculation of the average revenue levels that we ultimately applied to what was diverted.

7. As seen in Table C1 below, incremental revenues for 49 percent of the diverted traffic used complete data from either the 2019 CWS or the combined CP/KCS traffic tapes, ten percent use matched end-to-end revenue levels from the CWS less actual CP/KCS divisions, and 41 percent use matched segment revenue levels from the CWS.

[59] This process only covers diversions of existing 2019 traffic movements and does not include the cereal grain and lumber opportunities discussed above that are not related to specific existing movements. For these, cereal grain revenues were based on KCS's 2019 average revenues for unit train shipments in railroad-owned cars from the Kansas City area to Mexico, and lumber revenues were based on 2019 average revenues.

TABLE C1[60]

Percentage of Diversion Traffic Covered By Three Approaches For Estimating Revenues	
Actual Movement Revenues From CWS or Traffic Tapes	49%
Average End to End Revenues from CWS Less Actual CP/KCS Divisions	10%
Average Segment Revenues from CWS for New CP/KCS Segment	41%

60 *See* Brown/Zebrowski Workpaper "Rail to Rail Diversion Summary," tab "Tables."

VERIFICATION

I, Richard W. Brown, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

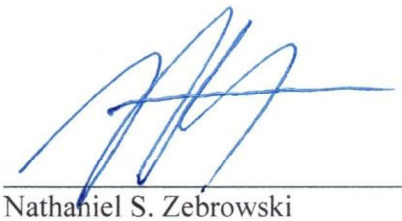
Executed this 28 day of October, 2021.

Richard W. Brown

VERIFICATION

I, Nathaniel S. Zebrowski, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed this 28th day of October, 2021.



Nathaniel S. Zebrowski

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

EXHIBIT 1 TO
VERIFIED STATEMENT OF
RICHARD W. BROWN AND NATHANIEL S. ZEBROWSKI

CURRICULUM VITAE OF RICHARD W. BROWN

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Education

MBA from Northwestern University Graduate School of Management

BS in Economics from Syracuse University

Richard Brown is an as need Director in the Network Industries Strategies ("NIS") group of FTI's Economic Consulting practice. With 28 years of experience in the railroad industry, Mr. Brown specializes in providing financial, economic and analytical consulting services to North America's largest railroads. Mr. Brown has provided expert testimony in merger proceedings and rate reasonableness cases before the Interstate Commerce Commission and The Surface Transportation Board. Mr. Brown works primarily from his Texas office at 925 Ranch Road, Copper Canyon, TX 76226.

Mr. Brown joined FTI Consulting in 1999. Much of the NIS group's work focuses on the economic and financial analysis of network industries, in particular different aspects of transportation. While at FTI, he has been involved in the analysis of rates, costs, and service in the railroad industry. Mr. Brown has worked extensively to develop expert testimony before the Surface Transportation Board ("STB") examining the reasonableness of railroad rates, railroads' applications for mergers and acquisitions. He also supported railroad internal strategic planning needs with respect to mergers and acquisitions and the impact of potential regulatory changes.

Prior to joining FTI, Mr. Brown spent 28 years with The Burlington Northern & Santa Fe Railway (BNSF), and its predecessor The Atchison, Topeka and Santa Fe Railway (ATSF). While at BNSF, he focused on strategic issues including the negotiation and implementation of the agreements between UP and BNSF that were effected to facilitate the UP-SP merger. Additionally, he took a lead role in the analysis of the potential impact of regulatory changes on railroad marketing strategy.

Mr. Brown held numerous positions in Strategic Planning and Marketing at ATSF. He was involved in merger analysis and planning and played a key role in the attempted merger between ATSF and Southern Pacific. He headed ATSF's Bulk Commodity Marketing which included Chemicals and Coal. In this role, Mr. Brown re-engineered a field sales organization with

regional directors responsible for coaching and mentoring account

managers; started a subsidiary company to handle tank containers as a retail intermodal options; and expanded on that with a joint venture with Bulkmatic, a major dry bulk truck line, to initiate a retail intermodal option for bulk containers.

Mr. Brown holds a Bachelors Degree in Economics from Syracuse University and an MBA degree from Northwestern University Graduate School of Management.

Select Railroad Testimony

Surface Transportation Board

September 20, 2002	Docket No. 42070 Duke Energy Corporation v. CSX Transportation, Inc., Written Reply Evidence and Argument of CSX Transportation, Inc.
September 30, 2002	Docket No. 42069 Duke Energy Corporation v. Norfolk Southern Railway Company, Written Reply Evidence and Argument of Norfolk Southern Railway Company.
October 11, 2002	Docket No. 42072 Carolina Power & Light v. Norfolk Southern Railway Company, Written Reply Evidence and Argument of Norfolk Southern Railway Company.
January 19, 2010	Docket No. 42110 Seminole Electric Cooperative, Inc. v. CSX Transportation, Inc., Written Reply Evidence of CSX Transportation, Inc.
May 7, 2010	Docket No. 42113 Arizona Electric Power Cooperative, Inc. v. BNSF Railway Company and Union Pacific Railroad Company, Joint Reply Evidence of BNSF Railway Company and Union Pacific Railroad Company
November 10, 2011	Docket No. 42127 Intermountain Power Agency v. Union Pacific Railroad Company, Reply Evidence of Union Pacific Railroad Company
November 30, 2012	Docket No. 42125 E.I. DuPont De Nemours & Company v. Norfolk Southern Railway Company, Reply Evidence of Norfolk Southern Railway Company
January 7, 2013	Docket No. 42130 SunBelt Chlor Alkali Partnership v. Norfolk Southern Railway Company, Reply Evidence of Norfolk Southern Railway Company
March 1, 2013	Ex Parte No. 711 Petition for Rulemaking to Adopt Revised Competitive Switching Rules, Opening Comments of the Association of American Railroads, Verified Statement of Michael R. Baranowski and Richard W. Brown
April 12, 2013	Docket No. 42136, Intermountain Power Agency v. Union Pacific Railroad Company, Reply Evidence of Union Pacific Railroad Company
May 30, 2013	Ex Parte No. 711 Petition for Rulemaking to Adopt Revised Competitive Switching Rules, Reply Comments of the Association of American Railroads, Verified Statement of Michael R. Baranowski and Richard W. Brown

July 21, 2014	Docket No. NOR 42121 Total Petrochemicals & Refining USA, Inc. v. CSX Transportation, Inc., Reply Evidence of CSX Transportation, Inc.
March 7, 2016	Docket No. NOR 42142 Consumers Energy Company v. CSX Transportation, Inc., Reply Evidence of CSX Transportation, Inc.
March 6, 2017	Docket No. NOR 42142 Consumers Energy Company v. CSX Transportation, Inc., Supplemental Reply Evidence of CSX Transportation, Inc.

U.S. District Court for the District of Oregon

February 5, 2010	CV No. 3:08-CV-415-BR. BNSF Railway Company v. Albany and Eastern Railroad Company, et al.

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

EXHIBIT 2 TO
VERIFIED STATEMENT OF
RICHARD W. BROWN AND NATHANIEL S. ZEBROWSKI

CURRICULUM VITAE OF NATHANIEL S. ZEBROWSKI

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Nathan Zebrowski is a Managing Director in the Network Industries Strategies group of the Economic Consulting segment, located in McLean, VA. He provides financial and economic consulting services to the transportation and energy industries.

Mr. Zebrowski's work combines economic and statistical training with deep industry expertise and project experience. His work includes freight transportation market analysis; competitive assessments and valuations for transportation assets, services, and systems; contract evaluation, negotiation support, regulatory risk assessment, and damages determinations; litigation and expert witness testimony; rate reasonableness inquiries including application of regulatory tests; M&A related analysis and support; and operational, capital investment, and cost studies.

In Mr. Zebrowski's work evaluating network enterprises, he is informed by an intimate knowledge of the fundamental economics related to long-lived network assets, the unique realities affecting network operations and the highly individualized nature of the regional and commodity markets in which transportation businesses participate. He has special expertise in developing complex computer models assessing traffic flows over railroad networks and conducting detailed studies on costs, operations, and pricing of freight transportation services.

Representative Engagements:

Railroad Testimony

March 7, 2016	Docket No. 42142 Consumers Energy Company v. CSX Transportation, Inc., Reply Evidence of CSX Transportation, Inc.

Preparation of Evidence (Sponsored by Others)

Surface Transportation Board

November 30, 2012	Docket No. 42125 E.I. DuPont De Nemours & Company v. Norfolk Southern Railway Company, Reply Evidence of Norfolk Southern Railway Company
December 7, 2012	Docket No. Ex Parte 715, Rate Regulation Reforms, Reply Comments of the Association of American Railroads, Verified Statement of Michael R. Baranowski
January 7, 2013	Docket No. 42130 SunBelt Chlor Alkali Partnership v. Norfolk Southern Railway Company, Reply Evidence of Norfolk Southern Railway Company
March 1, 2013	Ex Parte No. 711 Petition for Rulemaking to Adopt Revised Competitive Switching Rules, Opening Comments of the Association of American Railroads, Verified Statement of Michael R. Baranowski and Richard W. Brown
April 12, 2013	Docket No. 42136 Intermountain Power Agency v. Union Pacific Railroad Company, Reply Evidence of Union Pacific Railroad Company
April 30, 2013	Ex Parte No. 711 Petition for Rulemaking to Adopt Revised Competitive Switching Rules, Reply Comments of the Association of American Railroads, Verified Statement of Michael R. Baranowski and Richard W. Brown
June 20, 2013	Ex Parte No. 431 (Sub-No. 4) Review of the General Purpose Costing System, Comments of the Association of American Railroads, Joint Verified Statement of Michael R. Baranowski and Benton V. Fisher
September 5, 2013	Ex Parte No. 431 (Sub-No. 4) Review of the General Purpose Costing System, Reply Comments of the Association of American Railroads, Joint Verified Statement of Michael R. Baranowski and Benton V. Fisher
July 21, 2014	Docket No. 42121 Total Petrochemicals & Refining USA, Inc. v. CSX Transportation, Inc., Reply Evidence of CSX Transportation, Inc.
September 5, 2014	Ex Parte No. 722 Railroad Revenue Adequacy, Opening Comments of Norfolk Southern Railway Company, Verified Statement of Michael R. Baranowski
November 4, 2014	Ex Parte No. 722 Railroad Revenue Adequacy, Reply Comments of Norfolk Southern Railway Company, Verified Statement of Michael R. Baranowski
October 7, 2015	Docket No. 42121 Total Petrochemicals & Refining USA, Inc. v. CSX Transportation, Inc., Supplemental and Compliance Evidence of CSX Transportation, Inc.

October 23, 2015	Docket No. FD 33760 (Sub-No. 46) BNSF Railway Company - Terminal Trackage Rights -- Kansas City Southern Railway Company and Union Pacific Railroad Company, BNSF Rebuttal Statement, Verified Statement of Michael R. Baranowski
November 20, 2015	Docket No. 42121 Total Petrochemicals & Refining USA, Inc. v. CSX Transportation, Inc., Reply to Supplemental and Compliance Evidence
July 18, 2016	Docket No. FD 35842 New England Central Railroad, Inc. -- Trackage Rights Order – Pan Am Southern LLC, Pan Am Southern Reply Evidence, Verified Statement of Michael R. Baranowski
October 11, 2016	Ex Parte No. 431 (Sub-No. 4) Review of the General Purpose Costing System, Comment of the Association of American Railroads, Verified Statement of Michael R. Baranowski and Benton V. Fisher
October 26, 2016	Ex Parte No. 711 (Sub-No. 1) Reciprocal Switching, Opening Comments of the Association of American Railroads, Verified Statement of Michael R. Baranowski
November 7, 2016	Ex Parte No. 431 (Sub-No. 4) Review of the General Purpose Costing System, Reply Comments of the Association of American Railroads, Verified Statement of Michael R. Baranowski and Benton V. Fisher
March 6, 2017	Docket No. 42142 Consumers Energy Company v. CSX Transportation, Inc., Supplemental Reply Evidence of CSX Transportation, Inc.
January 12, 2018	Docket No. FD 32760 (Sub-No. 46) BNSF Railway Company - Terminal Trackage Rights -- Kansas City Southern Railway Company and Union Pacific Railroad Company, BNSF Petition to Establish Conditions of Use and Compensation, Verified Statement of Michael R. Baranowski
July 16, 2018	Docket No. FD 32760 (Sub-No. 46) BNSF Railway Company - Terminal Trackage Rights -- Kansas City Southern Railway Company and Union Pacific Railroad Company, BNSF Rebuttal, Verified Statement of Michael R. Baranowski
April 26, 2019	Docket No. 42144 North American Freight Car Association, et al v. Union Pacific Railroad Company, Verified Statement of Michael R. Baranowski
January 26, 2021	Docket No. FD 32760 (Sub-No. 46) BNSF Railway Company - Terminal Trackage Rights -- Kansas City Southern Railway Company and Union Pacific Railroad Company, BNSF Opening Statement on Compensation, Verified Statement of Michael R. Baranowski
January 29, 2021	Ex Parte No. 704 (Sub-No. 1) Review of Commodity, Boxcar, and TOFC/COFC Exemptions, Comments of the Association of American Railroads, Verified Statement of Michael R. Baranowski and Benton V. Fisher
April 12, 2021	Docket No. FD 32760 (Sub-No. 46) BNSF Railway Company - Terminal Trackage Rights -- Kansas City Southern Railway Company and Union Pacific Railroad Company, BNSF Reply Statement on Compensation, Verified Statement of Michael R. Baranowski

May 12, 2021	Docket No. FD 32760 (Sub-No. 46) BNSF Railway Company - Terminal Trackage Rights -- Kansas City Southern Railway Company and Union Pacific Railroad Company, BNSF Rebuttal Statement on Compensation, Verified Statement of Michael R. Baranowski

Federal Courts

November 7, 2017	Civil Action No. 4:16-cv-1061-O, BNSF Railway Company v. Panhandle Northern Railroad LLC, Expert Report of Michael R. Baranowski
November 22, 2017	Civil Action No. 4:16-cv-1061-O, BNSF Railway Company v. Panhandle Northern Railroad LLC, Reply Expert Report of Michael R. Baranowski
December 21, 2017	Civil Action No. 4:16-cv-1061-O, BNSF Railway Company v. Panhandle Northern Railroad LLC, Rebuttal Expert Report of Michael R. Baranowski

Arbitrations and Mediations

September 6, 2013	IN JAMS ARBITRATION, Case No. 1220044715, Union Pacific Railroad Company v. BNSF Railway Company, Expert Report of Michael R. Baranowski
October 25, 2013	IN JAMS ARBITRATION, Case No. 1220044715, Union Pacific Railroad Company v. BNSF Railway Company, Expert Reply Report of Michael R. Baranowski
January 1, 2014	IN JAMS ARBITRATION, Case No. 1220044715, Union Pacific Railroad Company v. BNSF Railway Company, BNSF Post-Argument Submission, Affidavit of Michael R. Baranowski
April 14, 2017	American Arbitration Association Case No. 01-15-0004-4830 and 01-15-0004-4931, Arbitration Between FirstEnergy Generation LLC and CSX Transportation, Inc. & BNSF Railway Company, Expert Report of Michael R. Baranowski
November 22, 2017	American Arbitration Association Case No. No. 01-16-0003-6208, CSXT Transportation, Inc. v. JEA and Florida Power & Light Co., Expert Report of Michael R. Baranowski
January 26, 2018	American Arbitration Association Case No. No. 01-16-0005-5615, BNSF Railway Company & Norfolk Southern Railway Company v. FirstEnergy Generation, LLC, Expert Report of Michael R. Baranowski
February 16, 2018	American Arbitration Association Case No. 01-16-0005-5615, BNSF Railway Company & Norfolk Southern Railway Company v. FirstEnergy Generation, LLC, Rebuttal Expert Report of Michael R. Baranowski
February 23, 2018	American Arbitration Association Case No. 01-17-0000-0130, J.B. Hunt Transport, Inc. and BNSF Railway Company, Expert Report of Michael R. Baranowski
April 17, 2018	American Arbitration Association Case No. 01-17-0000-0130, J.B. Hunt Transport, Inc. and BNSF Railway Company, Reply Expert Report of Michael R. Baranowski
June 22, 2018	JAMS REF #1100088262, BNSF Railway Company v. Union Pacific Railroad Company, Expert Report of Michael R. Baranowski
March 25, 2019	American Arbitration Association Case No. 01-17-0000-0130, J.B. Hunt Transport, Inc. and BNSF Railway Company, Expert Report of Michael R. Baranowski

April 26, 2019	American Arbitration Association Case No. 01-17-0000-0130, J.B. Hunt Transport, Inc. and BNSF Railway Company, Reply Expert Report of Michael R. Baranowski
January 18, 2021	American Arbitration Association Case No. 01-18-0001-3283, BNSF Railway Company & Norfolk Southern Railway Company, and Dynegy Midwest Generation, LLC, Expert Report of Michael R. Baranowski on Behalf of BNSF & NS
February 5, 2021	American Arbitration Association Case No. 01-18-0001-3283, BNSF Railway Company & Norfolk Southern Railway Company, and Dynegy Midwest Generation, LLC, Expert Reply Report of Michael R. Baranowski on Behalf of BNSF & NS

Federal Energy Regulatory Commission

November 20, 2019	Docket Nos. OR18-7-002, et al. (Consolidated), Epsilon Trading, et al v. Colonial Pipeline Company, Prepared Answering Testimony of Michael R. Baranowski on behalf of Colonial Pipeline
March 20, 2020	Docket Nos. OR18-7-002, et al. (Consolidated), Epsilon Trading, et al v. Colonial Pipeline Company, Prepared Answering Testimony to Trial Staff of Michael R. Baranowski on behalf of Colonial Pipeline

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

EXHIBIT 3 TO
VERIFIED STATEMENT OF
RICHARD W. BROWN AND NATHANIEL S. ZEBROWSKI

TRAFFIC TAPE DATA FIELDS

TRAFFIC TAPE FIELD LIST

SOURCE
Waybill Number
Waybill Date
Accounting Period
MARK_CD
EQPUN_NBR
AAR Car Type
Shipper
Ship to Region
Consignee
Consignee Region
Sold To Name
Sold To Region
Payer Name
Payer Region
Number of Carloads
Intermodal TOFC COFC Service Code
Number of TOFC COFC
TOFC COFC Car Initial
TOFC COFC Car Number
STCC_CD
Billed Weight
Actual Weight
Weight Measure Indicator
Freight Revenue
Fuel Surcharge Amount
Currency
SYSTEM Freight Amount
SYSTEM Freight Currency
SYSTEM Fuel Surcharge
SYSTEM Fuel Surcharge Currency
Inter Intrastate Code
Transit Code
All Rail Intermodal Code
Type of Move
Type of Move via Water
Substituted Truck
Short Line Miles
Rebill Code
Startum Identification
Subsample Code Number
Transborder Code
Calculated Rate
Waybill Identifier
Reporting Railroad
Origin FSAC
Origin Railroad
Interchange1
First Bridge RR
Interchange2
Second Bridge RR
Interchange3
Third Bridge RR
Interchange4
Fourth Bridge RR
Interchange5
Fifth Bridge RR
Interchange6
Sixth Bridge RR
Interchange7
Seventh Bridge RR
Interchange8
Eighth Bridge RR
Interchange9
Termination Railroad
Termination FSAC
Waybill Ultimate Origin SCAC
Waybill Ultimate Origin FSAC
Waybill Ultimate Destination SCAC
Waybill Ultimate Destination FSAC
CARE_OF_ENGLSH_NM
RELEASE TMS
CSTMS_CLRNC_CD
CSTMS_CLRNC_FSAC_CD
CSTMS_CLRNC_SCAC_CD
LOAD_EMPTY_CD
Switch Description
Refused_Shipment_Flag
PHYSICAL ORIGIN SCAC
PHSCL_ORIGIN_FSAC_CD
PHYSICAL DESTINATION SCAC
PHSCL_DSTNTN_FSAC_CD
ON_RR_I
OFF_RR_I

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF BENGT MUTÉN

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF BENGT MUTÉN

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VERIFIED STATEMENT OF BENGT MUTÉN

1. My name is Bengt Mutén, and I am a Consulting Principal with IHS Markit in its Economics and Country Risk practice. My office is located at One Financial Center, Suite 1900, Boston, Massachusetts 02111.

2. I have a Bachelor of Science in Management Science from the Massachusetts Institute of Technology and a Master's of Science in Civil Engineering from the University of California at Berkeley. Since leaving Berkeley in 1980, I have been involved in the analysis and forecasting of the freight transportation market. I started my career at DNS Associates, Inc., and continued it at Mutén and Associates, Inc. A significant part of my practice during this period involved merger analysis, including diversion analyses relating to the Norfolk Southern-Conrail and Santa Fe-Southern Pacific transactions, transactions involving a number of regional railroads, and analyses supporting railroads' internal strategic planning.

3. In 1997 I joined Reebie Associates, a leading firm in analyzing the freight transportation marketplace across modes. Reebie Associates was acquired by Global Insight in 2004, which itself was acquired by IHS in 2008. IHS then then merged with Markit to become IHS Markit in 2016. During this time I provided diversion testimony for the applicants supporting Kansas City Southern's ("KCS's") acquisition of the Texas Mexican Railway.

4. I am also currently the primary developer of Transearch®, a database of modal freight movements originally developed by Reebie Associates in 1980. This database is used in market planning across a range of industries, but primarily by states, Metropolitan Planning Organizations ("MPOs"), and Class I railroads.

5. In this proceeding I have been asked by Applicants to estimate the expected diversions of current truck traffic to intermodal services the combined Canadian Pacific ("CP")

and KCS system will offer. This statement describes the process I used to estimate those diversions, and the results of my analysis.

I. INTRODUCTION

6. I estimated the likely diversion of truck traffic to new, integrated intermodal rail services that will be offered by the combined CP/KCS system by examining the improvements the transaction would achieve relative to the other existing rail intermodal options currently available to shippers. I performed this analysis on a lane-by-lane basis for all lanes in which the transaction would yield an improved CP/KCS single-line intermodal offering. As discussed in more detail below, I defined lanes as combinations of origin and destination pairs. In the United States, the origin and destination areas are defined by Business Economic Areas, which are based on the U.S. Bureau of Economic Analysis 1997 definitions[1]; in Canada, they are defined by Canadian Metropolitan Areas ("CMA") and the remainders of each province; and in Mexico, they are defined by states. These areas are herein collectively referred to as "BEAs." The aggregate volume of susceptible traffic is the sum of truck traffic moving in dry van or refrigerated trailers or containers, plus the total volume of intermodal traffic moving between ramps in these origin-destination lanes. In my analysis, I relied upon the truck flows that are reflected in the IHS Markit Transearch® database for 2019, the intermodal flows from CP and KCS waybill data for 2019, and the 2019 STB Carload Waybill Sample.

II. ESTIMATING TOTAL TRUCK FLOWS BY LANE AND COMMODITY

A. The Transearch Database

7. IHS Markit develops its Transearch database annually. This database includes essentially all freight flows within, into, and out of the United States, in most cases with county-

[1] Railinc Business Services, 2019 Surface Transportation Board Carload Waybill Sample Reference Guide (2020) at 70-98.

to-county geographic detail, commodities at a 4- or 5-digit STCC level, and, for truck, one of seven equipment types.

8. Users of Transearch can be broadly grouped into two categories, private-sector transportation-related firms and public sector planning agencies. In the private sector, users include Class I and short-line railroads, trucking companies, other transportation service providers, and trucking industry suppliers. A common application of Transearch in this sector is market sizing. Freight carriers use the data to assess their market share, either within their mode of operation, or across competitive modes. Additionally, there are more targeted applications where carriers will look in-depth at market-to-market lanes to find backhaul opportunities or modally divertible freight. Further, some clients use the data to identify industries or commodities in specific geographic markets as the basis for a sales campaign.

9. In the public sector, the primary Transearch users are state departments of transportation and MPOs. Transearch is often used as a key input to their federally mandated Freight and Rail Plans, but they will also use the data for more specific and targeted investigations such as corridor studies and infrastructure impact assessment. Ports and economic development agencies also use Transearch – ports use Transearch to assess the competitive hinterland service area for their facilities versus other port locations and economic development agencies use Transearch to identify regional or local trading patterns that are not available from other sources, as well as new business or industry opportunities.

10. Transearch was first developed forty years ago and has been steadily enhanced based in large part on feedback from the client base of transportation service providers – the data can be characterized as long-term market tested and proven. The annual processing cycle, however, includes validation quality control measures such as comparisons with alternate

sources of information, including the Bureau of Transportation Statistic's Commodity Flow Survey ("CFS") and the Federal Highway Administration's Freight Analysis Framework ("FAF"). Additional validation is performed through comparison with the prior year version. Where significant changes are seen as compared to earlier data or to the CFS or FAF, the development stream for the records in question are carefully reviewed and traced back to the specific input factors that serve as the basis for the generation of the result. Where possible, alternate information sources such as carrier flow data and industry association reports are reviewed and compared to help substantiate or adjust the activity level.

B. Data on Aggregate Truck Flows

11. Producing each annual version of the Transearch database begins by establishing region-specific output volumes by industry or commodity. For the majority of commodities,[2] including most manufactured goods, this information is drawn from IHS Markit's Economics and Country Risk Business Markets Insights ("BMI") database, supplemented by trade association and industry reports and U.S. government-collected data.

- BMI contains a consistent set of historical statistical estimates and forecasts by industry sector at the county level of geographic detail; and
- The statistics include the number of business establishments, employees, and output (as sales) by industry at the 6-digit North American Industrial Classification System ("NAICS") code level.

12. Information from the US industry Input/Output ("I/O") tables reported by the Bureau of Economic Analysis data is another key input in the process of estimating production

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[2] Commodities for which production volumes are not derived from BMI include:
- Agricultural products and livestock (sourced from the U.S. Department of Agriculture);
- Coal and petroleum products (sourced from the U.S. Energy Information Administration);
- Motor Vehicles (sourced from other IHS Markit Autos industry in-house databases);
- Selected chemicals (sourced from IHS Markit Chemicals industry group); and
- Minerals (sourced from the U.S. Geological Survey).

and consumption volumes. These I/O tables contain information on the amount of raw materials and other inputs that are needed to produce each industry's output. They also provide simultaneous information on the number and value of commodities that are demanded by each industry, as well as the amount of output generated by each industry.

13. The BMI county-level sales information is used in conjunction with these I/O tables to estimate the value of production and consumption for each commodity at the county level. The NAICS commodities are converted to 4- or 5-digit Standard Transportation Commodity Codes ("STCCs"). For each STCC, there is a price per ton, which is used to translate each commodity from nominal dollars into tonnage.

14. Using port-level U.S. Census merchandise trade data, Transearch identifies the volume of commodities that are domestically produced and exported along with quantities of commodities that are imported and used for domestic production and consumption. As a result, final county-level production and consumption numbers in Transearch include imports and exports.

15. In addition, Transearch incorporates additional sources of demand from the public sector, households, and the financial sector. This demand is accounted for in Transearch by using factors that take into account state and local tax revenues, wages and salary disbursements (as a proxy for household disposable income), and investments.

16. At this point in the Transearch database production process, total production and consumption volumes, as well as paired origin/destination commodity flows for freight movements by air, rail, water, and pipeline, are defined at the county level. IHS Markit then subtracts the known modal pairings from total production and consumption by county – origin volumes are subtracted from production (sales) totals; destination volumes are subtracted from

consumption (purchases) totals.[3] The remaining production and consumption volumes are converted into O-D flows moving by truck.

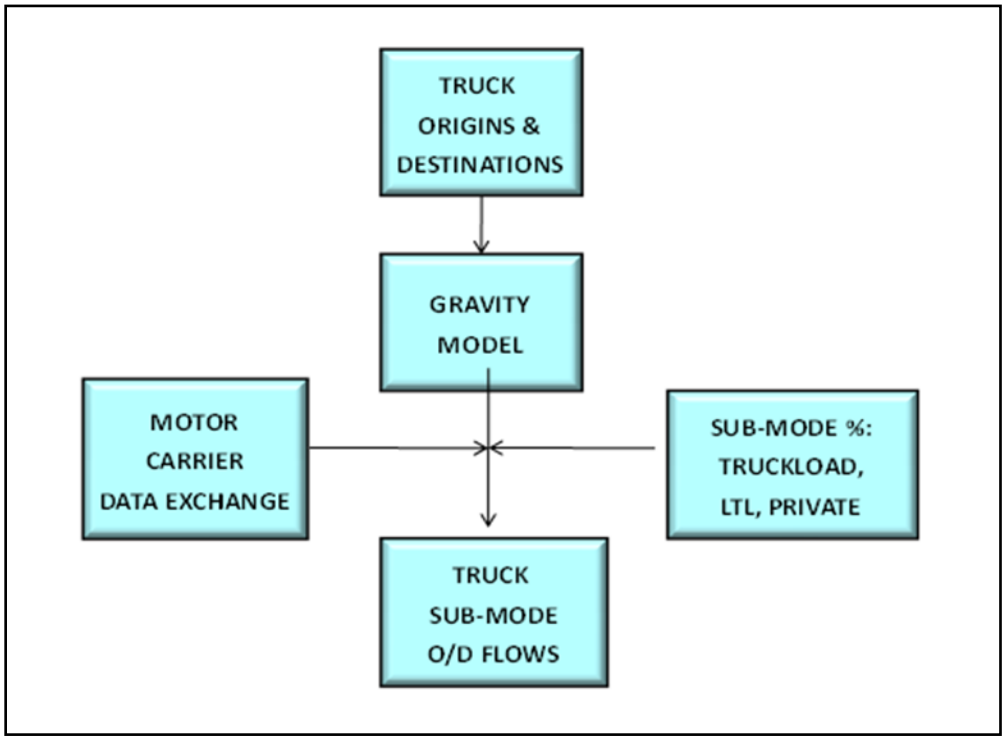
1. United States Domestic and Sea Trade Truck Movements

17. For truck movements within the United States, the next step in the production of the Transearch database is to allocate the aggregate level O-D truck flows to discrete categories of truck traffic (*i.e.,* truckload, LTL and private trucking.) From publicly available sources such as the CFS and FAF, IHS Markit gathers information on the typical distances each commodity is hauled (*e.g.*, less than 100 miles, 100-200 miles, etc.). The distribution by distance for each commodity is used in a gravity modeling approach to determine origin/destination paired flows. A gravity model for transportation and distribution applications, such as Transearch, utilizes two key parameters to convert the linkage between origin and destination market volumes into market-to-market flows: the size of the market, in terms of its origin or destination volumes, and the distance between the markets. The larger and nearer markets will account for a larger proportional share of the traffic, the smaller and more distant markets will be allocated proportionally smaller volumes.

18. IHS Markit verifies the origin/destination pairings through a comparison with actual commodity flow data collected from major freight carriers in the IHS Markit proprietary Data Exchange program. This process is depicted in Figure 1 below.

[3] These modal volumes are well-defined and reported by government agency data sources.

FIGURE 1
PROCESSING TRUCK ORIGINS AND DESTINATION INTO FLOWS



19. The tonnage for each STCC category is allocated between the for-hire and private sectors of the industry based on relative volumes reported in the CFS. The for-hire segment is then split between truckload and less-than-truckload ("LTL") components based on the actual freight carrier industry data on the level of LTL shipments, as well as prior Transearch patterns.

20. Motor carriers that participate in the exchange of their actual flow pattern data submit a summary of their annual volumes that includes identification of origin and destination markets, plus tonnage or truckloads. Commodity indications are captured through equipment types where available, or imputed using the available production and consumption data. Traffic is reported by zip code which is converted to county as part of the database preparation process. All of this information is provided on an origin-to-destination basis.

21. There is some variation in the sample achieved each year through this program, but in recent years it has included about 70 million individual truck shipments, covering both the truckload and LTL segments of the industry.[4] Participating carriers are primarily large truckload and LTL operators with average lengths of haul over 500 miles. However, the sample also includes owner-operator business, portions of private carriage and dray activity, and significant amounts of regional (under 500-mile) traffic. The sampling rate is about six percent overall, five percent under 500 miles, and four percent under 100 miles.[5]

22. Because this program depends on cooperation and carriers' business interests, it does not create a stratified random sample; to address this, coverage is pursued and obtained for a broad cross section of the trucking market, including diverse industrial and geographic segments.

23. To supplement the information obtained through the Data Exchange, IHS draws on proprietary data sets that contain information on the specific locations of manufacturing and distribution facilities, along with profiles of their industrial output, employment and sales level. This information, in conjunction with information gathered through the Motor Carrier Data Exchange, guides the establishment of origination volumes at the county level, and is particularly useful in markets where the Data Exchange sample is small.

24. Just as business establishment information is used to supplement origination data, it is used similarly in conjunction with the Bureau of Economic Analysis Industrial I/O tables to enhance the destination or consumption volumes by county. Based on the production volumes

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[4] As a point of comparison, the 2017 CFS sampled approximately six million shipments and the 2002 CFS sampled three million shipments; in both cases, these samples included to all the modes, not just to truck.

[5] As another point of comparison, the STB Waybill Sample runs 2.8 percent of shipments, but it is a stratified random sample and thus includes 22.5 percent of tonnage.

by industry derived from such data, the I/O relationships are analyzed to develop necessary input commodities and volumes that would be needed to satisfy production demands.

25. An initial screening and analysis of the Data Exchange information adjusts and eliminates any discrepancies in reporting formats or procedures by various participants. Summary results are also tabulated, and a variety of statistics are derived to ensure the reasonableness of the resulting data.

2. Mexico/United States Surface Freight Movements

26. The Transearch United States/Mexico cross-border data is constructed from transborder statistics produced by the U.S. Census Bureau, directly and through the U.S. Department of Transportation Bureau of Transportation Statistics. This source provides information on cross border shipments by truck, rail, and pipeline, in terms of declared value (in U.S. dollars) at customs inspection points on the border. Information on southbound shipments includes U.S. state of origin, crossing point, and Mexican state of destination and (separately) U.S. origin, commodity and Mexican destination. For northbound shipments, U.S. state of destination and the crossing point are shown, but origins are displayed simply as Mexico; however, physical volume (tons) is reported for these shipments, along with their value. Commodities are classified based on the international Harmonized Commodity Coding and Classification System, as set by the United States International Trade Commission and the World Customs Organization.

27. For southbound movements, the origin-crossing-destination and origin-commodity-destination datasets are combined with the crossing-level commodity data from U.S. Customs to estimate the complete flow. In a small number of cases, however, the source data contains crossings that do not correspond to physical border crossings – instead, they reflect the

point where the movement cleared customs. In those cases, Transearch retains the crossing from the source data for the sake of consistency.

28. For northbound movements, processing the data also involves allocating the northbound traffic to the Mexican state of origin. This process relies primarily on the latest Mexico Economic Census as conducted by the Instituto Nacional de Estadística y Geografía , which is made current using internal IHS Mexican intelligence and cross border Data Exchange information. The data is then converted using a translation table (i) relating the Harmonized Code to STCC commodity codes and (ii) converting from volume units (dollars) into tons. Additional checks are performed during the process of converting volume units from dollars to tons.

29. Where possible, this conversion relies on the unit counts of imports and exports. For commodities where unit weight varies widely, this conversion relies on a table of product values; however, adjustments are made in some instances where a dollar value is deemed more appropriate for import/export trade in a given commodity. Unit counts are added for truck and rail using averages from data exchange or commodity specific defaults.

30. U.S. and Mexican origins and destinations will incorporate flow information from the Data Exchange if such information exists. This includes cases where flows are transshipped before reaching ultimate endpoints to show the modal endpoint (to be consistent with other Transearch flows).

31. The database also includes U.S./Mexico water movements across the Gulf of Mexico and along the Pacific coast. Once again, the source for the U.S. port of entry/departure is the transborder data produced by the U.S. Census Bureau. In contrast to the overland moves, the source data provides weight in tons as well as the dollar value for seaborne vessel

movements. On the Mexican side of these movements, the source of the data is the Mexican Secretaría de Comunicaciones y Transportes ("SCT"), which publishes annual port level statistics for each Mexican port by commodity and country of origin and destination. This data is aggregated at the Mexican state level and the commodity classifications are converted to be compatible with the U.S. data. The state-level Mexican data is then matched with the port-level U.S. data using an iterative "best fit" process that assigns the flow based on criteria such as commodity, coast, and containerization. In the event that the U.S. Census and SCT data disagree, the process relies more upon the U.S. data.

32. Transearch for U.S./Mexico is further allocated down to the BEA or county-level based on domestic U.S. production and consumption levels within counties, by specific commodity types. The relative weighting of each county's inbound and outbound volumes, as a percent of a state's total volumes by specific commodity type, are used to create disaggregation factors, which are then applied to Mexican traffic flows. Primary source information from the Data Exchange, which includes material volumes of United States/Mexico truck traffic, is employed as am additional check against flow patterns at the state and the county level.

33. The allocation to the county level is undertaken chiefly for the purpose of developing flow routing assignments because this level of allocation has limited reliability as a localized picture of traffic between Mexico and the United States. In addition, as discussed earlier, in counties with multiple border crossings, the database does not distinguish volumes by the individual gateways. When applied to flow maps, the traffic movements through these multiple border crossings within the same county are routed based upon the shortest flow, not necessarily through the specific gateway facility.

3. Canada/United States Freight Movements

34. Similar to the U.S./Mexico data, the Transearch United States/Canada data draws primarily from customs data obtained from the U.S. Department of Transportation Bureau of Transportation Statistics ("BTS"). As with the BTS data for Mexico, data are separately provided as origin-crossing-destination totals by value and origin-commodity-destination totals by value. In this source, however, all origins and destinations are defined as U.S. states or Canadian provinces in both directions of trade. Commodities are coded in accordance with the Harmonized Commodity Description and Coding System HS and translated into equivalent four-digit STCC definitions.

35. Five separate modes are reported: truck, rail, water, air, and pipeline. In addition, where the mode of transport is unknown or not clearly specified on the customs documents, the shipment is included in an "other" grouping. It should be noted that the Canadian and Mexican cross-border data is the only part of Transearch that contains pipeline data, which are flows overwhelmingly dominated by shipments of crude petroleum and natural gas. For Canadian cross-border flows, these data are processed in a manner similar to how the Mexican data is processed, where origin-crossing-destination totals and origin-commodity-destination totals provided by BTS are combined with crossing level commodity totals from U.S. Customs to generate a complete flow from origin province to border crossing to destination state by commodity and vice versa.

36. For U.S. origins and destinations, domestic traffic volumes at the county level are used to allocate the international origins and destinations. (This step is unnecessary for rail traffic based on the STB Waybill, since granular geographic information is available in the sample.) This process uses the same U.S. domestic data and processing techniques that are used with the Mexican data, but because Canadian shipping activity is more dispersed, the resulting

patterns are more robust. Canadian origins and destinations are disaggregated to the metropolitan market level based on patterns of Canadian domestic truck traffic, reported by Statistics Canada. Reports identify commodities and CMAs; still, significant portions of traffic appear in non-CMA, "remainder of Province" territories, and these residual geographic classifications also are carried forward into the international data set.

C. Current Intermodal Rail Flows

37. For Intermodal Rail Flows I used the combined 2019 CP/KCS 100% waybill data provided by FTI (covering both U.S. and Canada for CP and U.S. and Mexico for KCS). I combined these records with the 2019 STB Carload Waybill Sample Confidential File ("CWS") after eliminating duplicate records and adjusting for rebill flows.

38. The combined CP/KCS file included 1,876,725 intermodal units as detailed in Table 1 below. Of these, 932,857 units originated and/or terminated in the United States or transited between Canada and Mexico and would be expected to be included in the CWS:

TABLE 1

Carriers	Units
CP and KCSM	1,137
KCS and KCSM	141,340
CP, no KCS or KCSM	1,187,632
KCS, no CP or KCSM	200,489
KCSM, no CP or KCS	339,671
Haulage on CP	6,446
Total	**1,876,725**

39. The CWS included 410,576 intermodal records (records with one or more intermodal units), with 417,772 units. The expanded counts (multiplying by the sampling rate) is

16,448,525 units. Of those expanded records, 16,417 records with 656,680 units included CP or KCS in the route and were discarded as duplicates.

40. Rebill (Rule 11) traffic is included and flagged as such in the CWS. However, carriers tend to report this traffic differently. BNSF, UP, CSX, and NS report all rebill traffic regardless whether they originated, terminated, or handled the traffic as a bridge carrier, but they only report their portion of the move. For example, a move rebilled at Chicago for an intermodal unit routed Los Angeles-UP-Chicago-NS-Philadelphia would (if sampled in the CWS) show up both as a Los Angeles-UP-Chicago move with a rebill code of 1 (forwarded) and as a Chicago-NS-Philadelphia move with a rebill code of 3 (received). However, most other carriers report only terminated rebill moves, but show the full route (but only their own revenue, since other carrier's revenue would not be known to them). Thus, a Charlotte-NS-Meridian-KCS-Laredo flow would (again, if sampled) show up both as a Charlotte-NS-Meridian move with rebill code 1 (because of NS's reporting practices) and as a Charlotte-NS-Meridian-KCS-Laredo flow with rebill code 3 (because of KCS's reporting practices). For the reverse movement, the only record would be Meridian-NS-Charlotte, with a rebill code 3 and no corresponding record for the KCS portion.

41. There are also some other discrepancies in how railroads report certain traffic. For instance, BNSF markets direct Los Angeles-Atlanta and back intermodal service, but the trains are handled by CSX east of Memphis. CSX appears to report this traffic as a Memphis-Atlanta rebill flow, whils BNSF includes the whole route Los Angeles-Atlanta as a single line flow in their submission to the CWS. In this case, the CSX records were discarded as they duplicated the CSX portion of the BNSF flow.

42. Since length of haul is a significant driver of divertibility, it was important to identify the ultimate origins and destinations for rebilled intermodal flows, not just the individual legs. To avoid double counting, I took the following steps:

Step 1: If the CWS records showed the full route, it was kept.

Step 2: For rebill records where only a single carrier was included:

(a) If there were records with identical waybill number, date, and junction in the CP/KCS sample, the duplicate records were dropped.

(b) Remaining forwarded rebill flows were allocated to destinations proportional to the rebill flows of the same equipment owner and junction and heading in the same directions. For example, UP rebill flows into Chicago were allocated among rebill flows out of Chicago, excluding those heading West.

(c) Forwarded rebill flows still remaining were allocated to destinations proportional to the rebill flows of the same equipment type (container or trailer) and junction and heading in the same directions.

43. There are significant volumes of traffic to/from Mexico that are rebilled at the border. For obvious reasons, the Mexico portion is not included in the CWS. For KCSM traffic, this did not present an issue because these movements were included in the KCS waybill data and dropped from the CWS as described in Step 2(a) above. For Ferromex traffic I used the rail data in Transearch to allocate this traffic to origin and destinations states in Mexico, using the commodity information on the waybill. The same process was used for flows rebilled at the

Canadian border: if they were in the CP sample, they were dropped and the remainder were allocated to CN points using Transearch data

44. The STB does not require that waybills terminating in Canada show the Canadian route. While other carriers still appear to report the Canadian portion of the route, CN seems to show a termination point at the border. Using the same process I used for rebills, I also used Transearch to estimate destination provinces and CMAs for this traffic.

III. ESTIMATING DIVERSIONS FROM IMPROVED CP/KCS INTERMODAL OFFERINGS

45. I was able to estimate the likely shift of truck traffic from highway movements to new CP/KCS intermodal offerings using the Transearch data on existing truck modal flows along with detailed information about where rail intermodal offerings have been successful to date. My analysis began by examining the factors that influence the share of total susceptible movements that are handled in rail intermodal service by lane. For each origin destination combination, I summed the total number of trucks using dry van or refrigerated trailers or containers, plus the total number of intermodal units. I then assigned separate truck and a rail mileage to each O-D pair. For truck mileage, I used county-to-county miles from the Oak Ridge National Laboratory national freight network data, and then took the weighted average for the O-D pair. For rail mileage, I used the weighted average miles for intermodal flows from the CWS. I discarded O-D flows under 500 miles as well as flows that did not include at least 1,000 units of intermodal traffic in 2019.

46. I then performed a regression analysis to identify the factors that influence the share of total movements in these lanes handled by rail intermodal, applying the methodology used repeatedly in prior rail merger proceedings by my former colleagues at Reebie Associates,

and accepted by the STB.[6] Their prior work found that the primary drivers of intermodal market share were the size of the market, the distance between the end points, and the availability of single-line service. My analysis of the available data in this proceeding confirmed the relevance of these factors. Specifically, my regression identified coefficients for each of the following variables: total traffic volume, the length of the highway distance, the difference between the highway distance and the rail distance, and the number of interchanges required. My regression analysis estimated the following predictive equation:

Intermodal Share = 0.00013954 * Truck Miles + 0.0000011495 * (Intermodal Tons + Truck Tons) + 0.31800 * (1 is single line, 0 is interline) + 0.0000028182 * (Truck Miles-Rail Miles).

Equation has an r square of .9255.

47. Using this equation, I was able to estimate the impact on rail intermodal lane share for the O-D lanes where the CP/KCS transaction would create new single-line intermodal offerings. My analysis considered only those flows where a combined CP/KCS would be able to offer single line system service, but neither CP nor KCS is currently able to offer single-line service. Thus, my analysis was limited to those flows with one end point in BEAs where there was a ramp on the CP system, and the other endpoint at a KCS or KCSM ramp (including privately operated ramps in Mexico). I included lanes between points on CP and Kansas City even though CP serves Kansas City today because CP does not have an intermodal ramp or provide intermodal service to the Kansas City BEA.

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[6] *See, e.g.*, *CSX Corp. and CSX Transportation, Inc. & Norfolk Southern Corp. & Norfolk Southern Ry. – Control & Operating Leases/Agreements – Conrail Inc. & Consolidated Rail Corp.*, STB Finance Docket No. 33388, Verified Statement of Joseph G. B. Bryan (filed June 2, 1997).

48. My analysis also excluded from consideration any diversions in O-D pairs where existing single-line rail intermodal service had already attracted at least five percent of total susceptible movements, meaning where a new CP/KCS offering would not be creating the first single-line rail intermodal offering. This does not mean there would be no such diversions, but estimating their magnitude would require a more detailed assessment of the specific attributes of the CP/KCS service and the incremental value it would bring to potential intermodal shippers. However, for purposes of this analysis, we assumed that CP/KCS would have similar pricing and service levels as its competitors, and thus would not be presenting a genuinely new alternative for flows moving by truck now. In Appendix A these exclusions are noted with "Rule 1". My analysis did not exclude from consideration lanes in which existing single-line rail options have failed to attract at least five percent of the total susceptible volumes. Texas-Minneapolis lanes are one such example; though served today by BNSF and UP, there was only minimal intermodal traffic in 2019, and CP/KCS would offer a more direct route and dedicated intermodal service.

49. For each of the lanes included in my diversion analysis, I applied the above formula to the available traffic volumes, both for the current route (almost always with no single-line rail intermodal offering) and for the CP/KCS alternative (single-line but in a number of cases higher mileage). I then calculated diversion gains for CP/KCS from highways as the difference in the expected rail shares.

50. In a few cases my analysis produced expected lane shares for rail intermodal that were curiously high. To avoid overestimating potential diversions, and in line with the conservative nature of my analysis, I assigned a ceiling of 70.9 percent as the rail intermodal share of traffic in any lane. This ceiling was conservative in that it is based on the 80th

percentile of intermodal lane shares across all U.S. lanes with rail intermodal service. In Appendix A, these exclusions are referred to as excluded under "Rule 2."

51. Knowledgeable CP personnel confirmed that the estimates appeared reasonable from the perspective of the services CP anticipated offering post-transaction, providing comments that result in only three changes:

- Potential service between the Jeffersonville, OH ramp and U.S. points was not viewed as likely to divert additional truck traffic from the highways, and these flows were therefore removed from the diversion analysis.
- My results yielded a significant imbalance in volume between Minneapolis, MN, and Dallas, TX. Because of uncertainty as to whether CP would be able to handle the surplus southbound traffic in a cost-effective way, the forecasted southbound diversions were capped at the level of the forecasted northbound volumes.
- The total volume of current traffic plus truck-to-rail and rail-to-rail diversions to and from CP's Detroit Intermodal Terminal was judged to exceed the current capacity of the terminal. As with rail-to-rail diversions of intermodal traffic in lanes to/from Detroit (Verified Statement of Richard W. Brown and Nathaniel S. Zebrowski at 35), truck-to-rail diversions were reduced to 45 percent of the original estimate.

52. Overall, my analysis estimated annual diversion of 64,018 trailers or containers per year to intermodal service. The results by O-D pair are shown in Appendix A.

IV. REVENUE ESTIMATES

53. The truck-to-rail diversions that I forecast would result from the introduction of new single-line rail intermodal services by a combined CP/KCS system. The revenues that

CP/KCS would earn on this new intermodal traffic can reasonably be estimated by first determining the drivers of the market rate levels charged by railroads for existing domestic rail intermodal traffic, and then applying those determinants to the composition of the new traffic CP/KCS would handle. Using the movement-by-movement revenues available in the CWS and the CP and KCS traffic records for BEA-to-BEA lanes with minimum volume of 1,000 units per year, I performed a regression analysis to determine the observable characteristics that explain rate levels. As shown below, the formula revealed by these data is driven by the length of haul and by the density (units per year) of the BEA-to-BEA corridor:

Revenue per Loaded Unit (US $) = .82903 * Rail Miles + 338,295/Density

Equation has an r square of .99992.

Revenue per Empty Unit (US $) = .38387 * Rail Miles + 164,256/Density

Equation has an r square of .99967.

54. Applying this formula to the movements we forecast to be diverted from highway to the CP/KCS system, I estimate that the total revenue gain to the combined system will be $98.2 million per year (based on 2019 dollars and traffic levels). Importantly, this formula should not be used to predict the specific market rates that would be charged for any given movement or in any specific lane. A variety of market factors – such as the predominant direction of travel and the commodity mix – could significantly impact individual movement or corridor revenues. Nonetheless, Appendix A reports the calculated revenue gain per corridor in order to illustrate the order-of-magnitude breakdown of my estimate of the overall total revenue gain.

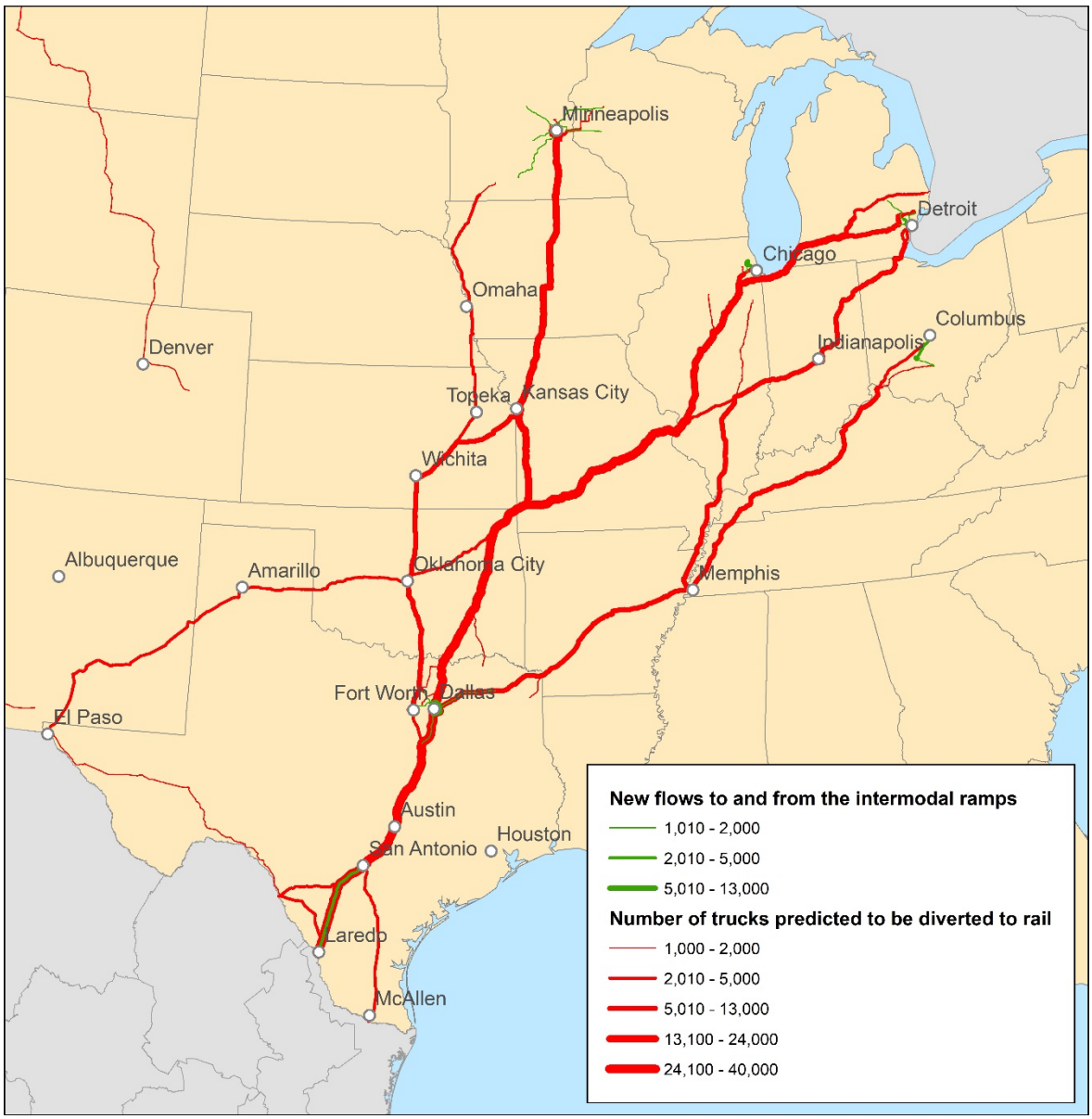
55. I understand that the Joint Verified Statement of Jonathan Wahba and Michael J. Naatz identifies as a new marketing opportunity for the combined CP/KCS system's new intermodal services to attract perishable flows currently moving by truck from Mexico to Upper Midwest markets reachable via CP-served intermodal terminals. Most of the opportunity these witnesses see would not have been detected by my analysis, because only very small volumes of this traffic move directly from Mexico to Chicago by truck today. Instead, most of these volumes flow out of Mexico to intermediate destinatiions in border states (primarily California, Arizona, and Texas), and later move to the Midwest. My analysis did divert very small volumes of this traffic, however, which I provided to other witnesses to ensure that there was no inadvertant double count. The traffic in this category identified in my analysis amounted to 374 loaded units with estimated annual revenues of $643,011.

V. FORECASTED SHIFTS OF TRUCK TRAFFIC FROM U.S. HIGHWAYS TO RAIL

56. The diversion of trucks to intermodal is expected to reduce long-haul truck miles in the United States by 86.2 million annually, while requiring an additional 3.4 million miles of local dray to the ramps, for a net reduction of 82.8 million annual truck miles.[7] The reduction of long-haul truck miles in Canada is expected to be 1.8 million, and in Mexico 14.9 million, with a small increase in local dray miles in each country. The change in truck miles by state is shown in Appendix B, by major highway in Appendix C, and on the map set forth as Figure 2 below.

[7] We routed the traffic to be diverted using the Oak Ridge National Laboratories Intermodal Network. The routes are in most cases county centroid to county centroid, via actual border crossings where applicable and to/from ramps where there was a node in the network. For each O-D pair there is only one "best" route.

FIGURE 2
TRUCK VOLUMES DIVERTED FROM U.S. HIGHWAYS
BY CP/KCS INTERMODAL OFFERINGS



APPENDIX A
DIVERSIONS BY O-D PAIR

Origin Road	Destination Road	Origin BEA/CMA/State	Destination BEA/CMA/State	Current Truck	Units Diverted	Revenue Gain
CPRS	KCS	Calgary, AB	Dallas, TX	20	11	$21,349
CPRS	KCS	Calgary, AB	San Antonio, TX	4	3	$5,620
CPRS	KCS	Chicago, IL	Coahuila De Zaragoza	1,476	Rule 2	$0
CPRS	KCS	Chicago, IL	Dallas, TX	19,124	Rule 1	$0
CPRS	KCS	Chicago, IL	Federal District	2,245	1,419	$2,597,838
CPRS	KCS	Chicago, IL	Guanajuato	1,115	Rule 2	$0
CPRS	KCS	Chicago, IL	Michoacán	33	21	$47,411
CPRS	KCS	Chicago, IL	Nuevo Leon	9,794	4,401	$5,341,211
CPRS	KCS	Chicago, IL	Queretaro	1,063	719	$1,875,232
CPRS	KCS	Chicago, IL	San Antonio, TX	2,885	Rule 1	$0
CPRS	KCS	Chicago, IL	San Luis Potosi	1,469	Rule 2	$0
CPRS	KCS	Chicago, IL	State of Mexico	3,830	Rule 2	$0
KCS	CPRS	Coahuila De Zaragoza	Chicago, IL	5,901	1,405	$2,265,115
KCS	CPRS	Coahuila De Zaragoza	Columbus, OH	396	248	$540,078
KCS	CPRS	Coahuila De Zaragoza	Detroit, MI	9,771	1,054	$2,084,311
KCS	CPRS	Coahuila De Zaragoza	Minneapolis, MN	130	81	$174,295
CPRS	KCS	Columbus, OH	Coahuila De Zaragoza	303	190	$412,451
CPRS	KCS	Columbus, OH	Federal District	327	205	$445,710
CPRS	KCS	Columbus, OH	Guanajuato	489	299	$615,867
CPRS	KCS	Columbus, OH	Michoacán	4	3	$6,935
CPRS	KCS	Columbus, OH	Nuevo Leon	2,667	1,568	$2,546,908
CPRS	KCS	Columbus, OH	Queretaro	361	245	$698,748
CPRS	KCS	Columbus, OH	San Luis Potosi	323	74	$145,176
CPRS	KCS	Columbus, OH	State of Mexico	1,572	951	$1,865,083
KCS	CPRS	Dallas, TX	Calgary, AB	40	23	$44,176
KCS	CPRS	Dallas, TX	Chicago, IL	12,956	Rule 1	$0
KCS	CPRS	Dallas, TX	Detroit, MI	7,980	2,348	$2,642,447
KCS	CPRS	Dallas, TX	Edmonton, AB	771	472	$974,375
KCS	CPRS	Dallas, TX	Minneapolis, MN	9,934	6,586	$5,532,974
KCS	CPRS	Dallas, TX	Montreal, PQ	83	46	$82,060
KCS	CPRS	Dallas, TX	Regina, SK	11	6	$9,486
KCS	CPRS	Dallas, TX	Toronto, ON	2,399	1,339	$1,923,425

Origin Road	Desti-nation Road	Origin BEA/CMA/State	Destination BEA/CMA/State	Current Truck	Units Diverted	Revenue Gain
KCS	CPRS	Dallas, TX	Vancouver, BC	138	86	$194,429
KCS	CPRS	Dallas, TX	Winnipeg, MB	252	125	$179,294
CPRS	KCS	Detroit, MI	Coahuila De Zaragoza	3,243	Rule 2	$0
CPRS	KCS	Detroit, MI	Dallas, TX	12,592	3,833	$4,121,012
CPRS	KCS	Detroit, MI	Federal District	1,371	417	$970,468
CPRS	KCS	Detroit, MI	Guanajuato	3,314	722	$1,449,939
CPRS	KCS	Detroit, MI	Kansas City, MO	5,928	Rule 1	$0
CPRS	KCS	Detroit, MI	Michoacán	170	52	$136,253
CPRS	KCS	Detroit, MI	Nuevo Leon	2,959	102	$166,162
CPRS	KCS	Detroit, MI	Queretaro	3,655	1,113	$3,254,770
CPRS	KCS	Detroit, MI	San Antonio, TX	2,354	Rule 2	$0
CPRS	KCS	Detroit, MI	San Luis Potosi	665	Rule 2	$0
CPRS	KCS	Detroit, MI	State of Mexico	3,006	334	$621,393
CPRS	KCS	Edmonton, AB	Dallas, TX	848	520	$1,070,961
CPRS	KCS	Edmonton, AB	Kansas City, MO	86	46	$76,035
CPRS	KCS	Edmonton, AB	San Antonio, TX	152	94	$208,918
KCS	CPRS	Federal District	Chicago, IL	2,154	1,353	$2,478,570
KCS	CPRS	Federal District	Columbus, OH	389	244	$529,437
KCS	CPRS	Federal District	Detroit, MI	4,001	598	$1,390,174
KCS	CPRS	Federal District	Minneapolis, MN	532	341	$749,223
KCS	CPRS	Guanajuato	Chicago, IL	666	Rule 2	$0
KCS	CPRS	Guanajuato	Columbus, OH	486	296	$610,254
KCS	CPRS	Guanajuato	Detroit, MI	4,637	870	$1,753,318
KCS	CPRS	Guanajuato	Minneapolis, MN	178	109	$228,327
KCS	CPRS	Kansas City, MO	Detroit, MI	13,165	Rule 1	$0
KCS	CPRS	Kansas City, MO	Edmonton, AB	46	24	$40,722
KCS	CPRS	Kansas City, MO	Montreal, PQ	25	13	$18,694
KCS	CPRS	Kansas City, MO	Regina, SK	2	1	$1,047
KCS	CPRS	Kansas City, MO	Toronto, ON	1,349	660	$788,768
KCS	CPRS	Kansas City, MO	Vancouver, BC	37	22	$43,927
KCS	CPRS	Kansas City, MO	Winnipeg, MB	269	118	$122,366
KCS	CPRS	Michoacán	Chicago, IL	47	29	$65,505
KCS	CPRS	Michoacán	Columbus, OH	19	13	$32,218
KCS	CPRS	Michoacán	Detroit, MI	134	41	$106,877

Origin Road	Destination Road	Origin BEA/CMA/State	Destination BEA/CMA/State	Current Truck	Units Diverted	Revenue Gain
KCS	CPRS	Michoacán	Minneapolis, MN	70	48	$118,945
CPRS	KCS	Minneapolis, MN	Coahuila De Zaragoza	216	135	$290,212
CPRS	KCS	Minneapolis, MN	Dallas, TX	25,244	6,586	$5,571,294
CPRS	KCS	Minneapolis, MN	Federal District	432	277	$608,520
CPRS	KCS	Minneapolis, MN	Guanajuato	343	213	$444,120
CPRS	KCS	Minneapolis, MN	Michoacán	94	63	$158,436
CPRS	KCS	Minneapolis, MN	Nuevo Leon	3,393	2,158	$3,460,828
CPRS	KCS	Minneapolis, MN	Queretaro	628	425	$1,162,100
CPRS	KCS	Minneapolis, MN	San Antonio, TX	3,642	2,105	$2,501,884
CPRS	KCS	Minneapolis, MN	San Luis Potosi	786	481	$956,503
CPRS	KCS	Minneapolis, MN	State of Mexico	868	522	$993,717
CPRS	KCS	Montreal, PQ	Dallas, TX	846	301	$542,324
CPRS	KCS	Montreal, PQ	Kansas City, MO	259	132	$194,289
CPRS	KCS	Montreal, PQ	San Antonio, TX	216	80	$168,703
KCS	CPRS	Nuevo Leon	Chicago, IL	5,140	Rule 2	$0
KCS	CPRS	Nuevo Leon	Columbus, OH	1,026	579	$1,017,676
KCS	CPRS	Nuevo Leon	Detroit, MI	6,668	1,307	$2,171,856
KCS	CPRS	Nuevo Leon	Minneapolis, MN	2,738	1,646	$2,719,302
KCS	CPRS	Queretaro	Chicago, IL	964	652	$1,695,603
KCS	CPRS	Queretaro	Columbus, OH	397	268	$766,618
KCS	CPRS	Queretaro	Detroit, MI	3,294	1,003	$2,966,364
KCS	CPRS	Queretaro	Minneapolis, MN	408	276	$754,634
KCS	CPRS	San Antonio, TX	Calgary, AB	6	4	$7,665
KCS	CPRS	San Antonio, TX	Chicago, IL	3,322	Rule 1	$0
KCS	CPRS	San Antonio, TX	Detroit, MI	2,828	Rule 2	$0
KCS	CPRS	San Antonio, TX	Edmonton, AB	183	114	$257,528
KCS	CPRS	San Antonio, TX	Minneapolis, MN	1,619	856	$1,191,865
KCS	CPRS	San Antonio, TX	Montreal, PQ	54	31	$64,237
KCS	CPRS	San Antonio, TX	Regina, SK	4	2	$4,186
KCS	CPRS	San Antonio, TX	Toronto, ON	1,441	856	$1,589,921
KCS	CPRS	San Antonio, TX	Vancouver, BC	113	72	$166,790
KCS	CPRS	San Antonio, TX	Winnipeg, MB	183	101	$174,800
KCS	CPRS	San Luis Potosi	Chicago, IL	773	Rule 2	$0
KCS	CPRS	San Luis Potosi	Columbus, OH	371	179	$352,102

Origin Road	Desti-nation Road	Origin BEA/CMA/State	Destination BEA/CMA/State	Current Truck	Units Diverted	Revenue Gain
KCS	CPRS	San Luis Potosi	Detroit, MI	1,877	Rule 2	$0
KCS	CPRS	San Luis Potosi	Minneapolis, MN	265	159	$316,984
KCS	CPRS	State of Mexico	Chicago, IL	3,258	117	$166,533
KCS	CPRS	State of Mexico	Columbus, OH	1,256	728	$1,429,355
KCS	CPRS	State of Mexico	Detroit, MI	7,107	1,462	$2,681,743
KCS	CPRS	State of Mexico	Minneapolis, MN	801	478	$911,460
CPRS	KCS	Toronto, ON	Dallas, TX	3,997	2,368	$3,127,900
CPRS	KCS	Toronto, ON	Kansas City, MO	847	402	$481,509
CPRS	KCS	Toronto, ON	San Antonio, TX	1,010	583	$1,066,438
CPRS	KCS	Vancouver, BC	Dallas, TX	206	127	$277,822
CPRS	KCS	Vancouver, BC	Kansas City, MO	10	6	$11,302
CPRS	KCS	Vancouver, BC	San Antonio, TX	31	19	$44,090
CPRS	KCS	Winnipeg, MB	Dallas, TX	199	97	$136,092
CPRS	KCS	Winnipeg, MB	Kansas City, MO	197	86	$87,783
CPRS	KCS	Winnipeg, MB	San Antonio, TX	38	21	$36,001
Total				258,013	64,018	$98,155,376
Per Unit				4.0		$1,533

APPENDIX B
CHANGE IN TRUCK MILES PER YEAR BY STATE OR PROVINCE

Country	State	Reduction from Line Haul Miles (x 1,000 miles)	Increased Dray Miles (x 1,000 miles)	Net Reduction (x 1,000 miles)
Canada	Alberta	220.9	N/A	220.9
Canada	British Columbia	9.6	N/A	9.6
Canada	Manitoba	27.6	N/A	27.6
Canada	New Brunswick	821.0	N/A	821.0
Canada	Newfoundland	42.0	N/A	42.0
Canada	Ontario	624.3	N/A	624.3
Canada	Quebec	4.0	N/A	4.0
Canada	Saskatchewan	6.4	N/A	6.4
Canada	Total	1,755.7	N/A	1,755.7
Mexico	Aguascalientes	13.8	N/A	13.8
Mexico	Chihuahua	974.3	N/A	974.3
Mexico	Coahuila De Zaragoza	3,442.7	N/A	3,442.7
Mexico	Distrito Federal	882.1	N/A	882.1
Mexico	Durango	352.8	N/A	352.8
Mexico	Guanajuato	1,975.6	N/A	1,975.6
Mexico	Hidalgo	113.4	N/A	113.4
Mexico	Jalisco	34.0	N/A	34.0
Mexico	Michoacán	10.4	N/A	10.4
Mexico	Nayarit	42.7	N/A	42.7
Mexico	Nuevo Leon	2,980.3	N/A	2,980.3
Mexico	Queretaro	272.1	N/A	272.1
Mexico	San Luis Potosi	2,263.3	N/A	2,263.3
Mexico	Sinaloa	103.6	N/A	103.6
Mexico	Sonora	74.7	N/A	74.7
Mexico	Tamaulipas	1,273.0	N/A	1,273.0
Mexico	Veracruz	20.3	N/A	20.3
Mexico	Zacatecas	110.5	N/A	110.5
Mexico	Total	14,939.5	N/A	14,939.5
United States	Arizona	428.2	0.0	428.2
United States	Arkansas	3,827.0	6.7	3,820.3
United States	California	334.0	0.0	334.0

Country	State	Reduction from Line Haul Miles (x 1,000 miles)	Increased Dray Miles (x 1,000 miles)	Net Reduction (x 1,000 miles)
United States	Colorado	674.2	0.0	674.2
United States	Idaho	87.8	0.0	87.8
United States	Illinois	8,762.5	273.5	8,489.0
United States	Indiana	2,433.2	6.0	2,427.2
United States	Iowa	5,433.9	0.2	5,433.7
United States	Kansas	2,284.9	6.8	2,278.1
United States	Kentucky	2,132.1	0.0	2,132.1
United States	Michigan	3,503.0	301.6	3,201.5
United States	Minnesota	2,687.8	895.6	1,792.2
United States	Missouri	12,777.0	45.8	12,731.1
United States	Montana	536.0	0.0	536.0
United States	Nebraska	441.1	0.0	441.1
United States	Nevada	80.7	0.0	80.7
United States	New Mexico	1,107.7	0.0	1,107.7
United States	New York	109.8	0.0	109.8
United States	North Dakota	204.9	0.0	204.9
United States	Ohio	1,558.9	316.9	1,242.0
United States	Oklahoma	12,618.5	10.7	12,607.8
United States	Oregon	62.6	0.0	62.6
United States	Pennsylvania	34.5	0.0	34.5
United States	South Dakota	270.4	0.0	270.4
United States	Tennessee	776.4	0.0	776.4
United States	Texas	21,901.0	1,376.4	20,524.6
United States	Utah	308.3	0.0	308.3
United States	Vermont	0.3	0.0	0.3
United States	Washington	113.2	0.0	113.2
United States	Wisconsin	242.3	156.6	85.7
United States	Wyoming	447.5	0.0	447.5
United States	Total	86,179.6	3,396.8	82,782.8
Total		102,874.8		

APPENDIX C
CHANGE IN TRUCK MILES PER YEAR BY HIGHWAY ROUTE[8]

Country	Route	Reduction from Line Haul Miles (x 1,000 miles)	Increased Dray Miles (x 1,000 miles)	Net Reduction (x 1,000 miles)
United States	I 35	22,769.9	580.7	22,189.3
United States	I 44	9,438.7	2.4	9,436.2
United States	US 69	7,844.0	8.3	7,835.6
United States	I 55	5,891.3	21.4	5,869.9
United States	I 30	3,451.0	152.9	3,298.1
United States	US 75	2,911.3	43.0	2,868.3
United States	I 70	2,493.1	11.0	2,482.1
United States	I 94	2,681.0	202.5	2,478.5
United States	I 40	2,291.0	0.0	2,291.0
United States	US 71	2,248.4	14.4	2,234.0
United States	I 69	1,949.3	2.4	1,946.9
United States	I 35E	1,949.4	82.7	1,866.8
United States	I 80	1,598.3	25.2	1,573.2
United States	I 57	1,287.1	11.9	1,275.2
United States	I 71	974.8	44.1	930.7
United States	I 29	934.9	6.3	928.6
United States	US 51	711.4	0.5	710.9
United States	I 10	716.8	18.0	698.8
United States	I 255	626.2	0.0	626.2
United States	Western Kentucky Parkway	602.8	0.0	602.8
United States	US 70	589.6	3.2	586.5
United States	US 24	524.0	23.9	500.1
United States	I 15	490.7	0.0	490.7
United States	I 435	471.1	14.3	456.8
United States	US 281	427.0	4.6	422.4
United States	I 90	455.9	43.4	412.5
United States	I 25	406.2	0.0	406.2
United States	I 75	416.8	71.1	345.7

[8] Only highways with a net change of over 100,000 truck miles per year are included.

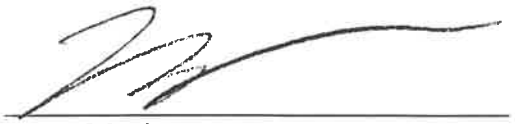
Country	Route	Reduction from Line Haul Miles (x 1,000 miles)	Increased Dray Miles (x 1,000 miles)	Net Reduction (x 1,000 miles)
United States	I 35W	391.0	63.1	327.8
United States	US 54	322.5	0.1	322.3
United States	US 277	280.3	2.3	277.9
United States	I 8	260.7	0.0	260.7
United States	US 59	271.4	22.1	249.3
United States	US 60	241.7	0.0	241.7
United States	I 65	241.8	0.1	241.7
United States	US 83	245.4	6.0	239.4
United States	US 57	214.7	0.0	214.7
United States	I 465	200.6	0.0	200.6
United States	US 287	204.9	13.6	191.4
United States	I 37	171.4	0.0	171.4
United States	I 270	172.5	5.6	166.8
United States	I 84	164.6	0.0	164.6
United States	US 90	162.0	0.1	161.9
United States	I 335	155.3	0.0	155.3
United States	IN 469	150.9	0.0	150.9
United States	MI 14	148.1	3.6	144.5
United States	US 77	147.8	4.1	143.7
United States	I 39	143.4	1.3	142.1
United States	IA 60	127.5	0.0	127.5
United States	I 76	124.4	0.0	124.4
United States	I 440	121.9	0.0	121.9
United States	US 87	116.1	1.2	114.9
United States	Indian Nation Turnpike	114.0	0.0	114.0
United States	US 285	107.3	0.0	107.3
Mexico	Fed. 57	7,519.3	N/A	7,519.3
Mexico	Fed. 85D	2,707.3	N/A	2,707.3
Mexico	Fed. 40	1,177.9	N/A	1,177.9
Mexico	Fed. 45	856.4	N/A	856.4
Mexico	Fed. 85	757.8	N/A	757.8
Mexico	Fed. 49	732.2	N/A	732.2
Mexico	Fed. 180	425.0	N/A	425.0

Country	Route	Reduction from Line Haul Miles (x 1,000 miles)	Increased Dray Miles (x 1,000 miles)	Net Reduction (x 1,000 miles)
Mexico	Fed. 15	258.4	N/A	258.4
Mexico	Fed. 101	147.4	N/A	147.4
Mexico	Fed. 130	136.8	N/A	136.8
Canada	ON 401	518.5	N/A	518.5
Canada	NB 2	368.1	N/A	368.1
Canada	NB 105	180.0	N/A	180.0
Canada	AB 2	170.3	N/A	170.3
Canada	NB 120	109.9	N/A	109.9

VERIFICATION

I, Bengt Mutén, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed on this 28th day of October, 2021.



Bengt Mutén

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

EXHIBIT 1 TO
VERIFIED STATEMENT OF BENGT MUTÉN

CURRICULUM VITAE OF BENGT MUTÉN

Bengt Mutén
IHS Markit Transportation Consulting



As consulting principal in the IHS Markit transportation consulting practice, Mr. Mutén currently focuses on the production and development of the Transearch multimode commodity flow database. His 40 years career spans railroad reorganizations and mergers; the divestiture of regional railroads; inter-company coordination; and freight planning for industry as well as national, state, and regional governments.

Education

- Master of Science in Civil Engineering (Transportation) from the University of California at Berkeley, 1980.
- Bachelor of Science in Management from the Massachusetts Institute of Technology, 1979.

Industry Experience

Areas of Expertise

- Market Analysis
- Rail Transportation
- Transportation Information & Research
- Freight Flow Forecasting
- Commodity Flow Data
- Port Commodity Forecast

Consulting Experience

Railroad Market Analysis. Mr. Mutén developed a framework for predicting market share changes from mergers, acquisitions, and divestitures that applied market expertise to railroad waybill data. He applied this model on behalf of applicants or contesting parties in most of the railroad mergers for the last three decades, as well as for regional railroad divestitures and acquisitions. Most recently he provided an analysis of traffic of Canadian Pacific line that was sold to Norfolk Southern and provided testimony as part of the buyer application to the Surface Transportation Board.

Port Market Analysis. Using IHS Markit's Transearch and PIERS databases as well as Census Data, Mr. Mutén has reported on actual and potential trade flows in port catchment areas, most recently for the Port of South Carolina and the Port of Portland.

Canada Freight Flow Model and Database. Mr. Mutén modeled truck freight flows using production, consumption and trade data, surveys, and flow data from other modes as part of this pioneering effort to build the first model and database of freight flows for Canada. The project examined the movement of Canada's domestic and international freight by five modes and nearly 30 commodity groups at the Provincial and sub-Provincial level of geographic detail. The final

deliverable included a 20-year outlook, including high and low scenarios. The database is used extensively to guide national planning initiatives.

Freight Analysis Framework. Participated in the development or forecasting of all four quinquennial releases for the Federal Highway Administration which delivers origin-destination freight flow forecasts by commodity and mode over a 30 year time frame. Provided general transportation modeling support.

Traffic Analysis Zones (TAZ). Mr. Mutén applied his expert knowledge of the linkages between economics and freight activity, to disaggregate the county-level freight activity in Transearch, to sub-county TAZ flows for a variety of clients, including over 3500 TAZ for each of Southwestern Pennsylvania Commission and the Arizona Department of Transportation. The TAZ data is incorporated into these agencies' travel demand and land-use models. The localization of Transearch by customization techniques is part of the approach, but it takes into account new data development and the understanding of supply chain dynamics.

Rail Bottom Line Report. Mr. Mutén was one of five authors of the AASHTO Freight Rail Bottom Line Report; providing government officials and others with an overview of the current and future impact of U.S. freight railroads.

IHS Markit Transearch Database Expansion. Mr. Mutén has expanded the scope of IHS's annual proprietary U.S. county-level freight movement database, Transearch, by modeling commodities previously excluded, identifying imports and exports and their off-shore origin or destination, and tying Transearch to Geographic Information Systems for analysis and display. Mr. Muten has combined primary shipment data obtained from some of the nation's largest rail and truck freight carriers with information from public, commercial, and proprietary sources to generate a base year estimate of freight flows at the county level.

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

VERIFIED STATEMENT OF MYRON BECKER

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL.* – CONTROL – KANSAS CITY SOUTHERN, *ET AL.*

VERIFIED STATEMENT OF MYRON W. BECKER

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VERIFIED STATEMENT OF MYRON W. BECKER

1. My name is Myron W. Becker. I am the Chief Labor Officer for Canadian Pacific Railway Company ("CP"). My business address is Building 1, 7550 Ogden Dale Road, Calgary, AB T2C 4X9. I have been employed by CP in my current position since August 2013.

2. My rail experience began in 1977, when I was hired by Canadian National Railway ("CN") as a brakeman/trainman in Humboldt, Saskatchewan, Canada. After being promoted to conductor and then locomotive engineer, I worked in Operations at various locations across Western Canada. In 1989, I was promoted to Labor Relations at CN and subsequently held various senior labor relations positions in the railroad industry on the Grand Trunk Western Railroad, Illinois Central Railroad, and CSX Transportation, and in the airline industry at NetJets.

3. I am responsible for, among other things, the negotiation and administrative oversight of collective bargaining agreements, policies, and employee protective arrangements that apply to employees of CP in Canada, and employees in the United States who are represented by labor organizations under the Railway Labor Act. There are eight separate bargaining units on CP in Canada and 28 bargaining units on CP in the United States. I am the senior officer of CP designated to handle disputes arising under any of the 39 collective bargaining agreements now in effect between CP and the various labor organizations in Canada and the United States.

4. One of my key responsibilities is partnering with CP's functional teams and collaborating with labor union leaders on various change initiatives to facilitate the achievement of CP's business goals and objectives while ensuring compliance with all applicable

agreements, policies, laws, and regulations. I am highly qualified to evaluate the impact, if any, of the proposed transaction between CP and KCS (the "Transaction") on CP and/or KCS employees.

5. I am submitting this statement to explain the steps CP anticipates taking to manage the small number of changes in the CP and KCSR unionized labor force that will result from implementation of CP's control of KCS.

I. OVERVIEW OF ANTICIPATED CHANGES IN CP'S AND KCS'S UNION-REPRESENTED WORKFORCE IN THE UNITED STATES

6. As set forth in the Labor Impact Exhibit and explained in the Operating Plan, combining CP and KCS will in general result in increased employment across the combined network, with most of the anticipated job growth in union represented positions. In this statement, I address the Transaction's impact on union represented employees.

7. The operational consolidations arising from the combination of these two railroads will entail some adjustments in work arrangements, including (1) in the region centered on Kansas City, the one point where CP and KCS's rail networks connect, and (2) as a result of the relocation of CP's U.S. headquarters from Minneapolis to Kansas City. The balance of my statement describes in more detail how CP envisions combining the U.S. union-represented labor forces of the two systems.

II. CP'S WORKFORCE IN THE UNITED STATES

8. CP employs approximately 2,295 employees in the United States who are represented by labor unions on the following CP-controlled railroads:

TABLE 1
CP REPRESENTED U.S. EMPLOYEES

Railway Property	States Operated In	Number of Union-Represented Employees
Dakota, Minnesota & Eastern Railroad Corporation ("DM&E")	Illinois, Iowa, Minnesota, Missouri and Wisconsin	590
Soo Line Railroad Company	Illinois, Indiana, Michigan, Minnesota, North Dakota, Ohio, South Dakota and Wisconsin	1,500
Delaware and Hudson Railway Company, Inc. ("D&H")	New York	159
Central Maine & Quebec Railway US Inc. ("CMQ")	Maine and Vermont	46

III. KCS'S WORKFORCE IN THE UNITED STATES

9. KCS controls three U.S. rail operating subsidiaries: The Kansas City Southern Railway Company ("KCSR"), The Texas Mexican Railway ("Tex Mex"), and Gateway Eastern Railway Company ("GWER "). All of the unionized workforce of these three carriers are KCSR employees. I will refer to them collectively herein as "KCSR employees" or the "KCSR workforce."

10. KCSR employs approximately 2,248 employees represented by labor organizations at locations in Alabama, Arkansas, Illinois, Kansas, Louisiana, Mississippi, Missouri, Oklahoma, Tennessee, and Texas. These employees are based across KCS's U.S. system as shown in Table 2 below.

TABLE 2
KCSR REPRESENTED EMPLOYEES

Railway Property Where Employees Are Based	States Operated In	Number of Union-Represented Employees
KCSR	Alabama, Arkansas, Illinois, Kansas, Louisiana, Mississippi, Missouri, Oklahoma, Tennessee, and Texas	1,923
Tex Mex	Texas	325
GWER	Illinois	0

11. Many of KCSR's union-represented employees work under collective bargaining agreements with KCSR predecessors, as follows:

- 88 KCSR employees in the states of Illinois and Missouri work under agreements originally entered into with the former Gateway Western Railway Company;
- 75 KCSR employees in the states of Arkansas and Louisiana work under agreements originally entered into with the former Louisiana and Arkansas Railway; and
- 428 KCSR employees in the states of Alabama, Louisiana, Mississippi, Tennessee, and Texas work under agreements originally entered into with the MidSouth Rail Corporation.

IV. EFFECT OF THE PROPOSED TRANSACTION ON CP AND KCSR EMPLOYEES

12. The CP/KCS transaction will drive growth in employment across the entirety of the combined CP/KCS system. We anticipate adding over 1,000 union-represented operating positions across the CP/KCS North American system to accommodate the traffic growth we expect the Transaction will generate – with more than 750 of those new jobs in the United States.

13. CP expects that implementation of the Transaction will affect limited numbers of employees by replacing the existing CP/KCS interchange at Kansas City with new CP/KCS single-line services involving relocated crew change locations, deeper blocking, and a de-

emphasis on interchange switching activity at the Kansas City joint facility that CP and KCSR share today, and by combining the work of CP (DM&E) and KCSR employees who work on that territory. CP also intends to relocate its U.S. headquarters to Kansas City, which will affect its (Soo Line) union represented dispatchers and crew management employees as they are integrated with KCSR's comparable functions.

14. First, the Transaction will affect the work performed by certain operating employees of the rail-carrier affiliates of CP and KCS working on the lines of DM&E and KCSR radiating from Kansas City, a region I refer to as the "Consolidated Territory." As shown in Figure 1 below, the Consolidated Territory will encompass the train and engine, signal, car repair/maintenance, and engineering personnel who are responsible for the following lines radiating from Kansas City:

(1) DM&E's line between Kansas City and Ottumwa, IA, 195.9 miles north of Kansas City;

(2) Kansas City Terminal (KCSR and DM&E);

(3) Kansas City - Joint Agency Yard (currently co-operated by KCSR and DM&E);

(4) KCSR between Kansas City and Mexico, MO, 156.3 miles east of Kansas City;

(5) KCSR from Mexico, MO 156.8 miles to East St. Louis, IL, and from Mexico, MO 127.5 miles to Springfield, IL; and

(6) KCSR between Kansas City and Pittsburg, KS, 124.5 miles south of Kansas City.

FIGURE 1
CONSOLIDATED TERRITORY MAP



15. Second, the Transaction will also affect the personnel performing train dispatching, clerical work, and crew management on the U.S. portion of CP's system, who work at CP's U.S. headquarters in Minneapolis and are employed by Soo Line. Those functions will be relocated to Kansas City and integrated with comparable functions performed by KCSR employees at KCS's Kansas City headquarters.

16. The operations of CP's other two U.S. rail carriers (D&H and CMQ) and of KCS's Tex Mex subsidiary are not contiguous to the Consolidated Territory. As explained in the Operating Plan, there will not be any Transaction-related operational changes that adversely affect any of those employees.

17. I address below the implications of the Transaction for each category of represented employee whose job relates to the Consolidated Territory.

A. Effect of The Proposed Transaction on Employees of CP's U.S. Rail Carriers

1. DM&E Employees

18. A total of 74 DM&E union-represented employees work in the Consolidated Territory, represented by three different unions, at the locations and in the crafts shown in Table 3 below:

TABLE 3
POTENTIALLY AFFECTED DM&E
EMPLOYEES IN CONSOLIDATED TERRITORY

Location	**BLET** Locomotive Engineers, Conductors, & Trainmen	**BMWED** Engineering & Track Maintenance	**BRS** Signal Maintainer & Signal Technician	Grand Total
Kansas City	18	0	0	18
Joint Agency	16	0	0	16
Ottumwa	32	6	2	40
Total	**66**	**6**	**2**	**74**

19. CP anticipates that none of these employees will be adversely affected by the Transaction. As set forth in the Operating Plan and Labor Impact Exhibit, CP anticipates that the impact of the Transaction on DM&E's union-represented employees will be positive. Traffic on the CP/KCS system between Kansas City and Ottumwa will grow and will continue to be handled by DM&E train and engine service employees. Specifically, the Operating Plan projects increases in traffic volume over the three-year period following CP's assumption of control that will benefit DM&E employees both within and outside the Consolidated Territory. *See* Operating Plan (Exhibit 13), Labor Impact Exhibit; Traffic Density Charts (Exhibit 14).

Accordingly, CP does not anticipate that DM&E employees at Ottumwa, Kansas City, or any other location will be adversely affected by the Transaction.

2. Soo Line Employees

20. The Operating Plan projects increases in traffic volume over the three-year period following CP's assumption of control that will benefit employees across the portion of CP's U.S. network operated by Soo Line. *See* Operating Plan (Exhibit 13), Labor Impact Exhibit; Traffic Density Charts (Exhibit 14).

21. CP does plan to make changes that will affect employees at its U.S. operating headquarters currently located at Minneapolis, MN. CP plans to relocate work of three types from Minneapolis to KCS's headquarters in Kansas City following acquisition of control, combining work performed by union-represented employees of Soo Line with work of the same type currently performed by union-represented KCSR employees in Kansas City. CP anticipates the following changes affecting union-represented employees:

(1) Train Dispatching - 35 employees represented by the American Train Dispatchers Association ("ATDA");

(2) The Network Service Center - 15 crew dispatchers and 21 clerks in non-operational roles, all represented by the Transportation-Communications International Union ("TCU"); and

(3) One employee, an electronic equipment maintainer, represented by the International Brotherhood of Electrical Workers ("IBEW").

22. The specific location and crafts of these employees are shown in Table 4 below:

TABLE 4
POTENTIALLY AFFECTED SOO LINE
EMPLOYEES IN CONSOLIDATED TERRITORY

Location	ATDA Train Dispatchers	TCU Clerical Positions	TCU Crew Dispatchers	IBEW Electronic Equipment Maintainer
Minneapolis	35	21	15	1

23. Within 12 months following assumption of control, CP anticipates it will abolish the positions in these groups at Minneapolis and concurrently create an equal number of the same positions at Kansas City, subject to adjustment in the event that some employees at Minneapolis may prefer to accept other positions on Soo Line or choose to accept separation allowances under protective conditions or agreements.

24. CP intends to integrate the transferred work functions with the corresponding KCSR functions at Kansas City, and does not anticipate that there will be any aggregate loss of work as a result of the transfers. CP will continue to evaluate automation, economies of scale, and/or efficiency opportunities, including the elimination of redundant processes or procedures.

25. These transfers of work functions, with associated job abolishment and job creation, will be carried out in accordance with appropriate implementing agreements negotiated with the pertinent labor organizations, subject to the requirements of the Board's protective conditions. CP has committed to the affected labor organizations that it will use best efforts to find alternate positions on Soo Line in the Minneapolis-St. Paul area for employees who choose not to relocate with their current work to Kansas City.

B. Effect of the Proposed Transaction on KCSR Employees

26. I project the following changes affecting KCSR employees.

1. KCSR Employees in the Consolidated Territory

27. A total of 388 KCSR union-represented employees work in the Consolidated Territory, represented by several different unions, at the locations and in the crafts shown in Table 5 below:

TABLE 5
POTENTIALLY AFFECTED KCSR
EMPLOYEES IN CONSOLIDATED TERRITORY

Union/Craft[1]	East St. Louis, IL	Grandview, MO	Kansas City Joint Agency	Kansas City	Louisiana, MO	Mexico, MO	Pittsburg, KS	Slater, MO	Totals
ARASA Mechanical Foremen			2						2
ATDA Train Dispatchers				36					36
BLET Locomotive Engineers	8		22				42	1	73
BMWED Engineering & Track Maintenance	4		2	4	3	3	4	4	24
BRC Carmen	1		17				1		19
BRS Signalmen	1	1	1		1	1	3		8
IAM Machinists			24						24
IBEW Electrical Workers			10						10
SMART-TD Conductors	21		51				89	1	162
SMART-TD Yardmasters			7						7
TCU Clerks & Carmen				23					23
Totals	**35**	**1**	**136**	**63**	**4**	**4**	**139**	**6**	**388**

28. The impact of the transaction on KCSR's union-represented employees is expected to be positive. The Operating Plan provides that train operations and maintenance functions in the former-KCS portions of the Consolidated Territory will continue to be handled by KCSR employees between Kansas City and Pittsburg, KS to the south, and between Kansas

[1] ARASA = American Railway and Airway Supervisors Association; BLET = Brotherhood of Locomotive Engineers and Trainmen; BMWED = Brotherhood of Maintenance of Way Employees Division - International Brotherhood of Teamsters; BRC = Brotherhood of Railway Carmen; BRS = Brotherhood of Railway Signalmen; IAM = International Association of Machinists and Aerospace Workers; and SMART-TD = Sheet Metal, Air, Rail and Transportation International Union, Transportation Division.

City and Mexico, MO and between Mexico and East St. Louis, IL and Springfield, IL, to the east. CP does not anticipate making any other significant operational changes on the KCS property that would adversely affect KCSR's union-represented employees in the three-year period following CP's assumption of control. CP will continue to evaluate operations on the former-KCS portions of the combined system to determine whether efficiencies can be realized. However, in view of the anticipated traffic growth over the three-year period described in the Operating Plan, Applicants do not expect that KCSR employees in the Consolidated Territory will be adversely affected by the Transaction; instead, this anticipated growth should enhance future work opportunities both within and outside the Consolidated Territory. *See* Operating Plan (Exhibit 13), Labor Impact Exhibit; Traffic Density Charts (Exhibit 14). Accordingly, I do not anticipate that KCSR employees at Kansas City, Pittsburg, KS; Mexico, MO, East St. Louis, IL, or any other location will be adversely affected by the Transaction.

2. KCS Headquarters Employees

29. KCSR has employees at Kansas City performing train dispatching work (represented by the ATDA) and Network Service Center work (represented by the TCU). As noted above, CP intends to transfer to Kansas City work of the same types now performed by similarly represented Soo Line employees and consolidate the two rail systems' functions there. CP projects that there will be no loss of work for the affected KCSR employees as a result of the relocation of jobs from Minneapolis.

V. EMPLOYEE PROTECTIVE CONDITIONS

30. Applicants anticipate that, in accordance with the requirements of 49 U.S.C. § 11326(a), the Board will impose on this Transaction the employee protective conditions set forth in *New York Dock Ry. – Control – Brooklyn Eastern Dist. Terminal,* 360 I.C.C. 60*, aff'd, New York Dock Ry. v. United States,* 609 F.2d 83 (2d Cir. 1979). The *New York Dock*

conditions provide extensive monetary benefits for employees who are dismissed or displaced because of the transaction on which the conditions have been imposed. The conditions provide a measure of compensation for the costs of relocation. Moreover, the conditions require that the carriers give advance notice to employees and their representatives of operational changes that may result in the dismissal or displacement of employees, or the "rearrangement of forces," and provide an opportunity for the negotiation of implementing agreements in connection with such operational changes.

31. CP has not yet negotiated protective arrangements with any labor organizations specifically in connection with the proposed Transaction, and my understanding is that KCS has not done so either. CP has previously entered into various agreements and protective arrangements with labor organizations, including but not limited to what are commonly called the Cramdown Agreements of 2000 and 2001, that may bear on implementation of the proposed Transaction pursuant to the *New York Dock* conditions; CP has assured the relevant labor organizations of its intention to honor those agreements. CP will extend similar assurances that, following CP's acquisition of control, KCSR will honor any protective agreements it has entered into with labor unions, including but not limited to the Cramdown Agreements.

32. It is my hope that CP's U.S. operating carriers and KCSR will be able to reach *New York Dock* implementing agreements with the labor organizations representing affected employees in the coming months.

VERIFICATION

I, Myron W. Becker, declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed on this 28th day of October, 2021.

Myron W. Becker
Chief Labor Officer
Canadian Pacific Railway Company

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL.* – CONTROL – KANSAS CITY SOUTHERN, *ET AL.*

EXHIBIT 13

OPERATING PLAN
[SECTION 1180.8(a)(1)-(4)]

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

OPERATING PLAN
(EXHIBIT 13)

VERIFIED BY RAYMOND A. ELPHICK AND JOHN F. ORR

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EXHIBIT 13
OPERATING PLAN

1. INTRODUCTION

1.1. WITNESS QUALIFICATIONS

1. This Operating Plan is sponsored and verified by Raymond A. Elphick and John F. Orr.

2. My name is Raymond A. Elphick. I am the Assistant Vice President Service and Product Design for Canadian Pacific Railway Company ("CP"). My business address is Building 1, 7550 Ogden Dale Road, Calgary, AB, Canada, T2C 4X9. I have been employed by CP since April of 1992.

3. My rail experience began in 1989, when I was hired by Canadian National Railway ("CN") as a brakeman/trainman in Toronto, Ontario. In 1992, I was hired by CP in Engineering Services. I held several different planning roles in Engineering. I was promoted to Service Design in 2005, where I have now spent 16 years in various roles with increasing accountability.

4. I am responsible for, among other things, the service design, network capacity capital, and interline agreements at CP. One of my key responsibilities at CP is reviewing new business opportunities with CP's commercial team and designing transportation services that meet the needs of those customers consistent with CP's network and operating capabilities. In doing so, I am deeply engaged in the products CP offers and the strategic requirements to build a network with both the capacity to deliver those products efficiently and with the service and competitive capability our customers require. I am well qualified to evaluate the potential of a combined CP/KCS Service Design.

5. My name is John F. Orr. I am Kansas City Southern's Executive Vice President – Operations. Prior to joining KCS, I served for 34 years (until 2019) in operating leadership positions as Canadian National Railway, culminating in my service as CN's Senior Vice President and Chief Transportation Officer. I have also been an executive consultant for a variety of entities in railroad and other transportation fields.

6. I hold a bachelor of arts in environmental studies from University of Waterloo and have completed business coursework and professional development in leadership at Harvard University, University of Waterloo, University of Guelph, University of Western Ontario, and the Niagara Leadership Institute.

1.2. PURPOSE AND SCOPE

7. Exhibit 13 constitutes the Operating Plan for the railroad system that will result from the consolidation of CP and the Kansas City Southern ("KCS") including the Kansas City Southern de Mexico ("KCSM"). The combined system of railroad operations will be referred to in this exhibit as the "CP/KCS."

8. This Operating Plan explains how the separate operations of CP and KCS will be integrated into a single consolidated CP/KCS network (spanning the United States, Canada, and Mexico) characterized by fully unified operations within three years of Board approval of the Application and the resulting exercise of CP control of KCS.

9. Because the CP/KCS combination is a true end-to-end merger, the principal routes relied upon by CP and KCS independently today will play similar roles once the Transaction is completed. Therefore, this Operating Plan focuses on changes to operations based on (1) traffic diversions (both from other railroads and trucks) that are attributable to the advantages of extended single-line service; (2) operating efficiencies arising from a larger network that is able to implement the best practices of both railroads; (3) market development

opportunities that are made possible by the merger; and (4) streamlining of operations at numerous locations across the CP/KCS network, especially in Kansas City, MO; Nuevo Laredo, TA area yards and Vanegas, SL.[1]

10. The overall objective of this Operating Plan is to describe the Applicants' plan for integrating CP and KCS operating functions, personnel and planning in an effort to provide the best possible service to the shipping public at competitive prices. The Operating Plan describes how this integration will take place and the corresponding effects on customers, service, traffic density, terminal switching, labor forces, and equipment utilization. The Operating Plan therefore provides the following information:

- Changes in train service and yard activities that will optimize operations for a fully integrated CP/KCS network;
- Adjustments to the Operating Plan during the three-year period over which the transition will be fully implemented, including anticipated shifts and increases in traffic to take advantage of the efficiencies and service opportunities achieved through the combination;
- Identification of the investments necessary to accommodate increased train lengths and/or traffic volumes on certain segments while allowing simultaneous service improvements; and
- Analyses that demonstrate that existing (or anticipated) Amtrak and commuter passenger service will not be adversely affected by either the Operating Plan itself, or the additional freight traffic that the combined CP/KCS is expected to attract.

1.3. OVERVIEW

11. The Operating Plan is presented in two stages. The first summarizes the transition from the Base Plan, which reflects the pre-Transaction operations of CP and KCS as independent companies, to the Optimized Plan, which reflects the integration and optimization of the operations of CP and KCS as a single, integrated network, but without the additional traffic that

[1] Standard abbreviations are used for Mexican states: TA = Tamaulipas, SL = San Luis Potosí.

CPKC's new capabilities are likely to attract. The second stage summarizes the transition from the Optimized Plan to the Growth Plan, which reflects the anticipated traffic levels that the full integration of the CP/KCS network – which will be complete within three years of the Control Date – will handle.

12. As demonstrated in the sections that follow, the combined CP/KCS network will generate significant operating efficiencies and amply accommodate significant traffic growth through improved operating practices and substantial investment in capacity. CPKC will provide a much improved competitive alternative in North-South corridors relative to the CP-KCS interline options that exist today.

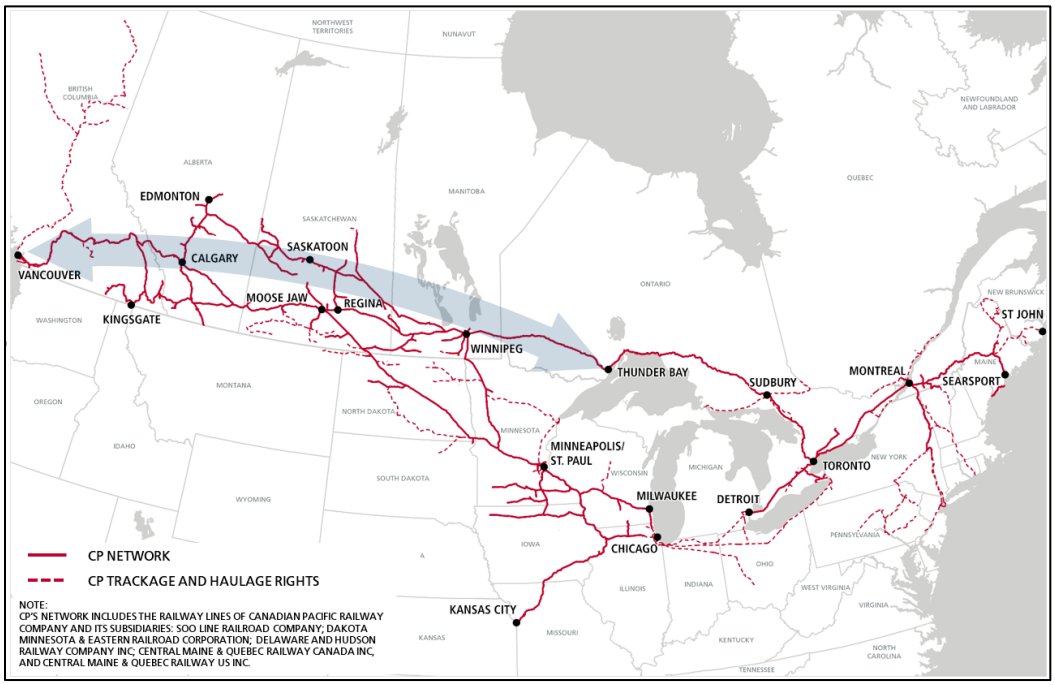
2. DESCRIPTION OF EXISTING NETWORKS

2.1. PRINCIPAL ROUTES – CP

13. CP's network in Canada extends from the Port of Vancouver on Canada's Pacific Coast to the Port of Montreal and eastern Quebec up into the Port of Saint John, NB via haulage, and to the U.S. industrial centers of Chicago, Detroit, Buffalo, NY; Albany, NY; Kansas City; and Minneapolis.

2.1.1. The Western Corridor: Vancouver to Thunder Bay

FIGURE 1
CP NETWORK OVERVIEW – WESTERN CORRIDOR



14. As shown in Figure 1 above, the Western Corridor links Vancouver with Thunder Bay, ON, Canada's primary Great Lakes bulk terminal. Thunder Bay is also the Western Canadian terminus of CP's Eastern Corridor. With service through Calgary, the Western Corridor is an important part of CP's routes between Vancouver and the U.S. Midwest, and between Vancouver and Eastern Canada.

Products

15. The Western Corridor is CP's primary route for bulk and resource products traffic from Western Canada to the Port of Vancouver for export. CP also handles significant volumes of intermodal containers and general merchandise traffic.

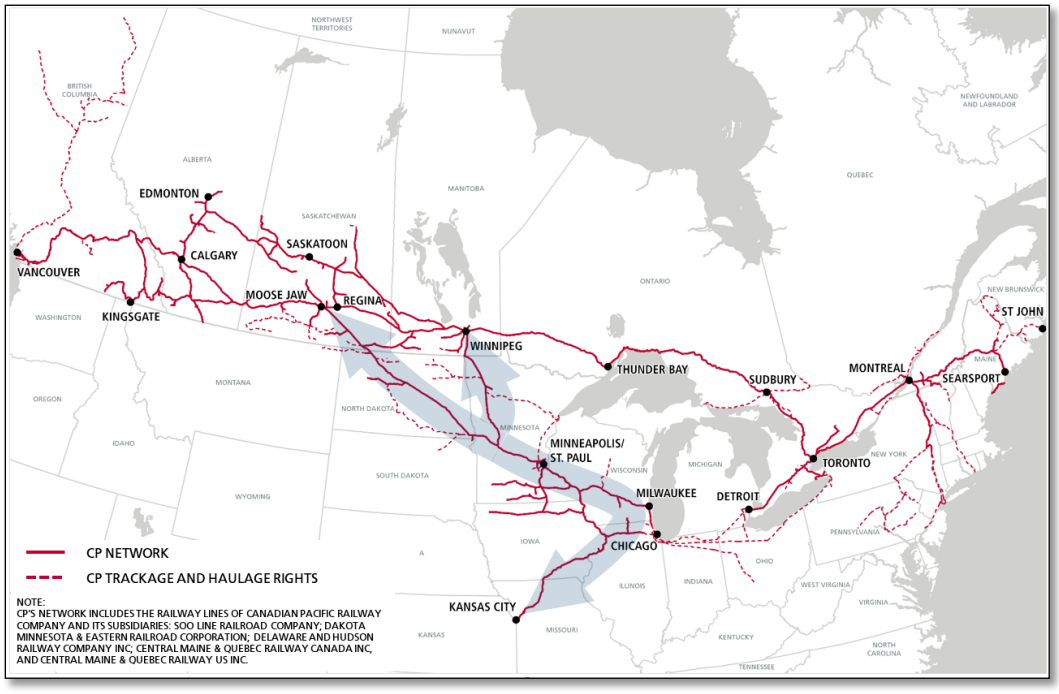
Western Corridor Feeder Lines

16. The Western Corridor includes the following feeder lines:

- The "Coal Route," which links southeastern British Columbia coal deposits to the Western Corridor and to coal terminals at the Port of Vancouver;
- The "Edmonton-Calgary Route," which provides rail access to Alberta's Industrial Heartland (north of Edmonton, Alberta) in addition to the petrochemical facilities in central Alberta;
- The "Pacific-CanAm Route," which crosses the Crowsnest Pass in Alberta and connects Calgary and Medicine Hat in Alberta with the U.S. Pacific Northwest via the Eastport, ID/Kingsgate, BC gateway; and
- The "North Main Line Route," provides rail service to customers between Portage la Prairie, MB, and Wetaskiwin, AB, including intermediate stations at Yorkton and Saskatoon in Saskatchewan. This line is an important collector of Canadian grain and fertilizer, serving the potash mines located east and west of Saskatoon and many high-throughput grain elevators and processing facilities. In addition, this line provides direct access to refining and upgrading facilities at Lloydminster, AB, and western Canada's largest pipeline terminal at Hardisty, AB.

2.1.2. The Central Corridor: Moose Jaw and Winnipeg to Chicago and Kansas City

FIGURE 2
CP NETWORK OVERVIEW – CENTRAL CORRIDOR



17. As shown in Figure 2 above, the Central Corridor connects with the Western Corridor at Moose Jaw and Winnipeg. By running south to Chicago and Kansas City, through the Twin Cities of Minneapolis and St. Paul, MN, and through Milwaukee, WI, CP provides a direct, single-carrier route between Western Canada and the U.S. Midwest, providing access to Great Lakes and Mississippi River ports. From La Crosse, WI, the Central Corridor continues south toward Kansas City via the Quad Cities (Davenport and Bettendorf in Iowa, and Rock Island, East Moline and Moline in Illinois), providing an efficient route for traffic destined to points beyond the Kansas City Gateway. CP's Kansas City line also provides a direct connection into Chicago and, by extension, to points east on CP's network such as Toronto, ON, the Port of Montreal, and the Port of Saint John, NB on the Atlantic Ocean.

Chicago

18. Chicago is the nation's busiest rail hub and one of the most active intermodal hubs worldwide. Each day, 1,300 freight and passenger trains travel through the greater Chicago area, including one quarter of all freight trains in the United States.

19. Bensenville Yard is CP's primary classification yard in the Chicago region and is located northwest of the city near O'Hare Airport. Schiller Park Yard, about 4.3 track miles to the northeast of Bensenville, is primarily an intermodal yard that works in tandem with CP's intermodal facility adjacent to Bensenville Yard. Schiller Park has recently been expanded to take on an additional role as an automotive compound.

20. Bensenville Yard is accessed from the north and west via two subdivisions. From the north, the C&M subdivision runs between Chicago and Milwaukee. On their approach to Chicago, trains operating over the C&M subdivision can be routed (a) over UP trackage directly into Bensenville via Tower A20, or (b) over CP/METRA tracks via Tower A5. From the west, CP's Elgin subdivision is the final leg of a link between Chicago and the Quad Cities region.

21. Both the C&M and Elgin subdivisions accommodate two daily commuter windows. Additionally, the C&M subdivision accommodates CP's freight operations as well as a total of eight Amtrak train pairs per day – the daily Empire Builder long-distance train and the Amtrak's Chicago-Milwaukee Hiawatha service. Amtrak has repeatedly awarded CP a grade of A for passenger on time performance, the top mark among Class I host railroads.

22. Between Bensenville Yard and points east of Chicago, CP freight trains operate via two alternative routes pursuant to operating agreements with CSX and NS. In both cases, CP's trains move efficiently through the Chicago terminal without requiring intermediate handling.

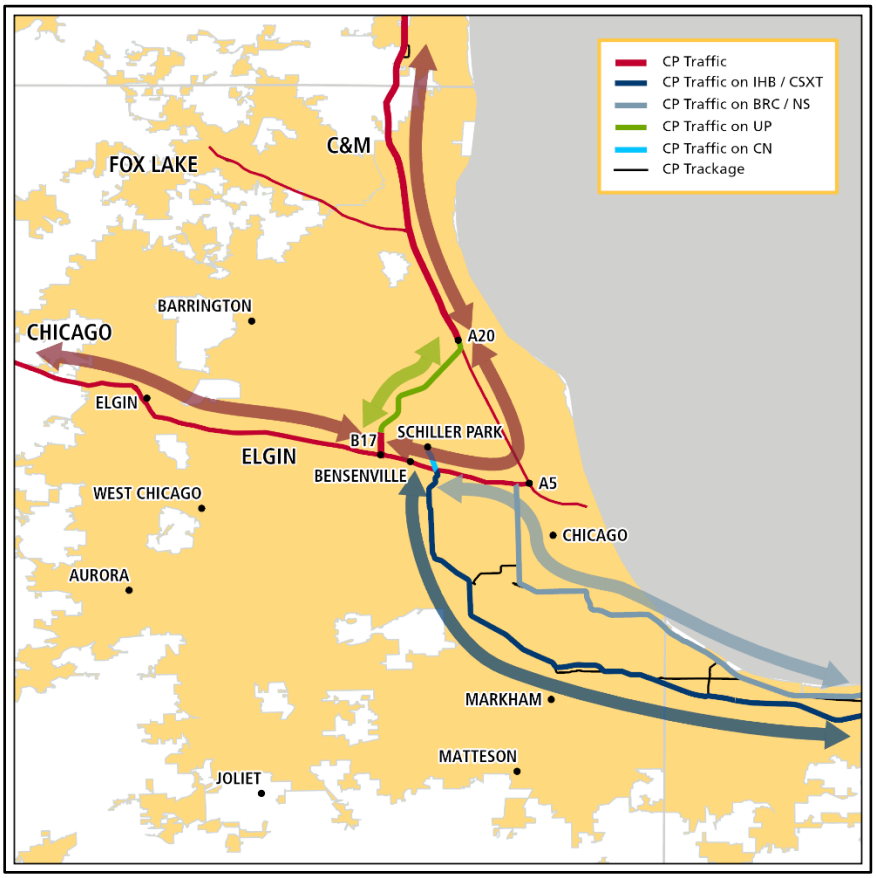
23. First, CP hands off one intermodal train daily to CSX, and receives one such train in return, which CSX moves between Chicago and a connection with CP's network in Eastern Canada at Buffalo, NY. These trains operate to/from CP's Schiller Park terminal and operate across Chicago via the Indiana Harbor Belt Railroad ("IHB"). Traffic destined for Detroit, or received from Detroit, is block-swapped between CP's haulage trains 142/143 and CSX's trains travelling between the Northwest Ohio Intermodal Container Transfer Facility (at North Baltimore, OH) and CP's Detroit Oak Yard.

24. Second, CP operates two pairs of manifest and automotive trains daily over trackage rights on NS between Chicago and Eastern Canada (via Detroit). From the east, these trains operate through Chicago into Bensenville via the Belt Railway of Chicago ("BRC") or to IHB's Gibson Yard.

25. Reciprocal manifest trains and empty automotive trains operate back to Eastern Canada over the same routing.

26. Figure 3 below depicts these through routes between Bensenville and points surrounding Chicago.

FIGURE 3
CP ACCESS ROUTES IN CHICAGO



27. As the point of convergence for six of the seven North American Class I railroads, Chicago is a primary interchange for CP. Between 75 and 80 percent of CP carloads passing through Chicago either originate or terminate on another railroad. With the majority of rail yards in the region lying to the south of downtown Chicago, much of CP's interchange volumes depart CP's network to connect with yards further south, sharing the same highly trafficked corridors as other Class I carriers. Two major intermediate switching terminal railroads, the BRC and the IHB, play key roles in CP's interchange traffic with other Class I railroads by providing the track infrastructure and classification services required to exchange carloads. From Bensenville, CP

operates two interchange trains daily in and out of the BRC's Clearing Yard via BRC's Kenton Line Subdivision. These trains include all of CP's traffic going to and from CN, BNSF, and CSX. Unit trains interchanged with NS and the UP are routed over the BRC to Rockwell Street Yard. CP delivers manifest and intermodal traffic directly into NS's Calumet Yard via BRC and into UP's Proviso Yard via IHB. Both railways reciprocate with direct service into Bensenville. Lastly, CP automotive and manifest carloads move in and out of IHB's Gibson and Blue Island Yards over IHB tracks.

Products

28. The traffic transported on the Central Corridor includes intermodal containers from the Port of Vancouver, fertilizers, chemicals, crude oil, frac sand, automotive, grain, and other agricultural products.

Central Corridor Feeder Lines:

29. The Central Corridor includes the following feeder lines:

- The Company has operating rights over BNSF tracks between Minneapolis and St. Paul, along with connectivity to the twin ports of Duluth, MN and Superior, WI.
- At Duluth/Superior, CP maintains its own yard facilities that provide an outlet for grain from the U.S. Midwest via the grain terminals at these ports. Duluth/Superior is a strategic entry point for large dimensional shipments that can be routed via CP's network to locations such as Alberta's Industrial Heartland to serve the needs of the energy industry.
- CP's route from Winona, MN, to Tracy, MN, provides a route for shipments of key agricultural and industrial commodities.
- CP's feeder line between Drake and New Town, ND, provides access to an important grain-growing region as well as Bakken oil production.
- CP also owns two significant feeder lines in North Dakota and Western Minnesota operated by the Dakota, Missouri, Valley & Western Railroad and the Northern Plains Railroad, respectively. Both short lines are active in providing service to agricultural and Bakken oil-related customers.

Central Corridor Connections

30. CP's Central Corridor provides the following connections to other railroads:

- The Central Corridor connects with major railways at Chicago. Among other connections outside of Chicago, CP has connections with BNSF at Minneapolis, Minot, ND, and Duluth/Superior, and with UP at St. Paul and Mankato, MN.
- CP connects with CN at Dubuque, IA, Milwaukee, and Chicago.
- At Kansas City, CP connects with KCS, BNSF, NS, and UP.
- CP's Central Corridor also connects with several short line railways that primarily serve grain in the U.S. Midwest, thereby extending CP's market reach in this region.

Central Corridor Yards and Repair Facilities

31. CP supports rail operations on the Central Corridor with rail yards in Chicago (Bensenville Yard); Milwaukee, WI; Glenwood, MN; St. Paul; Mason City and Nahant, IA. CP shares a yard with KCS in Kansas City – the so-called Joint Agency Yard.

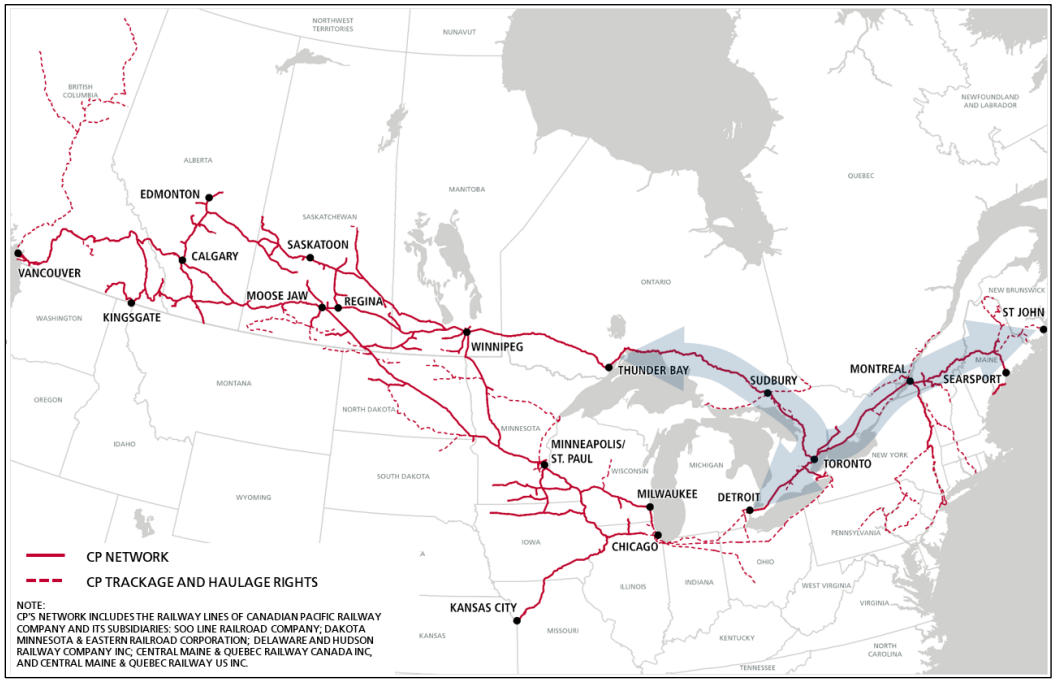
32. In addition, CP has a major locomotive repair facility at St. Paul and car repair facilities at St. Paul and Chicago.

33. CP owns 49 percent of IHB, a switching railway serving Greater Chicago and northwest Indiana. CP is also part owner of BRC, which is the largest intermediate switching terminal railroad in the U.S.

34. CP has intermodal terminals in Minneapolis and Chicago, auto compounds in Cottage Grove, MN and Schiller Park, IL, and a dried distillers' grain transload facility in Chicago.

2.1.3. The Eastern Corridor: Thunder Bay to Quebec, Detroit and Albany

FIGURE 4
CP NETWORK OVERVIEW – EASTERN CORRIDOR



35. As shown in Figure 4 above, CP's Eastern Corridor extends from Thunder Bay through to the Port of Montreal, Searsport, ME, and the Port of Saint John (the latter via haulage agreement with the New Brunswick Southern Railway), and between Toronto and Chicago via Detroit or Buffalo. CP's Eastern Corridor provides shippers direct rail service from Toronto, Montreal, and Saint John to Calgary and Vancouver via CP's Western Corridor and to the United States via the Central Corridor. These routes are a key part of CP's transcontinental intermodal services.

36. CP's Eastern Corridor routes to and from the Port of Montreal provide a competitive, highly-efficient path for European cargo destined to the U.S. Midwest. CP trackage between Montreal and Detroit connects seamlessly – via the Detroit River Tunnel – with NS trackage between Detroit and Chicago (via Butler, IN), over which CP has trackage rights. Two CP train pairs operate over these NS trackage rights today, limited by agreement to a maximum

length of 12,000 feet. These trains are also subject to the height restrictions of the CP-owned Detroit River Tunnel, which precludes Automax cars and most double-stacked intermodal containers.

37. A haulage agreement with the CSX provides a route for CP double-stack intermodal service between Chicago and the CP's network in Eastern Canada. These trains are crewed by CSX and operate over 540 miles over CSX's high speed double-stack cleared Chicago Line connecting Bensenville Yard with Buffalo via Cleveland, OH. Together, the NS and CSX agreements provide direct reliable service between the Midwest and CP's Eastern network.

38. CP's 2019 acquisition of the Canadian portions of Central Maine & Quebec Railway and its 2020 acquisition of the U.S. portions of CMQ extended CP's network into Maine – including the Port of Searsport – and across Southern and Eastern Quebec to Saint John, NB.

Products

39. Major traffic categories transported in the Eastern Corridor include forest products, chemicals and plastics, crude, ethanol, metals, minerals and consumer products, intermodal, automotive products and general merchandise.

Eastern Corridor Feeder Lines

40. A major feeder line serves the steel industry at Hamilton, ON, and provides connections with both CSX and NS at Buffalo.

41. The Delaware and Hudson Railway Company, Inc. (D&H) feeder line extends from Montreal to Albany, NY, with haulage rights beyond to New York City and Philadelphia.

Eastern Corridor Connections

42. CP's Eastern Corridor routes connect with CN at a number of locations in Ontario – including Sudbury, Windsor, London, Hamilton, and Toronto – and at Montreal, Quebec. The

Eastern Corridor also connects with a number of short-line railways including routes from Montreal to Quebec City, QC, and Brownville Junction, ME, to Saint John, NB.

43. CP connects in New York with the two eastern Class I railways: NS and CSX at Buffalo, NS at Schenectady, and CSX at Albany. CP also connects with Pan Am Southern at Mechanicville, NY, and Northern Maine Junction, ME, for service to the Boston and New England areas, and with the Vermont Railway at Whitehall, NY, and Newport, VT.

44. Via haulage arrangements on CSX's route south of Albany, CP provides service to Fresh Pond, NY, connecting to the New York & Atlantic Railway with access to the Bronx and Queens. CP can also access Philadelphia via CSX haulage.

45. CP can access a number of short-lines in Pennsylvania via haulage on NS routes south of Schenectady, NY.

Eastern Corridor Yards and Repair Facilities

46. CP supports its rail operations in the Eastern Corridor with rail yards at Sudbury, London, Toronto, Montreal, Saratoga Springs, NY, and Brownville Junction, ME.

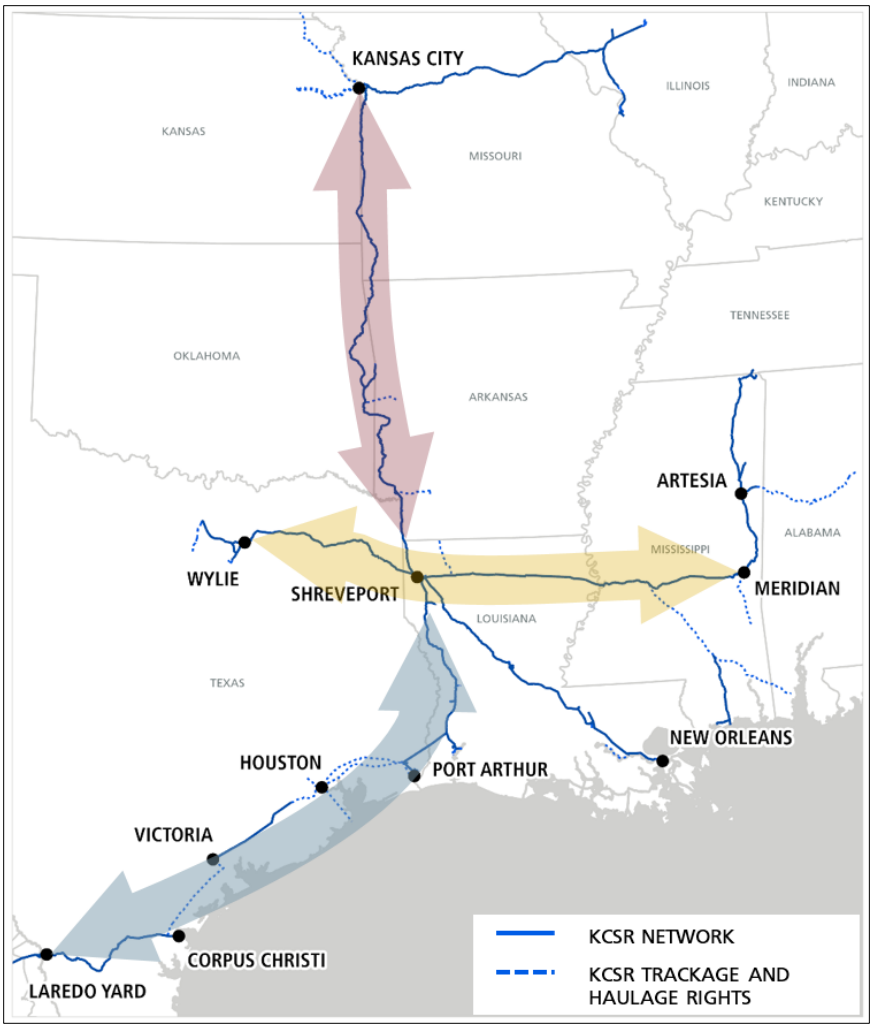
47. CP has locomotive repair facilities at Montreal and Toronto and car repair facilities at Thunder Bay, Toronto, and Montreal.

48. CP's largest intermodal facility is located in the northern Toronto suburb of Vaughan and serves the Greater Toronto and Southwestern Ontario areas. CP also operates intermodal terminals in Montreal and Detroit.

2.2. PRINCIPAL ROUTES – KCSR/KCSM

2.2.1. Current KCSR Routes

FIGURE 5
PRINCIPAL KCSR ROUTES



49. KCSR's U.S. operations (Figure 5) are centered on Shreveport, LA, with train operations radiating from there in a hub and spoke configuration. From the perspective of potential traffic moving to and from the CP system, the key route is KCSR's north-south funnel between major yards in Kansas City and Shreveport. Dominant flows are loads south and empties north, with bulk trains of grain and coal being prime examples of the predominantly southbound traffic flow. Manifest traffic makes up the next distinct category. KCSR has important connections with CP, UP, and BNSF at Kansas City, with smaller volumes of interchange there with NS.

50. Southbound manifest traffic predominately flows to and through Shreveport, which is a key junction location. From Shreveport, the KCSR network branches into four routes: west to Dallas, east to Meridian/Artesia, MS, southeast to New Orleans, and south to Port Arthur, Corpus Christi, the Laredo Gateway, and Mexico. The Dallas-Meridian route handles considerable volumes of East-West intermodal traffic. Much of that traffic bridges between UP at Shreveport and NS at Meridian, but KCSR also operates intermodal terminals at either end: Wylie terminal near Dallas on the west end and Jackson Terminal in Jackson, MS at the east end. Jackson Intermodal terminal is a KCSR-owned terminal that CN has access to. The eastern portion of this route – 320 miles from Shreveport to Meridian, MS – is jointly owned by KCS and NS as Meridian Speedway, LLC ("MSLLC").

51. From Shreveport, KCSR operates two routes to the Gulf of Mexico – one that ends at New Orleans, and the other that serves Port Arthur, Beaumont and Corpus Christi, TX (and extends beyond into Mexico). These port terminals handle a diverse range of products including paper, energy, chemicals, food and consumer goods.

52. KCSR's route from Shreveport to Laredo (via Beaumont, Rosenberg, Victoria, and Robstown, TX) is the gateway to the Mexican border. Large portions of this route rely on trackage rights over UP lines that were granted to the Texas Mexican Railway in the UP/SP merger. Laredo is the busiest rail border crossing along the U.S.-Mexican border, handling a wide range of traffic.

KCSR Feeder Lines:

53. North and west of Kansas City, haulage routes from Topeka, KS, Council Bluffs, IA, Lincoln, and Omaha, NE, connect grain customers with markets served by KCSR/KCSM via the Kansas City gateway.

54. The KCSR route from Kansas City, MO, to East St. Louis, IL, serves agricultural, bio-fuels, and cement customers, among others. At Roodhouse, IL, a branch to Springfield, IL, connects with UP and the Illinois & Midland Railroad ("IMRR") at Springfield and serves additional agricultural facilities in Jacksonville, IL. At East St Louis, KCSR interchanges with BNSF, CN, CSXT, NS, and UP, as well as Alton & Southern Railway ("ALS"), Terminal Railroad Association of St Louis ("TRRA").

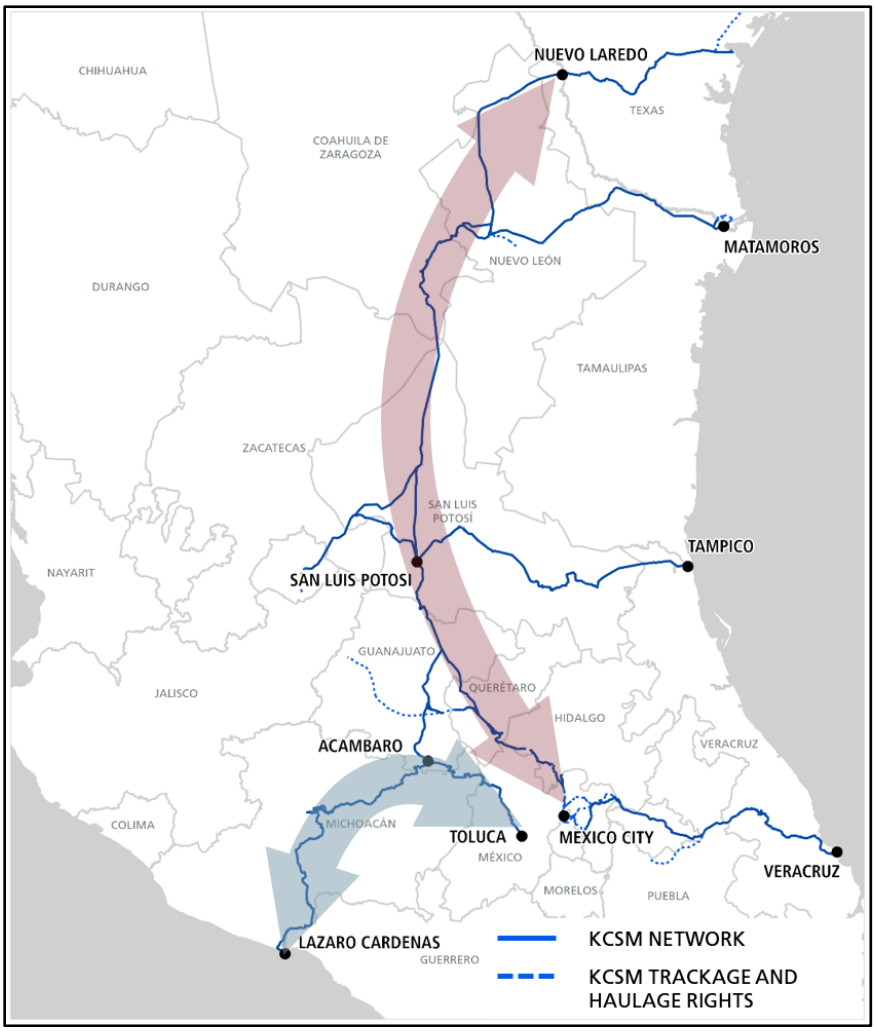
55. The KCSR route from Counce, TN, to Meridian, MS, serves an industry rich region of agricultural, forest products, steel, tire manufacturing, and metal recycling customers. Various short line connections extend KCSR's reach north of Corinth and east of Columbus, MS.

56. The KCSR route from Hattiesburg to Gulfport, MS, serves the Port of Gulfport and forest products customers. This line connects with KCSR (MSLLC) at Jackson via haulage over CN from Hattiesburg to Jackson.

57. KCSR has access to the Port of Mobile, AL, via haulage rights over CN between Jackson and Mobile.

2.2.2. Current KCSM Routes

FIGURE 6
PRINCIPAL KCSM ROUTES



58. Like KCSR, KCSM (Figure 6) is primarily oriented on a north-south axis. From Laredo in the north, the line extends 750 miles to Mexico City in the south. Lines extending east to Matamoros, Tampico, and Veracruz on the Gulf coast, and west to Lazaro Cardenas on the Pacific seaboard provide the KCSM's reach to tidewater. KCSM's line to Lazaro Cardenas has a junction at Acambaro that runs east towards Toluca.

59. KCSM's network serves more than a dozen automotive plants either directly or indirectly. Auto parts and finished vehicles to and from these facilities make up a diverse and

solid automotive base. GM, Ford, FCA, Toyota, Honda, Nissan, BMW, VW, Mazda, Audi, Mercedes, and Kia all have access to KCSM transportation services.

60. KCSM handles intermodal over the majority of its network, connecting intermodal facilities that are both KCSM-owned and private intermodal facilities, customers and ports across the network, which spans from Salinas Victoria in the north to Lazaro Cardenas, Puerta Mexico in Toluca and Pantaco in Mexico City.

KCSM Feeder Lines:

61. The KCSM route from Monterrey, NL, to Matamoros, TA, serves online customers including an auto compound at Pesqueria, NL, transloads, and receivers of agricultural products. KCSM interchanges with BNSF and UP just west of Matamoros via the West Rail International Bridge. KCSM has access to the Port of Brownsville, TX, via UP haulage to a connection with the Brownsville & Rio Grande International Railroad.

62. KCSM's route east from San Luis Potosi, SL, to Tampico, TA, serves online cement, fuel, scrap metal, and transload customers. KCSM has access to the Port of Altamira, TA, via trackage rights over FXE north of Tampico.

63. West of San Luis Potosi, KCSM serves online receivers of agricultural products. KCSM serves an automotive facility at Aguascalientes, AG, via trackage rights over FXE from Chicalote, AG.

64. The KCSM route east from Mexico City accesses intermodal, grain, and oil facilities at the Port of Veracruz, VC, from the north through a new connection at Santa Fe, VC.

3. DEVELOPMENT OF THE OPERATING PLAN

65. CP adapted its industry leading service design processes and capabilities to develop an Operating Plan for the consolidated CP/KCS network. The tools, data, and service design processes involved have been tested and proven over more than 20 years at CP and have

been integral to CP achieving its industry-leading operating and financial performance. Development of the Operating Plan involved the dedication of top tier service design personnel to the project on a full time basis. The design team dedicated to the project are industry leaders and experts in railway service design.

66. MultiRail was used as the primary tool to design efficient blocking and train service for an integrated CP/KCS system. MultiRail is a standard software application for railway operating plan development with a long history of intensive use at CP and other railroads.

67. The first step in using MultiRail is to "plot" all stations and rail lines by latitude/longitude and type.[2] These data were used by MultiRail's algorithms to analyze patterns of movement between facilities from origin to final destination. CP's information was already loaded into MultiRail. Information was added concerning the geographic location of stations on the KCS system based on KCSR's Timetable #15 (effective June 9, 2020) and KCSM's Timetable #3 (effective Oct 25, 2016). Because both CP and KCSR timetables are in Imperial measures, the KCSM timetable was converted from the metric system to Imperial measures to create uniformity across the entirety of the combined CP/KCS network.

68. The end result of this process is depicted in Figure 7, which is a graphical representation of the combined network generated by MultiRail.

[2] Stations (nodes) in MultiRail are categorized by their facilities and functionality (*e.g.,* customer facilities, sidings, junctions, local serving yards, regional yards, and system yards).

FIGURE 7
CP/KCS COMBINED NETWORK AS MODELED IN MULTIRAIL



69. Next, KCS rail traffic data was translated into a MultiRail-compatible format. To do so historical traffic data for KCS (including KCSR and KCSM) was sorted into the traffic categories required by MultiRail – including data elements such as waybill origin, waybill destination, traffic category, car type, load/empty indicator, Standard Transportation Commodity Code (STCC), shipper, consignee, on-railroad, off-railroad, and total cars in the sample period. After importing the KCS traffic file to MultiRail, a consolidated data set was created by combining the two individual records of car movements interlined between CP and KCS into a single combined record. For example, a waybill for a car moving from Altona, MB, to San Luis Potosi, SL, routed as CP-Kansas City-KCSR-Laredo-KCSM was combined into a single record.

70. In addition to the combined base map and traffic file, the design team loaded into MultiRail the current KCS blocking and train plan, including information on train origin, destination, routing, work on-line, and scheduled run times and station time.

71. The current CP train design was applied to the CP portions of each movement, and the KCS train design was applied to the KCS portions of each movement. Traffic movements were reviewed to determine how traffic is currently blocked in each yard, how many blocks are built, what traffic flows to each of the blocks, and which blocks are assigned to each train and in what sequence. The result was a detailed baseline understanding of how the operations of CP and KCS work today as two independent entities. This is what is referred to as the "Base Plan."

72. After developing a good understanding of how the operations work today, the next phase of the design process involved making modifications to reflect the effects of the proposed Transaction, in two steps. In Step 1 the design team developed a plan for an integrated CP/KCS operation carrying only the base traffic (the "Optimized Plan"), and in Step 2 the team developed a plan for an integrated CP/KCS operation carrying both the base traffic and also reflecting changes to that traffic base arising from the Transaction – *i.e.*, extended hauls, rail-to-rail diversions, truck-to-rail diversions, and merger-related market development opportunities (the "Growth Plan").[3]

73. The sections that follow go into more detail about the development of the Base Plan, the Optimized Plan, and the Growth Plan.

[3] The Growth Plan and related statistics reflect the anticipated traffic levels upon full integration of the CP/KCS network at Year 3 after the Control Date.

3.1. THE BASE PLAN

74. As described above, waybill records were collected from both CP and KCS and combined into a system traffic file with empty return flows modelled to reflect historical ratios. Errors or omissions in data translation were identified, investigated, and corrected.

75. In order to generate an accurate and complete view of the operations of each network, the design team used the blocking and train plans in effect in the first quarter of 2021 [4] This set of traffic and designs for the two separate railroad networks is referred to as the Base Plan.

3.2. THE OPTIMIZED PLAN

76. Combining the CP and KCS rail networks into a single network unlocks tremendous opportunities for efficiency gains. Starting upon authorization of common control, CPKC would begin to make changes to improve service and efficiency on the combined network through, among other steps, new train services operating across the current boundary of the separate networks. Optimization will take advantage of longer-distance train profiles handling longer-distance blocks, keeping traffic moving further along the network before needing to be re-worked in yards.

77. The exercise of developing the Optimized Plan was built upon aspects of Precision Scheduled Railroading ("PSR"). KCS's ongoing adoption of PSR principles helped to make KCS's base operational design more compatible with the PSR-based design that CP has

[4] Because the stand-alone operating plans for CP and KCSR/KCSM used in the MultiRail model of CP/KCS reflect operations as of Q1 2021, they embed efficiencies both railroads achieved from 2019 up until that point. This approach avoids attributing to the Transaction efficiency gains that have already taken place. We confirmed that this approach would not lead to any overstatement in efficiencies (*i.e.,* the Q1 2021 operations are not less efficient than operations as of 2019, and would be capable of handling the 2019 traffic). Because of changes in KCS's train plan from 2019 to 2020, particularly within Mexico, we made use of KCS traffic flow data for the peak month of October 2020 to provide a better match between the train plan design and the way the traffic actually flowed over the network.

honed over many years. In developing the Optimized Plan, CP drew on its unparalleled experience with PSR to design an operating plan for the combined CP/KCS network that could handle the base traffic in a manner that both improved service to customers and achieved optimum efficiency improvement.

78. Capitalizing on the long haul traffic flows presented by a pure end-to-end merger, the blocking and train design in the Base Plan was modified in line with CP's core service design principles and practices. Where possible, operations were configured across the now-integrated network to incorporate balanced scheduled train pairs, daily services, longer-distance train runs, longer-distance blocks, and train meets making use of longer sidings. The goal was to reduce intermediate handlings of traffic by blocking deeper into the combined network, keeping trains running further, which, in turn, keeps assets such as locomotives moving, and puts cars into yards only when absolutely necessary.

79. A base block of ten cars was used to plan terminal blocking in order to maximize the use of yard tracks, minimize train work events and extend the distance blocks travel prior to being re-processed. The number of blocks was set taking into consideration the capacity of each yard (*i.e.*, the number and length of classification tracks in the yard). The longest distance, most sizable blocks in turn anchor the train plan, with additional blocks layered on to build a complete network-wide train plan. The result is a faster, more cost effective service to handle the base traffic with the lowest number of intermediate handlings.

80. Table 1 below provides key metrics comparing the Optimized Plan with the Base Plan. Those metrics demonstrate and quantify the improved efficiency of network operations under the Optimized Plan. This is before considering ways in which the combined network will

be able to attract additional rail traffic from railroad and truck competitors, and from merger-related market development opportunities.

TABLE 1
CHANGES IN OPERATING STATISTICS RESULTING FROM OPTIMIZED PLAN

Description	Base Plan	Optimized Plan	Percentage Change
Gross Ton Miles	385.6B	385.6B	N/A
Running Car Miles	3.66B	3.66B	N/A
Intermediate Handlings	22.01M	21.61M	-1.8%
Train Hours	2.97M	2.834M	-4.4%
Train Miles (Freight)	49.93M	48.26M	-3.3%
Gross Ton Miles/Train Mile	7,724	7,991	3.5%
Locomotives/Train	2.72	2.71	-0.1%
Locomotive Unit Miles	50.07B	48.32B	-3.5%

3.3. THE GROWTH PLAN

81. After the Optimized Plan was finalized, CP incorporated the effects of extended hauls, diversions from other railways, truck-to-rail diversions, and anticipated merger related market development opportunities. With growth in traffic, additional operating costs and investments were identified to further expand capacity and/or improve service levels. This involved making changes to the train and blocking plans developed in the Optimized Plan. This output is referred to as the "Growth Plan".

82. It is not expected that the CPKC merger-related traffic growth will take exactly the shape (in terms of precise mix, volume and timing) represented in the traffic file on which the Growth Plan is based. The Growth Plan is a reasonable and reliable estimate of how CPKC's operations would be structured to handle forecasted traffic growth; it therefore provides a robust estimate of the operating and other savings realized from the CPKC transformation. CPKC will have the assets and capabilities it needs to be nimble and able to adjust as the Transaction is implemented in the real world.

83. The Growth Plan differs from the Base Plan and the Optimized Plan in two primary respects. First, the Growth Plan incorporates additional traffic that the combined network would carry following Board control approval and implementation of the Transaction by (a) extending the length of haul for traffic CP or KCS already is handling; (b) by attracting traffic away from other railroads (rail-to-rail diversions) and off the highways and onto CP/KCS intermodal service (truck-to-rail diversions); and (c) by incorporating new traffic growth opportunities afforded by the combination. The estimated additional sources of traffic were based on comprehensive analyses that are described in the Verified Statements of Michael R. Baranowski and Bengt Mutén, and the Joint Verified Statement of Jonathan Wahba and Michael J. Naatz.

84. This estimation process began with an evaluation of the Board's 2019 confidential waybill file to identify shipments that could be diverted to the combined CP/KCS system. Limited adjustments were made to account for known changes in traffic patterns that have occurred since 2019, as well as certain new opportunities that did not exist as of 2019. The result was a matrix of traffic movements that the combined network would handle over the course of the first three years post-Transaction, during which the transition would be fully implemented taking into account the phasing in of potential traffic diversion and growth opportunities as well as the need for additional capacity required to accommodate the new traffic.

85. Second, the Growth Plan also considers sources of organic growth in traffic volumes in order to confirm – and demonstrate to the Board – that the operation of the combined network will be fully resourced and capable of an efficient operation without congestion or service degradation. The traffic growth considered thus includes both anticipated volume growth

for traffic currently handled by CP or KCS as well as volume growth that will be attracted by the combined network.[5] Growth forecasts for KCSR/KCSM traffic are based on normal-course-of-business planning processes for all years. Growth forecasts for CP traffic are based on normal-course-of-business planning processes up to 2023. Beyond 2023 CP traffic growth is based on forecasted North American economic growth with commodity specific opportunities overlaid.

86. Table 2 below summarizes the effects of incorporating the Growth Plan:

TABLE 2
CHANGES IN OPERATING STATISTICS INCORPORATING THE GROWTH PLAN

Description	Base Plan	Optimized Plan	Optimized vs. Base Plan	Growth Plan	Growth vs. Optimized Plan
Gross Ton Miles	385.6B	385.6B	N/A	461.9B	19.8%
Running Car Miles	3.66B	3.66B	N/A	4.63B	21.3%
Intermediate Handlings	22.01M	21.61M	-1.8%	22.37M	3.5%
Train Hours	2.97M	2.834M	-4.4%	2.86M	1.1%
Train Miles (Freight)	49.93M	48.26M	-3.3%	53.63M	11.6%
Gross Ton Miles/Train Mile	7,724	7,991	3.5%	9,000	12.2%
Locomotives/Train	2.72	2.71	-0.1%	2.74	1.0%
Locomotive Unit Miles	50.07B	48.32B	-3.5%	52.45B	8.5%

87. Development of these three scenarios (Base Plan, Optimized and Growth Plans) enabled the design team to:

(a) demonstrate the base-year efficiencies created by combining CP and KCSR/KCSM into an integrated system that takes advantage of a fully-integrated and optimized plan – based on a 2019 base year;

(b) calculate the incremental efficiencies and net revenues resulting from extended hauls, rail-to-rail diversions, truck-to-rail diversions, and other traffic growth opportunities that flow from Transaction-related benefits (including additional opportunities that did not exist in the 2019 base year) over the first three years following Control; and

[5] Only the volume growth that will be attracted by the combined network was considered in quantifying the Transaction-related effects.

(c) demonstrate the present and future net benefits of a CP/KCS combination both on a pro forma basis relative to 2019 and going forward for Years 1-3 and beyond.

3.4. GENERAL CATEGORIES OF TRAFFIC ON THE COMBINED NETWORK

88. In developing the operating assumptions under each of the Plans described above, CP assigned each movement to one of four traffic categories; manifest, intermodal, automotive, or bulk.

3.4.1. Manifest

89. Manifest (or merchandise) traffic, includes all railcar shipments that are not in intermodal, automotive, or bulk (unit train) service. Although these movements are often referred to as single railcar movements, manifest traffic is frequently handled in blocks of 10, 20, 30 or more cars depending on the origin customer's capacity and the size of the order being fulfilled. Manifest shipments usually make one or more stops along their route to be switched from one block to another, or from one train service to another.

3.4.2. Intermodal

90. Intermodal refers to the transportation by rail of containerized shipments, either in domestic/marine container or in trailers that move between modes of transportation without unloading the lading. Intermodal terminals are often separated from standard railcar yards, and are designed for the secure and efficient handling of the containers and trailers from railcars to trucks (or vice versa). When volumes are sufficient, solid intermodal trains are built to expedite movement from an origin to a single destination location. Solid intermodal trains are typically designed to stop only for crew changes and fueling, although exceptions are made to set-out or pick-up intermodal cars.

3.4.3. Automotive

91. Automotive traffic generally falls into two categories of shipments: auto parts and finished vehicles. Auto parts are extremely time sensitive due to "just-in-time" transit commitments agreed to between the rail carrier and the customer (usually an automotive manufacturer or "OEM"). Auto parts with time sensitivities move in general manifest (or, if containerized, intermodal) trains but are managed to ensure tight connections between trains to protect service commitments.

92. Finished vehicles typically move in groups of multilevel railcars to accommodate the volume of traffic released from automotive assembly plants. When volumes warrant, solid trains of finished vehicles with limited stops en route, similar to solid intermodal trains, offer the quickest transit times and fewest railcar handlings from origin through to destination. Reduced handlings also minimize the chance of the vehicles inside the railcars being damaged, for example, by "jumping their chocks."

3.4.4. Bulk

93. Bulk train service refers to solid (or unit) trains handling commodities such as grain, coal, sulphur, or potash. In recent years, unit trains of ethanol, crude oil, and frac sand have been added to the unit train mix on CP and other North American railways. All of these commodities can also run in manifest service, with the difference being that bulk train origin and destination stations are able to load and/or unload solid trains, often in less than 24 hours. Locomotives typically remain with these unit trains to avoid the costs and delay of deadheading power to/from the terminal. Bulk service is designed to require no work en route other than crew changes and fueling, although longer-distance trains do receive intermediate safety inspections en route. In terms of train size, unit trains range from 100 cars for grain or sand trains on CP's

U.S. network up to 200 cars per train of potash. Locomotives are assigned on a maximum-tonnage-per-unit basis.

3.5. TRAFFIC FLOWS, BLOCKING PATTERNS, LINE SEGMENT, AND YARD ACTIVITY CHANGES

3.5.1. Traffic Flows

94. As noted earlier, three scenarios were developed in MultiRail to aid in analyzing pre- and post-Transaction traffic flows. The first, the Base Plan, represents CP's and KCS's separate traffic flows and operating plans. The second scenario, the Optimized Plan, established the revised car flows, blocking, and train plans in a combined system based on current levels of traffic. The third scenario, the Growth Plan, developed further car flow, blocking, and train plan revisions that would enable the combined network to efficiently handle the additional traffic anticipated from extended hauls, rail-to-rail diversions, truck-to-rail diversions, and multi-year growth anticipated over the period of transaction implementation, culminating in Year 3 post-transaction when the transaction would be fully implemented.

3.5.2. Blocking Patterns

95. To realize opportunities for improved service and efficiency on a combined CP/KCS system, train schedules and blocking patterns were revised and new services established using two processes. First, a longer-distance blocking plan for the combined system was designed with the aim of reducing intermediate handlings by blocking deeper into the combined network. Train runs were extended to match the deeper blocking, which reduces the number of handling events on cars and locomotives, generating efficiencies in the use of assets as well as improving service levels experienced by CP/KCS customers. For example, blocks built today by CP in Chicago or St. Paul for Kansas City were evaluated for potential extension to Shreveport

and other points on the KCS system. Similarly, blocks built today by KCS in Shreveport for Kansas City were evaluated for potential extension to Chicago, St. Paul, and other CP points.

96. The design process used was an iterative one. To illustrate, it begins at a logical location where opportunities exist to reduce switching activity consistent with supporting existing or improved service levels. Terminal blocking plans were reviewed from a minimum block size threshold of an average of ten or more cars per day to evaluate potential long-distance block candidates. The number and length of classification tracks in a given yard may constrain the total number of blocks that can be established. As a result, the longest-distance blocks form the foundation of the blocking plan, with intermediate blocks layered onto the longer-distance trains. The overall objective was to reduce the number of times an average car has to be switched between its ultimate origin and ultimate destination. Imposing this discipline across the breath of a combined network resulted in many changes in the blocking design and the amount of blocking performed at various yards across the network.

97. Second, the plan was refined for each train using a tool in MultiRail called the "Block By-Pass Opportunity" report, a feature that analyzes the existing design and suggests new blocks to make and yards to bypass. The suggested options were assessed for practicality in terms of block size, possible train connections, how the proposed block affects service levels, and the traffic composition of the new block. This process was repeated until no further incremental improvements were observed.

98. To improve customer service levels wherever practicable, the frequency of train service was increased to daily and balanced in both directions. The goal was to provide consistency to both service and operations, the latter in terms of a simpler daily plan that is repeatable – *e.g.*, the same block departs on the same train every day. Repetitive plans are

measured and continuously improved. Continuous improvement is the foundation of PSR and creates reliability across the network.

3.5.3. Line Segment Changes

99. CP calculated train counts and gross ton-miles for each line segment for (a) the Base Plan and (b) the Growth Plan (*i.e.*, Year 3). These statistics are reported in Appendix A.

3.5.4. Yard Activity Changes

100. The train and blocking changes designed into the Optimized Plan and the Growth Plan resulted in changes in yard activity. As an anticipated consequence of the revised, integrated network design, several yards would experience significant reductions in the volume of traffic that requires yard processing – most notably Kansas City, MO and several KCSM yards in Mexico. These changes yield lower costs, increase capacity, and improve reliability and service performance. Appendix B displays all yard volume changes under the Optimized and Growth Plans.

3.6. Realization of Traffic Gains and Consolidation of Benefits

101. The integration of the CP and KCS networks will be complete within the first three years of Board approval of control, leading to significant and recurring benefits. This is the period during which the combined railroads will swiftly establish improved new single-line service offerings and commercial initiatives, invest in improved signaling and capacity enhancements on the core North-South routes of the CP/KCS system, and attract additional new traffic from other railroads and the highways as a result of these initiatives. During this period, increases in traffic resulting from extended hauls, rail-to-rail diversions, truck-to-rail diversions and additional merger-related market opportunities are expected to result in significant economies of scope and scale that will support the realization of the associated operating

efficiencies. Some new traffic opportunities may take longer to develop as they involve seasonal demands (*e.g.*, propane volumes in winter vs. summer) or longer-term capital investments by CP/KCS or third parties (*e.g.*, a potential intermodal/automotive facility serving Southeast Texas, new grain elevators in Southeast Iowa).

3.7. APPROACH TO CONSOLIDATED OPERATIONS

3.7.1. KCS Current Train Operation

102. Appendix C contains schematics describing the KCSR/KCSM pre-Transaction train schedules in effect in the first quarter of 2021.

103. The current KCSR/KCSM train design can be broadly described as a hub and spoke design centered on Shreveport Yard and Sanchez Yard (just south of Laredo). Trains are designed to send traffic to these major hubs for further processing. Two such examples are KCSR manifest trains "M-KCSH," from Kansas City to Shreveport, and "M-ARSH," from Artesia, MS to Shreveport. The pattern is similar on KCSM, with manifest trains "M-MYSZ" and "M-MYSZ2," both from Monterrey to Sanchez, and "M-SZMY" and "M-SZMY2," both from Sanchez to Monterrey, illustrating twice daily services in Northern Mexico.

104. The blocks currently established within each train profile largely mirror this hub-and-spoke structure. For example, manifest traffic arriving (or originating) Kansas City is currently forwarded to Shreveport in a mixed block for classification there into new blocks: (a) east to Meridian, Jackson and Artesia, (b) southeast to New Orleans, and (c) south and southwest to Port Arthur and Mossville (Lake Charles, LA). At Shreveport, traffic for Mexico is processed and sent to Sanchez Yard for further handling. At Sanchez, traffic is processed into blocks for key stations along the line, such as larger terminals at Monterrey and San Luis Potosi, as well as smaller locations such as Saltillo and Escobedo.

105. Another feature of KCS's current operation is that many of KCS's scheduled trains run only on select days of the week rather than daily. Examples are manifest train "M-SHKC2," from Shreveport to Kansas City, which operates only on Monday, Wednesday, Friday, and Saturday (*i.e.*, "xMxWFS"); manifest train "M-SHDA," from Shreveport to Wylie, which operates SxTWTFS; and intermodal train "I-DAAT2," from Wylie to Meridian, which operates xxxWxFx. This scheduling approach is driven by specific line-of-business considerations. For example, a pure intermodal service may operate less than daily because average intermodal traffic volumes are too low to warrant daily service. However, this means that when traffic surges (as it inevitably does) the current KCS/KCSM train plan must use "as required" or extra train profiles to supplement scheduled services. Examples are intermodal train "I-DALR," form Wylie to Laredo, and manifest train "M-JAKC," from Jackson to Kansas City. KCSM takes a similar approach in Mexico. KCSM "as required" examples are automotive trains "A-ESNL," from Escobedo to Nuevo Laredo, "A-SLUP," from San Luis Potosi to Laredo, and "A-TLBN," from Toluca to Laredo. These as required trains are typically one way moves with no reciprocal return symbol, which often results in assets and crews that are stranded, which requires dead-heading of crews and limits utilization and resource optimization.

3.7.2. CP's Application of PSR

106. Appendix D contains schematics describing CP train schedules in effect in the first quarter of 2021.

107. Based on CP's long experience with PSR, it is understood that daily service for all lines of business in all directions creates a predictable daily schedule that encourages the railroad and its customers to collaborate to achieve predictable and reliable operations. This substantially reduces expenses such as car dwell and deadheading of locomotives and crews. This experience informed the approach to designing a consolidated plan for the CP/KCS system that took

advantage of its greater scope and density with both efficiency and service reliability as the primary objectives.

108. It is important to emphasize that the principles of PSR, which have been embraced by both CP and KCS independently, are built on the premise of constant re-evaluation and optimization. The operating plans described herein are based on the traffic and diversion studies of a fully-combined CP/KCS system as undertaken by Applicants using the best information available.

4. CP/KCS COMBINED NETWORK OVERVIEW

4.1. COMBINED NETWORK - PRINCIPAL ROUTES

109. CP and KCS intersect only in Kansas City, where they already share yard facilities, and the two railroads have no overlapping or parallel routes. As a result, there will be no change in the principal routes operated by either railroad. There will be no abandonments or discontinued operations anywhere on the combined system as a result of the Transaction. Instead, the combination of end-to-end networks will enable the more efficient operation of the two railroads' routes, lowering costs and improving the level of service provided to customers for North-South traffic moving on the combined CP/KCS system via Kansas City. Instead of KCS's and CP's separate lines ending at Kansas City, longer-distance trains along with more far-reaching blocks are possible, allowing service to be expedited through a reduction in car handlings and locomotive changes.

110. At the same time, CP/KCS will keep open, both operationally and commercially, all existing gateways. It is therefore anticipated that CP/KCS will support efficient interchanges – and continue to interchange large volumes of traffic with other Class I railroads – for example, at Laredo (with UP), Robstown (with BNSF), Jackson (with CN), Chicago (with CSX, NS, UP,

BNSF, and CN), and Minneapolis/St. Paul (with BNSF and UP). The Operating Plan does not contemplate any changes to the CPKC train services to/from these gateways.

4.2. COMBINED NETWORK - CONSOLIDATION OF MAIN LINE OPERATIONS

111. Appendix E contains schematics describing proposed CP and KCS train schedules post-transition. The CP/KCS Optimized and Growth Plans anticipate daily and balanced train services where volume permits, daily train services handling mixed intermodal/manifest traffic in cases where volumes are insufficient to support trains dedicated to one category of traffic.

4.3. COMBINED NETWORK - YARD PROCESSING AND BLOCK DESIGN CHANGES

112. The proposed changes in the operation of an integrated CP/KCS system will affect the role of yards. As traffic flows to new, longer distance blocks, the number of cars per day going into a yard will be altered. Some yards will get busier, while others will experience reductions in workload. Table 3 lists key yard locations and the difference in number of cars processed per day under the Base Plan and the Optimized Plan.

TABLE 3
ANTICIPATED YARD WORKLOAD (±10 CARS PER DAY) - BASE PLAN TO OPTIMIZED PLAN

Yard	Processed Cars Base Plan	Processed Cars Optimized Plan	Difference in Cars / Day
San Luis Potosi	533.86	567.32	33.46
Shreveport	869.29	892.39	23.11
Escobedo	278.04	297.29	19.25
Nahant (near Davenport, IA)	363.61	380.07	16.46
Laredo	1062.21	1078.64	16.43
Mexico City	186.00	196.36	10.36
San Juan Del Rio	51.29	40.93	-10.36
Jackson	391.82	378.21	-13.61
Salinas Victoria	199.61	185.68	-13.93
Monterrey	995.00	967.43	-27.57
Beaumont	189.54	157.86	-31.68
Saltillo	62.82	28.43	-34.39
IFG (near Kansas City)	97.96	54.93	-43.04
Queretaro	223.07	173.71	-49.36
Kansas City	581.54	506.46	-75.07
Vanegas	140.96	0.50	-140.46
Sanchez (near Nuevo Laredo)	1562.25	1179.21	-383.04
Nuevo Laredo	532.64	105.68	-426.96
Grand Total			**-1130.4**

113. The large decreases in cars per day processed at Nuevo Laredo and Sanchez Yard are the result of building longer-distance blocks for the combined CP/KCS network, which reduces the amount of handling at the border yards, thereby reducing transit times and other costs of handling this traffic. For example, in the combined network, blocks that bypass Nuevo Laredo and Sanchez are made possible because other yards – especially Shreveport – will be relieved of some workload by yards north of Kansas City that will in turn be building blocks that bypass those intermediate points. It is important to note that blocking plans are subject to constant adjustment and will necessarily evolve with changes in traffic volumes and composition on the CP/KCS network.

114. The decrease in cars per day at Kansas City is a reflection of no longer terminating CP and KCS train symbols at Kansas City, and the impact of longer distance blocks supporting a through train service. For example, under the Optimized Plan yards in St. Paul, MN and Nahant, IA (near Davenport) will create blocks to Shreveport and Sanchez from the north; and Shreveport will create blocks to Nahant and St Paul from the south. This will reduce or eliminate the need to processing CP/KCS traffic in Kansas City. In addition, having Shreveport create separate blocks for each railroad with which CP/KCS will interchange at Kansas City will further reduce the need to classify traffic at Kansas City.

115. In the Optimized Plan some yards like Shreveport and Monterrey produce more blocks. Table 4 below provides a list of the CP/KCS yards (sorted in alphabetical order) that will make more blocks under the Optimized Plan (vs Base Plan). Complete details of changes to blocks can be found in Appendix F.

TABLE 4
ADDITIONAL LONG DISTANCE BLOCKS BY YARD
BASE PLAN TO OPTIMIZED PLAN

Yard	Additional Blocks
Corpus Christi	1
East St Louis	1
Encantada (IMS)	1
IFG (near Kansas City) (IMS)	1
Jalapa	1
Laredo	3
Matamoros	1
Meridian	2
Mexico City	1
Monterrey	2
Nahant (near Davenport, IA)	2
Pedro C Morales (near Monterrey)	1
Puerta Mexico (IMS)	4
San Luis Potosi	3
Sanchez (near Nuevo Laredo)	2
Shreveport	4
St Paul	1
Toluca	1

116. The total number of blocks a given yard can build daily is a function of the number of classification tracks in the yard, the length of each track, and the number of times per day the traffic is pulled from the tracks and departed. Under certain circumstances where a track is pulled and departed more than once per day that same track can be used to build additional destination blocks. Existing and planned yard infrastructure was analyzed for each of KCS's yards in the United States and Mexico and took into account available yard capacities in developing Operating Plans. Analysis concluded that there is no need for additional yard capacity on the KCSR and KCSM network.

4.4. GROWTH PLAN – PRINCIPAL ROUTES

117. Appendix G contains schematics describing proposed CP and KCS train schedules post-Transaction.

118. Transforming the separate CP and KCS networks into a single, integrated network creates the opportunity to optimize service design around a combined traffic base and a larger, coordinated operating footprint. This, in turn, will improve customer service and promote efficiency for both customers and CP/KCS by speeding up traffic, smoothing day of week volume levels, increasing train productivity, and decreasing operational costs. Daily train services carrying long-distance blocks will allow traffic to remain moving on trains for longer distances, minimizing delays and costs associated with extra processing of traffic.

119. As an illustration, consider the effects on locomotive utilization. Because locomotives remain working on trains for longer durations without changing off, there is reduced intermediate dwell time compared to shorter lengths of haul. The same concepts apply to rolling stock. The resulting improvements in efficiency include reduced transit times, lower handling costs, reduced dwell, and less inventory that otherwise consumes available capacity in yards.

120. Some illustrations of how these principles will be applied to the CP/KCS network include:

- Under the Optimized Plan: the separate KCS Shreveport to Kansas City and CP Kansas City to St. Paul blocks and trains would be combined, with new blocking at Shreveport that will eliminate the reprocessing of traffic that currently takes place at Kansas City. The result is an average *reduction in transit time of 26 hours*. Comparable changes would be made for southbound flows in this corridor, with St. Paul building blocks for Shreveport and beyond.
- Under the Growth Plan: CP's current Toronto-to-Chicago service would be extended through to Lazaro Cardenas bypassing intermediate processing at Nahant, Kansas City, Shreveport, Laredo, Sanchez, Vanegas, and Escobedo.
- For full details of the design changes that CP anticipates, please refer to Appendices H and I.

121. With a consistent daily train plan, CP/KCS will be able to design and implement precision train meets. Integrated CP/KCS train services will run in routine time slots allowing

for increased train lengths by design. Not only will this improve productivity, it will allow for volume fluctuations without negatively affecting dwell time. Over a longer time horizon, this operational design will make capital planning for siding and yard capacity expansion simpler to model and build, further contributing to train service that is more predictable.

122. The principle of balance guides this design. Even when traffic levels are not available to run the daily design, balance still applies. For example, even if it is sometimes necessary to run train service less than daily, schedules can still be designed to ensure power and crew cycles are optimized, which in turn reduces crew held-away time and deadheading of crews to home terminals and ensures that locomotive power is shared efficiently between bi-directional train pairs.

123. An example of a proposed change unlocked by the CP/KCS combination that will improve efficiency relative to current KCS operations involves current manifest trains "M-SHLC" and "M-LCSH," which operate between Shreveport and Mossville, LA. Train "M-SHLC" is scheduled to depart Shreveport at 0800 hours four days per week (xMTxTxS), arriving Mossville at 1645 hours. Return train "M-LCSH" is scheduled to depart Mossville at 1330 hours only three days a week (xMxWxFx), arriving Shreveport at 2230 hours. By changing service days for "M-SHLC" to SxTxTxx, crew and locomotives will be available to supply the return train on alternate days (xMxWxFx), avoiding the dwell of locomotives at Mossville over Sunday and Tuesday and a corresponding deadhead of crews.

124. The ability to deploy longer, safer trains is a key component of running an efficient combined network supporting increased traffic flows. To assist in operating longer trains, CP's Train Area Marshalling tool (or "TrAM") – a proprietary train dynamics and territory analysis program developed in house – will allow CPKC to determine where to place

locomotives within each train. In contrast to traditional static rules published in a timetable format, TrAM takes into account grade and curvature in all of the territories a specific train will traverse and checks its predictions against a live consist at each work event location. TrAM checks train consists to ensure safe marshalling of cars within the train, including as cars are picked up or set out en route. This software will support the safe and efficient operation of longer trains on the combined CP/KCS network.

4.5. GROWTH PLAN - PROPOSED CP/KCS OPERATIONS

125. The Growth Plan incorporates the combined network operations needed to attract and support the additional traffic that will flow to the combined network as a result of the transaction. The traffic additions will be the result of improved transit times, more reliable service, and the commercial benefits associated with single-line service. The nature and sources of this traffic are described in detail in the testimony of Messrs. Baranowski, Mutén and Wahba/Naatz. Of the four categories of traffic (intermodal, automotive, manifest and bulk), growth in intermodal is the single most significant driver of the changes in train design to support the multi-year traffic forecast underpinning the Growth Plan.

126. The end-to-end nature of the CP/KCS network makes planning for this forecasted traffic growth relatively straightforward. Traffic will flow from origins on CP in Western Canada and the Upper Midwest via CP's line between St. Paul and Sabula Junction to Kansas City. Traffic will also flow from origins in Chicago, Detroit, and Eastern Canada via CP's line between Chicago and Sabula Junction to Kansas City. South of Kansas City that traffic will be delivered to destinations on KCS in Arkansas, Mississippi, Louisiana, and Texas, and throughout Mexico. Northbound traffic will flow in reverse.

4.5.1. Through-Train Service

127. The additional traffic density associated with the Growth Plan will support scheduled through-train services characterized by extended train run distances, increased train lengths, new block and train assignments, updated scheduled times, and both increased daily service and train pair balancing where volumes permit. Because traffic remains on the train for longer distances, dwell times and re-handling at intermediate yards are substantially reduced. These efficiencies result in more efficient utilization of locomotives and freight cars, which in turn adds to the capacity available to support further traffic increases.

128. Longer trains and consistent daily train services will also result in smoother and more predictable traffic flows. This, in turn, minimizes the chances of "bubbles" of traffic hitting yards on unscheduled trains. Consequently, customers will experience a more reliable service that will enable them to more accurately plan their transportation-dependent workflows. Examples of new train services that will accommodate the anticipated growth and deliver the through-train benefits include the new CPKC trains listed below:

- ***CPKC Trains 160 and 161***, operating daily between Minneapolis IMS and Toluca (2640 miles)
  - Intermodal and manifest traffic
- ***CPKC Trains 162 and 163***, operating daily between Bensenville IMS and Wylie, TX (1221 miles)
  - Intermodal and manifest traffic
- ***CPKC Trains 170 and 171***, operating daily between Toronto and Lazaro Cardenas (3190 miles)
  - Intermodal, automotive and manifest traffic
  - Detroit intermodal connects to/from CPKC Trains 142 and 143 at Bensenville
  - Replaces CP Trains 140 and 141 between Bensenville and Toronto

- ***CPKC Trains 174 and 175***, operating daily between Bensenville IMS and Interpuerto (2170 miles)
    - Intermodal and manifest traffic
- ***CPKC Trains 176 and 177***, operating daily between Bensenville IMS and Lazaro Cardenas (2650 miles)
    - Intermodal only connecting the Port of Lazaro Cardenas with Chicago and serving intermediate Mexican markets at Salinas Victoria and Encantada

129. The Growth Plan reflects operations that will support anticipated steady-state traffic flows over the long run. In some cases, additional long-distance blocking will be instituted when warranted by seasonal (or other) increases in traffic volumes. For example, it is anticipated that traffic flows will not always support daily long-distance manifest blocks between Western Canada to KCS destinations. However, during winter months, seasonal propane shipments and/or other fluctuations in traffic likely will warrant additional longer-distance blocks, allowing the combined entity to further reduce overall handlings.

4.5.2. Local Train Service

130. The Growth Plan as presently constituted is able to provide effective service to the combined network traffic using the same local service designs that CP and KCS operate today. As CPKC integrates the two networks, in-depth reviews of local service levels may reveal opportunities to adjust local assignments to provide further improvements in the service provided to customers. CP plans to approach this process – referred to as "white-boarding" – on a customer-specific basis to design services that consider end-to-end customer transit time along with the service timing and frequency that meets the customer's needs. The process will review such factors as spotting capacity, loading and unloading time, and private fleet sizing to address the customer's supply chain needs and improve its asset turns.

4.6. GROWTH PLAN - YARD AND TERMINAL ACTIVITY CHANGES

131. As a result of an Operating Plan that reduces reliance on intermediate yard handlings, the majority of yards on the combined network will see only minor increases in the volume of cars processed or number of blocks made even with the anticipate traffic increases. Most CP/KCS system yards will continue to operate at volume levels similar to those experienced today.

132. Table 5 below summarizes the anticipated effects on system yards under the Growth Plan – *i.e.*, at the end of Year 3.

TABLE 5
YARD AND TERMINAL ACTIVITY CHANGE > 25 CARS/DAY
OPTIMIZED PLAN TO GROWTH PLAN

Yard	Processed Cars Growth Year 3	Processed Cars Optimized Plan	Change in Cars Processed	% Change in Cars	Originating Blocks Growth Year 3	Originating Blocks Optimized Plan	Change in Originating Blocks
BENSENVILLE IMS	403.12	128.82	274.29	213%	22	13	9
LAZARO CARDENAS (IMS)	237.05	36.18	200.87	555%	13	11	2
SANCHEZ	1324.31	1179.21	145.09	12%	32	32	0
WYLIE (IMS and Manifest)	392.57	255.61	136.96	54%	14	7	7
BENSENVILLE	1094.86	982.75	112.11	11%	87	83	4
QUERETARO	283.72	173.71	110.00	63%	16	15	1
SCHILLER PARK AUTO	76.21	3.00	73.21	2440%	1	1	0
ST PAUL	1793.95	1724.79	69.17	4%	63	63	0
IFG (IMS) (Near Kansas City)	119.94	54.93	65.01	118%	9	5	4
SHREVEPORT	949.99	892.39	57.60	6%	37	35	2
SALINAS VICTORIA (IMS)	222.64	185.68	36.96	20%	15	10	5
MINNEAPOLIS IMS	111.33	76.96	34.36	45%	20	15	5
TORONTO YARD	385.05	356.04	29.02	8%	41	41	0
ESCOBEDO	263.15	297.29	-34.14	-11%	24	24	0
LAREDO	1043.75	1078.64	-34.90	-3%	5	5	0
MONTERREY	930.33	967.43	-37.10	-4%	27	29	-2
JACKSON	340.00	378.21	-38.22	-10%	23	23	0

133. Due to their size and strategic importance in the merged network, two of the largest yards on CP's system, St. Paul and Bensenville, will see meaningful changes in classification demand.

134. St. Paul Yard is CP's only remaining U.S. hump operation. This Milwaukee Road-era yard was extensively re-built in 1951 into a hump yard that currently builds 28 manifest road blocks, out of a total of 63 blocks. Although post-Transaction volumes at St Paul Yard will be virtually unchanged, a modest increase of 69 cars a day processed and the addition of one block to Shreveport, about 1,181 route miles away will be added to the yard. This increase in processing is well within the capacity of the yard's configuration and associated resource needs.

135. CP's Bensenville yard is located near Chicago's O'Hare airport. The original yard dates from 1916 but has changed dramatically in the ensuing 105 years – most notably its transformation into a 70-track classification yard in 1953. In the 1990s the yard was rebuilt into its current configuration, with an intermodal facility on the east side. Manifest traffic flows into Bensenville for processing from the north (via CP's Milwaukee route); from the south (over CP's route from Kansas City via Nahant); from the East (over NS trackage rights and CSX haulage), and from interchange with other carriers across Chicago terminal area. Post-Transaction, Bensenville will see an increase of 112 cars for processing daily. Bensenville will be tasked with building four new merchandise blocks: to Shreveport, Sanchez, Monterrey, and San Luis Potosi. The latter block would be the second longest distance manifest block on the combined network at 2,160 miles, behind only the current Calgary to Montreal block at 2,388 miles. Bensenville will also face additional demand from anticipated growth in automotive and intermodal traffic.

136. CP has already planned a transformation and expansion of Bensenville's capacity, unrelated to the Transaction, taking advantage of an increased footprint unlocked by a settlement with the Illinois Tollway that will allow the relocation of an embankment carrying a UP line across the center of the yard. While that project is underway, Bensenville will be supported by CP's nearby Schiller Park intermodal terminal and other CP facilities so as to avoid overloading Bensenville while it is undergoing expansion and reconfiguration to support future traffic levels.

137. On KCSR/KCSM, yards with reduced blocking and/or processing activity include Kansas City, Nuevo Laredo, Sanchez, and Vanegas.

- ***At Kansas City***, which is discussed in greater detail in Section 5.3.1 below, traffic moving beyond Kansas City will bypass processing at the Joint Agency yard that CP and KCS share. The existing track configuration allows for trains moving between CP and KCS to run straight through and complete crew changes on double-track segments north and south of the current connection between CP and KCS trackage.
- ***At Nuevo Laredo and Sanchez***, in close proximity to the U.S.-Mexico border, changes to the combined network blocking plan drive a reduction in activity because blocks will be built in the United States that bypass processing there, and vice versa.
- ***At Vanegas***, the Optimized Plan shifts all processing to other yards, given the lack of any need for additional work at this location to support local switching activity.

138. KCS yards with increased blocking and/or processing include the following;

- ***Shreveport*** will play a more prominent role in the post-Transaction train design. Ten new manifest blocks will be built, destined for Bensenville, Kansas City/BNSF interchange, St Paul, Nahant, East St Louis, Vicksburg, MS, Port Arthur, TX, Sanchez, Monterrey, and San Luis Potosi. The yard has sufficient capacity to accommodate this expanded role.
- ***San Luis Potosi*** yard will see an increase of 38 cars per day and the requirement to produce four new blocks under the Optimized Plan. As with Shreveport, the yard has sufficient capacity to accommodate this expanded role.

139. Other changes in yard processing will occur as volume migrates to the combined CP/KCS network. At St. Paul, Chicago and Jackson, among others, some portion of the traffic currently interchanged with other roads will migrate to single-line service. The Operating Plan has taken into account these traffic shifts and simultaneously assured that there is sufficient capacity to handle them and that existing service levels are maintained at the existing gateways that will see reductions in interchange volumes.

5. IMPACTS ON TRAFFIC DENSITIES

5.1. IMPACTS ON TRAIN VOLUMES, GROSS TON-MILES AND TRAFFIC DENSITY

140. Modeling shows that that the integrated CP/KCS network will allow for the same traffic to be handled by fewer, more-efficient, longer-distance train pairs. As volumes increase over time, new train services will be added to support growth. The Traffic Density Charts contained in Exhibit 14 show the projected changes in train volumes, gross ton-miles, train miles and traffic density on the network.

5.2. IMPACTS ON TRAFFIC MIX

141. The CP/KCS network will closely mirror the U.S. rail network as a whole form the standpoint of traffic mix.

5.2.1. Manifest

142. Manifest traffic will comprise approximately 46 percent of carloads handled by the combined CP/KCS as compared to 49 percent for all U.S. railroads combined.[6] Major commodities typically handled as manifest traffic include automotive, petroleum, chemicals, forest products, consumer products, metals, and minerals**.** Nationwide, key flows of manifest traffic are similar.

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[6] Source: FTI Consulting referencing 2019 STB Waybill sample.

5.2.2. Intermodal

143. Intermodal traffic will comprise approximately 18 percent of carloads handled by the combined CP/KCS as compared to 15 percent for all U.S. railroads combined.[7] Major commodities typically handled in intermodal service includes import / export traffic, and domestic intermodal traffic with a wide variety of commodities handled within these two sub-segments.

5.2.3. Bulk

144. Bulk traffic comprises approximately 36 percent of carloads handled by the combined CP/KCS as compared to the same percentage for all U.S. railroads combined.[8] Key flows of bulk traffic include grain from Western Canada and the U.S. Midwest to the ports of Vancouver, Portland, and Thunder Bay as well as destinations in the Gulf States and Mexico; coal traffic from southeast British Columbia to the port of Vancouver; ethanol from the U.S. Midwest to points in the Northeast; crude oil from northern Alberta to the Gulf Coast, among others.

5.3. IMPACTS AT KEY NETWORK POINTS

5.3.1. Kansas City

145. CP and KCS connect at a single point – Kansas City. CP and KCS trackage connect at Airline Junction, but they interchange traffic at their adjacent jointly-owned yard (referred to as the Joint Agency or "Knoche Yard"). CP manifest trains from the north pull into Knoche Yard, and are broken up for interchange with the various carriers in Kansas City. KCSR manifest trains from the south do the same. These points are depicted in Figure 8 below.

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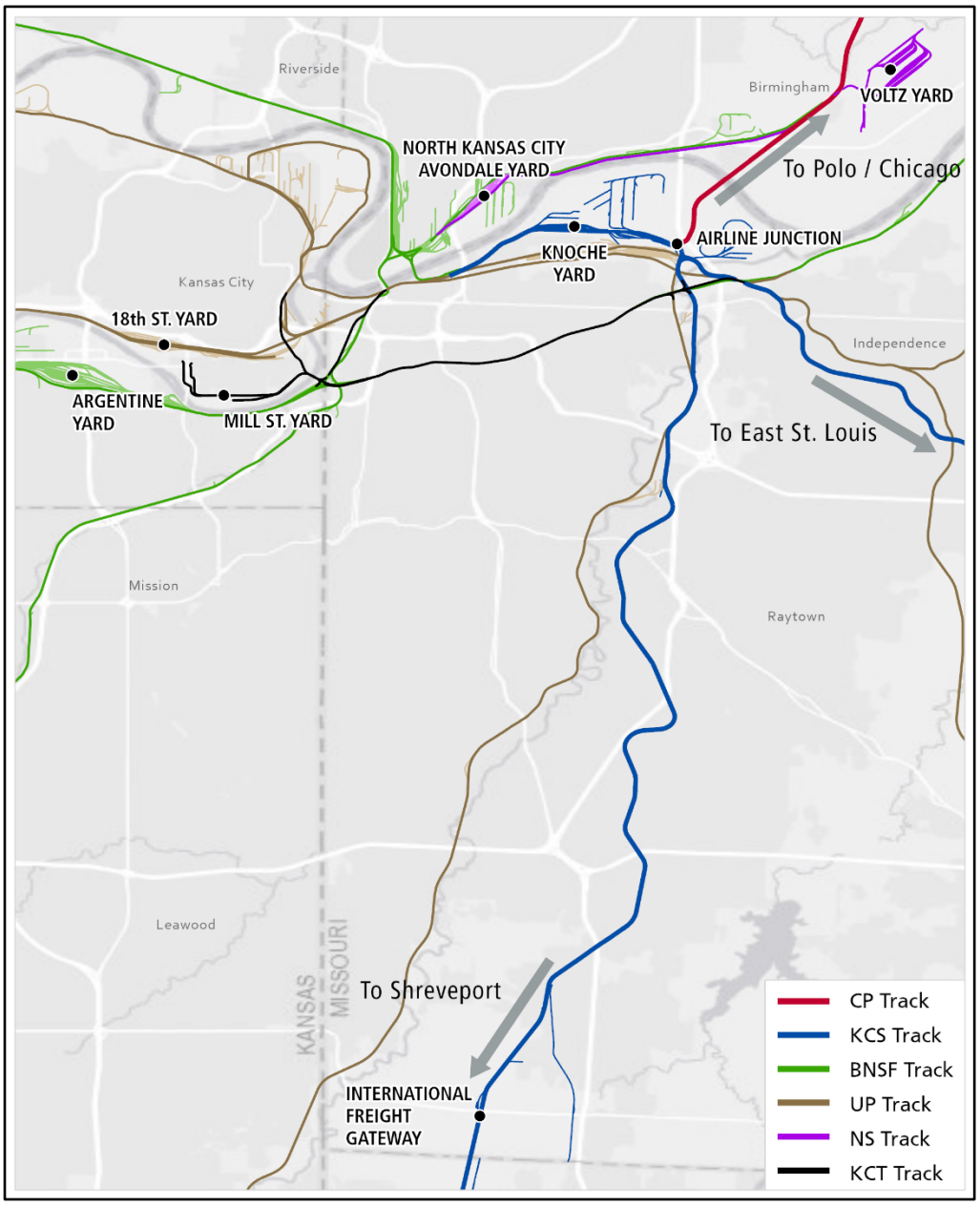
7 *Id.*

8 *Id.*

FIGURE 8
KANSAS CITY TERMINAL AREA



146. Pursuant to their Joint Agency relationship, CP and KCS share responsibility for the operation of the yard and the conduct of operations, including interchanges with other railroads in Kansas City. CP and KCS each provide switch engines along with yard and local

crews. Lead jobs classify cars in the Joint Agency's Knoche Yard for local customer delivery and interchange with BNSF, NS, UP, and Kansas City Terminal Railway ("KCT"), as follows:

- BNSF: Each railroad is responsible for a reciprocal three month rotation transferring cars between the Joint Agency Yard and BNSF Argentine Yard.
- NS: Each railroad is responsible for a reciprocal four month rotation, transferring cars both directions between the Joint Agency Yard and NS's Avondale Yard.
- UP: Each railroad is responsible for a reciprocal four month rotation, transferring cars in both directions between the Joint Agency Yard and UP's 18th Street Yard.
- KCT performs the interchange in both directions between KCT's Mill Street Yard and the Joint Agency Yard.

147. CP operates bulk and manifest train service to and from Kansas City. Bulk trains are interchanged with BNSF and UP at or via Airline Junction. Under a recently-executed interchange agreement with KCS, CP may operate bulk trains through Airline Junction, changing crews with KCS at the International Freight Gateway (IFG), 23.4 miles to the south so as to avoid occupying single-track mainline or blocking the leads to Knoche Yard. In turn, KCS may operate bulk trains to CP through Airline Junction to Polo, MO, 42.1 miles to the north of Airline Junction.

148. CP's only scheduled train service southbound to Kansas City is the daily Train 474, which originates at St Paul and picks up additional Kansas City manifest at Nahant and Muscatine. Train 474 enters the Joint Agency via the CP/UP inbound track and is yarded on the designated receiving tracks. Joint Agency switch crews classify inbound cars into the classification tracks in Knoche Yard, connecting to local customer jobs and transfers for connecting carriers. Cars can connect to KCS's trains "M-KCSH" and "M-KCSH2" for processing at Shreveport or depart east on train "M-KCVN" for locations between Kansas City and East St. Louis.

149. Northbound, Joint Agency switch crews classify outbound CP Train 475 with manifest traffic from KCS trains "M-SHKC" and "M-SHKC2" as well as traffic from other connecting carriers and locals. Train 475 departs the Joint Agency blocked for short haul traffic, Muscatine, Nahant, and St Paul.

5.3.2. Chicago

150. The Chicago area is a critical interchange for six Class I railways. According to the Chicago Metro Agency for Planning (CMAP), Chicago is among the most congested freight regions in the world, with freight tonnage estimated to increase by two thirds over the next 30 years. This concentration of activity can have a negative impact on the speed and performance of rail movements and also presents challenges for the community, including motorist delays at crossing and transit delays on shared passenger/freight infrastructure. Historically, Chicago's emergence as a hub between eastern and western railroads made it a natural handoff point for trans-continental movements. Today Chicago remains the predominant interchange location between Class I railways in North America, often emerging as the most cost-effective gateway option between railroads for shippers moving freight across the continental United States.

151. Railroads operating in Chicago rely on shared infrastructure and integrated operations to move carloads through the area and to access each other's networks. The highly integrated nature of rail operations means that disruptions in one location have the potential to affect all carriers. The risk of widespread service disruption is exacerbated by the region's propensity for cold-weather events, such as the blizzards of 1999 and 2011 that had network-wide consequences for rail freight movements. Since 2011 new operational procedures, coordination and yard monitoring have been developed with the aim of mitigating congestion events. Nevertheless Chicago remains vulnerable to disruptions that can create chokepoints for multiple carriers and impact freight movements across broad swaths of the rail network.

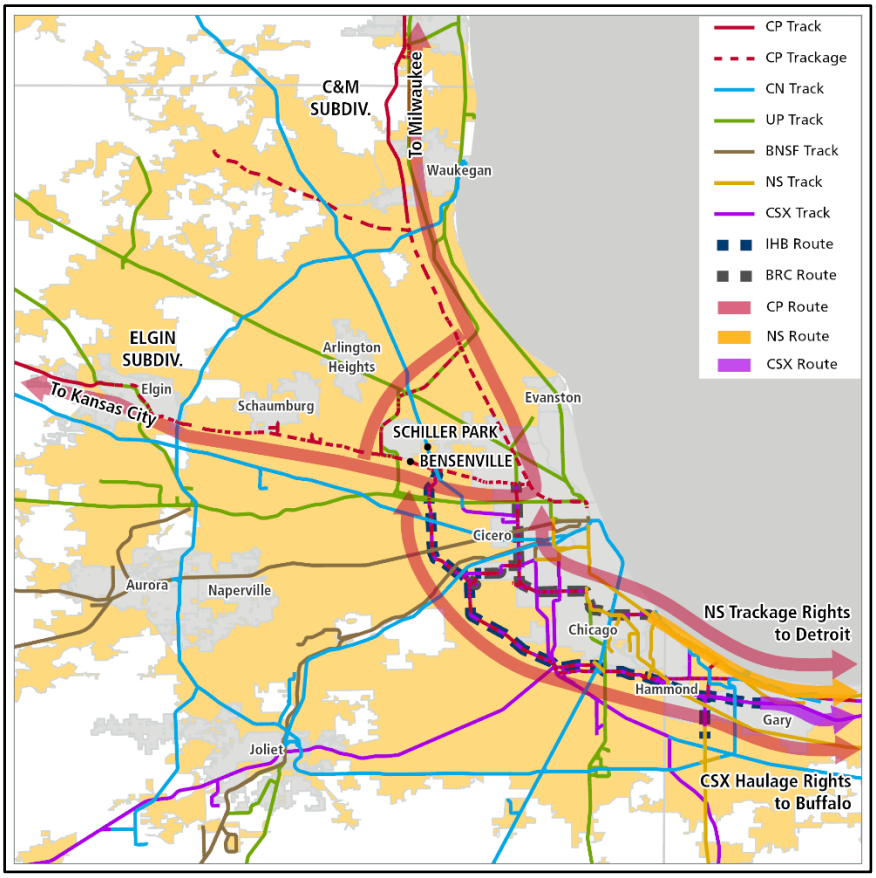
152. The most significant impact of the CP/KCS combination on Chicago will come from the new single-line routing options it creates that enable shippers *to bypass Chicago entirely*. KCS is the only Class I that does not reach Chicago. CP's North-South route connecting Western Canada and the Upper Midwest with Kansas City (and the connection to KCS) bypasses Chicago 140 miles to the west. The unique end-to-end combination of these two networks at Kansas City creates a single-carrier mainline route between Western Canada and the U.S. Midwest and the South Central States and Mexico without entering the Chicago region. Single-carrier efficiencies will unlock more value through this corridor, making it a competitive alternative to traditional routing through Chicago. For shippers this means new options to avoid congestion in Chicago and competitive access to other interchange gateways served by KCS. For Chicago, this helps divert rail traffic that does not need to be in the region. CP anticipates an incremental 6.6 trains per day over the Marquette Subdivision following the combination with KCS – volumes which will be routed around Chicago as opposed to through it. Some of the new traffic attracted by CP/KCS single-line services will supplant interline movements for which the interchange takes place at Chicago today, reducing burdens on the Chicago terminal.

153. At Chicago, the impact of the Transaction will be minimal. Because KCS does not serve Chicago, implementing the Transaction will not require any integration of operations there. Instead, the only effects will arise from changes in traffic volumes. The combined CP/KCS system will benefit Chicago-area shippers with new intermodal services connecting Chicago with Texas and Mexico. These trains will route directly in and out of CP's terminals (Bensenville and Schiller Park) on the northwest edge of Chicago using CP's underutilized Elgin Subdivision. An incremental 7.1 trains per day are projected on this route, handling primarily intermodal and automotive loads. From an infrastructure perspective the existing double track

on the Elgin Subdivision will allow for this growth without impact to the METRA passenger service windows. Further, as noted above CP's recent land agreement with the Illinois Toll Authority and UP, will open new options for expansion of switching and container handling capacity at Bensenville.

154. Some of this new traffic will continue east of Bensenville/Schiller Park via CP's operating rights on NS and haulage rights on CSX. But that traffic will not burden the Chicago terminal, as it will bypass Chicago interchanges by routing via the IHB and BRC through routes on existing train services, as shown in Figure 9 below.

FIGURE 9
CP'S CLASS 1 RAIL NETWORKS IN CHICAGO



155. CP's route between Chicago and Milwaukee will see *less traffic* as a result of the Transaction. A moderate increase in manifest traffic is expected on this line as a result of

organic growth (the Transaction will actually reduce volume somewhat), but likely future growth in bulk commodities (especially grain and crude oil) that would have moved via this line to interchange in Chicago will now be routed in single-line service via the Marquette Subdivision, far to the west of Chicago.

156. CP/KCS will also have little impact on the volume of carload traffic processed at Chicago-area yards. As noted above, CP's own Bensenville yard will see modestly increased processing demands (approximately an 11 percent increase), but most of these cars will be classified for movement beyond Chicago to other parts of the CP/KCS system, not for interchange with other carriers. As a result, there will be no material impact on the transfer operations in the Chicago terminal or yard processing demands at other carriers' facilities across the terminal, and no adverse impact on terminal congestion.

157. Rail congestion in Chicago is a recognized challenge for the region and for North America's freight and passenger rail industries. The Chicago Region Environmental and Transportation Efficiency Program (CREATE) is investing $4.6B in an infrastructure project as part of an effort to alleviate this. The service plan for a combined CP/KCS balances new economic opportunities for shippers in the Chicago region with routing alternatives for those seeking to avoid it.

5.3.3. Laredo

158. The Laredo Gateway is the connection with the KCSM route in Mexico and both UP and KCSR north of the border. The Transaction will not affect Laredo, except to the extent CP/KCS single-line routes attract traffic that would otherwise have moved across the border by truck.

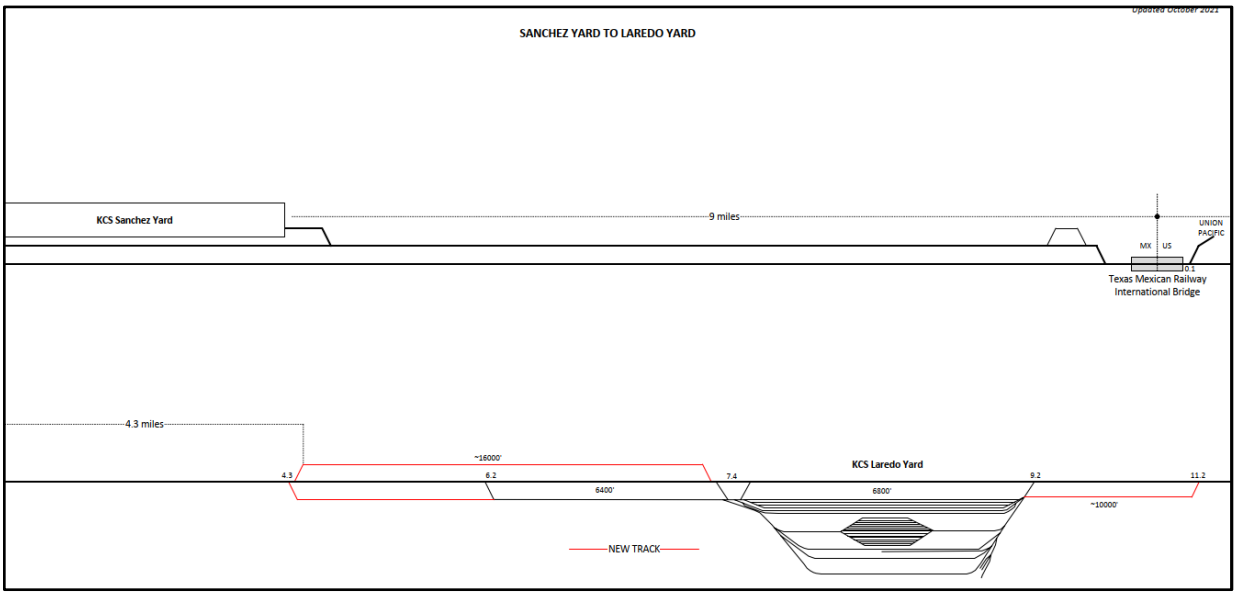
159. The potential additional traffic that would move between KCSM and KCSR at Laredo can readily be accommodated by existing and planned infrastructure north and south of

the border at Laredo/Nuevo Laredo. KCSM has in recent years significantly expanded its Sanchez Yard, approximately nine miles south of the border crossing. KCSR is in the process of expanding capacity north of the border at its Laredo Yard (approximately seven miles from the border crossing) and beyond to increase overall fluidity in the border zone and allow for increases in cross-border train volumes across the single-track International Bridge over which all of KCSM-UP and KCSM-KCSR traffic must pass.

160. In today's operation, four hour directional windows allow trains to fleet north or south across the border. The additional capacity KCSR is adding at Laredo will allow for KCSR to receive more trains from Mexico while simultaneously receiving westbound trains from Robstown/Corpus Christi for staging closer to the border crossing (reducing the need to hold southbound trains outside of Laredo or northbound trains in Mexico. This will increase the aggregate flow of traffic across the International Bridge for both KCS and UP, as trains will be closer to the border and better able to cross as slots in the prescribed window become available.

161. Figure 10 below is a schematic showing KCS's route from Sanchez Yard across the International Bridge to Laredo Yard, and depicting the planned infrastructure improvements at Laredo Yard. UP's route north of the border is shown diverging from the KCS route immediately north of the International Bridge. UP is already able to stage trains near the Bridge, a capability KCS is seeking to achieve with its infrastructure additions.

FIGURE 10
KCSR LAREDO CAPACITY IMPROVEMENTS UNDERWAY



162. The specific goals of KCS's work are twofold:

- Advance trains towards the border to improve the train velocity and utilization of the border for all railroads serving Laredo.
- Evolve the operational model at the border to allow both UP and KCS access to the bridge upon presentation of the train, rather than restricting operations to unidirectional operating windows that necessarily impose delays on many trains with the objective of preserving fluidity under current conditions.

163. With these capacity additions, the added volumes handled by the integrated CP/KCS system will not create challenges for operations at Laredo.

6. IMPACTS ON PASSENGER AND COMMUTER SERVICE

164. The CP/KCS Transaction will not result in any detrimental impact on Amtrak or commuter operations. To the contrary, it should foster expansion in passenger operations on the CP/KCS system

6.1. AMTRAK OPERATIONS

165. Amtrak trains operate on CP and KCS by commercial agreement under statutes granting operating priority over freight trains. CP has been Amtrak's top performing host

railroad for the last six years, according to their Host Railroad Report Card, and will continue to fulfill its commercial and statutory obligations during and after integration of the two railroad systems.

166. There are no adverse impacts on Amtrak operations as a result of a merged CP/KCS. While the segments on which Amtrak operates will see increases in freight train volumes, CP's infrastructure capacity over these routes together with its scheduling of freight trains to avoid conflicts with passenger train schedules will support the increased traffic without negatively affecting Amtrak service.

6.1.1. Amtrak Operations on CP Lines

167. ***Between Schenectady, NY and Rouses Point , NY***: Amtrak's Adirondack service operates a daily train in each direction between New York City and Montreal. These passenger trains operate over 178 miles on CP between Rouses Point, NY and Schenectady, NY.

168. Amtrak's Ethan Allen Express service uses a portion of the same CP line. It operates a daily train in each direction between New York City and Rutland, VT, of which 60 miles traverses on CP between Whitehall, NY and Schenectady, NY.

169. The Transaction is expected to bring one additional freight train per week to this relatively-low-density CP route, and that train will be scheduled not to conflict with Amtrak's operations.

170. ***Chicago-Milwaukee***: Amtrak's Hiawatha service provides frequent passenger service between Milwaukee and Chicago, with seven trains per day in each direction Monday to Saturday and six trains per day in each direction on Sunday. CP handles the Hiawatha trains on its C&M Subdivision for 53 miles of their route between Rondout, IL and Milwaukee. CP's portion of the route is a high-capacity, double-track mainline equipped with centralized traffic control ("CTC"). The modest increase in freight traffic will not affect Amtrak service given the

available capacity in this corridor and CPKC's plan to scheduling incremental freight traffic to avoid passenger trains.

171. CP remains committed to supporting Amtrak's plan to expand train frequencies on Amtrak's Hiawatha service as outlined in Amtrak's May 2021 Corridor Vision report. The proposed combination will not interfere with Amtrak's objective to deliver frequent, reliable, and sustainable intercity passenger service on this corridor.

172. ***Chicago-St. Paul, MN***: Amtrak's Empire Builder service operates one train per day in each direction between Chicago and Portland/Seattle. CP handles the Empire Builder trains between Rondout, IL and St. Paul, MN (384 miles of the 2,560-mile route). The corridor is controlled by CTC and includes 118 miles of double-track main line and 20 long passing sidings. The Transaction will increase freight traffic on this route: Between St Paul and River Junction, MN (near LaCrosse, WI), CP/KCS will handle 6.2 additional trains per day. The existing track capacity on this route is ample and, coupled with CP's disciplined operating approach and consistent record of providing reliable passenger service, will enable CP to schedule its incremental Transaction-related freight trains to operate without adversely affecting the existing Amtrak service.

173. As stated in Amtrak's Corridor Vision, the Wisconsin and Minnesota Departments of Transportation envision expanding Amtrak frequencies between Chicago and the Twin Cities. The proposed new service would be supported by government funded infrastructure investments to offset the track capacity consumed by passenger trains. The CP/KCS Operating Plan would not be an obstacle to this initiative.

6.1.2. Amtrak Operations on KCS Lines

174. KCS does not host Amtrak in the United States. However, Amtrak does operate over KCS-owned trackage to which other Amtrak Host railroads have access under joint facility

and/or trackage rights agreements, and Amtrak also operates over trackage of other carriers to which KCS has access.

175. ***Beaumont-Rosenberg, TX***: Amtrak's Sunset Limited thrice weekly roundtrip service between New Orleans and Los Angeles operates between Beaumont and Rosenberg (southwest of Houston) over trackage that CPKC will also use. Amtrak uses UP trackage between these points, and KCS also operates over this trackage under rights granted by the Board in the UP/SP merger. At Beaumont, UP has operating rights across the KCS-owned Neches River bridge, and Amtrak operates using those rights.

176. The Transaction is projected to increase KCS's train volumes between Beaumont and Rosenberg by 8.3 trains per day, which CPKC will schedule to avoid the time slot during which the Sunset Limited is scheduled to operate. This UP route is dispatched by UP under a directional-running scheme (in conjunction with another UP line between Beaumont and Houston that Amtrak does not use) that enhances overall freight capacity. CPKC will prioritize Amtrak over the Neches river bridge in coordination with UP, and we anticipate that over the UP trackage between Beaumont and Rosenberg UP dispatchers will continue to afford Amtrak trains appropriate priority over freight operations, thereby avoiding any adverse impact on Amtrak's operations.

177. ***Godfrey-Granite City, IL***: Amtrak's Lincoln and Texas Eagle Services operate 20.8 miles over a KCS-UP joint facility between Godfrey, IL and Granite City, IL (near East St. Louis), with dispatching controlled by UP. The Transaction is not expected to generate additional freight traffic on this segment, and as a result there will be no impact on Amtrak operations.

178. ***New Orleans***: KCS has trackage rights over a short eight-mile section of CN and NS trackage between Frellsen, LA and Southport Junction, LA, providing it with access to KCS's West Yard in New Orleans. This section is shared with Amtrak's Sunset Limited and City of New Orleans services. The Transaction is not expected to generate additional freight traffic on this segment, and as a result there will be no impact on Amtrak operations.

179. CP is supportive of a proposed intercity passenger rail service on KCS's line between New Orleans and Baton Rouge. The line is already equipped with Positive Train Control ("PTC"). With sufficient investment to fortify the infrastructure for higher speeds, and additional track capacity to support service reliability, there would be no obstacle to establishing new Amtrak service in this corridor.

6.2. COMMUTER OPERATIONS

180. The operation of commuter trains on CP-owned lines and CP freight trains on commuter-owned lines are governed by joint facility agreements. These agreements restrict the times of day during which passenger and freight trains may operate. The CP/KCS combined system will avoid adverse impacts on commuter service by scheduling additional freight traffic outside of the time slots reserved for commuter operations.

6.2.1. Commuter Operations on CP Lines

181. The Northeast Illinois Regional Commuter Railroad Corporation, commonly known as Metra, provides commuter service in the greater Chicago metropolitan area. This is the only location where commuter trains operate on CP in the United States.

182. ***Chicago-Fox Lake***: Metra's Milwaukee District North line provides commuter service between Chicago and Fox Lake, IL. The route covers 33 miles of Metra-owned right-of-

way between Chicago Union Station and Rondout and 17 miles of CP-owned track between Rondout and Fox Lake.

183. Metra operates 18 trains per weekday and nine trains per weekend day in each direction between Rondout and Fox Lake, and 64 trains per weekday and 20 trains per day on weekends between Rondout and Chicago Union Station. The Transaction is not expected to generate additional freight traffic on this segment, and as a result there will be no impact on Metra operations.

184. ***Chicago-Elgin, IL***: CP has trackage rights over 34.3 miles of Metra's Milwaukee District West Line between Tower A5 in Chicago (also known as Pacific Junction) and Almora, IL (near Elgin). This trackage is part of CP's Elgin Subdivision.

185. The Transaction is projected to increase freight traffic by 7.1 trains per day on the western 24.2 miles of this line, between Almora and CP's Bensenville Yard. However, there is ample capacity for these additional train frequencies. The Elgin Sub is double track, with triple track east of Bensenville Yard, and train slot capacity is not a concern given the low current freight train frequencies and the ample infrastructure. Metra service will not be adversely affected.

6.2.2. Commuter Operations on KCS Lines

186. KCS does not currently host commuter trains on its network in the United States. However, construction is underway by Dallas Area Rapid Transit (DART) to build its new "Silver Line," which will overlap with 15 miles of KCS trackage rights over DART-owned trackage west of Wylie to Renner, TX. The new commuter line is scheduled to be in service in 2023. KCS operations west of Wylie are not expected to see any increase in train activity, and as a result there will be no impact on DART's proposed operations.

7. THE LABOR FORCE REQUIREMENTS FOR THE COMBINED CP/KCS SYSTEM

187. The labor force required to support CPKC's integrated operation will grow along with the expanding traffic base of the combined railroad. The Labor Impact Exhibit accompanying the Application provides a detailed breakdown of the locations where we anticipate new union-represented operating positions to handle the additional train volumes of the CPKC system, as they materialize over the integration period. As the Exhibit shows, we anticipate that a total of 1,031 new operating positions would be created across CPKC's North American network, with more than 750 of those positions in the United States. The precise numbers and locations of these new positions will of course depend on the pace of new traffic growth and the evolution in CPKC's productivity over time.

188. The labor force changes, including the relocation of certain operating personnel (including Soo Line dispatchers) currently based at CP's U.S. headquarters in Minneapolis to the future CPKC U.S. headquarters in Kansas City, are discussed in detail in the Verified Statements of Myron W. Becker (in Volume 2 of the Application) and Chad Rolstad (in Volume 1 of the Application).

8. EQUIPMENT REQUIREMENTS AND UTILIZATION

8.1. LOCOMOTIVES

189. The locomotive power required to effectively handle the volume of traffic anticipated under a combined CP/KCS system will be made available through improved efficiencies in locomotive utilization that will emerge from the integration of the two railways under the Optimized Plan. The integration of the combined CP/KCS system will take advantage of single-line, longer-distance and more productive train designs on the combined network, thereby reducing locomotive requirements. Additionally, the CPKC blocking plan will eliminate some yard processing activities, resulting in fewer yard locomotive assignments and further

reducing the need for active locomotives. After factoring in the anticipated merger-related growth, and ongoing productivity improvements contemplated under the Growth Plan, no locomotive acquisitions would be required to handle the volumes projected by the end of Year 3.[9]

8.1.1. Locomotive Utilization Improvements

190. As shown in Table 6 below, CP and KCS currently own or lease a total of 1,615 road freight locomotives with a combined average age of 17 years, and 806 switching locomotives with a combined average age of 34 years.

TABLE 6[10]

KCS	Owned	Leased	Total	Age
Freight	809	0	809	19
Switching	199	0	199	47
Total	**1,008**	**0**	**1,008**	**24**

CP	Owned	Leased	Total	Age
Line haul	804	2	806	14
Road switcher	593	14	607	30
Total	**1397**	**16**	**1413**	**20**

Combined	Owned	Leased	Total	Age
Line haul	1,613	2	1,615	17
Road switcher	792	14	806	34
Total	**2,405**	**16**	**2,421**	**22**

191. The combination of the CP and KCS networks will enable improved locomotive utilization, thereby creating excess capacity from the legacy locomotive fleets. A significant

[9] It is expected additional locomotives would be brought into service to handle organic growth on the CP/KCS system. Given organic growth would occur without the Transaction, it has not been counted as an impact of the Transaction. The combined fleet has sufficient locomotives to accommodate both organic and Transaction related growth.

[10] Source: KCS Fleet Roster; September 2021, current CP inventory at October 1, 2021. A total of 68 freight locomotives currently loaned or leased to KCS will be returned by the end of 2021. Those loaned or leased locomotives are not included in the table statistics.

reduction in the size of the combined locomotive fleet will be made possible by the Operating Plan developed for the combined network, allowing for improved train productivity and thus increased locomotive productivity. By optimizing the horsepower-per-ton ratio – while implementing rigorous schedules with balanced, daily train flows that naturally supply power at each end of the run of a train – improvements will be generated in locomotive cycle times, dwell and productivity.

192. An important PSR principle is to right-size the active locomotive fleet to match the current demand. When applied to a broader CP/KCS system, this will drive consistently higher locomotive productivity and free up locomotives for utilization elsewhere as needed.

193. Although the overall KCS fleet is slightly older than the CP fleet, the two fleets are largely compatible in type and unit capacity, which will allow the combined entity to seamlessly integrate the two fleets. With excess locomotives in the combined fleet, CPKC will be able to optimize the active locomotive assignments to the newest, most fuel efficient members of the fleet. This will improve the reliability and fuel efficiency of active trains. By extension, this will create the opportunity to remanufacture older locomotives to meet future demand.

8.1.2. Locomotive Maintenance

194. CPKC will perform locomotive maintenance at the same locations as that work is performed today on the separate KCS and CP systems. As the overall maintenance workload grows along with growing traffic and train frequencies, facilities located on KCS will naturally take on increased workload as a by-product of extended hauls through to Mexico (CP facilities are not expected to see any reduction in workload). The existing KCS maintenance facility at Shreveport has ample capacity to handle the additional activity and the anticipated incremental volumes would drive an increase in staffing of maintenance personnel of approximately 6-10

percent. We do not anticipate any change to the existing locomotive repair and maintenance infrastructure.

195. Overall, the synergies unlocked by the Optimized Plan will permit the combined CP/KCS to save at least 135 owned locomotives, relative to 2019 base levels.[11] Given the growth anticipated as a result of the transaction, it is estimated that by the end of Year 3 of the Growth Plan, all of these locomotives will be added back into the operating fleet, along with 14 additional units required to handle total Transaction-related growth. The additional locomotives will be sourced from the existing un-utilized locomotives of both railways, with no need for additional acquisitions from OEMs or third parties.

196. The re-deployment of 135 locomotives over the first three years post-control will allow CPKC to pause its normal cadence of locomotive remanufacturing, removing 45 remanufactured locomotives from that program over Years 1 and 2. This will result in a net capital savings of $90 million

8.2. ROLLING STOCK BY TYPE

8.2.1. CP and KCS Rolling Stock

197. As shown in Table 7 below, CP and KCS currently maintain a fleet of approximately 63,000 railcars (including each company's TTX allocation).

[11] Because CP and KCS have increased their in-service fleets subsequent to the 2019 base year, the reduction in locomotives achieved by Transaction-related efficiencies measured against 2021 year-to-date would amount to 201 units.

TABLE 7
COMBINED CP/KCS RAILCAR FLEET

Car Type	CP	KCS	Combined
Box Car	2,964	6,150	9,114
Covered Hopper	15,522	5,594	21,116
Flat Car	3,181	2,282	5,463
Gondola	5,317	3,754	9,071
Intermodal	4,530	1,811	6,341
Multi-Level	3,826	3,951	7,777
Open Top Hopper	105	289	394
Tank Car	65	64	129
Total Revenue Fleet	**35,510**	**23,895**	**59,405**
On Company Service	2,589	977	3,566
Total Fleet	**38,099**	**24,872**	**62,971**

198. The combination of CP and KCS will drive improvements in overall network velocity generated by increases in train speed and reductions in railcar dwell, which in turn will allow the combined system to handle the same volume of freight traffic (and provide improved service levels) using 2,850 fewer railcars.

199. CPKC railcar fleet size requirements were estimated using the following methodology:

- First, the required fleet was calculated to meet demand using historical CP and KCS demand and cycle times for 2019.
- Second, 750 cars were removed from the required fleet through the implementation of the Optimized Plan, which generated improved cycle times relative to 2019 levels.
- Third, taking into account factors affecting variability such as improved fleet velocity, handlings, and distribution it was conservatively estimated that additional velocity savings could be achieved (an additional 0 to 1.5 cycle day reduction depending on fleet).

200. The result of these cycle improvements created an additional fleet reduction of 2,100 cars in addition to the 750 cars saved through the implementation of the Optimized Plan. These reductions will come from the older, less efficient cars, thereby upgrading the quality of cars that customers will receive.

201. The combination of these two railroads will improve the efficiency of freight car distribution and create new opportunities to triangulate railcar usage. This will allow reduced empty miles as fewer cars will be reverse-routed to origin. This reduction in empty transit will improve overall fleet velocity and ensure that railcars spend more time being productive. In the process, CPKC will have an improved ability to promptly provide shippers with the empty railcars they require for loading.

202. Traffic growth resulting from the CP/KCS combination will require the expansion of the railcar fleet. The required incremental investment in railcars was determined by mapping the forecasted fleet size against projected demand for each car type, taking into account network operating improvements. To support the significant increases in both automotive and intermodal traffic anticipated in the Growth Plan, the combined entity will acquire at least 265 multilevel autorack cars by Year 3 to support increased business originating in Mexico and 831 intermodal cars to support both domestic and international intermodal services by Year 3. In addition, the growth in manifest traffic originating in Mexico will require 194 boxcars by Year 3. Increased demand for bulk shipments of agricultural products will require the addition of 604 covered hoppers.

203. CP/KCS will need to routinely upgrade all fleets as cars age out. These ongoing replacements are considered normal operating practice, but they do gradually improve the quality of the fleet. The current fleet will see a significant turnover in boxcars over roughly the next five years, with older and smaller “Plate C” boxcars aging out and being replaced with more efficient and higher-capacity “Plate F” cars. The upgraded cars will provide greater fleet flexibility, improving CPKC’s ability to distribute the fleet anywhere across North America to haul multiple commodities rather than simply reverse-routing empty cars back to customers.

204. Every car removed from the CP/KCS fleet offers an opportunity to reduce lease costs, reduce daily car hire charges, or avoid replacement capital investments. An average railcar cost approximately $400 per month to lease and maintain, which translates to $4,800 per year per railcar. The cost to purchase a new railcar ranges from $80,000 to well over $120,000 depending on the specific type. To the extent cars in the current fleet become surplus as a result of improved fleet productivity, CPKC could realize one-time proceeds on the disposal of these older, less efficient cars, with used cars selling for $15,000 to $20,000.

205. By reducing its leased fleet by over 500 railcars, CPKC will avoid up to $2.6 million in annual lease and per diem expenses. The total proceeds from disposing of cars will range from $16.7 million to $31.7 million depending on the sales prices realized.

8.2.2. Plans for the Acquisition and Retirement of Rolling Stock

206. Based on the analysis of CP and KCS current ownership profiles, the following acquisitions and retirements are anticipated:

- Boxcars
  - One-year acquisition strategy
    - 194 cars Year 3
- Covered Hoppers
  - Multi-year acquisition strategy
    - 67 cars Year 2
    - 537 cars Year 3
- Mill Gondolas
  - Return 124 TTX cars (GONX) – 124 cars in Year 1
  - Return leased cars – 73 cars upon expiry in Year 3
  - Sell or cascade into maintenance of way service – 1,397 cars total, prioritizing the older cars first.
- Coil Gondolas
  - Return lease cars on lease – 372 cars expiring in Year 2
  - Negotiate early return of 97 additional leased cars.

- General purpose flats
  - Allow natural attrition to occur – 67 cars by Year 3
  - Return TTX cars – 315 cars by Year 3
- Centerbeams
  - Return all TTX low capacity centerbeam cars – 246 cars by Year 3
  - Sell 205 low-capacity KCS centerbeams
  - The remaining fleet will handle anticipated annual growth based on improved cycle times.
- Multilevel Autoracks
  - Multi-year acquisition strategy
    - 39 cars Year 2
    - 226 cars Year 3
- Intermodal Flatcars
  - Multi-year acquisition strategy
    - 98 cars Year 1
    - 460 cars Year 2
    - 273 cars Year 3

207. All of the planned acquisitions outlined above will be accommodated via rental and lease arrangements. The costs for these acquisitions are reflected in the costs to handle added traffic as outlined in the Baranowski V.S.

8.3. MAINTENANCE OF WAY PRACTICES AND EQUIPMENT

208. CP operates a transcontinental railway that spans many different kinds of challenging terrain. The network traverses the Rocky Mountains, crosses the central plains of Canada and the Northern United States, and connects to the Atlantic Ocean. This variety has given CP experience developing and implementing approaches to maintenance and capital replacement of assets which are safe, effective, and efficient in all of these different environments. To facilitate a proactive approach to maintenance, CP owns and deploys a fleet of sophisticated technology and testing vehicles to measure and analyze track conditions.

209. CP inspection and maintenance practices are directed by company officers and executed by unionized employees in three primary departments: Track Maintenance, Structures Maintenance, and Signals & Communications Maintenance. Inspection and maintenance standards meet or exceed all regulatory requirements and contribute to CP's industry-leading low rate of train accidents.

210. Maintenance staff are located strategically throughout the network at assigned bases with specifically assigned territories defining the assets for which they are accountable to inspect and maintain to CP's established standards. The number and distribution of both management and unionized staff is generally determined by the number of assets in their assigned territory and influenced by the operational requirements of the territory. Areas are assigned additional resources where a disruption to service would have more significant impacts (*e.g.*, because of the presence of a major yard, high mainline train count, or high customer density) or in which critical assets (such as lift bridges) are located.

211. CP utilizes data obtained through visual track and bridge inspections, geometry test vehicles, ultrasonic rail testing vehicles, signals and communications testing, and other specialized inspection technologies to drive both immediate maintenance actions as well as medium and long term capital infrastructure upgrades. Inspection and maintenance frequencies are increased in areas of higher train volumes. Employing these strategies has allowed CP to efficiently mitigate safety-related risks.

212. CP supplements its fleet of owned equipment used for inspection and testing with contract equipment and services. This allows CP to conduct inspections and testing at frequencies well in excess of regulatory requirements. CP also conducts geometry testing and

other specialized testing that is not required by regulation, but which drives significant safety and operating benefits.

213. CP's higher frequency of testing and inspections allows for data analysis and trending, such as the development of track quality indices, alerts for growth in defect levels and to trigger maintenance intervention. The frequency at which CP undertakes inspection and testing along with analysis of the data allows us to track the infrastructure impacts associated with changes in train count, tonnage, or train consist. The rate of change in track quality indices, defect rates, and the type of impacts noted support appropriate and timely responses in maintenance and capital replacement strategies.

214. Combining the CP and KCS networks will allow for CP to deploy these strategies across the combined network, while taking advantage of KCS's successful experience and practices geared to local conditions across KCS's territory. The Operating Plan contemplates increased train counts and tonnages on several corridors, requiring some changes to the maintenance and capital investment strategies on those segments. The inspection and maintenance practices outlined will allow for appropriate adjustment of immediate maintenance as well as capital infrastructure investments.

215. Some of the immediate changes will include:

- Increase in Signals & Communications maintenance staff on subdivisions on which CTC is installed in Year 1 through 3 of the Growth Plan.
- Accelerated capital replacement of timber bridge structures on the Marquette, Davenport, Ottumwa, Laredo,[12] and Kansas City Subdivisions

216. Additional changes are possible over the longer term on subdivisions that will see significant tonnage increases, including:

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[12] CP's Laredo Subdivision in Missouri, named for Laredo, MO, not Laredo, TX.

- Changes in the tie replacement cycles for wood tie subdivisions, for example moving from a planned capital tie program that replaces ties on a seven-year cycle to a six-year cycle. Were such a shift to occur, it would be based on thorough data analysis of inspection and testing data.
- Changes in curve rail replacement cycles in high curvature and grade areas, for example curve rail currently lasting ten years may require rail change out in eight years under increased tonnage conditions.
- CP/KCS will perform additional or accelerated grade stabilization work over time in locations prone to slides to improve operating reliability

217. The expected volumes in KCS yards will change under the Growth Plan, resulting in increased maintenance effort and spend in yards with increased volumes and a decreased spend in yards with reduced volumes. Overall, in yards with a change of more than ten cars processed per day, positive or negative, the Growth Plan will see a net reduction of 460 cars processed per day. Therefore, the net maintenance effort and spend should not increase but may be redistributed based on the planned changes in car processing.

218. Focusing just on the KCS yards with a projected increase of more than ten cars processed per day, the daily car volumes processed in those yards will increase by approximately 659 cars per day, spanning 12 different yards. The top two changes will occur at intermodal facilities. The next two biggest changes are Shreveport (80 cars per day) and Queretaro (60 cars per day). The remainder of the yards have an increase of less than 40 cars per day. As a result, it is likely that Shreveport and Queretaro yards will see a greater proportion of the reallocation of the maintenance expense dollars.

219. In CP yards, St. Paul (with a 70-car per day increase) and Bensenville (with a 112-cars per day increase) are the two yards that will see a potential increase in maintenance. The increase at St. Paul represents only a four percent increase to the overall volume, which is immaterial from a maintenance perspective. At Bensenville, the reconfiguration project

discussed above should result in a facility requiring considerably less ongoing maintenance for years to come.

8.3.1. Track Evaluation Overview

220. CP owns and employs a fleet of sophisticated technology and testing vehicles to measure and analyze track conditions. The testing and data collected regarding the infrastructure condition is utilized to develop immediate maintenance actions as well as annual capital investment strategies.

221. A summary of CP owned Geometry testing assets is listed below.

- 1 manned Heavy Geometry Testing consist (equipped with gauge restraint measurement system);
- 3 Autonomous Heavy Geometry Measurement System vehicles (instrumented box cars operating in revenue service);
- 1 Heavy Geometry Inspection Vehicle truck (Hirail truck, also equipped with rail profile measurement);
- 1 Light Geometry Inspection Vehicle truck (with load axle and rail profile measurement); and
- 3 Light Geometry Inspection Vehicle trucks (geometry only).

222. KCS utilizes external service providers under contract to execute their geometry testing and does not own any geometry vehicles.

223. Combining the assets of CP and KCS will allow for expansion of this strategy and increased testing frequencies.

8.3.2. Maintenance-of-Way Equipment Overview

224. CP owns an extensive maintenance-of-way ("MOW") equipment fleet and MOW railcar fleet to facilitate execution of maintenance and capital upgrades to infrastructure. CP also utilizes ultrasonic test vehicles for rail flaw detection. CP's approach includes a mix of five

owned vehicles operated by CP staff with additional vehicles used on a contract basis. KCS similarly owns two ultrasonic testing vehicles and supplements with contracted services.

225. A summary of CP owned MOW equipment and railcars is listed below.

- On track work equipment (rail/tie/ballast/surfacing crews) – 1,516
- Ballast cars – 1,065
  - Automated hoppers – 550
  - Manual hoppers – 242
  - Side air dumps – 273
- Rail/continuous welded rail (CWR) equipment
  - CWR trains – 10 (3 interchangeable @ 1,600’ and 7 non-interchangeable at 1,440’)
  - Stick rail carriers (80’- 0”) – 124
  - CWR unloading units – 6
  - CWR pick up units – 4
- Gondola fleet (wood/metal in MOW service) – 680
- Turnout delivery (A-frame cars) – 22
- MOW trains (9 wells each) – 3
- Plows/spreaders - 62
  - Plows – 29
  - Spreaders – 33
- Boarding car fleet (all car types) – 75
- Work equipment machine flats – 192
- Ultrasonic test vehicles – 5

226. A summary of KCS owned MOW equipment and railcars is listed below:

- On track work equipment (rail/tie/ballast/surfacing crews) – 400
- Ballast cars – 228
  - hoppers – 200
  - Side air dumps – 28
- Rail/continuous welded rail (CWR) equipment
  - CWR trains – 4 (60 cars, run as 1 long train & 3 short trains)

    - CWR unloading units/threader cars – 2
- Other MOW Rolling Stock – 1000 (flat cars, gondolas, work equipment flats, caboose cars)
- Ultrasonic test vehicles – 2

227. KCS possesses a fleet of MOW equipment and railcars consisting of approximately 590 pieces of on track work equipment, 87 ballast cars and 116 other MOW railcars. KCS does not own any CWR rail trains.

228. CP's current network is located in Canada and the Northern United States, and the associated winter weather on the network limits the use of much of this MOW equipment between November and April of each year. The generally warmer climate on the existing KCS network would allow for utilization of some CP owned equipment on the KCS during the winter months. Greater utilization of CP-owned equipment would be expected to generate savings in ballast delivery costs which again can be utilized to invest in operational and safety improvement opportunities.

8.4. NO DEFERRED MAINTENANCE OR DELAYED CAPITAL IMPROVEMENTS

229. The true end-to-end nature of the CP and KCS networks means there will be no redundant or downgraded lines, and no reduction in the intensity of MOW activity anywhere on the system. This means no anticipated deferred maintenance or delayed capital improvements as a result of the combination of the networks.

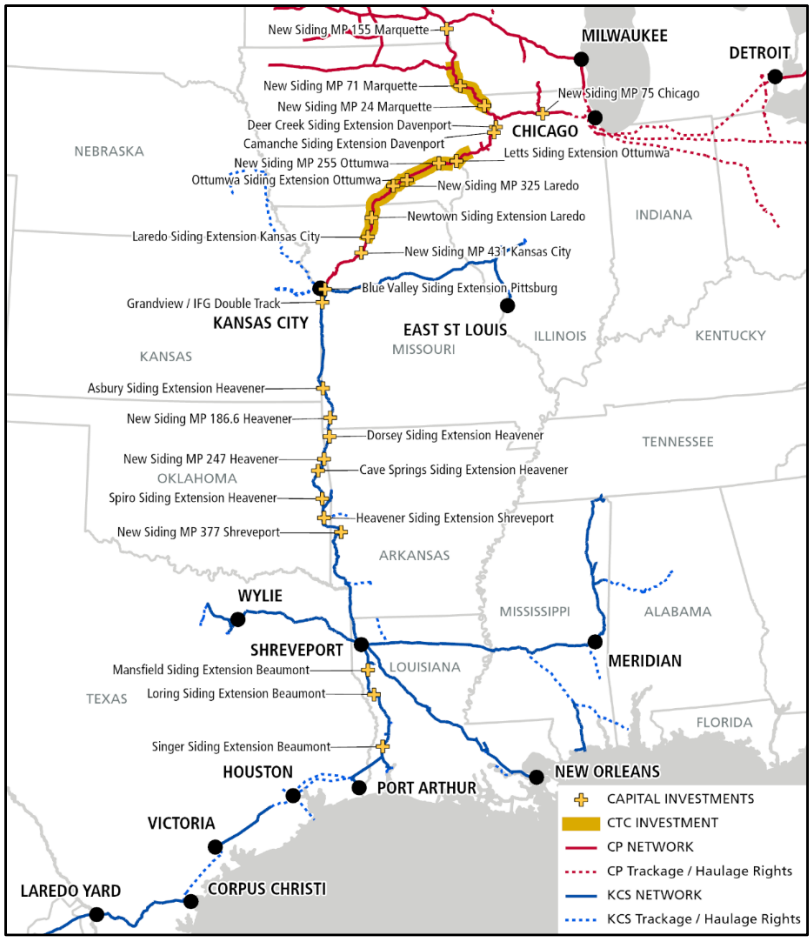
230. The combination of CP and KCS will result in opportunity to bring together the best operating and maintenance practices of both railways. CP's mature track block planning process in a PSR environment combined with owned MOW equipment assets will generate synergies by enabling work execution at lower unit cost with reduced impact on the operating plan.

9. MEETING THE CAPACITY NEEDS OF THE CP/KCS SYSTEM

9.1. LINE INFRASTRUCTURE AND CAPACITY

231. To improve service quality and accommodate the anticipated growth in traffic, CPKC will make extensive investments in line capacity and safety on its core North-South Corridor between Louisiana and the Upper Midwest via Kansas City. The CP/KCS combination, and the investment in capacity it will bring, creates a significant opportunity to inject new and invigorated competition into North-South transportation corridors connecting the United States, Mexico, and Canada. The new investments in this North-South Corridor are depicted in Figure 11 below and discussed further in the section that follows.

FIGURE 11
LOCATION OF PLANNED CAPITAL INVESTMENTS



Operating Plan (Exhibit 13), page 81

232. The CP/KCS combination offers a unique catalyst for investments that will expand the capacity and capabilities of the CP/KCS North-South corridor between Beaumont/Port Arthur and St. Paul/Chicago. The separate CP and KCS lines that converge on Kansas City from the north and south are adequate to handle existing volumes, but they are generally underutilized relative to other heavy-haul freight mainlines in the United States. The Transaction will enable the traffic growth necessary to support investment that will unlock the full potential of these lines.

233. CP's existing infrastructure north of Kansas City is sufficient to handle current volumes between Kansas City and St. Paul and between Kansas City and Chicago. Track conditions on this single-track route are good, and CP has invested in longer siding lengths and new sidings (as it has across the rest of its network). Train control systems north of Kansas City are primarily Track Warrant Control ("TWC") (*i.e.*, with no lineside signals), with some Centralized Traffic Control ("CTC"). CTC currently exists on CP's entire Kansas City Subdivision, to a point just north of Laredo, MO. The Ottumwa Subdivision is a mixture of CTC and TWC. CTC also exists from Island to Deer Creek on the Davenport Subdivision; West Savanna to Lake on the Chicago Subdivision; and Sabula Junction to Lake on the Marquette Subdivision. CTC allows for higher track speeds, with power turnouts reducing meet/pass delays that ultimately reduce transit times through the corridor.

234. Like CP's line north of Kansas City, KCSR's line between Kansas City and Beaumont has sufficient capacity to handle the current volumes and current train lengths. Optimizing train lengths to 10,000 feet will require extending nine sidings to a minimum of 10,000 feet to allow for greater meet capability. Investment will also be made at the IFG to double track through the terminal to support additional train work events. The 14.6 additional

trains per day being added to this route by Year 3 will also require the addition of three new sidings to close some of the longer gaps between current sidings. The proposed siding extensions and new siding locations also reduce the potential for blocked public grade crossings when trains are stopped for a meet.

235. The anticipated increase in trains per day is a combination of bulk trains and mixed intermodal, automotive and manifest trains. Bulk trains are generally shorter in length, ranging between 6,200 feet and 7,600 feet, depending on the commodity. Intermodal, automotive and manifest trains are longer, with a target length of 10,000 feet in these lanes.

236. The Transaction-related increases in train starts contemplated in the Growth Plan are expected to begin with a few new trains in the first year, a modest increase in Year 2 and a higher increase for Year 3. The modelled timing and type of new train starts in the North-South Corridor are as follows:

- **Year 1** – 4.8 additional trains per day
  - 2.0 intermodal/automotive/manifest trains between Bensenville and Mexico (one in each direction).
  - 2.8 bulk trains operating between St Paul and Beaumont. This includes both loaded and empty moves.
- **Year 2** – 2.8 additional trains per day, for a cumulative increase of 7.6 trains per day.
  - 2.0 new intermodal/automotive/manifest train starts between Bensenville and Wylie (one in each direction).
  - 0.8 new bulk trains between St Paul and Beaumont. This includes both loaded and empty moves.
- **Year 3** – 7.0 additional trains per day, for a cumulative increase of 14.6 trains per day.
  - 4.0 new intermodal/automotive/manifest train starts between Chicago to Mexico lane (two in each direction).
  - 2.0 new intermodal/automotive/manifest train starts between St. Paul and Mexico (one in each direction).

- 1.0 new bulk trains between St Paul and Beaumont. This includes both loaded and empty moves.

237. CP models subdivision capacity based on the time it takes for two trains in opposite directions to traverse the longest segment between sidings. From this number the maximum number of trains capable of operating on the subdivision is determined. Fluid capacity is then assessed against the maximum capacity. Capital strategies to support longer trains and fluid capacity include siding extensions, installation of additional sidings where required, or the installation of CTC and remote activated power switches. Certain locations may simply require basic maintenance capital to improve track speeds and thereby increase capacity. Finally, these capital investments also contribute to improved fuel efficiency and reduced time spent occupying crossings as trains are able to meet without stopping to line switches. These environmental benefits are addressed in the Verified Statement of Glen Wilson.

238. Detailed capacity modeling was performed to identify the additional infrastructure needs required to support anticipated traffic growth while maintaining the improved levels of service that will attract and retain traffic. Infrastructure was identified to ensure that the trains on these lines would operate fluidly. CP's capacity modelling of fluid capacity allows for sufficient flexibility to manage engineering work blocks, unplanned outages, and other impacts that can create surges in traffic and congestion on the subdivision.

239. To support the additional train volumes a combined CP/KCS network would invest $276 million in the first three years on new infrastructure to support new north-south rail capacity in this corridor.

- On CP lines north of Kansas City: $157.6 million
- On KCS lines between Beaumont and Kansas City: $118.8 million

240. Details are provided in Table 8 below. A complete listing of the projects can be found in Appendix R.

TABLE 8[13]
PLANNED INFRASTRUCTURE INVESTMENTS

Subdivision	Location	Type	Segment	Estimated Total ($ USD)
Chicago	MP 75	New Siding	Randall Rd - Kittredge	8.47M
Marquette	96 Miles	CTC	Sabula Jct. to Marquette	15.06M
Marquette	MP155 (Brownsville)	New siding	River Jct - Kains	13.31M
Marquette	MP71	New siding	Eckards - Edmore	15.40M
Marquette	MP24	New siding	Dubuque - Green Island	12.42M
Davenport	Deer Creek	Siding Extension	Green Island - Camanche	12.66M
Davenport	Camanche	Siding Extension	Camanche - Nahant	1.95M
Ottumwa	62 Miles	CTC	CTC Subdivision	13.39M
Ottumwa	Letts	Siding Extension	Letts - Nahant	1.31M
Ottumwa	MP 255	New siding	Letts - Ottumwa	9.49M
Laredo	102 Miles	CTC	CTC Subdivision	24.18M
Laredo	Ottumwa	Siding Extension	Ottumwa	2.11M
Laredo	Moravia	New siding	Ottumwa - Newtown	9.84M
Laredo	Newtown	Siding Extension	Laredo - Ottumwa	3.06M
Kansas City	Laredo	Siding Extension	Polo - Newtown	3.70M
Kansas City	MP 431	New siding	Laredo - Polo	11.21M
CP Total				157.56M
Pittsburg	Blue Valley (MP 8.1)	Siding Extension	Blue Valley	30.13M
Pittsburg	Grandview/IFG (MP 28.5)	Double track	Blue Valley – Grandview	12.81M
Heavener	Asbury (MP 140.4)	Siding Extension	Asbury	6.14M
Heavener	MP 186.6	New siding	McElhany - Noel	12.08M
Heavener	Dorsey (MP 214.2)	Siding Extension	Dorsey - Gentry	2.77M
Heavener	MP 247	New Siding	Watts - Stilwell	11.28M
Heavener	Cave Springs	Siding Extension	Stilwell-Cave Springs	4.14M
Heavener	Spiro (MP 311.7)	Siding Extension	Spiro - Shady Point	4.44M
Shreveport	Heavener	Siding Extension	Heavener - Page	10.36M
Shreveport	MP377	New siding	Rich Mountain - Potter	11.28M
Beaumont	Mansfield (591.3)	Siding Extension	Frierson - Mansfield	4.97M
Beaumont	Loring (MP 625.9)	Siding Extension	Converse - Loring	3.82M
Beaumont	Singer (MP 705.1)	Siding Extension	Neame - Singer	4.63M
KCSR Total				**118.82M**
Grand Total				**276.39M**

[13] Costs in this review are best estimates and all projects include a 30 percent contingency value.

241. The plan to add this capacity is designed to stay a step ahead of anticipated traffic growth, beginning with concept and design work, permitting, and environmental assessment, and then proceeding with grading, track, and signals.

242. A more detailed summary of the phasing of these capital projects is set forth below.

- La Crosse to Davenport
  - Year 1
    - New CTC Installation: 46 miles
    - Environmental permitting and engineering design for one new siding and one siding extension
    - Grading: two new sidings
    - Track construction and in service one siding extension
  - Year 2
    - New CTC Installation: 26 miles
    - Environmental permitting and engineering design for one new siding
    - Grading track, track construction and in service three new sidings and one siding extension
  - Year 3
    - Grading/Track construction and in service one new siding
- Davenport to Kansas City
  - Year 1
    - New CTC Installation: 30 miles
    - Track construction and in service three new sidings and three siding extensions
  - Year 2
    - New CTC Installation: 63 miles
    - Environmental permitting and engineering design for one siding extension
  - Year 3
    - New CTC Installation: 72 miles
    - Grading/Track construction and in service one siding extension
- Kansas City to Shreveport
  - Year 1

        - Environmental permitting and engineering design for two new sidings, and one siding extension.
        - Environmental permitting and engineering design/Grading one siding extension
        - Environmental permitting and engineering design/Grading/Track construction and in service one siding extension

    - Year 2
        - Environmental permitting and engineering design for one new siding
        - Environmental permitting and engineering design/Grading/Track construction and in service, three siding extensions, portion of Double track
        - Grading/Track and in service two new sidings and one siding extension and a portion of one siding extension
    - Year 3
        - Grading, track construction, and in service one double track project, one new siding and one siding extension.

- Shreveport to Beaumont
    - Year 1
        - Environmental permitting, engineering design/Grading/Track construction and in service two siding extensions
    - Year 2
        - Environmental permitting and engineering design/Grading/Track construction and in service one siding extension
    - Year 3
        - Nil

A complete listing of the projects can be found in Appendix R.

243. Table 9 below breaks down the planned investment per year based on the location of the planned investment.

TABLE 9
CAPACITY INVESTMENT PER YEAR
(USD MILLIONS)

	Year 1	Year 2	Year 3	Total
CP	$77.3	$47.3	$33.0	$157.6
KCS	$26.2	$63.6	$28.9	$118.8
Total	**$103.5**	**$110.9**	**$61.9**	**$276.4**

244. During the first three years following Board approval of control, these investments will be among the highest priorities on the combined CPKC system. Minor reprioritization of discretionary capital projects will occur to support the funding and rapid execution of this work. Approximately $50 million in capital will be reallocated annually from the two railroads' combined infrastructure investment budgets over this integration period – approximately 2.6 percent of the combined CPKC capital envelope – with the balance reflecting a savings in capital in other areas from the integration of the systems as well as a net increase in the railroads' level of capital investments.

9.2. YARD AND TERMINAL CAPACITY

245. The anticipated increase in traffic on the combined CP/KCS system can be accommodated by system yards and intermodal terminals.

9.2.1. Manifest Yard Activity

246. Neither the Optimized Plan nor the Growth Plan will result in any increases in manifest yard activity greater than 20 percent. A complete listing of the yards and changes in activity can be found in Appendix B. Only two yards will experience an increase in car handlings of more than 100 cars per day, and neither will have any difficulty accommodating that increased volume. Bensenville will see an increase of 112.11 cars per day, or only about ten percent of its current volume, and the planned reconstruction work discussed below will add

substantial capacity there. Queretaro Yard will operate at only 33 percent of its available capacity despite adding 110 processed cars per day to the current workload.

9.2.2. Intermodal Terminals

247. With the addition of substantial volumes of new intermodal traffic, several of the CP/KCS system intermodal terminals on the CP/KCS system will see meaningful increases in railcar and container processing activity (lifts, etc.). The available capacity at these facilities was evaluated and determined to be sufficient to accommodate the growth. The intermodal terminals seeing the largest increases in handling are shown in Table 10 below, with Bensenville and Schiller Park appropriately considered together as a single, integrated facility since they are only 4.3 miles apart.

TABLE 10
INTERMODAL TERMINALS HAVE ADEQUATE CAPACITY FOR INCREASED HANDLINGS

Road	Terminal	2019 Daily Volumes	Total Growth Plan Daily Volumes	Increase in Daily Volumes
CP	Chicago, IL*	687	1,273	586
KCS	Dallas, TX (Wylie)	564	856	292
KCS	IFG (Kansas City)	82	183	101
CP	Detroit, MI	128	220	92
CP	Minneapolis, MN	373	459	86
KCSM	Salinas Victoria, NL	449	529	80
KCSM	Puerta Mexico, EM	180	241	61
KCSM	Interpuerto, SL	411	458	47

*** -** Bensenville/Schiller Park IMS combined volumes.

248. There are no capacity concerns at these facilities. As discussed above, Bensenville Terminal will undergo a reconfiguration within an expanded footprint as a result of a settlement with the Illinois Tollway Authority and UP. The project plan for the reconfiguration of Bensenville includes the following:

- Construction of a high-volume intermodal facility capable of handling 10,000 foot trains.
- New leads supporting classification independent of arriving and departing trains.
- Construction of a new auto facility replacing an existing smaller compound.

249. The availability of the nearby Schiller Park facility, which can be operated in tandem with Bensenville, will support surges in volume during periods when Bensenville is undergoing reconfiguration work, as it has in the past.

250. Likewise, Wylie will have sufficient capacity to handle the growth. Traffic destined for points in Texas from Mexico, currently directed to Dallas, could be diverted to the lightly-utilized Kendleton Intermodal Facility should there be a need.

251. The remainder of the facilities, including Kansas City's IFG facility, all have ample capacity to accommodate the growth.

10. CONCLUSION

252. The combination of CP and KCS will enhance shipping options for existing and new customers by creating a more competitive network thanks to the single carrier efficiencies made possible by the combination of the two networks. The Operating Plan as detailed above underpins in detail how the synergies will be created, maintained and implemented in order to maintain high levels of customer service and ensure capacity for future growth. The plan was developed using industry best practices and considered all aspects of the merged operations. With this template for implementation and under the stewardship of the CP/KCS operating team, customers can look forward to the following:

- Service levels will improve with reduced intermediate handlings in many locations.
- New services and lanes will be developed to provide more options for the seamless flow of goods throughout North America.

- Competition will be increased with more options for shippers in accessing markets.
- The Environment will benefit from gains in efficiency and fuel economy, as discussed in more detail in the Verified Statement of Glen Wilson.
- Economic growth will be supported for the long term as the USMCA trade agreement plays an increasingly major role in the North American economy.
- Sharing of best practices in safety management systems will further improve industry leading performance.

VERIFICATION

I, Raymond A. Elphick, declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed this 28 day of October, 2021.

Raymond A. Elphick

DocuSign Envelope ID: 1DEC8145-9984-428B-BE9E-[illegible]

VERIFICATION

I, John F. Orr, declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed this 29th day of October, 2021.

DocuSigned by:
John Orr
37E7994A57084ED...

John F. Orr
Chief Operating Officer
Kansas City Southern Railway Company

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

OPERATING PLAN

LABOR IMPACT EXHIBIT

Railroad	Location	ST	Cntry	Job Classification	Jobs Transferred	Jobs Abolished	Jobs Created	Transferred to	Year
CP*	Franklin Park	IL	USA	Clerical	0	0	0	N/A	1
CP*	Glenwood	MN	USA	Clerical	0	0	0	N/A	1
CP*	Lake Bluff	IL	USA	Clerical	0	0	0	N/A	1
CP*	Milwaukee	WI	USA	Clerical	0	0	0	N/A	1
CP*	Minneapolis	MN	USA	Clerical	36	0	0	Kansas City, MO	1
CP*	Portage	WI	USA	Clerical	0	0	0	N/A	1
CP*	St. Paul	MN	USA	Clerical	0	0	0	N/A	1
CP*	Tomah	WI	USA	Clerical	0	0	0	N/A	1
CP*	Enderlin	ND	USA	Communications Worker	0	0	0	N/A	1
CP*	Franklin Park	IL	USA	Communications Worker	0	0	0	N/A	1
CP*	Glenwood	MN	USA	Communications Worker	0	0	0	N/A	1
CP*	Lacrosse	WI	USA	Communications Worker	0	0	0	N/A	1
CP*	Milwaukee	WI	USA	Communications Worker	0	0	0	N/A	1
CP*	Minneapolis	MN	USA	Communications Worker	1	0	0	Kansas City, MO	1
CP*	Minot	ND	USA	Communications Worker	0	0	0	N/A	1
CP*	Portage	WI	USA	Communications Worker	0	0	0	N/A	1
CP*	Saratoga Springs	NY	USA	Communications Worker	0	0	0	N/A	1
CP*	St. Paul	MN	USA	Communications Worker	0	0	0	N/A	1
CP*	Thief River Falls	MN	USA	Communications Worker	0	0	0	N/A	1
CP*	Davenport	IA	USA	Engineers	0	0	24	N/A	1
CP*	Davenport	IA	USA	Engineers	0	0	9	N/A	2
CP*	Davenport	IA	USA	Engineers	0	0	25	N/A	3
CP*	Enderlin	ND	USA	Engineers	0	0	4	N/A	1
CP*	Enderlin	ND	USA	Engineers	0	0	0	N/A	2
CP*	Enderlin	ND	USA	Engineers	0	0	0	N/A	3
CP*	Marquette	IA	USA	Engineers	0	0	14	N/A	1
CP*	Marquette	IA	USA	Engineers	0	0	1	N/A	2
CP*	Marquette	IA	USA	Engineers	0	0	8	N/A	3
CP*	Mason City	IA	USA	Engineers	0	0	1	N/A	1
CP*	Mason City	IA	USA	Engineers	0	0	0	N/A	2
CP*	Mason City	IA	USA	Engineers	0	0	0	N/A	3
CP*	Noyes	MN	USA	Engineers	0	0	3	N/A	1
CP*	Noyes	MN	USA	Engineers	0	0	1	N/A	2
CP*	Noyes	MN	USA	Engineers	0	0	1	N/A	3
CP*	Ottumwa	IA	USA	Engineers	0	0	11	N/A	1
CP*	Ottumwa	IA	USA	Engineers	0	0	4	N/A	2
CP*	Ottumwa	IA	USA	Engineers	0	0	12	N/A	3
CP*	Savanna	IL	USA	Engineers	0	0	5	N/A	1
CP*	Savanna	IL	USA	Engineers	0	0	4	N/A	2
CP*	Savanna	IL	USA	Engineers	0	0	10	N/A	3
CP*	St. Paul	MN	USA	Engineers	0	0	11	N/A	1
CP*	St. Paul	MN	USA	Engineers	0	0	1	N/A	2
CP*	St. Paul	MN	USA	Engineers	0	0	1	N/A	3
CP*	Waseca	MN	USA	Engineers	0	0	2	N/A	1
CP*	Waseca	MN	USA	Engineers	0	0	0	N/A	2
CP*	Waseca	MN	USA	Engineers	0	0	0	N/A	3
CP*	Marquette-Kansas City	IA/MO	USA	Signals Maintainers	0	0	4	N/A	1
CP*	Marquette-Kansas City	IA/MO	USA	Signals Maintainers	0	0	4	N/A	2
CP*	Marquette-Kansas City	IA/MO	USA	Signals Maintainers	0	0	5	N/A	3
CP*	Carrington Subdivision	ND	USA	Track Maintainers	0	0	1	N/A	1

Railroad	Location	ST	Cntry	Job Classification	Jobs Transferred	Jobs Abolished	Jobs Created	Transferred to	Year
CP*	Carrington Subdivision	ND	USA	Track Maintainers	0	0	1	N/A	2
CP*	Carrington Subdivision	ND	USA	Track Maintainers	0	0	1	N/A	3
CP*	Chicago Subdivision	IL	USA	Track Maintainers	0	0	1	N/A	3
CP*	Chicago Subdivision	IL	USA	Track Maintainers	0	0	1	N/A	3
CP*	Davenport Subdivision	IA	USA	Track Maintainers	0	0	1	N/A	1
CP*	Davenport Subdivision	IA	USA	Track Maintainers	0	0	1	N/A	2
CP*	Davenport Subdivision	IA	USA	Track Maintainers	0	0	1	N/A	3
CP*	Kansas City Subdivision	MO	USA	Track Maintainers	0	0	1	N/A	1
CP*	Kansas City Subdivision	MO	USA	Track Maintainers	0	0	1	N/A	2
CP*	Kansas City Subdivision	MO	USA	Track Maintainers	0	0	1	N/A	3
CP*	Laredo Subdivision	TX	USA	Track Maintainers	0	0	1	N/A	1
CP*	Laredo Subdivision	TX	USA	Track Maintainers	0	0	1	N/A	2
CP*	Laredo Subdivision	TX	USA	Track Maintainers	0	0	1	N/A	3
CP*	Marquette Subdivision	IA	USA	Track Maintainers	0	0	1	N/A	1
CP*	Marquette Subdivision	IA	USA	Track Maintainers	0	0	1	N/A	2
CP*	Marquette Subdivision	IA	USA	Track Maintainers	0	0	1	N/A	3
CP*	Ottumwa Subdivision	IA	USA	Track Maintainers	0	0	1	N/A	1
CP*	Ottumwa Subdivision	IA	USA	Track Maintainers	0	0	1	N/A	2
CP*	Ottumwa Subdivision	IA	USA	Track Maintainers	0	0	1	N/A	3
CP*	Paynseville Subdivision	MN	USA	Track Maintainers	0	0	1	N/A	1
CP*	Paynseville Subdivision	MN	USA	Track Maintainers	0	0	1	N/A	2
CP*	Paynseville Subdivision	MN	USA	Track Maintainers	0	0	1	N/A	3
CP*	River Subdivision	MN	USA	Track Maintainers	0	0	1	N/A	1
CP*	River Subdivision	MN	USA	Track Maintainers	0	0	1	N/A	2
CP*	River Subdivision	MN	USA	Track Maintainers	0	0	1	N/A	3
CP*	Minneapolis	MN	USA	Train Dispatchers	37	0	0	Kansas City, MO	1
CP*	Davenport	IA	USA	Trainmen	0	0	24	N/A	1
CP*	Davenport	IA	USA	Trainmen	0	0	10	N/A	2
CP*	Davenport	IA	USA	Trainmen	0	0	24	N/A	3
CP*	Enderlin	ND	USA	Trainmen	0	0	4	N/A	1
CP*	Enderlin	ND	USA	Trainmen	0	0	0	N/A	2
CP*	Enderlin	ND	USA	Trainmen	0	0	0	N/A	3
CP*	Marquette	IA	USA	Trainmen	0	0	14	N/A	1
CP*	Marquette	IA	USA	Trainmen	0	0	1	N/A	2
CP*	Marquette	IA	USA	Trainmen	0	0	8	N/A	3
CP*	Mason City	IA	USA	Trainmen	0	0	1	N/A	1
CP*	Mason City	IA	USA	Trainmen	0	0	0	N/A	2
CP*	Mason City	IA	USA	Trainmen	0	0	0	N/A	3
CP*	Noyes	MN	USA	Trainmen	0	0	4	N/A	1
CP*	Noyes	MN	USA	Trainmen	0	0	1	N/A	2
CP*	Noyes	MN	USA	Trainmen	0	0	1	N/A	3
CP*	Ottumwa	IA	USA	Trainmen	0	0	12	N/A	1
CP*	Ottumwa	IA	USA	Trainmen	0	0	4	N/A	2
CP*	Ottumwa	IA	USA	Trainmen	0	0	11	N/A	3
CP*	Savanna	IL	USA	Trainmen	0	0	5	N/A	1
CP*	Savanna	IL	USA	Trainmen	0	0	5	N/A	2
CP*	Savanna	IL	USA	Trainmen	0	0	9	N/A	3
CP*	St. Paul	MN	USA	Trainmen	0	0	11	N/A	1
CP*	St. Paul	MN	USA	Trainmen	0	0	1	N/A	2
CP*	St. Paul	MN	USA	Trainmen	0	0	1	N/A	3

Railroad	Location	ST	Cntry	Job Classification	Jobs Transferred	Jobs Abolished	Jobs Created	Transferred to	Year
CP*	Waseca	MN	USA	Trainmen	0	0	2	N/A	1
CP*	Waseca	MN	USA	Trainmen	0	0	0	N/A	2
CP*	Waseca	MN	USA	Trainmen	0	0	0	N/A	3
KCSR	Beaumont-Laredo	TX	USA	Car Mechanical	0	0	3	N/A	1
KCSR	Beaumont-Laredo	TX	USA	Car Mechanical	0	0	4	N/A	2
KCSR	Beaumont-Laredo	TX	USA	Car Mechanical	0	0	5	N/A	3
KCSR	Kansas City Joint Agency	MO	USA	Car Mechanical	0	0	0	N/A	1
KCSR	KC-East	MO/IL	USA	Car Mechanical	0	0	0	N/A	1
KCSR	KC-East	MO/IL	USA	Car Mechanical	0	0	0	N/A	2
KCSR	KC-East	MO/IL	USA	Car Mechanical	0	0	0	N/A	3
KCSR	KC-Shreveport	MO/LA	USA	Car Mechanical	0	0	6	N/A	1
KCSR	KC-Shreveport	MO/LA	USA	Car Mechanical	0	0	12	N/A	2
KCSR	KC-Shreveport	MO/LA	USA	Car Mechanical	0	0	18	N/A	3
KCSR	Shreveport-Alliance	LA/TX	USA	Car Mechanical	0	0	1	N/A	1
KCSR	Shreveport-Alliance	LA/TX	USA	Car Mechanical	0	0	1	N/A	2
KCSR	Shreveport-Alliance	LA/TX	USA	Car Mechanical	0	0	1	N/A	3
KCSR	Shreveport-Beaumont	LA/TX	USA	Car Mechanical	0	0	2	N/A	1
KCSR	Shreveport-Beaumont	LA/TX	USA	Car Mechanical	0	0	4	N/A	2
KCSR	Shreveport-Beaumont	LA/TX	USA	Car Mechanical	0	0	6	N/A	3
KCSR	Shreveport-East	LA/MS	USA	Car Mechanical	0	0	0	N/A	1
KCSR	Shreveport-East	LA/MS	USA	Car Mechanical	0	0	1	N/A	2
KCSR	Shreveport-East	LA/MS	USA	Car Mechanical	0	0	1	N/A	3
KCSR	Kansas City General Office	MO	USA	Clerical	0	0	0	N/A	1
KCSR	Kansas City Joint Agency	MO	USA	Communications Worker	0	0	0	N/A	1
KCSR	Shreveport	LA	USA	Communications Worker	0	0	0	N/A	1
KCSR	Beaumont-Laredo	TX	USA	Engineers	0	0	12	N/A	1
KCSR	Beaumont-Laredo	TX	USA	Engineers	0	0	12	N/A	2
KCSR	Beaumont-Laredo	TX	USA	Engineers	0	0	12	N/A	3
KCSR	KC-Shreveport	MO/LA	USA	Engineers	0	0	26	N/A	1
KCSR	KC-Shreveport	MO/LA	USA	Engineers	0	0	26	N/A	2
KCSR	KC-Shreveport	MO/LA	USA	Engineers	0	0	28	N/A	3
KCSR	Shreveport-Alliance	LA/TX	USA	Engineers	0	0	3	N/A	1
KCSR	Shreveport-Alliance	LA/TX	USA	Engineers	0	0	3	N/A	2
KCSR	Shreveport-Alliance	LA/TX	USA	Engineers	0	0	4	N/A	3
KCSR	Shreveport-Beaumont	LA/TX	USA	Engineers	0	0	6	N/A	1
KCSR	Shreveport-Beaumont	LA/TX	USA	Engineers	0	0	6	N/A	2
KCSR	Shreveport-Beaumont	LA/TX	USA	Engineers	0	0	8	N/A	3
KCSR	Shreveport-East	LA/MS	USA	Engineers	0	0	4	N/A	1
KCSR	Shreveport-East	LA/MS	USA	Engineers	0	0	4	N/A	2
KCSR	Shreveport-East	LA/MS	USA	Engineers	0	0	4	N/A	3
KCSR	Shreveport	LA	USA	Locomotive Mechanics	0	0	10	N/A	1
KCSR	Shreveport	LA	USA	Locomotive Mechanics	0	0	10	N/A	2
KCSR	Beaumont Subdivision	TX	USA	Track Maintainers	0	0	2	N/A	2
KCSR	Beaumont Subdivision	TX	USA	Track Maintainers	0	0	3	N/A	3
KCSR	Greenville Subdivision	TX	USA	Track Maintainers	0	0	2	N/A	2
KCSR	Greenville Subdivision	TX	USA	Track Maintainers	0	0	2	N/A	3
KCSR	Heavener Subdivision	MO	USA	Track Maintainers	0	0	2	N/A	2
KCSR	Heavener Subdivision	MO	USA	Track Maintainers	0	0	3	N/A	3
KCSR	Laredo Subdivision	TX	USA	Track Maintainers	0	0	1	N/A	2
KCSR	Laredo Subdivision	TX	USA	Track Maintainers	0	0	2	N/A	3

Railroad	Location	ST	Cntry	Job Classification	Jobs Transferred	Jobs Abolished	Jobs Created	Transferred to	Year
KCSR	Meridian Subdivision	MS	USA	Track Maintainers	0	0	1	N/A	2
KCSR	Meridian Subdivision	MS	USA	Track Maintainers	0	0	2	N/A	3
KCSR	Pittsburg Subdivision	MO	USA	Track Maintainers	0	0	1	N/A	2
KCSR	Pittsburg Subdivision	MO	USA	Track Maintainers	0	0	2	N/A	3
KCSR	Rosenberg Subdivision	TX	USA	Track Maintainers	0	0	2	N/A	3
KCSR	Shreveport Subdivision	LA	USA	Track Maintainers	0	0	4	N/A	3
KCSR	Shreveport Terminal	LA	USA	Track Maintainers	0	0	1	N/A	3
KCSR	Vicksburg Subdivision	MS	USA	Track Maintainers	0	0	3	N/A	3
KCSR	Beaumont-Laredo	TX	USA	Trainmen	0	0	10	N/A	1
KCSR	Beaumont-Laredo	TX	USA	Trainmen	0	0	10	N/A	2
KCSR	Beaumont-Laredo	TX	USA	Trainmen	0	0	12	N/A	3
KCSR	KC-Shreveport	MO/LA	USA	Trainmen	0	0	23	N/A	1
KCSR	KC-Shreveport	MO/LA	USA	Trainmen	0	0	24	N/A	2
KCSR	KC-Shreveport	MO/LA	USA	Trainmen	0	0	24	N/A	3
KCSR	Shreveport-Alliance	LA/TX	USA	Trainmen	0	0	2	N/A	1
KCSR	Shreveport-Alliance	LA/TX	USA	Trainmen	0	0	2	N/A	2
KCSR	Shreveport-Alliance	LA/TX	USA	Trainmen	0	0	4	N/A	3
KCSR	Shreveport-Beaumont	LA/TX	USA	Trainmen	0	0	5	N/A	1
KCSR	Shreveport-Beaumont	LA/TX	USA	Trainmen	0	0	5	N/A	2
KCSR	Shreveport-Beaumont	LA/TX	USA	Trainmen	0	0	7	N/A	3
KCSR	Shreveport-East	LA/MS	USA	Trainmen	0	0	2	N/A	1
KCSR	Shreveport-East	LA/MS	USA	Trainmen	0	0	2	N/A	2
KCSR	Shreveport-East	LA/MS	USA	Trainmen	0	0	4	N/A	3
KCSM	Lazaro-Toluca-SLP	Mexico	Mexico	Car Mechanical	0	0	1	N/A	1
KCSM	Lazaro-Toluca-SLP	Mexico	Mexico	Car Mechanical	0	0	2	N/A	2
KCSM	Lazaro-Toluca-SLP	Mexico	Mexico	Car Mechanical	0	0	2	N/A	3
KCSM	Mexico City-Vera Cruz	Mexico	Mexico	Car Mechanical	0	0	0	N/A	1
KCSM	Mexico City-Vera Cruz	Mexico	Mexico	Car Mechanical	0	0	0	N/A	2
KCSM	Mexico City-Vera Cruz	Mexico	Mexico	Car Mechanical	0	0	0	N/A	3
KCSM	Monterrey-Matramoros	Mexico	Mexico	Car Mechanical	0	0	0	N/A	1
KCSM	Monterrey-Matramoros	Mexico	Mexico	Car Mechanical	0	0	0	N/A	2
KCSM	Monterrey-Matramoros	Mexico	Mexico	Car Mechanical	0	0	1	N/A	3
KCSM	Monterrey-SLP	Mexico	Mexico	Car Mechanical	0	0	1	N/A	1
KCSM	Monterrey-SLP	Mexico	Mexico	Car Mechanical	0	0	1	N/A	2
KCSM	Monterrey-SLP	Mexico	Mexico	Car Mechanical	0	0	2	N/A	3
KCSM	Sanchez-Monterrey	Mexico	Mexico	Car Mechanical	0	0	0	N/A	1
KCSM	Sanchez-Monterrey	Mexico	Mexico	Car Mechanical	0	0	0	N/A	2
KCSM	Sanchez-Monterrey	Mexico	Mexico	Car Mechanical	0	0	0	N/A	3
KCSM	SLP-Mexico City	Mexico	Mexico	Car Mechanical	0	0	1	N/A	1
KCSM	SLP-Mexico City	Mexico	Mexico	Car Mechanical	0	0	2	N/A	2
KCSM	SLP-Mexico City	Mexico	Mexico	Car Mechanical	0	0	2	N/A	3
KCSM	SLP-Tampico	Mexico	Mexico	Car Mechanical	0	0	0	N/A	1
KCSM	SLP-Tampico	Mexico	Mexico	Car Mechanical	0	0	0	N/A	2
KCSM	SLP-Tampico	Mexico	Mexico	Car Mechanical	0	0	0	N/A	3
KCSM	Lazaro-Toluca-SLP	Mexico	Mexico	Engineers	0	0	1	N/A	1
KCSM	Lazaro-Toluca-SLP	Mexico	Mexico	Engineers	0	0	2	N/A	2
KCSM	Lazaro-Toluca-SLP	Mexico	Mexico	Engineers	0	0	3	N/A	3
KCSM	Mexico City-Vera Cruz	Mexico	Mexico	Engineers	0	0	0	N/A	1
KCSM	Mexico City-Vera Cruz	Mexico	Mexico	Engineers	0	0	0	N/A	2
KCSM	Mexico City-Vera Cruz	Mexico	Mexico	Engineers	0	0	1	N/A	3

Railroad	Location	ST	Cntry	Job Classification	Jobs Transferred	Jobs Abolished	Jobs Created	Transferred to	Year
KCSM	Monterrey-Matramoros	Mexico	Mexico	Engineers	0	0	1	N/A	1
KCSM	Monterrey-Matramoros	Mexico	Mexico	Engineers	0	0	1	N/A	2
KCSM	Monterrey-Matramoros	Mexico	Mexico	Engineers	0	0	3	N/A	3
KCSM	Monterrey-SLP	Mexico	Mexico	Engineers	0	0	6	N/A	1
KCSM	Monterrey-SLP	Mexico	Mexico	Engineers	0	0	6	N/A	2
KCSM	Monterrey-SLP	Mexico	Mexico	Engineers	0	0	7	N/A	3
KCSM	Sanchez-Monterrey	Mexico	Mexico	Engineers	0	0	0	N/A	1
KCSM	Sanchez-Monterrey	Mexico	Mexico	Engineers	0	0	0	N/A	2
KCSM	Sanchez-Monterrey	Mexico	Mexico	Engineers	0	0	0	N/A	3
KCSM	SLP-Mexico City	Mexico	Mexico	Engineers	0	0	4	N/A	1
KCSM	SLP-Mexico City	Mexico	Mexico	Engineers	0	0	4	N/A	2
KCSM	SLP-Mexico City	Mexico	Mexico	Engineers	0	0	5	N/A	3
KCSM	SLP-Tampico	Mexico	Mexico	Engineers	0	0	1	N/A	1
KCSM	SLP-Tampico	Mexico	Mexico	Engineers	0	0	1	N/A	2
KCSM	SLP-Tampico	Mexico	Mexico	Engineers	0	0	2	N/A	3
KCSM	Caltozontzin Subdivision	Mexico	Mexico	Track Maintainers	0	0	6	N/A	3
KCSM	Celaya	Mexico	Mexico	Track Maintainers	0	0	2	N/A	3
KCSM	Monterrey	Mexico	Mexico	Track Maintainers	0	0	1	N/A	3
KCSM	Saltillo Subdivision	Mexico	Mexico	Track Maintainers	0	0	6	N/A	3
KCSM	Tula Subdivision	Mexico	Mexico	Track Maintainers	0	0	10	N/A	3
KCSM	Lazaro-Toluca-SLP	Mexico	Mexico	Trainmen	0	0	1	N/A	1
KCSM	Lazaro-Toluca-SLP	Mexico	Mexico	Trainmen	0	0	2	N/A	2
KCSM	Lazaro-Toluca-SLP	Mexico	Mexico	Trainmen	0	0	3	N/A	3
KCSM	Mexico City-Vera Cruz	Mexico	Mexico	Trainmen	0	0	0	N/A	1
KCSM	Mexico City-Vera Cruz	Mexico	Mexico	Trainmen	0	0	0	N/A	2
KCSM	Mexico City-Vera Cruz	Mexico	Mexico	Trainmen	0	0	1	N/A	3
KCSM	Monterrey-Matramoros	Mexico	Mexico	Trainmen	0	0	1	N/A	1
KCSM	Monterrey-Matramoros	Mexico	Mexico	Trainmen	0	0	2	N/A	2
KCSM	Monterrey-Matramoros	Mexico	Mexico	Trainmen	0	0	3	N/A	3
KCSM	Monterrey-SLP	Mexico	Mexico	Trainmen	0	0	6	N/A	1
KCSM	Monterrey-SLP	Mexico	Mexico	Trainmen	0	0	6	N/A	2
KCSM	Monterrey-SLP	Mexico	Mexico	Trainmen	0	0	6	N/A	3
KCSM	Sanchez-Monterrey	Mexico	Mexico	Trainmen	0	0	0	N/A	1
KCSM	Sanchez-Monterrey	Mexico	Mexico	Trainmen	0	0	0	N/A	2
KCSM	Sanchez-Monterrey	Mexico	Mexico	Trainmen	0	0	0	N/A	3
KCSM	SLP-Mexico City	Mexico	Mexico	Trainmen	0	0	4	N/A	1
KCSM	SLP-Mexico City	Mexico	Mexico	Trainmen	0	0	4	N/A	2
KCSM	SLP-Mexico City	Mexico	Mexico	Trainmen	0	0	4	N/A	3
KCSM	SLP-Tampico	Mexico	Mexico	Trainmen	0	0	1	N/A	1
KCSM	SLP-Tampico	Mexico	Mexico	Trainmen	0	0	2	N/A	2
KCSM	SLP-Tampico	Mexico	Mexico	Trainmen	0	0	2	N/A	3
CP	Alberta North	AB	Canada	Car Mechanical	0	0	3	N/A	1
CP	Alberta North	AB	Canada	Car Mechanical	0	0	1	N/A	2
CP	Alberta North	AB	Canada	Car Mechanical	0	0	1	N/A	3
CP	Alberta South	AB	Canada	Car Mechanical	0	0	1	N/A	1
CP	Alberta South	AB	Canada	Car Mechanical	0	0	1	N/A	2
CP	Brandon/Minnedosa	MB	Canada	Car Mechanical	0	0	1	N/A	1
CP	Brandon/Minnedosa	MB	Canada	Car Mechanical	0	0	1	N/A	2
CP	Brandon/Minnedosa	MB	Canada	Car Mechanical	0	0	1	N/A	3
CP	Calgary	AB	Canada	Car Mechanical	0	0	1	N/A	1

Railroad	Location	ST	Cntry	Job Classification	Jobs Transferred	Jobs Abolished	Jobs Created	Transferred to	Year
CP	Calgary	AB	Canada	Car Mechanical	0	0	1	N/A	2
CP	Chicago	IL	Canada	Car Mechanical	0	0	2	N/A	1
CP	Chicago	IL	Canada	Car Mechanical	0	0	2	N/A	2
CP	Chicago	IL	Canada	Car Mechanical	0	0	4	N/A	3
CP	Kootenay	BC	Canada	Car Mechanical	0	0	1	N/A	3
CP	Minnesota	MN	Canada	Car Mechanical	0	0	3	N/A	1
CP	Minnesota	MN	Canada	Car Mechanical	0	0	2	N/A	2
CP	Mountain	BC	Canada	Car Mechanical	0	0	1	N/A	3
CP	North Dakota	ND	Canada	Car Mechanical	0	0	2	N/A	1
CP	North Dakota	ND	Canada	Car Mechanical	0	0	1	N/A	2
CP	Quad Cities	IA	Canada	Car Mechanical	0	0	5	N/A	1
CP	Quad Cities	IA	Canada	Car Mechanical	0	0	6	N/A	2
CP	Quad Cities	IA	Canada	Car Mechanical	0	0	12	N/A	3
CP	Saskatchewan South	SK	Canada	Car Mechanical	0	0	2	N/A	1
CP	Saskatchewan South	SK	Canada	Car Mechanical	0	0	2	N/A	2
CP	South Ontario	ON	Canada	Car Mechanical	0	0	1	N/A	3
CP	St. Paul	MN	Canada	Car Mechanical	0	0	2	N/A	1
CP	St. Paul	MN	Canada	Car Mechanical	0	0	1	N/A	2
CP	Toronto/North	ON	Canada	Car Mechanical	0	0	1	N/A	3
CP	Winnipeg	MB	Canada	Car Mechanical	0	0	2	N/A	1
CP	Wisconsin	WI	Canada	Car Mechanical	0	0	2	N/A	1
CP	Wisconsin	WI	Canada	Car Mechanical	0	0	1	N/A	2
CP	Calgary	AB	Canada	Engineers	0	0	0	N/A	1
CP	Calgary	AB	Canada	Engineers	0	0	0	N/A	2
CP	Calgary	AB	Canada	Engineers	0	0	0	N/A	3
CP	Medicine Hat	AB	Canada	Engineers	0	0	0	N/A	1
CP	Medicine Hat	AB	Canada	Engineers	0	0	0	N/A	2
CP	Medicine Hat	AB	Canada	Engineers	0	0	0	N/A	3
CP	Minnedosa	MB	Canada	Engineers	0	0	6	N/A	1
CP	Minnedosa	MB	Canada	Engineers	0	0	1	N/A	2
CP	Minnedosa	MB	Canada	Engineers	0	0	2	N/A	3
CP	Moose Jaw	SK	Canada	Engineers	0	0	0	N/A	1
CP	Moose Jaw	SK	Canada	Engineers	0	0	0	N/A	2
CP	Moose Jaw	SK	Canada	Engineers	0	0	0	N/A	3
CP	Red Deer	AB	Canada	Engineers	0	0	0	N/A	1
CP	Red Deer	AB	Canada	Engineers	0	0	0	N/A	2
CP	Red Deer	AB	Canada	Engineers	0	0	0	N/A	3
CP	Sutherland	SK	Canada	Engineers	0	0	6	N/A	1
CP	Sutherland	SK	Canada	Engineers	0	0	1	N/A	2
CP	Sutherland	SK	Canada	Engineers	0	0	2	N/A	3
CP	Wilkie	SK	Canada	Engineers	0	0	4	N/A	1
CP	Wilkie	SK	Canada	Engineers	0	0	1	N/A	2
CP	Wilkie	SK	Canada	Engineers	0	0	1	N/A	3
CP	Winnipeg	MB	Canada	Engineers	0	0	3	N/A	1
CP	Winnipeg	MB	Canada	Engineers	0	0	1	N/A	2
CP	Winnipeg	MB	Canada	Engineers	0	0	1	N/A	3
CP	Wynyard	SK	Canada	Engineers	0	0	3	N/A	1
CP	Wynyard	SK	Canada	Engineers	0	0	1	N/A	2
CP	Wynyard	SK	Canada	Engineers	0	0	0	N/A	3
CP	Calgary	AB	Canada	Trainmen	0	0	1	N/A	1

Railroad	Location	ST	Cntry	Job Classification	Jobs Transferred	Jobs Abolished	Jobs Created	Transferred to	Year
CP	Calgary	AB	Canada	Trainmen	0	0	0	N/A	2
CP	Calgary	AB	Canada	Trainmen	0	0	0	N/A	3
CP	Medicine Hat	AB	Canada	Trainmen	0	0	1	N/A	1
CP	Medicine Hat	AB	Canada	Trainmen	0	0	0	N/A	2
CP	Medicine Hat	AB	Canada	Trainmen	0	0	0	N/A	3
CP	Minnedosa	MB	Canada	Trainmen	0	0	6	N/A	1
CP	Minnedosa	MB	Canada	Trainmen	0	0	2	N/A	2
CP	Minnedosa	MB	Canada	Trainmen	0	0	1	N/A	3
CP	Moose Jaw	SK	Canada	Trainmen	0	0	1	N/A	1
CP	Moose Jaw	SK	Canada	Trainmen	0	0	0	N/A	2
CP	Moose Jaw	SK	Canada	Trainmen	0	0	0	N/A	3
CP	Red Deer	AB	Canada	Trainmen	0	0	1	N/A	1
CP	Red Deer	AB	Canada	Trainmen	0	0	0	N/A	2
CP	Red Deer	AB	Canada	Trainmen	0	0	0	N/A	3
CP	Sutherland	SK	Canada	Trainmen	0	0	6	N/A	1
CP	Sutherland	SK	Canada	Trainmen	0	0	2	N/A	2
CP	Sutherland	SK	Canada	Trainmen	0	0	1	N/A	3
CP	Wilkie	SK	Canada	Trainmen	0	0	4	N/A	1
CP	Wilkie	SK	Canada	Trainmen	0	0	1	N/A	2
CP	Wilkie	SK	Canada	Trainmen	0	0	1	N/A	3
CP	Winnipeg	MB	Canada	Trainmen	0	0	4	N/A	1
CP	Winnipeg	MB	Canada	Trainmen	0	0	1	N/A	2
CP	Winnipeg	MB	Canada	Trainmen	0	0	1	N/A	3
CP	Wynyard	SK	Canada	Trainmen	0	0	3	N/A	1
CP	Wynyard	SK	Canada	Trainmen	0	0	1	N/A	2
CP	Wynyard	SK	Canada	Trainmen	0	0	1	N/A	3

* - For US locations, "CP" encompasses CP's U.S. rail carrier subsidiaries Soo Line, DM&E, D&H, and CMQ.

Railroad	Location	State	Country	Job Classification	Jobs Transferred	Jobs Abolished	Jobs Created	Transferred to	Year
CMQ-US	BANGOR	ME	USA	Non-Agreement	0	0	0	N/A	N/A
CMQ-US	CMQ HEAD OFFICE US	ME	USA	Non-Agreement	0	0	0	N/A	N/A
CMQ-US	MILO	ME	USA	Non-Agreement	0	0	0	N/A	N/A
CMQ-US	ROCKLAND	ME	USA	Non-Agreement	0	0	0	N/A	N/A
D&H	ALBANY	NY	USA	Non-Agreement	0	0	0	N/A	N/A
D&H	KENWOOD YARD	NY	USA	Non-Agreement	0	0	0	N/A	N/A
D&H	MAXON ROAD	NY	USA	Non-Agreement	0	0	0	N/A	N/A
D&H	SARATOGASPRINGS	NY	USA	Non-Agreement	0	0	0	N/A	N/A
D&H	TAYLOR	PA	USA	Non-Agreement	0	0	0	N/A	N/A
D&H	WILLSBORO	NY	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	BROWNVILLE JCT	ME	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	CHILLICOTHE	MO	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	CLINTON	IA	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	DAVENPORT	IA	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	DUBUQUE	IA	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	KANSAS CTY	MO	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	MARQUETTE	IA	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	MARQUETTE HWY 18	IA	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	MASON CITY DEPOT	IA	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	NAHANT (DAVENPORT)	IA	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	NEW ULM	MN	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	OTTUMWA	IA	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	ROCHESTER	MN	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	SARATOGASPRINGS	NY	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	SAVANNA	IL	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	ST PAUL-YARD BATTLE CREEK	MN	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	ST PAUL-YARD/TCT	MN	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	US-SD-ROSHOLT	SD	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	WASECA	MN	USA	Non-Agreement	0	0	0	N/A	N/A
DM&E	MPLS (CP Plaza 1)	MN	USA	Non-Agreement (Operating)	0	0	0	N/A	1
DM&E	MPLS (CP Plaza 1)	MN	USA	Non-Agreement (Operating)	7	0	0	Kansas City	2
DM&E	MPLS (CP Plaza 1)	MN	USA	Non-Agreement (Operating)	0	0	0	N/A	3
KCSR	ARTESIA	MS	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	BATON ROUGE	LA	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	BEAUMONT	TX	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	BOSSIER CITY	LA	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	CAMPTI	LA	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	CHICAGO	IL	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	CORINTH	MS	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	CORPUS CHRISTI	TX	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	DALLAS	TX	USA	Non-Agreement	0	0	0	N/A	N/A

Railroad	Location	State	Country	Job Classification	Jobs Transferred	Jobs Abolished	Jobs Created	Transferred to	Year
KCSR	DEQUEEN	AR	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	EAST SAINT LOUIS	IL	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	GARLAND	TX	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	GULFPORT	MS	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	HEAVENER, OK	OK	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	HOUSTON	TX	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	HUGHES SPRINGS	TX	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	HUME	MO	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	JACKSON	MS	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	JOINT AGENCY YARD, KANSAS CITY	MO	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	KENDLETON	TX	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	LAKE CHARLES	LA	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	LAREDO	TX	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	LATANIER, LA	LA	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	LEESVILLE	LA	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	LOUISVILLE	MS	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	MERIDIAN	MS	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	MEXICO	MO	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	MONROE	LA	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	NEOSHO	MO	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	NORCO	LA	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	ODESSA	MO	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	PITTSBURG	KS	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	PORT ARTHUR	TX	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	ROODHOUSE	IL	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	ROSENBERG	TX	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	RUSTON	LA	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	SALLISAW	OK	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	SHREVEPORT	LA	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	SILOAM SPRINGS	AR	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	SLATER	MO	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	SPRING	TX	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	SULPHUR SPRINGS	TX	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	TEXARKANA	TX	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	TUPELO	MS	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	TUSCALOOSA	AL	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	VICKSBURG	MS	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	WATTS	OK	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	WYLIE	TX	USA	Non-Agreement	0	0	0	N/A	N/A
KCSR	KANSAS CITY - WYANDOTTE BLDG	MO	USA	Non-Agreement (Non-Operating)	0	7	0	N/A	1
KCSR	KANSAS CITY - WYANDOTTE BLDG	MO	USA	Non-Agreement (Non-Operating)	0	7	0	N/A	2

Railroad	Location	State	Country	Job Classification	Jobs Transferred	Jobs Abolished	Jobs Created	Transferred to	Year
KCSR	KANSAS CITY - WYANDOTTE BLDG	MO	USA	Non-Agreement (Non-Operating)	0	4	0	N/A	3
KCSR	KANSAS CITY GENERAL OFFICE	MO	USA	Non-Agreement (Non-Operating)	0	60	22*	N/A	1
KCSR	KANSAS CITY GENERAL OFFICE	MO	USA	Non-Agreement (Non-Operating)	0	21	13*	N/A	2
KCSR	KANSAS CITY GENERAL OFFICE	MO	USA	Non-Agreement (Non-Operating)	0	13	52*	N/A	3
KCSR	KANSAS CITY GENERAL OFFICE	MO	USA	Non-Agreement (Operating)	0	0	41*	N/A	1
KCSR	KANSAS CITY GENERAL OFFICE	MO	USA	Non-Agreement (Operating)	0	0	7*	N/A	2
KCSR	KANSAS CITY GENERAL OFFICE	MO	USA	Non-Agreement (Operating)	0	0	0	N/A	3
Soo Line	ALBANY	NY	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	BANGOR	ME	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	BENSENVILLE	IL	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	BENSENVILLE (YARD OFFICE)	IL	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	BENSENVILLE INTERMODAL	IL	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	BROWNVILLE JCT	ME	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	CHICAGO	IL	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	DAVENPORT	IA	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	DETROIT	MI	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	DETROIT LAKES	MN	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	ELKHART	IN	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	ENDERLIN	ND	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	FARGO	ND	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	FLORIDA	FL	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	FRANKLIN PARK	IL	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	GLENWOOD	MN	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	HARVEY	ND	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	HASTINGS	MN	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	HOUSTON	TX	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	HUMBOLDT YARD	MN	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	KANSAS CTY	MO	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	LACROSSE	WI	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	MILWAUKEE	WI	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	MINNEAPOLIS	MN	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	MINOT	ND	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	MUSKEGO YARD	WI	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	NESBITT YARD	MN	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	PORTAGE	WI	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	ROSHOLT	SD	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	SHOREHAM - INTERMODAL	MN	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	ST PAUL-YARD BATTLE CREEK	MN	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	ST PAUL-YARD/TCT	MN	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	SYSTEM CA	CA	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	SYSTEM MI	MI	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	SYSTEM MN	MN	USA	Non-Agreement	0	0	0	N/A	N/A

Railroad	Location	State	Country	Job Classification	Jobs Transferred	Jobs Abolished	Jobs Created	Transferred to	Year
Soo Line	SYSTEM NE	NE	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	SYSTEM PA	PA	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	SYSTEM TX	TX	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	T.R.FALLS	MN	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	WASHINGTON	DC	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	WINONA	MN	USA	Non-Agreement	0	0	0	N/A	N/A
Soo Line	MPLS (CP Plaza 1)	MN	USA	Non-Agreement (Non-Operating)	22	0	0	Kansas City	1
Soo Line	MPLS (CP Plaza 1)	MN	USA	Non-Agreement (Non-Operating)	13	0	0	Kansas City	2
Soo Line	MPLS (CP Plaza 1)	MN	USA	Non-Agreement (Non-Operating)	52	0	0	Kansas City	3
Soo Line	MPLS (CP Plaza 1)	MN	USA	Non-Agreement (Operating)	41	0	0	Kansas City	1
Soo Line	MPLS (CP Plaza 1)	MN	USA	Non-Agreement (Operating)	0	0	0	Kansas City	2
Soo Line	MPLS (CP Plaza 1)	MN	USA	Non-Agreement (Operating)	0	0	0	Kansas City	3
KCSM	ALL LOCATIONS	N/A	Mexico	Non-Agreement	0	0	0	N/A	N/A
CMQ-CA	ALL LOCATIONS	N/A	Canada	Non-Agreement	0	0	0	N/A	N/A
CPRC	ALL LOCATIONS	N/A	Canada	Non-Agreement (Non-Operating)	0	69	0	N/A	1
CPRC	ALL LOCATIONS	N/A	Canada	Non-Agreement (Non-Operating)	0	9	0	N/A	2
CPRC	ALL LOCATIONS	N/A	Canada	Non-Agreement (Non-Operating)	0	14	0	N/A	3
CPRC	ALL LOCATIONS	N/A	Canada	Non-Agreement (Operating)	0	0	0	N/A	N/A
Soo Line	ALYTH YARD - GYO	AB	Canada	Non-Agreement	0	0	0	N/A	N/A
Soo Line	COQUITLAM YARD	BC	Canada	Non-Agreement	0	0	0	N/A	N/A
Soo Line	LONDON	ON	Canada	Non-Agreement	0	0	0	N/A	N/A
Soo Line	MOOSE JAW	SK	Canada	Non-Agreement	0	0	0	N/A	N/A
Soo Line	OGDEN CANADIAN PACIFIC HEADQU	AB	Canada	Non-Agreement	0	0	0	N/A	N/A
Soo Line	SCARBOROUGH	ON	Canada	Non-Agreement	0	0	0	N/A	N/A

* - Transferred from Minneapolis (Soo Line and DM&E)

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

OPERATING PLAN

APPENDICES

OPERATING PLAN APPENDIX A
TRAINS PER DAY BY SUBDIVISION

APPENDIX A: TRAINS PER DAY BY SUBDIVISION

Road	Country	Subdivisions	Current Trains / Day	Future Trains / Day	Change
KCS	US	PITTSBURG	13.5	28.5	15.0
KCS	US	HEAVENER	11.3	25.9	14.6
CPRS	US	DAVENPORT	7.1	21.6	14.5
CPRS	US	OTTUMWA	4.2	18.4	14.3
KCS	US	SHREVEPORT	9.4	23.6	14.2
CPRS	US	LAREDO	3.0	17.0	14.0
CPRS	US	KANSAS CITY	2.9	16.9	14.0
KCS	US	SHREVEPORT TERMINAL 1	15.8	27.7	11.9
KCS	US	BEAUMONT	8.9	20.3	11.4
CPRS	US	DAVENPORT NORTH	6.8	17.5	10.7
CPRS	US	KANSAS CITY NORTH	3.0	13.3	10.2
CPRS	US	UP KANSAS CITY	2.9	13.1	10.2
KCS	US	ROSENBERG	8.5	17.7	9.3
KCS	US	VICTORIA TO ROBSTOWN	7.7	16.8	9.1
KCS	US	KCS LAREDO	10.5	19.4	8.9
KCS	US	BEAUMONT TO ROSENBERG	7.7	16.0	8.3
CPRS	US	CHICAGO	2.9	11.1	8.2
CPRS	US	ELGIN	16.3	23.4	7.1
CPRS	US	MARQUETTE	7.7	14.3	6.6
CPRS	US	RIVER	11.9	18.1	6.2
CPRS	US	ST PAUL YARD BNSF	12.8	18.6	5.8
KCSM	MX	VANEGAS	15.1	20.8	5.7
KCSM	MX	SALTILLO	24.1	29.8	5.7
KCSM	MX	TULA	14.6	19.5	4.9
CPRS	CA	MOUNTAIN	30.1	34.7	4.6
KCSM	MX	CELAYA	7.7	12.3	4.6

Road	Country	Subdivisions	Current Trains / Day	Future Trains / Day	Change
CPRS	CA	SHUSWAP	29.7	34.2	4.5
CPRS	US	MERRIAM PARK	13.1	17.1	4.0
CPRS	US	PAYNESVILLE	13.2	17.0	3.9
KCSM	MX	CALTZONTZIN	3.6	7.3	3.7
CPRS	CA	CARBERRY	15.0	18.5	3.5
CPRS	CA	THOMPSON	25.6	29.1	3.5
CPRS	CA	SUTHERLAND	5.9	9.2	3.3
CPRS	CA	MINNEDOSA	4.9	8.1	3.2
CPRS	CA	EMERSON	4.9	8.0	3.1
CPRS	CA	BREDENBURY	4.7	7.8	3.1
CPRS	CA	WYNYARD	4.6	7.7	3.1
CPRS	CA	CRANBROOK	14.9	17.9	3.0
CPRS	CA	HARDISTY	3.4	6.4	3.0
CPRS	CA	WILKIE	3.3	6.3	3.0
CPRS	US	DETROIT LAKES	3.1	6.0	2.8
CPRS	US	NOYES	3.2	6.0	2.8
KCSM	MX	TOLUCA	1.4	4.0	2.6
CPRS	CA	LAGGAN	20.9	23.3	2.4
CPRS	CA	MAPLE CREEK	23.0	25.4	2.4
CPRS	CA	WINDERMERE	11.3	13.5	2.2
CPRS	CA	SWIFT CURRENT	22.1	24.2	2.1
CPRS	CA	CN - ASHCROFT SUB	12.6	14.4	1.8
CPRS	CA	CN - YALE SUB	12.6	14.4	1.8
CPRS	CA	BROOKS	20.0	21.7	1.7
CPRS	CA	CASCADE	15.6	17.3	1.6
KCSM	MX	MONTERREY	7.1	8.7	1.6
KCS	US	GREENVILLE	5.5	7.0	1.5

REDACTED PUBLIC RECORD VERSION

APPENDIX A: TRAINS PER DAY BY SUBDIVISION

Road	Country	Subdivisions	Current Trains / Day	Future Trains / Day	Change
CPRS	US	TOMAH WEST	13.5	14.9	1.4
CPRS	CA	INDIAN HEAD	21.2	22.6	1.4
CPRS	US	TOMAH	12.9	14.2	1.3
CPRS	CA	PAGE	7.0	8.2	1.2
KCSM	MX	QUERETARO	3.2	4.3	1.1
KCSM	MX	HUEHUETOCA TO HIDALGO TILH	1.0	2.0	1.0
CPRS	CA	CROWSNEST	6.2	7.2	1.0
CPRS	CA	TABER	8.3	9.2	0.9
CPRS	US	WATERTOWN	11.2	12.1	0.9
CPRS	US	C&M	11.1	12.0	0.9
CPRS	US	C&M WEST	11.1	12.0	0.9
OTHER	US	MTP TOWER B17-TOWER A20	9.4	10.2	0.9
CPRS	CA	RED DEER	12.8	13.6	0.8
CPRS	US	ELBOW LAKE	9.0	9.7	0.7
CPRS	CA	WEYBURN	9.4	10.2	0.7
CPRS	US	CARRINGTON	9.4	10.1	0.7
CPRS	CA	WESTMINSTER	2.8	3.4	0.6
OTHER	CA	MISSION	7.5	8.1	0.6
OTHER	US	PORTAL	8.6	9.2	0.5
CPRS	US	WASECA	2.0	2.5	0.5
OTHER	CA	KAMINISTIQUIA	10.8	11.4	0.5
CPRS	CA	KEEWATIN	10.8	11.4	0.5
CPRS	CA	IGNACE	10.8	11.3	0.5
OTHER	CA	SUTHERLAND YARD	2.8	3.3	0.5
CPRS	CA	LEDUC	11.6	12.1	0.5
CPRS	US	MASON CITY	2.4	2.9	0.5

Road	Country	Subdivisions	Current Trains / Day	Future Trains / Day	Change
CPRS	CA	LANIGAN	2.4	2.9	0.5
CPRS	US	TRACY	1.5	1.9	0.4
CPRS	US	M & P	1.4	1.8	0.3
CPRS	CA	ALDERSYDE	3.4	3.7	0.3
OTHER	US	MTP BRC TRACKS	2.4	2.7	0.3
KCSM	MX	TEXCOCO	0.0	0.3	0.3
KCSM	MX	VERACRUZ TO PORT	0.0	0.3	0.3
CPRS	CA	SCOTFORD	7.7	8.0	0.3
KCS	US	MEXICO	2.0	2.2	0.2
CPRS	CA	BROADVIEW	9.4	9.6	0.2
CPRS	CA	WETASKIWIN	2.8	3.0	0.2
CPRS	US	MTP IHB TRACKS	4.9	5.1	0.2
CPRS	CA	BELLEVILLE	6.8	6.9	0.2
CPRS	CA	VAUDREUIL	6.8	6.9	0.2
OTHER	CA	VAUDREUIL EAST	7.8	7.9	0.2
CPRS	CA	WINCHESTER	6.8	6.9	0.2
CPRS	CA	BELLEVILLE YARD	19.2	19.4	0.2
CPRS	CA	NORTH TORONTO	19.2	19.4	0.2
CPRS	CA	BRECHTER	0.6	0.7	0.1
CPRS	CA	LACOMBE	0.6	0.7	0.1
CPRS	US	CSXT	3.4	3.5	0.1
CPRS	US	NS DETROIT DISTRICT	3.4	3.5	0.1
CPRS	US	NS HUNTINGTON DISTRICT	3.4	3.5	0.1
CPRS	US	NS CHICAGO LINE	4.4	4.5	0.1
OTHER	CA	WILLINGDON	0.0	0.1	0.1
CPRS	CA	MONTANA	2.5	2.6	0.1
CPRS	US	CANADIAN	3.5	3.6	0.1

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APPENDIX A: TRAINS PER DAY BY SUBDIVISION

Road	Country	Subdivisions	Current Trains / Day	Future Trains / Day	Change
CPRS	CA	LACOLLE	2.5	2.6	0.1
CPRS	US	COLONIE	0.5	0.6	0.1
CPRS	US	FREIGHT NORTH	0.5	0.6	0.1
CPRS	CA	WINDSOR	6.2	6.3	0.1
CPRS	CA	GALT	6.5	6.6	0.1
CPRS	CA	GALT CTC	9.3	9.5	0.1
OTHER	US	NEWTOWN	0.4	0.5	0.1
KCSM	MX	SALINAS	0.4	0.4	0.1
CPRS	CA	CARTIER CTC	8.9	8.9	0.1
CPRS	CA	CN BALA	4.9	4.9	0.1
CPRS	CA	HERON BAY	8.9	8.9	0.1
CPRS	CA	NEMEGOS	8.9	8.9	0.1
CPRS	CA	NIPIGON	8.9	8.9	0.1
CPRS	CA	PARRY SOUND	8.9	8.9	0.1
CPRS	CA	WHITE RIVER	8.9	8.9	0.1
CPRS	CA	MACTIER	8.9	8.9	0.1
CPRS	CA	MACTIER D	9.9	9.9	0.1
KCSM	MX	LAS CRUCES	0.3	0.3	0.1
KCS	US	JACKSONVILLE	0.2	0.3	0.1
KCS	US	SPRINGFIELD	0.1	0.2	0.0
KCS	US	ROODHOUSE	1.3	1.3	0.0
OTHER	CA	INDIAN HEAD - KALIUM SPUR	0.1	0.1	0.0
KCS	US	EAST ST LOUIS TERMINAL	1.2	1.3	0.0
KCS	US	GODFREY	1.2	1.3	0.0
CPRS	US	BNSF TWIN CITIES	0.7	0.7	0.0
CPRS	US	DULUTH	0.7	0.7	0.0
CPRS	CA	OUTREMONT SPUR	3.1	3.1	0.0
CPRS	CA	PECTEN	0.0	0.0	0.0
KCSM	MX	MATAMOROS	2.0	2.0	0.0
KCS	US	ALLIANCE	0.0	0.0	0.0
KCS	US	ABERDEEN BRANCH	0.0	0.0	0.0
CPRS	CA	ADIRONDACK	4.0	4.0	0.0
CPRS	CA	ALDERSYDE - HIGH RIVER SPUR	0.0	0.0	0.0
KCS	US	ALEXANDRIA	2.0	2.0	0.0
KCS	US	ARTESIA	2.0	2.0	0.0
CPRS	US	BANGOR	0.0	0.0	0.0
OTHER	US	BASS LAKE SPUR	0.0	0.0	0.0
CPRS	CA	BELLE PLAINE	0.0	0.0	0.0
CPRS	US	BEMIDJI	0.0	0.0	0.0
CPRS	US	BN BARSTOW	0.0	0.0	0.0
CPRS	US	BN DETOURS	0.6	0.6	0.0
CPRS	CA	BOUNDARY - ROBSON SPUR	0.0	0.0	0.0
CPRS	CA	BRETON	0.0	0.0	0.0
CPRS	CA	BROCKVILLE	0.0	0.0	0.0
OTHER	US	CANADIAN CONNECTOR	0.0	0.0	0.0
CPRS	CA	CANPA SPUR	0.0	0.0	0.0
OTHER	CA	CARTIER	0.0	0.0	0.0
KCSM	MX	CELAYA TO LAGOS DE MORENOS	0.9	0.9	0.0
CPRS	CA	CN - THORNTON/COQUITLAM	0.0	0.0	0.0
CPRS	CA	COLUMBIA	2.0	2.0	0.0
KCS	US	COUNCE BRANCH	0.0	0.0	0.0
CPRS	US	CSXT BUFFALO - CHICAGO	4.0	4.0	0.0

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APPENDIX A: TRAINS PER DAY BY SUBDIVISION

Road	Country	Subdivisions	Current Trains / Day	Future Trains / Day	Change
CPRS	US	CSXT DETROIT - CHICAGO	2.0	2.0	0.0
OTHER	US	DAKOTA	0.0	0.0	0.0
KCS	US	DALLAS	0.0	0.0	0.0
OTHER	US	DMVW ABERDEEN	0.0	0.0	0.0
OTHER	US	DMVW MISSOURI VALLEY	0.0	0.0	0.0
OTHER	US	DMVW WESTERN	0.0	0.0	0.0
CPRS	US	ELDRIDGE SPUR	0.0	0.0	0.0
CPRS	CA	ESTEVAN	0.0	0.0	0.0
CPRS	CA	EXPANSE	0.0	0.0	0.0
KCS	US	FORT SMITH BRANCH	0.0	0.0	0.0
CPRS	US	FOX LAKE	0.0	0.0	0.0
OTHER	CA	GALT-OWEN SOUND SPUR	0.0	0.0	0.0
CPRS	CA	GLENBORO	0.0	0.0	0.0
CPRS	CA	GRETNA SPUR	0.0	0.0	0.0
KCS	US	GULFPORT	0.0	0.0	0.0
CPRS	CA	HAMILTON	5.1	5.1	0.0
OTHER	CA	HAMILTON - DUNNVILLE SPUR	0.0	0.0	0.0
OTHER	CA	HAMILTON - HAMILTON BELT LINE	0.0	0.0	0.0
CPRS	CA	HAVELOCK	0.0	0.0	0.0
CPRS	US	HIAWATHA SPUR	0.0	0.0	0.0
CPRS	CA	HOADLEY	0.0	0.0	0.0
OTHER	US	HUDSON	0.0	0.0	0.0
CPRS	US	IHB KANKAKEE LINE	3.1	3.1	0.0
CPRS	US	JACKSON	0.0	0.0	0.0
OTHER	CA	KEEWATIN - TRANSCONA SPUR	0.0	0.0	0.0
CPRS	CA	LA RIVIERE	0.0	0.0	0.0
OTHER	US	LIGNITE	0.0	0.0	0.0
CPRS	CA	LLOYDMINSTER	0.0	0.0	0.0
CPRS	CA	M&O	0.0	0.0	0.0
CPRS	US	MARPOLE	0.0	0.0	0.0
CPRS	US	MILLINOCKET	0.0	0.0	0.0
CPRS	US	MN&S SPUR	0.0	0.0	0.0
OTHER	CA	MONTANA - CARDSTON SPUR SUB	0.0	0.0	0.0
OTHER	CA	MONTANA - STIRLING SPUR SUB	0.0	0.0	0.0
CPRS	CA	MONTROSE	0.0	0.0	0.0
CPRS	US	MOOSEHEAD EAST	2.0	2.0	0.0
CPRS	CA	MOOSEHEAD WEST	2.0	2.0	0.0
OTHER	US	MTP MILWAUKEE-GLENDALE	0.0	0.0	0.0
CPRS	US	MTP WATERTOWN-MADISON	0.0	0.0	0.0
OTHER	US	NAPOLEON	0.0	0.0	0.0
OTHER	CA	NBSR - SAINT JOHN - BROWNVILLE JCT	0.0	0.0	0.0
CPRS	CA	NELSON	2.0	2.0	0.0
CPRS	CA	NEPHTON	0.0	0.0	0.0
OTHER	US	NEW BRIGHTON - MERRIAM PARK	0.0	0.0	0.0
KCS	US	NEW ORLEANS	2.0	2.0	0.0
CPRS	CA/US	NEWPORT	0.0	0.0	0.0
CPRS	US	NITRIN	0.0	0.0	0.0
CPRS	CA	OUTLOOK	0.0	0.0	0.0
CPRS	US	OWATONNA	0.0	0.0	0.0
CPRS	CA	ROCANVILLE	0.0	0.0	0.0
CPRS	US	ROCKFORD	0.0	0.0	0.0
CPRS	US	ROCKLAND	0.0	0.0	0.0

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APPENDIX A: TRAINS PER DAY BY SUBDIVISION

Road	Country	Subdivisions	Current Trains / Day	Future Trains / Day	Change
OTHER	US	SAVAGE SPUR	0.0	0.0	0.0
CPRS	US	SHELDON	1.0	1.0	0.0
CPRS	CA	SHERBROOKE	2.0	2.0	0.0
CPRS	US	ST PAUL	0.0	0.0	0.0
CPRS	US	STAMFORD	4.9	4.9	0.0
OTHER	US	STATE ST SPUR	0.0	0.0	0.0
OTHER	CA	STEVENSVILLE SPUR	0.0	0.0	0.0
OTHER	CA	SUTHERLAND - NORANDA SPUR	2.0	2.0	0.0
KCSM	MX	TAMASOPO	2.0	2.0	0.0
CPRS	CA	TISDALE	0.0	0.0	0.0
KCS	US	TUSCALOOSA	0.0	0.0	0.0
CPRS	CA	TYVAN	0.0	0.0	0.0
OTHER	US	UP MANKATO	0.0	0.0	0.0
CPRS	US	UP TWO ALBERT LEA	0.0	0.0	0.0
OTHER	CA	VAN HORNE SPUR	0.0	0.0	0.0
OTHER	US	VEBLEN	0.0	0.0	0.0
KCSM	MX	VERACRUZ	0.9	0.9	0.0
CPRS	CA	WATERLOO	0.0	0.0	0.0
CPRS	US	WAXDALE - BURLINGTON	0.0	0.0	0.0
KCS	US	WHITE ROCK BRANCH	0.0	0.0	0.0
OTHER	CA	WILKIE - DUVAL SPUR	0.0	0.0	0.0
CPRS	CA	WINNIPEG BEACH SPUR	0.0	0.0	0.0
CPRS	US	WITHROW	1.0	1.0	0.0
CPRS	CA	YARBO	0.0	0.0	0.0
KCS	US	LAKE CHARLES	1.0	0.9	-0.1
KCSM	MX	HUEHUETOCA	6.3	5.6	-0.7
KCSM	MX	TOLUCA TO HUEHUETOCA	6.3	5.6	-0.7
KCS	US	VICKSBURG	12.7	11.3	-1.4
KCS	US	MERIDIAN	12.6	11.2	-1.4
KCS	US	SHREVEPORT TERMINAL 2	14.5	13.1	-1.4

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OPERATING PLAN APPENDIX B
CHANGES IN YARD VOLUMES

Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

Base Project: KCS, Base Output Set: 008, Base Traffic: October2020FTIBASE, 28 days, Alternate Project: KCS Optimized, Alternate Output Set: 015, Alternate Traffic: October2020FTIBASE, 28 days
Report shows all - Volumes in Base Project, Alternate Project and Difference, Displays data where volume changes are > 0.10 Sorted by Location

Maps indication locations of principal yards follow the table.

Location	Yard	Type		Project Data											Difference											
				Blocks		Locals		Cars per day							Blocks		Locals		Cars per day							
				Orig	Term	Orig	Term	Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held	Orig	Term	Orig	Term	Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held
LAS VIGA	3462	Base	Base	4	4	0	0	0.1	0.0	0.0	0.1	0.0	0.0	0.0											
LAS VIGAS			Alt																						
PITTSBTT	3476	Alt	Base																						
PITTSBURG			Alt	1	1	0	0	2.7	2.1	0.0	0.0	0.6	0.0	0.0											
TULTEPEC	3904	Alt	Base																						
TULTEPEC			Alt	1	1	0	0	11.2	1.0	0.0	0.0	10.2	0.0	0.0											
AHORCADO	3110	Diff	Base	6	5	0	0	109.8	56.9	0.0	0.0	52.8	0.0	0.0	0	0	0	0	6.5	0.0	0.0	6.5	0.0	0.0	0.0
AHORCADO			Alt	6	5	0	0	116.2	56.9	0.0	6.5	52.8	0.0	0.0											
BATON RO	3626	Diff	Base	8	8	0	0	169.6	47.0	0.0	29.0	93.6	0.0	0.0	1	1	0	0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
BATON ROUGE			Alt	9	9	0	0	169.7	47.0	0.0	29.1	93.6	0.0	0.0											
BEAUMONT	3701	Diff	Base	5	6	0	0	189.5	60.5	0.0	64.7	64.4	0.0	0.0	0	0	0	0	-31.7	0.0	0.0	-31.7	0.0	0.0	0.0
BEAUMONT			Alt	5	6	0	0	157.9	60.5	0.0	33.0	64.4	0.0	0.0											
BROOKLWN	3888	Diff	Base	1	1	0	0	43.5	39.3	0.0	0.0	4.2	0.0	0.0	0	0	0	0	0.1	0.1	0.0	0.0	0.0	0.0	0.0
BROOKLAWN			Alt	1	1	0	0	43.5	39.3	0.0	0.0	4.2	0.0	0.0											
CORPUSCH	3746	Diff	Base	4	8	0	0	264.3	95.6	0.0	2.2	166.5	0.0	0.0	2	1	0	0	0.1	0.0	0.0	0.0	0.1	0.0	0.0
CORPUS CHRI			Alt	6	9	0	0	264.4	95.6	0.0	2.2	166.6	0.0	0.0											
ESCOBED	3097	Diff	Base	25	21	0	0	278.0	5.9	0.0	271.7	0.5	0.0	0.0	-1	-2	0	0	19.3	0.0	0.0	19.3	0.0	0.0	0.0
ESCOBEDO			Alt	24	19	0	0	297.3	5.9	0.0	290.9	0.5	0.0	0.0											
HASTINGS	351	Diff	Base	7	8	0	0	44.4	13.0	0.0	23.9	7.5	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
HASTINGS			Alt	7	8	0	0	44.5	13.0	0.0	24.0	7.5	0.0	0.0											
HOUSTON	3771	Diff	Base	1	2	0	0	70.1	36.1	0.0	0.0	34.0	0.0	0.0	0	0	0	0	0.6	0.4	0.0	0.0	0.2	0.0	0.0
HOUSTON			Alt	1	2	0	0	70.8	36.6	0.0	0.0	34.2	0.0	0.0											

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

Base Project: KCS, Base Output Set: 008, Base Traffic: October2020FTIBASE, 28 days, Alternate Project: KCS Optimized, Alternate Output Set: 015, Alternate Traffic: October2020FTIBASE, 28 days
Report shows all - Volumes in Base Project, Alternate Project and Difference, Displays data where volume changes are > 0.10 Sorted by Location

Maps indication locations of principal yards follow the table.

Location	Yard	Type		Project Data: Blocks Orig	Blocks Term	Locals Orig	Locals Term	Cars per day: Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held	Difference: Blocks Orig	Blocks Term	Locals Orig	Locals Term	Cars per day: Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held
HUGHES S	3638	Diff	Base	10	11	0	0	29.3	0.1	0.0	29.0	0.2	0.0	0.0	0	0	0	0	2.7	0.0	0.0	2.7	0.0	0.0	0.0
HUGHES SPRI			Alt	10	11	0	0	32.0	0.1	0.0	31.7	0.2	0.0	0.0											
INTERPUE	3825	Diff	Base	7	10	0	0	115.3	52.5	0.0	16.1	46.8	0.0	0.0	2	2	0	0	-5.0	0.0	0.0	-5.0	0.0	0.0	0.0
INTERPUERTO			Alt	9	12	0	0	110.3	52.5	0.0	11.0	46.8	0.0	0.0											
INTL FRE	3092	Diff	Base	4	5	0	0	98.0	31.0	0.0	50.9	16.1	0.0	0.0	1	0	0	0	-43.0	0.0	0.0	-43.0	0.0	0.0	0.0
INTL FREIGH			Alt	5	5	0	0	54.9	31.0	0.0	7.8	16.1	0.0	0.0											
JACKSN	3861	Diff	Base	20	19	0	0	391.8	72.2	0.0	243.4	76.3	0.0	0.0	3	3	0	0	-13.6	0.0	0.0	-13.6	0.0	0.0	0.0
JACKSON			Alt	23	22	0	0	378.2	72.2	0.0	229.8	76.3	0.0	0.0											
JALAPA	3465	Diff	Base	10	12	0	0	54.9	1.3	0.0	48.5	5.1	0.0	0.0	1	0	0	0	-5.3	0.0	0.0	-5.3	0.0	0.0	0.0
JALAPA			Alt	11	12	0	0	49.6	1.3	0.0	43.2	5.1	0.0	0.0											
KANSA MO	2975	Diff	Base	38	110	0	0	581.5	274.2	0.0	127.7	179.7	0.0	0.0	1	0	0	0	-75.1	8.2	0.0	-85.9	2.6	0.0	0.0
KANSAS CITY			Alt	39	110	0	0	506.5	282.4	0.0	41.8	182.3	0.0	0.0											
KCS LARE	3310	Diff	Base	2	13	0	0	1,062.2	585.4	0.0	0.0	476.9	0.0	0.0	3	8	0	0	16.4	0.0	0.0	16.1	0.3	0.0	0.0
LAREDO			Alt	5	21	0	0	1,078.6	585.4	0.0	16.1	477.1	0.0	0.0											
KENDLETO	3607	Diff	Base	5	6	0	0	90.1	11.6	0.0	70.5	7.9	0.0	0.0	0	0	0	0	0.6	0.0	0.0	0.6	0.0	0.0	0.0
KENDLETON			Alt	5	6	0	0	90.7	11.6	0.0	71.1	7.9	0.0	0.0											
LA CROSS	165	Diff	Base	32	30	0	0	152.9	17.3	0.0	119.3	16.3	0.0	0.0	0	0	0	0	-0.5	0.0	0.0	-0.5	0.0	0.0	0.0
LA CROSSE			Alt	32	30	0	0	152.4	17.3	0.0	118.8	16.3	0.0	0.0											
LAREDOYD	3739	Diff	Base	10	6	0	0	153.1	73.1	0.0	2.8	77.2	0.0	0.0	0	1	0	0	2.7	0.0	0.0	2.7	0.0	0.0	0.0
LAREDO YARD			Alt	10	7	0	0	155.8	73.1	0.0	5.5	77.2	0.0	0.0											
LEAL NL	3816	Diff	Base	3	4	0	0	37.5	3.6	0.0	29.9	4.0	0.0	0.0	0	0	0	0	-10.0	0.0	0.0	-10.0	0.0	0.0	0.0
LEAL			Alt	3	4	0	0	27.5	3.6	0.0	19.9	4.0	0.0	0.0											

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

Base Project: KCS, Base Output Set: 008, Base Traffic: October2020FTIBASE, 28 days, Alternate Project: KCS Optimized, Alternate Output Set: 015, Alternate Traffic: October2020FTIBASE, 28 days
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LECHERIA	3798	Diff	Base	13	11	0	0	134.4	16.2	0.0	10.6	107.6	0.0	0.0	-1	-2	0	0	0.6	0.0	0.0	0.6	0.0	0.0	0.0
LECHERIA			Alt	12	9	0	0	135.0	16.2	0.0	11.2	107.6	0.0	0.0											
LOBOS	3186	Diff	Base	1	1	0	0	12.3	5.2	0.0	0.0	7.1	0.0	0.0	0	0	0	0	0.2	0.2	0.0	0.0	0.0	0.0	0.0
LOBOS			Alt	1	1	0	0	12.5	5.4	0.0	0.0	7.1	0.0	0.0											
MEXICO C	3827	Diff	Base	22	28	0	0	186.0	41.3	0.0	144.5	0.2	0.0	0.0	2	1	0	0	10.4	0.0	0.0	10.4	0.0	0.0	0.0
MEXICO CITY			Alt	24	29	0	0	196.4	41.3	0.0	154.9	0.2	0.0	0.0											
MONTERRE	3147	Diff	Base	27	18	0	0	995.0	204.8	0.0	577.9	212.3	0.0	0.0	2	6	0	0	-27.6	1.9	0.0	-29.5	0.0	0.0	0.0
MONTERREY			Alt	29	24	0	0	967.4	206.7	0.0	548.4	212.4	0.0	0.0											
MUSCATI	2715	Diff	Base	12	8	0	0	168.3	62.3	0.0	35.4	70.6	0.0	0.0	0	0	0	0	5.1	0.0	0.0	5.1	0.0	0.0	0.0
MUSCATINE			Alt	12	8	0	0	173.5	62.3	0.0	40.6	70.6	0.0	0.0											
NAHANT	2710	Diff	Base	43	43	0	0	363.6	2.6	0.0	359.5	1.5	0.0	0.0	3	2	0	0	16.5	0.0	0.0	16.5	0.0	0.0	0.0
NAHANT			Alt	46	45	0	0	380.1	2.6	0.0	376.0	1.5	0.0	0.0											
NUEVOLAR	3513	Diff	Base	4	16	0	0	532.6	4.5	0.0	427.0	101.2	0.0	0.0	0	-14	0	0	-427.0	0.0	0.0	-427.0	0.0	0.0	0.0
NUEVO LARED			Alt	4	2	0	0	105.7	4.5	0.0	0.0	101.2	0.0	0.0											
ORIENTAL	3457	Diff	Base	5	7	0	0	27.4	0.4	0.0	25.9	1.2	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
ORIENTAL			Alt	5	7	0	0	27.5	0.4	0.0	25.9	1.2	0.0	0.0											
OTTUMW	2724	Diff	Base	20	19	0	0	117.5	58.1	0.0	0.6	58.8	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTTUMWA			Alt	20	19	0	0	117.5	58.1	0.0	0.6	58.8	0.0	0.0											
QUERETAR	3096	Diff	Base	15	16	0	0	223.1	35.3	0.0	170.0	17.8	0.0	0.0	0	-1	0	0	-49.4	0.0	0.0	-49.4	0.0	0.0	0.0
QUERETARO			Alt	15	15	0	0	173.7	35.3	0.0	120.6	17.8	0.0	0.0											
ROJAS	3812	Diff	Base	6	6	0	0	173.0	82.2	0.0	21.0	69.8	0.0	0.0	-1	-1	0	0	3.3	0.0	0.0	3.3	0.0	0.0	0.0

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

Base Project: KCS, Base Output Set: 008, Base Traffic: October2020FTIBASE, 28 days, Alternate Project: KCS Optimized, Alternate Output Set: 015, Alternate Traffic: October2020FTIBASE, 28 days
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	ROJAS		Alt	5	5	0	0	176.3	82.2	0.0	24.3	69.8	0.0	0.0											
SALINASV	3817	Diff	Base	11	13	0	0	199.6	96.3	0.0	28.5	74.9	0.0	0.0	-1	1	0	0	-13.9	0.0	0.0	-13.9	0.0	0.0	0.0
	SALINAS VIC		Alt	10	14	0	0	185.7	96.3	0.0	14.5	74.9	0.0	0.0											
SALTILLO	3509	Diff	Base	10	11	0	0	62.8	4.5	0.0	53.6	4.6	0.0	0.0	1	-1	0	0	-34.4	0.0	0.0	-34.4	0.0	0.0	0.0
	SALTILLO		Alt	11	10	0	0	28.4	4.5	0.0	19.3	4.6	0.0	0.0											
SAN MARI	3249	Diff	Base	6	6	0	0	97.5	45.4	0.0	5.8	46.3	0.0	0.0	0	0	0	0	1.1	0.0	0.0	1.1	0.0	0.0	0.0
	SANTA MARIA		Alt	6	6	0	0	98.5	45.4	0.0	6.9	46.3	0.0	0.0											
SANCHEZ	175	Diff	Base	30	19	0	0	1,562.3	4.1	0.0	1,556.5	1.6	0.0	0.0	2	3	0	0	-383.0	0.0	0.0	-383.0	0.0	0.0	0.0
	SANCHEZ		Alt	32	22	0	0	1,179.2	4.1	0.0	1,173.5	1.6	0.0	0.0											
SANLUISP	3876	Diff	Base	19	20	0	0	533.9	145.2	0.0	260.5	128.2	0.0	0.0	3	8	0	0	33.5	0.0	0.0	33.5	0.0	0.0	0.0
	SAN LUIS PO		Alt	22	28	0	0	567.3	145.2	0.0	293.9	128.2	0.0	0.0											
SHREVEPO	3680	Diff	Base	30	33	0	0	869.3	70.8	0.0	752.6	45.9	0.0	0.0	5	9	0	0	23.1	0.0	0.0	23.1	0.0	0.0	0.0
	SHREVEPORT		Alt	35	42	0	0	892.4	70.8	0.0	775.7	45.9	0.0	0.0											
SILAO	3838	Diff	Base	2	3	0	0	124.1	62.8	0.0	0.0	61.4	0.0	0.0	0	0	0	0	4.4	0.0	0.0	4.4	0.0	0.0	0.0
	SILAO		Alt	2	3	0	0	128.5	62.8	0.0	4.4	61.4	0.0	0.0											
SJDELRIO	3109	Diff	Base	4	4	0	0	51.3	17.6	0.0	10.4	23.3	0.0	0.0	0	0	0	0	-10.4	0.0	0.0	-10.4	0.0	0.0	0.0
	SAN JUAN DE		Alt	4	4	0	0	40.9	17.6	0.0	0.0	23.3	0.0	0.0											
ST PAUL	164	Diff	Base	62	114	0	0	1,724.3	197.5	0.0	1,388.7	138.1	0.0	0.0	1	2	0	0	0.5	0.0	0.0	0.5	0.0	0.0	0.0
	ST PAUL		Alt	63	116	0	0	1,724.8	197.5	0.0	1,389.2	138.1	0.0	0.0											
VANEGAS	3499	Diff	Base	10	13	0	0	141.0	0.5	0.0	140.5	0.0	0.0	0.0	-9	-11	0	0	-140.5	0.0	0.0	-140.5	0.0	0.0	0.0
	VANEGAS		Alt	1	2	0	0	0.5	0.5	0.0	0.0	0.0	0.0	0.0											
VERACRUZ	3841	Diff	Base	7	3	0	0	53.5	29.0	0.0	0.4	24.2	0.0	0.0	-1	1	0	0	0.5	0.0	0.0	0.5	0.0	0.0	0.0

REDACTED PUBLIC RECORD VERSION

Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

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VERACRUZ			Alt	6	4	0	0	54.1	29.0	0.0	0.9	24.2	0.0	0.0											
WASECA	2868	Diff	Base	30	25	0	0	128.0	0.6	0.0	124.9	2.5	0.0	0.0	0	0	0	0	-0.4	0.0	0.0	-0.4	0.0	0.0	0.0
WASECA			Alt	30	25	0	0	127.6	0.6	0.0	124.5	2.5	0.0	0.0											
XICOTENC	3437	Diff	Base	3	2	0	0	18.2	13.9	0.0	0.1	4.3	0.0	0.0	0	0	0	0	0.4	0.0	0.0	0.4	0.0	0.0	0.0
XICOTENCATL			Alt	3	2	0	0	18.6	13.9	0.0	0.4	4.3	0.0	0.0											

REDACTED PUBLIC RECORD VERSION

Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

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AUSTIN	847	Alt	Base																						
AUSTIN			Alt	1	1	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0											
CARROLLT	3395	Alt	Base																						
CARROLLTON			Alt	1	1	0	0	0.9	0.4	0.0	0.0	0.4	0.0	0.0											
CHICAG	2408	Alt	Base																						
CHICAGO			Alt	1	1	0	0	3.8	0.5	0.0	0.0	3.3	0.0	0.0											
CLEBURNE	3910	Alt	Base																						
CLEBURNE			Alt	1	1	0	0	5.7	2.6	0.0	0.0	3.1	0.0	0.0											
CYLINDER	2826	Alt	Base																						
CYLINDER			Alt	2	1	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0											
FORTWRTH	3908	Alt	Base																						
FORT WORTH			Alt	1	1	0	0	11.0	9.4	0.0	0.0	1.6	0.0	0.0											
GENO	2697	Alt	Base																						
GENOA			Alt	1	1	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0											
KULM	2646	Alt	Base																						
KULM			Alt	1	1	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0											
LOBDELL	3625	Alt	Base																						
LOBDELL			Alt	2	2	0	0	0.9	0.5	0.0	0.0	0.5	0.0	0.0											
MONUMENT	3210	Alt	Base																						
MONUMENT			Alt	1	0	0	0	0.2	0.2	0.0	0.0	0.0	0.0	0.0											
ODESSA	3425	Alt	Base																						
ODESSA			Alt	0	1	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0											
PRINCET	2752	Alt	Base																						

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

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				Blocks		Locals		Cars per day							Blocks		Locals		Cars per day							
				Orig	Term	Orig	Term	Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held	Orig	Term	Orig	Term	Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held
PRINCETON		Alt		1	2	0	0	1.5	0.7	0.0	0.0	0.7	0.0	0.0											
SALAMANC	3837	Alt	Base																						
SALAMANCA		Alt		1	1	0	0	9.9	9.1	0.0	0.0	0.8	0.0	0.0											
SARDIS	2051	Alt	Base																						
SARDIS		Alt		1	1	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0											
TAFT	217	Alt	Base																						
TAFT		Alt		3	2	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0											
WALKE JC	2147	Alt	Base																						
WALKERVILLE		Alt		2	1	0	0	0.4	0.0	0.0	0.4	0.0	0.0	0.0											
WOOD DAL	1342	Alt	Base																						
WOODDALE		Alt		2	1	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0											
ABBOTSFO	1295	Diff	Base	1	3	0	0	16.9	6.1	0.0	0.0	10.8	0.0	0.0	0	0	0	0	0.2	0.1	0.0	0.0	0.1	0.0	0.0
ABBOTSFORD		Alt		1	3	0	0	17.0	6.2	0.0	0.0	10.8	0.0	0.0											
ADVANCE	3919	Diff	Base	2	2	0	0	38.0	17.4	0.0	0.0	20.6	0.0	0.0	0	0	0	0	1.1	0.6	0.0	0.0	0.6	0.0	0.0
ADVANCE		Alt		2	2	0	0	39.1	17.9	0.0	0.0	21.2	0.0	0.0											
AGINCOUR	1831	Diff	Base	3	2	0	0	59.1	21.4	0.0	0.0	37.8	0.0	0.0	0	0	0	0	24.2	8.9	0.0	0.0	15.4	0.0	0.0
AGINCOURT		Alt		3	2	0	0	83.4	30.3	0.0	0.0	53.1	0.0	0.0											
AGINTRFR	2236	Diff	Base	1	1	0	0	3.2	1.6	0.0	0.0	1.6	0.0	0.0	0	0	0	0	0.2	0.2	0.0	0.0	0.0	0.0	0.0
AGINCOURT T		Alt		1	1	0	0	3.4	1.8	0.0	0.0	1.6	0.0	0.0											
AGUASCAL	3863	Diff	Base	3	3	0	0	1.8	1.6	0.0	0.0	0.1	0.0	0.0	0	0	0	0	6.6	4.1	0.0	0.0	2.5	0.0	0.0
AGUASCALIEN		Alt		3	3	0	0	8.3	5.7	0.0	0.0	2.6	0.0	0.0											
AHORCADO	3110	Diff	Base	6	5	0	0	116.2	56.9	0.0	6.5	52.8	0.0	0.0	-3	-4	0	0	-6.3	0.1	0.0	-6.5	0.1	0.0	0.0
AHORCADO		Alt		3	1	0	0	109.9	57.0	0.0	0.0	52.9	0.0	0.0											

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

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ALBANY	1599	Diff	Base	18	22	0	0	155.5	67.9	0.0	13.4	74.2	0.0	0.0	0	0	0	0	0.7	0.3	0.0	0.0	0.3	0.0	0.0
ALBANY			Alt	18	22	0	0	156.1	68.2	0.0	13.4	74.5	0.0	0.0											
ALEXAND	1092	Diff	Base	1	1	0	0	19.2	11.4	0.0	0.0	7.8	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
ALEXANDRIA			Alt	1	1	0	0	19.3	11.4	0.0	0.0	7.9	0.0	0.0											
ALGONA	2824	Diff	Base	1	1	0	0	2.8	1.8	0.0	0.0	1.1	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ALGONA			Alt	1	1	0	0	2.8	1.8	0.0	0.0	1.1	0.0	0.0											
ALKALI	3144	Diff	Base	1	2	0	0	99.5	51.6	0.0	0.0	47.9	0.0	0.0	0	0	0	0	0.2	0.1	0.0	0.0	0.0	0.0	0.0
ALKALI			Alt	1	2	0	0	99.7	51.8	0.0	0.0	48.0	0.0	0.0											
ALLISTON	173	Diff	Base	9	9	0	0	102.0	96.5	0.0	0.0	5.5	0.0	0.0	0	0	0	0	0.5	0.0	0.0	0.0	0.5	0.0	0.0
ALLISTON			Alt	9	9	0	0	102.5	96.5	0.0	0.0	6.0	0.0	0.0											
ALMACENE	3068	Diff	Base	2	1	0	0	9.7	5.6	0.0	0.0	4.1	0.0	0.0	0	0	0	0	3.7	2.0	0.0	0.0	1.7	0.0	0.0
ALMACENES			Alt	2	1	0	0	13.4	7.5	0.0	0.0	5.9	0.0	0.0											
ALYTH	239	Diff	Base	80	76	0	0	1,552.6	7.5	0.0	1,538.6	6.5	0.0	0.0	0	0	0	0	12.1	0.0	0.0	12.0	0.1	0.0	0.0
ALYTH			Alt	80	76	0	0	1,564.7	7.6	0.0	1,550.6	6.6	0.0	0.0											
APODACA	3158	Diff	Base	2	1	0	0	68.1	35.5	0.0	0.0	32.6	0.0	0.0	0	0	0	0	4.7	2.0	0.0	0.0	2.7	0.0	0.0
APODACA			Alt	2	1	0	0	72.8	37.5	0.0	0.0	35.3	0.0	0.0											
ARBELA	3866	Diff	Base	1	1	0	0	147.7	64.6	0.0	0.0	83.1	0.0	0.0	0	0	0	0	2.1	1.1	0.0	0.0	0.9	0.0	0.0
ARBELA			Alt	1	1	0	0	149.8	65.8	0.0	0.0	84.0	0.0	0.0											
ARCADIA	3590	Diff	Base	3	2	0	0	16.1	8.0	0.0	0.0	8.1	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ARCADIA			Alt	3	2	0	0	16.1	8.0	0.0	0.0	8.1	0.0	0.0											
ARELLANO	3864	Diff	Base	1	2	0	0	11.3	4.7	0.0	0.0	6.6	0.0	0.0	0	0	0	0	0.8	0.3	0.0	0.0	0.5	0.0	0.0
ARELLANO			Alt	1	2	0	0	12.2	5.0	0.0	0.0	7.1	0.0	0.0											
ARTESIA	3324	Diff	Base	15	20	0	0	330.5	34.0	0.0	292.5	4.0	0.0	0.0	1	0	0	0	2.2	0.0	0.0	2.2	0.0	0.0	0.0

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

Base Project: KCS, Base Output Set: 008, Base Traffic: October2020FTIBASE, 28 days, Alternate Project: KCS Optimized, Alternate Output Set: 015, Alternate Traffic: October2020FTIBASE, 28 days
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ARTESIA		Alt		16	20	0	0	332.7	34.0	0.0	294.7	4.0	0.0	0.0											
ASHDOWN	3673	Diff	Base	3	4	0	0	45.7	16.8	0.0	1.6	27.4	0.0	0.0	0	0	0	0	7.9	0.0	0.0	0.0	7.9	0.0	0.0
ASHDOWN		Alt		3	4	0	0	53.5	16.8	0.0	1.6	35.2	0.0	0.0											
AUSTI	2807	Diff	Base	12	12	0	0	18.6	1.4	0.0	16.0	1.2	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
AUSTIN		Alt		12	12	0	0	18.7	1.4	0.0	16.1	1.2	0.0	0.0											
BAJIO	2279	Diff	Base	1	1	0	0	42.3	10.1	0.0	0.0	32.1	0.0	0.0	0	0	0	0	5.1	3.4	0.0	0.0	1.7	0.0	0.0
BAJIO		Alt		1	1	0	0	47.3	13.5	0.0	0.0	33.8	0.0	0.0											
BARRETT	79	Diff	Base	2	1	0	0	0.3	0.1	0.0	0.0	0.2	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BARRETT		Alt		2	1	0	0	0.3	0.1	0.0	0.0	0.2	0.0	0.0											
BATON RO	3626	Diff	Base	9	9	0	0	169.7	47.0	0.0	29.1	93.6	0.0	0.0	0	0	0	0	5.1	1.6	0.0	2.6	0.9	0.0	0.0
BATON ROUGE		Alt		9	9	0	0	174.8	48.6	0.0	31.6	94.6	0.0	0.0											
BAYOU PI	3684	Diff	Base	1	1	0	0	53.0	25.7	0.0	0.0	27.3	0.0	0.0	0	0	0	0	0.2	0.1	0.0	0.0	0.1	0.0	0.0
BAYOU PIERR		Alt		1	1	0	0	53.1	25.8	0.0	0.0	27.3	0.0	0.0											
BEAUMONT	3701	Diff	Base	5	6	0	0	157.9	60.5	0.0	33.0	64.4	0.0	0.0	0	0	0	0	6.2	2.3	0.0	0.9	2.9	0.0	0.0
BEAUMONT		Alt		5	6	0	0	164.1	62.8	0.0	34.0	67.3	0.0	0.0											
BEN IMS	1330	Diff	Base	13	11	0	0	128.8	62.7	0.0	5.1	61.0	0.0	0.0	9	9	0	0	274.3	136.9	0.0	6.9	130.5	0.0	0.0
BENSENVILLE		Alt		22	20	0	0	403.1	199.6	0.0	12.0	191.4	0.0	0.0											
BENSENVI	169	Diff	Base	81	63	0	0	982.8	380.3	0.0	591.8	10.7	0.0	0.0	6	3	0	0	112.1	7.5	0.0	94.5	10.1	0.0	0.0
BENSENVILLE		Alt		87	66	0	0	1,094.9	387.8	0.0	686.3	20.8	0.0	0.0											
BENSENWY	1345	Diff	Base	9	8	0	0	5.3	1.6	0.0	3.3	0.4	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
BENSENVILLE		Alt		9	8	0	0	5.4	1.6	0.0	3.4	0.4	0.0	0.0											
BETTENDO	2755	Diff	Base	1	2	0	0	4.9	2.6	0.0	0.0	2.3	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BETTENDORF		Alt		1	2	0	0	5.0	2.7	0.0	0.0	2.3	0.0	0.0											

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

Base Project: KCS, Base Output Set: 008, Base Traffic: October2020FTIBASE, 28 days, Alternate Project: KCS Optimized, Alternate Output Set: 015, Alternate Traffic: October2020FTIBASE, 28 days
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BIENFAIT	1047	Diff	Base	3	2	0	0	4.0	1.1	0.0	0.0	3.0	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BIENFAIT			Alt	3	2	0	0	4.0	1.1	0.0	0.0	3.0	0.0	0.0											
BLOOMIN	2809	Diff	Base	1	1	0	0	1.0	0.5	0.0	0.0	0.5	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
BLOOMING PR			Alt	1	1	0	0	1.1	0.5	0.0	0.0	0.6	0.0	0.0											
BLUE ISL	168	Diff	Base	1	1	0	0	4.3	0.5	0.0	0.0	3.8	0.0	0.0	0	0	0	0	1.4	0.7	0.0	0.0	0.7	0.0	0.0
BLUE ISLAND			Alt	1	1	0	0	5.7	1.2	0.0	0.0	4.5	0.0	0.0											
BOSSIERC	3681	Diff	Base	7	1	0	0	54.4	3.1	0.0	48.6	2.6	0.0	0.0	0	0	0	0	1.5	0.0	0.0	1.5	0.0	0.0	0.0
BOSSIER CIT			Alt	7	1	0	0	55.8	3.1	0.0	50.1	2.6	0.0	0.0											
BOW ISLA	37	Diff	Base	3	3	0	0	8.4	8.3	0.0	0.0	0.1	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BOW ISLAND			Alt	3	3	0	0	8.5	8.3	0.0	0.0	0.2	0.0	0.0											
BRANDON	325	Diff	Base	54	42	0	0	300.6	32.2	0.0	210.2	58.1	0.0	0.0	0	0	0	0	0.2	0.1	0.0	0.0	0.1	0.0	0.0
BRANDON			Alt	54	42	0	0	300.7	32.3	0.0	210.2	58.2	0.0	0.0											
BROCKVIL	1589	Diff	Base	1	2	0	0	9.4	5.0	0.0	0.0	4.4	0.0	0.0	0	0	0	0	0.1	0.1	0.0	0.0	0.0	0.0	0.0
BROCKVILLE			Alt	1	2	0	0	9.4	5.1	0.0	0.0	4.3	0.0	0.0											
BROOKLWN	3888	Diff	Base	1	1	0	0	43.5	39.3	0.0	0.0	4.2	0.0	0.0	0	0	0	0	0.8	0.1	0.0	0.0	0.7	0.0	0.0
BROOKLAWN			Alt	1	1	0	0	44.3	39.4	0.0	0.0	4.9	0.0	0.0											
BROOKWOO	3893	Diff	Base	1	1	0	0	94.3	41.0	0.0	0.0	53.3	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.1	0.0	0.0
BROOKWOOD			Alt	1	1	0	0	94.3	41.0	0.0	0.0	53.3	0.0	0.0											
BROOTEN	136	Diff	Base	1	1	0	0	10.9	5.4	0.0	0.0	5.4	0.0	0.0	0	0	0	0	0.3	0.1	0.0	0.0	0.1	0.0	0.0
BROOTEN			Alt	1	1	0	0	11.1	5.6	0.0	0.0	5.6	0.0	0.0											
BROWNJCT	1780	Diff	Base	19	21	0	0	93.5	27.1	0.0	28.9	37.5	0.0	0.0	0	0	0	0	0.2	0.1	0.0	0.0	0.1	0.0	0.0
BROWNVILLE			Alt	19	21	0	0	93.7	27.2	0.0	28.9	37.5	0.0	0.0											
BRWNSVLL	3903	Diff	Base	1	1	0	0	349.8	177.0	0.0	0.0	172.8	0.0	0.0	0	0	0	0	0.9	0.4	0.0	0.0	0.4	0.0	0.0

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

Base Project: KCS, Base Output Set: 008, Base Traffic: October2020FTIBASE, 28 days, Alternate Project: KCS Optimized, Alternate Output Set: 015, Alternate Traffic: October2020FTIBASE, 28 days
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Location	Yard	Type		Project Data											Difference												
				Blocks		Locals		Cars per day							Blocks		Locals		Cars per day								
				Orig	Term	Orig	Term	Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held	Orig	Term	Orig	Term	Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held		
BROWNSVILLE			Alt	1	1	0	0	350.6	177.5	0.0	0.0	173.2	0.0	0.0													
BUFFALO	1566	Diff	Base	7	11	0	0	128.0	71.1	0.0	0.0	56.9	0.0	0.0	0	0	0	0	0.2	0.2	0.0	0.0	0.0	0.0	0.0		
BUFFALO			Alt	7	11	0	0	128.2	71.3	0.0	0.0	56.9	0.0	0.0													
CALG IMS	1301	Diff	Base	16	13	0	0	164.6	82.5	0.0	0.3	81.7	0.0	0.0	0	0	0	0	0.5	0.2	0.0	0.1	0.2	0.0	0.0		
CALGARY IMS			Alt	16	13	0	0	165.0	82.7	0.0	0.4	81.9	0.0	0.0													
CALG TFR	2690	Diff	Base	1	1	0	0	4.3	2.4	0.0	0.0	1.9	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
CALGARY TFR			Alt	1	1	0	0	4.3	2.4	0.0	0.0	1.9	0.0	0.0													
CALGARY	1302	Diff	Base	5	11	0	0	48.9	26.6	0.0	0.0	22.3	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
CALGARY			Alt	5	11	0	0	48.9	26.6	0.0	0.0	22.3	0.0	0.0													
CALUMET	338	Diff	Base	3	6	0	0	180.9	6.0	0.0	0.0	175.0	0.0	0.0	0	0	0	0	2.0	0.2	0.0	0.0	1.8	0.0	0.0		
CALUMET			Alt	3	6	0	0	182.9	6.2	0.0	0.0	176.7	0.0	0.0													
CAMANCHE	2751	Diff	Base	5	4	0	0	1.4	1.4	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0.2	0.1	0.0	0.0	0.1	0.0	0.0		
CAMANCHE			Alt	5	4	0	0	1.6	1.5	0.0	0.0	0.1	0.0	0.0													
CAMCKTFR	2248	Diff	Base	1	1	0	0	22.0	9.8	0.0	0.0	12.2	0.0	0.0	0	0	0	0	3.3	1.6	0.0	0.0	1.7	0.0	0.0		
CAMPBELL CR			Alt	1	1	0	0	25.2	11.4	0.0	0.0	13.9	0.0	0.0													
CANADIAN	1309	Diff	Base	1	1	0	0	16.6	7.7	0.0	0.0	8.9	0.0	0.0	0	0	0	0	0.9	0.0	0.0	0.0	0.9	0.0	0.0		
CDN SUPR OI			Alt	1	1	0	0	17.5	7.7	0.0	0.0	9.8	0.0	0.0													
CARDIGAN	1226	Diff	Base	6	1	0	0	6.6	3.0	0.0	3.5	0.0	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0		
CARDIGAN JC			Alt	6	1	0	0	6.7	3.0	0.0	3.6	0.1	0.0	0.0													
CASTLEGA	686	Diff	Base	13	11	0	0	32.3	0.0	0.0	32.3	0.1	0.0	0.0	0	0	0	0	0.5	0.1	0.0	0.3	0.1	0.0	0.0		
CASTLEGAR			Alt	13	11	0	0	32.9	0.1	0.0	32.5	0.2	0.0	0.0													
CELAYA	3531	Diff	Base	3	1	0	0	97.0	52.0	0.0	0.0	45.0	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
CELAYA			Alt	3	1	0	0	97.0	52.1	0.0	0.0	45.0	0.0	0.0													

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CHAPLEAU	156	Diff	Base	5	5	0	0	10.7	5.9	0.0	0.0	4.8	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
CHAPLEAU			Alt	5	5	0	0	10.8	5.9	0.0	0.0	4.8	0.0	0.0											
CHICALOT	3532	Diff	Base	2	4	0	0	20.1	7.2	0.0	0.0	12.9	0.0	0.0	0	0	0	0	0.4	0.2	0.0	0.0	0.2	0.0	0.0
CHICALOTE			Alt	2	4	0	0	20.5	7.4	0.0	0.0	13.1	0.0	0.0											
CHILLICO	2732	Diff	Base	1	1	0	0	2.3	0.9	0.0	0.0	1.4	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CHILLICOTHE			Alt	1	1	0	0	2.3	0.9	0.0	0.0	1.4	0.0	0.0											
CLEARING	121	Diff	Base	8	10	0	0	691.3	407.8	0.0	0.0	283.5	0.0	0.0	0	0	0	0	2.0	1.5	0.0	0.0	0.5	0.0	0.0
CHICAGO CLE			Alt	8	10	0	0	693.3	409.3	0.0	0.0	284.0	0.0	0.0											
CLINTON	3862	Diff	Base	1	1	0	0	2.9	1.4	0.0	0.0	1.5	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
CLINTON			Alt	1	1	0	0	3.0	1.4	0.0	0.0	1.5	0.0	0.0											
CLOVERBA	1127	Diff	Base	11	17	0	0	433.1	165.8	0.0	131.2	136.1	0.0	0.0	0	0	0	0	11.3	3.5	0.0	1.9	5.9	0.0	0.0
CLOVER BAR			Alt	11	17	0	0	444.4	169.3	0.0	133.1	142.0	0.0	0.0											
COCHRANE	235	Diff	Base	1	1	0	0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
COCHRANE			Alt	1	1	0	0	0.2	0.1	0.0	0.0	0.1	0.0	0.0											
COQUITLA	203	Diff	Base	73	56	0	0	2,560.6	89.1	0.0	2,371.6	99.9	0.0	0.0	0	0	0	0	4.2	0.0	0.0	4.2	0.0	0.0	0.0
COQUITLAM			Alt	73	56	0	0	2,564.8	89.1	0.0	2,375.7	99.9	0.0	0.0											
CORDOVA	2970	Diff	Base	1	1	0	0	6.9	2.8	0.0	0.0	4.0	0.0	0.0	0	0	0	0	3.4	1.7	0.0	0.0	1.7	0.0	0.0
CORDOVA			Alt	1	1	0	0	10.3	4.6	0.0	0.0	5.7	0.0	0.0											
CORPUSCH	3746	Diff	Base	6	9	0	0	264.4	95.6	0.0	2.2	166.6	0.0	0.0	0	0	0	0	-4.9	0.3	0.0	0.0	-5.1	0.0	0.0
CORPUS CHRI			Alt	6	9	0	0	259.5	95.9	0.0	2.2	161.4	0.0	0.0											
COTTAGE	163	Diff	Base	8	4	0	0	103.3	50.7	0.0	2.1	50.5	0.0	0.0	0	0	0	0	8.6	4.7	0.0	0.0	3.8	0.0	0.0
COTTAGE GRO			Alt	8	4	0	0	111.9	55.4	0.0	2.1	54.3	0.0	0.0											
COTTONVA	3921	Diff	Base	2	2	0	0	12.7	5.2	0.0	0.0	7.5	0.0	0.0	0	0	0	0	1.4	0.6	0.0	0.0	0.8	0.0	0.0

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

Base Project: KCS, Base Output Set: 008, Base Traffic: October2020FTIBASE, 28 days, Alternate Project: KCS Optimized, Alternate Output Set: 015, Alternate Traffic: October2020FTIBASE, 28 days
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COTTON VALL		Alt		2	2	0	0	14.1	5.8	0.0	0.0	8.3	0.0	0.0											
COWANSVI	3063	Diff	Base	1	1	0	0	1.4	0.9	0.0	0.0	0.5	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
COWANSVILLE		Alt		1	1	0	0	1.4	0.9	0.0	0.0	0.5	0.0	0.0											
CRANBROO	94	Diff	Base	26	29	0	0	18.6	1.5	0.0	16.2	0.9	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CRANBROOK		Alt		26	29	0	0	18.6	1.5	0.0	16.2	0.9	0.0	0.0											
CUAUTITL	3799	Diff	Base	2	2	0	0	24.4	6.3	0.0	0.0	18.1	0.0	0.0	0	0	0	0	1.1	0.6	0.0	0.0	0.5	0.0	0.0
CUAUTITLAN		Alt		2	2	0	0	25.5	6.8	0.0	0.0	18.7	0.0	0.0											
DALLAS	3853	Diff	Base	3	3	0	0	75.4	27.2	0.0	6.2	42.0	0.0	0.0	0	0	0	0	8.4	4.2	0.0	0.2	4.0	0.0	0.0
DALLAS		Alt		3	3	0	0	83.8	31.4	0.0	6.4	46.0	0.0	0.0											
DAVENPOR	3014	Diff	Base	2	2	0	0	61.7	26.5	0.0	0.0	35.2	0.0	0.0	0	0	0	0	0.4	0.2	0.0	0.0	0.2	0.0	0.0
DAVENPORT		Alt		2	2	0	0	62.1	26.7	0.0	0.0	35.4	0.0	0.0											
DAVIS J	2698	Diff	Base	17	19	0	0	15.4	0.0	0.0	15.4	0.0	0.0	0.0	0	0	0	0	1.2	0.0	0.0	1.2	0.0	0.0	0.0
DAVIS JUNCT		Alt		17	19	0	0	16.6	0.0	0.0	16.6	0.0	0.0	0.0											
DE QUEEN	3151	Diff	Base	3	4	0	0	60.4	24.4	0.0	8.9	27.1	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DE QUEEN		Alt		3	4	0	0	60.4	24.4	0.0	8.9	27.1	0.0	0.0											
DEFOREST	591	Diff	Base	2	1	0	0	3.3	1.9	0.0	0.0	1.3	0.0	0.0	0	0	0	0	0.1	0.1	0.0	0.0	0.1	0.0	0.0
DE FOREST		Alt		2	1	0	0	3.4	2.0	0.0	0.0	1.4	0.0	0.0											
DENTON	3379	Diff	Base	0	1	0	0	3.1	0.0	0.0	0.0	3.1	0.0	0.0	0	0	0	0	0.2	0.0	0.0	0.0	0.2	0.0	0.0
DENTON		Alt		0	1	0	0	3.3	0.0	0.0	0.0	3.3	0.0	0.0											
DEQUINCY	3163	Diff	Base	1	1	0	0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DE QUINCY		Alt		1	1	0	0	0.1	0.1	0.0	0.0	0.0	0.0	0.0											
DERIDDER	3696	Diff	Base	1	2	0	0	7.3	3.8	0.0	0.0	3.5	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DE RIDDER		Alt		1	2	0	0	7.4	3.8	0.0	0.0	3.5	0.0	0.0											

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

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DOYLINE	3631	Diff	Base	0	1	0	0	11.8	0.0	0.0	0.0	11.8	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DOYLINE			Alt	0	1	0	0	11.8	0.0	0.0	0.0	11.8	0.0	0.0											
DRYDEN	187	Diff	Base	5	4	0	0	26.0	12.2	0.0	2.1	11.7	0.0	0.0	0	0	0	0	0.2	0.0	0.0	0.2	0.0	0.0	0.0
DRYDEN			Alt	5	4	0	0	26.2	12.2	0.0	2.3	11.7	0.0	0.0											
DULUTH	1269	Diff	Base	2	2	0	0	44.3	21.4	0.0	0.0	22.9	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DULUTH			Alt	2	2	0	0	44.3	21.4	0.0	0.0	22.9	0.0	0.0											
DUNMORE	258	Diff	Base	41	10	0	0	139.3	11.9	0.0	113.5	13.9	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DUNMORE			Alt	41	10	0	0	139.3	11.9	0.0	113.5	13.9	0.0	0.0											
DUPONTBC	3025	Diff	Base	2	2	0	0	29.1	14.9	0.0	0.0	14.2	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DUPONT			Alt	2	2	0	0	29.1	14.9	0.0	0.0	14.2	0.0	0.0											
DURAZNO	3533	Diff	Base	2	1	0	0	15.5	6.4	0.0	0.0	9.1	0.0	0.0	0	0	0	0	1.8	0.9	0.0	0.0	0.9	0.0	0.0
DURAZNO			Alt	2	1	0	0	17.4	7.3	0.0	0.0	10.1	0.0	0.0											
E EDMONT	1126	Diff	Base	11	10	0	0	243.9	121.3	0.0	0.0	122.6	0.0	0.0	0	0	0	0	1.6	0.8	0.0	0.0	0.8	0.0	0.0
EAST EDMONT			Alt	11	10	0	0	245.4	122.0	0.0	0.0	123.4	0.0	0.0											
EAST MOL	2968	Diff	Base	2	2	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EAST MOLINE			Alt	2	2	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0											
EASTPORT	2382	Diff	Base	35	96	0	0	917.0	472.9	0.0	0.0	444.1	0.0	0.0	0	0	0	0	-2.5	0.0	0.0	0.0	-2.5	0.0	0.0
EASTPORT			Alt	35	96	0	0	914.5	472.9	0.0	0.0	441.6	0.0	0.0											
EASTSTLO	3391	Diff	Base	12	10	0	0	103.9	54.5	0.0	4.1	45.3	0.0	0.0	0	1	0	0	0.4	0.1	0.0	0.3	0.1	0.0	0.0
EAST ST LOU			Alt	12	11	0	0	104.3	54.5	0.0	4.4	45.3	0.0	0.0											
EDMONIMS	1319	Diff	Base	15	10	0	0	69.5	33.4	0.0	1.9	34.2	0.0	0.0	0	0	0	0	0.4	0.0	0.0	0.0	0.4	0.0	0.0
EDMONTON IM			Alt	15	10	0	0	69.9	33.4	0.0	1.9	34.6	0.0	0.0											
EDMONTFR	2184	Diff	Base	1	2	0	0	10.6	5.4	0.0	0.0	5.3	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

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EDMONTON TF		Alt		1	2	0	0	10.7	5.4	0.0	0.0	5.3	0.0	0.0											
ELLERSLI	22	Diff	Base	7	6	0	0	18.4	0.0	0.0	18.4	0.0	0.0	0.0	0	0	0	0	0.3	0.0	0.0	0.3	0.0	0.0	0.0
ELLERSLIE		Alt		7	6	0	0	18.7	0.0	0.0	18.7	0.0	0.0	0.0											
ENCANTA	3508	Diff	Base	4	3	0	0	42.3	17.1	0.0	1.9	23.3	0.0	0.0	1	1	0	0	2.1	2.6	0.0	0.0	-0.6	0.0	0.0
ENCANTADA		Alt		5	4	0	0	44.4	19.7	0.0	1.9	22.7	0.0	0.0											
ESCOBED	3097	Diff	Base	24	19	0	0	297.3	5.9	0.0	290.9	0.5	0.0	0.0	0	1	0	0	-34.1	0.7	0.0	-35.6	0.7	0.0	0.0
ESCOBEDO		Alt		24	20	0	0	263.1	6.6	0.0	255.4	1.2	0.0	0.0											
ESCOBEDO	3148	Diff	Base	2	1	0	0	82.8	40.1	0.0	0.0	42.6	0.0	0.0	0	0	0	0	1.1	1.1	0.0	0.0	0.0	0.0	0.0
ESCOBEDO		Alt		2	1	0	0	83.9	41.3	0.0	0.0	42.6	0.0	0.0											
ESTEVAN	57	Diff	Base	30	23	0	0	77.2	16.1	0.0	47.4	13.7	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ESTEVAN		Alt		30	23	0	0	77.2	16.1	0.0	47.4	13.7	0.0	0.0											
FAIRMONT	88	Diff	Base	1	1	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FAIRMONT		Alt		1	1	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0											
FARNHAM	1710	Diff	Base	19	17	0	0	29.1	1.9	0.0	24.5	2.8	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
FARNHAM		Alt		19	17	0	0	29.2	1.9	0.0	24.5	2.8	0.0	0.0											
FRANKLIN	115	Diff	Base	1	1	0	0	0.8	0.5	0.0	0.0	0.3	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FRANKLIN PA		Alt		1	1	0	0	0.8	0.5	0.0	0.0	0.3	0.0	0.0											
FT SMITH	3360	Diff	Base	1	1	0	0	32.4	16.6	0.0	0.0	15.7	0.0	0.0	0	0	0	0	0.2	0.1	0.0	0.0	0.1	0.0	0.0
FT SMITH		Alt		1	1	0	0	32.6	16.8	0.0	0.0	15.8	0.0	0.0											
GALT	1591	Diff	Base	5	6	0	0	165.6	11.0	0.0	150.6	4.1	0.0	0.0	0	0	0	0	0.5	0.0	0.0	0.5	0.0	0.0	0.0
GALT		Alt		5	6	0	0	166.2	11.0	0.0	151.1	4.1	0.0	0.0											
GARYVILL	3729	Diff	Base	1	1	0	0	39.7	15.0	0.0	0.0	24.7	0.0	0.0	0	0	0	0	0.3	0.1	0.0	0.0	0.2	0.0	0.0
GARYVILLE		Alt		1	1	0	0	40.0	15.2	0.0	0.0	24.9	0.0	0.0											

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

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GEISMAR	3907	Diff	Base	2	2	0	0	33.8	16.2	0.0	0.0	17.6	0.0	0.0	0	0	0	0	1.3	0.6	0.0	0.0	0.7	0.0	0.0
GEISMAR			Alt	2	2	0	0	35.1	16.8	0.0	0.0	18.3	0.0	0.0											
GIBSLAND	3589	Diff	Base	4	3	0	0	45.4	4.1	0.0	37.9	3.3	0.0	0.0	0	0	0	0	1.3	0.1	0.0	1.1	0.1	0.0	0.0
GIBSLAND			Alt	4	3	0	0	46.6	4.2	0.0	39.0	3.4	0.0	0.0											
GIBSON	171	Diff	Base	5	8	0	0	176.1	70.6	0.0	0.0	105.5	0.0	0.0	0	0	0	0	-0.7	0.0	0.0	0.0	-0.7	0.0	0.0
GIBSON			Alt	5	8	0	0	175.4	70.6	0.0	0.0	104.8	0.0	0.0											
GLENWOOD	184	Diff	Base	65	68	0	0	246.3	66.4	0.0	100.6	79.2	0.0	0.0	0	0	0	0	0.4	0.0	0.0	0.4	0.0	0.0	0.0
GLENWOOD			Alt	65	68	0	0	246.6	66.4	0.0	101.0	79.2	0.0	0.0											
GOLDEN V	1487	Diff	Base	1	1	0	0	0.3	0.2	0.0	0.0	0.1	0.0	0.0	0	0	0	0	0.3	0.1	0.0	0.0	0.1	0.0	0.0
GOLDEN VALL			Alt	1	1	0	0	0.6	0.3	0.0	0.0	0.3	0.0	0.0											
GOLDEN W	195	Diff	Base	42	40	0	0	781.5	7.6	0.0	67.8	706.1	0.0	0.0	0	0	0	0	0.4	0.1	0.0	0.2	0.1	0.0	0.0
GOLDEN			Alt	42	40	0	0	781.9	7.7	0.0	67.9	706.3	0.0	0.0											
GRAMERCY	3356	Diff	Base	1	1	0	0	30.5	13.5	0.0	0.0	17.0	0.0	0.0	0	0	0	0	0.0	-0.2	0.0	0.0	0.2	0.0	0.0
GRAMERCY			Alt	1	1	0	0	30.5	13.3	0.0	0.0	17.2	0.0	0.0											
GRANDVIE	3575	Diff	Base	1	1	0	0	1.7	0.8	0.0	0.0	0.9	0.0	0.0	0	0	0	0	0.1	0.1	0.0	0.0	0.1	0.0	0.0
GRANDVIEW			Alt	1	1	0	0	1.8	0.8	0.0	0.0	0.9	0.0	0.0											
GUELPH J	1564	Diff	Base	1	2	0	0	15.6	8.8	0.0	0.0	6.9	0.0	0.0	0	0	0	0	0.1	0.1	0.0	0.0	0.0	0.0	0.0
GUELPH JCT			Alt	1	2	0	0	15.7	8.9	0.0	0.0	6.9	0.0	0.0											
HAGEY	2169	Diff	Base	10	4	0	0	213.7	73.4	0.0	6.3	134.0	0.0	0.0	0	0	0	0	0.3	0.0	0.0	0.0	0.3	0.0	0.0
HAGEY			Alt	10	4	0	0	214.0	73.4	0.0	6.3	134.2	0.0	0.0											
HAMILTFR	2232	Diff	Base	3	3	0	0	17.5	9.3	0.0	0.0	8.2	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
HAMILTON TF			Alt	3	3	0	0	17.5	9.3	0.0	0.0	8.2	0.0	0.0											
HAMILTON	1563	Diff	Base	1	2	0	0	30.1	15.7	0.0	0.0	14.4	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

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				Blocks		Locals		Cars per day							Blocks		Locals		Cars per day							
				Orig	Term	Orig	Term	Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held	Orig	Term	Orig	Term	Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held
	HAMILTON		Alt	1	2	0	0	30.2	15.7	0.0	0.0	14.5	0.0	0.0											
HANKINSO	74	Diff	Base	30	24	0	0	106.8	15.4	0.0	66.1	25.3	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	HANKINSON		Alt	30	24	0	0	106.8	15.4	0.0	66.1	25.3	0.0	0.0											
HANOVER	1337	Diff	Base	1	1	0	0	0.8	0.4	0.0	0.0	0.5	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
	HANOVER PAR		Alt	1	1	0	0	0.9	0.4	0.0	0.0	0.5	0.0	0.0											
HARVEY	66	Diff	Base	30	21	0	0	254.5	15.4	0.0	223.9	15.1	0.0	0.0	0	0	0	0	0.9	0.1	0.0	0.6	0.1	0.0	0.0
	HARVEY		Alt	30	21	0	0	255.4	15.6	0.0	224.5	15.3	0.0	0.0											
HEAVENER	3668	Diff	Base	14	15	0	0	115.1	11.5	0.0	71.4	32.3	0.0	0.0	0	0	0	0	0.2	0.0	0.0	0.2	0.0	0.0	0.0
	HEAVENER		Alt	14	15	0	0	115.4	11.5	0.0	71.6	32.3	0.0	0.0											
HILL	2478	Diff	Base	1	11	0	0	726.8	0.1	0.0	726.7	0.0	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	HILL		Alt	1	11	0	0	726.8	0.1	0.0	726.7	0.0	0.0	0.0											
HOCHELAG	1578	Diff	Base	17	19	0	0	48.4	0.1	0.0	48.3	0.0	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	HOCHELAGA		Alt	17	19	0	0	48.4	0.1	0.0	48.3	0.0	0.0	0.0											
HOMEGLEN	658	Diff	Base	1	1	0	0	12.9	6.7	0.0	0.0	6.3	0.0	0.0	0	0	0	0	0.2	0.0	0.0	0.0	0.2	0.0	0.0
	HOMEGLEN		Alt	1	1	0	0	13.1	6.6	0.0	0.0	6.5	0.0	0.0											
HUGHES S	3638	Diff	Base	10	11	0	0	32.0	0.1	0.0	31.7	0.2	0.0	0.0	0	0	0	0	0.6	0.1	0.0	0.4	0.1	0.0	0.0
	HUGHES SPRI		Alt	10	11	0	0	32.6	0.2	0.0	32.1	0.3	0.0	0.0											
HUMBOLDT	162	Diff	Base	19	23	0	0	53.6	11.4	0.0	31.2	11.0	0.0	0.0	0	0	0	0	1.0	0.3	0.0	0.4	0.3	0.0	0.0
	MINNEAPOLIS		Alt	19	23	0	0	54.6	11.7	0.0	31.7	11.3	0.0	0.0											
IBERVILL	1777	Diff	Base	1	1	0	0	1.0	0.5	0.0	0.0	0.5	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	IBERVILLE		Alt	1	1	0	0	1.0	0.5	0.0	0.0	0.5	0.0	0.0											
INTERPUE	3825	Diff	Base	9	12	0	0	110.3	52.5	0.0	11.0	46.8	0.0	0.0	3	5	0	0	6.8	1.3	0.0	-0.3	5.9	0.0	0.0
	INTERPUERTO		Alt	12	17	0	0	117.1	53.8	0.0	10.7	52.6	0.0	0.0											

REDACTED PUBLIC RECORD VERSION

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

Base Project: KCS, Base Output Set: 008, Base Traffic: October2020FTIBASE, 28 days, Alternate Project: KCS Optimized, Alternate Output Set: 015, Alternate Traffic: October2020FTIBASE, 28 days
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INTL FRE	3092	Diff	Base	5	5	0	0	54.9	31.0	0.0	7.8	16.1	0.0	0.0	4	5	0	0	65.0	31.7	0.0	0.5	32.9	0.0	0.0
INTL FREIGH			Alt	9	10	0	0	119.9	62.6	0.0	8.3	49.0	0.0	0.0											
ISLINGTO	1836	Diff	Base	1	1	0	0	3.6	2.1	0.0	0.0	1.5	0.0	0.0	0	0	0	0	0.1	0.1	0.0	0.0	0.1	0.0	0.0
ISLINGTON			Alt	1	1	0	0	3.8	2.2	0.0	0.0	1.6	0.0	0.0											
JACKSN	3861	Diff	Base	23	22	0	0	378.2	72.2	0.0	229.8	76.3	0.0	0.0	0	0	0	0	-38.2	-1.2	0.0	-39.7	2.7	0.0	0.0
JACKSON			Alt	23	22	0	0	340.0	71.0	0.0	190.0	79.0	0.0	0.0											
JALAPA	3465	Diff	Base	11	12	0	0	49.6	1.3	0.0	43.2	5.1	0.0	0.0	0	0	0	0	0.6	0.0	0.0	0.6	0.0	0.0	0.0
JALAPA			Alt	11	12	0	0	50.2	1.3	0.0	43.8	5.1	0.0	0.0											
JANESVI	2797	Diff	Base	2	2	0	0	3.4	1.6	0.0	0.0	1.8	0.0	0.0	0	0	0	0	0.2	0.1	0.0	0.0	0.1	0.0	0.0
JANESVILLE			Alt	2	2	0	0	3.6	1.7	0.0	0.0	1.9	0.0	0.0											
JEFFERS	3636	Diff	Base	1	1	0	0	7.9	3.9	0.0	0.0	4.1	0.0	0.0	0	0	0	0	0.2	0.2	0.0	0.0	0.0	0.0	0.0
JEFFERSON			Alt	1	1	0	0	8.2	4.1	0.0	0.0	4.1	0.0	0.0											
JEFFERSO	1554	Diff	Base	1	1	0	0	0.8	0.3	0.0	0.0	0.5	0.0	0.0	1	1	0	0	13.7	7.9	0.0	0.0	5.9	0.0	0.0
JEFFERSONVI			Alt	2	2	0	0	14.5	8.1	0.0	0.0	6.4	0.0	0.0											
JESUS MA	3171	Diff	Base	2	2	0	0	85.4	42.1	0.0	0.0	43.3	0.0	0.0	0	0	0	0	23.6	15.5	0.0	0.0	8.1	0.0	0.0
JESUS MARIA			Alt	2	2	0	0	109.0	57.6	0.0	0.0	51.4	0.0	0.0											
JOPLIN	3578	Diff	Base	2	2	0	0	8.6	4.2	0.0	0.0	4.4	0.0	0.0	0	0	0	0	0.1	0.1	0.0	0.0	0.1	0.0	0.0
JOPLIN			Alt	2	2	0	0	8.8	4.3	0.0	0.0	4.5	0.0	0.0											
JUDSON F	1417	Diff	Base	1	1	0	0	3.3	0.6	0.0	0.0	2.7	0.0	0.0	0	0	0	0	0.1	0.1	0.0	0.0	0.0	0.0	0.0
JUDSON FLAT			Alt	1	1	0	0	3.4	0.7	0.0	0.0	2.7	0.0	0.0											
KAMLOOPS	193	Diff	Base	24	31	0	0	295.5	115.8	0.0	79.1	100.6	0.0	0.0	0	0	0	0	7.2	1.8	0.0	3.5	1.9	0.0	0.0
KAMLOOPS			Alt	24	31	0	0	302.7	117.6	0.0	82.6	102.5	0.0	0.0											
KANSA MO	2975	Diff	Base	39	110	0	0	506.5	282.4	0.0	41.8	182.3	0.0	0.0	0	1	0	0	8.0	0.0	0.0	8.7	-0.7	0.0	0.0
KANSAS CITY			Alt	39	111	0	0	514.5	282.4	0.0	50.5	181.6	0.0	0.0											

REDACTED PUBLIC RECORD VERSION

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

Base Project: KCS, Base Output Set: 008, Base Traffic: October2020FTIBASE, 28 days, Alternate Project: KCS Optimized, Alternate Output Set: 015, Alternate Traffic: October2020FTIBASE, 28 days
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KCS LARE	3310	Diff	Base	5	21	0	0	1,078.6	585.4	0.0	16.1	477.1	0.0	0.0	0	-1	0	0	-34.9	-2.9	0.0	-5.4	-26.6	0.0	0.0
LAREDO			Alt	5	20	0	0	1,043.7	582.5	0.0	10.7	450.5	0.0	0.0											
KENDLETO	3607	Diff	Base	5	6	0	0	90.7	11.6	0.0	71.1	7.9	0.0	0.0	0	-1	0	0	1.6	0.0	0.0	0.2	1.5	0.0	0.0
KENDLETON			Alt	5	5	0	0	92.3	11.6	0.0	71.3	9.4	0.0	0.0											
KENORA	161	Diff	Base	5	5	0	0	9.0	4.5	0.0	0.1	4.4	0.0	0.0	0	0	0	0	0.3	0.1	0.0	0.0	0.2	0.0	0.0
KENORA			Alt	5	5	0	0	9.3	4.6	0.0	0.1	4.6	0.0	0.0											
KIMBERLY	3813	Diff	Base	2	2	0	0	1.3	1.3	0.0	0.0	0.0	0.0	0.0	0	0	0	0	1.2	0.6	0.0	0.0	0.6	0.0	0.0
KIMBERLY RA			Alt	2	2	0	0	2.5	1.9	0.0	0.0	0.6	0.0	0.0											
KINNEAR	1810	Diff	Base	9	8	0	0	53.3	0.0	0.0	53.3	0.0	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
KINNEAR			Alt	9	8	0	0	53.3	0.0	0.0	53.3	0.0	0.0	0.0											
KRAFT	684	Diff	Base	1	3	0	0	32.8	16.9	0.0	0.0	16.0	0.0	0.0	0	0	0	0	0.6	0.3	0.0	0.0	0.3	0.0	0.0
KRAFT			Alt	1	3	0	0	33.4	17.2	0.0	0.0	16.3	0.0	0.0											
LA CROSS	165	Diff	Base	32	30	0	0	152.4	17.3	0.0	118.8	16.3	0.0	0.0	0	0	0	0	-3.6	0.0	0.0	-3.6	0.0	0.0	0.0
LA CROSSE			Alt	32	30	0	0	148.8	17.3	0.0	115.2	16.3	0.0	0.0											
LA TRASQ	3181	Diff	Base	1	1	0	0	5.4	3.1	0.0	0.0	2.4	0.0	0.0	0	0	0	0	0.7	0.3	0.0	0.0	0.3	0.0	0.0
LA TRASQUIL			Alt	1	1	0	0	6.1	3.4	0.0	0.0	2.7	0.0	0.0											
LACHIMS	1884	Diff	Base	15	15	0	0	147.8	75.7	0.0	0.4	71.8	0.0	0.0	0	0	0	0	0.8	0.6	0.0	0.0	0.2	0.0	0.0
LACHINE IMS			Alt	15	15	0	0	148.7	76.3	0.0	0.4	72.0	0.0	0.0											
LACHINE	1854	Diff	Base	1	1	0	0	2.3	1.3	0.0	0.0	1.0	0.0	0.0	0	0	0	0	0.2	0.1	0.0	0.0	0.1	0.0	0.0
LACHINE			Alt	1	1	0	0	2.4	1.3	0.0	0.0	1.1	0.0	0.0											
LACHTFR	2179	Diff	Base	1	1	0	0	3.1	1.5	0.0	0.0	1.6	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LACHINE TFR			Alt	1	1	0	0	3.0	1.5	0.0	0.0	1.5	0.0	0.0											
LAGRANGE	3514	Diff	Base	1	2	0	0	93.1	48.9	0.0	0.0	44.2	0.0	0.0	0	0	0	0	0.2	0.2	0.0	0.0	0.0	0.0	0.0

REDACTED PUBLIC RECORD VERSION

Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

Base Project: KCS, Base Output Set: 008, Base Traffic: October2020FTIBASE, 28 days, Alternate Project: KCS Optimized, Alternate Output Set: 015, Alternate Traffic: October2020FTIBASE, 28 days
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LAGRANGE			Alt	1	2	0	0	93.3	49.1	0.0	0.0	44.2	0.0	0.0											
LAKE	366	Diff	Base	2	1	0	0	10.8	5.8	0.0	0.0	5.0	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LAKE			Alt	2	1	0	0	10.8	5.8	0.0	0.0	5.0	0.0	0.0											
LAKE CHA	3858	Diff	Base	1	1	0	0	36.2	15.0	0.0	0.0	21.2	0.0	0.0	0	0	0	0	0.2	0.0	0.0	0.0	0.2	0.0	0.0
LAKE CHARLE			Alt	1	1	0	0	36.4	15.0	0.0	0.0	21.4	0.0	0.0											
LAMBTN	1125	Diff	Base	18	12	0	0	250.0	1.1	0.0	247.6	1.3	0.0	0.0	0	0	0	0	5.4	0.0	0.0	5.4	0.0	0.0	0.0
LAMBTON PAR			Alt	18	12	0	0	255.5	1.1	0.0	253.1	1.3	0.0	0.0											
LAREDO	2731	Diff	Base	4	4	0	0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0	0	0	0	1.0	0.5	0.0	0.0	0.5	0.0	0.0
LAREDO			Alt	4	4	0	0	1.1	0.5	0.0	0.1	0.5	0.0	0.0											
LAREDOYD	3739	Diff	Base	10	7	0	0	155.8	73.1	0.0	5.5	77.2	0.0	0.0	1	2	0	0	-9.9	-5.0	0.0	3.9	-8.8	0.0	0.0
LAREDO YARD			Alt	11	9	0	0	145.8	68.0	0.0	9.4	68.4	0.0	0.0											
LATANIER	3618	Diff	Base	8	7	0	0	54.7	0.3	0.0	54.1	0.3	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
LATANIER			Alt	8	7	0	0	54.8	0.3	0.0	54.3	0.3	0.0	0.0											
LAZARO C	3132	Diff	Base	11	12	0	0	36.2	8.4	0.0	11.2	16.6	0.0	0.0	2	1	0	0	200.9	100.4	0.0	0.0	100.4	0.0	0.0
LAZARO CARD			Alt	13	13	0	0	237.0	108.8	0.0	11.2	117.0	0.0	0.0											
LEAL NL	3816	Diff	Base	3	4	0	0	27.5	3.6	0.0	19.9	4.0	0.0	0.0	0	-1	0	0	-15.3	0.0	0.0	-15.3	0.0	0.0	0.0
LEAL			Alt	3	3	0	0	12.3	3.6	0.0	4.6	4.0	0.0	0.0											
LECHERIA	3798	Diff	Base	12	9	0	0	135.0	16.2	0.0	11.2	107.6	0.0	0.0	-1	0	0	0	6.0	1.2	0.0	3.9	0.9	0.0	0.0
LECHERIA			Alt	11	9	0	0	141.0	17.4	0.0	15.1	108.5	0.0	0.0											
LEDUC	20	Diff	Base	1	1	0	0	7.8	3.9	0.0	0.0	3.9	0.0	0.0	0	0	0	0	0.3	0.1	0.0	0.0	0.1	0.0	0.0
LEDUC			Alt	1	1	0	0	8.0	4.0	0.0	0.0	4.0	0.0	0.0											
LEESVILL	3693	Diff	Base	6	6	0	0	59.2	0.0	0.0	59.2	0.0	0.0	0.0	0	0	0	0	0.6	0.0	0.0	0.6	0.0	0.0	0.0
LEESVILLE			Alt	6	6	0	0	59.8	0.0	0.0	59.8	0.0	0.0	0.0											

REDACTED PUBLIC RECORD VERSION

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

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LETHBRID	32	Diff	Base	84	73	0	0	651.0	4.0	0.0	644.1	2.8	0.0	0.0	0	0	0	0	1.0	0.0	0.0	1.0	0.0	0.0	0.0
LETHBRIDGE			Alt	84	73	0	0	651.9	4.0	0.0	645.1	2.8	0.0	0.0											
LIBERTY	2739	Diff	Base	9	9	0	0	15.8	0.9	0.0	14.1	0.9	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LIBERTY			Alt	9	9	0	0	15.8	0.9	0.0	14.1	0.9	0.0	0.0											
LOGISTIK	3823	Diff	Base	1	1	0	0	1.2	0.7	0.0	0.0	0.5	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LOGISTIK			Alt	1	1	0	0	1.2	0.7	0.0	0.0	0.5	0.0	0.0											
LONDON	1571	Diff	Base	28	20	0	0	238.1	1.6	0.0	235.0	1.5	0.0	0.0	0	0	0	0	3.1	0.0	0.0	3.1	0.0	0.0	0.0
LONDON ONTA			Alt	28	20	0	0	241.2	1.6	0.0	238.1	1.5	0.0	0.0											
LONESTAR	3885	Diff	Base	1	1	0	0	7.7	2.9	0.0	0.0	4.8	0.0	0.0	0	0	0	0	0.2	0.1	0.0	0.0	0.1	0.0	0.0
LONE STAR			Alt	1	1	0	0	7.9	3.0	0.0	0.0	4.9	0.0	0.0											
MADISN	3855	Diff	Base	1	2	0	0	0.2	0.1	0.0	0.0	0.1	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MADISON			Alt	1	2	0	0	0.2	0.2	0.0	0.0	0.1	0.0	0.0											
MADISON	180	Diff	Base	1	4	0	0	9.7	4.7	0.0	0.0	5.0	0.0	0.0	0	0	0	0	0.3	0.2	0.0	0.0	0.2	0.0	0.0
MADISON			Alt	1	4	0	0	10.0	4.8	0.0	0.0	5.2	0.0	0.0											
MANKATO	2907	Diff	Base	5	6	0	0	3.4	1.3	0.0	0.0	2.1	0.0	0.0	0	0	0	0	0.2	0.1	0.0	0.0	0.1	0.0	0.0
WEST MANKAT			Alt	5	6	0	0	3.6	1.4	0.0	0.0	2.2	0.0	0.0											
MARISCAL	3809	Diff	Base	3	1	0	0	26.4	9.8	0.0	0.0	16.6	0.0	0.0	0	0	0	0	0.4	0.2	0.0	0.0	0.2	0.0	0.0
MARISCALA			Alt	3	1	0	0	26.8	10.0	0.0	0.0	16.8	0.0	0.0											
MARQUETT	2757	Diff	Base	33	28	0	0	166.1	0.0	0.0	166.0	0.0	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MARQUETTE			Alt	33	28	0	0	166.1	0.0	0.0	166.0	0.0	0.0	0.0											
MARYLAND	1227	Diff	Base	1	1	0	0	1.5	0.7	0.0	0.0	0.8	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
STP MARYLAN			Alt	1	1	0	0	1.6	0.8	0.0	0.0	0.9	0.0	0.0											
MASON CI	2803	Diff	Base	56	52	0	0	110.6	12.0	0.0	86.0	12.6	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.1	0.0	0.0	0.0

REDACTED PUBLIC RECORD VERSION

Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

Base Project: KCS, Base Output Set: 008, Base Traffic: October2020FTIBASE, 28 days, Alternate Project: KCS Optimized, Alternate Output Set: 015, Alternate Traffic: October2020FTIBASE, 28 days
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	MASON CITY		Alt	56	52	0	0	110.7	12.0	0.0	86.0	12.6	0.0	0.0											
MATAMORO	3805	Diff	Base	19	15	0	0	415.5	24.2	0.0	379.2	12.1	0.0	0.0	0	0	0	0	1.2	0.0	0.0	1.2	0.0	0.0	0.0
	MATAMOROS		Alt	19	15	0	0	416.7	24.2	0.0	380.4	12.1	0.0	0.0											
MEGANTIC	1630	Diff	Base	5	2	0	0	14.8	8.0	0.0	0.0	6.9	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	MEGANTIC		Alt	5	2	0	0	14.8	8.0	0.0	0.0	6.9	0.0	0.0											
MERIDIAN	862	Diff	Base	8	10	0	0	384.3	177.4	0.0	0.0	206.9	0.0	0.0	-1	0	0	0	0.7	0.4	0.0	0.0	0.3	0.0	0.0
	MERIDIAN		Alt	7	10	0	0	385.0	177.8	0.0	0.0	207.2	0.0	0.0											
METEPEC	3563	Diff	Base	3	3	0	0	3.6	0.4	0.0	3.3	0.0	0.0	0.0	0	0	0	0	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0
	METEPEC		Alt	3	3	0	0	3.5	0.4	0.0	3.1	0.0	0.0	0.0											
MEXICO C	3827	Diff	Base	24	29	0	0	196.4	41.3	0.0	154.9	0.2	0.0	0.0	-3	-2	0	0	-14.4	0.5	0.0	-15.2	0.4	0.0	0.0
	MEXICO CITY		Alt	21	27	0	0	182.0	41.8	0.0	139.6	0.6	0.0	0.0											
MILWAUKE	167	Diff	Base	25	21	0	0	132.4	30.1	0.0	73.9	28.5	0.0	0.0	0	0	0	0	10.5	5.2	0.0	0.1	5.2	0.0	0.0
	MILWAUKEE		Alt	25	21	0	0	142.9	35.3	0.0	73.9	33.7	0.0	0.0											
MINARET	1505	Diff	Base	1	1	0	0	1.2	0.7	0.0	0.0	0.5	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
	MINARET		Alt	1	1	0	0	1.3	0.8	0.0	0.0	0.5	0.0	0.0											
MINOT	130	Diff	Base	23	20	0	0	261.6	27.2	0.0	210.6	23.8	0.0	0.0	0	0	0	0	0.6	0.3	0.0	0.0	0.3	0.0	0.0
	MINOT		Alt	23	20	0	0	262.2	27.5	0.0	210.6	24.1	0.0	0.0											
MONRO	3189	Diff	Base	12	10	0	0	95.3	16.1	0.0	66.2	13.0	0.0	0.0	0	0	0	0	0.3	0.0	0.0	0.3	0.0	0.0	0.0
	MONROE		Alt	12	10	0	0	95.6	16.1	0.0	66.5	13.0	0.0	0.0											
MONTERRE	3147	Diff	Base	29	24	0	0	967.4	206.7	0.0	548.4	212.4	0.0	0.0	-2	2	0	0	-37.1	4.3	0.0	-45.9	4.5	0.0	0.0
	MONTERREY		Alt	27	26	0	0	930.3	211.0	0.0	502.4	216.9	0.0	0.0											
MONTPEL	2712	Diff	Base	2	2	0	0	120.5	60.5	0.0	0.0	59.9	0.0	0.0	0	0	0	0	-1.1	-1.2	0.0	0.0	0.0	0.0	0.0
	MONTPELIER		Alt	2	2	0	0	119.3	59.4	0.0	0.0	59.9	0.0	0.0											

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

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MOOSE JA	199	Diff	Base	93	95	0	0	1,000.0	28.4	0.0	943.6	28.1	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
MOOSE JAW		Alt		93	95	0	0	1,000.1	28.4	0.0	943.7	28.1	0.0	0.0											
MORAVI	2726	Diff	Base	3	3	0	0	3.1	1.5	0.0	0.0	1.6	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
MORAVIA		Alt		3	3	0	0	3.1	1.5	0.0	0.0	1.6	0.0	0.0											
MORELIA	3470	Diff	Base	9	8	0	0	30.8	22.2	0.0	4.4	4.3	0.0	0.0	-1	0	0	0	2.2	0.0	0.0	2.2	0.0	0.0	0.0
MORELIA		Alt		8	8	0	0	33.0	22.2	0.0	6.6	4.3	0.0	0.0											
MOSSVILL	3339	Diff	Base	7	7	0	0	64.1	8.9	0.0	47.8	7.5	0.0	0.0	0	0	0	0	1.0	0.2	0.0	0.7	0.2	0.0	0.0
MOSSVILLE		Alt		7	7	0	0	65.1	9.0	0.0	48.4	7.7	0.0	0.0											
MPLS IMS	1209	Diff	Base	15	10	0	0	77.0	35.0	0.0	1.4	40.5	0.0	0.0	5	5	0	0	34.4	16.9	0.0	0.8	16.7	0.0	0.0
MINNEAPOLIS		Alt		20	15	0	0	111.3	51.9	0.0	2.2	57.2	0.0	0.0											
MURRAY P	1241	Diff	Base	1	1	0	0	2.4	1.0	0.0	0.0	1.4	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MURRAY PARK		Alt		1	1	0	0	2.3	1.0	0.0	0.0	1.4	0.0	0.0											
MUSCATI	2715	Diff	Base	12	8	0	0	173.5	62.3	0.0	40.6	70.6	0.0	0.0	0	0	0	0	0.2	0.1	0.0	0.0	0.1	0.0	0.0
MUSCATINE		Alt		12	8	0	0	173.7	62.4	0.0	40.6	70.7	0.0	0.0											
NAHANT	2710	Diff	Base	46	45	0	0	380.1	2.6	0.0	376.0	1.5	0.0	0.0	-1	-1	0	0	-8.1	0.0	0.0	-8.1	0.0	0.0	0.0
NAHANT		Alt		45	44	0	0	372.0	2.6	0.0	367.9	1.5	0.0	0.0											
NELSON	681	Diff	Base	20	10	0	0	59.1	0.9	0.0	56.7	1.5	0.0	0.0	0	0	0	0	0.4	0.0	0.0	0.4	0.0	0.0	0.0
NELSON		Alt		20	10	0	0	59.5	0.9	0.0	57.1	1.5	0.0	0.0											
NEW ORLE	3359	Diff	Base	10	9	0	0	340.2	153.6	0.0	56.5	130.1	0.0	0.0	0	0	0	0	6.3	2.2	0.0	2.1	1.9	0.0	0.0
NEW ORLEANS		Alt		10	9	0	0	346.5	155.8	0.0	58.6	132.0	0.0	0.0											
NEW ULM	2909	Diff	Base	14	13	0	0	9.8	3.5	0.0	3.4	2.9	0.0	0.0	0	0	0	0	0.2	0.0	0.0	0.2	0.0	0.0	0.0
NEW ULM		Alt		14	13	0	0	10.0	3.5	0.0	3.5	2.9	0.0	0.0											
NEW WEST	1279	Diff	Base	13	14	0	0	299.7	143.8	0.0	0.0	155.9	0.0	0.0	0	0	0	0	1.6	0.8	0.0	0.0	0.8	0.0	0.0

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

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NEW WESTMIN		Alt		13	14	0	0	301.3	144.5	0.0	0.0	156.8	0.0	0.0											
NMAINJC	2311	Diff	Base	12	10	0	0	14.8	0.1	0.0	14.8	0.0	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
N MAINE JCT		Alt		12	10	0	0	14.8	0.0	0.0	14.8	0.0	0.0	0.0											
NORCO	1381	Diff	Base	9	10	0	0	13.9	7.3	0.0	0.0	6.5	0.0	0.0	0	0	0	0	0.2	0.1	0.0	0.0	0.1	0.0	0.0
NORCO		Alt		9	10	0	0	14.1	7.4	0.0	0.0	6.7	0.0	0.0											
OAK YRD	1677	Diff	Base	7	6	0	0	26.3	14.1	0.0	0.0	12.2	0.0	0.0	3	3	0	0	23.2	11.3	0.0	0.4	11.5	0.0	0.0
DET CON TER		Alt		10	9	0	0	49.5	25.4	0.0	0.4	23.7	0.0	0.0											
OBICO YA	1837	Diff	Base	1	1	0	0	7.9	3.7	0.0	0.0	4.1	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OBICO YARD		Alt		1	1	0	0	7.9	3.7	0.0	0.0	4.1	0.0	0.0											
OGDEN	1303	Diff	Base	8	5	0	0	70.3	15.4	0.0	35.7	19.2	0.0	0.0	0	0	0	0	2.1	0.7	0.0	0.0	1.4	0.0	0.0
OGDEN		Alt		8	5	0	0	72.4	16.1	0.0	35.7	20.6	0.0	0.0											
OJO SECO	3496	Diff	Base	1	1	0	0	41.0	19.4	0.0	0.0	21.7	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OJO SECO		Alt		1	1	0	0	41.0	19.3	0.0	0.0	21.7	0.0	0.0											
OTTUMW	2724	Diff	Base	20	19	0	0	117.5	58.1	0.0	0.6	58.8	0.0	0.0	0	0	0	0	1.1	0.0	0.0	1.0	0.0	0.0	0.0
OTTUMWA		Alt		20	19	0	0	118.6	58.1	0.0	1.7	58.8	0.0	0.0											
PADDINGT	1243	Diff	Base	1	2	0	0	50.4	26.2	0.0	0.0	24.2	0.0	0.0	0	0	0	0	1.1	0.4	0.0	0.0	0.7	0.0	0.0
PADDINGTON		Alt		1	2	0	0	51.4	26.5	0.0	0.0	24.9	0.0	0.0											
PANTACO	3828	Diff	Base	3	2	0	0	34.0	17.0	0.0	0.0	17.0	0.0	0.0	0	1	0	0	3.4	1.5	0.0	0.0	1.9	0.0	0.0
PANTACO		Alt		3	3	0	0	37.5	18.5	0.0	0.0	18.9	0.0	0.0											
PESQUERI	3801	Diff	Base	1	1	0	0	53.0	26.1	0.0	0.0	26.9	0.0	0.0	0	0	0	0	9.7	6.9	0.0	0.0	2.8	0.0	0.0
PESQUERIA		Alt		1	1	0	0	62.7	33.0	0.0	0.0	29.7	0.0	0.0											
PITTSBKS	3642	Diff	Base	6	6	0	0	13.4	2.6	0.0	8.6	2.1	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
PITTSBURG		Alt		6	6	0	0	13.5	2.6	0.0	8.8	2.1	0.0	0.0											

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PLANO	3375	Diff	Base	1	2	0	0	1.4	0.1	0.0	0.0	1.3	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
PLANO			Alt	1	2	0	0	1.4	0.1	0.0	0.0	1.3	0.0	0.0											
PLEASANT	1366	Diff	Base	1	1	0	0	1.6	0.8	0.0	0.0	0.9	0.0	0.0	0	0	0	0	0.1	0.1	0.0	0.0	0.0	0.0	0.0
PLEASANT PR			Alt	1	1	0	0	1.7	0.8	0.0	0.0	0.9	0.0	0.0											
PORT ART	3704	Diff	Base	2	3	0	0	84.1	21.1	0.0	40.4	22.6	0.0	0.0	0	0	0	0	1.2	0.0	0.0	1.2	0.0	0.0	0.0
PORT ARTHUR			Alt	2	3	0	0	85.4	21.1	0.0	41.6	22.6	0.0	0.0											
PORT NEC	3703	Diff	Base	2	1	0	0	76.3	35.6	0.0	0.0	40.7	0.0	0.0	0	0	0	0	2.1	0.9	0.0	0.0	1.2	0.0	0.0
PORT NECHES			Alt	2	1	0	0	78.4	36.5	0.0	0.0	41.9	0.0	0.0											
PORTAG	166	Diff	Base	35	31	0	0	83.8	10.9	0.0	64.7	8.2	0.0	0.0	0	0	0	0	0.5	0.0	0.0	0.5	0.0	0.0	0.0
PORTAGE			Alt	35	31	0	0	84.3	10.9	0.0	65.2	8.2	0.0	0.0											
PORTAGE	330	Diff	Base	2	1	0	0	10.7	2.9	0.0	5.6	2.2	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PORTAGE LA			Alt	2	1	0	0	10.7	2.9	0.0	5.6	2.2	0.0	0.0											
PORTAL	59	Diff	Base	9	8	0	0	3.1	2.5	0.0	0.6	0.0	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PORTAL			Alt	9	8	0	0	3.1	2.5	0.0	0.6	0.0	0.0	0.0											
PRENTISS	2256	Diff	Base	1	1	0	0	9.3	5.9	0.0	0.0	3.4	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
PRENTISS			Alt	1	1	0	0	9.4	5.9	0.0	0.0	3.5	0.0	0.0											
PRESA DE	3238	Diff	Base	1	1	0	0	15.1	8.6	0.0	0.0	6.5	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PRESA DE LA			Alt	1	1	0	0	15.1	8.6	0.0	0.0	6.5	0.0	0.0											
PRTBRNVL	3902	Diff	Base	1	1	0	0	52.5	16.8	0.0	0.0	35.7	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PORT OF BRO			Alt	1	1	0	0	52.5	16.8	0.0	0.0	35.7	0.0	0.0											
PRTOFNAT	3350	Diff	Base	1	1	0	0	1.4	0.5	0.0	0.0	0.9	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PRT OF NATC			Alt	1	1	0	0	1.4	0.6	0.0	0.0	0.9	0.0	0.0											
PUERTMEX	3217	Diff	Base	6	9	0	0	38.9	19.1	0.0	0.0	19.8	0.0	0.0	1	2	0	0	5.1	2.8	0.0	0.0	2.3	0.0	0.0

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PUERTA MEXI		Alt		7	11	0	0	44.0	21.8	0.0	0.0	22.2	0.0	0.0											
QUERETAR	3096	Diff	Base	15	15	0	0	173.7	35.3	0.0	120.6	17.8	0.0	0.0	1	1	0	0	110.0	0.8	0.0	108.3	0.9	0.0	0.0
QUERETARO		Alt		16	16	0	0	283.7	36.1	0.0	228.9	18.7	0.0	0.0											
RACINE	1993	Diff	Base	1	11	0	0	39.1	19.0	0.0	0.0	20.1	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MONTREAL RA		Alt		1	11	0	0	39.2	19.0	0.0	0.0	20.1	0.0	0.0											
RADIU MN	2045	Diff	Base	27	28	0	0	50.9	0.0	0.0	50.9	0.0	0.0	0.0	0	0	0	0	0.1	0.1	0.0	0.0	0.1	0.0	0.0
RADIUM		Alt		27	28	0	0	51.0	0.1	0.0	50.9	0.1	0.0	0.0											
RADIUM	1312	Diff	Base	3	3	0	0	5.6	2.5	0.0	0.0	3.1	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.1	0.0	0.0
RADIUM		Alt		3	3	0	0	5.7	2.5	0.0	0.0	3.2	0.0	0.0											
RAMIREZ	3525	Diff	Base	1	1	0	0	5.6	2.3	0.0	0.0	3.4	0.0	0.0	0	0	0	0	0.3	0.2	0.0	0.0	0.2	0.0	0.0
RAMIREZ		Alt		1	1	0	0	6.0	2.4	0.0	0.0	3.6	0.0	0.0											
RAMOS AR	3811	Diff	Base	1	1	0	0	6.4	3.4	0.0	0.0	3.0	0.0	0.0	0	0	0	0	0.1	0.1	0.0	0.0	0.0	0.0	0.0
RAMOS ARIZP		Alt		1	1	0	0	6.4	3.4	0.0	0.0	3.0	0.0	0.0											
RED DEER	314	Diff	Base	49	46	0	0	420.1	49.3	0.0	318.0	52.8	0.0	0.0	0	0	0	0	0.3	0.0	0.0	0.3	0.0	0.0	0.0
RED DEER		Alt		49	46	0	0	420.4	49.3	0.0	318.3	52.8	0.0	0.0											
REGINA	292	Diff	Base	34	29	0	0	214.5	65.3	0.0	88.5	60.7	0.0	0.0	0	0	0	0	7.7	4.6	0.0	0.0	3.1	0.0	0.0
REGINA		Alt		34	29	0	0	222.3	69.9	0.0	88.5	63.8	0.0	0.0											
REGINA I	1255	Diff	Base	11	9	0	0	28.5	13.5	0.0	0.0	15.0	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
REGINA IMS		Alt		11	9	0	0	28.5	13.5	0.0	0.0	15.0	0.0	0.0											
RESERVE	3357	Diff	Base	7	6	0	0	86.3	8.9	0.0	69.9	7.5	0.0	0.0	0	0	0	0	0.6	0.0	0.0	0.3	0.2	0.0	0.0
RESERVE		Alt		7	6	0	0	86.9	8.9	0.0	70.2	7.7	0.0	0.0											
ROBSTOWN	3331	Diff	Base	5	5	0	0	208.9	159.3	0.0	0.0	49.7	0.0	0.0	3	1	0	0	-17.6	-6.4	0.0	0.0	-11.2	0.0	0.0
ROBSTOWN		Alt		8	6	0	0	191.3	152.9	0.0	0.0	38.5	0.0	0.0											

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

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ROCKFD	2983	Diff	Base	1	1	0	0	3.8	2.2	0.0	0.0	1.6	0.0	0.0	0	0	0	0	0.4	0.2	0.0	0.0	0.2	0.0	0.0
ROCKFORD			Alt	1	1	0	0	4.2	2.4	0.0	0.0	1.8	0.0	0.0											
ROCKTON	2977	Diff	Base	1	1	0	0	1.5	0.6	0.0	0.0	0.9	0.0	0.0	0	0	0	0	0.6	0.3	0.0	0.0	0.2	0.0	0.0
ROCKTON			Alt	1	1	0	0	2.1	0.9	0.0	0.0	1.1	0.0	0.0											
ROJAS	3812	Diff	Base	5	5	0	0	176.3	82.2	0.0	24.3	69.8	0.0	0.0	2	2	0	0	19.1	10.0	0.0	0.1	9.1	0.0	0.0
ROJAS			Alt	7	7	0	0	195.4	92.2	0.0	24.4	78.9	0.0	0.0											
ROODHOU	3389	Diff	Base	9	9	0	0	13.4	1.4	0.0	11.5	0.6	0.0	0.0	0	0	0	0	0.9	0.0	0.0	0.9	0.0	0.0	0.0
ROODHOUSE			Alt	9	9	0	0	14.3	1.4	0.0	12.3	0.6	0.0	0.0											
ROSEMOUN	646	Diff	Base	2	2	0	0	13.0	8.5	0.0	0.0	4.5	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ROSEMOUNT			Alt	2	2	0	0	13.0	8.5	0.0	0.0	4.6	0.0	0.0											
ROSEPORT	1222	Diff	Base	7	6	0	0	19.5	10.1	0.0	0.0	9.4	0.0	0.0	0	0	0	0	0.8	0.3	0.0	0.0	0.4	0.0	0.0
ROSEPORT			Alt	7	6	0	0	20.2	10.5	0.0	0.0	9.8	0.0	0.0											
ROUGEMER	1764	Diff	Base	2	6	0	0	209.7	71.2	0.0	0.0	138.5	0.0	0.0	0	0	0	0	0.1	0.1	0.0	0.0	0.0	0.0	0.0
DETROIT			Alt	2	6	0	0	209.8	71.3	0.0	0.0	138.6	0.0	0.0											
SALINASV	3817	Diff	Base	10	14	0	0	185.7	96.3	0.0	14.5	74.9	0.0	0.0	5	3	0	0	37.0	11.8	0.0	0.1	25.1	0.0	0.0
SALINAS VIC			Alt	15	17	0	0	222.6	108.0	0.0	14.7	100.0	0.0	0.0											
SALTILL	3312	Diff	Base	1	1	0	0	5.4	2.9	0.0	0.0	2.5	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SALTILLO			Alt	1	1	0	0	5.4	2.9	0.0	0.0	2.5	0.0	0.0											
SALTILLO	3509	Diff	Base	11	10	0	0	28.4	4.5	0.0	19.3	4.6	0.0	0.0	0	0	0	0	12.5	0.8	0.0	11.1	0.6	0.0	0.0
SALTILLO			Alt	11	10	0	0	41.0	5.4	0.0	30.3	5.3	0.0	0.0											
SAN MARI	3249	Diff	Base	6	6	0	0	98.5	45.4	0.0	6.9	46.3	0.0	0.0	0	0	0	0	0.6	0.8	0.0	-0.9	0.7	0.0	0.0
SANTA MARIA			Alt	6	6	0	0	99.1	46.2	0.0	6.0	47.0	0.0	0.0											

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

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SANCHEZ	175	Diff	Base	32	22	0	0	1,179.2	4.1	0.0	1,173.5	1.6	0.0	0.0	0	3	0	0	145.1	0.0	0.0	145.1	0.0	0.0	0.0
SANCHEZ		Alt		32	25	0	0	1,324.3	4.1	0.0	1,318.6	1.6	0.0	0.0											
SANLUISP	3876	Diff	Base	22	28	0	0	567.3	145.2	0.0	293.9	128.2	0.0	0.0	1	0	0	0	4.1	5.3	0.0	-6.0	4.9	0.0	0.0
SAN LUIS PO		Alt		23	28	0	0	571.4	150.4	0.0	287.9	133.1	0.0	0.0											
SANTA FE	3371	Diff	Base	5	4	0	0	2.3	1.0	0.0	0.0	1.3	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
SANTA FE		Alt		5	4	0	0	2.4	1.0	0.0	0.0	1.3	0.0	0.0											
SAPPERTO	2633	Diff	Base	21	1	0	0	598.5	500.9	0.0	83.3	14.2	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SAPPERTON C		Alt		21	1	0	0	598.5	500.9	0.0	83.3	14.2	0.0	0.0											
SARATOGA	1635	Diff	Base	18	20	0	0	250.5	31.4	0.0	188.5	30.6	0.0	0.0	0	0	0	0	0.7	0.0	0.0	0.7	0.0	0.0	0.0
SARATOGA SP		Alt		18	20	0	0	251.1	31.4	0.0	189.2	30.6	0.0	0.0											
SASKATFR	2245	Diff	Base	1	1	0	0	8.9	4.8	0.0	0.0	4.1	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SASKATOON T		Alt		1	1	0	0	8.9	4.8	0.0	0.0	4.2	0.0	0.0											
SASKATOO	198	Diff	Base	2	2	0	0	56.4	28.2	0.0	0.0	28.2	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SASKATOON		Alt		2	2	0	0	56.4	28.2	0.0	0.0	28.2	0.0	0.0											
SAVANN	2703	Diff	Base	22	20	0	0	29.9	1.0	0.0	27.6	1.3	0.0	0.0	0	0	0	0	0.7	0.0	0.0	0.7	0.0	0.0	0.0
SAVANNA		Alt		22	20	0	0	30.5	1.0	0.0	28.2	1.3	0.0	0.0											
SAVONA	400	Diff	Base	2	1	0	0	0.9	0.5	0.0	0.0	0.5	0.0	0.0	0	0	0	0	0.2	0.1	0.0	0.0	0.1	0.0	0.0
SAVONA		Alt		2	1	0	0	1.2	0.6	0.0	0.0	0.6	0.0	0.0											
SCHENECT	1619	Diff	Base	4	5	0	0	50.3	23.8	0.0	0.0	26.5	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SCHENECTADY		Alt		4	5	0	0	50.3	23.8	0.0	0.0	26.5	0.0	0.0											
SCHIEAST	170	Diff	Base	11	13	0	0	55.6	23.2	0.0	11.3	21.1	0.0	0.0	0	0	0	0	3.3	0.0	0.0	2.9	0.4	0.0	0.0
SCHILLER EA		Alt		11	13	0	0	58.9	23.2	0.0	14.1	21.6	0.0	0.0											
SCHILLAU	2000	Diff	Base	1	1	0	0	3.0	0.0	0.0	0.0	3.0	0.0	0.0	0	1	0	0	73.2	24.4	0.0	0.0	48.8	0.0	0.0

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

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SCHILLER PA		Alt		1	2	0	0	76.2	24.4	0.0	0.0	51.8	0.0	0.0											
SCOTFORD	1320	Diff	Base	19	17	0	0	229.7	85.9	0.0	55.9	87.9	0.0	0.0	0	0	0	0	4.8	2.3	0.0	0.0	2.5	0.0	0.0
SCOTFORD		Alt		19	17	0	0	234.5	88.3	0.0	55.9	90.4	0.0	0.0											
SHERBROO	2112	Diff	Base	5	7	0	0	20.4	8.9	0.0	1.6	10.0	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
SHERBROOKE		Alt		5	7	0	0	20.4	8.9	0.0	1.6	10.0	0.0	0.0											
SHOAL LA	6	Diff	Base	3	3	0	0	23.5	14.3	0.0	0.0	9.2	0.0	0.0	0	0	0	0	0.3	0.1	0.0	0.0	0.1	0.0	0.0
SHOAL LAKE		Alt		3	3	0	0	23.8	14.4	0.0	0.0	9.3	0.0	0.0											
SHREVEPO	3680	Diff	Base	35	42	0	0	892.4	70.8	0.0	775.7	45.9	0.0	0.0	2	2	0	0	57.6	3.0	0.0	51.6	2.9	0.0	0.0
SHREVEPORT		Alt		37	44	0	0	950.0	73.8	0.0	827.3	48.9	0.0	0.0											
SIBLEY	3366	Diff	Base	3	3	0	0	14.4	0.6	0.0	12.7	1.1	0.0	0.0	0	0	0	0	1.4	0.0	0.0	1.4	0.0	0.0	0.0
SIBLEY		Alt		3	3	0	0	15.9	0.7	0.0	14.1	1.1	0.0	0.0											
SILAO	3838	Diff	Base	2	3	0	0	128.5	62.8	0.0	4.4	61.4	0.0	0.0	2	1	0	0	9.9	7.5	0.0	-4.4	6.8	0.0	0.0
SILAO		Alt		4	4	0	0	138.4	70.3	0.0	0.0	68.1	0.0	0.0											
SIMSBORO	3592	Diff	Base	1	1	0	0	4.5	2.3	0.0	0.0	2.2	0.0	0.0	0	0	0	0	0.2	0.0	0.0	0.0	0.1	0.0	0.0
SIMSBORO		Alt		1	1	0	0	4.6	2.3	0.0	0.0	2.4	0.0	0.0											
SLATER	3418	Diff	Base	13	11	0	0	13.1	0.0	0.0	13.1	0.0	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SLATER		Alt		13	11	0	0	13.1	0.0	0.0	13.1	0.0	0.0	0.0											
SMITH FA	176	Diff	Base	17	16	0	0	42.1	3.5	0.0	35.9	2.7	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
SMITHS FALL		Alt		17	16	0	0	42.2	3.5	0.0	36.0	2.7	0.0	0.0											
SPENCER	2829	Diff	Base	3	2	0	0	8.7	3.8	0.0	0.0	4.9	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SPENCER		Alt		3	2	0	0	8.7	3.8	0.0	0.0	4.9	0.0	0.0											
ST PAUL	164	Diff	Base	63	116	0	0	1,724.8	197.5	0.0	1,389.2	138.1	0.0	0.0	0	0	0	0	69.2	1.1	0.0	68.6	-0.6	0.0	0.0
ST PAUL		Alt		63	116	0	0	1,794.0	198.6	0.0	1,457.8	137.5	0.0	0.0											

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ST-JEAN	1696	Diff	Base	1	1	0	0	3.8	2.7	0.0	0.0	1.1	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ST JEAN			Alt	1	1	0	0	3.8	2.7	0.0	0.0	1.1	0.0	0.0											
ST-LUC	1576	Diff	Base	41	54	0	0	457.1	110.7	0.0	208.1	138.3	0.0	0.0	0	0	0	0	16.1	3.8	0.0	1.5	10.7	0.0	0.0
ST LUC			Alt	41	54	0	0	473.2	114.5	0.0	209.7	149.0	0.0	0.0											
STEXARKA	3708	Diff	Base	1	1	0	0	14.9	6.0	0.0	0.0	8.9	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SOUTH TEXAR			Alt	1	1	0	0	14.9	6.0	0.0	0.0	8.9	0.0	0.0											
STJIMS	2240	Diff	Base	1	2	0	0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	2	2	0	0	6.3	3.2	0.0	0.0	3.2	0.0	0.0
SAINT JOHN			Alt	3	4	0	0	6.5	3.3	0.0	0.0	3.2	0.0	0.0											
STPAULPK	2398	Diff	Base	1	1	0	0	35.6	13.6	0.0	0.0	22.0	0.0	0.0	0	0	0	0	0.1	-0.1	0.0	0.0	0.2	0.0	0.0
ST PAUL PAR			Alt	1	1	0	0	35.6	13.5	0.0	0.0	22.2	0.0	0.0											
STREETFR	1740	Diff	Base	1	2	0	0	4.8	2.6	0.0	0.0	2.3	0.0	0.0	0	0	0	0	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0
STREETSVILL			Alt	1	2	0	0	4.7	2.6	0.0	0.0	2.1	0.0	0.0											
SUDBURY	158	Diff	Base	20	21	0	0	148.2	46.8	0.0	52.1	49.2	0.0	0.0	0	0	0	0	0.9	0.4	0.0	0.0	0.4	0.0	0.0
SUDBURY			Alt	20	21	0	0	149.0	47.3	0.0	52.2	49.6	0.0	0.0											
SULPHUR	3647	Diff	Base	1	1	0	0	5.2	2.1	0.0	0.0	3.1	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SULPHUR SPR			Alt	1	1	0	0	5.2	2.1	0.0	0.0	3.1	0.0	0.0											
SUPERIOR	1272	Diff	Base	9	41	0	0	86.2	28.2	0.0	29.3	28.8	0.0	0.0	0	0	0	0	0.3	0.1	0.0	0.0	0.1	0.0	0.0
SUPERIOR			Alt	9	41	0	0	86.5	28.3	0.0	29.3	28.9	0.0	0.0											
SUTHERLA	46	Diff	Base	60	69	0	0	342.9	5.5	0.0	329.4	8.0	0.0	0.0	0	0	0	0	2.9	0.0	0.0	2.9	0.0	0.0	0.0
SUTHERLAND			Alt	60	69	0	0	345.8	5.5	0.0	332.3	8.0	0.0	0.0											
SWIFT CU	277	Diff	Base	32	32	0	0	168.3	46.7	0.0	81.5	40.1	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SWIFT CURRE			Alt	32	32	0	0	168.3	46.7	0.0	81.5	40.1	0.0	0.0											
R FALL	143	Diff	Base	32	27	0	0	93.0	3.1	0.0	51.2	38.6	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.1	0.0	0.0	0.0

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Location	Yard	Type		Project Data: Blocks Orig	Blocks Term	Locals Orig	Locals Term	Cars per day: Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held	Difference: Blocks Orig	Blocks Term	Locals Orig	Locals Term	Cars per day: Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held
THIEF RIVER			Alt	32	27	0	0	93.1	3.1	0.0	51.3	38.6	0.0	0.0											
TALLULAH	3599	Diff	Base	1	1	0	0	3.2	0.5	0.0	0.0	2.7	0.0	0.0	0	0	0	0	0.1	0.1	0.0	0.0	0.1	0.0	0.0
TALLULAH			Alt	1	1	0	0	3.3	0.6	0.0	0.0	2.7	0.0	0.0											
THRASHER	3608	Diff	Base	1	0	0	0	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0.2	0.2	0.0	0.0	0.0	0.0	0.0
THRASHER			Alt	1	0	0	0	0.5	0.5	0.0	0.0	0.0	0.0	0.0											
THRUMS	1721	Diff	Base	2	1	0	0	0.3	0.1	0.0	0.0	0.2	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
THRUMS			Alt	2	1	0	0	0.3	0.1	0.0	0.0	0.2	0.0	0.0											
THUNDER	153	Diff	Base	41	76	0	0	658.8	307.7	0.0	25.6	325.5	0.0	0.0	0	0	0	0	0.4	0.2	0.0	0.1	0.2	0.0	0.0
THUNDER BAY			Alt	41	76	0	0	659.2	307.9	0.0	25.6	325.7	0.0	0.0											
TLALTEPO	3279	Diff	Base	2	3	0	0	12.8	6.8	0.0	0.0	6.1	0.0	0.0	0	0	0	0	0.2	0.1	0.0	0.0	0.1	0.0	0.0
TLALTEPOXCO			Alt	2	3	0	0	13.0	6.8	0.0	0.0	6.2	0.0	0.0											
TOLUCA	3269	Diff	Base	6	6	0	0	182.5	80.3	0.0	25.3	76.9	0.0	0.0	0	0	0	0	9.5	4.0	0.0	0.0	5.6	0.0	0.0
TOLUCA			Alt	6	6	0	0	192.1	84.2	0.0	25.3	82.5	0.0	0.0											
TORONTO	1560	Diff	Base	41	47	0	0	356.0	1.9	0.0	351.5	2.7	0.0	0.0	0	0	0	0	29.0	0.0	0.0	28.9	0.0	0.0	0.0
TORONTO YAR			Alt	41	47	0	0	385.1	1.9	0.0	380.4	2.7	0.0	0.0											
TRACY	2872	Diff	Base	25	18	0	0	122.3	57.1	0.0	0.0	65.2	0.0	0.0	0	0	0	0	0.4	0.2	0.0	0.0	0.2	0.0	0.0
TRACY			Alt	25	18	0	0	122.7	57.3	0.0	0.0	65.4	0.0	0.0											
TULA	3104	Diff	Base	3	5	0	0	31.9	14.6	0.0	0.1	17.1	0.0	0.0	0	-4	0	0	0.5	0.3	0.0	-0.1	0.4	0.0	0.0
TULA			Alt	3	1	0	0	32.4	14.9	0.0	0.0	17.5	0.0	0.0											
TUPELO	3314	Diff	Base	6	6	0	0	25.9	10.0	0.0	7.0	9.0	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TUPELO			Alt	6	6	0	0	25.9	10.0	0.0	7.0	9.0	0.0	0.0											
UNITY	734	Diff	Base	3	4	0	0	21.1	9.3	0.0	0.0	11.8	0.0	0.0	0	0	0	0	2.8	1.7	0.0	0.0	1.0	0.0	0.0
UNITY			Alt	3	4	0	0	23.8	11.0	0.0	0.0	12.8	0.0	0.0											

REDACTED PUBLIC RECORD VERSION

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

Base Project: KCS, Base Output Set: 008, Base Traffic: October2020FTIBASE, 28 days, Alternate Project: KCS Optimized, Alternate Output Set: 015, Alternate Traffic: October2020FTIBASE, 28 days
Report shows all - Volumes in Base Project, Alternate Project and Difference, Displays data where volume changes are > 0.10 Sorted by Location

Maps indication locations of principal yards follow the table.

Location	Yard	Type		Project Data: Blocks Orig	Blocks Term	Locals Orig	Locals Term	Cars per day: Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held	Difference: Blocks Orig	Blocks Term	Locals Orig	Locals Term	Cars per day: Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held
VANCAUTO	1378	Diff	Base	1	1	0	0	21.8	11.8	0.0	0.0	10.1	0.0	0.0	0	0	0	0	0.8	0.3	0.0	0.0	0.5	0.0	0.0
	VANCOUVER A		Alt	1	1	0	0	22.6	12.0	0.0	0.0	10.6	0.0	0.0											
VANCOIMS	2105	Diff	Base	15	11	0	0	182.5	92.0	0.0	0.5	90.0	0.0	0.0	1	1	0	0	13.1	6.5	0.0	0.0	6.6	0.0	0.0
	VANCOUVER I		Alt	16	12	0	0	195.6	98.5	0.0	0.5	96.6	0.0	0.0											
VANCOTFR	1324	Diff	Base	1	1	0	0	1.3	0.6	0.0	0.0	0.6	0.0	0.0	0	0	0	0	1.1	0.5	0.0	0.0	0.6	0.0	0.0
	VANCOUVER T		Alt	1	1	0	0	2.4	1.1	0.0	0.0	1.2	0.0	0.0											
VANCOUVE	192	Diff	Base	6	61	0	0	1,290.7	472.3	0.0	0.5	817.9	0.0	0.0	0	0	0	0	1.1	0.5	0.0	0.0	0.6	0.0	0.0
	VANCOUVER		Alt	6	61	0	0	1,291.8	472.7	0.0	0.5	818.5	0.0	0.0											
VAUGHAN	1766	Diff	Base	18	14	0	0	307.0	155.2	0.0	1.6	150.1	0.0	0.0	2	2	0	0	9.5	3.8	0.0	0.6	5.1	0.0	0.0
	VAUGHAN IMS		Alt	20	16	0	0	316.5	159.1	0.0	2.2	155.3	0.0	0.0											
VEALS	3639	Diff	Base	3	2	0	0	9.0	0.0	0.0	7.7	1.3	0.0	0.0	0	0	0	0	0.2	0.0	0.0	0.2	0.0	0.0	0.0
	VEALS		Alt	3	2	0	0	9.2	0.0	0.0	7.9	1.3	0.0	0.0											
VERACRUZ	3841	Diff	Base	6	4	0	0	54.1	29.0	0.0	0.9	24.2	0.0	0.0	0	0	0	0	-0.5	0.0	0.0	-0.5	0.0	0.0	0.0
	VERACRUZ		Alt	6	4	0	0	53.5	29.0	0.0	0.4	24.2	0.0	0.0											
VERMBTFR	2202	Diff	Base	2	3	0	0	5.3	2.4	0.0	0.0	2.9	0.0	0.0	0	0	0	0	0.3	0.1	0.0	0.0	0.1	0.0	0.0
	VERMILION B		Alt	2	3	0	0	5.6	2.6	0.0	0.0	3.0	0.0	0.0											
VICKSBUR	3204	Diff	Base	3	3	0	0	61.8	12.7	0.0	32.4	16.6	0.0	0.0	1	1	0	0	0.2	0.0	0.0	0.0	0.2	0.0	0.0
	VICKSBURG		Alt	4	4	0	0	61.9	12.7	0.0	32.4	16.8	0.0	0.0											
VISCOUNT	747	Diff	Base	5	4	0	0	0.3	0.0	0.0	0.0	0.2	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
	VISCOUNT		Alt	5	4	0	0	0.4	0.0	0.0	0.2	0.2	0.0	0.0											
W LCH	3859	Diff	Base	1	1	0	0	3.3	1.8	0.0	0.0	1.5	0.0	0.0	0	0	0	0	0.1	0.1	0.0	0.0	0.1	0.0	0.0
	WEST LAKE C		Alt	1	1	0	0	3.4	1.8	0.0	0.0	1.6	0.0	0.0											
WASECA	2868	Diff	Base	30	25	0	0	127.6	0.6	0.0	124.5	2.5	0.0	0.0	0	0	0	0	0.5	0.0	0.0	0.5	0.0	0.0	0.0

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

Base Project: KCS, Base Output Set: 008, Base Traffic: October2020FTIBASE, 28 days, Alternate Project: KCS Optimized, Alternate Output Set: 015, Alternate Traffic: October2020FTIBASE, 28 days
Report shows all - Volumes in Base Project, Alternate Project and Difference, Displays data where volume changes are > 0.10 Sorted by Location

Maps indication locations of principal yards follow the table.

Location	Yard	Type		Project Data											Difference											
				Blocks		Locals		Cars per day							Blocks		Locals		Cars per day							
				Orig	Term	Orig	Term	Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held	Orig	Term	Orig	Term	Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held
WASECA			Alt	30	25	0	0	128.1	0.6	0.0	125.0	2.5	0.0	0.0											
WATERTOW	181	Diff	Base	2	2	0	0	5.0	2.8	0.0	0.0	2.2	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WATERTOWN			Alt	2	2	0	0	5.0	2.8	0.0	0.0	2.2	0.0	0.0											
WELLAND	1674	Diff	Base	23	20	0	0	122.7	0.1	0.0	122.5	0.0	0.0	0.0	0	0	0	0	0.2	0.0	0.0	0.2	0.0	0.0	0.0
WELLAND			Alt	23	20	0	0	122.9	0.1	0.0	122.8	0.0	0.0	0.0											
WEST POI	3321	Diff	Base	1	1	0	0	1.4	0.4	0.0	0.0	1.0	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WEST POINT			Alt	1	1	0	0	1.4	0.4	0.0	0.0	1.0	0.0	0.0											
WEST TOR	1672	Diff	Base	13	11	0	0	79.4	23.1	0.0	34.4	21.9	0.0	0.0	0	0	0	0	2.5	1.0	0.0	0.1	1.4	0.0	0.0
WEST TORONT			Alt	13	11	0	0	81.8	24.1	0.0	34.4	23.3	0.0	0.0											
WESTLAKE	3340	Diff	Base	1	1	0	0	14.8	9.0	0.0	0.0	5.8	0.0	0.0	0	0	0	0	0.3	0.1	0.0	0.0	0.2	0.0	0.0
WEST LAKE			Alt	1	1	0	0	15.1	9.2	0.0	0.0	5.9	0.0	0.0											
WEYBURN	56	Diff	Base	12	11	0	0	110.9	48.7	0.0	13.3	49.0	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WEYBURN			Alt	12	11	0	0	110.9	48.7	0.0	13.3	49.0	0.0	0.0											
WHITE RI	155	Diff	Base	5	5	0	0	1.6	0.7	0.0	0.0	0.8	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WHITE RIVER			Alt	5	5	0	0	1.6	0.7	0.0	0.0	0.8	0.0	0.0											
WHITE RO	3373	Diff	Base	2	1	0	0	5.5	3.7	0.0	0.0	1.8	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
WHITE ROCK			Alt	2	1	0	0	5.6	3.7	0.0	0.0	1.9	0.0	0.0											
WILKIE	49	Diff	Base	34	29	0	0	146.1	7.4	0.0	133.4	5.4	0.0	0.0	0	0	0	0	2.8	0.0	0.0	2.8	0.0	0.0	0.0
WILKIE			Alt	34	29	0	0	148.8	7.4	0.0	136.1	5.4	0.0	0.0											
WILSON	1183	Diff	Base	4	4	0	0	18.7	13.1	0.0	0.0	5.6	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WILSON			Alt	4	4	0	0	18.7	13.2	0.0	0.0	5.6	0.0	0.0											
WINDS	1198	Diff	Base	2	1	0	0	2.2	1.1	0.0	0.0	1.0	0.0	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WINDSOR			Alt	2	1	0	0	2.2	1.2	0.0	0.0	1.1	0.0	0.0											

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Changes in Yard Volumes Overall [Base Plan vs. Optimized Plan]

Base Project: KCS, Base Output Set: 008, Base Traffic: October2020FTIBASE, 28 days, Alternate Project: KCS Optimized, Alternate Output Set: 015, Alternate Traffic: October2020FTIBASE, 28 days
Report shows all - Volumes in Base Project, Alternate Project and Difference, Displays data where volume changes are > 0.10 Sorted by Location

Maps indication locations of principal yards follow the table.

				Project Data											Difference										
Location	Yard	Type		Blocks		Locals		Cars per day							Blocks		Locals		Cars per day						
				Orig	Term	Orig	Term	Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held	Orig	Term	Orig	Term	Total	Orig	IC Recv	Int Sw	Term	IC Delv	Held
WINDSOR	1620	Diff	Base	28	13	0	0	260.4	26.5	0.0	208.4	25.5	0.0	0.0	1	1	0	0	0.5	0.0	0.0	0.5	0.0	0.0	0.0
WINDSOR			Alt	29	14	0	0	260.9	26.5	0.0	208.9	25.5	0.0	0.0											
WINN IMS	1806	Diff	Base	10	8	0	0	41.2	20.4	0.0	0.0	20.8	0.0	0.0	0	0	0	0	0.3	0.1	0.0	0.0	0.2	0.0	0.0
WINNIPEG IM			Alt	10	8	0	0	41.6	20.5	0.0	0.0	21.0	0.0	0.0											
WINNIPEG	200	Diff	Base	106	99	0	0	1,064.3	29.1	0.0	996.9	38.4	0.0	0.0	0	0	0	0	3.8	0.0	0.0	3.8	0.0	0.0	0.0
WINNIPEG			Alt	106	99	0	0	1,068.1	29.1	0.0	1,000.6	38.4	0.0	0.0											
WINONA	339	Diff	Base	9	13	0	0	63.5	33.5	0.0	9.0	20.9	0.0	0.0	0	0	0	0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
WINONA			Alt	9	13	0	0	63.6	33.6	0.0	9.0	21.0	0.0	0.0											
WOLVERTO	1659	Diff	Base	5	11	0	0	23.0	0.0	0.0	0.0	23.0	0.0	0.0	0	0	0	0	4.5	1.0	0.0	0.0	3.4	0.0	0.0
WOLVERTON			Alt	5	11	0	0	27.4	1.0	0.0	0.0	26.4	0.0	0.0											
WOODRIVE	3755	Diff	Base	1	1	0	0	0.6	0.3	0.0	0.0	0.3	0.0	0.0	0	0	0	0	0.2	0.1	0.0	0.0	0.1	0.0	0.0
WOOD RIVER			Alt	1	1	0	0	0.9	0.4	0.0	0.0	0.4	0.0	0.0											
WOODSTOC	1568	Diff	Base	13	9	0	0	82.8	68.4	0.0	0.0	14.4	0.0	0.0	1	1	0	0	0.7	0.4	0.0	0.0	0.3	0.0	0.0
WOODSTOCK			Alt	14	10	0	0	83.5	68.8	0.0	0.0	14.6	0.0	0.0											
WYLIE	3653	Diff	Base	7	8	0	0	255.6	89.9	0.0	84.9	80.8	0.0	0.0	7	6	0	0	137.0	54.8	0.0	25.9	56.3	0.0	0.0
WYLIE			Alt	14	14	0	0	392.6	144.7	0.0	110.7	137.1	0.0	0.0											
ZWOLLE	3688	Diff	Base	1	1	0	0	11.8	4.8	0.0	0.0	6.9	0.0	0.0	0	0	0	0	0.6	0.3	0.0	0.0	0.3	0.0	0.0
ZWOLLE			Alt	1	1	0	0	12.3	5.1	0.0	0.0	7.2	0.0	0.0											

REDACTED PUBLIC RECORD VERSION

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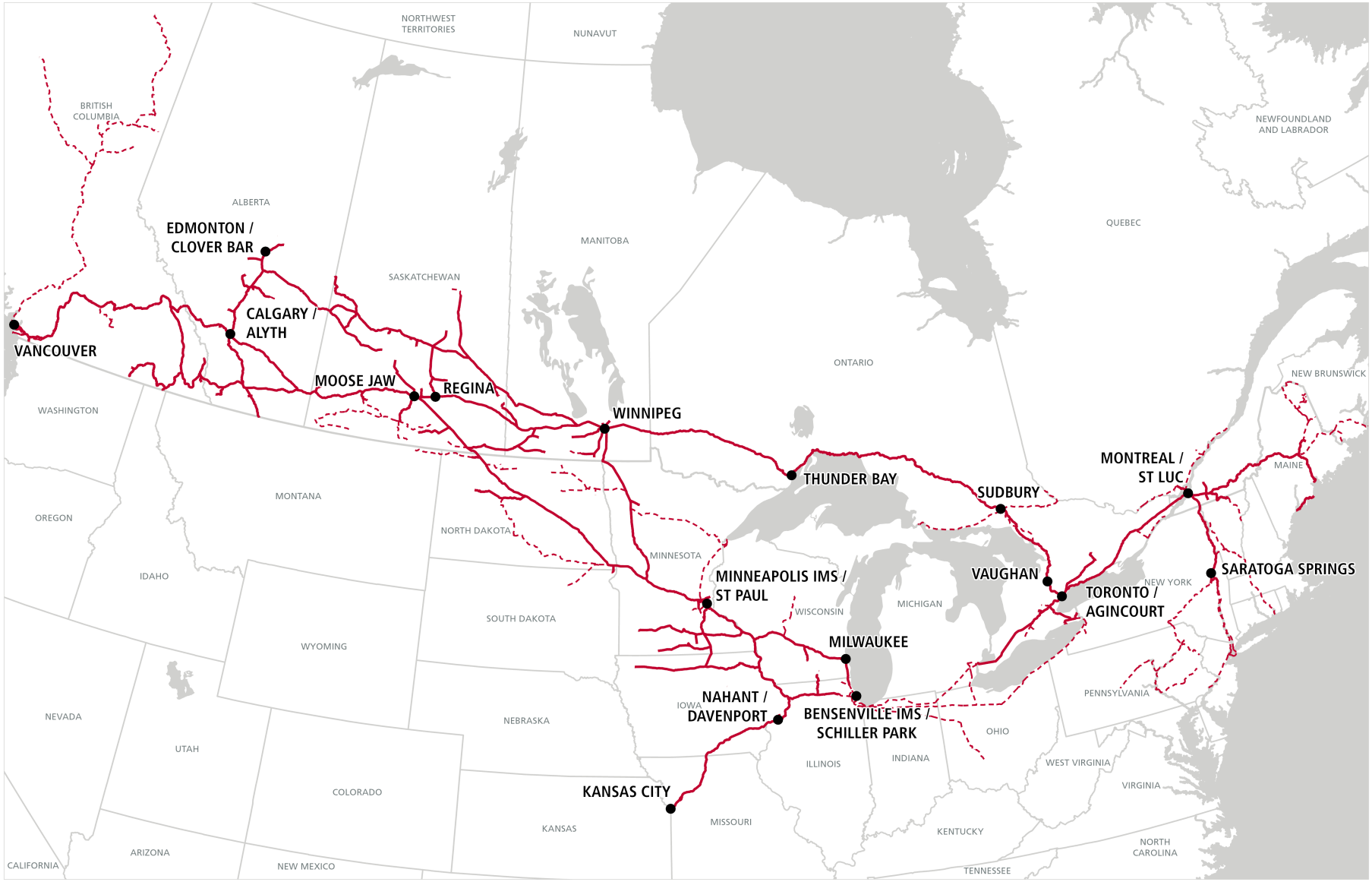
APPENDIX B: CHANGES IN YARD VOLUMES

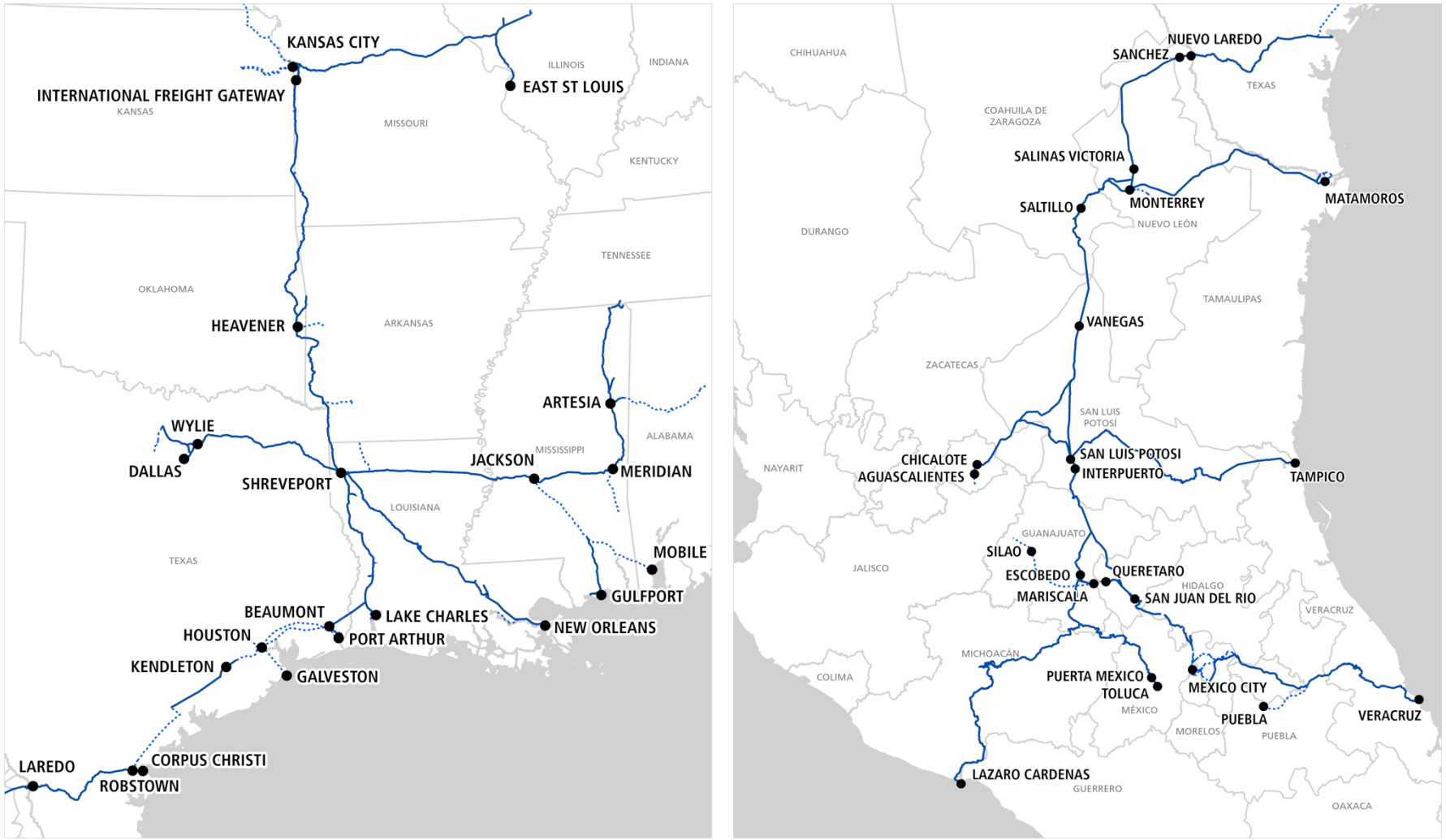
MAPS OF PRINCIPAL YARD LOCATIONS



REDACTED PUBLIC RECORD VERSION

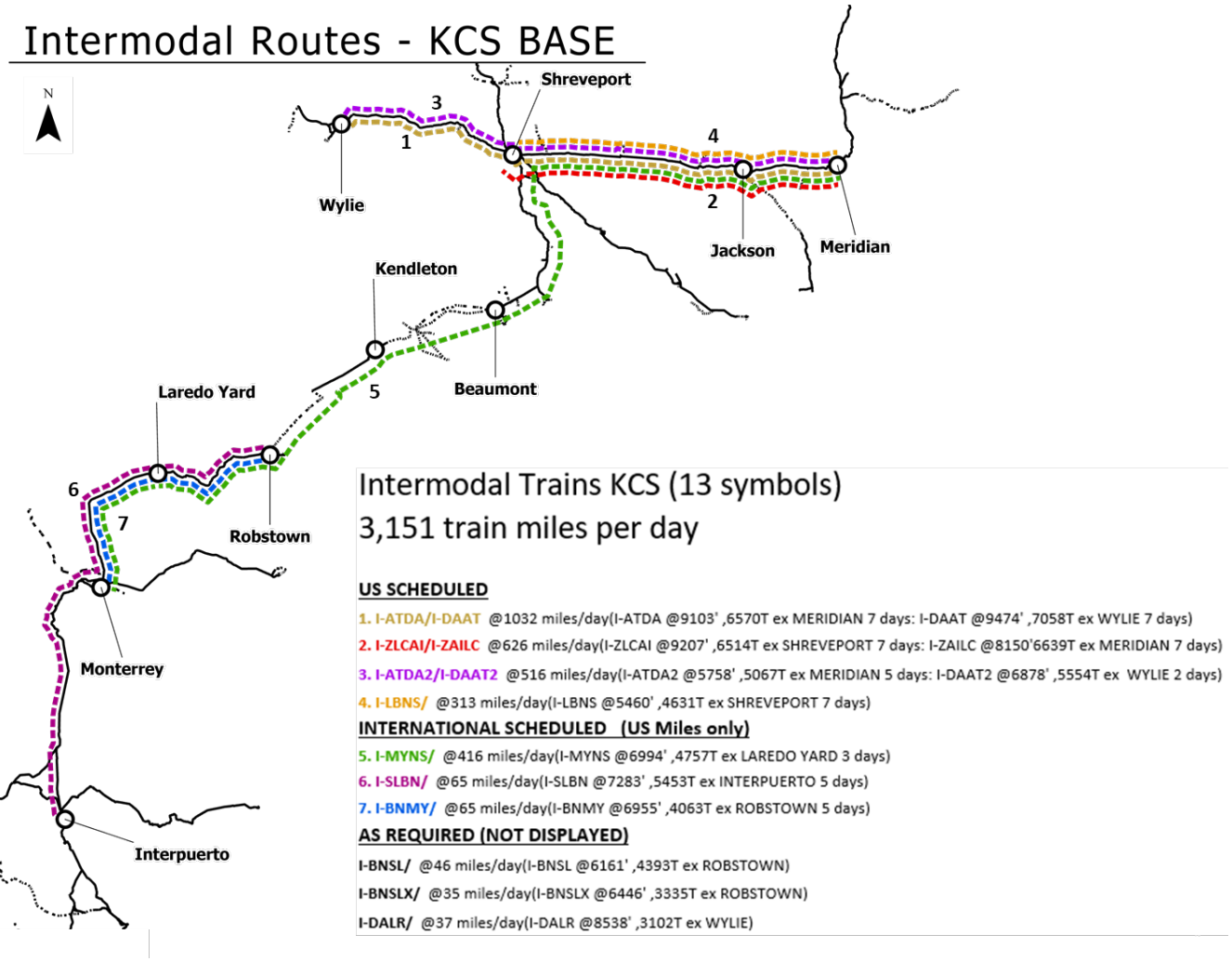
APPENDIX B: CHANGES IN YARD VOLUMES

MAPS OF PRINCIPAL YARD LOCATIONS



REDACTED PUBLIC RECORD VERSION

OPERATING PLAN APPENDIX C
BASE KCSR/KCSM TRAIN SERVICE



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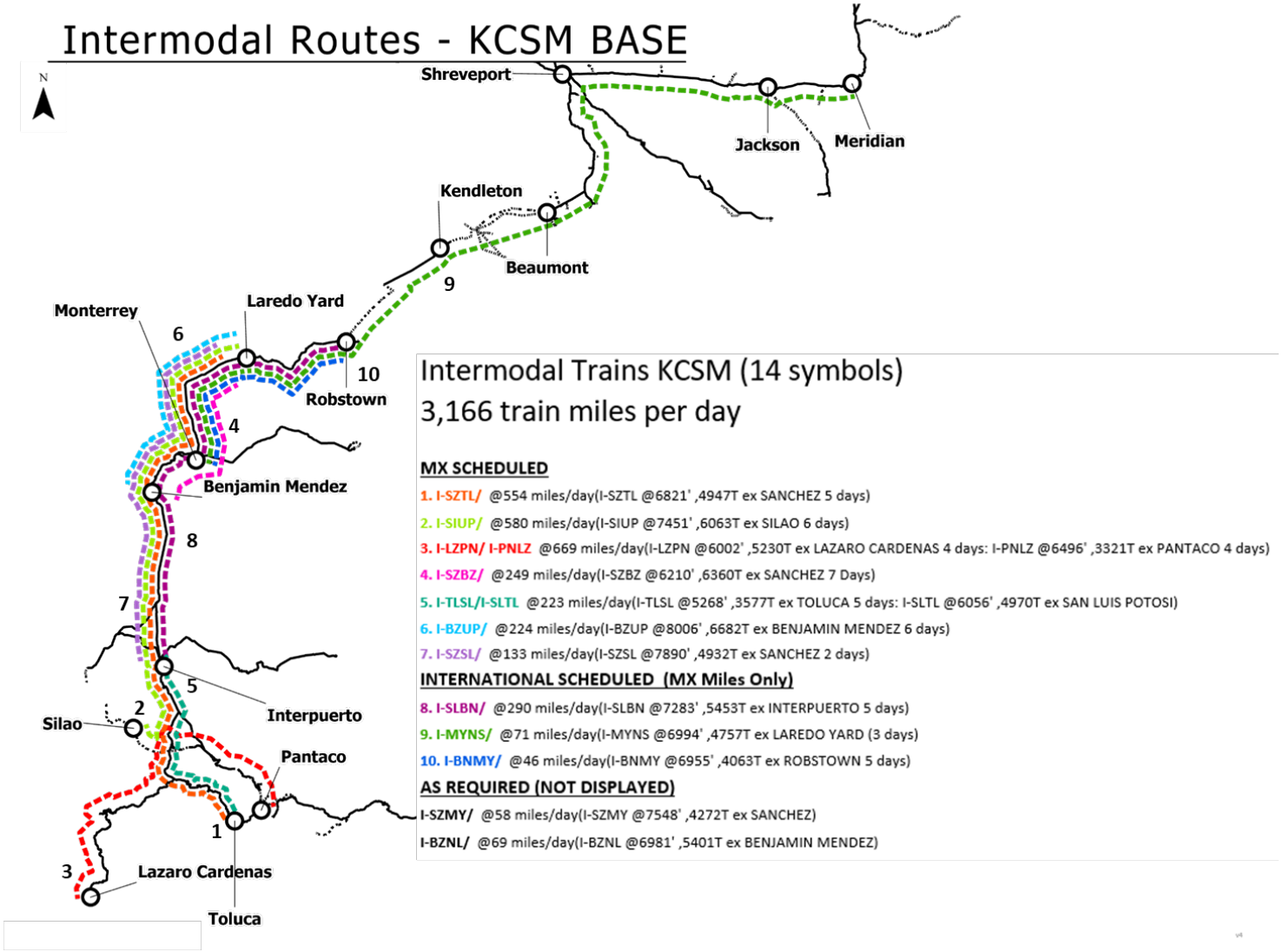
REDACTED PUBLIC RECORD VERSION



REDACTED PUBLIC RECORD VERSION

Manifest Routes - KCS BASE

Manifest Trains KCS (34 symbols)

10,112 train miles per day (includes 474/475 between Kansas City to St Paul)

US SCHEDULED

0. 474/475 @ 1277 miles per day (474 @ 7008', 10891T ex Marquette; 475 @ 7824', 7473T ex Ottumwa 7 days) ** CP Train
1. M-KCSH/M-SHKC @1094 miles/day (M-KCSH @6328' ,8738T ex KANSAS CITY 7 days: M-SHKC @7713' ,7956T ex SHREVEPORT 7 days)
2. M-SHKC2/M-KCSH2 @938 miles/day (M-SHKC2 @6557' ,6532T ex SHREVEPORT 4 days: M-KCSH2 @6989' ,8930T ex KANSAS CITY 8 days)
3. M-ARSH/M-SHAR @795 miles/day (M-ARSH @7080' ,8798T ex ARTESIA 7 days: M-SHAR @7949' ,9972T ex SHREVEPORT 7 days)
4. M-CXSH/M-SHCX @623 miles/day (M-CXSH @7422' ,8959T ex NEW ORLEANS 7 days: M-SHCX @7440' ,9003T ex SHREVEPORT 7 days)
5. M-KCVN/M-VNKC @387 miles/day (M-KCVN @6004' ,7513T ex KANSAS CITY 4 days: M-VNKC @7093' ,6749T ex EAST ST LOUIS 4 days)
6. M-SHNS/ @313 miles/day (M-SHNS @6971' ,9069T ex SHREVEPORT 7 days)
7. M-DASH/M-SHDA @348 miles/day (M-DASH @6575' ,5326T ex WYLIE 6 days: M-SHDA @5830' ,8808T ex SHREVEPORT 6 days)
8. M-BMSH/M-SHBM @211 miles/day (M-BMSH @6575' ,9320T ex BEAUMONT 3 days: M-SHBM @6535' ,7605T ex SHREVEPORT 4 days)
9. M-LCSH/M-SHLC @180 miles/day (M-LCSH @6466' ,11893T ex MOSSVILLE 3 days: M-SHLC @5837' ,4866T ex SHREVEPORT 4 days)
10. M-JASH/M-SHJA @217 miles/day (M-JASH @6717' ,8475T ex JACKSON 7 days: M-SHJA @6357' ,5664T ex SHREVEPORT A/R days)
11. M-NSJA/ @96 miles/day (M-NSJA @5997' ,7836T ex MERIDIAN 7 days)

INTERNATIONAL SCHEDULED (Note these trains end/start in MX, but < 1 mile)

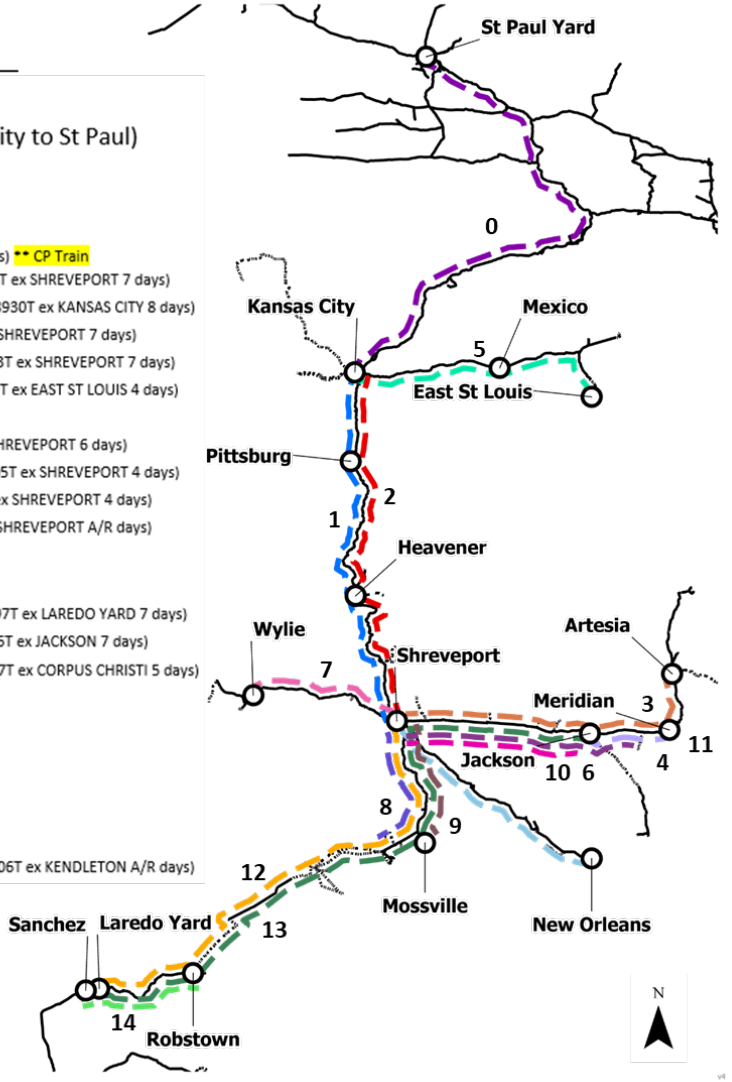
12. M-SHSZ/M-SZSH @1379 miles/day (M-SHSZ @8395' ,11020T ex SHREVEPORT 7 days: M-SZSH @7543' ,5597T ex LAREDO YARD 7 days)
13. M-SZJA/M-JASZ @1758 miles/day (M-SZJA @5345' ,4231T ex LAREDO YARD 7 days: M-JASZ @7594' ,13456T ex JACKSON 7 days)
14. M-SZCC/M-CCSZ @169 miles/day (M-SZCC @8500' ,5398T ex LAREDO YARD 3 days: M-CCSZ @6675' ,13987T ex CORPUS CHRISTI 5 days)

US AS REQUIRED (NOT DISPLAYED)

M-SZSH2/ @128 miles/day (M-SZSH2 @7123' ,5278T ex LAREDO YARD A/R* days)
M-LRHO/ @38 miles/day (M-LRHO @7512' ,4972T ex LAREDO YARD A/R days)
M-BMSZ/ @30 miles/day (M-BMSZ @6663' ,11522T ex BEAUMONT A/R* days)
M-LTNL/ @24 miles/day (M-LTNL @5353' ,10880T ex LATANIER A/R days)

INTERNATIONAL AS REQUIRED (NOT DISPLAYED)

M-SZKN/M-KNSZ @107 miles/day (M-SZKN @4508' ,2803T ex LAREDO YARD A/R* days: M-KNSZ @7247' ,12406T ex KENDLETON A/R days)



REDACTED PUBLIC RECORD VERSION

Manifest Routes - KCSM BASE

Manifest Trains KCSM (27 symbols)

8,076 train miles per day

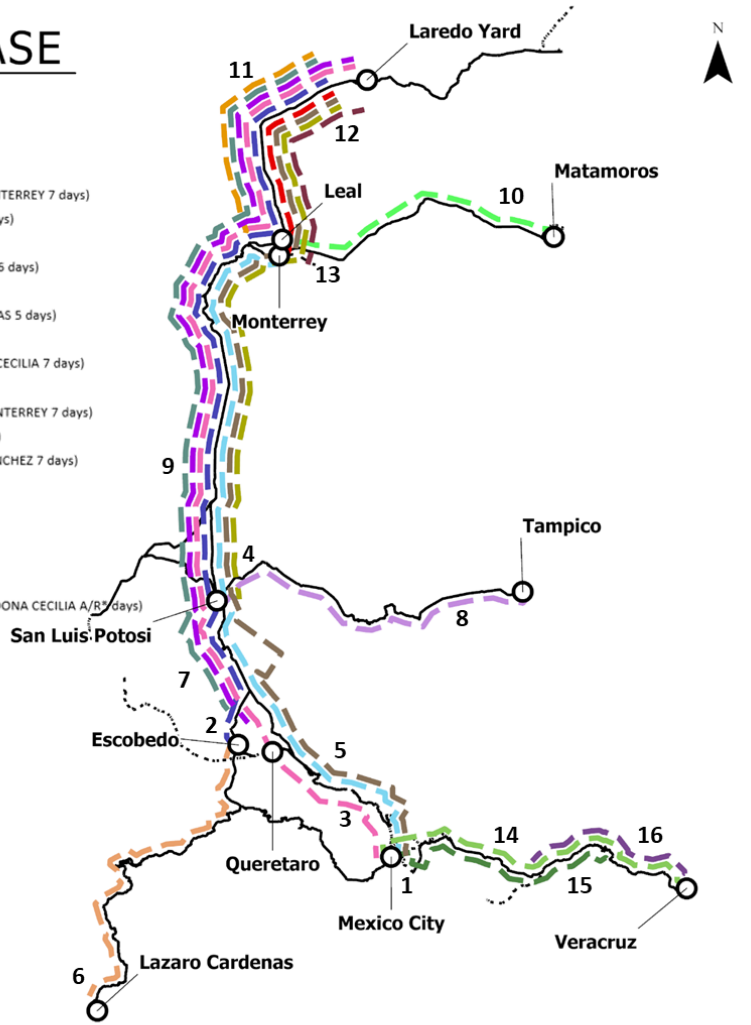
MX SCHEDULED

1. M-MXMY/M-MYMX @1153 miles/day (M-MXMY @5471' ,5215T ex MEXICO CITY 7 days: M-MYMX @5776' ,7859T ex MONTERREY 7 days)
2. M-ESSZ/M-SZES @1018 miles/day (M-ESSZ @7265' ,5219T ex ESCOBEDO 6 days: M-SZES @7036' ,10913T ex SANCHEZ 6 days)
3. M-MXUP/ @638 miles/day (M-MXUP @7732' ,5610T ex MEXICO CITY 6 days)
4. M-SLSZ/M-SZSL @795 miles/day (M-SLSZ @7314' ,5305T ex SAN LUIS POTOSI 6 days: M-SZSL @6683' ,11273T ex SANCHEZ 6 days)
5. M-SZMX/ @628 miles/day (M-SZMX @6865' ,11811T ex SANCHEZ 6 days)
6. M-ESLZ/M-LZES @515 miles/day (M-ESLZ @4906' ,4044T ex ESCOBEDO 5 days: M-LZES @6505' ,7440T ex LAZARO CARDENAS 5 days)
7. M-QRUP/ @544 miles/day (M-QRUP @6957' ,4940T ex QUERETARO 6 days)
8. M-SLTM/M-TMSL @555 miles/day (M-SLTM @4107' ,2708T ex SAN LUIS POTOSI 7 days: M-TMSL @4125' ,7046T ex DONA CECILIA 7 days)
9. M-SZQR/ @544 miles/day (M-SZQR @6740' ,12955T ex SANCHEZ 6 days)
10. M-MTMY/M-MYMT @406 miles/day (M-MTMY @5513' ,7987T ex MATAMOROS 7 days: M-MYMT @4967' ,6543T ex MONTERREY 7 days)
11. M-MYSZ/M-SZMY @316 miles/day (M-MYSZ @5082' ,4509T ex LEAL 7 days: M-SZMY @7006' ,12640T ex SANCHEZ 7 days)
12. M-MYSZ2/M-SZMY2 @419 miles/day (M-MYSZ2 @6540' ,4484T ex MONTERREY 7 days: M-SZMY2 @7163' ,12483T ex SANCHEZ 7 days)
13. M-MYUP/ @221 miles/day (M-MYUP @6917' ,5188T ex MONTERREY 7 days)
14. M-VCMX/ @82 miles/day (M-VCMX @4699' ,5787T ex VERACRUZ 2 days)
15. M-MXXA/ @61 miles/day (M-MXXA @5071' ,4733T ex MEXICO CITY 2 days)
16. M-VCOR/ @42 miles/day (M-VCOR @4291' ,4857T ex VERACRUZ 2 days)

AS REQUIRED (NOT DISPLAYED)

M-SLTM2/M-TMSL2 @127 miles/day (M-SLTM2 @3806' ,2298T ex SAN LUIS POTOSI A/R* days: M-TMSL2 @4568' ,8068T ex DONA CECILIA A/R* days)

M-LESZ/ @12 miles/day (M-LESZ @4738' ,4322T ex LEAL A/R* days)



REDACTED PUBLIC RECORD VERSION

Auto Routes BASE

Auto train Mexico only (15 symbols)

1,242 train miles per day

MX AS REQUIRED

1. **V-NLTL/** @68 miles/day (V-NLTL @6836' ,3736T ex SANCHEZ A/R days)
2. **V-NLSI/** @260 miles/day (V-NLSI @7124' ,4026T ex SANCHEZ A/R days)
3. **A-ESNL/V-NLES** @161 miles/day (A-ESNL @7611' ,5727T ex ESCOBEDO A/R days: V-NLES @7408' ,4107T ex SANCHEZ days)
4. **V-NLMX/** @150 miles/day (V-NLMX @7366' ,4045T ex SANCHEZ A/R days)
5. **A-SLUP/** @136 miles/day (A-SLUP @7890' ,6551T ex SAN LUIS POTOSI A/R days)
6. **V-NLSL/** @104 miles/day (V-NLSL @7510' ,4093T ex SANCHEZ A/R days)
7. **V-NLBZ/** @97 miles/day (V-NLBZ @7188' ,3932T ex SANCHEZ A/R days)
8. **A-MYNL/V-NLMY** @82 miles/day (A-MYNL @6735' ,6290T ex MONTERREY A/R days: V-NLMY @7519' ,3845T ex SANCHEZ days)
9. **A-TLUP/** @60 miles/day (A-TLUP @6322' ,4730T ex TOLUCA A/R days)
10. **A-MXUP/** @58 miles/day (A-MXUP @8107' ,6338T ex MEXICO CITY A/R days)
11. **V-NLIH/** @28 miles/day (V-NLIH @5260' ,2944T ex SANCHEZ A/R days)
12. **A-LZMX/** @27 miles/day (A-LZMX @4839' ,3068T ex LAZARO CARDENAS A/R days)
13. **V-MTSI/** @11 miles/day (V-MTSI @6116' ,3355T ex MATAMOROS A/R days)

Auto Trains International (1 symbol)

11 train miles per day

INTERNATIONAL AS REQUIRED

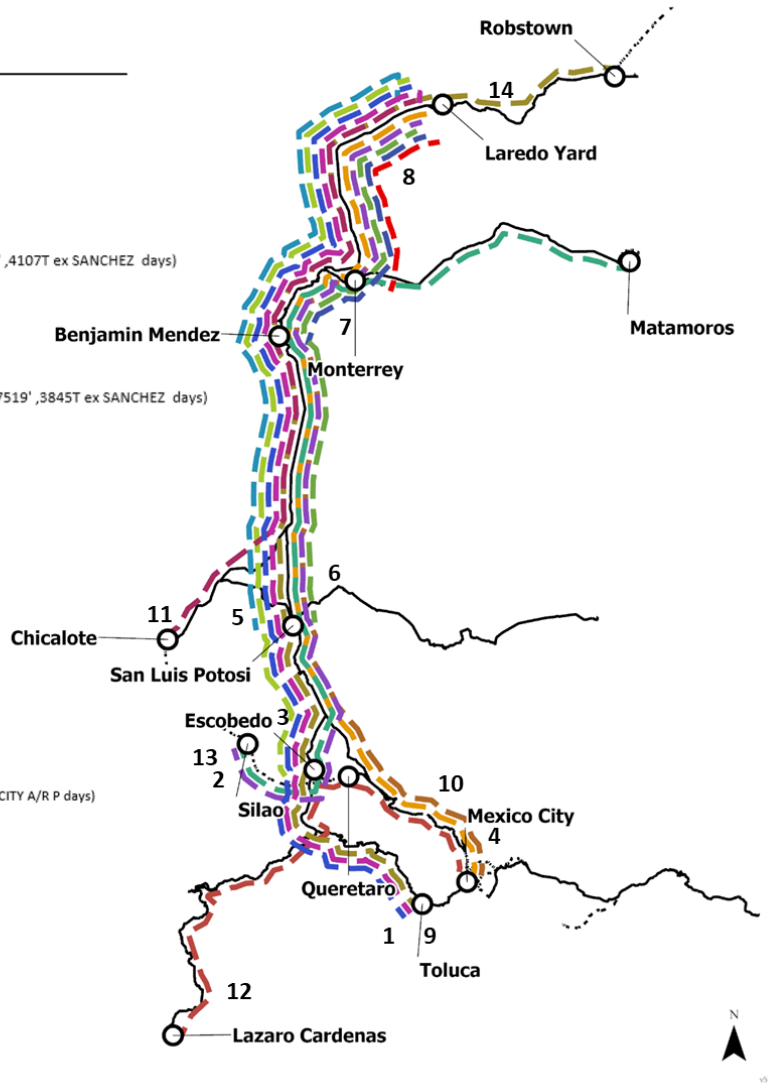
14. **A-TLBN/** @11 miles/day (A-TLBN @6351', 4939T ex TOLUCA A/R days)

Auto Trains KCS (4 symbols of which 3 no traffic)

11 train miles per day

US AS REQUIRED (NOT DISPLAYED)

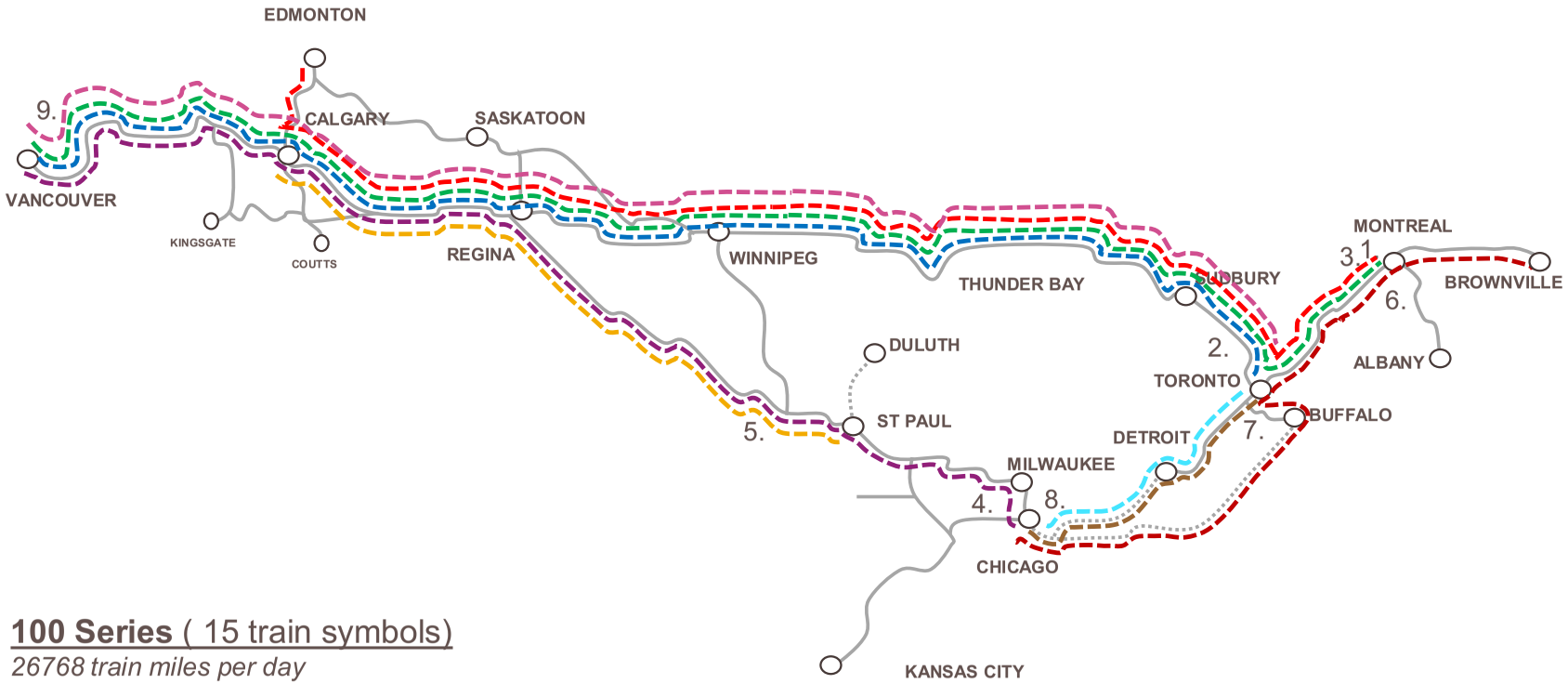
A-KCITY/V-KCITY @11 miles/day (A-KCITY @4728' ,3645T ex KANSAS CITY 3 days: V-KCITY @0' ,0T ex KANSAS CITY A/R P days)
A-SLKN/ @0 miles/day (A-SLKN @0' ,0T ex LAREDO YARD A/R P days)
V-BNLR/ @0 miles/day (V-BNLR @0' ,0T ex ROBSTOWN A/R P days)



REDACTED PUBLIC RECORD VERSION

OPERATING PLAN APPENDIX D
BASE CP TRAIN SERVICE

APPENDIX D: BASE CP TRAIN SERVICE



100 Series (15 train symbols)

26768 train miles per day

1. 112/113 @ 6040 miles/day (Vancouver IMS to St-Luc Daily)
2. 100/101 @ 5364 miles/day (Vancouver IMS to Toronto Daily)
3. 118/119 @ 5158 miles/day (Edmonton IMS to Hochelaga Daily)
4. 198/199 @ 4435 miles/day (Deltaport IMS to Bensenville IMS Daily)
5. 197 @ 496 miles/day (St Paul to Alyth 3 days a week)
6. 142/143 @ 2289 miles/day (Shiller East to Brownville Jct / Hochelaga to Shiller East Daily)
7. 140/141 @ 1083 miles/day (Bensenville to Toronto Daily)
8. 147 @ 359 miles/day (Toronto to IHB Gibson 5 days a week)
9. 120 @ 1544 miles/day (Coquitlam to Toronto 4 days a week)

REDACTED PUBLIC RECORD VERSION

APPENDIX D: BASE CP TRAIN SERVICE



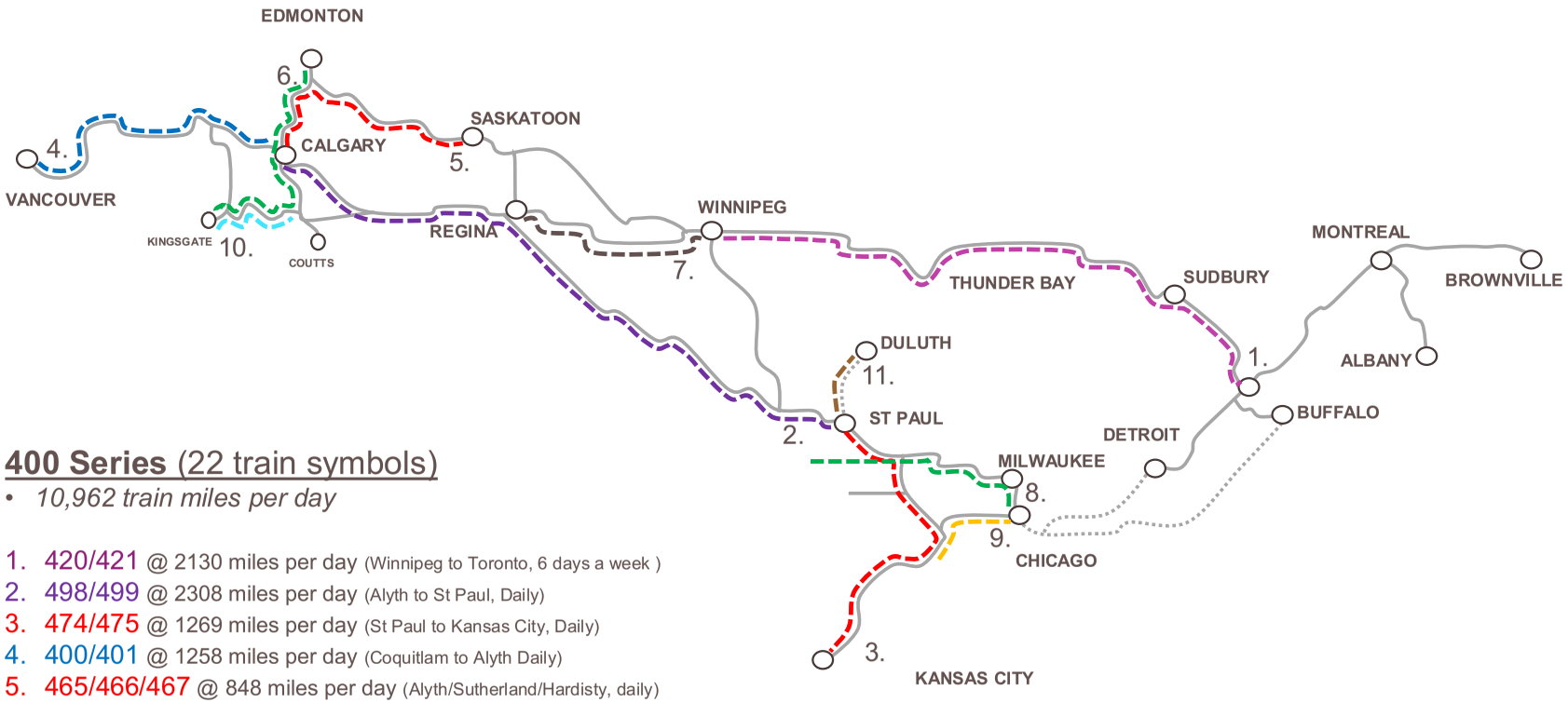
200 Series (21 train symbols)

- *9,920 train miles per day*

1. 292/293 @ 2700 miles/day (Edmonton to St Paul, Daily)
2. 298/299 @ 1877 miles/day (Sutherland to St Paul, Daily)
3. 200/201 @ 1648 miles/day (Coquitlam to Edmonton, Daily)
4. 281 @ 412 miles/day (Bensenville to St Paul, Daily)
5. 286/287 @ 802 miles per day (St Paul to Bensenville, Daily)
6. 234/235 @ 519 miles per day (Detroit to Toronto, Daily)
7. 296 @ 496 miles/day (Alyth to St Paul, 3 days a week)
8. 288 (Clearing) @ 420 miles per day (St Paul to Clearing BRC, Daily)
9. 241 (3 days) 78 miles per day (Toronto to Bensenville, 1 day a week)
10. 252/253 @ 329 miles per day (St Luc to Saratoga, Daily)
11. 246/247 (to CSXT) @ 221 miles per day (Toronto to Buffalo, 6 days a week)
12. 251 @ 287 miles per day (Brownville Jct to St. Luc, Daily)
13. 254/255 (to NS) 131 miles per day (London to Buffalo, 3 days a week)

REDACTED PUBLIC RECORD VERSION

APPENDIX D: BASE CP TRAIN SERVICE



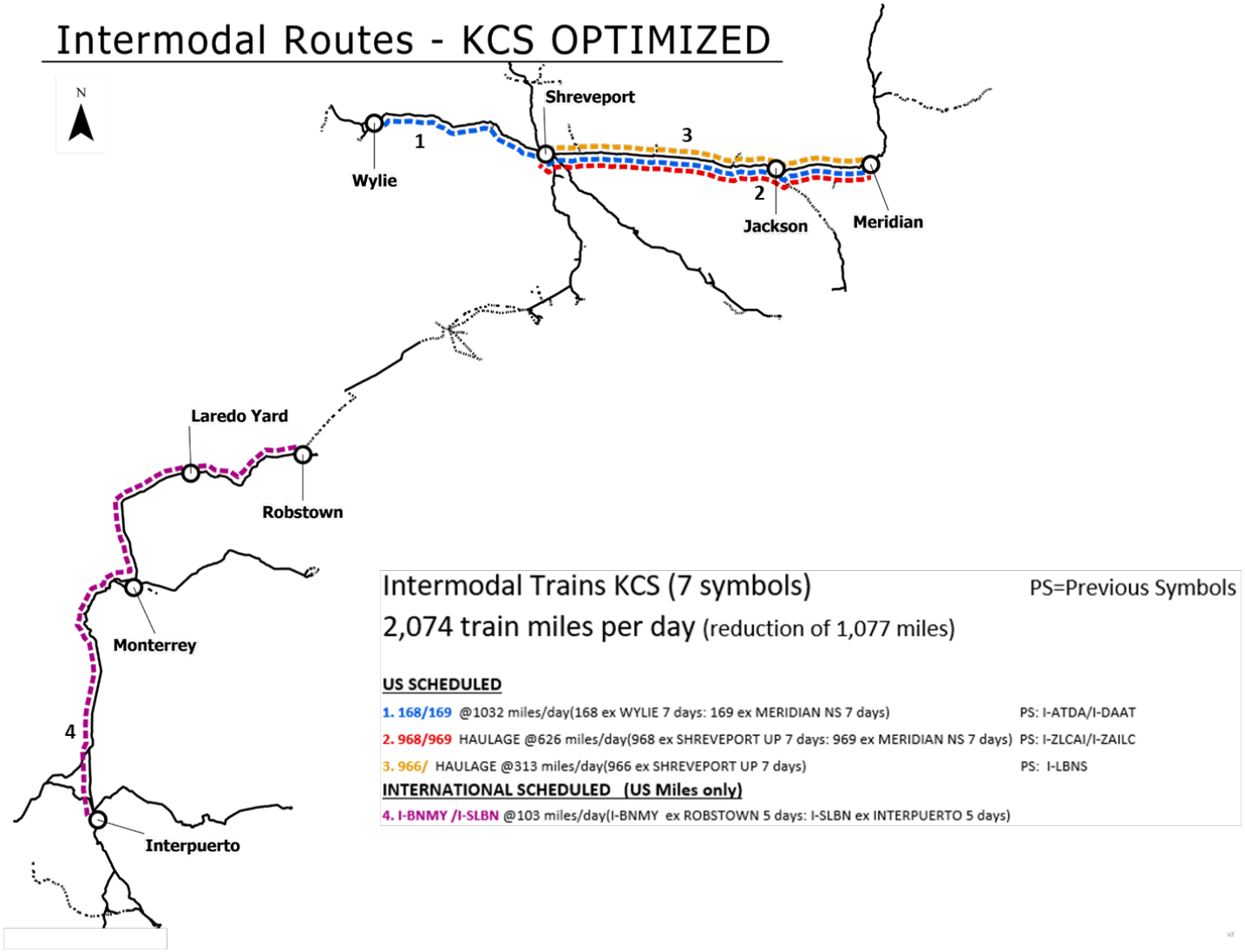
400 Series (22 train symbols)

- *10,962 train miles per day*

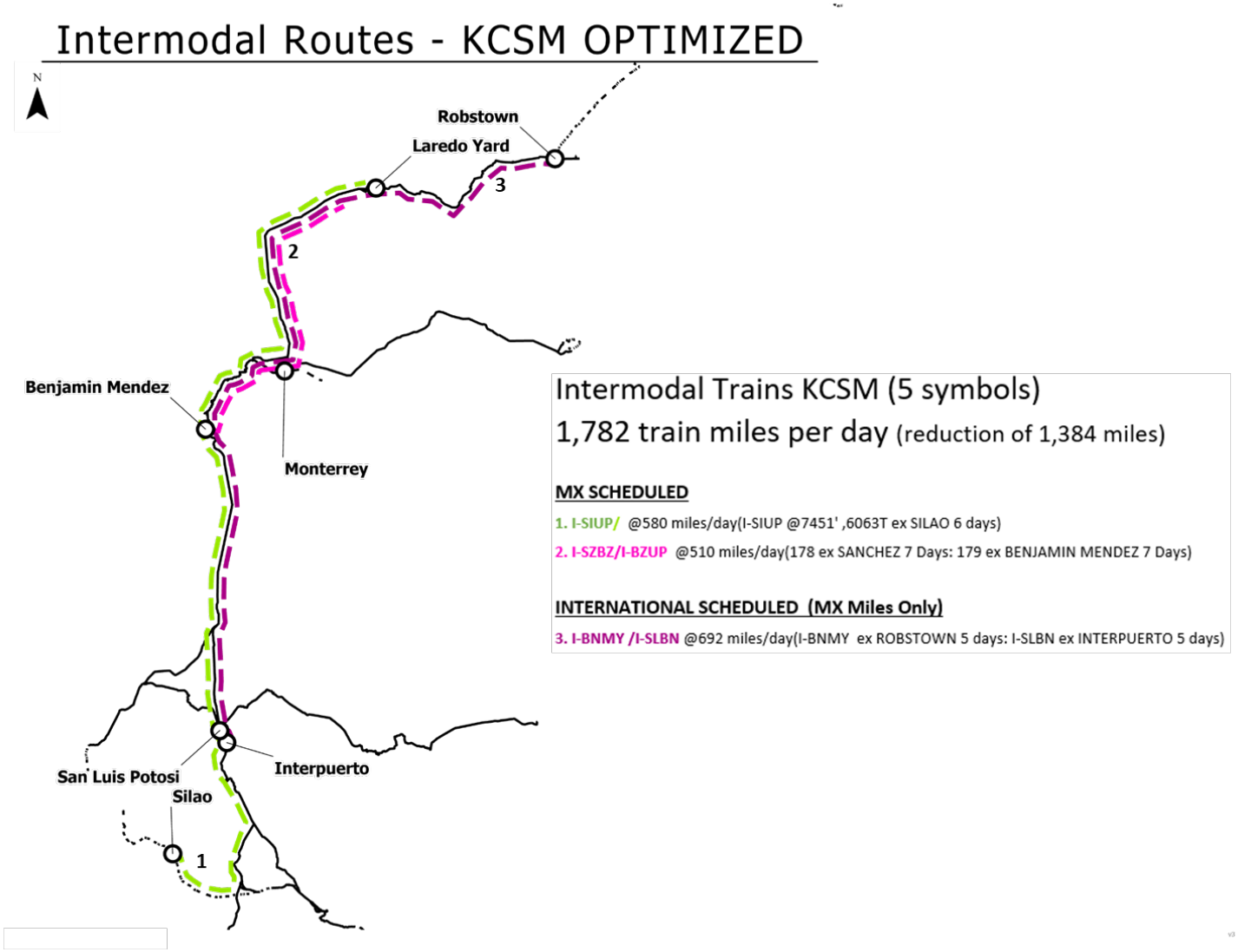
1. 420/421 @ 2130 miles per day (Winnipeg to Toronto, 6 days a week)
2. 498/499 @ 2308 miles per day (Alyth to St Paul, Daily)
3. 474/475 @ 1269 miles per day (St Paul to Kansas City, Daily)
4. 400/401 @ 1258 miles per day (Coquitlam to Alyth Daily)
5. 465/466/467 @ 848 miles per day (Alyth/Sutherland/Hardisty, daily)
6. 468/469 @ 878 miles per day (Lethbridge to Edmonton / Edmonton to UP Eastport , Daily)
7. 410/411 @ 798 miles per day (Moose Jaw to Winnipeg, Daily)
8. 470/471 @ 771 miles per day (Tracy to Bensenville, 5 days a week)
9. 472/473 @ 362 miles per day (Nahant to Bensenville, Daily)
10. 462 @ 252 miles per day (Eastport to Lethbridge, Daily)
11. 492/493 (2 days) 88 miles per day (Superior to St Paul , 2 days a week)

REDACTED PUBLIC RECORD VERSION

OPERATING PLAN APPENDIX E
OPTIMIZED PLAN TRAIN SERVICE



REDACTED PUBLIC RECORD VERSION



REDACTED PUBLIC RECORD VERSION

Manifest Routes - KCS OPTIMIZED

Manifest Trains KCS (18 symbols) PS=Previous Symbols

8,530 train miles per day (reduction of 1,582 miles)

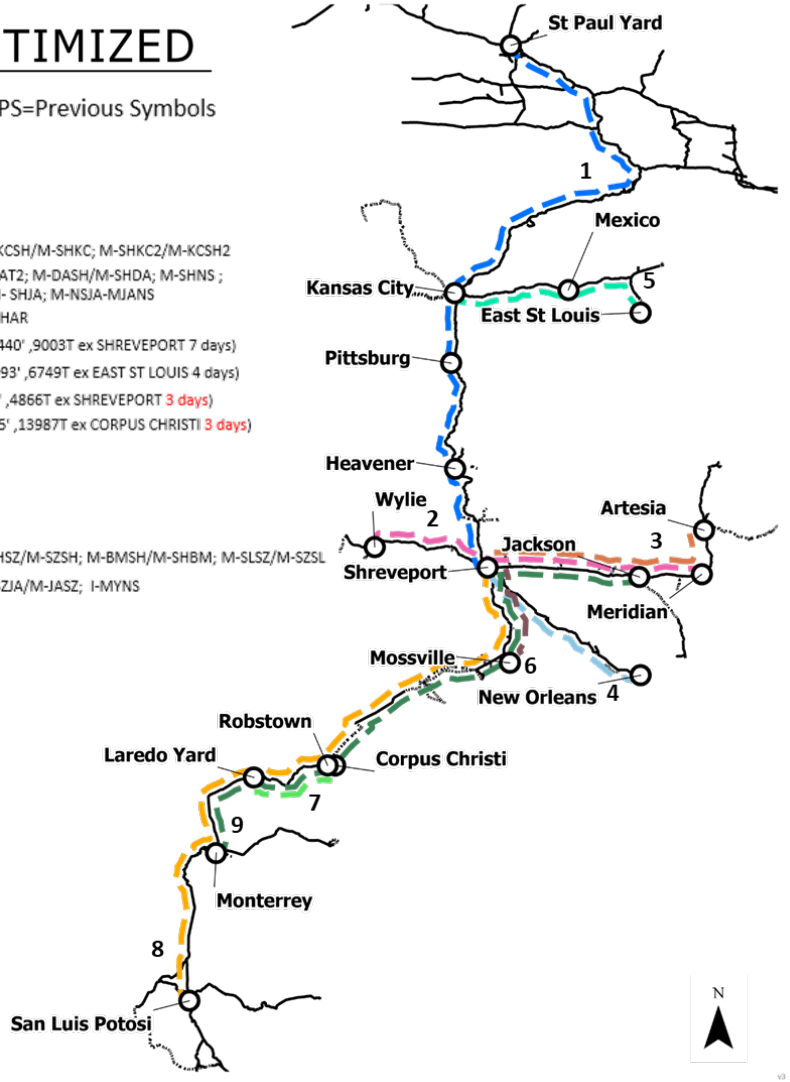
(includes 260/261 between Kansas City to St Paul)

US SCHEDULED

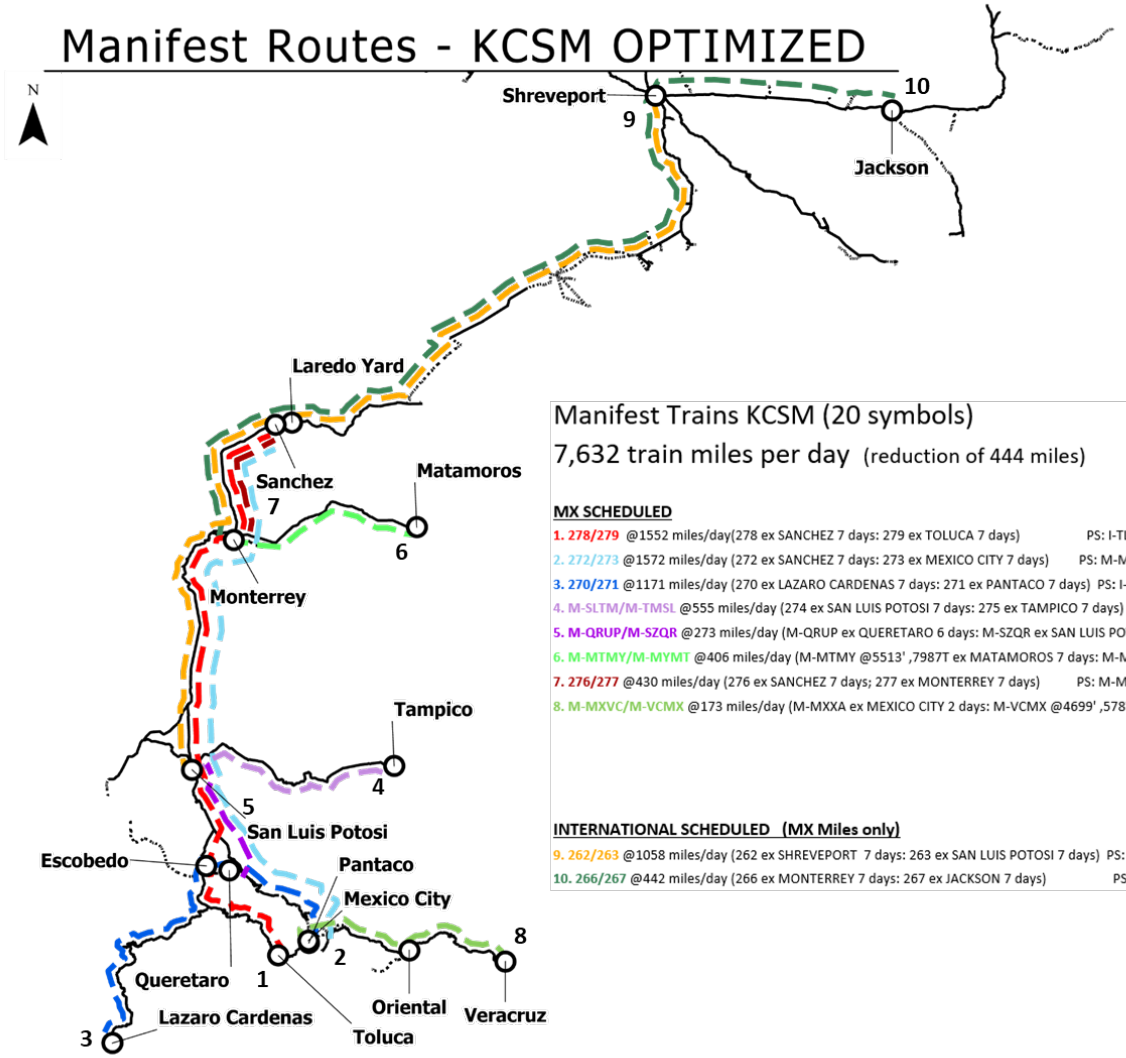
1. 260/261 @2363 miles/day (260 ex ST PAUL 7 days: 261 ex SHREVEPORT 7 days) PS: 474/475; M-KCSH/M-SHKC; M-SHKC2/M-KCSH2
2. 166/167 @1032 miles/day (166 ex WYLIE 7 days: 167 ex MERIDIAN NS 7 days) PS: I-ATDA2/I-DAAT2; M-DASH/M-SHDA; M-SHNS ; M-JASH/M- SHJA; M-NSJA-MJANS
3. 268/269 @795 miles/day (268 ex SHREVEPORT 7 days: 269 ex ARTESIA 7 days) PS: M-ARSH/M-SHAR
4. M-CXSH/M-SHCX @623 miles/day (M-CXSH @7422' ,8959T ex NEW ORLEANS 7 days: M-SHCX @7440' ,9003T ex SHREVEPORT 7 days)
5. M-KCVN/M-VNKC @387 miles/day (M-KCVN @6004' ,7513T ex KANSAS CITY 4 days: M-VNKC @7093' ,6749T ex EAST ST LOUIS 4 days)
6. M-LCSH/M-SHLC @154 miles/day (M-LCSH @6466' ,11893T ex MOSSVILLE 3 days: M-SHLC @5837' ,4866T ex SHREVEPORT 3 days)
7. M-SZCC/M-CCSZ @127 miles/day (M-SZCC @8500' ,5398T ex LAREDO YARD 3 days: M-CCSZ @6675' ,13987T ex CORPUS CHRISTI 3 days)

INTERNATIONAL SCHEDULED (US Miles only)

8. 262/263 @1314 miles/day (262 ex SHREVEPORT 7 days: 263 ex SAN LUIS POTOSI 7 days) PS: M-SHSZ/M-SZSH; M-BMSH/M-SHBM; M-SLSZ/M-SZSL
9. 266/267 @1735 miles/day (266 ex MONTERREY 7 days: 267 ex JACKSON 7 days) PS: M-SZJA/M-JASZ; I-MYNS



REDACTED PUBLIC RECORD VERSION



Manifest Trains KCSM (20 symbols) PS=Previous Symbols

7,632 train miles per day (reduction of 444 miles)

MX SCHEDULED

1. 278/279 @1552 miles/day(278 ex SANCHEZ 7 days: 279 ex TOLUCA 7 days) PS: I-TLSL/I-SLTL; I-SZTL; M-ESSZ/M-SZES; A-TLBN; A-TLUP
2. 272/273 @1572 miles/day (272 ex SANCHEZ 7 days: 273 ex MEXICO CITY 7 days) PS: M-MXMY/M-MYMX; M-MXUP; M-SZMX; M-MYSZ2/M-SZMY2
3. 270/271 @1171 miles/day (270 ex LAZARO CARDENAS 7 days: 271 ex PANTACO 7 days) PS: I-LZPN/ I-PNLZ; M-ESLZ/M-LZES; L-MXES; L-ESMX
4. M-SLTM/M-TMSL @555 miles/day (274 ex SAN LUIS POTOSI 7 days: 275 ex TAMPICO 7 days)
5. M-QRUP/M-SZQR @273 miles/day (M-QRUP ex QUERETARO 6 days: M-SZQR ex SAN LUIS POTOSI 6 days)
6. M-MTMY/M-MYMT @406 miles/day (M-MTMY @5513' ,7987T ex MATAMOROS 7 days: M-MYMT @4967' ,6543T ex MONTERREY 7 days)
7. 276/277 @430 miles/day (276 ex SANCHEZ 7 days; 277 ex MONTERREY 7 days) PS: M-MYSZ/M-SZMY; M-MYUP; M-SZMY2/M-MYSZ2
8. M-MXVC/M-VCMX @173 miles/day (M-MXXA ex MEXICO CITY 2 days: M-VCMX @4699' ,5787T ex VERACRUZ 2 days) PS: M-MXXA; L-XAVC

INTERNATIONAL SCHEDULED (MX Miles only)

9. 262/263 @1058 miles/day (262 ex SHREVEPORT 7 days: 263 ex SAN LUIS POTOSI 7 days) PS: M-SHSZ/M-SZSH; M-BMSH/M-SHBM; M-SLSZ/M-SZSL
10. 266/267 @442 miles/day (266 ex MONTERREY 7 days: 267 ex JACKSON 7 days) PS: M-SZJA/M-JASZ; I-MYNS

REDACTED PUBLIC RECORD VERSION

Auto Routes OPTIMIZED

Auto train Mexico only (14 symbols)

1,182 train miles per day (reduction of 60 miles)

MX AS REQUIRED

1. V-NLTL/ @68 miles/day (V-NLTL @6836' ,3736T ex SANCHEZ A/R days)
2. V-NLSI/ @260 miles/day (V-NLSI @7124' ,4026T ex SANCHEZ A/R days)
3. A-ESNL/V-NLES @161 miles/day (A-ESNL @7611' ,5727T ex ESCOBEDO A/R days: V-NLES @7408' ,4107T ex SANCHEZ days)
4. V-NLMX/ @150 miles/day (V-NLMX @7366' ,4045T ex SANCHEZ A/R days)
5. A-SLUP/ @136 miles/day (A-SLUP @7890' ,6551T ex SAN LUIS POTOSI A/R days)
6. V-NLSL/ @104 miles/day (V-NLSL @7510' ,4093T ex SANCHEZ A/R days)
7. V-NLBZ/ @97 miles/day (V-NLBZ @7188' ,3932T ex SANCHEZ A/R days)
8. A-MYNL/V-NLMY @82 miles/day (A-MYNL @6735' ,6290T ex MONTERREY A/R days: V-NLMY @7519' ,3845T ex SANCHEZ days)
9. A-MXUP/ @58 miles/day (A-MXUP @8107' ,6338T ex MEXICO CITY A/R days)
10. V-NLIH/ @28 miles/day (V-NLIH @5260' ,2944T ex SANCHEZ A/R days)
11. A-LZMX/ @27 miles/day (A-LZMX @4839' ,3068T ex LAZARO CARDENAS A/R days)
12. V-MTSI/ @11 miles/day (V-MTSI @6116' ,3355T ex MATAMOROS A/R days)

Auto Trains KCS (4 symbols of which 3 no traffic)

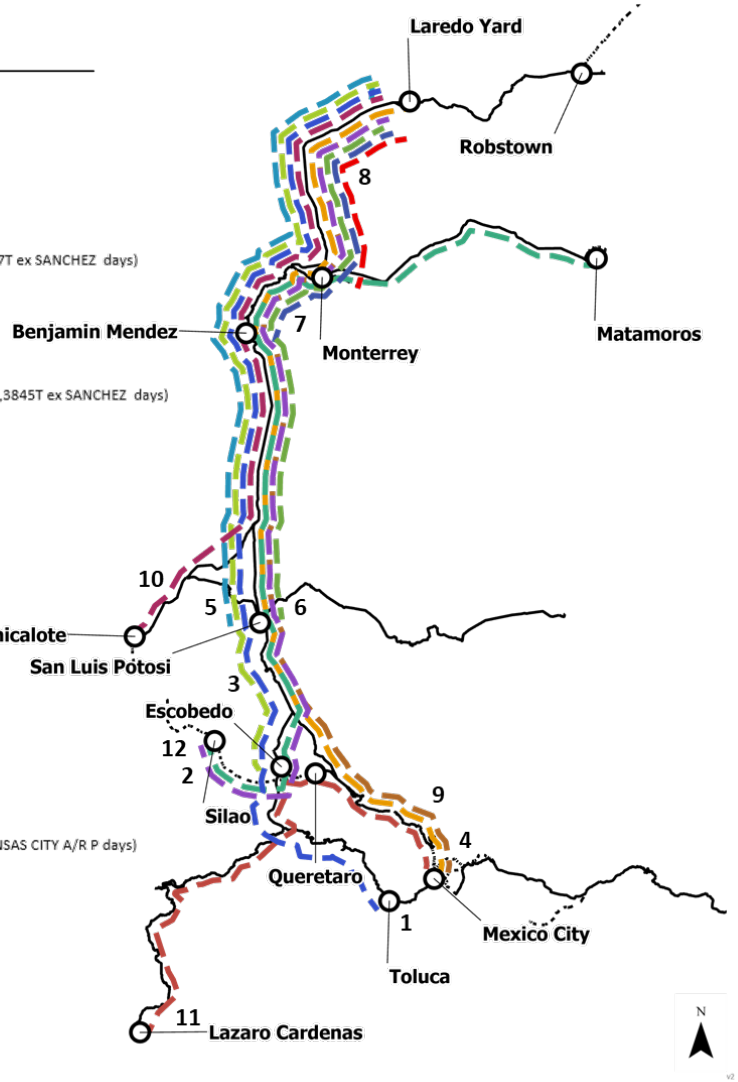
11 train miles per day

US AS REQUIRED (NOT DISPLAYED)

A-KCITY/V-KCITY @11 miles/day (A-KCITY @4728' ,3645T ex KANSAS CITY 3 days: V-KCITY @0' ,0T ex KANSAS CITY A/R P days)

A-SLKN/ @0 miles/day (A-SLKN @0' ,0T ex LAREDO YARD A/R P days)

V-BNLR/ @0 miles/day (V-BNLR @0' ,0T ex ROBSTOWN A/R P days)



REDACTED PUBLIC RECORD VERSION

OPERATING PLAN APPENDIX F
NEW BLOCKS OPTIMIZED PLAN

APPENDIX F : NEW BLOCKS OPTIMIZED PLAN

Origin Name	Origin FSAC	Block	Destination Name	Dest. FSAC	Block Category
AHORCADO	96	87322MA	SAN LUIS POTOSI	87322	MANIF
AHORCADO	96	99554MA	SHREVEPORT	99554	MANIF
CORPUS CHRISTI	2161	00418MA	MONTERREY	418	MANIF
CORPUS CHRISTI	2161	87322MA	SAN LUIS POTOSI	87322	MANIF
EAST ST LOUIS	22810	00027EX	INTL FREIGHT GATEWY	27	EXPED
EAST ST LOUIS	22810	99554MA	SHREVEPORT	99554	MANIF
ENCANTADA	87358	02001EX	LAREDO	2001	EXPED
ESCOBEDO	51	00418MA	MONTERREY	418	MANIF
ESCOBEDO	51	99554MA	SHREVEPORT	99554	MANIF
INTERPUERTO	98570	01222EX	JACKSON	1222	EXPED
INTERPUERTO	98570	02009EX	LAREDO YARD	2009	EXPED
INTERPUERTO	98570	91318EX	MERIDIAN	91318	EXPED
INTL FREIGHT GATEWY	27	22810EX	EAST ST LOUIS	22810	EXPED
JACKSON	1222	00418MA	MONTERREY	418	MANIF
JACKSON	1222	01244EX	PUERTA MEXICO	1244	EXPED
JACKSON	1222	98570EX	INTERPUERTO	98570	EXPED
JALAPA	87247	00001MA	MEXICO CITY	1	MANIF
LAREDO	2001	00426EX	SALINAS VICTORIA	426	EXPED
LAREDO	2001	01244EX	PUERTA MEXICO	1244	EXPED
LAREDO	2001	87358EX	ENCANTADA	87358	EXPED
LAREDO	2001	98570EX	INTERPUERTO	98570	EXPED
LECHERIA	68	00152M2	TULTEPEC	152	M2-MANIF
MATAMOROS	87485	01253MA	PEDRO C MORALES	1253	MANIF
MERIDIAN	91318	01244EX	PUERTA MEXICO	1244	EXPED
MERIDIAN	91318	98570EX	INTERPUERTO	98570	EXPED
MEXICO CITY	1	00418MA	MONTERREY	418	MANIF
MEXICO CITY	1	06055MA	VERACRUZ	6055	MANIF
MONTERREY	418	01222MA	JACKSON	1222	MANIF
MONTERREY	418	02161MA	CORPUS CHRISTI	2161	MANIF
MONTERREY	418	87322MA	SAN LUIS POTOSI	87322	MANIF
MONTERREY	418	99554MA	SHREVEPORT	99554	MANIF
NAHANT	4640	01561MA	SANCHEZ	1561	MANIF
NAHANT	4640	99554MA	SHREVEPORT	99554	MANIF
PEDRO C MORALES	1253	87485MA	MATAMOROS	87485	MANIF
PUERTA MEXICO	1244	01222EX	JACKSON	1222	EXPED
PUERTA MEXICO	1244	02001EX	LAREDO	2001	EXPED
PUERTA MEXICO	1244	02145EX	ROBSTOWN	2145	EXPED
PUERTA MEXICO	1244	91318EX	MERIDIAN	91318	EXPED
QUERETARO	46	00418MA	MONTERREY	418	MANIF
QUERETARO	46	87322MA	SAN LUIS POTOSI	87322	MANIF
ROJAS	403	02001MA	LAREDO	2001	MANIF
ROJAS	403	87322MA	SAN LUIS POTOSI	87322	MANIF
SANTA MARIA	1620	02001MA	LAREDO	2001	MANIF
SANTA MARIA	1620	87322MA	SAN LUIS POTOSI	87322	MANIF
SANCHEZ	1561	00847MA	JESUS MARIA	847	MANIF
SANCHEZ	1561	04640MA	NAHANT	4640	MANIF
SANCHEZ	1561	04850MA	ST PAUL	4850	MANIF
SANCHEZ	1561	99767MA	BEAUMONT	99767	MANIF
SAN LUIS POTOSI	87322	00418MA	MONTERREY	418	MANIF

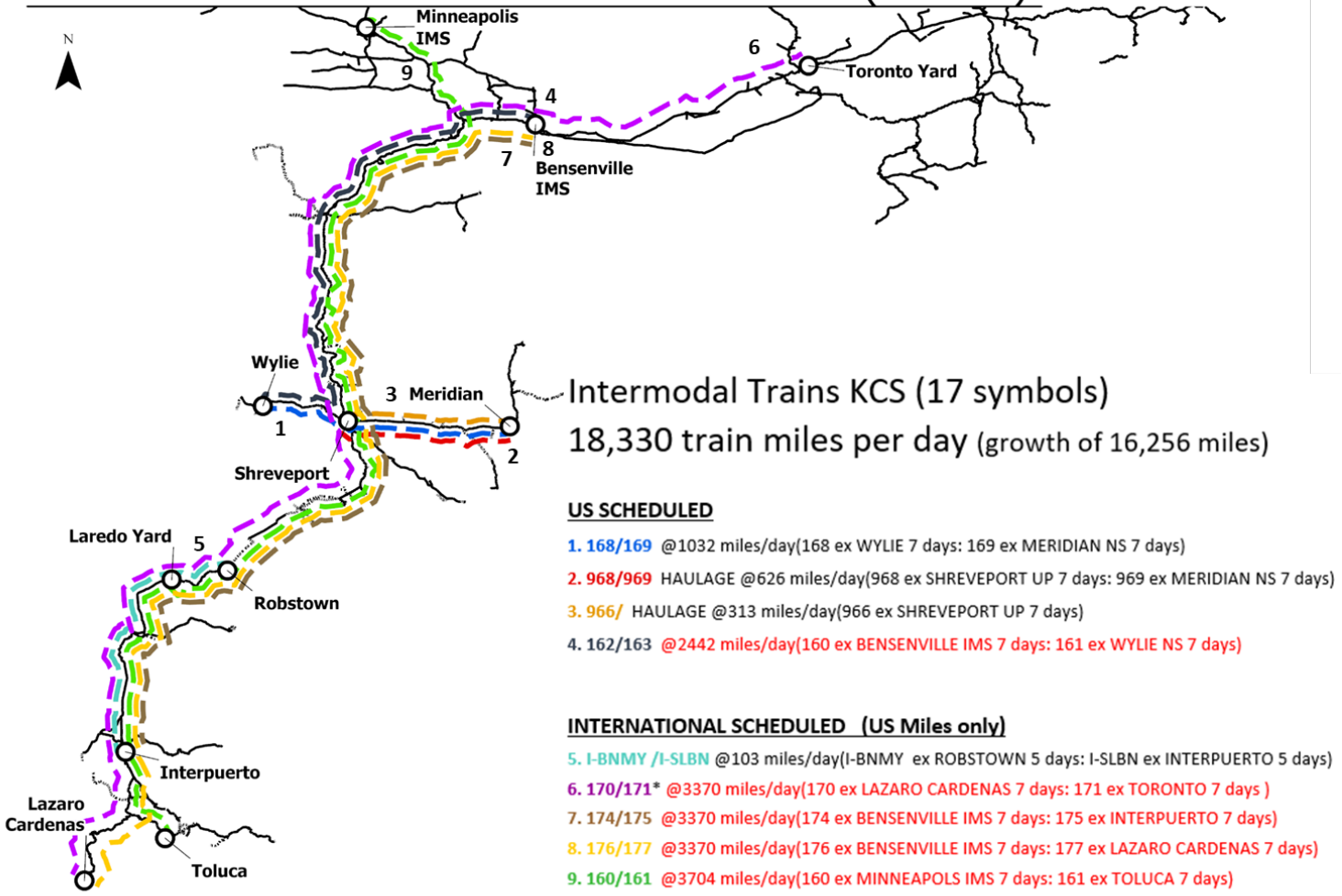
REDACTED PUBLIC RECORD VERSION

APPENDIX F : NEW BLOCKS OPTIMIZED PLAN

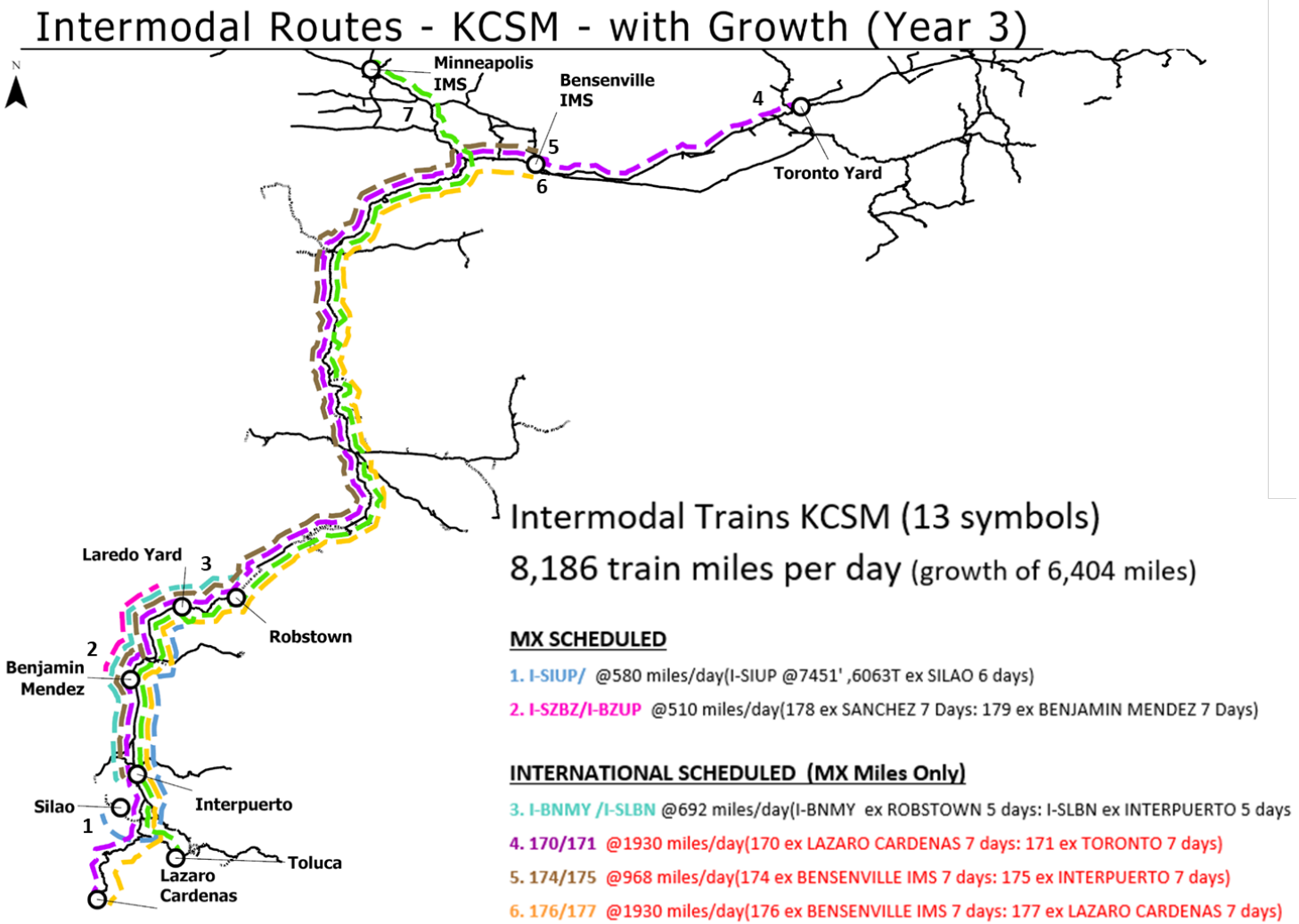
Origin Name	Origin FSAC	Block	Destination Name	Dest. FSAC	Block Category
SAN LUIS POTOSI	87322	01561MA	SANCHEZ	1561	MANIF
SAN LUIS POTOSI	87322	02161MA	CORPUS CHRISTI	2161	MANIF
SAN LUIS POTOSI	87322	99554MA	SHREVEPORT	99554	MANIF
SHREVEPORT	99554	00418MA	MONTERREY	418	MANIF
SHREVEPORT	99554	04640MA	NAHANT	4640	MANIF
SHREVEPORT	99554	04690M2	KANSAS CITY	4690	M2-MANIF
SHREVEPORT	99554	04850MA	ST PAUL	4850	MANIF
SHREVEPORT	99554	22810MA	EAST ST LOUIS	22810	MANIF
SHREVEPORT	99554	87322MA	SAN LUIS POTOSI	87322	MANIF
SHREVEPORT	99554	99787MA	PORT ARTHUR	99787	MANIF
SILAO	87527	02001MA	LAREDO	2001	MANIF
ST PAUL	4850	01561MA	SANCHEZ	1561	MANIF
ST PAUL	4850	99554MA	SHREVEPORT	99554	MANIF
TOLUCA	1717	01561MA	SANCHEZ	1561	MANIF
TOLUCA	1717	02001MA	LAREDO	2001	MANIF
TULTEPEC	152	00068M2	LECHERIA	68	M2-MANIF

REDACTED PUBLIC RECORD VERSION

OPERATING PLAN APPENDIX G
GROWTH PLAN TRAIN SERVICE



REDACTED PUBLIC RECORD VERSION



REDACTED PUBLIC RECORD VERSION

OPERATING PLAN APPENDIX H
OPTIMIZED PLAN TRAIN CHANGES

Train Details: Optimized Plan

(Only trains that have been changed in the Operating Plan are listed below)

St Paul to Shreveport

Kansas City Joint Agency: propose moving the pick-up and set out events on 260/261 to IFG as a progressive mainline move including connections to/from East St Louis on M-KCVN and M-VNKC

260 – St Paul to Shreveport Daily

- Previous symbols 474/M-KCSH/M-KCSH2 daily
- Handles new St Paul/Nahant to Shreveport blocks in addition to the existing Sanchez blocks
- St Paul/Nahant to Sanchez blocks swap to 262 at Shreveport
- Picks up at IFG
- Max length:
  - 10000 feet St Paul to Kansas City
  - 12000 feet Kansas City to Shreveport

261 – Shreveport to St Paul Daily

- Previous symbols M-SHKC daily/M-SHKC2 --M-WFS/475 daily
- Handles new blocking ex Shreveport including:
  - Kansas City BNSF
  - East St Louis block connecting to M-KCVN
  - Nahant and St Paul blocks direct
- Max length:
  - 12000 feet Shreveport to Kansas City
  - 10000 feet Kansas City to St Paul

REDACTED PUBLIC RECORD VERSION

Meridian to Shreveport/Wylie

166 – Wylie to Meridian NS Daily
- Previous symbols I-DAAT2 operating ---W-F-/M-DASH SMTWTF-/M-SHNS daily
- Now handles manifest traffic Wylie to Shreveport/Jackson/Meridian NS previously on M-DASH/M-SHJAB/M-JANS
- Max length 10000 feet

167 – Meridian NS to Wylie Daily
- Previous symbols I-ATDA2 operating SM--TFS/M-NSJA daily/M-JASH daily/M-SHDA S-TWTFS
- Now handles manifest traffic Meridian to Jackson/Shreveport/Wylie
- Max length 10000 feet

168 – Wylie to Meridian NS Daily
- Previous symbol I-DAAT operating daily
- Intermodal only
- Max length 10000 feet

169 – Meridian NS to Wylie Daily
- Previous symbol I-ATDA operating daily
- Intermodal only
- Max length 10000 feet
-

266 – Monterrey to Jackson Daily
- Previous symbols M-SZJA operating daily/I-MYNS --T-T-S
- Handles intermodal ex Mexico for Jackson/Meridian NS previously on 3 day a week I-MYNS. Traffic for Meridian NS connects to 166 at Jackson
- New blocking ex Monterrey includes:
  - Monterrey to Corpus Christi connecting to M-SZCC
  - Monterrey to Jackson
- At Salinas Victoria, pick up Jackson and NS Meridian IMS
- Max length 9840 feet ex Monterrey. 10000 feet ex Sanchez

REDACTED PUBLIC RECORD VERSION

267 – Jackson to Monterrey Daily
- Previous symbol M-JASZ operating daily
- Handles intermodal for Salinas Victoria/Interpuerto/Puerta Mexico off the Jackson ramp and connecting from 167
- Two day a week Jackson to Beaumont block abolished. Traffic to Shreveport
- No longer sets out/picks up at Beaumont
- Max length 10000 feet

268 – Shreveport to Artesia Daily
- Previous symbols M-SHAR operating daily
- Max length 10000 feet

269 – Artesia to Shreveport Daily
- Previous symbol M-ARSH operating daily
- Max length 10000 feet
-

966 – Shreveport UP to Meridian NS Haulage Daily
- Previous symbol I-LBNS operating daily
- Max length 10000 feet

968 – Shreveport UP to Meridian NS Haulage Daily
- Previous symbol I-ZLCAI operating daily
- Max length 10000 feet

969 – Meridian NS to Shreveport UP Haulage Daily
- Previous symbol I-ZAILC operating daily
- Max length 10000 feet

<u>Shreveport to Mexico City/Toluca</u>

Yards bypassed in proposal:
- Nuevo Laredo (previously multiple)
- Vanegas (previously 14 trains)

REDACTED PUBLIC RECORD VERSION

I-BNMY – Robstown BNSF to Interpuerto SMTW--S

- Extended with power and traffic to Interpuerto versus terminating at Monterrey
- Puerta Mexico traffic connects to 278 at Sanchez
- Picks up Salinas Victoria and Interpuerto intermodal at Sanchez
- Max length 9840 feet

I-SLBN – Interpuerto to Robstown --TWTFS

- Previous scheduled days of operation were -MTWTF-
- Outbound day of week operation changed to match inbound power and equipment supply from I-BNMY
- Max length 9840 feet

I-SZBZ – Sanchez to Benjamin Mendez Daily

- Max length 9840 feet

I-BZUP – Benjamin Mendez to Laredo UP Daily

- Previous scheduled days of operation were S-TWTFS
- Outbound day of week operation changed to match inbound power and equipment supply from 178
- Max length 9840 feet

262 – Shreveport to San Luis Potosi Daily

- Previous symbols M-SHSZ operating daily/M-SHBM SM-W-F-/M-SZSL SMTWTF-
- Shreveport to Corpus Christi block abolished account low volumes (under 10 cars per day)
- New blocking ex Shreveport includes:
  - Port Arthur handled daily connecting to locals at Beaumont
  - Monterrey
  - San Louis Potosi
- Picks up at Beaumont
- Saltillo to Vanegas block abolished
- Picks up new Saltillo to San Luis Potosi block
- Max length 9840 feet

REDACTED PUBLIC RECORD VERSION

263 – San Luis Potosi to Shreveport Daily

- Previous symbols M-SLSZ operating S-TWTFS/M-SZSH daily/M-BMSH operating --T-T-S
- Handles new blocking ex San Louis Potosi including:
  - Sanchez
  - Corpus Christi
  - Shreveport
- San Louis Potosi to Vanegas, Salinas Victoria, Nuevo Laredo blocks are abolished
- Picks up new Monterrey to Shreveport block
- Handles new blocking at Sanchez Yard including:
  - Beaumont. Traffic previously sent to Shreveport for processing and backhaul to Beaumont
  - St Paul. Block swap to 261 at Shreveport
- Picks up Beaumont to Shreveport block daily. Traffic previously on M-BMSH three times per week
- Max length 9840 feet

M-SHLC Shreveport to Mossville S-T-T--

- Service days were originally -MT-T-S
- Power supplies M-LCSH operating -M-W-F-

M-SZCC Laredo Yard to Corpus Christi –M-W-F-

- Handles new San Luis Potosi and Monterrey to Corpus Christi blocks
- Power supplies M-CCSZ

M-CCSZ Corpus Christi to Laredo Yard --T-T-S

- Service days were originally --TWTFS
- Handles new Corpus Christi to Monterrey and San Luis Potosi blocks

272 – Sanchez to Mexico City Daily

- Previous symbols M-SZMX operating SMTWT-S/M-SZMY2 daily/M-MYMX daily
- Handles intermodal and manifest
- Works Monterrey as part of the consolidation with M-SZMY2/M-MYMX
- Picks up new Monterrey to San Luis Potosi block bypassing Vanegas
- Max length 9840 feet

REDACTED PUBLIC RECORD VERSION

273 – Mexico City to Laredo UP Daily
- Previous symbols M-MXUP operating S-TWTFS/M-MXMY daily/M-MYSZ2 daily
- Handles intermodal and manifest
- Picks up new San Louis Potosi to Monterrey block
- Works Monterrey as part of the consolidation with M-MYXY and M-MYSZ2
- Max length 9840 feet

M-SLTM – San Luis Potosi to Tampico Daily
- Handles new Pedro C Morales to Tampico block swapping through San Luis Potosi

M-TMSL – Tampico to San Luis Potosi Daily
- Handles new Tampico to Pedro C Morales block swapping through San Luis Potosi

276 – Sanchez to Monterrey Daily
- Previous symbols M-SZMY operating daily/M-SZMY2 daily
- Handles manifest
- Max length 9840 feet

277 – Monterrey to Laredo UP Daily
- Previous symbols M-MYUP operating daily/M-MYSZ2 daily
- Handles new Monterrey to Laredo UP block bypassing Sanchez
- Max length 9840 feet

278 – Sanchez to Toluca Daily
- Previous symbols I-SZTL operating S-TW-FS/M-SZES -MTWTFS
- Handles manifest and intermodal
- Max length 9840 feet

279 – Toluca to Sanchez Daily
- Previous symbols I-TLSL operating -MTW-FS/M-ESSZ S-TWTFS/A-TLBN/A-TLUP as required
- Handles manifest and intermodal
- Max length 9840 feet

REDACTED PUBLIC RECORD VERSION

Lazaro Cardenas to Mexico City

270 – Lazaro Cardenas to Pantaco Daily
- Previous symbols I-LZPN operating -MT-T-S/L-ESMX daily/M-LZES SMT-TF-
- Handles intermodal and manifest
- Set out/pick up at Morelia
- At Escobedo, set out/pick up manifest for Mariscala, Queretaro, San Juan Del Rio
- Performs intermediate work between Escobedo and Mexico City

271 – Pantaco to Lazaro Cardenas Daily
- Previous symbols I-PNLZ operating -M-WT-S/L-MXES daily/M-ESLZ SMT-TF-
- Handles intermodal and manifest
- Performs intermediate work between Mexico City and Escobedo
- Set out/pick up at Escobedo
- Set out/pick up at Morelia

M-LZES Lazaro Cardenas to Escobedo SMT-TF-Abolished
- Traffic to 270

L-ESMX Escobedo to Mexico City Daily Abolished
- Work to 270

L-MXES Mexico City to Escobedo Daily Abolished
- Work to 271

M-ESLZ Escobedo to Lazaro Cardenas SMT-TF-Abolished
- Traffic to 271

REDACTED PUBLIC RECORD VERSION

Mexico City to Veracruz

M-MXVC – Mexico City to Veracruz ---W--S

- Previous symbols M-MXXA ---W--S/L-XAVC S---T--
- With a road crew out of Oriental, now operates through to Veracruz setting out and picking up at Jalapa versus terminating short at Jalapa
- Handles a new Mexico City to Vera Cruz block bypassing processing at Jalapa
- Power supplies M-VCMX

L-XAVC Jalapa to Veracruz S---T--Abolished

- Work at Apazapam and Santa Fe to M-MXV

REDACTED PUBLIC RECORD VERSION

OPERATING PLAN APPENDIX I
GROWTH PLAN TRAIN CHANGES

Train Details: Growth Plan

(Only new trains added to the Operating Plan and associated changes are listed)

100 – Vancouver IMS to Toronto Daily
- At Vaughan, picks up the new Wylie and Interpuerto blocks for connection to 143 at West Toronto

101 – Toronto to Vancouver IMS Daily
- Handles the new Interpuerto and Wylie to Vaughan IMS blocks connecting from 142 at Toronto Yard
- At Calgary IMS, picks up the new IFG to Vancouver IMS block connecting from 199

112 – Vancouver IMS to St-Luc Daily
- Handles new Vancouver IMS to IFG block to Calgary IMS for connection to 198

140 – Bensenville to Toronto Abolished
- Replaced by 170 originating at Lazaro Cardenas through to Toronto

141 – Toronto to Bensenville Abolished
- Replaced by 171 originating at Toronto through to Lazaro Cardenas

142 – Schiller East to Brownville Jct Daily
- Handles the new Silao, Rojas and Salinas Victoria to Detroit IMS blocks ex 170 for connection to CSX Q150 at North Baltimore. Maximum length of Detroit traffic is restricted to 2500 feet per day on CSX
- Handles new Interpuerto to Vaughan IMS block connecting from 170 in Chicago
- Handles new Wylie to Vaughan IMS and IFG to St John IMS blocks connecting from 163 in Chicago

143 – Hochelaga to Schiller East Daily
- Handles new St John IMS to IFG block to Chicago for connection to 162
- Picks up new Detroit IMS to Salinas Victoria, Rojas and Silao blocks at North Baltimore ex CSX Q509 for connection to 171 in Chicago. Traffic ex Detroit to Chicago is restricted to a maximum length of 2500 feet per day on CSX

REDACTED PUBLIC RECORD VERSION

160 – Minneapolis IMS to Toluca Daily

- The new Vancouver IMS to IFG block connects from 198 at Minneapolis
- Handles new Minneapolis IMS to Wylie block to IFG for connection to 162
- Handles new Minneapolis IMS to Laredo and Salinas Victoria blocks direct
- New Minneapolis IMS to Lazaro block connects to 171 at IFG
- Handles the new St Paul to Shreveport and Sanchez manifest blocks
- At Nahant, picks up the new Shreveport manifest block
- At IFG, sets out. Picks up the East St Louis to Shreveport block ex M-VNKC and Bensenville to Shreveport block ex 162
- At Shreveport, picks up Sanchez and new Monterrey and San Luis Potosi manifest blocks
- At Sanchez, sets out. Monterrey manifest connects to 272/276. Picks up Salinas Victoria, San Luis Potosi and Queretaro manifest blocks. Picks up connecting Meridian NS, Jackson, Robstown BNSF to Puerta Mexico IMS
- At Salinas Victoria, sets out. Picks up Escobedo and Puerta Mexico
- At San Luis Potosi, sets out. Queretaro manifest connects to M-SLQR
- At Escobedo, sets out. Picks up Puerta Mexico IMS and Toluca manifest

161 – Toluca to Minneapolis IMS Daily

- Handles Toluca to Puerta Mexico, UP Laredo, Sanchez manifest
- At Puerta Mexico, sets out. Picks up new Bensenville IMS, Interpuerto, Laredo UP, Robstown BNSF, Jackson and Meridian NS IMS
- At Escobedo, sets out. Bensenville IMS connects to 170. Picks up Shreveport and East St Louis manifest
- At Interpuerto, sets out
- At San Luis Potosi, picks up Sanchez and Shreveport manifest
- At Sanchez, sets out UP Laredo, Robstown BNSF, Jackson and Meridian NS IMS connecting to 266. Picks up Shreveport and St Paul manifest
- At Kendleton, set out
- At Shreveport, picks up new East St Louis manifest block connecting to M-KCVN at Kansas City, Nahant and St Paul manifest
- At IFG, picks up the new Lazaro Cardenas and Wylie to Minneapolis IMS blocks ex 170/163 and the IFG to Vancouver IMS block
- At Nahant, sets out. Picks up St Paul manifest
- At Minneapolis, IFG to Vancouver IMS connects to 199

REDACTED PUBLIC RECORD VERSION

162 – Bensenville IMS to Wylie Daily

- Handles Bensenville IMS to Wylie block direct
- Handles new St John to IFG IMS block connecting from 143 in Chicago
- New Bensenville to Shreveport manifest block connects to 160 at IFG
- At IFG, sets out. Picks up Minneapolis to Wylie IMS block connecting from 160

163 – Wylie to Bensenville IMS Daily

- Handles Wylie to Bensenville and Vaughan IMS. Vaughan IMS connects to 142 in Chicago
- Handles Wylie to Minneapolis IMS to IFG for connection to 161
- At IFG, sets out. Picks up new IFG to St John IMS for connection to 142 in Chicago

166 – Wylie to Meridian Daily

- Wylie to Interpuerto and Lazaro Cardenas IMS connects to 171 at Shreveport
- Wylie to New Orleans manifest connects to M-SHCX at Shreveport

170 – Lazaro Cardenas to Toronto Daily

- 7200 foot maximum Lazaro Cardenas to Escobedo account east end Caltzontzin District siding restrictions
- Handles new Lazaro Cardenas to Wylie, IFG and Minneapolis IMS blocks. Wylie traffic to 167 at Shreveport. Minneapolis IMS traffic to 161 at IFG
- At Escobedo, picks up new Puerto Mexico to Bensenville IMS, Silao to Sanchez and Detroit IMS blocks
- At Interpuerto, picks up new IFG and Vaughan IMS blocks
- At Rojas, picks up the new Bensenville and Detroit IMS blocks
- At Salinas Victoria, picks up new Detroit IMS block
- At IFG, sets out. Picks up new St John IMS block
- At Bensenville, Detroit IMS and St John IMS are transferred to Schiller Park for connection to 142
- 170 replaces 140 from Bensenville through to Toronto

REDACTED PUBLIC RECORD VERSION

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171 – Toronto to Lazaro Cardenas Daily

- Replaces 141 from Toronto through to Bensenville
- At Bensenville, picks up Puerta Mexico IMS, Detroit to Salinas Victoria, Rojas and Silao IMS blocks connecting off 143/G34
- At IFG, picks up new Salinas Victoria and Lazaro Cardenas IMS blocks
- At Shreveport, picks up the new Wylie to Lazaro Cardenas IMS block
- At Salinas Victoria, set out
- At Escobedo, set out. Puerta Mexico traffic to 172. Silao traffic to L-ESSI
- 7200 foot maximum Escobedo to Lazaro Cardenas account east end Caltzontzin District siding restrictions

174 – Bensenville IMS to Interpuerto Daily

- Handles new Bensenville to Sanchez, Monterrey and San Luis Potosi manifest blocks along with new Bensenville IMS to Laredo, Interpuerto and Pantaco blocks
- At IFG, picks up the new Interpuerto IMS block
- At Shreveport, picks up the new Wylie to Interpuerto IMS block
- At Laredo, sets out
- At Sanchez, sets out. Monterrey manifest to 276. Pantaco IMS to 272. Picks up Meridian NS, Jackson and Sanchez to Interpuerto block

175 – Interpuerto to Bensenville IMS Daily

- Handles the new Interpuerto to Bensenville IMS block along with Laredo, Jackson and Meridian NS IMS
- At Sanchez, sets out. Jackson and Meridian NS traffic connect to 266. Picks up Pantaco to Bensenville IMS connecting from 273 and new Schiller Auto and Bensenville manifest blocks

176 – Bensenville IMS to Lazaro Cardenas Daily

- Handles new Bensenville IMS to Encantada and Lazaro Cardenas IMS blocks
- At Encantada, sets out
- Operates over siding length Acambaro to Lazaro Cardenas

177 – Lazaro Cardenas to Bensenville IMS Daily

- Operates over siding length Lazaro Cardenas to Acambaro
- Handles new Lazaro Cardenas to Bensenville IMS block
- At Encantada, pick up the new Bensenville IMS block
- At Salinas Victoria, pick up the new Bensenville IMS block

REDACTED PUBLIC RECORD VERSION

198 – Deltaport to Bensenville IMS Daily

- Picks up new Vancouver IMS to IFG block at Calgary IMS connecting to 160 at Minneapolis IMS

199 – Bensenville IMS to Deltaport Daily

- Picks up new IFG to Vancouver IMS block at Minneapolis IMS connecting to 101 at Calgary IMS

251 – Brownville Jct to St-Luc Daily

- Handles new St John IMS to IFG block connecting to 143 at St-Luc

272 – Sanchez to Mexico City Daily

- Handles new Bensenville IMS to Pantaco block connecting from 174 at Sanchez

273 – Mexico City to Laredo UP Daily

- Handles new Pantaco to Bensenville IMS block connecting to 175 at Sanchez

REDACTED PUBLIC RECORD VERSION

OPERATING PLAN APPENDIX J
MAJOR INTERCHANGE LOCATIONS – CP

APPENDIX J: MAJOR INTERCHANGE LOCATIONS – CP

Locations with greater than 2000 cars interchanged annually

Location	Total Carloads
Eastport	273067
Sapperton Cn	225468
Chicago Clearing	186544
Bensenville	157298
Coquitlam	129407
Kansas City	109201
St Paul	101152
Vancouver Thorn Yar	98742
Chgo Rockwell St	87891
Scotford	80571
Clinton	79737
St Luc	75709
Sweet Grass	61387
Ottumwa	51351
New Westminster	47401
Detroit	46723
Tracy	45855
Sudbury	45401
Gibson	42530
Kamloops	39001
Chgo Barr Yard	34805
Shawinigan	34655
Beachville	30710
Red Deer	28468
Oakwood	26739
Proviso	26554
Buffalo	26546
Regina	25367
Sault Ste Marie	25065
Brownville Jct	22668
Albany	22602

Location	Total Carloads
Superior	21964
Clover Bar	20896
Schenectady	20739
West Toronto	20583
Noyes	20227
Rouses Point	19502
Emerson	18182
Davenport	17754
Saratoga Springs	16894
Northtown	15996
Whitehall	15797
Paddington	14502
Florence	14102
Mayne	13762
Norpaul Yard	13272
Valley Park	13027
Windsor	12853
Northfield	12598
Assiniboia	12344
Allenby	12343
Quebec	12279
N Maine Jct	11983
Buffalo Bison	11748
Mason City	11634
North Transcona	11412
St Jean	11389
Minnesota Transfer	11050
Woodstock	10735
Minot	9898
Milwaukee	9869
Duluth	9173
St Thomas	8904

Location	Total Carloads
Mechanicville	8233
Nora Springs	6478
La Crosse	6111
Huntingdon	5971
Kitchener	5876
Cardigan Jct	5670
Guelph Jct	5641
Feeder	5451
Oakes	5342
Saskatoon	5228
Moose Jaw	4916
Bismarck	4613
Joliette	4579
Stettler	4461
London Quebec St	4421
Sherbrooke	4298
Winona	4268
Calgary	4124
Roberts Bank	4099
Thunder Bay	3931
Bettendorf	3885
Rosemount	3801
Winnipeg	3682
Nesbitt	3607
Hamilton	3595
Enderlin	3366
Madison	2765
Dubuque	2746
Lloydminster	2408
Vancouver	2379
Calumet	2329
Southern Yard	2126

Location	Total Carloads
Millinocket	2102
Janesville	2059
Judson Flats	2054
Brockville	2016

REDACTED PUBLIC RECORD VERSION

OPERATING PLAN APPENDIX K
MAJOR INTERCHANGE LOCATIONS – KCSR/KCSM

APPENDIX K: MAJOR INTERCHANGE LOCATIONS – KCSR/KCSM

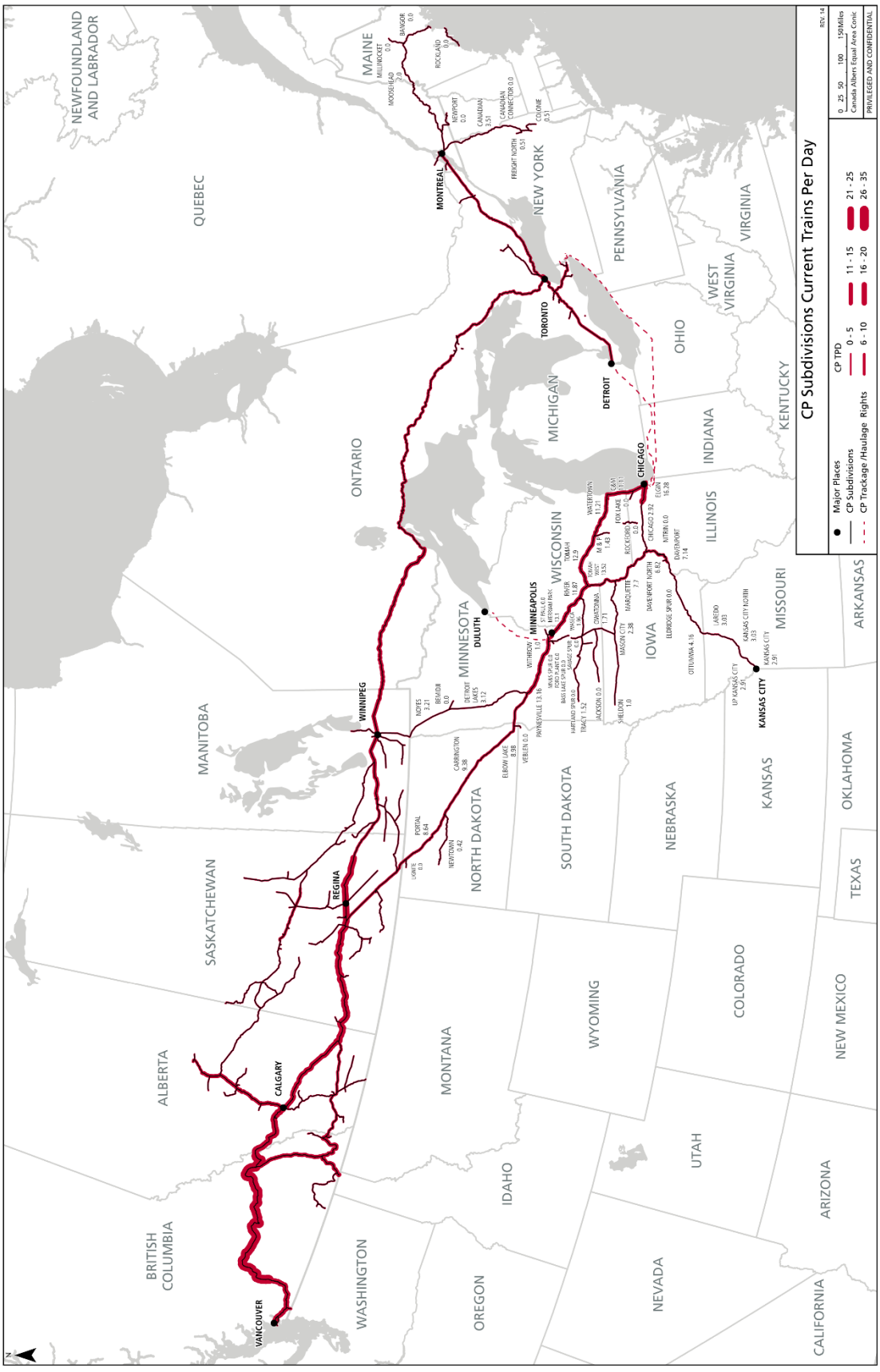
Locations with greater than 2000 cars interchanged annually

Location	Total Carloads
Kansas City	254,769
Laredo	170,186
Shreveport	73,064
New Orleans	58,042
Jackson	51,300
Brownsville	48,059
Meridian	40,908
Beaumont	30,698
Lecheria	20,450
Brookwood	19,098
Corpus Christi	17,582
Baton Rouge	16,243
Dallas	15,760
Celaya	15,537
Lake Charles	11,208
De Queen	8,041
Monterrey	6,480
Ashdown (Shreveport)	4,799
Topeka	4,302
Corinth	3,341
West Lake	2,895
East St. Louis	2,703
Muscatine	2,507
Tupleo	2,006

REDACTED PUBLIC RECORD VERSION

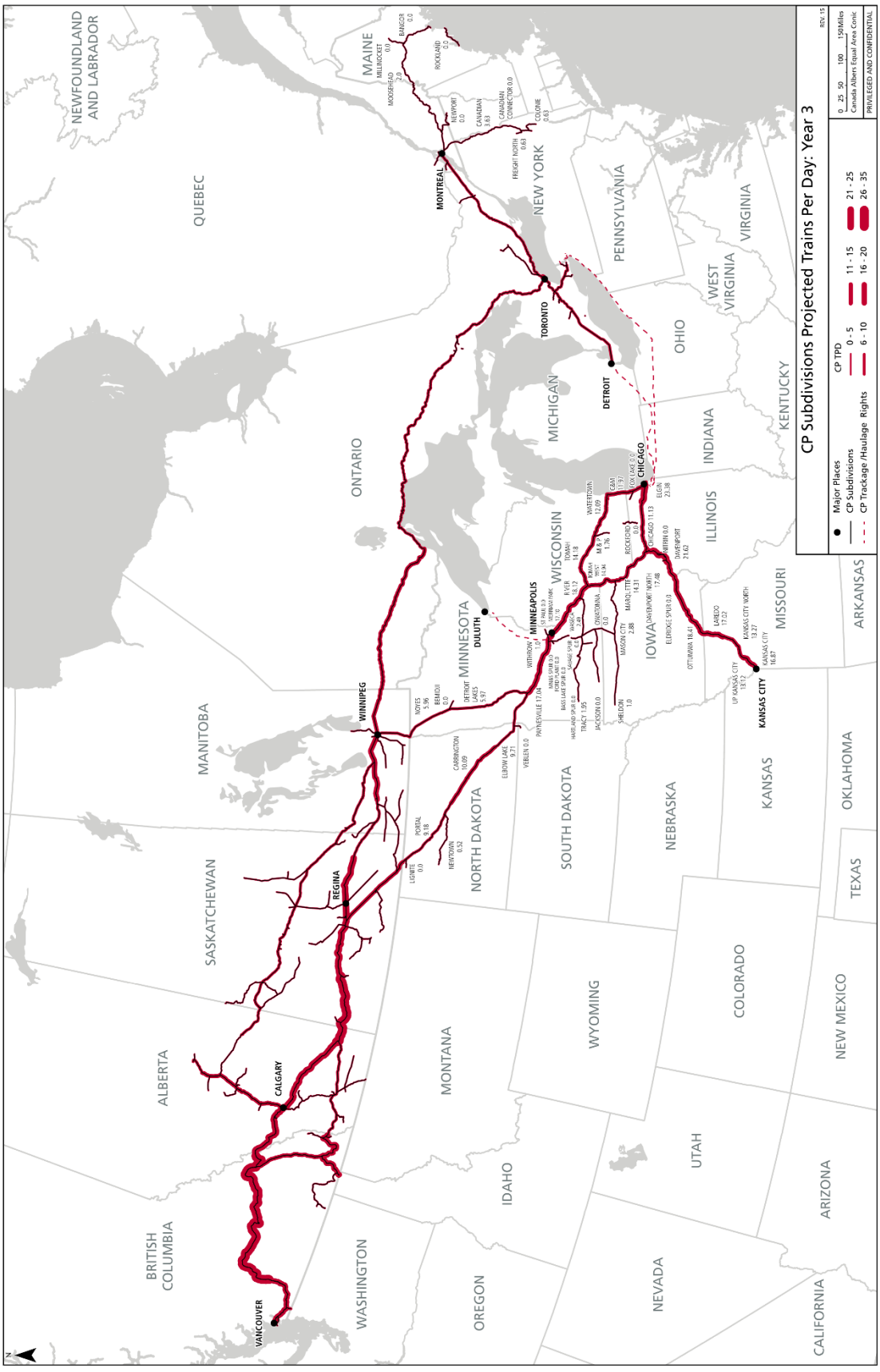
OPERATING PLAN APPENDIX L
TRAINS PER DAY CP – BASE PLAN

APPENDIX L: TRAINS PER DAY CP – BASE PLAN



OPERATING PLAN APPENDIX M
TRAINS PER DAY CP – GROWTH PLAN

APPENDIX M: TRAINS PER DAY CP – GROWTH PLAN



OPERATING PLAN APPENDIX N
TRAINS PER DAY KCSR – BASE PLAN

APPENDIX N: TRAINS PER DAY KCSR – BASE PLAN



REDACTED PUBLIC RECORD VERSION

OPERATING PLAN APPENDIX O
TRAINS PER DAY KCSR – GROWTH PLAN

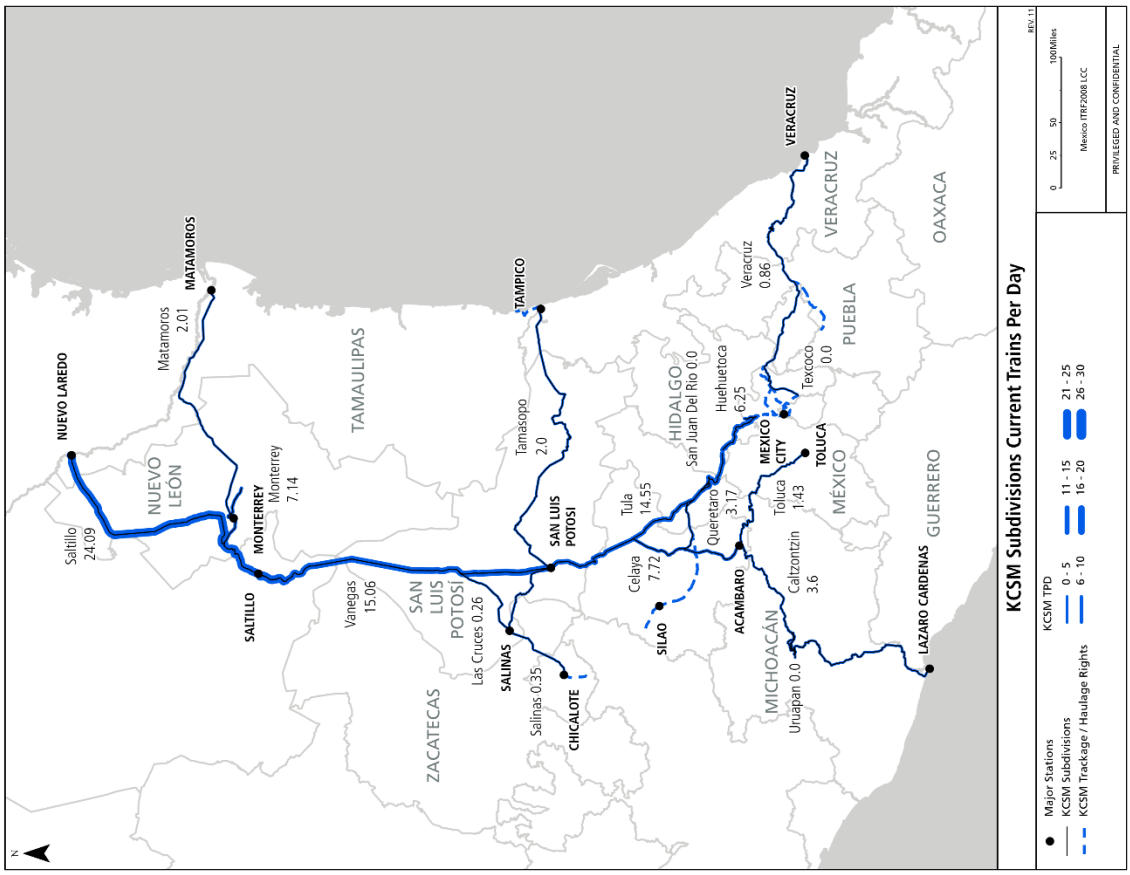
APPENDIX O: TRAINS PER DAY KCSR – GROWTH PLAN



REDACTED PUBLIC RECORD VERSION

OPERATING PLAN APPENDIX P
TRAINS PER DAY KCSM – BASE PLAN

APPENDIX P: TRAINS PER DAY KCSM – BASE PLAN



OPERATING PLAN APPENDIX Q
TRAINS PER DAY KCSM – GROWTH PLAN



REDACTED PUBLIC RECORD VERSION

OPERATING PLAN APPENDIX R
LINE CAPACITY IMPROVEMENT PROJECTS

APPENDIX R: LINE CAPACITY IMPROVEMENT PROJECTS

Road	Subdivision	Location	Type	Segment	Estimate Total	Capital (2023)	Capital (2024)	Capital (2025)
CP	Chicago	MP 75	New Siding	Randall Rd - Kittredge	$8.47M	$0.80M	$7.67M	
CP	Marquette	60 Miles	BRD	River Jct to Marquette	$0.00M			
CP	Marquette	99 Miles	CTC	CTC Subdivision	$15.06M	$9.00M	$6.06M	
CP	Marquette	MP155 (Brownsville)	New Siding	to	$13.31M		$0.31M	$13.00M
CP	Marquette	MP24	New Siding	Dubuque - Green Island	$12.42M	$3.85M	$8.58M	
CP	Marquette	MP71	New Siding	Eckards - Edmore	$15.40M	$4.83M	$10.57M	
CP	Davenport	39 Miles	CTC	CTC Subdivision	$0.00M			
CP	Davenport	Deer Creek	Siding Extension	Green Island - Camanche	$12.66M	$12.66M		
CP	Davenport	Camanche	Siding Extension	Camanche - Nahant	$1.95M	$0.18M	$1.77M	
CP	Ottumwa	62 Miles	CTC	CTC Subdivision	$13.39M	$7.39M	$6.00M	
CP	Ottumwa	Letts	Siding Extension	Letts - Nahant	$1.31M	$1.31M		
CP	Ottumwa	MP 255	New Siding	Letts - Ottumwa	$9.50M	$9.50M		
CP	Ottumwa	Linby	Siding Extension	Letts - Ottumwa	$0.00M			
CP	Laredo	102 Miles	CTC	CTC Subdivision	$24.18M	$0.00M	$6.18M	$18.00M
CP	Laredo	Ottumwa	Siding Extension	Ottumwa to 12k ft.	$2.11M		$0.11M	$2.00M
CP	Laredo	Moravia	New Siding	Ottumwa - Newtown	$9.84M	$9.84M		
CP	Laredo	Seymour	New Siding	Ottumwa - Newtown	$0.00M			
CP	Laredo	Newtown	Siding Extension	Laredo - Ottumwa	$3.06M	$3.06M		
CP	Kansas City	Laredo	Siding Extension	Polo - Newtown	$3.70M	$3.70M		
CP	Kansas City	MP 431	New Siding	Laredo - Polo	$11.21M	$11.21M		
CP Total					$157.56M	$77.32M	$47.25M	$33.00M
KCS	Pittsburg	Blue Valley (MP 8.1)	Siding Extension	Blue Valley	$30.13M	$10.00M	$10.00M	$10.13M
KCS	Pittsburg	Grandview/IFG	Double Track	Grandview - IFG	$12.81M		$5.00M	$7.81M
KCS	Heavener	Asbury (MP 140.4)	Siding Extension	Pittsburg-McElhany	$6.14M		$6.14M	
KCS	Heavener	MP 186.6	New Siding	McElhany - Noel	$12.08M		$1.07M	$11.01M
KCS	Heavener	Dorsey (MP 214.2)	Siding Extension	McElhany - Watts	$2.77M		$2.77M	
KCS	Heavener	MP 247	New Siding	Watts - Stilwell	$11.28M	$1.00M	$10.28M	
KCS	Heavener	Cave Springs	Siding Extension	Watts - Howe	$4.14M		$4.14M	
KCS	Heavener	Spiro (MP 311.7)	Siding Extension	Watts - Howe	$4.44M	$4.44M		
KCS	Shreveport	Heavener	Siding Extension	Heavener - Page	$10.36M	$1.00M	$9.35M	
KCS	Shreveport	MP377	New Siding	Rich Mountain - Potter	$11.28M	$1.00M	$10.28M	
KCS	Beaumont	Mansfield (591.3)	Siding Extension	Frierson - Converse	$4.97M	$4.97M		
KCS	Beaumont	Loring (MP 625.9)	Siding Extension	Converse - Fisher	$3.82M	$3.82M		
KCS	Beaumont	Singer (MP 705.1)	Siding Extension	Neame - Helme	$4.63M		$4.63M	
KCS Total					$118.82M	$26.23M	$63.64M	$28.95M
Grand Total					$276.39M	$103.55M	$110.89M	$61.95M

REDACTED PUBLIC RECORD VERSION

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

EXHIBIT 14

DENSITY CHARTS
[SECTION 1180.8(a)(5)]

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2020
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	ADIRONDACK	DAWSON,PQ - ST JEAN,PQ	4.4-20	1,819	1,368	3,187
CPR	ADIRONDACK	ST JEAN,PQ - DELSON,PQ	20- 34.6	1,790	1,215	3,006
CPR	ADIRONDACK NORTH	DELSON,PQ - SOUTH JCT,PQ	34.6-46.9	7,862	10,392	18,255
CPR	ADIRONDACK NORTH	OUTREMONT,PQ - ST LUC,PQ	46.9-49.1	8,630	7,843	16,473
CPR	ALDERSYDE	LETHBRIDGE,AB - ELTHAM,AB	2.9-70.4	5,753	8,739	14,492
CPR	ALDERSYDE	ELTHAM,AB - ALDERSYDE,AB	70.4-86.6	6,032	8,579	14,611
CPR	ALDERSYDE	ALDERSYDE,AB - 12TH STREET EAST,AB	86.6-119	6,218	8,685	14,903
CPR	ALDERSYDE - HIGH RIVER SPUR	ALDERSYDE,AB - HIGH RIVER,AB	0-6.4	20	50	70
CPR	BANGOR	SEARSPORT,ME - BROWNVILLE JCT,ME	0.7-75.1	471	236	707
CPR	BELLE PLAINE	BELLE PLAINE,SK - LEGACY,SK	0-18.9	656	2,479	3,134
CPR	BELLEVILLE	SMITHS FALLS,ON - OSHAWA,ON	0-175.4	10,340	13,392	23,731
CPR	BELLEVILLE	OSHAWA,ON - TORONTO YARD,ON	175.4-197	10,640	13,801	24,441
CPR	BELLEVILLE	TORONTO YARD,ON - AGINCOURT TFR,ON	197.0-197.1	75	38,010	38,085
CPR	BELLEVILLE	AGINCOURT,ON - LEASIDE,ON	197.1-206.3	17,490	19,648	37,138
CPR	BEMIDJI	GULLY,MN - PLUMMER,MN	411.5-433.8	90	26	115
CPR	BNSF TWIN CITIES	NORTHTOWN,MN - HOFFMAN ST PAUL,MN	429.1-445.5	6,699	12,330	19,029
CPR	BNSF TWIN CITIES	NORTHTOWN,MN - BOYLSTON,WI	445.5-577.7	173	658	832
CPR	BOUNDARY - ROBSON SPUR	CASTLEGAR,BC - WESTLEY,BC	0-5	78	26	104
CPR	BRECHTER	PRENTISS,AB - JUNE,AB	0-7.8	416	105	521
CPR	BRECHTER	JUNE,AB - LACOMBE,AB	7.8-11.3	2,195	919	3,115
CPR	BREDENBURY	MINNEDOSA,MB - BINSCARTH,MB	0-76.6	4,485	11,441	15,926
CPR	BREDENBURY	BINSCARTH,MB - BREDENBURY,SK	76.6-118.6	4,364	10,549	14,912
CPR	BRETON	LEDUC,AB - SUNNYBROOK,AB	0-28	10	9	19
CPR	BROADVIEW	BRANDON,MB - KEMNAY,MB	0-8.2	14,212	21,713	35,925
CPR	BROADVIEW	KEMNAY,MB - VIRDEN,MB	8.2-46.6	13,510	18,671	32,182
CPR	BROADVIEW	VIRDEN,MB - WHITEWOOD,SK	46.6-117.5	15,118	18,416	33,534
CPR	BROADVIEW	WHITEWOOD,SK - BROADVIEW,SK	117.5-130.9	15,497	18,344	33,841
CPR	BROCKVILLE	SMITHS FALLS,ON - BROCKVILLE,ON	0-27.6	303	203	507
CPR	BROOKS	MEDICINE HAT,AB - BASSANO,AB	0-97.6	46,686	30,725	77,411
CPR	BROOKS	BASSANO,AB - WEST CARSELAND,AB	97.6-144.4	47,087	30,767	77,854
CPR	BROOKS	WEST CARSELAND,AB - SHEPARD,AB	144.4-165.6	49,171	31,795	80,966
CPR	BROOKS	SHEPARD,AB - ALYTH,AB	165.6-171.1	48,618	31,551	80,169
CPR	BROOKS	ALYTH,AB - 12TH STREET EAST,AB	171.1-174.5	78,032	61,192	139,224
CPR	BROOKS	12TH STREET EAST,AB - CALGARY,AB	174.5-175.8	56,243	25,981	82,224
CPR	BULYEA	CUPAR,SK - BULYEA JCT,SK	54.5- 86.3	423	108	531
CPR	BYRON CREEK	FABRO,BC - COAL MTN,BC	0.0- 9.9	8	3	11

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2020
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	C&M	TOWER A2,IL - SHERMER,IL	0-20.5	14,003	21,700	35,703
CPR	C&M	SHERMER,IL - NORTHBROOK,IL	20.5-21.1	13,979	27,252	41,231
CPR	C&M	NORTHBROOK,IL - RONDOUT,IL	21.1-32.3	14,791	27,198	41,988
CPR	C&M WEST	RONDOUT,IL - WI/IL C&M,WI	32.3-47.4	14,825	27,263	42,088
CPR	C&M WEST	WI/IL C&M,WI - STURTEVANT,WI	47.4-62	14,947	27,640	42,587
CPR	C&M WEST	STURTEVANT,WI - MILWAUKEE,WI	62-87.1	14,406	26,609	41,016
CPR	CANADIAN	MOHAWK YD,NY - CPC 38,NY	21.7-38.2	1,933	4,877	6,810
CPR	CANADIAN	CPC 38,NY - WHITEHALL,NY	38.2-77.9	2,483	5,213	7,697
CPR	CANADIAN	WHITEHALL,NY - ROUSES POINT,NY	77.9-190.6	2,012	5,054	7,066
CPR	CANPA	OBICO YARD,ON - CANPA,ON	0-2.6	-	-	-
CPR	CARBERRY	WINNIPEG,MB - RUGBY,MB	0-1.9	21,279	38,467	59,746
CPR	CARBERRY	RUGBY,MB - WOODMAN,MB	1.9-5.7	20,553	34,402	54,955
CPR	CARBERRY	WOODMAN,MB - PORTAGE LA PRAIRIE,MB	5.7-56.3	18,603	33,598	52,201
CPR	CARBERRY	PORTAGE LA PRAIRIE,MB - BRANDON,MB	56.3-133.1	13,847	21,319	35,166
CPR	CARRINGTON	ENDERLIN,ND - HARVEY,ND	256.2-395.8	16,348	21,950	38,298
CPR	CARTIER	CONISTON,ON - ROMFORD,ON	69.1-72.3	14,271	14,312	28,583
CPR	CARTIER	ROMFORD,ON - SUDBURY,ON	72.3-79	11,850	15,039	26,888
CPR	CARTIER	SUDBURY,ON - LEVACK,ON	79-104.3	10,382	13,405	23,788
CPR	CARTIER	LEVACK,ON - CARTIER,ON	104.3-113	13,702	17,204	30,905
CPR	CASCADE	NORTH BEND,BC - MISSION CITY,BC	0-87	917	28,284	29,201
CPR	CASCADE	MISSION CITY,BC - PIT RIVER M108.4,BC	87-102.3	42,500	17,984	60,484
CPR	CASCADE	PIT RIVER M108.4,BC - COQUITLAM TFR,BC	102.3-111.9	35,905	12,052	47,957
CPR	CASCADE	COQUITLAM,BC - MACAULAY,BC	111.9-112.4	30,747	16,561	47,308
CPR	CASCADE	MACAULAY,BC - IOCO,BC	112.4-115.0	33,132	10,302	43,434
CPR	CASCADE	IOCO,BC - PORT MOODY,BC	115.0-115.6	33,538	10,411	43,949
CPR	CASCADE	PORT MOODY,BC - SECOND NARROWS,BC	115.6-124.1	25,868	8,192	34,060
CPR	CASCADE	SECOND NARROWS,BC - CENTERM WHARF IMS,BC	124.1-129.1	14,649	5,579	20,228
CPR	CHICAGO	RANDALL ROAD,IL - DAVIS JUNCTION,IL	42-79	3,705	6,878	10,583
CPR	CHICAGO	DAVIS JUNCTION,IL - SABULA DRAWBRIDGE,IA	79-140.5	3,980	7,216	11,196
CPR	CN - ASHCROFT	NEPA,BC - BOSTON BAR,BC	57-125.5	83,207	251	83,458
CPR	CN - YALE FRAS CAN	BOSTON BAR,BC - MATSQUI,BC	0-87.4	84,571	6	84,577
CPR	CN - YALE FRAS CAN	MATSQUI,BC - HYDRO,BC	87.4-101.7	25,467	4,497	29,964

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2020
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	CN - YALE FRAS CAN	HYDRO,BC - VANCOUVER THORN YAR,BC	101.7-113.8	8,082	1,731	9,813
CPR	COLONIE	ALBANY,NY - MECHANICVILLE,NY	0-19.1	1,017	1,543	2,560
CPR	COLUMBIA	NELSON,BC - SOUTH SLOCAN,BC	0-11.9	736	1,087	1,822
CPR	COLUMBIA	SOUTH SLOCAN,BC - CASTLEGAR,BC	11.9-25.7	958	1,407	2,365
CPR	COLUMBIA	CASTLEGAR,BC - TRAIL,BC	25.7-44.1	760	670	1,430
CPR	COLUMBIA	TRAIL,BC - WARFIELD,BC	44.1-48	158	74	232
CPR	CRANBROOK	CROWSNEST,BC - FABRO,BC	0-7.1	19,651	6,915	26,566
CPR	CRANBROOK	FABRO,BC - SPARWOOD,BC	7.1-17.7	20,537	3,809	24,346
CPR	CRANBROOK	SPARWOOD,BC - FORT STEELE,BC	17.7-95.5	48,869	11,925	60,794
CPR	CRANBROOK	FORT STEELE,BC - NORTH STAR,BC	95.5-105.4	18,315	7,082	25,396
CPR	CRANBROOK	NORTH STAR,BC - CRANBROOK,BC	105.4-107.7	18,351	7,096	25,447
CPR	CRANBROOK	CRANBROOK,BC - CURZON,BC	107.7-150.4	18,241	6,702	24,943
CPR	CRANBROOK	CURZON,BC - EASTPORT,ID	150.4-158.8	17,745	5,431	23,176
CPR	CROWSNEST	LETHBRIDGE,AB - FORT MACLEOD,AB	7.9-31.8	19,030	6,886	25,916
CPR	CROWSNEST	FORT MACLEOD,AB - BROCKET,AB	31.8-51.5	19,376	7,010	26,386
CPR	CROWSNEST	BROCKET,AB - CROWSNEST,BC	51.1-101.1	17,422	6,122	23,544
CPR	CSXT	WEST DETROIT,MI - PLYMOUTH,MI	0-25	1,068	1,249	2,317
CPR	CSXT BUFFALO - CHICAGO	BUFFALO BLACK ROCK,NY - ERIE,PA	0-96.2	1,096	1,377	2,473
CPR	CSXT BUFFALO - CHICAGO	ERIE,PA - WILLARD,OH	96.2-260.2	1,161	1,308	2,469
CPR	CSXT BUFFALO - CHICAGO	WILLARD,OH - GARRETT,IN	260.2-387.1	1,179	1,293	2,472
CPR	CSXT BUFFALO - CHICAGO	GARRETT,IN - PINE JCT,IN	387.1-508.3	1,138	1,327	2,465
CPR	CSXT BUFFALO - CHICAGO	PINE JCT,IN - BENSENVILLE IMS,IL	508.3-545.6	1,275	1,275	2,551
CPR	DAVENPORT	SABULA,IA - CLINTON,IA	141.5-158	8,625	8,873	17,498
CPR	DAVENPORT	CLINTON,IA - WATER WORKS,IA	158-191.2	10,390	6,414	16,804
CPR	DAVENPORT	WATER WORKS,IA - NAHANT,IA	191.2-195.7	10,348	6,532	16,880
CPR	DETROIT LAKES	GLENWOOD,MN - DETROIT LAKES,MN	121.6-213.9	4,399	11,760	16,159
CPR	DETROIT LAKES	DETROIT LAKES,MN - PLUMMER,MN	213.9-290.9	4,566	11,765	16,332
CPR	DETROIT LAKES	PLUMMER,MN - THIEF RIVER FALLS,MN	290.9-310	4,852	11,957	16,809
CPR	DULUTH	BOYLSTON,WI - POKEGAMA,WI	148-152.5	1,185	591	1,776
CPR	DULUTH	POKEGAMA,WI - CENTRAL AVE,WI	152.5-152.8	1,184	590	1,774
CPR	DULUTH	CENTRAL AVE,WI - SUPERIOR,WI	152.8-157.1	1,142	587	1,728
CPR	DULUTH	SUPR 12TH ST JCT,WI - SUPERIOR,WI	157.1-157.4	1,365	680	2,045
CPR	DULUTH	SUPERIOR,WI - WI/MN DULUTH/SUP,MN	157.4-159.3	365	221	586
CPR	DULUTH	WI/MN DULUTH/SUP,MN - DULUTH,MN	159.3-165.2	365	222	587
CPR	DUNNVILLE SPUR	SMITHVILLE,ON - PORT MAITLAND,ON	0.0- 18.5	0	48	48
CPR	ELBOW LAKE	GLENWOOD,MN - ND/MN ELBOW LAKE,ND	119.7-189.3	14,646	22,457	37,104

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2020
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	ELBOW LAKE	ND/MN ELBOW LAKE,ND - VEBLEN JCT,ND	189.3-195.6	15,612	23,005	38,616
CPR	ELBOW LAKE	VEBLEN JCT,ND - HANKINSON,ND	195.6-205.6	15,771	22,948	38,719
CPR	ELBOW LAKE	HANKINSON,ND - ENDERLIN,ND	205.6-253.6	15,968	22,290	38,258
CPR	ELDRIDGE SPUR	WATER WORKS,IA - MOUNT JOY,IA	0-9.7	2	2	4
CPR	ELGIN	CRAGIN JUNCTION,IL - RIVER GROVE,IL	6.4-12.7	25,905	27,666	53,571
CPR	ELGIN	BENSENVILLE,IL - TOWER B12,IL	12.7-17.3	5,644	10,718	16,362
CPR	ELGIN	BENSENVILLE METRA,IL - RANDALL ROAD,IL	17.3-40.3	3,659	6,779	10,438
CPR	EMERSON	WHITTIER,MB - NOYES,MN	0-64	13,053	5,932	18,985
CPR	ESTEVAN	KEMNAY,MB - SOURIS,MB	0-15.9	725	2,790	3,514
CPR	ESTEVAN	SOURIS,MB - SCHWITZER,MB	15.9- 21.6	602	2,251	2,853
CPR	ESTEVAN	SCHWITZER,MB - NAPINKA,MB	21.6-50.4	618	2,311	2,928
CPR	ESTEVAN	NAPINKA,MB - BIENFAIT,SK	50.4-147.6	370	890	1,260
CPR	ESTEVAN	BIENFAIT,SK - ESTEVAN,SK	147.6-156.1	462	742	1,203
CPR	EXPANSE	CURLE,SK - ARCHIVE,SK	0-7.8	674	1,759	2,433
CPR	EXPANSE	ARCHIVE,SK - MOSSBANK JCT,SK	7.8-41.5	672	1,754	2,426
CPR	EXPANSE	MOSSBANK JCT,SK - CONGRESS,SK	41.5-56	670	1,751	2,421
CPR	EXPANSE	CONGRESS,SK - ASSINIBOIA,SK	56-63	537	1,568	2,105
CPR	FORDING RIVER	SPARWOOD,BC - ELKVIEW,BC	0.0- 0.8	11,141	30,271	41,412
CPR	FORDING RIVER	ELKVIEW,BC - LINE CREEK,BC	0.8- 9.8	3,932	21,414	25,346
CPR	FORDING RIVER	LINE CREEK,BC - GREENHILLS,BC	9.8- 21.4	3,197	10,883	14,079
CPR	FORDING RIVER	GREENHILLS,BC - FORDING,BC	21.4- 32.5	1,935	10,448	12,383
CPR	FOX LAKE	RONDOUT,IL - FOX LAKE,IL	32.3-49.5	1	0	2
CPR	FREIGHT NORTH	MECHANICVILLE,NY - MOHAWK YD,NY	468-482.5	896	2,579	3,475
CPR	FREIGHT NORTH	MOHAWK YD,NY - SCHENECTADY,NY	482.5-484.8	945	599	1,544
CPR	GALT	TORONTO,ON - WEST TORONTO,ON	0-4.9	9	12	21
CPR	GALT	WEST TORONTO,ON - OBICO YARD,ON	4.9-9.6	1,724	1,743	3,466
CPR	GALT	TORONTO OBICO,ON - COOKSVILLE,ON	9.6-14.6	7,700	6,987	14,687
CPR	GALT	COOKSVILLE,ON - STREETSVILLE JCT,ON	14.6-21.2	10,629	4,511	15,140
CPR	GALT	STREETSVILLE JCT,ON - GUELPH JCT,ON	21.2-39.2	7,818	7,609	15,427
CPR	GALT	GUELPH JCT,ON - GALT,ON	39.2-57.3	7,888	8,301	16,189
CPR	GALT	GALT,ON - WOODSTOCK,ON	57.3-87.8	9,909	10,267	20,176
CPR	GALT	WOODSTOCK,ON - ZORRA,ON	87.8-94.3	10,154	10,387	20,541
CPR	GALT	ZORRA,ON - LONDON ONTARIO,ON	94.3-114.6	10,352	10,301	20,652
CPR	GLENBORO	WOODMAN,MB - ELM CREEK,MB	0-41.7	176	475	651
CPR	GLENBORO	ELM CREEK,MB - HOLLAND,MB	41.7- 81.9	52	170	222

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2020
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	GLENBORO	HOLLAND,MB - GLENBORO,MB	81.9-100.9	8	8	15
CPR	GLENBORO	GLENBORO,MB - NESBITT,MB	100.9-128.1	-	-	-
CPR	GLENBORO	NESBITT,MB - SOURIS,MB	128.1-146.8	161	48	209
CPR	GRETNA SPUR	ROSENFELD,MB - ALTONA,MB	0-4.9	317	1,130	1,448
CPR	HAMILTON	E BROOKFIELD,ON - WELLAND,ON	12.2-20.4	1,867	2,454	4,321
CPR	HAMILTON	WELLAND,ON - SMITHVILLE,ON	20.4-37.3	2,847	3,400	6,247
CPR	HAMILTON	SMITHVILLE,ON - HAMILTON,ON	37.3-57.5	2,598	3,123	5,721
CPR	HAMILTON	HAMILTON,ON - HAMILTON JCT,ON	57.5-60.1	3,238	4,235	7,473
CPR	HAMILTON	HAMILTON JCT,ON - GUELPH JCT,ON	60.1-77	3,383	4,338	7,722
CPR	HARDISTY	WILKIE,SK - MACKLIN,SK	0-62.2	4,781	6,749	11,531
CPR	HARDISTY	MACKLIN,SK - SK/AB HARDISTY,AB	62.2-65	4,982	6,898	11,880
CPR	HARDISTY	SK/AB HARDISTY,AB - METISKOW,AB	65-96	4,874	6,531	11,405
CPR	HARDISTY	METISKOW,AB - HARDISTY,AB	96-131.4	4,726	5,771	10,497
CPR	HATTON SPUR	HATTON,SK - GOLDEN PRAIRIE,SK	0.0- 16.5	8	28	36
CPR	HAVELOCK	HAVELOCK,ON - PETERBOROUGH,ON	93.7-118	631	192	823
CPR	HAVELOCK	PETERBOROUGH,ON - TORONTO YARD,ON	118-178	1,458	222	1,680
CPR	HERON BAY	WHITE RIVER,ON - STRUTHERS,ON	0-33.5	12,199	14,037	26,236
CPR	HERON BAY	STRUTHERS,ON - SCHREIBER,ON	33.5-118.3	11,642	14,472	26,114
CPR	HIAWATHA SPUR	ROSEMOUNT,MN - INVER GROVE,MN	73.8-84.1	381	732	1,112
CPR	HOADLEY	JACKSON,AB - TRUMAN,AB	0-34.6	213	377	591
CPR	HOADLEY	TRUMAN,AB - HOMEGLEN,AB	34.6-42.6	182	355	537
CPR	IGNACE	IGNACE,ON - KENORA,ON	0-146.2	12,992	21,968	34,960
CPR	IND KALSPUR	KALIUM SPUR JCT,SK - KALIUM,SK	0.0- 3.8	612	3,214	3,826
CPR	IND KALSPUR	KALIUM,SK - SASKFERCO,SK	3.8- 6.5	47	138	186
CPR	INDIAN HEAD	BROADVIEW,SK - CRECY,SK	0-88.7	15,865	18,174	34,039
CPR	INDIAN HEAD	CRECY,SK - REGINA,SK	88.7-93.5	16,542	18,323	34,865
CPR	INDIAN HEAD	REGINA,SK - BELLE PLAINE,SK	93.5-117.8	34,579	22,489	57,068
CPR	INDIAN HEAD	BELLE PLAINE,SK - PASQUA,SK	117.8-129.1	39,801	23,169	62,969
CPR	INDIAN HEAD	PASQUA,SK - MOOSE JAW,SK	129.1-135.1	56,307	38,256	94,564
CPR	JACKSON	RAMSEY,MN - JACKSON,MN	42.9-148	219	635	854
CPR	KAMINISTIQUA	THUNDER BAY,ON - IGNACE,ON	0.0-147.2	13,606	23,437	37,043
CPR	KANSAS CITY	LAREDO,MO - POLO,MO	406.9-456.7	6,466	3,639	10,105
CPR	KANSAS CITY	POLO,MO - AIRLINE JCT,MO	456.7-498.8	6,256	3,576	9,832
CPR	KEEWATIN	KENORA,ON - MOLSON,MB	0-90.1	14,399	23,943	38,341
CPR	KEEWATIN	MOLSON,MB - NORCRAN,MB	90.1-119.2	14,417	23,921	38,338
CPR	KEEWATIN	NORCRAN,MB - WHITTIER,MB	119.2-124.5	7,627	12,395	20,022
CPR	KEEWATIN	WHITTIER,MB - WINNIPEG,MB	124.5-125.7	20,790	36,860	57,650

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2020
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	KERROBERT	ASTUM,SK - KERROBERT,SK	91.0-102.5	390	90	479
CPR	KERROBERT	HERSCHEL,SK - ASTUM,SK	61.7- 91.0	389	89	479
CPR	LA RIVIERE	WINNIPEG,MB - ROSENFELD,MB	0-54.2	453	1,495	1,947
CPR	LA RIVIERE	ROSENFELD,MB - MORDEN,MB	54.2- 78.0	78	356	434
CPR	LACOLLE	ROUSES POINT JCT,PQ - DELSON,PQ	0-27.1	1,712	4,047	5,759
CPR	LACOMBE	STETTLER,AB - JUNE,AB	59.5-103.2	374	241	616
CPR	LAGGAN	CALGARY,AB - KEITH,AB	0-9.6	56,233	25,845	82,078
CPR	LAGGAN	KEITH,AB - COPITHORNE JCT,AB	9.6-27.2	56,095	25,813	81,908
CPR	LAGGAN	COPITHORNE JCT,AB - MITFORD,AB	27.2-36.2	4,014	2,002	6,016
CPR	LAGGAN	MITFORD,AB - EXSHAW,AB	36.2-56.1	55,979	25,752	81,731
CPR	LAGGAN	EXSHAW,AB - FIELD,BC	56.1-136.6	52,329	22,965	75,294
CPR	LANIGAN	REGINA,SK - BULYEA JCT,SK	0-42.4	4,166	16,983	21,149
CPR	LANIGAN	BULYEA JCT,SK - LANIGAN,SK	42.4-104.4	3,918	16,133	20,051
CPR	LAREDO	OTTUMWA,IA - MO/IA LAREDO,MO	302.8-364	6,429	3,605	10,034
CPR	LAREDO	MO/IA LAREDO,MO - LAREDO,MO	364-405.1	6,432	3,600	10,033
CPR	LEDUC	RED DEER,AB - BLACKFALDS,AB	2.8-11.5	14,301	28,231	42,531
CPR	LEDUC	BLACKFALDS,AB - JACKSON,AB	11.5-16.1	12,531	24,342	36,873
CPR	LEDUC	JACKSON,AB - LACOMBE,AB	16.1-18.02	12,731	24,774	37,506
CPR	LEDUC	LACOMBE,AB - WETASKIWIN,AB	18-57.4	11,831	22,778	34,609
CPR	LEDUC	WETASKIWIN,AB - LEDUC,AB	57.4-79.1	8,717	16,095	24,812
CPR	LEDUC	LEDUC,AB - GAINER,AB	79.1-95	5,136	9,680	14,816
CPR	LEDUC	GAINER,AB - SOUTH EDMONTON,AB	95-96.9	0	0	0
CPR	LIGNITE	FLAXTON,ND - STAMPEDE,ND	0.0- 16.0	1,183	2,105	3,288
CPR	LLOYDMINSTER	WILKIE,SK - MARSDEN,SK	0-65.1	522	1,449	1,970
CPR	LLOYDMINSTER	MARSDEN,SK - BIG GULLY TFR,SK	65.1-103	499	1,383	1,882
CPR	M & O	DORION,PQ - RIGAUD,PQ	0-16.5	415	388	802
CPR	M & P	PORTAGE,WI - MADISON,WI	0-30.2	1	1	2
CPR	MACKLIN	KERROBERT,SK - RURAL,SK	0.0- 1.0	479	145	624
CPR	MACKLIN	RURAL,SK - ZINGER,SK	1.0- 1.5	128	179	307
CPR	MACKLIN	ZINGER,SK - MACKLIN,SK	1.5- 46.4	118	129	247
CPR	MACTIER	VAUGHAN IMS,ON - ALLISTON,ON	14.8-44.7	9,558	12,518	22,076
CPR	MACTIER	ALLISTON,ON - MEDONTE,ON	44.7-90.4	12,264	15,975	28,239
CPR	MACTIER	MEDONTE,ON - MACTIER,ON	90.4-128.3	12,274	15,996	28,269
CPR	MACTIER D	WEST TORONTO,ON - VAUGHAN IMS,ON	0-14.8	8,574	12,327	20,901
CPR	MAPLE CREEK	SWIFT CURRENT,SK - JAVA,SK	0-6	58,162	36,175	94,337
CPR	MAPLE CREEK	JAVA,SK - HATTON,SK	6-103.3	58,391	35,316	93,708
CPR	MAPLE CREEK	HATTON,SK - DUNMORE,AB	103.3-138.8	61,240	36,565	97,805
CPR	MAPLE CREEK	DUNMORE,AB - MEDICINE HAT,AB	138.8-147.4	42,555	28,183	70,739

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2020
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	MARPOLE	ONTARIO STREET,BC - NEW WESTMINSTER,BC	7.5- 16.0	7	5	11
CPR	MARQUETTE	SABULA,IA - MARQUETTE,IA	0-98	9,420	12,203	21,623
CPR	MARQUETTE	MARQUETTE,IA - MN/IA MARQUETTE,IA	98-136.5	8,255	7,370	15,625
CPR	MARQUETTE	MN/IA MARQUETTE,IA - BLUFF,MN	136.5-159	8,246	7,361	15,607
CPR	MASON CITY	MARQUETTE,IA - MASON CITY,IA	0-116.7	2,858	5,176	8,033
CPR	MELFORT	LANIGAN,SK - NAICAM,SK	0.0- 49.3	107	69	176
CPR	MERRIAM PARK	ST PAUL,MN - ST PAUL FORDSON JCT,MN	407.4-411.9	10,789	15,726	26,515
CPR	MERRIAM PARK	ST PAUL FORDSON JCT,MN - FORDSON,MN	411.9-412.0	15	15	30
CPR	MERRIAM PARK	FORDSON,MN - SOUTH MINNEAPOLIS,MN	412.0-418.7	-	-	-
CPR	MILLINOCKET	BROWNVILLE,ME - MAINE NORTHERN JCT,ME	72.11-109	47	110	157
CPR	MINNEDOSA	PORTAGE LA PRAIRIE,MB - MINNEDOSA,MB	0-77.9	4,449	11,684	16,133
CPR	MISSION	MISSION CITY,BC - RIVERSIDE,BC	0.0- 1.0	2,719	58,882	61,601
CPR	MISSION	RIVERSIDE,BC - MATSQUI JCT,BC	1.0- 1.4	2,712	48,405	51,118
CPR	MISSION	MATSQUI JCT,BC - HUNTINGDON,BC	1.4- 10.1	533	360	892
CPR	MN&S SPUR	MPLS MN&S JCT,MN - ST LOUIS PARK,MN	7.2-16.3	943	577	1,520
CPR	MN&S SPUR	ATWOOD,MN - NESBITT,MN	16.3-25.7	1,010	634	1,644
CPR	MONTANA	SWEET GRASS,MT - STIRLING,AB	0-47.2	1,776	3,525	5,302
CPR	MONTANA	STIRLING,AB - MONTANA,AB	47.2-64.8	793	1,392	2,184
CPR	MONTROSE	NIAGARA FALLS,ON - MONTROSE YARD,ON	0-4	23	-	23
CPR	MONTROSE	MONTROSE,ON - RUSHOLME,ON	4-13.4	82	4	86
CPR	MOOSEHEAD EAST	BROWNVILLE JCT,ME - BOUNDARY,PQ	0-101.8	1,047	713	1,760
CPR	MOOSEHEAD WEST	BOUNDARY,PQ - MEGANTIC,PQ	101.8-117.1	1,972	1,340	3,312
CPR	MOUNTAIN	FIELD,BC - KC JUNCTION,BC	0-36.7	53,754	24,749	78,503
CPR	MOUNTAIN	GOLDEN,BC - REVELSTOKE,BC	36.7-125.7	87,224	30,858	118,082
CPR	MPLS SWITCH	MINNEAPOLIS IMS,MN - MINNESOTA TRANSFER,MN	5.0- 7.0	84,557	39	84,596
CPR	MTP IHB TRACKS	GIBSON,IN - DOLTON JCT,IL	1.1-10.4	7,714	5	7,719
CPR	MTP IHB TRACKS	DOLTON JCT,IL - BLUE ISLAND,IL	10.4-14.1	2,623	4,923	7,546
CPR	MTP IHB TRACKS	BLUE ISLAND,IL - ARGO,IL	14.1-27	2,682	4,651	7,333
CPR	MTP IHB TRACKS	ARGO,IL - BROADVIEW,IL	27-33.9	7,338	17,215	24,553
CPR	MTP IHB TRACKS	BROADVIEW,IL - NORPAUL YARD,IL	33.9-39.2	3,987	6,753	10,741

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2020
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	MTP WATERTOWN-MADISON	WATERTOWN,WI - WATERLOO,WI	131.2-156	308	116	424
CPR	NAPINKA	KILLARNEY,MB - DELORAINE,MB	53.0- 89.9	733	204	937
CPR	NAPINKA	DELORAINE,MB - NAPINKA,MB	89.9-108.6	892	248	1,140
CPR	NELSON	CURZON,BC - NELSON,BC	42.6-137.8	942	1,423	2,365
CPR	NEMEGOS	CARTIER,ON - RAMSEY,ON	0-70.7	11,620	14,570	26,189
CPR	NEMEGOS	RAMSEY,ON - CHAPLEAU,ON	70.7-136.4	11,654	14,618	26,272
CPR	NEPHTON	HAVELOCK,ON - BLUE MOUNTAIN,ON	0-20	122	414	536
CPR	NEWPORT	BROOKPORT,PQ - BORDER,PQ	0-26.3	147	75	222
CPR	NEWPORT	BORDER,PQ - NEWPORT,VT	26.3-58.4	58	36	94
CPR	NEWTOWN	DRAKE,ND - MAX,ND	0.0- 48.9	3,705	3,530	7,236
CPR	NEWTOWN	MAX,ND - PRAIRIE JCT,ND	48.9- 80.5	4,664	3,260	7,924
CPR	NEWTOWN	PRAIRIE JCT,ND - NEW TOWN,ND	80.5-111.6	1,780	1,149	2,929
CPR	NIPIGON	SCHREIBER,ON - RED ROCK,ON	0-68.3	11,443	14,154	25,597
CPR	NIPIGON	RED ROCK,ON - CURRENT RIVER,ON	68.3-126.6	11,448	14,162	25,610
CPR	NIPIGON	CURRENT RIVER,ON - THUNDER BAY NORTH,ON	126.6-132.9	11,471	14,190	25,661
CPR	NITRIN	EAST MOLINE,IL - CEFFCO,IL	1.7-19.8	251	181	432
CPR	NORTH TORONTO	LEASIDE,ON - WEST TORONTO,ON	0-5.9	19,331	22,406	41,738
CPR	NOYES	THIEF RIVER FALLS,MN - EMERSON,MB	310-386.6	5,175	10,560	15,735
CPR	NS CHICAGO LINE	OH/IN NSHUNTINGTON,OH - ELKHART,IN	358.5-421.6	5,462	7,685	13,147
CPR	NS CHICAGO LINE	ELKHART,IN - PORTER,IN	421.6-482	5,271	7,486	12,757
CPR	NS CHICAGO LINE	PORTER,IN - CP 502,IN	482-502.8	5,125	7,278	12,403
CPR	NS CHICAGO LINE	CP 502,IN - ROCK ISLAND JCT,IL	502.8-509.7	1,417	6,943	8,359
CPR	NS DETROIT DISTRICT	OAKWOOD,MI - MILAN,MI	6.4-37.4	5,977	7,955	13,931
CPR	NS DETROIT DISTRICT	MILAN,MI - MI/OH NSDETROIT,MI	37.4-80.4	5,645	7,944	13,588
CPR	NS DETROIT DISTRICT	MI/OH NSDETROIT,MI - MONTPELIER,OH	80.4-97.4	5,645	7,944	13,588
CPR	NS HUNTINGTON DISTRICT	MONTPELIER,OH - OH/IN NSHUNTINGTON,OH	97.4-109.3	5,468	7,692	13,160
CPR	OAKVILLE CN	NEW TORONTO,ON - DESJARDINS,ON	7.7- 37.3	54	36	90
CPR	OTTUMWA	NAHANT,IA - MUSCATINE,IA	195.7-220.3	7,718	4,650	12,369
CPR	OTTUMWA	MUSCATINE,IA - OTTUMWA,IA	220.3-302.8	7,457	7,208	14,665
CPR	OUTLOOK	MOOSE JAW,SK - TUXFORD,SK	0.1-15.3	223	769	992
CPR	OUTLOOK	TUXFORD,SK - EYEBROW,SK	15.3-44.6	196	742	938
CPR	OUTLOOK	EYEBROW,SK - LOREBURN,SK	44.6-85.6	192	741	932
CPR	OUTLOOK	LOREBURN,SK - BRODERICK,SK	85.6-91.3	165	693	858
CPR	OUTREMONT SPUR	MONTREAL RACINE IMS,PQ - HOCHELAGA,PQ	0.0- 2.1	1,582	1,390	2,972
CPR	OUTREMONT SPUR	HOCHELAGA,PQ - OUTREMONT,PQ	2.1-6.4	3,276	2,975	6,250

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2020
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	OWATONNA	MASON CITY,IA - IA/MN OWATONNA,MN	0-28.4	896	1,676	2,573
CPR	OWATONNA	IA/MN OWATONNA,MN - RAMSEY,MN	28.4-72.5	1,058	1,503	2,561
CPR	OWATONNA	RAMSEY,MN - COMUS,MN	72.5-123.8	749	564	1,314
CPR	PAGE	RIVERSIDE,BC - LIVINGSTONE,BC	0-2	-	37,147	37,147
CPR	PAGE	LIVINGSTONE,BC - DELTAPORT IMS,BC	2-44.2	27,324	9,818	37,142
CPR	PARRY SOUND	MACTIER,ON - ROMFORD,ON	1.4-121.7	21,549	7,668	29,218
CPR	PAYNESVILLE	MPLS SHOREHAM,MN - CAMDEN PLACE,MN	2-3.1	38,644	26,410	65,054
CPR	PAYNESVILLE	CAMDEN PLACE,MN - MPLS MN&S JCT,MN	3.1-7.2	22,404	38,617	61,021
CPR	PAYNESVILLE	MPLS MN&S JCT,MN - BROOTEN,MN	7.2-104.3	19,310	34,948	54,258
CPR	PAYNESVILLE	BROOTEN,MN - GLENWOOD,MN	104.3-119.7	21,116	38,336	59,452
CPR	PECTEN	BROCKET,AB - PECTEN,AB	0-29.3	101	376	477
CPR	PORTAL	HARVEY,ND - DRAKE,ND	23.0- 0.0	17,923	23,095	41,018
CPR	PORTAL	DRAKE,ND - KENMARE,ND	122.3- 23.0	14,353	18,836	33,190
CPR	PORTAL	KENMARE,ND - FLAXTON,ND	144.0-122.3	15,134	18,782	33,917
CPR	PORTAL	FLAXTON,ND - PORTAL,ND	153.7-144.0	15,141	18,010	33,151
CPR	RADVILLE	EXON,SK - RADVILLE,SK	0.0- 70.0	28	-	28
CPR	RED DEER	12TH STREET EAST,AB - PETRO,AB	0-11.7	14,283	30,212	44,495
CPR	RED DEER	PETRO,AB - EAST CROSSFIELD,AB	11.7-27.8	14,129	29,882	44,012
CPR	RED DEER	E CROSSFIELD JCT,AB - DIDSBURY,AB	27.8-47	14,138	29,897	44,035
CPR	RED DEER	DIDSBURY,AB - DOAN JCT,AB	47-68.1	13,627	28,231	41,858
CPR	RED DEER	DOAN JCT,AB - RED DEER,AB	68.1-95.6	13,377	27,434	40,811
CPR	REFORD	RURAL,SK - WILKIE,SK	42.8- 0.0	493	74	567
CPR	RIVER	RIVER JCT WEST,MN - NEWPORT,MN	288-402.5	20,176	31,495	51,671
CPR	RIVER	NEWPORT,MN - ST PAUL,MN	402.5-407.4	18,053	28,249	46,302
CPR	ROCANVILLE SYLVITE SPUR	ROCANVILLE,SK - SYLVITE,SK	0.0- 5.5	449	1,963	2,413
CPR	ROCANVILLE	VIRDEN,MB - MB/SK ROCANVILLE,MB	0-41.5	412	1,621	2,032
CPR	ROCANVILLE	MB/SK ROCANVILLE,MB - ROCANVILLE,SK	41.5-50.8	464	2,025	2,489
CPR	ROCKFORD	DAVIS JUNCTION,IL - WEST YARD,WI	0-30.9	6	11	17
CPR	ROCKFORD	WEST YARD,WI - JANESVILLE,WI	30.9-45.8	47	104	151
CPR	ROCKLAND	ROCKLAND,ME - BRUNSWICK,ME	29.4-85.8	5	3	8
CPR	SCOTFORD	SCOTFORD,AB - ELK ISLAND,AB	138.1-144.1	6,149	3,071	9,220
CPR	SCOTFORD	ELK ISLAND,AB - GAINER,AB	144.1-173.6	5,825	3,029	8,854
CPR	SHANTZ	DIDSBURY,AB - SHANTZ,AB	0.0- 14.1	209	804	1,013
CPR	SHELDON	MASON CITY,IA - SHELDON,IA	116.7-252.4	655	1,156	1,811
CPR	SHERBROOKE	MEGANTIC,PQ - DAWSON,PQ	0-129.9	1,596	1,063	2,659

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2020
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	SHUSWAP	REVELSTOKE,BC - BELL POLE SPUR,BC	0-5	88,444	31,043	119,487
CPR	SHUSWAP	BELL POLE SPUR,BC - TUM TUM,BC	5.0- 6.5	88,522	31,080	119,602
CPR	SHUSWAP	TUM TUM,BC - WESTAR EAG RV,BC	6.5-29.4	88,400	31,038	119,438
CPR	SHUSWAP	WESTAR EAG RV,BC - CAMBIE,BC	29.4-43.2	88,584	31,106	119,691
CPR	SHUSWAP	CAMBIE,BC - SICAMOUS,BC	43.2-45	88,179	30,968	119,148
CPR	SHUSWAP	SICAMOUS,BC - CANOE,BC	45-56.4	82,643	29,024	111,668
CPR	SHUSWAP	CANOE,BC - KAMLOOPS,BC	56.4-128.5	85,582	30,213	115,795
CPR	SOUTHERN TIER	BINGHAMTON,NY - BUFFALO,NY	0.0-212.0	67	78	145
CPR	ST LUC BRANCH	ST LUC,PQ - BALLANTYNE,PQ	0.0- 2.1	8,862	10,612	19,474
CPR	ST PAUL	CARDIGAN JCT,MN - STP SOO JCT,MN	11.8-17.1	10	2	11
CPR	STAMFORD	BUFFALO,NY - BUFFALO BLACK ROCK,NY	212.0-214.0	2,513	-	2,513
CPR	STAMFORD	BUFFALO,NY - FORT ERIE,ON	0.0- 1.0	-	12,514	12,514
CPR	STAMFORD	FORT ERIE,ON - E BROOKFIELD,ON	1.0- 13.3	290	-	290
CPR	SUTHERLAND	WYNYARD,SK - LANIGAN,SK	0-37.7	10,025	8,325	18,350
CPR	SUTHERLAND	LANIGAN,SK - GUERNSEY,SK	37.7-44.4	5,890	12,481	18,371
CPR	SUTHERLAND	GUERNSEY,SK - ARPIERS,SK	44.4-70.2	5,879	12,543	18,422
CPR	SUTHERLAND	ARPIERS,SK - ELSTOW,SK	70.2-83.4	5,819	12,606	18,425
CPR	SUTHERLAND	ELSTOW,SK - CHEVIOT,SK	83.4-97.1	6,036	12,388	18,425
CPR	SUTHERLAND	CHEVIOT,SK - SUTHERLAND,SK	97.1-109.7	6,808	11,723	18,531
CPR	SUTHERLAND	SUTHERLAND,SK - SASKATOON,SK	109.7-113.5	6,671	12,995	19,665
CPR	SUTHERLAND ALLAN SPUR	ELSTOW,SK - ALLAN MINES,SK	0.0- 3.6	71	98	169
CPR	SUTHERLAND ALWINSAL SPUR	GUERNSEY,SK - ALWINSAL,SK	0.0- 4.2	7	66	73
CPR	SUTHERLAND NORANDA SPUR	ARPIERS,SK - NORCO,SK	0.0- 1.0	189	169	358
CPR	SUTHERLAND POTASCO SPUR	CHEVIOT,SK - POTASCO,SK	0.0- 1.1	211	141	353
CPR	SWIFT CURRENT	MOOSE JAW,SK - CURLE,SK	0-2.3	40,487	26,990	67,477
CPR	SWIFT CURRENT	CURLE,SK - SWIFT CURRENT,SK	2.3-110.4	55,533	35,238	90,771
CPR	TABER	BELLCOTT,AB - MONTANA,AB	1.4-106.7	14,000	4,597	18,597
CPR	TABER	MONTANA,AB - LETHBRIDGE,AB	106.7-116.4	20,678	10,010	30,687
CPR	THOMPSON	KAMLOOPS,BC - NEPA,BC	0-54.8	85,483	29,718	115,201
CPR	THOMPSON	NEPA,BC - NORTH BEND,BC	54.8-121.5	845	29,229	30,074
CPR	THUNBAY TRM	THUNDER BAY NORTH,ON - THUNDER BAY,ON	0.0- 4.4	11,244	13,907	25,151
CPR	TISDALE	GOUDIE,SK - BERTH,SK	0.1-44.6	536	1,916	2,452
CPR	TISDALE	BERTH,SK - NIPAWIN,SK	44.6-131.7	335	1,228	1,564
CPR	TOMAH	PORTAGE,WI - NEW LISBON,WI	180.4-221.2	9,266	32,528	41,794
CPR	TOMAH	NEW LISBON,WI - LA CROSSE,WI	221.2-281.2	16,938	31,518	48,456
CPR	TOMAH WEST	LA CROSSE,WI - BRIDGE SWITCH,WI	281.2-283.8	17,316	29,983	47,298

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2020
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	TOMAH WEST	BRIDGE SWITCH,WI - RIVER JCT WEST,MN	283.8-288.1	21,746	33,944	55,690
CPR	TRACY	WASECA,MN - WEST MANKATO,MN	102.5-129.6	1,410	3,750	5,160
CPR	TRACY	WEST MANKATO,MN - SANBORN,MN	129.6-201.7	1,276	3,262	4,538
CPR	TRACY	SANBORN,MN - TRACY,MN	201.7-226.5	2,024	3,990	6,014
CPR	TRACY	TRACY,MN - MN/SD HURON,SD	226.5-244.5	966	241	1,207
CPR	TYVAN	LAJORD,SK - CRECY,SK	80.1-87.3	9	7	16
CPR	UP MANKOTA	STP CHESTNUT ST,MN - SAVAGE,MN	4.2- 18.6	-	-	-
CPR	UP MANKOTA	SAVAGE,MN - SHAKOPEE,MN	18.6- 28.2	353	-	353
CPR	UP TWO ALBERT LEA	NORTHFIELD,MN - ROSEPORT,MN	313.1-343.9	311	622	932
CPR	UP TWO ALBERT LEA	ROSEPORT,MN - SOUTH ST PAUL,MN	343.9-348	414	809	1,223
CPR	UP TWO ALBERT LEA	SOUTH ST PAUL,MN - ST PAUL,MN	348.0-352.3	953	80	1,032
CPR	VANGUARD SPUR	SWIFT CURRENT,SK - WYMARK,SK	0.0- 17.5	7	8	15
CPR	VAUDREUIL	ST LUC,PQ - DORION,PQ	2.2-18.9	10,373	13,450	23,823
CPR	VEBLEN	VEBLEN JCT,ND - SD/ND VEBLEN,SD	194.5-203.1	86	292	378
CPR	VEBLEN	SD/ND B,SD - ROSHOLT,SD	203.1-210.0	82	279	361
CPR	WASECA	MINNESOTA CITY,MN - ROCHESTER,MN	4.9-49.3	2,501	4,607	7,108
CPR	WASECA	ROCHESTER,MN - WASECA,MN	49.3-102.5	2,054	4,900	6,954
CPR	WATERLOO	GALT,ON - PRESTON,ON	0.8-4.3	2,174	2,106	4,279
CPR	WATERLOO	PRESTON,ON - KITCHENER,ON	4.3-11.2	499	449	947
CPR	WATERTOWN	MILWAUKEE,WI - GRAND AVE,WI	87.1-88.2	20,747	19,955	40,702
CPR	WATERTOWN	GRAND AVE,WI - BROOKFIELD,WI	88.2-99.4	8,852	17,060	25,912
CPR	WATERTOWN	BROOKFIELD,WI - DUPLAINVILLE,WI	99.4-102.1	13,718	26,452	40,170
CPR	WATERTOWN	DUPLAINVILLE,WI - WATERTOWN,WI	102.1-133.7	14,552	28,060	42,612
CPR	WATERTOWN	WATERTOWN,WI - PORTAGE JUNCTION,WI	133.7-176.9	14,176	27,385	41,561
CPR	WATERTOWN	PORTAGE JUNCTION,WI - PORTAGE,WI	176.9-180.4	9,733	31,758	41,490
CPR	WAXDALE - BURLINGTON	WAXDALE,WI - STURTEVANT,WI	0-1.3	36	64	101
CPR	WESTMINSTER	MACAULAY,BC - FRASER MILLS,BC	0-4.9	14,361	5,910	20,270
CPR	WESTMINSTER	FRASER MILLS,BC - SAPPERTON,BC	4.9-5.61	4,663	2,668	7,331
CPR	WESTMINSTER	SAPPERTON,BC - NEW WESTMINSTER,BC	5.61-9.2	2,463	1,472	3,935
CPR	WETASKIWIN	HARDISTY,AB - WETASKIWIN,AB	0-95	5,015	2,627	7,642
CPR	WEYBURN	PASQUA,SK - EXON,SK	0-84.1	18,549	17,125	35,674
CPR	WEYBURN	EXON,SK - ESTEVAN,SK	84.1-137.5	18,758	15,675	34,433
CPR	WEYBURN	ESTEVAN,SK - PORTAL,ND	137.5-158	17,906	15,004	32,909
CPR	WHITE FOX SPUR	NIPAWIN,SK - CHOICELAND,SK	0.0- 0.6	-	-	-
CPR	WHITE RIVER	CHAPLEAU,ON - FRANZ,ON	0-82	11,618	14,462	26,081

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2020
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	WHITE RIVER	FRANZ,ON - WHITE RIVER,ON	82-129.9	11,613	14,492	26,106
CPR	WILKIE SPUR	CORY,SK - DUVCO,SK	0.0- 2.4	220	1,118	1,338
CPR	WILKIE	SASKATOON,SK - CORY,SK	0-9.1	6,420	13,687	20,107
CPR	WILKIE	CORY,SK - DUNFERMLINE,SK	9.1-16.5	5,607	8,473	14,080
CPR	WILKIE	DUNFERMLINE,SK - WILKIE,SK	16.5-99.6	4,345	8,102	12,447
CPR	WILLINGDON SPUR	STAR,AB - ELK ISLAND,AB	0.0- 9.8	379	96	475
CPR	WINCHESTER	DORION,PQ - ON/PQ WINCHESTER,ON	18.9-42	10,069	13,149	23,218
CPR	WINCHESTER	ON/PQ WINCHESTER,ON - BEDELL,ON	42-103.2	10,074	13,174	23,247
CPR	WINCHESTER	BEDELL,ON - SMITHS FALLS,ON	103.2-123.8	10,091	13,280	23,372
CPR	WINDERMERE	FORT STEELE,BC - KC JUNCTION,BC	0-144.8	32,616	6,665	39,280
CPR	WINDSOR	LONDON ONTARIO,ON - MELROSE,ON	0-11.7	9,179	9,186	18,366
CPR	WINDSOR	MELROSE,ON - CHATHAM,ON	11.7-63.4	9,258	9,263	18,521
CPR	WINDSOR	CHATHAM,ON - WINDSOR,ON	63.4-111.7	9,133	9,103	18,236
CPR	WINDSOR	WINDSOR,ON - WEST DETROIT,MI	112-121.1	12,859	8,329	21,188
CPR	WINNIPEG BEACH SPUR	MIDDLECHURCH,MB - SELKIRK,MB	0-21	287	239	527
CPR	WITHROW	MINNEAPOLIS IMS,MN - CARDIGAN JCT,MN	1.5-8.4	818	232	1,050
CPR	WITHROW	CARDIGAN JCT,MN - WITHROW,MN	8.4-20.7	54	32	86
CPR	WYNYARD	BREDENBURY,SK - GOUDIE,SK	0-73.8	8,067	8,286	16,353
CPR	WYNYARD	GOUDIE,SK - WYNYARD,SK	73.8-113.8	10,368	8,589	18,958
CPR	YARBO	BREDENBURY,SK - YARBO,SK	0-14	264	6,445	6,709

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2019
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	ADIRONDACK	ST JEAN,PQ - DELSON,PQ	20- 34.6	1,518	822	2,340
CPR	ADIRONDACK NORTH	DELSON,PQ - SOUTH JCT,PQ	34.6-46.9	4,211	7,079	11,289
CPR	ADIRONDACK NORTH	OUTREMONT,PQ - ST LUC,PQ	46.9-49.1	3,558	3,077	6,636
CPR	ALDERSYDE	LETHBRIDGE,AB - ELTHAM,AB	2.9-70.4	5,498	9,832	15,330
CPR	ALDERSYDE	ELTHAM,AB - ALDERSYDE,AB	70.4-86.6	5,600	9,774	15,375
CPR	ALDERSYDE	ALDERSYDE,AB - 12TH STREET EAST,AB	86.6-119	5,752	9,773	15,524
CPR	ALDERSYDE - HIGH RIVER SPUR	ALDERSYDE,AB - HIGH RIVER,AB	0-6.4	25	80	105
CPR	BELLE PLAINE	BELLE PLAINE,SK - LEGACY,SK	0-18.9	577	2,109	2,686
CPR	BELLEVILLE	SMITHS FALLS,ON - OSHAWA,ON	0-175.4	10,275	13,176	23,451
CPR	BELLEVILLE	OSHAWA,ON - TORONTO YARD,ON	175.4-197	10,271	13,161	23,431
CPR	BELLEVILLE	TORONTO YARD,ON - AGINCOURT TFR,ON	197.0-197.1	8,129	9,155	17,285
CPR	BELLEVILLE	AGINCOURT,ON - LEASIDE,ON	197.1-206.3	18,045	20,863	38,908
CPR	BEMIDJI	GULLY,MN - PLUMMER,MN	411.5-433.8	196	53	248
CPR	BNSF TWIN CITIES	NORTHTOWN,MN - HOFFMAN ST PAUL,MN	429.1-445.5	31,123	5,493	36,616
CPR	BNSF TWIN CITIES	NORTHTOWN,MN - BOYLSTON,WI	445.5-577.7	1,290	724	2,015
CPR	BOUNDARY - ROBSON SPUR	CASTLEGAR,BC - WESTLEY,BC	0-5	68	36	103
CPR	BRECHTER	PRENTISS,AB - JUNE,AB	0-7.8	370	86	456
CPR	BRECHTER	JUNE,AB - LACOMBE,AB	7.8-11.3	1,817	771	2,589
CPR	BREDENBURY	MINNEDOSA,MB - BINSCARTH,MB	0-76.6	5,640	14,721	20,360
CPR	BREDENBURY	BINSCARTH,MB - BREDENBURY,SK	76.6-118.6	5,581	14,030	19,612
CPR	BRETON	LEDUC,AB - SUNNYBROOK,AB	0-28	13	2	15
CPR	BROADVIEW	BRANDON,MB - KEMNAY,MB	0-8.2	14,891	21,924	36,815
CPR	BROADVIEW	KEMNAY,MB - VIRDEN,MB	8.2-46.6	14,099	18,483	32,581
CPR	BROADVIEW	VIRDEN,MB - WHITEWOOD,SK	46.6-117.5	15,597	18,108	33,705
CPR	BROADVIEW	WHITEWOOD,SK - BROADVIEW,SK	117.5-130.9	15,614	17,845	33,458
CPR	BROCKVILLE	SMITHS FALLS,ON - BROCKVILLE,ON	0-27.6	342	320	662
CPR	BROOKS	MEDICINE HAT,AB - BASSANO,AB	0-97.6	41,583	29,339	70,921
CPR	BROOKS	BASSANO,AB - WEST CARSELAND,AB	97.6-144.4	41,905	29,364	71,269
CPR	BROOKS	WEST CARSELAND,AB - SHEPARD,AB	144.4-165.6	43,741	30,592	74,333
CPR	BROOKS	SHEPARD,AB - ALYTH,AB	165.6-171.1	43,348	30,361	73,710
CPR	BROOKS	ALYTH,AB - 12TH STREET EAST,AB	171.1-174.5	72,351	59,616	131,968
CPR	BROOKS	12TH STREET EAST,AB - CALGARY,AB	174.5-175.8	48,101	24,073	72,174
CPR	BULYEA	CUPAR,SK - BULYEA JCT,SK	54.5- 86.3	329	85	414
CPR	BYRON CREEK	FABRO,BC - COAL MTN,BC	0.0- 9.9	81	394	474

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2019
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	C&M	TOWER A2,IL - SHERMER,IL	0-20.5	-	90	90
CPR	C&M	SHERMER,IL - NORTHBROOK,IL	20.5-21.1	18,542	34,499	53,040
CPR	C&M	NORTHBROOK,IL - RONDOUT,IL	21.1-32.3	18,573	34,556	53,129
CPR	C&M WEST	RONDOUT,IL - WI/IL C&M,WI	32.3-47.4	18,575	34,554	53,128
CPR	C&M WEST	WI/IL C&M,WI - STURTEVANT,WI	47.4-62	18,738	34,960	53,698
CPR	C&M WEST	STURTEVANT,WI - MILWAUKEE,WI	62-87.1	18,905	35,368	54,273
CPR	CANADIAN	MOHAWK YD,NY - CPC 38,NY	21.7-38.2	2,832	5,586	8,419
CPR	CANADIAN	CPC 38,NY - WHITEHALL,NY	38.2-77.9	3,392	6,963	10,354
CPR	CANADIAN	WHITEHALL,NY - ROUSES POINT,NY	77.9-190.6	2,749	6,899	9,648
CPR	CANPA	OBICO YARD,ON - CANPA,ON	0-2.6	1	2	2
CPR	CARBERRY	WINNIPEG,MB - RUGBY,MB	0-1.9	19,795	36,411	56,206
CPR	CARBERRY	RUGBY,MB - WOODMAN,MB	1.9-5.7	19,424	36,336	55,760
CPR	CARBERRY	WOODMAN,MB - PORTAGE LA PRAIRIE,MB	5.7-56.3	19,329	36,064	55,393
CPR	CARBERRY	PORTAGE LA PRAIRIE,MB - BRANDON,MB	56.3-133.1	13,593	20,581	34,175
CPR	CARRINGTON	ENDERLIN,ND - HARVEY,ND	256.2-395.8	17,962	23,609	41,571
CPR	CARTIER	CONISTON,ON - ROMFORD,ON	69.1-72.3	43	45	88
CPR	CARTIER	ROMFORD,ON - SUDBURY,ON	72.3-79	12,170	15,304	27,474
CPR	CARTIER	SUDBURY,ON - LEVACK,ON	79-104.3	11,621	14,983	26,604
CPR	CARTIER	LEVACK,ON - CARTIER,ON	104.3-113	11,238	13,701	24,939
CPR	CASCADE	NORTH BEND,BC - MISSION CITY,BC	0-87	1,890	27,793	29,683
CPR	CASCADE	MISSION CITY,BC - PIT RIVER M108.4,BC	87-102.3	49,248	21,430	70,678
CPR	CASCADE	PIT RIVER M108.4,BC - COQUITLAM TFR,BC	102.3-111.9	46,009	18,043	64,052
CPR	CASCADE	COQUITLAM,BC - MACAULAY,BC	111.9-112.4	48,493	14,972	63,465
CPR	CASCADE	MACAULAY,BC - IOCO,BC	112.4-115.0	31,678	10,056	41,735
CPR	CASCADE	IOCO,BC - PORT MOODY,BC	115.0-115.6	30,957	9,777	40,734
CPR	CASCADE	PORT MOODY,BC - SECOND NARROWS,BC	115.6-124.1	24,303	7,897	32,200
CPR	CASCADE	SECOND NARROWS,BC - CENTERM WHARF IMS,BC	124.1-129.1	23,496	7,576	31,072
CPR	CHICAGO	RANDALL ROAD,IL - DAVIS JUNCTION,IL	42-79	3,592	6,612	10,204
CPR	CHICAGO	DAVIS JUNCTION,IL - SABULA DRAWBRIDGE,IA	79-140.5	3,769	6,862	10,631
CPR	CN - ASHCROFT	NEPA,BC - BOSTON BAR,BC	57-125.5	82,621	18,513	101,133
CPR	CN - YALE FRAS CAN	BOSTON BAR,BC - MATSQUI,BC	0-87.4	81,642	15	81,657
CPR	CN - YALE FRAS CAN	MATSQUI,BC - HYDRO,BC	87.4-101.7	15,846	2,207	18,052

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2019
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	CN - YALE FRAS CAN	HYDRO,BC - VANCOUVER THORN YAR,BC	101.7-113.8	9,898	2,651	12,548
CPR	COLONIE	ALBANY,NY - MECHANICVILLE,NY	0-19.1	1,793	3,445	5,238
CPR	COLUMBIA	NELSON,BC - SOUTH SLOCAN,BC	0-11.9	1,020	1,452	2,472
CPR	COLUMBIA	SOUTH SLOCAN,BC - CASTLEGAR,BC	11.9-25.7	1,015	1,447	2,462
CPR	COLUMBIA	CASTLEGAR,BC - TRAIL,BC	25.7-44.1	851	709	1,560
CPR	COLUMBIA	TRAIL,BC - WARFIELD,BC	44.1-48	158	61	219
CPR	CRANBROOK	CROWSNEST,BC - FABRO,BC	0-7.1	20,599	7,771	28,370
CPR	CRANBROOK	FABRO,BC - SPARWOOD,BC	7.1-17.7	21,001	7,863	28,863
CPR	CRANBROOK	SPARWOOD,BC - FORT STEELE,BC	17.7-95.5	54,757	13,120	67,876
CPR	CRANBROOK	FORT STEELE,BC - NORTH STAR,BC	95.5-105.4	17,627	7,055	24,682
CPR	CRANBROOK	NORTH STAR,BC - CRANBROOK,BC	105.4-107.7	17,627	7,055	24,682
CPR	CRANBROOK	CRANBROOK,BC - CURZON,BC	107.7-150.4	17,410	6,418	23,828
CPR	CRANBROOK	CURZON,BC - EASTPORT,ID	150.4-158.8	16,396	4,946	21,342
CPR	CROWSNEST	LETHBRIDGE,AB - FORT MACLEOD,AB	7.9-31.8	20,314	7,754	28,068
CPR	CROWSNEST	FORT MACLEOD,AB - BROCKET,AB	31.8-51.5	20,261	7,720	27,980
CPR	CROWSNEST	BROCKET,AB - CROWSNEST,BC	51.1-101.1	20,502	7,709	28,211
CPR	CSXT	WEST DETROIT,MI - PLYMOUTH,MI	0-25	1,463	1,455	2,918
CPR	CSXT BUFFALO - CHICAGO	BUFFALO BLACK ROCK,NY - ERIE,PA	0-96.2	1,498	1,678	3,176
CPR	CSXT BUFFALO - CHICAGO	ERIE,PA - WILLARD,OH	96.2-260.2	1,459	1,487	2,945
CPR	CSXT BUFFALO - CHICAGO	WILLARD,OH - GARRETT,IN	260.2-387.1	1,376	187	1,563
CPR	CSXT BUFFALO - CHICAGO	GARRETT,IN - PINE JCT,IN	387.1-508.3	1,690	1,913	3,603
CPR	CSXT BUFFALO - CHICAGO	PINE JCT,IN - BENSENVILLE IMS,IL	508.3-545.6	2,384	3,818	6,202
CPR	DAVENPORT	SABULA,IA - CLINTON,IA	141.5-158	12,143	12,029	24,172
CPR	DAVENPORT	CLINTON,IA - WATER WORKS,IA	158-191.2	11,851	6,489	18,340
CPR	DAVENPORT	WATER WORKS,IA - NAHANT,IA	191.2-195.7	11,951	6,573	18,524
CPR	DETROIT LAKES	GLENWOOD,MN - DETROIT LAKES,MN	121.6-213.9	5,254	14,583	19,838
CPR	DETROIT LAKES	DETROIT LAKES,MN - PLUMMER,MN	213.9-290.9	5,390	14,538	19,928
CPR	DETROIT LAKES	PLUMMER,MN - THIEF RIVER FALLS,MN	290.9-310	5,740	14,371	20,111
CPR	DULUTH	BOYLSTON,WI - POKEGAMA,WI	148-152.5	1,290	724	2,015
CPR	DULUTH	POKEGAMA,WI - CENTRAL AVE,WI	152.5-152.8	1,290	724	2,015
CPR	DULUTH	CENTRAL AVE,WI - SUPERIOR,WI	152.8-157.1	1,290	724	2,015
CPR	DULUTH	SUPR 12TH ST JCT,WI - SUPERIOR,WI	157.1-157.4	1,290	724	2,015
CPR	DULUTH	SUPERIOR,WI - WI/MN DULUTH/SUP,MN	157.4-159.3	299	275	574

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2019
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	DULUTH	WI/MN DULUTH/SUP,MN - DULUTH,MN	159.3-165.2	298	261	560
CPR	DUNNVILLE SPUR	SMITHVILLE,ON - PORT MAITLAND,ON	0.0- 18.5	1	52	53
CPR	ELBOW LAKE	GLENWOOD,MN - ND/MN ELBOW LAKE,ND	119.7-189.3	16,864	25,055	41,919
CPR	ELBOW LAKE	ND/MN ELBOW LAKE,ND - VEBLEN JCT,ND	189.3-195.6	17,032	24,684	41,716
CPR	ELBOW LAKE	VEBLEN JCT,ND - HANKINSON,ND	195.6-205.6	17,227	24,667	41,894
CPR	ELBOW LAKE	HANKINSON,ND - ENDERLIN,ND	205.6-253.6	17,470	24,045	41,515
CPR	ELGIN	CRAGIN JUNCTION,IL - RIVER GROVE,IL	6.4-12.7	7,034	26,997	34,032
CPR	ELGIN	BENSENVILLE,IL - TOWER B12,IL	12.7-17.3	12,476	25,581	38,057
CPR	ELGIN	BENSENVILLE METRA,IL - RANDALL ROAD,IL	17.3-40.3	4,054	7,116	11,170
CPR	EMERSON	WHITTIER,MB - NOYES,MN	0-64	17,089	6,973	24,063
CPR	ESTEVAN	KEMNAY,MB - SOURIS,MB	0-15.9	777	3,207	3,984
CPR	ESTEVAN	SOURIS,MB - SCHWITZER,MB	15.9- 21.6	629	2,619	3,248
CPR	ESTEVAN	SCHWITZER,MB - NAPINKA,MB	21.6-50.4	627	2,610	3,236
CPR	ESTEVAN	NAPINKA,MB - BIENFAIT,SK	50.4-147.6	334	1,013	1,347
CPR	ESTEVAN	BIENFAIT,SK - ESTEVAN,SK	147.6-156.1	386	847	1,233
CPR	EXPANSE	CURLE,SK - ARCHIVE,SK	0-7.8	583	1,286	1,869
CPR	EXPANSE	ARCHIVE,SK - MOSSBANK JCT,SK	7.8-41.5	584	1,284	1,868
CPR	EXPANSE	MOSSBANK JCT,SK - CONGRESS,SK	41.5-56	586	1,278	1,864
CPR	EXPANSE	CONGRESS,SK - ASSINIBOIA,SK	56-63	379	902	1,281
CPR	FORDING RIVER	SPARWOOD,BC - ELKVIEW,BC	0.0- 0.8	6,350	34,820	41,170
CPR	FORDING RIVER	ELKVIEW,BC - LINE CREEK,BC	0.8- 9.8	4,594	24,969	29,563
CPR	FORDING RIVER	LINE CREEK,BC - GREENHILLS,BC	9.8- 21.4	3,644	19,776	23,420
CPR	FORDING RIVER	GREENHILLS,BC - FORDING,BC	21.4- 32.5	2,252	12,063	14,315
CPR	FOX LAKE	RONDOUT,IL - FOX LAKE,IL	32.3-49.5	1	0	1
CPR	FREIGHT NORTH	MECHANICVILLE,NY - MOHAWK YD,NY	468-482.5	1,710	3,147	4,856
CPR	FREIGHT NORTH	MOHAWK YD,NY - SCHENECTADY,NY	482.5-484.8	1,178	735	1,913
CPR	GALT	WEST TORONTO,ON - OBICO YARD,ON	4.9-9.6	11,134	10,121	21,255
CPR	GALT	TORONTO OBICO,ON - COOKSVILLE,ON	9.6-14.6	10,813	10,004	20,817
CPR	GALT	COOKSVILLE,ON - STREETSVILLE JCT,ON	14.6-21.2	10,810	10,002	20,812
CPR	GALT	STREETSVILLE JCT,ON - GUELPH JCT,ON	21.2-39.2	10,594	9,932	20,526
CPR	GALT	GUELPH JCT,ON - GALT,ON	39.2-57.3	7,963	8,752	16,715
CPR	GALT	GALT,ON - WOODSTOCK,ON	57.3-87.8	9,898	10,763	20,661
CPR	GALT	WOODSTOCK,ON - ZORRA,ON	87.8-94.3	9,885	10,450	20,336
CPR	GALT	ZORRA,ON - LONDON ONTARIO,ON	94.3-114.6	9,964	10,240	20,204

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2019
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	GLENBORO	WOODMAN,MB - ELM CREEK,MB	0-41.7	144	430	573
CPR	GLENBORO	ELM CREEK,MB - HOLLAND,MB	41.7- 81.9	36	140	176
CPR	GLENBORO	HOLLAND,MB - GLENBORO,MB	81.9-100.9	1	2	3
CPR	GLENBORO	GLENBORO,MB - NESBITT,MB	100.9-128.1	1	2	3
CPR	GLENBORO	NESBITT,MB - SOURIS,MB	128.1-146.8	179	57	237
CPR	GRETNA SPUR	ROSENFELD,MB - ALTONA,MB	0-4.9	306	1,045	1,351
CPR	HAMILTON	E BROOKFIELD,ON - WELLAND,ON	12.2-20.4	2,384	2,848	5,232
CPR	HAMILTON	WELLAND,ON - SMITHVILLE,ON	20.4-37.3	3,087	3,866	6,953
CPR	HAMILTON	SMITHVILLE,ON - HAMILTON,ON	37.3-57.5	2,668	3,343	6,011
CPR	HAMILTON	HAMILTON,ON - HAMILTON JCT,ON	57.5-60.1	3,638	4,828	8,466
CPR	HAMILTON	HAMILTON JCT,ON - GUELPH JCT,ON	60.1-77	3,560	4,721	8,281
CPR	HARDISTY	WILKIE,SK - MACKLIN,SK	0-62.2	6,375	11,613	17,988
CPR	HARDISTY	MACKLIN,SK - SK/AB HARDISTY,AB	62.2-65	6,462	11,644	18,106
CPR	HARDISTY	SK/AB HARDISTY,AB - METISKOW,AB	65-96	6,527	11,492	18,018
CPR	HARDISTY	METISKOW,AB - HARDISTY,AB	96-131.4	6,276	10,063	16,339
CPR	HATTON SPUR	HATTON,SK - GOLDEN PRAIRIE,SK	0.0- 16.5	5	13	17
CPR	HAVELOCK	HAVELOCK,ON - PETERBOROUGH,ON	93.7-118	646	212	859
CPR	HAVELOCK	PETERBOROUGH,ON - TORONTO YARD,ON	118-178	631	218	849
CPR	HERON BAY	WHITE RIVER,ON - STRUTHERS,ON	0-33.5	11,419	13,934	25,354
CPR	HERON BAY	STRUTHERS,ON - SCHREIBER,ON	33.5-118.3	11,396	13,890	25,286
CPR	HIAWATHA SPUR	ROSEMOUNT,MN - INVER GROVE,MN	73.8-84.1	375	897	1,272
CPR	HOADLEY	JACKSON,AB - TRUMAN,AB	0-34.6	249	453	702
CPR	HOADLEY	TRUMAN,AB - HOMEGLEN,AB	34.6-42.6	217	437	654
CPR	IGNACE	IGNACE,ON - KENORA,ON	0-146.2	13,920	22,623	36,542
CPR	IND KALSPUR	KALIUM SPUR JCT,SK - KALIUM,SK	0.0- 3.8	842	3,862	4,704
CPR	IND KALSPUR	KALIUM,SK - SASKFERCO,SK	3.8- 6.5	38	96	134
CPR	INDIAN HEAD	BROADVIEW,SK - CRECY,SK	0-88.7	15,965	17,560	33,525
CPR	INDIAN HEAD	CRECY,SK - REGINA,SK	88.7-93.5	16,468	17,721	34,189
CPR	INDIAN HEAD	REGINA,SK - BELLE PLAINE,SK	93.5-117.8	33,025	20,805	53,830
CPR	INDIAN HEAD	BELLE PLAINE,SK - PASQUA,SK	117.8-129.1	37,773	20,536	58,309
CPR	INDIAN HEAD	PASQUA,SK - MOOSE JAW,SK	129.1-135.1	54,918	40,504	95,422
CPR	JACKSON	RAMSEY,MN - JACKSON,MN	42.9-148	239	748	987
CPR	KAMINISTIQUA	THUNDER BAY,ON - IGNACE,ON	0.0-147.2	13,501	22,579	36,080
CPR	KANSAS CITY	LAREDO,MO - POLO,MO	406.9-456.7	8,100	4,090	12,190
CPR	KANSAS CITY	POLO,MO - AIRLINE JCT,MO	456.7-498.8	7,904	4,038	11,942
CPR	KEEWATIN	KENORA,ON - MOLSON,MB	0-90.1	14,202	22,546	36,747
CPR	KEEWATIN	MOLSON,MB - NORCRAN,MB	90.1-119.2	14,174	22,496	36,670

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2019
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	KEEWATIN	NORCRAN,MB - WHITTIER,MB	119.2-124.5	7,720	11,796	19,516
CPR	KEEWATIN	WHITTIER,MB - WINNIPEG,MB	124.5-125.7	22,669	40,092	62,760
CPR	KERROBERT	ASTUM,SK - KERROBERT,SK	91.0-102.5	229	64	292
CPR	KERROBERT	HERSCHEL,SK - ASTUM,SK	61.7- 91.0	69	19	88
CPR	LA RIVIERE	WINNIPEG,MB - ROSENFELD,MB	0-54.2	503	1,561	2,065
CPR	LA RIVIERE	ROSENFELD,MB - MORDEN,MB	54.2- 78.0	79	329	408
CPR	LACOLLE	ROUSES POINT JCT,PQ - DELSON,PQ	0-27.1	1,711	4,523	6,234
CPR	LACOMBE	STETTLER,AB - JUNE,AB	59.5-103.2	256	195	451
CPR	LAGGAN	CALGARY,AB - KEITH,AB	0-9.6	47,718	23,753	71,471
CPR	LAGGAN	KEITH,AB - COPITHORNE JCT,AB	9.6-27.2	47,420	23,730	71,150
CPR	LAGGAN	COPITHORNE JCT,AB - MITFORD,AB	27.2-36.2	3,254	1,813	5,067
CPR	LAGGAN	MITFORD,AB - EXSHAW,AB	36.2-56.1	47,624	23,743	71,367
CPR	LAGGAN	EXSHAW,AB - FIELD,BC	56.1-136.6	46,915	22,111	69,026
CPR	LANIGAN	REGINA,SK - BULYEA JCT,SK	0-42.4	4,026	16,014	20,040
CPR	LANIGAN	BULYEA JCT,SK - LANIGAN,SK	42.4-104.4	3,831	15,330	19,161
CPR	LAREDO	OTTUMWA,IA - MO/IA LAREDO,MO	302.8-364	8,147	4,087	12,234
CPR	LAREDO	MO/IA LAREDO,MO - LAREDO,MO	364-405.1	8,112	4,077	12,189
CPR	LEDUC	RED DEER,AB - BLACKFALDS,AB	2.8-11.5	13,727	26,457	40,183
CPR	LEDUC	BLACKFALDS,AB - JACKSON,AB	11.5-16.1	13,302	25,267	38,569
CPR	LEDUC	JACKSON,AB - LACOMBE,AB	16.1-18.02	13,049	24,813	37,861
CPR	LEDUC	LACOMBE,AB - WETASKIWIN,AB	18-57.4	12,236	23,009	35,245
CPR	LEDUC	WETASKIWIN,AB - LEDUC,AB	57.4-79.1	9,014	16,148	25,162
CPR	LEDUC	LEDUC,AB - GAINER,AB	79.1-95	6,829	12,568	19,397
CPR	LEDUC	GAINER,AB - SOUTH EDMONTON,AB	95-96.9	41	60	101
CPR	LIGNITE	FLAXTON,ND - STAMPEDE,ND	0.0- 16.0	219	762	980
CPR	LLOYDMINSTER	WILKIE,SK - MARSDEN,SK	0-65.1	513	1,527	2,041
CPR	LLOYDMINSTER	MARSDEN,SK - BIG GULLY TFR,SK	65.1-103	499	1,486	1,985
CPR	M & O	DORION,PQ - RIGAUD,PQ	0-16.5	2	0	2
CPR	M & P	PORTAGE,WI - MADISON,WI	0-30.2	920	285	1,206
CPR	MACKLIN	KERROBERT,SK - RURAL,SK	0.0- 1.0	425	109	534
CPR	MACKLIN	RURAL,SK - ZINGER,SK	1.0- 1.5	113	179	291
CPR	MACKLIN	ZINGER,SK - MACKLIN,SK	1.5- 46.4	111	121	232
CPR	MACTIER	VAUGHAN IMS,ON - ALLISTON,ON	14.8-44.7	12,783	16,441	29,224
CPR	MACTIER	ALLISTON,ON - MEDONTE,ON	44.7-90.4	11,646	14,871	26,517
CPR	MACTIER	MEDONTE,ON - MACTIER,ON	90.4-128.3	11,627	14,857	26,483
CPR	MACTIER D	WEST TORONTO,ON - VAUGHAN IMS,ON	0-14.8	9,205	13,001	22,206
CPR	MAPLE CREEK	SWIFT CURRENT,SK - JAVA,SK	0-6	53,259	34,950	88,208
CPR	MAPLE CREEK	JAVA,SK - HATTON,SK	6-103.3	53,380	34,270	87,650

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2019
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	MAPLE CREEK	HATTON,SK - DUNMORE,AB	103.3-138.8	53,685	34,252	87,937
CPR	MAPLE CREEK	DUNMORE,AB - MEDICINE HAT,AB	138.8-147.4	46,984	32,797	79,781
CPR	MARPOLE	ONTARIO STREET,BC - NEW WESTMINSTER,BC	7.5- 16.0	10	9	18
CPR	MARQUETTE	SABULA,IA - MARQUETTE,IA	0-98	9,190	12,087	21,278
CPR	MARQUETTE	MARQUETTE,IA - MN/IA MARQUETTE,IA	98-136.5	10,697	9,337	20,034
CPR	MARQUETTE	MN/IA MARQUETTE,IA - BLUFF,MN	136.5-159	10,688	9,334	20,022
CPR	MASON CITY	MARQUETTE,IA - MASON CITY,IA	0-116.7	2,786	5,091	7,877
CPR	MELFORT	LANIGAN,SK - NAICAM,SK	0.0- 49.3	170	194	364
CPR	MERRIAM PARK	ST PAUL,MN - ST PAUL FORDSON JCT,MN	407.4-411.9	13,691	20,569	34,260
CPR	MERRIAM PARK	ST PAUL FORDSON JCT,MN - FORDSON,MN	411.9-412.0	795	305	1,100
CPR	MERRIAM PARK	FORDSON,MN - SOUTH MINNEAPOLIS,MN	412.0-418.7	421	239	660
CPR	MINNEDOSA	PORTAGE LA PRAIRIE,MB - MINNEDOSA,MB	0-77.9	5,530	14,922	20,451
CPR	MISSION	MISSION CITY,BC - RIVERSIDE,BC	0.0- 1.0	4,744	58,447	63,191
CPR	MISSION	RIVERSIDE,BC - MATSQUI JCT,BC	1.0- 1.4	621	46,153	46,774
CPR	MISSION	MATSQUI JCT,BC - HUNTINGDON,BC	1.4- 10.1	620	385	1,004
CPR	MN&S SPUR	MPLS MN&S JCT,MN - ST LOUIS PARK,MN	7.2-16.3	217	94	311
CPR	MN&S SPUR	ATWOOD,MN - NESBITT,MN	16.3-25.7	233	83	316
CPR	MONTANA	SWEET GRASS,MT - STIRLING,AB	0-47.2	1,969	4,130	6,099
CPR	MONTANA	STIRLING,AB - MONTANA,AB	47.2-64.8	646	1,178	1,824
CPR	MONTROSE	NIAGARA FALLS,ON - MONTROSE YARD,ON	0-4	24	-	24
CPR	MONTROSE	MONTROSE,ON - RUSHOLME,ON	4-13.4	69	16	85
CPR	MOUNTAIN	FIELD,BC - KC JUNCTION,BC	0-36.7	47,649	22,642	70,291
CPR	MOUNTAIN	GOLDEN,BC - REVELSTOKE,BC	36.7-125.7	86,592	30,244	116,836
CPR	MTP IHB TRACKS	GIBSON,IN - DOLTON JCT,IL	1.1-10.4	1,833	2,399	4,233
CPR	MTP IHB TRACKS	DOLTON JCT,IL - BLUE ISLAND,IL	10.4-14.1	1,855	2,170	4,025
CPR	MTP IHB TRACKS	BLUE ISLAND,IL - ARGO,IL	14.1-27	2,387	1,916	4,303
CPR	MTP IHB TRACKS	ARGO,IL - BROADVIEW,IL	27-33.9	6,719	25,904	32,622
CPR	MTP IHB TRACKS	BROADVIEW,IL - NORPAUL YARD,IL	33.9-39.2	-	2,291	2,291
CPR	MTP WATERTOWN-MADISON	WATERTOWN,WI - WATERLOO,WI	131.2-156	123	210	333
CPR	NAPINKA	KILLARNEY,MB - DELORAINE,MB	53.0- 89.9	839	226	1,064
CPR	NAPINKA	DELORAINE,MB - NAPINKA,MB	89.9-108.6	1,054	279	1,332

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2019
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	NELSON	CURZON,BC - NELSON,BC	42.6-137.8	1,013	1,462	2,475
CPR	NEMEGOS	CARTIER,ON - RAMSEY,ON	0-70.7	11,237	13,715	24,952
CPR	NEMEGOS	RAMSEY,ON - CHAPLEAU,ON	70.7-136.4	11,235	13,716	24,951
CPR	NEPHTON	HAVELOCK,ON - BLUE MOUNTAIN,ON	0-20	99	325	424
CPR	NEWTOWN	DRAKE,ND - MAX,ND	0.0- 48.9	4,781	3,748	8,529
CPR	NEWTOWN	MAX,ND - PRAIRIE JCT,ND	48.9- 80.5	4,228	2,583	6,811
CPR	NEWTOWN	PRAIRIE JCT,ND - NEW TOWN,ND	80.5-111.6	3,933	2,323	6,257
CPR	NIPIGON	SCHREIBER,ON - RED ROCK,ON	0-68.3	11,202	13,558	24,760
CPR	NIPIGON	RED ROCK,ON - CURRENT RIVER,ON	68.3-126.6	11,202	13,556	24,759
CPR	NIPIGON	CURRENT RIVER,ON - THUNDER BAY NORTH,ON	126.6-132.9	11,202	13,556	24,758
CPR	NITRIN	EAST MOLINE,IL - CEFFCO,IL	1.7-19.8	105	75	180
CPR	NORTH TORONTO	LEASIDE,ON - WEST TORONTO,ON	0-5.9	18,053	20,873	38,926
CPR	NOYES	THIEF RIVER FALLS,MN - EMERSON,MB	310-386.6	5,536	12,776	18,312
CPR	NS CHICAGO LINE	OH/IN NSHUNTINGTON,OH - ELKHART,IN	358.5-421.6	4,703	7,092	11,795
CPR	NS CHICAGO LINE	ELKHART,IN - PORTER,IN	421.6-482	4,660	7,083	11,743
CPR	NS CHICAGO LINE	PORTER,IN - CP 502,IN	482-502.8	2,267	3,593	5,859
CPR	NS CHICAGO LINE	CP 502,IN - ROCK ISLAND JCT,IL	502.8-509.7	373	5,116	5,488
CPR	NS DETROIT DISTRICT	OAKWOOD,MI - MILAN,MI	6.4-37.4	4,698	7,100	11,799
CPR	NS DETROIT DISTRICT	MILAN,MI - MI/OH NSDETROIT,MI	37.4-80.4	4,698	7,100	11,798
CPR	NS DETROIT DISTRICT	MI/OH NSDETROIT,MI - MONTPELIER,OH	80.4-97.4	4,698	7,100	11,798
CPR	NS HUNTINGTON DISTRICT	MONTPELIER,OH - OH/IN NSHUNTINGTON,OH	97.4-109.3	4,703	7,092	11,795
CPR	OTTUMWA	NAHANT,IA - MUSCATINE,IA	195.7-220.3	9,817	5,094	14,911
CPR	OTTUMWA	MUSCATINE,IA - OTTUMWA,IA	220.3-302.8	9,504	7,588	17,092
CPR	OUTLOOK	MOOSE JAW,SK - TUXFORD,SK	0.1-15.3	188	567	755
CPR	OUTLOOK	TUXFORD,SK - EYEBROW,SK	15.3-44.6	142	549	691
CPR	OUTLOOK	EYEBROW,SK - LOREBURN,SK	44.6-85.6	139	548	687
CPR	OUTLOOK	LOREBURN,SK - BRODERICK,SK	85.6-91.3	88	381	469
CPR	OUTREMONT SPUR	MONTREAL RACINE IMS,PQ - HOCHELAGA,PQ	0.0- 2.1	1,961	1,788	3,749
CPR	OUTREMONT SPUR	HOCHELAGA,PQ - OUTREMONT,PQ	2.1-6.4	3,549	3,060	6,609
CPR	OWATONNA	MASON CITY,IA - IA/MN OWATONNA,MN	0-28.4	865	1,524	2,389
CPR	OWATONNA	IA/MN OWATONNA,MN - RAMSEY,MN	28.4-72.5	897	1,174	2,071
CPR	OWATONNA	RAMSEY,MN - COMUS,MN	72.5-123.8	761	342	1,103
CPR	PAGE	RIVERSIDE,BC - LIVINGSTONE,BC	0-2	26,856	9,966	36,822
CPR	PAGE	LIVINGSTONE,BC - DELTAPORT IMS,BC	2-44.2	27,485	9,170	36,655
CPR	PARRY SOUND	MACTIER,ON - ROMFORD,ON	1.4-121.7	11,654	14,894	26,548

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2019
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	PAYNESVILLE	MPLS SHOREHAM,MN - CAMDEN PLACE,MN	2-3.1	8,160	12,063	20,224
CPR	PAYNESVILLE	CAMDEN PLACE,MN - MPLS MN&S JCT,MN	3.1-7.2	22,872	40,040	62,912
CPR	PAYNESVILLE	MPLS MN&S JCT,MN - BROOTEN,MN	7.2-104.3	21,954	39,674	61,628
CPR	PAYNESVILLE	BROOTEN,MN - GLENWOOD,MN	104.3-119.7	22,026	39,881	61,908
CPR	PECTEN	BROCKET,AB - PECTEN,AB	0-29.3	70	336	406
CPR	PORTAL	HARVEY,ND - DRAKE,ND	23.0- 0.0	18,688	23,661	42,349
CPR	PORTAL	DRAKE,ND - KENMARE,ND	122.3- 23.0	15,051	20,555	35,606
CPR	PORTAL	KENMARE,ND - FLAXTON,ND	144.0-122.3	15,634	20,533	36,167
CPR	PORTAL	FLAXTON,ND - PORTAL,ND	153.7-144.0	15,492	19,760	35,252
CPR	RADVILLE	EXON,SK - RADVILLE,SK	0.0- 70.0	75	98	173
CPR	RED DEER	12TH STREET EAST,AB - PETRO,AB	0-11.7	14,549	29,857	44,406
CPR	RED DEER	PETRO,AB - EAST CROSSFIELD,AB	11.7-27.8	14,549	29,853	44,402
CPR	RED DEER	E CROSSFIELD JCT,AB - DIDSBURY,AB	27.8-47	14,424	29,468	43,891
CPR	RED DEER	DIDSBURY,AB - DOAN JCT,AB	47-68.1	14,054	28,157	42,211
CPR	RED DEER	DOAN JCT,AB - RED DEER,AB	68.1-95.6	14,117	27,938	42,056
CPR	REFORD	RURAL,SK - WILKIE,SK	42.8- 0.0	466	56	522
CPR	RIVER	RIVER JCT WEST,MN - NEWPORT,MN	288-402.5	23,630	36,720	60,351
CPR	RIVER	NEWPORT,MN - ST PAUL,MN	402.5-407.4	22,758	35,848	58,606
CPR	ROCANVILLE SYLVITE SPUR	ROCANVILLE,SK - SYLVITE,SK	0.0- 5.5	497	1,986	2,483
CPR	ROCANVILLE	VIRDEN,MB - MB/SK ROCANVILLE,MB	0-41.5	498	1,986	2,483
CPR	ROCANVILLE	MB/SK ROCANVILLE,MB - ROCANVILLE,SK	41.5-50.8	498	1,986	2,483
CPR	ROCKFORD	DAVIS JUNCTION,IL - WEST YARD,WI	0-30.9	8	13	21
CPR	ROCKFORD	WEST YARD,WI - JANESVILLE,WI	30.9-45.8	42	69	111
CPR	SCOTFORD	SCOTFORD,AB - ELK ISLAND,AB	138.1-144.1	6,586	3,362	9,948
CPR	SCOTFORD	ELK ISLAND,AB - GAINER,AB	144.1-173.6	8,211	4,244	12,455
CPR	SHANTZ	DIDSBURY,AB - SHANTZ,AB	0.0- 14.1	162	636	797
CPR	SHELDON	MASON CITY,IA - SHELDON,IA	116.7-252.4	747	1,371	2,119
CPR	SHUSWAP	REVELSTOKE,BC - BELL POLE SPUR,BC	0-5	86,336	30,217	116,554
CPR	SHUSWAP	BELL POLE SPUR,BC - TUM TUM,BC	5.0- 6.5	86,336	30,213	116,549
CPR	SHUSWAP	TUM TUM,BC - WESTAR EAG RV,BC	6.5-29.4	86,335	30,213	116,548
CPR	SHUSWAP	WESTAR EAG RV,BC - CAMBIE,BC	29.4-43.2	86,334	30,211	116,545
CPR	SHUSWAP	CAMBIE,BC - SICAMOUS,BC	43.2-45	86,331	30,207	116,539
CPR	SHUSWAP	SICAMOUS,BC - CANOE,BC	45-56.4	86,332	30,207	116,539
CPR	SHUSWAP	CANOE,BC - KAMLOOPS,BC	56.4-128.5	80,322	28,196	108,518
CPR	SOUTHERN TIER	BINGHAMTON,NY - BUFFALO,NY	0.0-212.0	113	219	332

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2019
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	ST LUC BRANCH	ST LUC,PQ - BALLANTYNE,PQ	0.0- 2.1	50	85	135
CPR	ST PAUL	CARDIGAN JCT,MN - STP SOO JCT,MN	11.8-17.1	77	24,771	24,848
CPR	STAMFORD	BUFFALO,NY - FORT ERIE,ON	0.0- 1.0	2,861	3,455	6,316
CPR	SUTHERLAND	WYNYARD,SK - LANIGAN,SK	0-37.7	10,281	12,042	22,324
CPR	SUTHERLAND	LANIGAN,SK - GUERNSEY,SK	37.7-44.4	9,139	21,780	30,919
CPR	SUTHERLAND	GUERNSEY,SK - ARPIERS,SK	44.4-70.2	9,166	20,802	29,968
CPR	SUTHERLAND	ARPIERS,SK - ELSTOW,SK	70.2-83.4	9,079	19,924	29,002
CPR	SUTHERLAND	ELSTOW,SK - CHEVIOT,SK	83.4-97.1	8,413	18,171	26,585
CPR	SUTHERLAND	CHEVIOT,SK - SUTHERLAND,SK	97.1-109.7	9,716	18,274	27,990
CPR	SUTHERLAND	SUTHERLAND,SK - SASKATOON,SK	109.7-113.5	7,020	15,722	22,742
CPR	SUTHERLAND ALLAN SPUR	ELSTOW,SK - ALLAN MINES,SK	0.0- 3.6	859	1,997	2,856
CPR	SUTHERLAND ALWINSAL SPUR	GUERNSEY,SK - ALWINSAL,SK	0.0- 4.2	706	1,725	2,431
CPR	SUTHERLAND NORANDA SPUR	ARPIERS,SK - NORCO,SK	0.0- 1.0	363	1,057	1,420
CPR	SUTHERLAND POTASCO SPUR	CHEVIOT,SK - POTASCO,SK	0.0- 1.1	423	660	1,083
CPR	SWIFT CURRENT	MOOSE JAW,SK - CURLE,SK	0-2.3	52,112	36,082	88,194
CPR	SWIFT CURRENT	CURLE,SK - SWIFT CURRENT,SK	2.3-110.4	51,726	34,455	86,181
CPR	TABER	BELLCOTT,AB - MONTANA,AB	1.4-106.7	14,651	5,188	19,839
CPR	TABER	MONTANA,AB - LETHBRIDGE,AB	106.7-116.4	18,062	9,943	28,005
CPR	THOMPSON	KAMLOOPS,BC - NEPA,BC	0-54.8	83,757	29,164	112,920
CPR	THOMPSON	NEPA,BC - NORTH BEND,BC	54.8-121.5	590	9,076	9,667
CPR	THUNBAY TRM	THUNDER BAY NORTH,ON - THUNDER BAY,ON	0.0- 4.4	11,202	13,556	24,758
CPR	TISDALE	GOUDIE,SK - BERTH,SK	0.1-44.6	428	1,545	1,973
CPR	TISDALE	BERTH,SK - NIPAWIN,SK	44.6-131.7	288	1,010	1,298
CPR	TOMAH	PORTAGE,WI - NEW LISBON,WI	180.4-221.2	18,534	39,466	58,000
CPR	TOMAH	NEW LISBON,WI - LA CROSSE,WI	221.2-281.2	20,813	38,627	59,440
CPR	TOMAH WEST	LA CROSSE,WI - BRIDGE SWITCH,WI	281.2-283.8	23,327	39,508	62,835
CPR	TOMAH WEST	BRIDGE SWITCH,WI - RIVER JCT WEST,MN	283.8-288.1	24,202	39,369	63,571
CPR	TRACY	WASECA,MN - WEST MANKATO,MN	102.5-129.6	1,259	3,224	4,483
CPR	TRACY	WEST MANKATO,MN - SANBORN,MN	129.6-201.7	1,143	2,880	4,023
CPR	TRACY	SANBORN,MN - TRACY,MN	201.7-226.5	1,114	2,621	3,736
CPR	TRACY	TRACY,MN - MN/SD HURON,SD	226.5-244.5	107	33	141
CPR	TYVAN	LAJORD,SK - CRECY,SK	80.1-87.3	4	24	27
CPR	UP MANKOTA	STP CHESTNUT ST,MN - SAVAGE,MN	4.2- 18.6	976	567	1,542

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2019
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	UP MANKOTA	SAVAGE,MN - SHAKOPEE,MN	18.6- 28.2	356	207	562
CPR	UP TWO ALBERT LEA	NORTHFIELD,MN - ROSEPORT,MN	313.1-343.9	287	705	991
CPR	UP TWO ALBERT LEA	ROSEPORT,MN - SOUTH ST PAUL,MN	343.9-348	372	913	1,285
CPR	UP TWO ALBERT LEA	SOUTH ST PAUL,MN - ST PAUL,MN	348.0-352.3	400	978	1,378
CPR	VAUDREUIL	ST LUC,PQ - DORION,PQ	2.2-18.9	9,955	12,582	22,538
CPR	VEBLEN	VEBLEN JCT,ND - SD/ND VEBLEN,SD	194.5-203.1	96	322	419
CPR	VEBLEN	SD/ND B,SD - ROSHOLT,SD	203.1-210.0	96	322	419
CPR	WASECA	MINNESOTA CITY,MN - ROCHESTER,MN	4.9-49.3	1,863	4,798	6,661
CPR	WASECA	ROCHESTER,MN - WASECA,MN	49.3-102.5	2,179	4,921	7,100
CPR	WATERLOO	GALT,ON - PRESTON,ON	0.8-4.3	1,721	1,768	3,489
CPR	WATERLOO	PRESTON,ON - KITCHENER,ON	4.3-11.2	374	380	754
CPR	WATERTOWN	MILWAUKEE,WI - GRAND AVE,WI	87.1-88.2	10,007	19,276	29,283
CPR	WATERTOWN	GRAND AVE,WI - BROOKFIELD,WI	88.2-99.4	10,924	20,984	31,909
CPR	WATERTOWN	BROOKFIELD,WI - DUPLAINVILLE,WI	99.4-102.1	18,242	35,145	53,386
CPR	WATERTOWN	DUPLAINVILLE,WI - WATERTOWN,WI	102.1-133.7	18,230	35,143	53,373
CPR	WATERTOWN	WATERTOWN,WI - PORTAGE JUNCTION,WI	133.7-176.9	18,415	35,285	53,701
CPR	WATERTOWN	PORTAGE JUNCTION,WI - PORTAGE,WI	176.9-180.4	18,405	35,222	53,627
CPR	WAXDALE - BURLINGTON	WAXDALE,WI - STURTEVANT,WI	0-1.3	23	49	72
CPR	WESTMINSTER	MACAULAY,BC - FRASER MILLS,BC	0-4.9	14,530	4,658	19,188
CPR	WESTMINSTER	FRASER MILLS,BC - SAPPERTON,BC	4.9-5.61	2,209	1,351	3,560
CPR	WESTMINSTER	SAPPERTON,BC - NEW WESTMINSTER,BC	5.61-9.2	2,208	1,351	3,559
CPR	WETASKIWIN	HARDISTY,AB - WETASKIWIN,AB	0-95	5,598	2,881	8,478
CPR	WEYBURN	PASQUA,SK - EXON,SK	0-84.1	20,136	17,124	37,260
CPR	WEYBURN	EXON,SK - ESTEVAN,SK	84.1-137.5	20,524	16,058	36,582
CPR	WEYBURN	ESTEVAN,SK - PORTAL,ND	137.5-158	19,645	15,483	35,128
CPR	WHITE FOX SPUR	NIPAWIN,SK - CHOICELAND,SK	0.0- 0.6	1	3	4
CPR	WHITE RIVER	CHAPLEAU,ON - FRANZ,ON	0-82	11,365	13,711	25,076
CPR	WHITE RIVER	FRANZ,ON - WHITE RIVER,ON	82-129.9	11,414	13,953	25,367
CPR	WILKIE SPUR	CORY,SK - DUVCO,SK	0.0- 2.4	181	679	860
CPR	WILKIE	SASKATOON,SK - CORY,SK	0-9.1	6,879	14,889	21,768
CPR	WILKIE	CORY,SK - DUNFERMLINE,SK	9.1-16.5	6,692	14,209	20,901
CPR	WILKIE	DUNFERMLINE,SK - WILKIE,SK	16.5-99.6	6,272	12,912	19,184
CPR	WILLINGDON SPUR	STAR,AB - ELK ISLAND,AB	0.0- 9.8	910	291	1,202
CPR	WINCHESTER	DORION,PQ - ON/PQ WINCHESTER,ON	18.9-42	9,961	12,686	22,647
CPR	WINCHESTER	ON/PQ WINCHESTER,ON - BEDELL,ON	42-103.2	10,007	12,780	22,786

EXHIBIT 14: TRAFFIC DENSITY
CPR Year 2019
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/North Gross Tons (000)	East/South Gross Tons (000)	Total Gross Tons (000)
CPR	WINCHESTER	BEDELL,ON - SMITHS FALLS,ON	103.2-123.8	10,048	12,888	22,935
CPR	WINDERMERE	FORT STEELE,BC - KC JUNCTION,BC	0-144.8	39,071	7,840	46,912
CPR	WINDSOR	LONDON ONTARIO,ON - MELROSE,ON	0-11.7	8,768	9,151	17,919
CPR	WINDSOR	MELROSE,ON - CHATHAM,ON	11.7-63.4	8,765	9,139	17,904
CPR	WINDSOR	CHATHAM,ON - WINDSOR,ON	63.4-111.7	8,835	9,161	17,996
CPR	WINDSOR	WINDSOR,ON - WEST DETROIT,MI	112-121.1	9,888	9,680	19,568
CPR	WINNIPEG BEACH SPUR	MIDDLECHURCH,MB - SELKIRK,MB	0-21	3	1	4
CPR	WITHROW	MINNEAPOLIS IMS,MN - CARDIGAN JCT,MN	1.5-8.4	302	27,131	27,432
CPR	WITHROW	CARDIGAN JCT,MN - WITHROW,MN	8.4-20.7	81	174	255
CPR	WYNYARD	BREDENBURY,SK - GOUDIE,SK	0-73.8	8,567	12,099	20,667
CPR	WYNYARD	GOUDIE,SK - WYNYARD,SK	73.8-113.8	10,588	12,396	22,984
CPR	YARBO	BREDENBURY,SK - YARBO,SK	0-14	587	5,359	5,946

EXHIBIT 14: TRAFFIC DENSITY
CPR Growth Plan Year 3
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Estimated Gross Tons (000)
CPR	ADIRONDACK	FARNHAM,PQ - DELSON,PQ	5,224
CPR	ADIRONDACK	DELSON,PQ - ST LUC,PQ	14,872
CPR	ADIRONDACK	ST LUC,PQ - OUTREMONT,PQ	4,216
CPR	ALDERSYDE	LETHBRIDGE,AB - ELTHAM,AB	16,919
CPR	ALDERSYDE	ELTHAM,AB - ALDERSYDE,AB	17,537
CPR	ALDERSYDE	ALDERSYDE,AB - 12TH STREET EAST,AB	16,739
CPR	ALDERSYDE - HIGH RIVER SPUR	ALDERSYDE,AB - HIGH RIVER,AB	849
CPR	BANGOR	SEARSPORT,ME - BROWNVILLE JCT,ME	2,059
CPR	BELLE PLAINE	BELLE PLAINE,SK - LEGACY,SK	642
CPR	BELLEVILLE	SMITHS FALLS,ON - OSHAWA,ON	33,619
CPR	BELLEVILLE	OSHAWA,ON - TORONTO YARD,ON	31,475
CPR	BELLEVILLE	TORONTO YARD,ON - AGINCOURT,ON	44,079
CPR	BELLEVILLE	AGINCOURT,ON - LEASIDE,ON	85,440
CPR	BEMIDJI	GULLY,MN - PLUMMER,MN	412
CPR	BNSF TWIN CITIES	HOFFMAN ST PAUL,MN - NORTHTOWN,MN	1,471
CPR	BNSF TWIN CITIES	NORTHTOWN,MN - BOYLSTON,WI	2,595
CPR	BOUNDARY - ROBSON SPUR	CASTLEGAR,BC - WESTLEY,BC	156
CPR	BRECHTER	PRENTISS,AB - JUNE,AB	1,316
CPR	BRECHTER	JUNE,AB - LACOMBE,AB	1,598
CPR	BREDENBURY	MINNEDOSA,MB - BINSCARTH,MB	29,174
CPR	BREDENBURY	BINSCARTH,MB - BREDENBURY,SK	28,862
CPR	BRETON	LEDUC,AB - SUNNYBROOK,AB	129
CPR	BROADVIEW	BRANDON,MB - KEMNAY,MB	38,846
CPR	BROADVIEW	KEMNAY,MB - VIRDEN,MB	38,675
CPR	BROADVIEW	VIRDEN,MB - WHITEWOOD,SK	39,395
CPR	BROADVIEW	WHITEWOOD,SK - BROADVIEW,SK	39,671
CPR	BROCKVILLE	SMITHS FALLS,ON - BROCKVILLE,ON	337

Entity	Subdivision	Segment	Estimated Gross Tons (000)
CPR	BROOKS	MEDICINE HAT,AB - BASSANO,AB	99,382
CPR	BROOKS	BASSANO,AB - WEST CARSELAND,AB	94,469
CPR	BROOKS	WEST CARSELAND,AB - SHEPARD,AB	101,943
CPR	BROOKS	SHEPARD,AB - ALYTH,AB	115,751
CPR	BROOKS	ALYTH,AB - 12TH STREET EAST,AB	61,476
CPR	BROOKS	12TH STREET EAST,AB - CALGARY,AB	47,779
CPR	C&M	TOWER A2,IL - SHERMER,IL	7,217
CPR	C&M	SHERMER,IL - NORTHBROOK,IL	48,039
CPR	C&M	NORTHBROOK,IL - RONDOUT,IL	46,660
CPR	C&M WEST	RONDOUT,IL - WI/IL C&M,WI	45,651
CPR	C&M WEST	WI/IL C&M,WI - STURTEVANT,WI	45,659
CPR	C&M WEST	STURTEVANT,WI - MILWAUKEE,WI	49,101
CPR	CANADIAN	CPR CANADIAN MOHAWK YD,NY - CPC 38,NY	13,253
CPR	CANADIAN	CPC 38,NY - WHITEHALL,NY	13,253
CPR	CANADIAN	WHITEHALL,NY - ROUSES POINT,NY	13,668
CPR	CANPA	OBICO YARD,ON - CANPA,ON	3,337
CPR	CARBERRY	WINNIPEG,MB - RUGBY,MB	51,890
CPR	CARBERRY	RUGBY,MB - WOODMAN,MB	66,731
CPR	CARBERRY	WOODMAN,MB - PORTAGE LA PRAIRIE,MB	71,876
CPR	CARBERRY	PORTAGE LA PRAIRIE,MB - BRANDON,MB	42,586
CPR	CARRINGTON	ENDERLIN,ND - HARVEY,ND	46,082
CPR	CARTIER	CONISTON,ON - ROMFORD,ON	19,485
CPR	CARTIER	ROMFORD,ON - SUDBURY,ON	37,901
CPR	CARTIER	SUDBURY,ON - LEVACK,ON	34,820
CPR	CARTIER	LEVACK,ON - CARTIER,ON	34,124
CPR	CASCADE	NORTH BEND,BC - MISSION CITY,BC	33,779

EXHIBIT 14: TRAFFIC DENSITY
CPR Growth Plan Year 3
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Estimated Gross Tons (000)
CPR	CASCADE	MISSION CITY,BC - PIT RIVER M108.4,BC	71,724
CPR	CASCADE	PIT RIVER M108.4,BC - COQUITLAM TFR,BC	65,367
CPR	CASCADE	COQUITLAM,BC - MACAULAY,BC	100,290
CPR	CASCADE	MACAULAY,BC - IOCO,BC	100,290
CPR	CASCADE	IOCO,BC - PORT MOODY,BC	88,523
CPR	CASCADE	PORT MOODY,BC - SECOND NARROWS,BC	79,356
CPR	CASCADE	SECOND NARROWS,BC - CENTERM WHARF IMS,BC	76,348
CPR	CHICAGO	RANDALL ROAD,IL - DAVIS JUNCTION,IL	26,997
CPR	CHICAGO	DAVIS JUNCTION,IL - SABULA DRAWBRIDGE,IA	35,401
CPR	CN - ASHCROFT	NEPA,BC - BOSTON BAR,BC	92,277
CPR	CN - YALE FRAS CAN	BOSTON BAR,BC - MATSQUI,BC	92,771
CPR	CN - YALE FRAS CAN	MATSQUI,BC - HYDRO,BC	92,771
CPR	CN - YALE FRAS CAN	HYDRO,BC - VANCOUVER THORN YAR,BC	92,771
CPR	COLONIE	ALBANY,NY - MECHANICVILLE,NY	11,101
CPR	COLUMBIA	NELSON,BC - SOUTH SLOCAN,BC	2,854
CPR	COLUMBIA	SOUTH SLOCAN,BC - CASTLEGAR,BC	4,261
CPR	COLUMBIA	CASTLEGAR,BC - TRAIL,BC	2,831
CPR	COLUMBIA	TRAIL,BC - WARFIELD,BC	328
CPR	CRANBROOK	CROWSNEST,BC - FABRO,BC	29,479
CPR	CRANBROOK	FABRO,BC - SPARWOOD,BC	59,167
CPR	CRANBROOK	SPARWOOD,BC - FORT STEELE,BC	75,398
CPR	CRANBROOK	FORT STEELE,BC - NORTH STAR,BC	46,373
CPR	CRANBROOK	NORTH STAR,BC - CRANBROOK,BC	28,470
CPR	CRANBROOK	CRANBROOK,BC - CURZON,BC	30,158
CPR	CRANBROOK	CURZON,BC - EASTPORT,ID	30,975
CPR	CROWSNEST	LETHBRIDGE,AB - FORT MACLEOD,AB	28,949
CPR	CROWSNEST	FORT MACLEOD,AB - BROCKET,AB	29,151
CPR	CROWSNEST	BROCKET,AB - CROWSNEST,BC	30,520
CPR	CSXT	WEST DETROIT,MI - PLYMOUTH,MI	8,171
CPR	CSXT BUFFALO - CHICAGO	BUFFALO BLACK ROCK,NY - ERIE,PA	7,140
CPR	CSXT BUFFALO - CHICAGO	ERIE,PA - WILLARD,OH	7,188
CPR	CSXT BUFFALO - CHICAGO	WILLARD,OH - GARRETT,IN	8,013
CPR	CSXT BUFFALO - CHICAGO	GARRETT,IN - PINE JCT,IN	8,013
CPR	CSXT BUFFALO - CHICAGO	PINE JCT,IN - BENSENVILLE IMS,IL	5,317
CPR	DAVENPORT	SABULA,IA - CLINTON,IA	50,988
CPR	DAVENPORT	CLINTON,IA - WATER WORKS,IA	39,097
CPR	DAVENPORT	WATER WORKS,IA - NAHANT,IA	37,820
CPR	DETROIT LAKES	GLENWOOD,MN - DETROIT LAKES,MN	25,647
CPR	DETROIT LAKES	DETROIT LAKES,MN - PLUMMER,MN	25,197
CPR	DETROIT LAKES	PLUMMER,MN - THIEF RIVER FALLS,MN	26,539
CPR	DULUTH	POKEGAMA,WI - CENTRAL AVE,WI	1,037
CPR	DULUTH	CENTRAL AVE,WI - SUPERIOR,WI	1,829
CPR	DULUTH	SUPR 12TH ST JCT,WI - SUPERIOR,WI	4,430
CPR	DULUTH	SUPERIOR,WI - WI/MN DULUTH/SUP,MN	2,821
CPR	DULUTH	WI/MN DULUTH/SUP,MN - DULUTH,MN	1,065
CPR	ELBOW LAKE	GLENWOOD,MN - ND/MN ELBOW LAKE,ND	45,051
CPR	ELBOW LAKE	ND/MN ELBOW LAKE,ND - VEBLEN JCT,ND	43,897
CPR	ELBOW LAKE	VEBLEN JCT,ND - HANKINSON,ND	42,843

EXHIBIT 14: TRAFFIC DENSITY
CPR Growth Plan Year 3
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Estimated Gross Tons (000)
CPR	ELBOW LAKE	HANKINSON,ND - ENDERLIN,ND	43,762
CPR	ELDRIDGE SPUR	WATER WORKS,IA - MOUNT JOY,IA	768
CPR	ELGIN	CRAGIN JUNCTION,IL - RIVER GROVE,IL	49,859
CPR	ELGIN	BENSENVILLE,IL - TOWER B12,IL	136,935
CPR	ELGIN	BENSENVILLE METRA,IL - RANDALL ROAD,IL	29,749
CPR	EMERSON	WHITTIER,MB - NOYES,MN	22,833
CPR	ESTEVAN	KEMNAY,MB - SOURIS,MB	932
CPR	ESTEVAN	SOURIS,MB - SCHWITZER,MB	881
CPR	ESTEVAN	SCHWITZER,MB - NAPINKA,MB	881
CPR	ESTEVAN	NAPINKA,MB - BIENFAIT,SK	729
CPR	ESTEVAN	BIENFAIT,SK - ESTEVAN,SK	870
CPR	EXPANSE	CURLE,SK - ARCHIVE,SK	919
CPR	EXPANSE	ARCHIVE,SK - MOSSBANK JCT,SK	913
CPR	EXPANSE	MOSSBANK JCT,SK - CONGRESS,SK	936
CPR	EXPANSE	CONGRESS,SK - ASSINIBOIA,SK	907
CPR	FORDING RIVER	SPARWOOD,BC - ELKVIEW,BC	41,412
CPR	FORDING RIVER	ELKVIEW,BC - LINE CREEK,BC	25,346
CPR	FORDING RIVER	LINE CREEK,BC - GREENHILLS,BC	14,079
CPR	FORDING RIVER	GREENHILLS,BC - FORDING,BC	12,383
CPR	FOX LAKE	RONDOUT,IL - FOX LAKE,IL	1,872
CPR	FREIGHT NORTH	MECHANICVILLE,NY - MOHAWK YD,NY	11,082
CPR	FREIGHT NORTH	MOHAWK YD,NY - SCHENECTADY,NY	7,595
CPR	GALT	TORONTO,ON - WEST TORONTO,ON	1,928
CPR	GALT	WEST TORONTO,ON - OBICO YARD,ON	28,806
CPR	GALT	TORONTO OBICO,ON - COOKSVILLE,ON	27,341
CPR	GALT	COOKSVILLE,ON - STREETSVILLE JCT,ON	27,183
CPR	GALT	STREETSVILLE JCT,ON - GUELPH JCT,ON	29,739
CPR	GALT	GUELPH JCT,ON - GALT,ON	17,664
CPR	GALT	GALT,ON - WOODSTOCK,ON	24,706
CPR	GALT	WOODSTOCK,ON - ZORRA,ON	31,805
CPR	GALT	ZORRA,ON - LONDON ONTARIO,ON	24,676
CPR	GLENBORO	WOODMAN,MB - ELM CREEK,MB	637
CPR	GRETNA SPUR	ROSENFELD,MB - ALTONA,MB	1,040
CPR	HAMILTON	E BROOKFIELD,ON - WELLAND,ON	12,023
CPR	HAMILTON	WELLAND,ON - SMITHVILLE,ON	11,513
CPR	HAMILTON	SMITHVILLE,ON - HAMILTON,ON	13,521
CPR	HAMILTON	HAMILTON,ON - HAMILTON JCT,ON	16,063
CPR	HAMILTON	HAMILTON JCT,ON - GUELPH JCT,ON	12,015
CPR	HARDISTY	WILKIE,SK - MACKLIN,SK	19,300
CPR	HARDISTY	MACKLIN,SK - SK/AB HARDISTY,AB	19,165
CPR	HARDISTY	SK/AB HARDISTY,AB - METISKOW,AB	19,009
CPR	HARDISTY	METISKOW,AB - HARDISTY,AB	18,077
CPR	HAVELOCK	HAVELOCK,ON - PETERBOROUGH,ON	959
CPR	HAVELOCK	PETERBOROUGH,ON - TORONTO YARD,ON	8,434
CPR	HERON BAY	WHITE RIVER,ON - STRUTHERS,ON	34,471
CPR	HERON BAY	STRUTHERS,ON - SCHREIBER,ON	34,373
CPR	HIAWATHA SPUR	ROSEMOUNT,MN - INVER GROVE,MN	1,375
CPR	HOADLEY	JACKSON,AB - TRUMAN,AB	437
CPR	HOADLEY	TRUMAN,AB - HOMEGLEN,AB	442
CPR	IGNACE	IGNACE,ON - KENORA,ON	48,264
CPR	INDIAN HEAD	BROADVIEW,SK - CRECY,SK	39,486
CPR	INDIAN HEAD	CRECY,SK - REGINA,SK	41,101
CPR	INDIAN HEAD	REGINA,SK - BELLE PLAINE,SK	63,311
CPR	INDIAN HEAD	BELLE PLAINE,SK - PASQUA,SK	87,933

EXHIBIT 14: TRAFFIC DENSITY
CPR Growth Plan Year 3
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Estimated Gross Tons (000)
CPR	INDIAN HEAD	PASQUA,SK - MOOSE JAW,SK	97,537
CPR	IND KALSPUR	KALIUM,SK - SASKFERCO,SK	394
CPR	JACKSON	RAMSEY,MN - JACKSON,MN	1,167
CPR	KAMINISTIQUA	THUNDER BAY,ON - IGNACE,ON	45,278
CPR	KANSAS CITY	LAREDO,MO - POLO,MO	47,272
CPR	KANSAS CITY	POLO,MO - AIRLINE JCT,MO	47,416
CPR	KEEWATIN	KENORA,ON - MOLSON,MB	48,533
CPR	KEEWATIN	MOLSON,MB - NORCRAN,MB	48,430
CPR	KEEWATIN	NORCRAN,MB - WHITTIER,MB	51,374
CPR	KEEWATIN	WHITTIER,MB - WINNIPEG,MB	29,223
CPR	LA RIVIERE	WINNIPEG,MB - ROSENFELD,MB	3,444
CPR	LACOLLE	ROUSES POINT JCT,PQ - DELSON,PQ	10,269
CPR	LACOMBE	STETTLER,AB - JUNE,AB	2,811
CPR	LAGGAN	CALGARY,AB - KEITH,AB	98,603
CPR	LAGGAN	KEITH,AB - COPITHORNE JCT,AB	93,391
CPR	LAGGAN	COPITHORNE JCT,AB - MITFORD,AB	58,263
CPR	LAGGAN	MITFORD,AB - EXSHAW,AB	92,877
CPR	LAGGAN	EXSHAW,AB - FIELD,BC	96,385
CPR	LANIGAN	REGINA,SK - BULYEA JCT,SK	13,164
CPR	LANIGAN	BULYEA JCT,SK - LANIGAN,SK	12,559
CPR	LAREDO	OTTUMWA,IA - MO/IA LAREDO,MO	38,702
CPR	LAREDO	MO/IA LAREDO,MO - LAREDO,MO	45,055
CPR	LEDUC	RED DEER,AB - BLACKFALDS,AB	45,801
CPR	LEDUC	BLACKFALDS,AB - JACKSON,AB	42,550
CPR	LEDUC	JACKSON,AB - LACOMBE,AB	40,910
CPR	LEDUC	LACOMBE,AB - WETASKIWIN,AB	43,932
CPR	LEDUC	WETASKIWIN,AB - LEDUC,AB	44,789
CPR	LEDUC	LEDUC,AB - GAINER,AB	47,303
CPR	LEDUC	GAINER,AB - SOUTH EDMONTON,AB	256
CPR	LIGNITE	FLAXTON,ND - STAMPEDE,ND	7,959

Entity	Subdivision	Segment	Estimated Gross Tons (000)
CPR	LLOYDMINSTER	WILKIE,SK - MARSDEN,SK	3,489
CPR	LLOYDMINSTER	MARSDEN,SK - BIG GULLY TFR,SK	3,511
CPR	M & O	DORION,PQ - RIGAUD,PQ	251
CPR	M & P	PORTAGE,WI - MADISON,WI	115
CPR	MACTIER	VAUGHAN IMS,ON - ALLISTON,ON	46,779
CPR	MACTIER	ALLISTON,ON - MEDONTE,ON	35,859
CPR	MACTIER	MEDONTE,ON - MACTIER,ON	32,220
CPR	MACTIER D	WEST TORONTO,ON - VAUGHAN IMS,ON	32,032
CPR	MAPLE CREEK	SWIFT CURRENT,SK - JAVA,SK	114,615
CPR	MAPLE CREEK	JAVA,SK - HATTON,SK	112,368
CPR	MAPLE CREEK	HATTON,SK - DUNMORE,AB	111,552
CPR	MAPLE CREEK	DUNMORE,AB - MEDICINE HAT,AB	94,533
CPR	MARPOLE	ONTARIO STREET,BC - NEW WESTMINSTER,BC	5
CPR	MARQUETTE	SABULA,IA - MARQUETTE,IA	52,652
CPR	MARQUETTE	MARQUETTE,IA - MN/IA MARQUETTE,IA	35,271
CPR	MARQUETTE	MN/IA MARQUETTE,IA - BLUFF,MN	28,103
CPR	MASON CITY	MARQUETTE,IA - MASON CITY,IA	7,561
CPR	MERRIAM PARK	ST PAUL,MN - ST PAUL FORDSON JCT,MN	3,819
CPR	MILLINOCKET	BROWNVILLE,ME - MAINE NORTHERN JCT,ME	1,240
CPR	MINNEDOSA	PORTAGE LA PRAIRIE,MB - MINNEDOSA,MB	27,445
CPR	MISSION	MISSION CITY,BC - RIVERSIDE,BC	46,814
CPR	MISSION	RIVERSIDE,BC - MATSQUI JCT,BC	18,242
CPR	MISSION	MATSQUI JCT,BC - HUNTINGDON,BC	2,191
CPR	MN&S SPUR	MPLS MN&S JCT,MN - ST LOUIS PARK,MN	1,145
CPR	MN&S SPUR	ATWOOD,MN - NESBITT,MN	609
CPR	MONTANA	SWEET GRASS,MT - STIRLING,AB	7,089
CPR	MONTANA	STIRLING,AB - MONTANA,AB	7,402

EXHIBIT 14: TRAFFIC DENSITY
CPR Growth Plan Year 3
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Estimated Gross Tons (000)
CPR	MONTROSE	NIAGARA FALLS,ON - MONTROSE YARD,ON	317
CPR	MONTROSE	MONTROSE,ON - RUSHOLME,ON	1,106
CPR	MOOSEHEAD EAST	BROWNVILLE JCT,ME - BOUNDARY,PQ	4,264
CPR	MOOSEHEAD WEST	BOUNDARY,PQ - MEGANTIC,PQ	3,604
CPR	MOUNTAIN	FIELD,BC - KC JUNCTION,BC	98,297
CPR	MOUNTAIN	GOLDEN,BC - REVELSTOKE,BC	149,412
CPR	MTP IHB TRACKS	GIBSON,IN - DOLTON JCT,IL	9,164
CPR	MTP IHB TRACKS	DOLTON JCT,IL - BLUE ISLAND,IL	2,404
CPR	MTP IHB TRACKS	BLUE ISLAND,IL - ARGO,IL	10,424
CPR	MTP IHB TRACKS	ARGO,IL - BROADVIEW,IL	10,424
CPR	MTP IHB TRACKS	BROADVIEW,IL - NORPAUL YARD,IL	17,503
CPR	MTP WATERTOWN-MADISON	WATERTOWN,WI - WATERLOO,WI	1,246
CPR	NELSON	CURZON,BC - NELSON,BC	3,429
CPR	NEMEGOS	CARTIER,ON - RAMSEY,ON	34,094
CPR	NEMEGOS	RAMSEY,ON - CHAPLEAU,ON	33,997
CPR	NEPHTON	HAVELOCK,ON - BLUE MOUNTAIN,ON	315
CPR	NEWPORT	BROOKPORT,PQ - BORDER,PQ	4,105
CPR	NEWPORT	BORDER,PQ - NEWPORT,VT	260
CPR	NEWTOWN	DRAKE,ND - MAX,ND	5,067
CPR	NEWTOWN	MAX,ND - PRAIRIE JCT,ND	2,706
CPR	NEWTOWN	PRAIRIE JCT,ND - NEW TOWN,ND	3,975
CPR	NIPIGON	SCHREIBER,ON - RED ROCK,ON	33,771
CPR	NIPIGON	RED ROCK,ON - CURRENT RIVER,ON	33,779
CPR	NIPIGON	CURRENT RIVER,ON - THUNDER BAY NORTH,ON	33,805
CPR	NITRIN	EAST MOLINE,IL - CEFFCO,IL	329
CPR	NORTH TORONTO	LEASIDE,ON - WEST TORONTO,ON	53,637
CPR	NOYES	THIEF RIVER FALLS,MN - EMERSON,MB	23,639
CPR	NS CHICAGO LINE	OH/IN NSHUNTINGTON,OH - ELKHART,IN	11,889
CPR	NS CHICAGO LINE	ELKHART,IN - PORTER,IN	11,808
CPR	NS CHICAGO LINE	PORTER,IN - CP 502,IN	11,808
CPR	NS CHICAGO LINE	CP 502,IN - ROCK ISLAND JCT,IL	14,026
CPR	NS DETROIT DISTRICT	OAKWOOD,MI - MILAN,MI	11,594
CPR	NS DETROIT DISTRICT	MILAN,MI - MI/OH NSDETROIT,MI	11,935
CPR	NS DETROIT DISTRICT	MI/OH NSDETROIT,MI - MONTPELIER,OH	11,935
CPR	NS HUNTINGTON DISTRICT	MONTPELIER,OH - OH/IN NSHUNTINGTON,OH	11,888
CPR	OTTUMWA	NAHANT,IA - MUSCATINE,IA	35,357
CPR	OTTUMWA	MUSCATINE,IA - OTTUMWA,IA	40,400
CPR	OUTLOOK	MOOSE JAW,SK - TUXFORD,SK	1,821
CPR	OUTLOOK	TUXFORD,SK - EYEBROW,SK	248
CPR	OUTLOOK	EYEBROW,SK - LOREBURN,SK	248
CPR	OUTLOOK	LOREBURN,SK - BRODERICK,SK	523
CPR	OUTREMONT SPUR	HOCHELAGA,PQ - OUTREMONT,PQ	7,563
CPR	OWATONNA	MASON CITY,IA - IA/MN OWATONNA,MN	1,933
CPR	OWATONNA	IA/MN OWATONNA,MN - RAMSEY,MN	2,918
CPR	OWATONNA	RAMSEY,MN - COMUS,MN	1,572
CPR	PAGE	RIVERSIDE,BC - LIVINGSTONE,BC	13,252
CPR	PAGE	LIVINGSTONE,BC - DELTAPORT IMS,BC	46,040
CPR	PARRY SOUND	MACTIER,ON - ROMFORD,ON	31,614
CPR	PAYNESVILLE	MPLS SHOREHAM,MN - CAMDEN PLACE,MN	73,705
CPR	PAYNESVILLE	CAMDEN PLACE,MN - MPLS MN&S JCT,MN	90,357

EXHIBIT 14: TRAFFIC DENSITY
CPR Growth Plan Year 3
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Estimated Gross Tons (000)
CPR	PAYNESVILLE	MPLS MN&S JCT,MN - BROOTEN,MN	73,365
CPR	PAYNESVILLE	BROOTEN,MN - GLENWOOD,MN	72,028
CPR	PECTEN	BROCKET,AB - PECTEN,AB	550
CPR	PORTAL	HARVEY,ND - DRAKE,ND	41,607
CPR	PORTAL	DRAKE,ND - KENMARE,ND	40,515
CPR	PORTAL	KENMARE,ND - FLAXTON,ND	44,825
CPR	PORTAL	FLAXTON,ND - PORTAL,ND	45,961
CPR	RED DEER	12TH STREET EAST,AB - PETRO,AB	56,453
CPR	RED DEER	PETRO,AB - EAST CROSSFIELD,AB	59,975
CPR	RED DEER	E CROSSFIELD JCT,AB - DIDSBURY,AB	56,492
CPR	RED DEER	DIDSBURY,AB - DOAN JCT,AB	59,316
CPR	RED DEER	DOAN JCT,AB - RED DEER,AB	55,211
CPR	RIVER	RIVER JCT WEST,MN - NEWPORT,MN	78,430
CPR	RIVER	NEWPORT,MN - ST PAUL,MN	59,938
CPR	ROCANVILLE	VIRDEN,MB - MB/SK ROCANVILLE,MB	517
CPR	ROCANVILLE	MB/SK ROCANVILLE,MB - ROCANVILLE,SK	548
CPR	ROCKFORD	DAVIS JUNCTION,IL - WEST YARD,WI	173
CPR	ROCKFORD	WEST YARD,WI - JANESVILLE,WI	287
CPR	ROCKLAND	ROCKLAND,ME - BRUNSWICK,ME	16
CPR	SCOTFORD	SCOTFORD,AB - ELK ISLAND,AB	14,681
CPR	SCOTFORD	ELK ISLAND,AB - GAINER,AB	32,938
CPR	SHELDON	MASON CITY,IA - SHELDON,IA	3,814
CPR	SHERBROOKE	MEGANTIC,PQ - DAWSON,PQ	4,869
CPR	SHUSWAP	REVELSTOKE,BC - BELL POLE SPUR,BC	153,497
CPR	SHUSWAP	BELL POLE SPUR,BC - TUM TUM,BC	153,497
CPR	SHUSWAP	TUM TUM,BC - WESTAR EAG RV,BC	151,802
CPR	SHUSWAP	WESTAR EAG RV,BC - CAMBIE,BC	152,370
CPR	SHUSWAP	CAMBIE,BC - SICAMOUS,BC	151,828
CPR	SHUSWAP	SICAMOUS,BC - CANOE,BC	151,828
CPR	SHUSWAP	CANOE,BC - KAMLOOPS,BC	156,131
CPR	ST LUC BRANCH	ST LUC,PQ - BALLANTYNE,PQ	19,474
CPR	ST PAUL	CARDIGAN JCT,MN - STP SOO JCT,MN	362
CPR	STAMFORD	BUFFALO,NY - FORT ERIE,ON	9,215
CPR	SUTHERLAND	WYNYARD,SK - LANIGAN,SK	29,592
CPR	SUTHERLAND	LANIGAN,SK - GUERNSEY,SK	33,368
CPR	SUTHERLAND	GUERNSEY,SK - ARPIERS,SK	31,904
CPR	SUTHERLAND	ARPIERS,SK - ELSTOW,SK	37,879
CPR	SUTHERLAND	ELSTOW,SK - CHEVIOT,SK	29,739
CPR	SUTHERLAND	CHEVIOT,SK - SUTHERLAND,SK	26,239
CPR	SUTHERLAND	SUTHERLAND,SK - SASKATOON,SK	15,738
CPR	SUTHERLAND ALLAN SPUR	ELSTOW,SK - ALLAN MINES,SK	169
CPR	SUTHERLAND ALWINSAL SPUR	GUERNSEY,SK - ALWINSAL,SK	73
CPR	SUTHERLAND NORANDA SPUR	ARPIERS,SK - NORCO,SK	358
CPR	SUTHERLAND POTASCO SPUR	CHEVIOT,SK - POTASCO,SK	353
CPR	SWIFT CURRENT	MOOSE JAW,SK - CURLE,SK	107,980
CPR	SWIFT CURRENT	CURLE,SK - SWIFT CURRENT,SK	112,336
CPR	TABER	BELLCOTT,AB - MONTANA,AB	21,641
CPR	TABER	MONTANA,AB - LETHBRIDGE,AB	28,165
CPR	THOMPSON	KAMLOOPS,BC - NEPA,BC	139,048
CPR	THOMPSON	NEPA,BC - NORTH BEND,BC	35,450
CPR	TISDALE	GOUDIE,SK - BERTH,SK	1,197
CPR	TISDALE	BERTH,SK - NIPAWIN,SK	999
CPR	TOMAH	PORTAGE,WI - NEW LISBON,WI	60,476
CPR	TOMAH	NEW LISBON,WI - LA CROSSE,WI	55,802
CPR	TOMAH WEST	LA CROSSE,WI - BRIDGE SWITCH,WI	64,863

EXHIBIT 14: TRAFFIC DENSITY
CPR Growth Plan Year 3
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Estimated Gross Tons (000)
CPR	TOMAH WEST	BRIDGE SWITCH,WI - RIVER JCT WEST,MN	35,311
CPR	TRACY	WASECA,MN - WEST MANKATO,MN	10,549
CPR	TRACY	WEST MANKATO,MN - SANBORN,MN	10,310
CPR	TRACY	SANBORN,MN - TRACY,MN	11,891
CPR	TYVAN	LAJORD,SK - CRECY,SK	646
CPR	UP MANKOTA	STP CHESTNUT ST,MN - SAVAGE,MN	1,207
CPR	UP MANKOTA	SAVAGE,MN - SHAKOPEE,MN	1,207
CPR	UP TWO ALBERT LEA	NORTHFIELD,MN - ROSEPORT,MN	1,468
CPR	UP TWO ALBERT LEA	ROSEPORT,MN - SOUTH ST PAUL,MN	1,445
CPR	UP TWO ALBERT LEA	SOUTH ST PAUL,MN - ST PAUL,MN	1,501
CPR	VAUDREUIL	ST LUC,PQ - DORION,PQ	28,984
CPR	VEBLEN	VEBLEN JCT,ND - SD/ND VEBLEN,SD	259
CPR	VEBLEN	SD/ND B,SD - ROSHOLT,SD	276
CPR	WASECA	MINNESOTA CITY,MN - ROCHESTER,MN	10,920
CPR	WASECA	ROCHESTER,MN - WASECA,MN	10,420
CPR	WATERLOO	GALT,ON - PRESTON,ON	2,502
CPR	WATERLOO	PRESTON,ON - KITCHENER,ON	2,116
CPR	WATERTOWN	MILWAUKEE,WI - GRAND AVE,WI	35,268
CPR	WATERTOWN	GRAND AVE,WI - BROOKFIELD,WI	49,952
CPR	WATERTOWN	BROOKFIELD,WI - DUPLAINVILLE,WI	45,411
CPR	WATERTOWN	DUPLAINVILLE,WI - WATERTOWN,WI	45,408
CPR	WATERTOWN	WATERTOWN,WI - PORTAGE JUNCTION,WI	45,279
CPR	WATERTOWN	PORTAGE JUNCTION,WI - PORTAGE,WI	27,066
CPR	WAXDALE - BURLINGTON	WAXDALE,WI - STURTEVANT,WI	291
CPR	WESTMINSTER	MACAULAY,BC - FRASER MILLS,BC	25,254
CPR	WESTMINSTER	FRASER MILLS,BC - SAPPERTON,BC	17,425
CPR	WESTMINSTER	SAPPERTON,BC - NEW WESTMINSTER,BC	10,519
CPR	WETASKIWIN	HARDISTY,AB - WETASKIWIN,AB	9,961
CPR	WEYBURN	PASQUA,SK - EXON,SK	42,963
CPR	WEYBURN	EXON,SK - ESTEVAN,SK	45,426
CPR	WEYBURN	ESTEVAN,SK - PORTAL,ND	44,065
CPR	WHITE RIVER	CHAPLEAU,ON - FRANZ,ON	33,878
CPR	WHITE RIVER	FRANZ,ON - WHITE RIVER,ON	34,162
CPR	WILKIE	SASKATOON,SK - CORY,SK	27,566
CPR	WILKIE	CORY,SK - DUNFERMLINE,SK	21,964
CPR	WILKIE	DUNFERMLINE,SK - WILKIE,SK	20,024
CPR	WILKIE SPUR	CORY,SK - DUVCO,SK	867
CPR	WILLINGDON SPUR	STAR,AB - ELK ISLAND,AB	9,505
CPR	WINCHESTER	DORION,PQ - ON/PQ WINCHESTER,ON	30,978
CPR	WINCHESTER	ON/PQ WINCHESTER,ON - BEDELL,ON	29,401
CPR	WINCHESTER	BEDELL,ON - SMITHS FALLS,ON	27,813
CPR	WINDERMERE	FORT STEELE,BC - KC JUNCTION,BC	51,319
CPR	WINDSOR	LONDON ONTARIO,ON - MELROSE,ON	23,789
CPR	WINDSOR	MELROSE,ON - CHATHAM,ON	23,811
CPR	WINDSOR	CHATHAM,ON - WINDSOR,ON	24,477
CPR	WINDSOR	WINDSOR,ON - WEST DETROIT,MI	25,410
CPR	WINNIPEG BEACH SPUR	MIDDLECHURCH,MB - SELKIRK,MB	333
CPR	WITHROW	MINNEAPOLIS IMS,MN - CARDIGAN JCT,MN	3,104

EXHIBIT 14: TRAFFIC DENSITY
CPR Growth Plan Year 3
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Estimated Gross Tons (000)
CPR	WITHROW	CARDIGAN JCT,MN - WITHROW,MN	202
CPR	WYNYARD	BREDENBURY,SK - GOUDIE,SK	26,948
CPR	WYNYARD	GOUDIE,SK - WYNYARD,SK	26,873
CPR	YARBO	BREDENBURY,SK - YARBO,SK	18,330

EXHIBIT 14: TRAFFIC DENSITY
KCS Year 2020
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/South Gross Tons (000)	East/North Gross Tons (000)	Total Gross Tons (000)
KCS	ABERDEEN BRANCH	WEST POINT JUNCTION,MS - ABERDEEN,MS	89.1-105.5	591	889	1,480
KCS	ALEXANDRIA	SHREVEPORT,LA - PINEVILLE JCT,LA	561-681	4,661	5,663	10,323
KCS	ALEXANDRIA	PINEVILLE JCT,LA - LATANIER,LA	681-691.1	4,881	5,439	10,320
KCS	ALLIANCE	RENNER,TX - WYLIE,TX	0-9.1	654	615	1,269
KCS	ALLIANCE	METRO,TX - RENNER,TX	9.1-54.1	415	110	525
KCS	ALLIANCE	ALLIANCE,TX - METRO,TX	54.1-76.1	415	110	525
KCS	ARTESIA	MERIDIAN,MS - ARTESIA,MS	135.2-219.2	5,015	5,006	10,021
KCS	ARTESIA	ARTESIA,MS - WEST POINT JUNCTION,MS	219.2-232.5	2,137	1,259	3,396
KCS	ARTESIA	WEST POINT JUNCTION,MS - TUPELO,MS	232.5-279.0	1,400	21	1,421
KCS	ARTESIA	TUPELO,MS - CORINTH,MS	279.0-328.8	2,106	1,015	3,121
KCS	BEAUMONT	LEESVILLE,LA - SHREVEPORT,LA	577-668.4	19,514	10,959	30,473
KCS	BEAUMONT	DE QUINCY,LA - LEESVILLE,LA	668.4-719	17,138	10,177	27,315
KCS	BEAUMONT	BEAUMONT,TX - DE QUINCY,LA	719-766	17,484	15,670	33,153
KCS	BEAUMONT	PORT ARTHUR,TX - BEAUMONT,TX	766-786.1	7,185	3,871	11,056
KCS	BEAUMONT TO ROSENBERG	HOUSTON,TX - BEAUMONT,TX	0-83.3	25,153	7,405	32,559
KCS	COUNCE BRANCH	CORINTH,MS - SHARPS,MS	0-9.8	967	1,545	2,512
KCS	COUNCE BRANCH	SHARPS,MS - COUNCE,TN	9.8-16.1	1,709	1,496	3,205
KCS	COUNCE BRANCH	SHARPS,MS-YELLOW CREEK PORT,MS	9.8-9.9	N/A	N/A	N/A
KCS	DALLAS	DALLAS,TX - WYLIE,TX	0-18.1	2,896	274	3,171
KCS	EAST ST LOUIS TERMINAL	GODFREY,IL - EAST ST LOUIS,IL	252.1-285	1,916	2,362	4,277
KCS	FORT SMITH BRANCH	POTEAU,OK - FORT SMITH,AR	0-27.7	-	-	-
KCS	GODFREY	ROODHOUSE,IL - GODFREY,IL	28.1-68.2	1,279	1,879	3,157
KCS	GREENVILLE	GREENVILLE,TX - SHREVEPORT,LA	0.1-171.6	11,019	5,922	16,941
KCS	GREENVILLE	WYLIE,TX - GREENVILLE,TX	171.6-201.9	6,509	7,508	14,018
KCS	GULFPORT	DELISLE JUNCTION,MS - GULFPORT,MS	0.5-3.9	1,294	1,724	3,018
KCS	GULFPORT	HATTIESBURG,MS - DELISLE JUNCTION,MS	3.9-67.5	856	672	1,527
KCS	GULFPORT	DELISLE JUNCTION, MS-DELISLE, MS	67.5-67.5	999	385	1,385

EXHIBIT 14: TRAFFIC DENSITY
KCS Year 2020
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/South Gross Tons (000)	East/North Gross Tons (000)	Total Gross Tons (000)
KCS	HEAVENER	WATTS,OK - PITTSBURG,KS	128.2-236.0	27,914	10,005	37,919
KCS	HEAVENER	POTEAU,OK - WATTS,OK	236.0-326.4	26,316	9,855	36,172
KCS	HEAVENER	HEAVENER,OK - POTEAU,OK	326.4-338.0	26,237	10,866	37,103
KCS	JACKSON TO HATTIESBURG	JACKSON,MS - HATTIESBURG,MS	0-90.3	N/A	N/A	N/A
KCS	JACKSONVILLE	JACKSONVILLE,IL - MURRAYVILLE,IL	216.3-226.7	1,489	445	1,934
KCS	KCS LAREDO	LAREDO YARD,TX - ROBSTOWN,TX	2.9-146.9	25,821	11,745	37,566
KCS	KCS LAREDO	ROBSTOWN,TX - CORPUS CHRISTI,TX	146.9-157	3,887	1,573	5,460
KCS	LAKE CHARLES	DE QUINCY,LA - MOSSVILLE,LA	719-735.4	1,998	1,432	3,430
KCS	LOUISVILLE	ACKERMAN,MS - WEST POINT JUNCTION,MS	39.6-0	N/A	N/A	N/A
KCS	LOUISVILLE	LOUISVILLE,MS - ACKERMAN,MS	57.5-39.6	N/A	182	182
KCS	LOUISVILLE	UNION,MS - LOUISVILLE,MS	97.1-57.5	182	598	780
KCS	LOUISVILLE	NEWTON,MS - UNION,MS	116.7-97.1	598	-	598
KCS	MERIDIAN	NEWTON,MS - MERIDIAN,MS	0-30.9	13,050	15,727	28,778
KCS	MERIDIAN	JACKSON,MS - NEWTON,MS	30.9-95.9	13,576	19,124	32,700
KCS	MERIDIAN	VICKSBURG,MS - JACKSON,MS	95.9-140.6	16,971	15,632	32,603
KCS	MEXICO	SLATER,MO - MEXICO,MO	325.7-393.6	2,989	3,357	6,345
KCS	MEXICO	KANSAS CITY,MO - SLATER,MO	393.6-490.8	5,595	2,778	8,373
KCS	NEW ORLEANS	LATANIER,LA - BATON ROUGE,LA	691.9-788.4	7,885	5,148	13,033
KCS	NEW ORLEANS	BATON ROUGE,LA - NEW ORLEANS,LA	788.4-865	6,717	11,828	18,545
KCS	PITTSBURG	PITTSBURG,KS - KANSAS CITY,MO	3.7-128.2	35,042	12,733	47,775
KCS	ROODHOUSE	MEXICO,MO - ROODHOUSE,IL	237.3-325.7	2,762	1,929	4,692
KCS	ROSENBERG	KENDLETON,TX - HOUSTON,TX	83.3-904.5	19,722	8,630	28,352
KCS	ROSENBERG	VICTORIA,TX - KENDLETON,TX	904.5-979.3	19,927	7,156	27,083
KCS	SHREVEPORT	DE QUEEN,AR - HEAVENER,OK	338.5-433.1	29,270	10,687	39,956
KCS	SHREVEPORT	ASHDOWN,AR - DE QUEEN,AR	433.1-470.2	29,621	11,528	41,149
KCS	SHREVEPORT	SHREVEPORT,LA - ASHDOWN,AR	470.2-553.4	30,019	13,329	43,348
KCS	SPRINGFIELD	MURRAYVILLE,IL - SPRINGFIELD,IL	203.7-221.7	34	2	36

EXHIBIT 14: TRAFFIC DENSITY
KCS Year 2020
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/South Gross Tons (000)	East/North Gross Tons (000)	Total Gross Tons (000)
KCS	SPRINGFIELD	ROODHOUSE,IL - MURRAYVILLE,IL	221.7-237.3	1,521	445	1,966
KCS	VICKSBURG	MONROE,LA - VICKSBURG,MS	0-71.5	11,042	16,855	27,897
KCS	VICKSBURG	GIBSLAND,LA - MONROE,LA	71.5-127.2	12,360	15,285	27,645
KCS	VICKSBURG	SIBLEY,LA - GIBSLAND,LA	127.2-141.4	11,035	15,381	26,416
KCS	VICKSBURG	SHREVEPORT,LA - SIBLEY,LA	141.4-165.1	29,404	20,179	49,584
KCS	VICTORIA TO ROBSTOWN	PLACEDO,TX (UP) - VICTORIA,TX	0-12.8	19,250	7,153	26,404
KCS	VICTORIA TO ROBSTOWN	ROBSTOWN,TX - PLACEDO,TX (UP)	12.8-95.6	19,250	7,153	26,404
KCS	WHITE ROCK BRANCH	RENNER,TX - DALLAS,TX	0-8.1	34	-	34

EXHIBIT 14: TRAFFIC DENSITY
KCS Year 2019
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/South Gross Tons (000)	East/North Gross Tons (000)	Total Gross Tons (000)
KCS	ABERDEEN BRANCH	WEST POINT JUNCTION,MS - ABERDEEN,MS	89.1-105.5	1,076	1,612	2,688
KCS	ALEXANDRIA	SHREVEPORT,LA - PINEVILLE JCT,LA	561-681	4,623	5,582	10,206
KCS	ALEXANDRIA	PINEVILLE JCT,LA - LATANIER,LA	681-691.1	5,626	5,264	10,890
KCS	ALLIANCE	RENNER,TX - WYLIE,TX	0-9.1	1,340	927	2,267
KCS	ALLIANCE	METRO,TX - RENNER,TX	9.1-54.1	1,085	442	1,527
KCS	ALLIANCE	ALLIANCE,TX - METRO,TX	54.1-76.1	1,027	442	1,469
KCS	ARTESIA	MERIDIAN,MS - ARTESIA,MS	135.2-219.2	5,417	5,316	10,733
KCS	ARTESIA	ARTESIA,MS - WEST POINT JUNCTION,MS	219.2-232.5	2,307	641	2,948
KCS	ARTESIA	WEST POINT JUNCTION,MS - TUPELO,MS	232.5-279.0	1,321	41	1,362
KCS	ARTESIA	TUPELO,MS - CORINTH,MS	279.0-328.8	1,904	982	2,885
KCS	BEAUMONT	LEESVILLE,LA - SHREVEPORT,LA	577-668.4	20,267	13,383	33,650
KCS	BEAUMONT	DE QUINCY,LA - LEESVILLE,LA	668.4-719	17,664	12,438	30,102
KCS	BEAUMONT	BEAUMONT,TX - DE QUINCY,LA	719-766	19,382	13,852	33,234
KCS	BEAUMONT	PORT ARTHUR,TX - BEAUMONT,TX	766-786.1	5,671	6,953	12,624
KCS	BEAUMONT TO ROSENBERG	HOUSTON,TX - BEAUMONT,TX	0-83.3	22,377	7,774	30,151
KCS	COUNCE BRANCH	CORINTH,MS - SHARPS,MS	0-9.8	877	1,380	2,257
KCS	COUNCE BRANCH	SHARPS,MS - COUNCE,TN	9.8-16.1	1,830	1,660	3,491
KCS	COUNCE BRANCH	SHARPS,MS-YELLOW CREEK PORT,MS	9.8-9.9	N/A	N/A	N/A
KCS	DALLAS	DALLAS,TX - WYLIE,TX	0-18.1	3,287	269	3,556
KCS	EAST ST LOUIS TERMINAL	GODFREY,IL - EAST ST LOUIS,IL	252.1-285	2,596	2,884	5,480
KCS	FORT SMITH BRANCH	POTEAU,OK - FORT SMITH,AR	0-27.7	-	-	-
KCS	GODFREY	ROODHOUSE,IL - GODFREY,IL	28.1-68.2	1,631	2,185	3,816
KCS	GREENVILLE	GREENVILLE,TX - SHREVEPORT,LA	0.1-171.6	14,697	7,937	22,635
KCS	GREENVILLE	WYLIE,TX - GREENVILLE,TX	171.6-201.9	8,155	9,573	17,729
KCS	GULFPORT	DELISLE JUNCTION,MS - GULFPORT,MS	0.5-3.9	1,389	1,664	3,054

EXHIBIT 14: TRAFFIC DENSITY
KCS Year 2019
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/South Gross Tons (000)	East/North Gross Tons (000)	Total Gross Tons (000)
KCS	GULFPORT	HATTIESBURG,MS - DELISLE JUNCTION,MS	3.9-67.5	977	705	1,682
KCS	GULFPORT	DELISLE JUNCTION, MS-DELISLE, MS	67.5-67.5	920	371	1,291
KCS	HEAVENER	WATTS,OK - PITTSBURG,KS	128.2-236.0	30,355	10,421	40,776
KCS	HEAVENER	POTEAU,OK - WATTS,OK	236.0-326.4	28,068	10,155	38,223
KCS	HEAVENER	HEAVENER,OK - POTEAU,OK	326.4-338.0	27,906	11,034	38,939
KCS	JACKSON TO HATTIESBURG	JACKSON,MS - HATTIESBURG,MS	0-90.3	N/A	N/A	N/A
KCS	JACKSONVILLE	JACKSONVILLE,IL - MURRAYVILLE,IL	216.3-226.7	2,376	678	3,054
KCS	KCS LAREDO	LAREDO YARD,TX - ROBSTOWN,TX	2.9-146.9	25,197	12,108	37,305
KCS	KCS LAREDO	ROBSTOWN,TX - CORPUS CHRISTI,TX	146.9-157	2,562	1,334	3,896
KCS	LAKE CHARLES	DE QUINCY,LA - MOSSVILLE,LA	719-735.4	2,819	1,896	4,716
KCS	LOUISVILLE	ACKERMAN,MS - WEST POINT JUNCTION,MS	39.6-0	N/A	N/A	N/A
KCS	LOUISVILLE	LOUISVILLE,MS - ACKERMAN,MS	57.5-39.6	N/A	320	320
KCS	LOUISVILLE	UNION,MS - LOUISVILLE,MS	97.1-57.5	320	1,259	1,579
KCS	LOUISVILLE	NEWTON,MS - UNION,MS	116.7-97.1	1,259	1	1,260
KCS	MERIDIAN	NEWTON,MS - MERIDIAN,MS	0-30.9	13,388	15,150	28,538
KCS	MERIDIAN	JACKSON,MS - NEWTON,MS	30.9-95.9	13,709	18,553	32,261
KCS	MERIDIAN	VICKSBURG,MS - JACKSON,MS	95.9-140.6	18,753	15,569	34,322
KCS	MEXICO	SLATER,MO - MEXICO,MO	325.7-393.6	4,251	4,558	8,809
KCS	MEXICO	KANSAS CITY,MO - SLATER,MO	393.6-490.8	6,959	3,417	10,376
KCS	NEW ORLEANS	LATANIER,LA - BATON ROUGE,LA	691.9-788.4	7,860	6,039	13,899
KCS	NEW ORLEANS	BATON ROUGE,LA - NEW ORLEANS,LA	788.4-865	6,968	11,411	18,379
KCS	PITTSBURG	PITTSBURG,KS - KANSAS CITY,MO	3.7-128.2	37,069	14,190	51,259
KCS	ROODHOUSE	MEXICO,MO - ROODHOUSE,IL	237.3-325.7	4,167	2,489	6,655
KCS	ROSENBERG	KENDLETON,TX - HOUSTON,TX	83.3-904.5	19,569	8,761	28,330
KCS	ROSENBERG	VICTORIA,TX - KENDLETON,TX	904.5-979.3	18,414	7,592	26,006
KCS	SHREVEPORT	DE QUEEN,AR - HEAVENER,OK	338.5-433.1	31,068	10,969	42,038
KCS	SHREVEPORT	ASHDOWN,AR - DE QUEEN,AR	433.1-470.2	31,226	11,751	42,977

EXHIBIT 14: TRAFFIC DENSITY
KCS Year 2019
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Mileposts	West/South Gross Tons (000)	East/North Gross Tons (000)	Total Gross Tons (000)
KCS	SHREVEPORT	SHREVEPORT,LA - ASHDOWN,AR	470.2-553.4	31,995	13,787	45,783
KCS	SPRINGFIELD	MURRAYVILLE,IL - SPRINGFIELD,IL	203.7-221.7	40	3	43
KCS	SPRINGFIELD	ROODHOUSE,IL - MURRAYVILLE,IL	221.7-237.3	2,412	678	3,090
KCS	VICKSBURG	MONROE,LA - VICKSBURG,MS	0-71.5	13,206	16,801	30,007
KCS	VICKSBURG	GIBSLAND,LA - MONROE,LA	71.5-127.2	14,340	15,374	29,714
KCS	VICKSBURG	SIBLEY,LA - GIBSLAND,LA	127.2-141.4	13,163	15,497	28,660
KCS	VICKSBURG	SHREVEPORT,LA - SIBLEY,LA	141.4-165.1	32,862	21,800	54,662
KCS	VICTORIA TO ROBSTOWN	PLACEDO,TX (UP) - VICTORIA,TX	0-12.8	18,206	7,591	25,797
KCS	VICTORIA TO ROBSTOWN	ROBSTOWN,TX - PLACEDO,TX (UP)	12.8-95.6	18,206	7,595	25,801
KCS	WHITE ROCK BRANCH	RENNER,TX - DALLAS,TX	0-8.1	14	-	14

EXHIBIT 14: TRAFFIC DENSITY
KCS Growth Plan Year 3
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Estimated Gross Tons (000)
KCS	ABERDEEN BRANCH	WEST POINT JUNCTION,MS - ABERDEEN,MS	2,856
KCS	ALEXANDRIA	SHREVEPORT,LA - PINEVILLE JCT,LA	10,899
KCS	ALEXANDRIA	PINEVILLE JCT,LA - LATANIER,LA	10,940
KCS	ALLIANCE	RENNER,TX - WYLIE,TX	4,246
KCS	ALLIANCE	METRO,TX - RENNER,TX	4,129
KCS	ALLIANCE	ALLIANCE,TX - METRO,TX	3,247
KCS	ARTESIA	MERIDIAN,MS - ARTESIA,MS	7,558
KCS	ARTESIA	ARTESIA,MS - WEST POINT JUNCTION,MS	6,725
KCS	ARTESIA	WEST POINT JUNCTION,MS - TUPELO,MS	5,964
KCS	ARTESIA	TUPELO,MS - CORINTH,MS	4,710
KCS	BEAUMONT	LEESVILLE,LA - SHREVEPORT,LA	55,914
KCS	BEAUMONT	DE QUINCY,LA - LEESVILLE,LA	61,480
KCS	BEAUMONT	BEAUMONT,TX - DE QUINCY,LA	51,294
KCS	BEAUMONT	PORT ARTHUR,TX - BEAUMONT,TX	51,740
KCS	BEAUMONT TO ROSENBERG	HOUSTON,TX - BEAUMONT,TX	36,006
KCS	COUNCE BRANCH	CORINTH,MS - SHARPS,MS	2,487
KCS	COUNCE BRANCH	SHARPS,MS - COUNCE,TN	1,984
KCS	DALLAS	DALLAS,TX - WYLIE,TX	3,773
KCS	EAST ST LOUIS TERMINAL	GODFREY,IL - EAST ST LOUIS,IL	10,153
KCS	FORT SMITH BRANCH	POTEAU,OK - FORT SMITH,AR	2,043
KCS	GODFREY	ROODHOUSE,IL - GODFREY,IL	1,451

Entity	Subdivision	Segment	Estimated Gross Tons (000)
KCS	GREENVILLE	GREENVILLE,TX - SHREVEPORT,LA	22,897
KCS	GREENVILLE	WYLIE,TX - GREENVILLE,TX	26,252
KCS	GULFPORT	DELISLE JUNCTION,MS - GULFPORT,MS	4,097
KCS	GULFPORT	HATTIESBURG,MS - DELISLE JUNCTION,MS	873
KCS	HEAVENER	WATTS,OK - PITTSBURG,KS	72,349
KCS	HEAVENER	POTEAU,OK - WATTS,OK	66,378
KCS	HEAVENER	HEAVENER,OK - POTEAU,OK	69,708
KCS	JACKSONVILLE	JACKSONVILLE,IL - MURRAYVILLE,IL	547
KCS	KCS LAREDO	LAREDO YARD,TX - ROBSTOWN,TX	55,267
KCS	KCS LAREDO	ROBSTOWN,TX - CORPUS CHRISTI,TX	32,021
KCS	LAKE CHARLES	DE QUINCY,LA - MOSSVILLE,LA	10,006
KCS	MERIDIAN	NEWTON,MS - MERIDIAN,MS	37,044
KCS	MERIDIAN	JACKSON,MS - NEWTON,MS	39,602
KCS	MERIDIAN	VICKSBURG,MS - JACKSON,MS	42,653
KCS	MEXICO	SLATER,MO - MEXICO,MO	4,848
KCS	MEXICO	KANSAS CITY,MO - SLATER,MO	7,555
KCS	NEW ORLEANS	LATANIER,LA - BATON ROUGE,LA	10,388
KCS	NEW ORLEANS	BATON ROUGE,LA - NEW ORLEANS,LA	19,756
KCS	PITTSBURG	PITTSBURG,KS - KANSAS CITY,MO	72,529
KCS	ROODHOUSE	MEXICO,MO - ROODHOUSE,IL	4,428
KCS	ROSENBERG	KENDLETON,TX - HOUSTON,TX	32,127
KCS	ROSENBERG	VICTORIA,TX - KENDLETON,TX	32,631
KCS	SHREVEPORT	DE QUEEN,AR - HEAVENER,OK	65,063

EXHIBIT 14: TRAFFIC DENSITY
KCS Growth Plan Year 3
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Estimated Gross Tons (000)
KCS	SHREVEPORT	ASHDOWN,AR - DE QUEEN,AR	71,114
KCS	SHREVEPORT	SHREVEPORT,LA - ASHDOWN,AR	72,606
KCS	SPRINGFIELD	MURRAYVILLE,IL - SPRINGFIELD,IL	33
KCS	SPRINGFIELD	ROODHOUSE,IL - MURRAYVILLE,IL	32
KCS	VICKSBURG	MONROE,LA - VICKSBURG,MS	43,700
KCS	VICKSBURG	GIBSLAND,LA - MONROE,LA	53,539
KCS	VICKSBURG	SIBLEY,LA - GIBSLAND,LA	50,339
KCS	VICKSBURG	SHREVEPORT,LA - SIBLEY,LA	52,774
KCS	VICTORIA TO ROBSTOWN	PLACEDO,TX (UP) - VICTORIA,TX	32,199
KCS	VICTORIA TO ROBSTOWN	ROBSTOWN,TX - PLACEDO,TX (UP)	32,199
KCS	WHITE ROCK BRANCH	RENNER,TX - DALLAS,TX	1,733

EXHIBIT 14: TRAFFIC DENSITY
KCSM YEAR 2020
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Miles	Total Gross Tons (000)
KCSM	CALTZONTZIN	ACAMBARO,GJ - LAZARO CARDENAS,MH	308.4	10,791.26
KCSM	CELAYA	ACAMBARO,GJ - ING BUCHANAN LOPEZ,GJ	97.2	23,268.49
KCSM	LAS CRUCES	SALINAS,SL - LAGUNA SECA,SL	68.8	N/A
KCSM	MATAMOROS	MATAMOROS,TM - MONTERREY,NL	203.2	8,782.36
KCSM	MONTERREY	SOLEDAD,NL - LEAL,NL	24.5	26,418.40
KCSM	QUERATARO	CELAYA,GJ - AHORCADO,QA	71.8	14,979.24
KCSM	SALINAS	CHICALOTE,AG - SALINAS,SL	59	1,873.36
KCSM	SALINAS	SAN LUIS POTOSI,SL - SALINAS,SL	69.5	1,873.36
KCSM	SALTILLO	NEUVO LARDEO,TM - SALTILLO,CU	234	62,562.75
KCSM	TAMASOPO	SAN LUIS POTOSI,SL - TAMPICO,TM	274.3	6,238.26
KCSM	TOLUCA	ACAMBARO,GJ - MOLINITO,EM	172.6	3,583.63
KCSM	TULA	SAN LUIS POTOSI,SL - MEXICO,DF	268.5	54,922.05
KCSM	VANEGAS	SALTILLO,CU - SAN LUIS POTOSI,SL	241.6	38,198.77
KCSM	VERACRUZ	SANTA FE,VL - TEXCOCO,EM	257.8	2,593.22

EXHIBIT 14: TRAFFIC DENSITY
KCSM Year 2019
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Miles	Total Gross Tons (000)
KCSM	CALTZONTZIN	ACAMBARO,GJ - LAZARO CARDENAS,MH	308.4	16,100
KCSM	CELAYA	ACAMBARO,GJ - ING BUCHANAN LOPEZ,GJ	97.2	32,500
KCSM	LAS CRUCES	SALINAS,SL - LAGUNA SECA,SL	68.8	N/A
KCSM	MATAMOROS	MATAMOROS,TM - MONTERREY,NL	203.2	9,300
KCSM	MONTERREY	SOLEDAD,NL - LEAL,NL	24.5	29,700
KCSM	QUERATARO	CELAYA,GJ - AHORCADO,QA	71.8	15,500
KCSM	SALINAS	CHICALOTE,AG - SALINAS,SL	59	3,900
KCSM	SALINAS	SAN LUIS POTOSI,SL - SALINAS,SL	69.5	3,900
KCSM	SALTILLO	NEUVO LARDEO,TM - SALTILLO,CU	234	86,200
KCSM	TAMASOPO	SAN LUIS POTOSI,SL - TAMPICO,TM	274.3	7,200
KCSM	TOLUCA	ACAMBARO,GJ - MOLINITO,EM	172.6	4,400
KCSM	TULA	SAN LUIS POTOSI,SL - MEXICO,DF	268.5	76,100
KCSM	VANEGAS	SALTILLO,CU - SAN LUIS POTOSI,SL	241.6	44,700
KCSM	VERACRUZ	SANTA FE,VL - TEXCOCO,EM	257.8	8,500

EXHIBIT 14: TRAFFIC DENSITY
KCSM Growth Plan Year 3
Average Tons per Mile of Road (000)

Entity	Subdivision	Segment	Subdivision Miles	Estimated Total Gross Tons (000)
KCSM	CALTZONTZIN	ACAMBARO,GJ - LAZARO CARDENAS,MH	308.4	13,870
KCSM	CELAYA	ACAMBARO,GJ - ING BUCHANAN LOPEZ,GJ	97.2	25,919
KCSM	LAS CRUCES	SALINAS,SL - LAGUNA SECA,SL	143.7	590
KCSM	MATAMOROS	MATAMOROS,TM - MONTERREY,NL	203.2	11,911
KCSM	MONTERREY	SOLEDAD,NL - LEAL,NL	24.5	32,459
KCSM	QUERATARO	CELAYA,GJ - AHORCADO,QA	71.8	23,600
KCSM	SALINAS	CHICALOTE,AG - SALINAS,SL	59	2,831
KCSM	SALINAS	SAN LUIS POTOSI,SL - SALINAS,SL	69.5	2,241
KCSM	SALTILLO	NEUVO LARDEO,TM - SALTILLO,CU	234	66,645
KCSM	TAMASOPO	SAN LUIS POTOSI,SL - TAMPICO,TM	274.3	4,913
KCSM	TOLUCA	ACAMBARO,GJ - MOLINITO,EM	172.6	4,057
KCSM	TULA	SAN LUIS POTOSI,SL - MEXICO,DF	268.5	54,579
KCSM	VANEGAS	SALTILLO,CU - SAN LUIS POTOSI,SL	241.6	43,322
KCSM	VERACRUZ	SANTA FE,VL - TEXCOCO,EM	257.8	2,695

EXHIBIT 14: TRAFFIC DENSITY
CPR 2020 – West

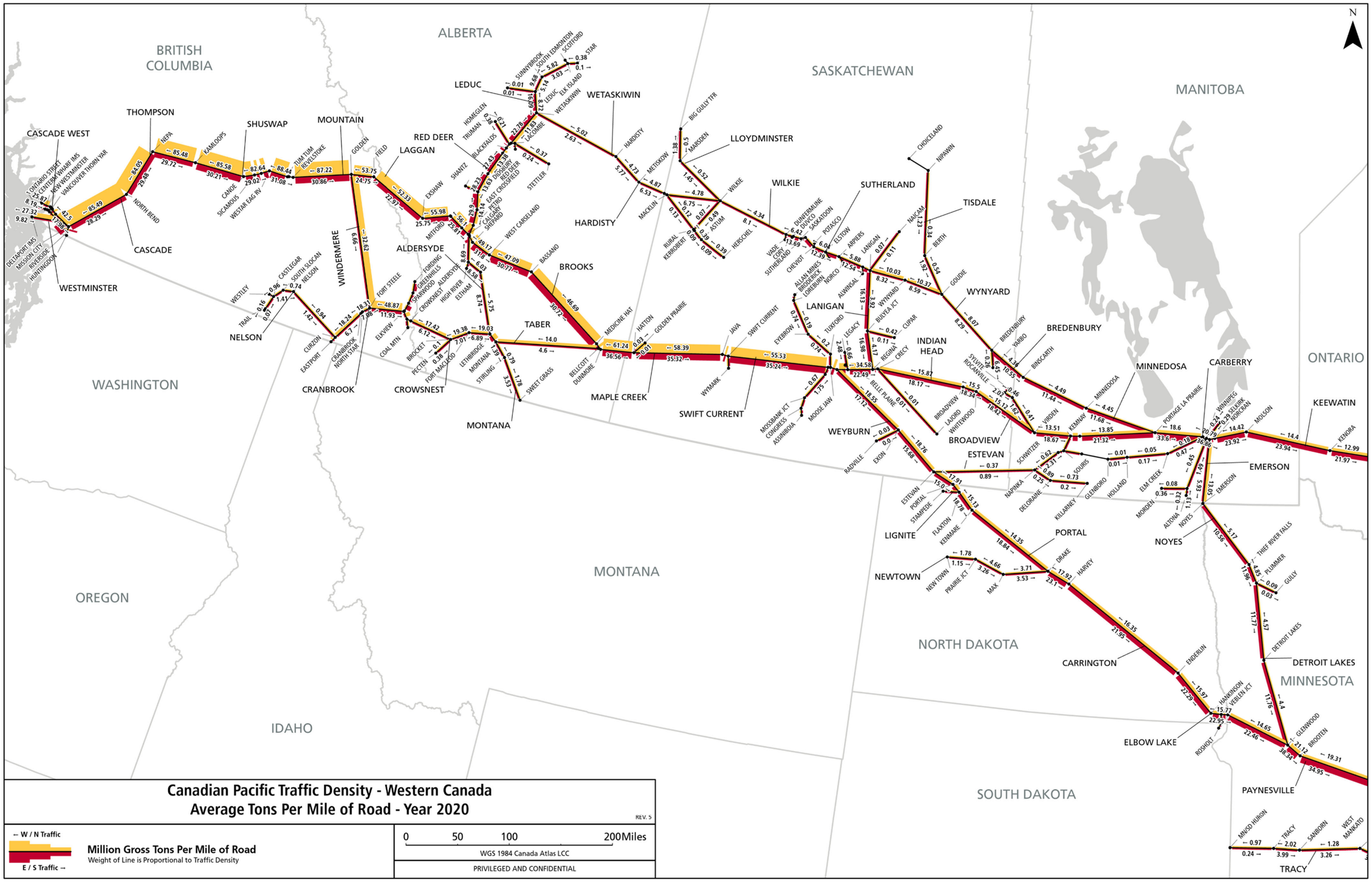
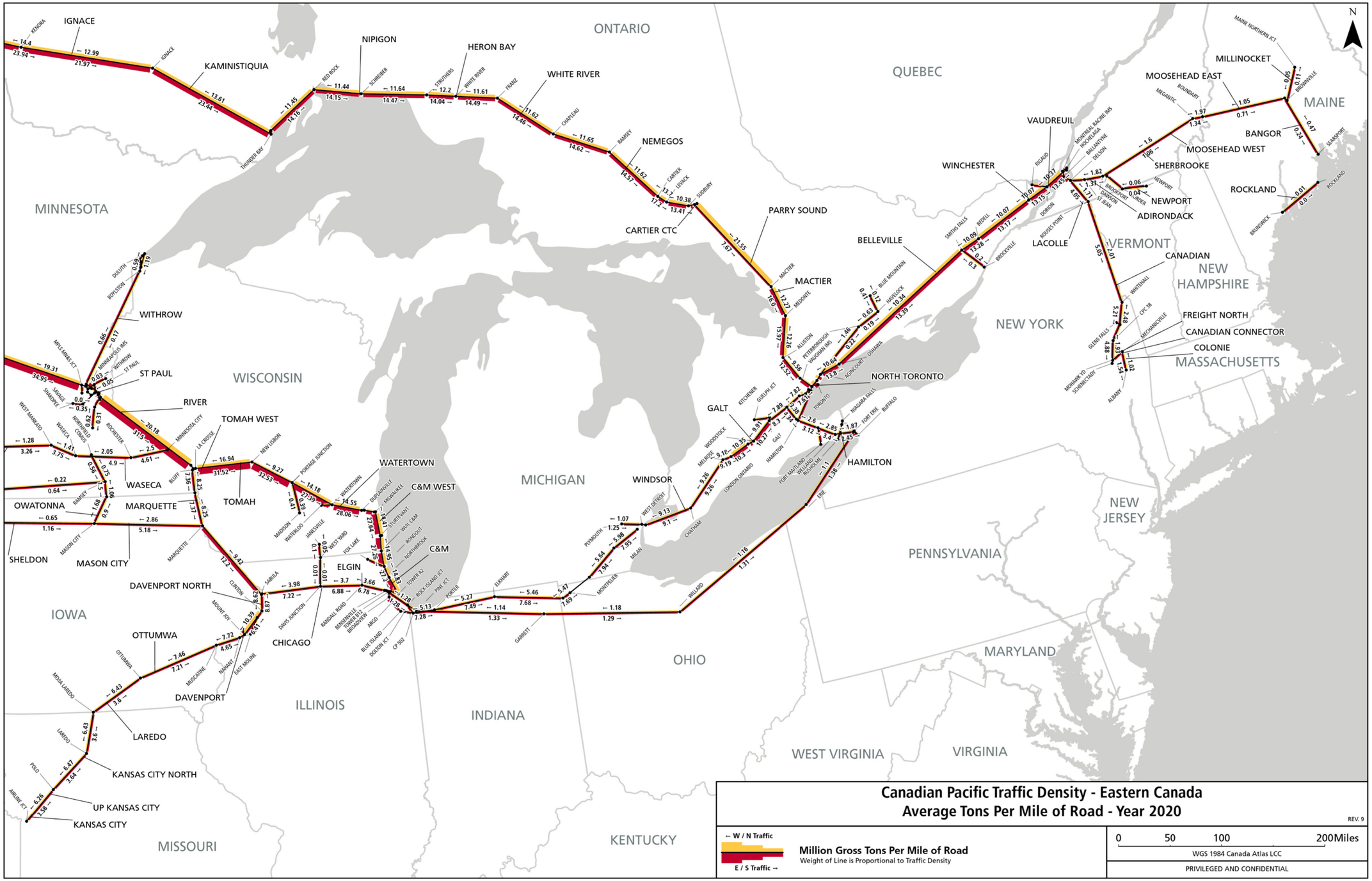


EXHIBIT 14: TRAFFIC DENSITY
CPR 2020 - East



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CPR 2019 - West

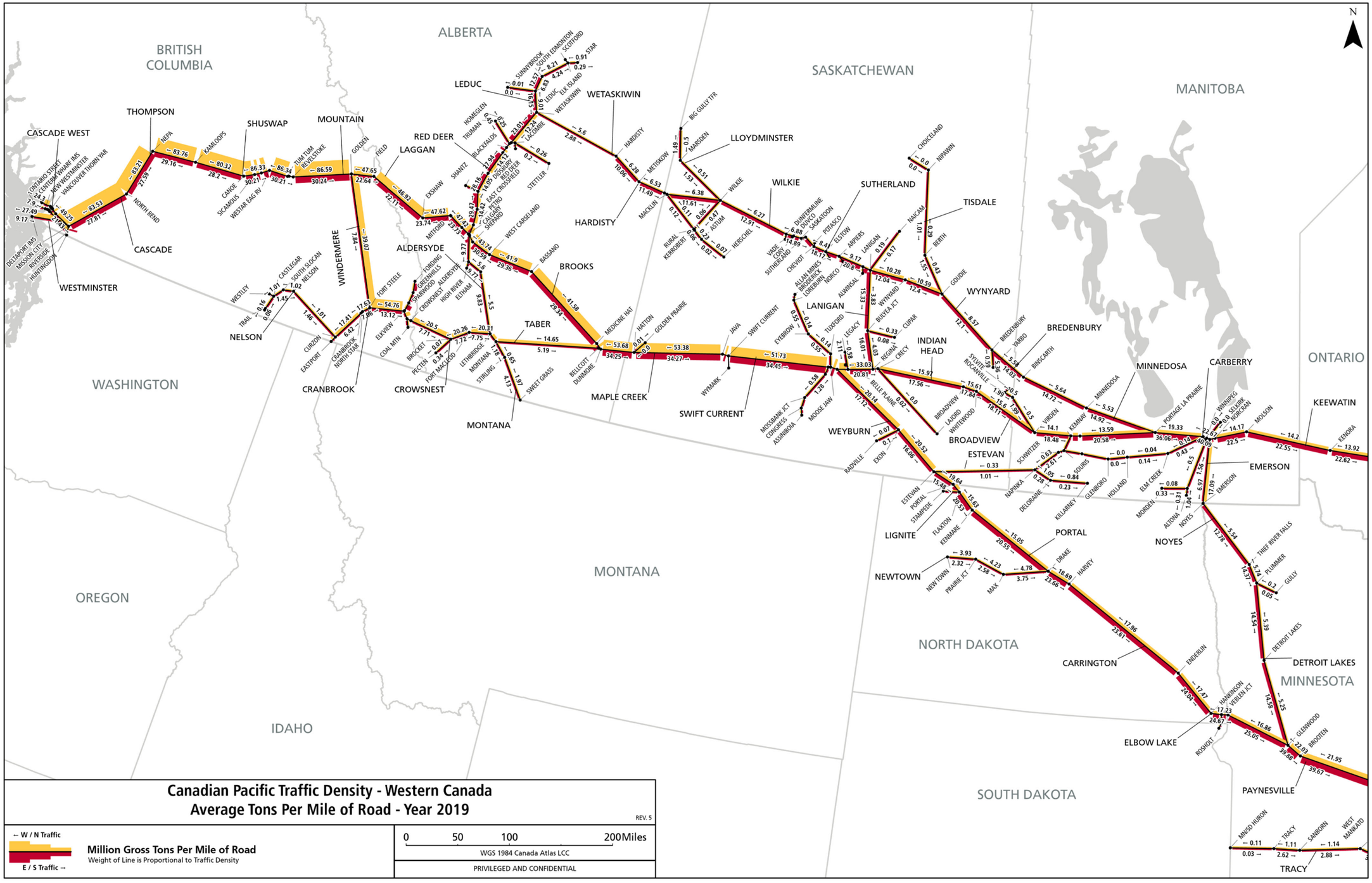


EXHIBIT 14: TRAFFIC DENSITY
CPP 2019 - East

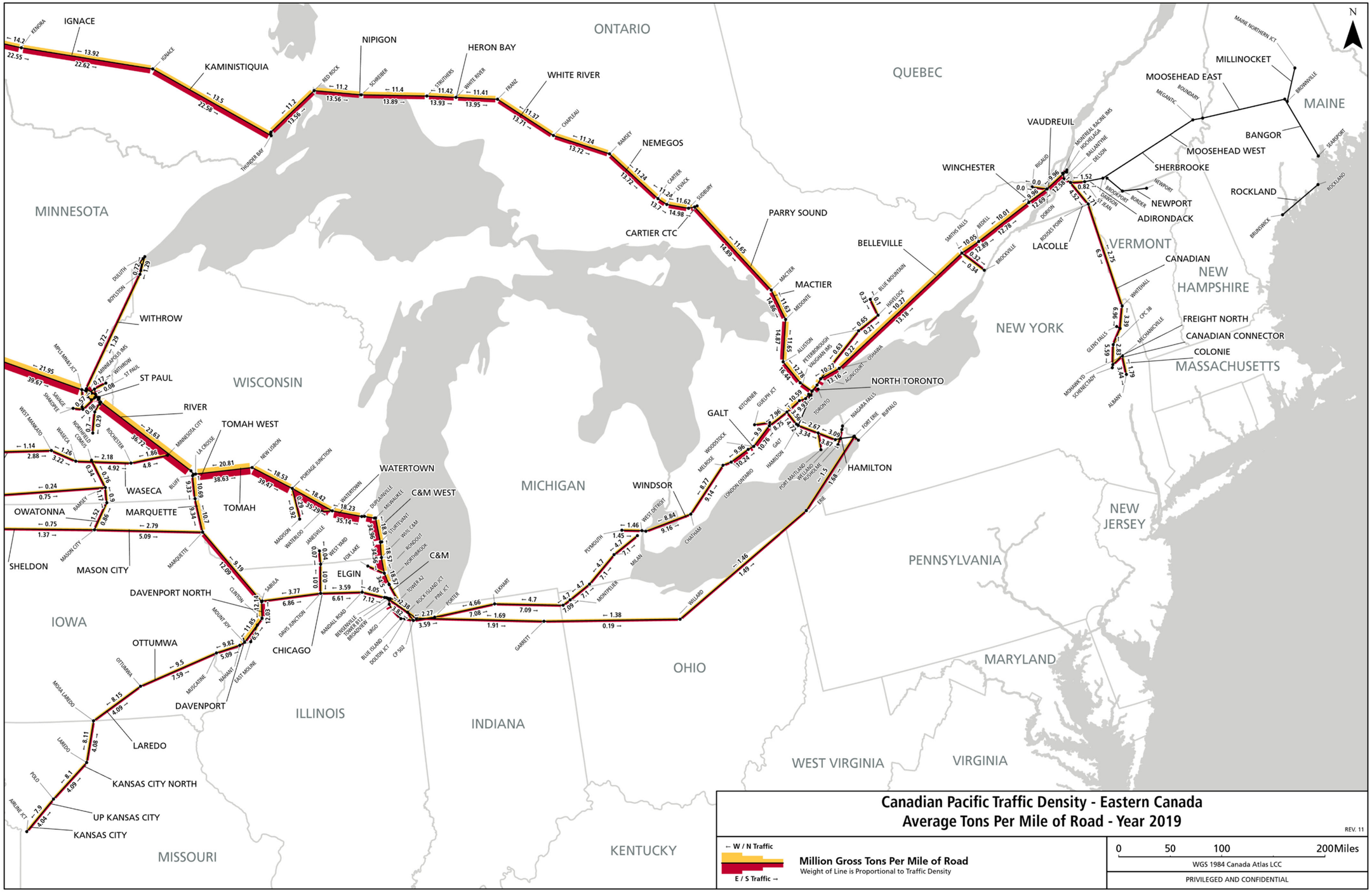


EXHIBIT 14: TRAFFIC DENSITY
CPRS Growth Plan Year 3 - West

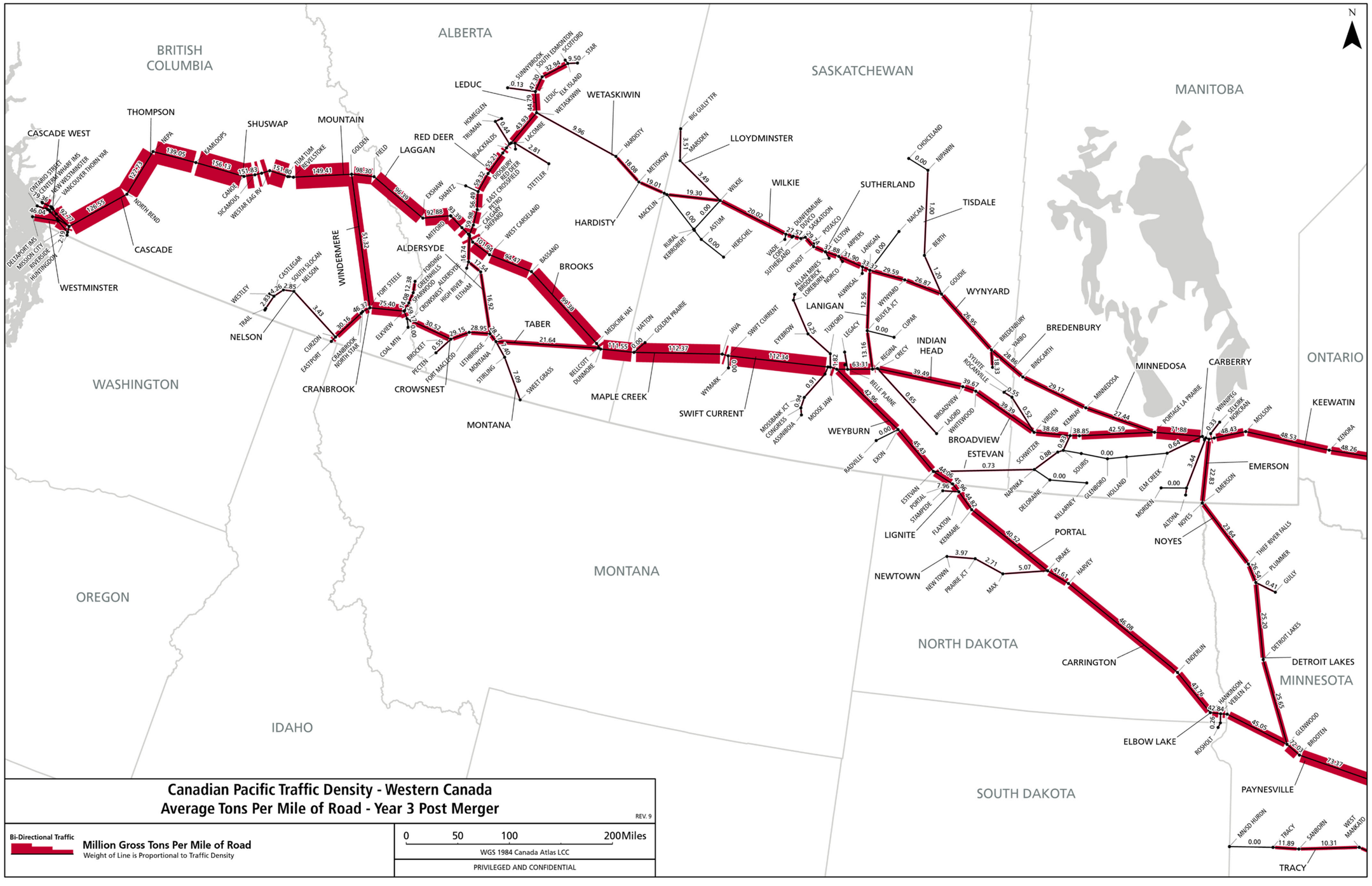


EXHIBIT 14: TRAFFIC DENSITY
CPRS Growth Plan Year 3 - East

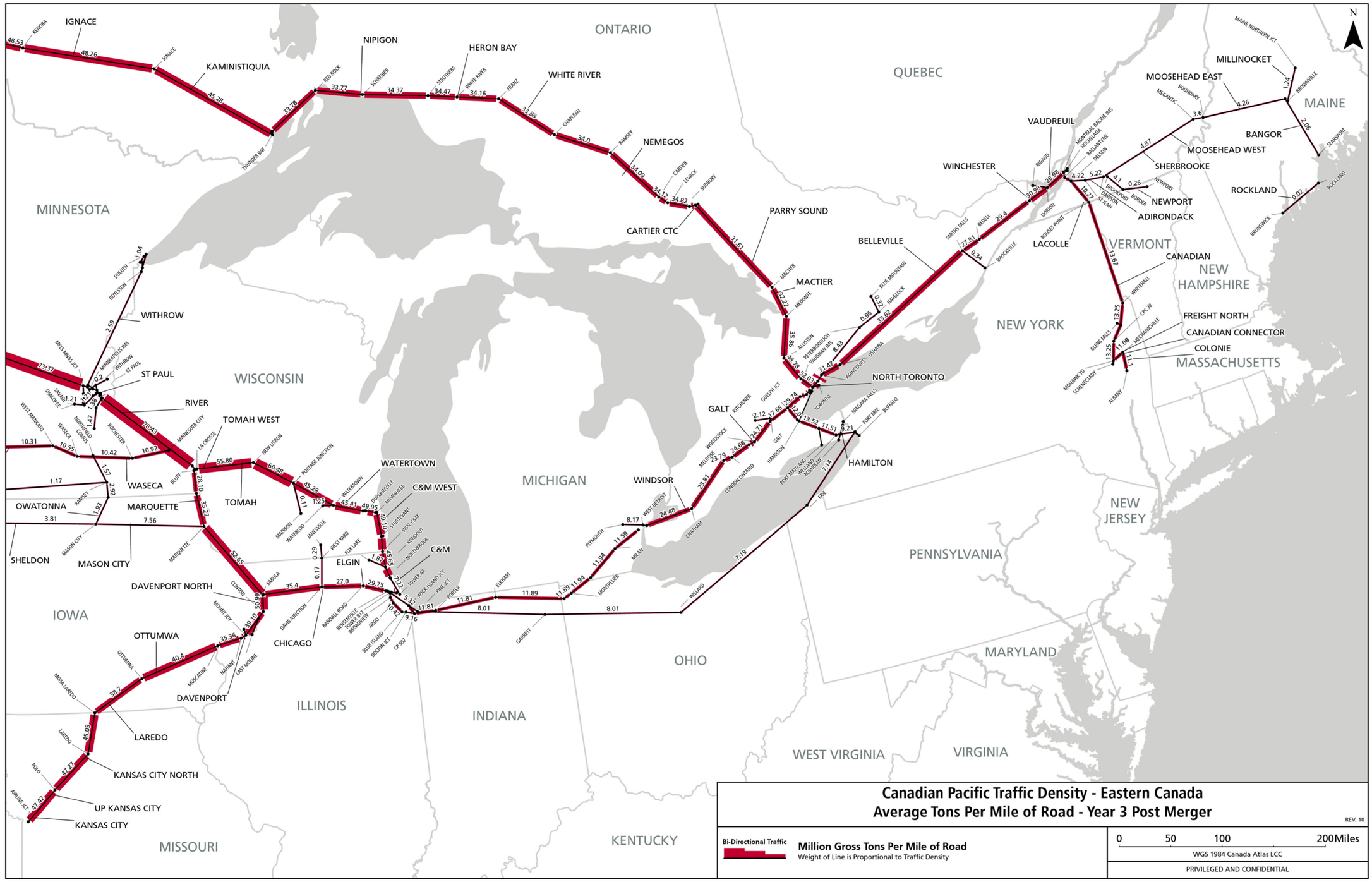
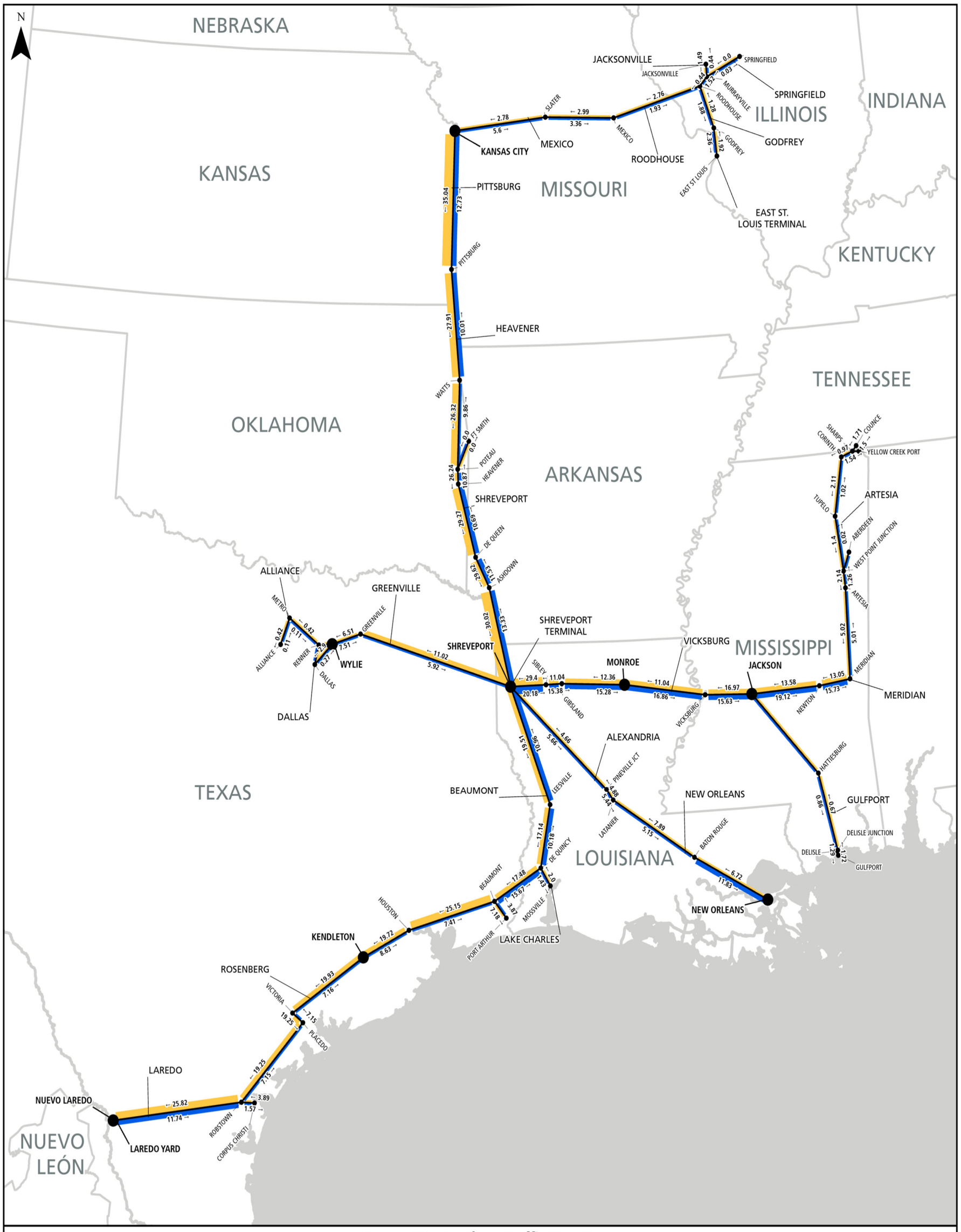


EXHIBIT 14: TRAFFIC DENSITY
KCS 2020



Kansas City Southern Traffic Density
Average Tons Per Mile of Road - Year 2020

REV. 4

← W / S Traffic
E / N Traffic →

Million Gross Tons Per Mile of Road
Weight of Line is Proportional to Traffic Density

0 25 50 100 150 Miles

WGS 1984 Canada Atlas LCC

PRIVILEGED AND CONFIDENTIAL

EXHIBIT 14: TRAFFIC DENSITY
KCS 2019

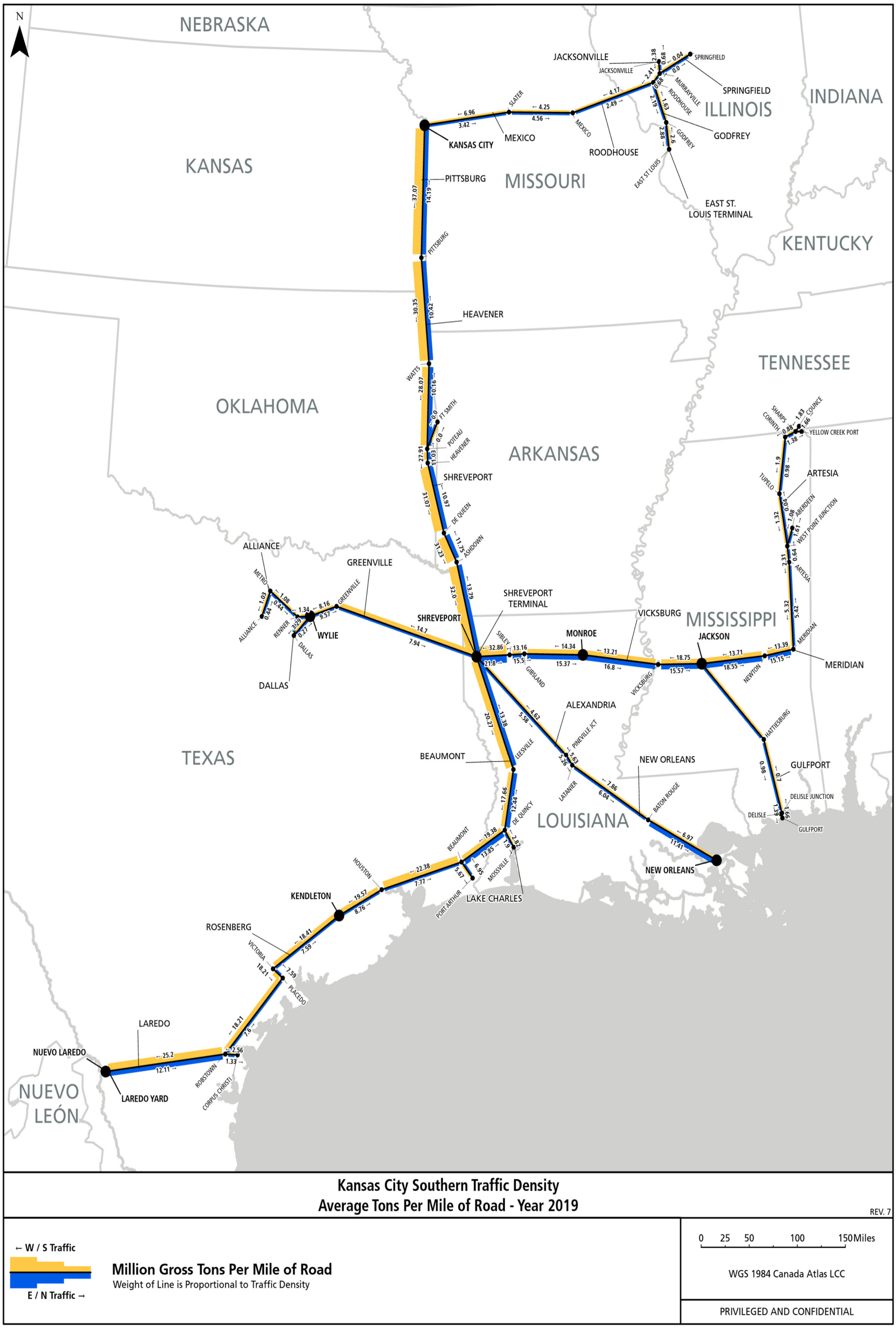


EXHIBIT 14: TRAFFIC DENSITY
KCS Growth Plan Year 3

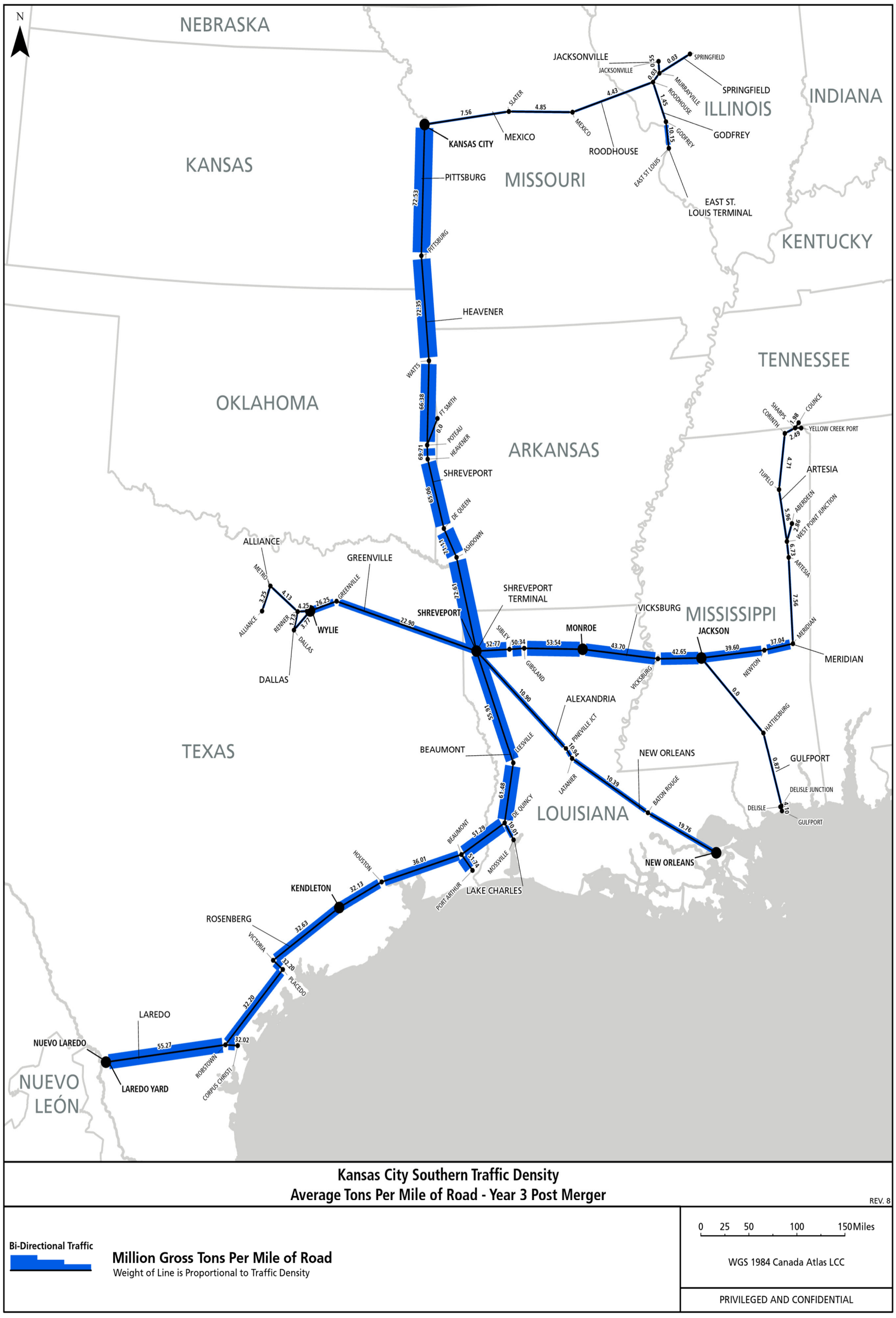
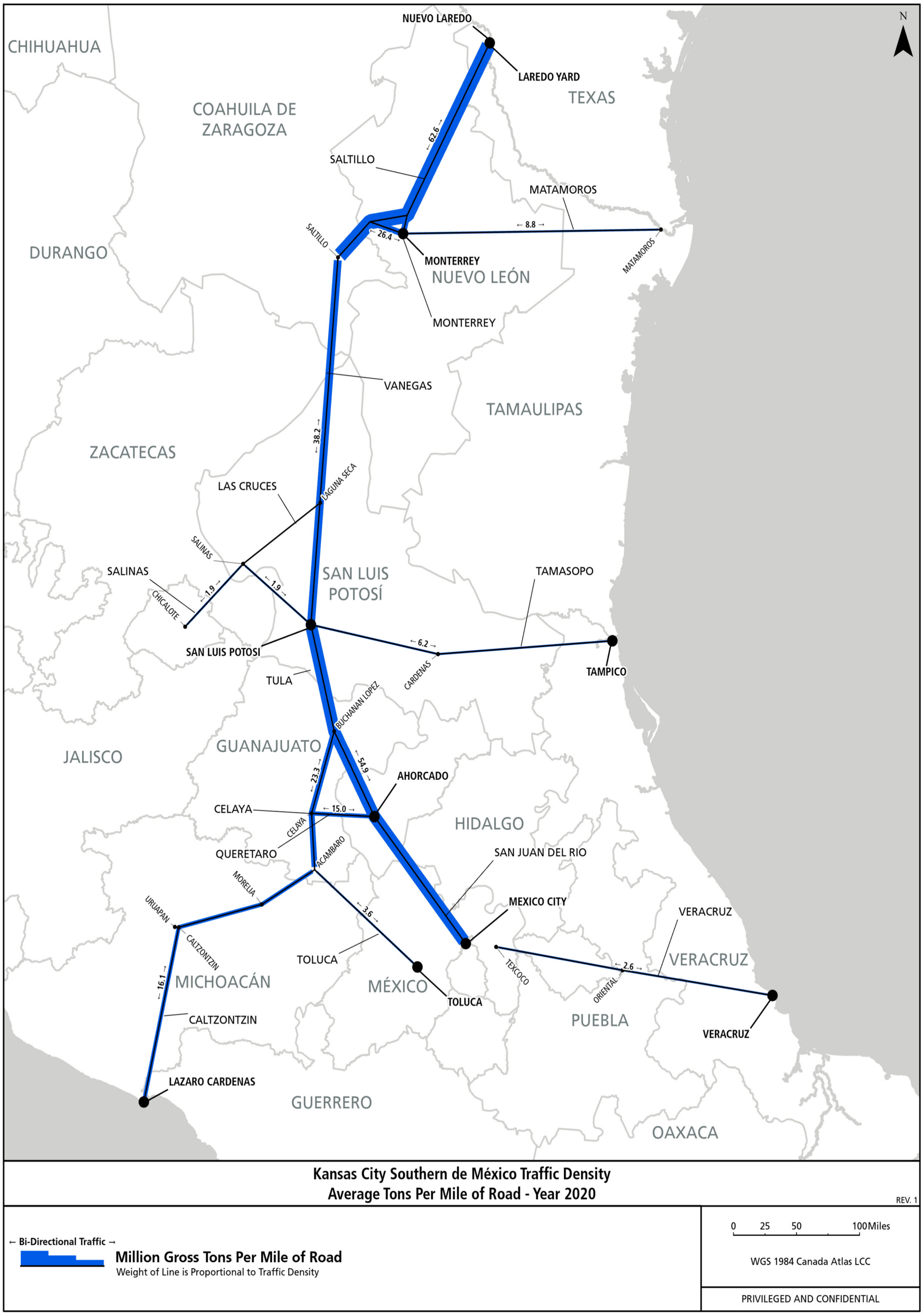


EXHIBIT 14: TRAFFIC DENSITY
KCSM 2020



Kansas City Southern de México Traffic Density
Average Tons Per Mile of Road - Year 2020

REV. 1

← Bi-Directional Traffic →

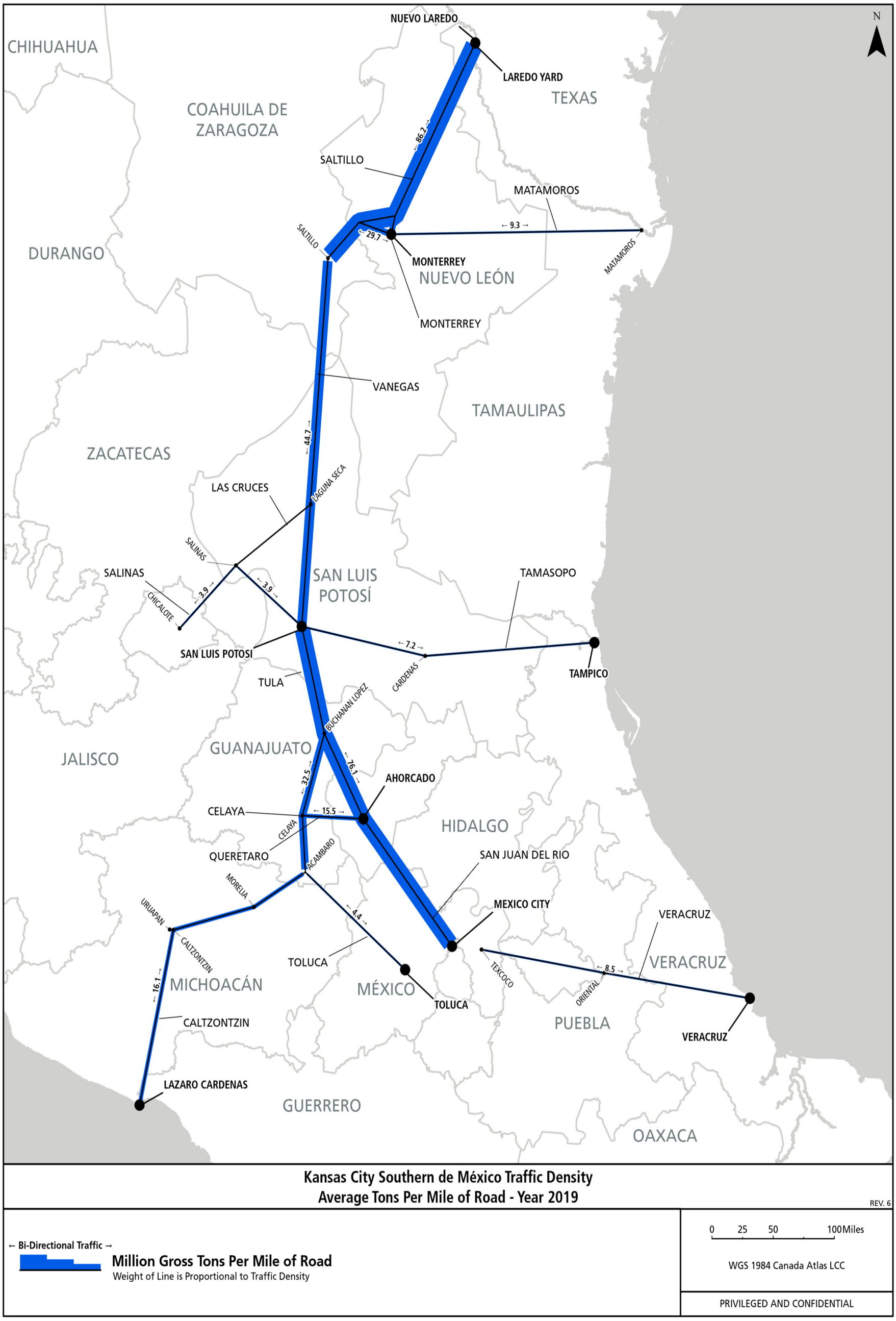
Million Gross Tons Per Mile of Road
Weight of Line is Proportional to Traffic Density

0 25 50 100 Miles

WGS 1984 Canada Atlas LCC

PRIVILEGED AND CONFIDENTIAL

EXHIBIT 14: TRAFFIC DENSITY
KCSM 2019



Kansas City Southern de México Traffic Density
Average Tons Per Mile of Road - Year 2019

REV. 6

← Bi-Directional Traffic →

Million Gross Tons Per Mile of Road
Weight of Line is Proportional to Traffic Density

0 25 50 100 Miles

WGS 1984 Canada Atlas LCC

PRIVILEGED AND CONFIDENTIAL

EXHIBIT 14: TRAFFIC DENSITY
KCSM Growth Plan Year 3



BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED; CANADIAN PACIFIC RAILWAY COMPANY; SOO LINE RAILROAD COMPANY; CENTRAL MAINE & QUEBEC RAILWAY US INC.; DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION; AND DELAWARE AND HUDSON RAILWAY COMPANY, INC. – CONTROL – KANSAS CITY SOUTHERN, THE KANSAS CITY SOUTHERN RAILWAY COMPANY, GATEWAY EASTERN RAILWAY COMPANY, AND THE TEXAS MEXICAN RAILWAY COMPANY

RAILROAD CONTROL APPLICATION
VOLUME 3 OF 4

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October 29, 2021

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ATTENTION: Surface Transportation Board

My name is Ana López Mestre Martínez and my business address is Ave. Paseo de la Reforma No. 295-3, Col. Cuauhtémoc, Alcaldía Cuauhtémoc, Ciudad de México 06500. I am the Executive Vicepresident and General Director of American Chamber of Commerce o Mexico, A.C.

In my role, I am responsible for the optimal operation and administration of the Chamber; supervision of its activities and personnel; as well as conclusion of contracts, promote the admission of partners and issue membership credentials of partners, approval of publications, among others.

American Chamber of Commerce of Mexico, A.C. is an independent, non-partisan and non-profit organization, dedicated to promote trade and business opportunities between Mexico and the United States. We generate more than 2.5 million direct formal jobs and 6 million indirect jobs, representing 21% of the national GDP, contributing significantly to the social and economic development of Mexico.

KCS has been a member of American Chamber of Commerce since 2005, promoting the values we stand for: free trade, Rule of Law and social responsibility. As part of our business community, KCS has been supportive of the best corporate practices and business competitiveness.

American Chamber of Commerce of Mexico, A.C supports safe, efficient and improved service options and transportation competition in the markets we serve, to the benefit of rail customers and other stakeholders

We support Northamerica's integration and promote access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement, including transportation and railroad options.

VERIFICATION

I Ana López Mestre Martínez, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.
Executed on March 30th 2021.



_____
[Ana López Mestre Martínez]

2021 Board of Directors

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Barry Regula – *Chairman*
Margaritaville Resort Casino
Eric Barkley – *Chair Elect*
CenterPoint Energy
Nicole Wilhite – *Finance Chair*
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CHRISTUS Shreveport-Bossier Health
Lance Mosley
Mosley Title Co

Lisa Johnson
President/CEO

Bossier Chamber of Commerce

Surface Transportation Board
395 E St, SW
Washington, DC 20423

On behalf of the board of directors of the Bossier Chamber of Commerce located at 710 Benton Road please accept this letter of support for the approval of CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition and economic development. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help the businesses in our Northwest Louisiana region to reach new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We believe strongly that this consolidation will create new economic development opportunities creating significant investment and job creation.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option

This merger offers a unique opportunity to fuel economic growth across North America while reducing freight congestion, helping the environment, and strengthening competition in the freight transport marketplace.

For these reasons, the Bossier Chamber of Commerce is voicing strong support for the combination of CP and KCS, because it will enhance competition, retain, and expand job opportunities, provide expanded options, and drive efficiencies for customers of all sizes. The Bossier Chamber of Commerce urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Lisa Johnson
President/CEO

VERIFICATION

I, Lisa Johnson, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter. Executed on March 30, 2021

Lisa Johnson

CHARLES CITY IOWA

COMMUNITY DEVELOPMENT
CHARLES CITY AREA CHAMBER OF COMMERCE
CHARLES CITY COMMUNITY REVITALIZATION

401 NORTH MAIN STREET •CHARLES CITY, 50616•(641) 228-4234•(641) 228-2335•FAX (641) 228-4744

June 28, 2021

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

On behalf of the Charles City Area Chamber of Commerce I have been authorized to write to you to endorse the Canadian Pacific ("CP") and Kansas City Southern ("KCS") railroad proposal.

CP runs through Charles City, Iowa, where our farmers and business have utilized its services for many years in order to get products to their intended destination. After reviewing the facts surrounding the CP-KCS merger, our Board of Directors thoroughly believe that it is the best situation for our town.

It is our understanding that a CP-KCS merger would create the first U.S.-Mexico-Canada railroad network. Since Canada and Mexico are Iowa's biggest trade partners, it would be ill-advised for us to not support this opportunity for our farmers and businesses. This merger will allow our products to quickly get across the continent due to CP and KCS's combined-complementary networks.

Additionally, this merger should provide for greater competition with other railroads in Iowa, which will lead to accountability between the rail lines to encourage excellent service, shipping options, and fair pricing.

We encourage the Surface Transportation Board to support a CP-KCS merger over any other acquisition avenues.

Mark Wicks, Community Development Director

CITY OF BELTON
506 Main Street
Belton, MO 64012

(816) 331-4331
Fax (816) 322-4620

My name is Carolyn Yatsook and my organization's address is 506 Main St., Belton, MO. I am the Economic Development Director of the City of Belton, Missouri. In my role, I am responsible for business retention and attraction, workforce development and marketing.

The City of Belton is a City in Cass County, Missouri, that is adjacent to the current Kansas City Southern rail line. There is City owned property, which we are marketing for a light industrial user. Kansas City Southern has been supportive of the potential to serve this site, dependent upon the end users needs. We appreciate the working relationship that we have with Kansas City Southern.

The City of Belton supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition and economic development. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help the businesses in Belton, Cass County, and Missouri reach new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We believe strongly that this consolidation will create new economic development opportunities creating significant investment and job creation.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option

This merger offers a unique opportunity to fuel economic growth across North America while reducing freight congestion, helping the environment, and strengthening competition in the freight transport marketplace.

CITY OF BELTON
506 Main Street
Belton, MO 64012

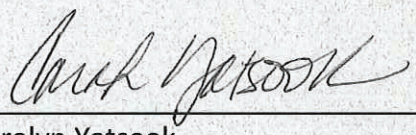
(816) 331-4331
Fax (816) 322-4620

For these reasons, The City of Belton is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. The City of Belton urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Carolyn Yatsook, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 31, 2021.



[Signature]
Carolyn Yatsook

Office of the Mayor

Phone: 563-242-2144 Fax: 563-244-3426
611 South Third Street
P. O. Box 2958
Clinton, IA 52733-2958
smaddasion@cityofclintoniowa.us www.cityofclintoniowa.us

April 14, 2021

Surface Transportation Board
395 E. Street SW
Washington, DC 20423

RE: STB Finance Docket No. 36500 - CP-KCS Proposed Combination

Dear Surface Transportation Board:

My name is Scott Maddasion and I am Mayor for the City of Clinton. The City of Clinton is filing this letter in support of the proposed combination between Canadian Pacific and Kansas City Southern and asks that the Surface Transportation Board take quick action to approve it.

CP is an important member of our community and economy. They have been a responsive and responsible operator. They provide businesses in our area and region with an important artery for their transportation needs – in some cases taking trucks off the highways, which we strongly support.

The transaction would provide significant benefits that we are eager to see realized as soon as possible.

The City of Clinton sees the proposed transaction as a win-win. By giving CP greater market reach, the combined network will provide better transportation options for our businesses and support economic and job growth. The City of Clinton see no downsides.

From the City of Clinton's perspective, the transaction promises to provide improved service options and invigorate transportation competition. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help our community reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, the City of Clinton has no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of communities and customers.

The City of Clinton sees this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

The City of Clinton has a large industrial community, with Archer Daniels Midland, Custom-Pak and Sethness Products being significant users of the existing CP lines.

Sincerely,

Scott Maddasion
Mayor

CITY OF MARQUETTE
102 North St. PO Box 7
Marquette IA 52158-0007
Phone: 563-873-3735 Fax: 563-873-2122
marqcity@alpinecom.net

March 31, 2021

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Stephen Weipert and I am Mayor for the City of Marquette, Iowa. The City of Marquette is filing this letter in support of the proposed combination between Canadian Pacific and Kansas City Southern and asks that the Surface Transportation Board take quick action to approve it.

Marquette was founded as a railroad terminus for the neighboring town of McGregor in 1874 with many residents that have family members that work (or worked) for the railroad. We have a large Depot Museum dedicated to railroad history. CP recently built 2 new operational buildings in our community. CP is an important member of our community and economy. They have been a responsive and responsible operator. They provide businesses in our area and region with an important artery for their transportation needs – in some cases taking trucks off the highways, which we strongly support. The continued partnership will benefit the City of Marquette.

Marquette sees the proposed transaction as a win-win. By giving CP greater market reach, the combined network will provide better transportation options for our businesses and support economic and job growth. Marquette see no downsides.

From Marquette's perspective, the transaction promises to provide improved service options and invigorate transportation competition. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help our community reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, Marquette has no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of communities and customers.

Marquette sees this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Respectfully,

Stephen Weipert

Stephen Weipert, Mayor

City of Marquette, Iowa

City of Minot

Making the Magic in Minot

June 28, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

I write to you today as the Economic Development Administrator of the City of Minot to express our support for Canadian Pacific (CP) and Kansas City Southern's (KCS) proposed merger.

This merger will provide an important North-South rail link and is an opportunity for economic development in Minot because it will create the first railroad to extend across the entire North American continent, delivering goods between Canada and Mexico quickly. This is also an opportunity to boost competition between railroads, and better serve shippers.

Other proposals, leave shippers in more vulnerable positions. Since Canadian National (CN) and KCS compete aggressively for traffic, so if they merge, shippers may find themselves in a situation where they have fewer options when it comes to pricing and service quality.

As a member of the state's economic development community, I know this will be a good opportunity for other cities and towns in North Dakota. I urge the Surface Transportation Board (STB) to support Canadian Pacific's bid. Many businesses and shippers in North Dakota and across the Midwest will benefit from this deal.

Respectfully submitted,

Jonathan Rosenthal, AICP
Economic Development Administrator

Cc: All Parties of Record

MUSCATINE

City Hall, 215 Sycamore St.
Muscatine, IA 52761-3840
(563) 264-1550 Voice/TT
Fax (563) 264-0750

RE: **STB Finance Docket No. 36500 CP-KCS Proposed Combination**

ATTENTION: Surface Transportation Board

My name is Diana Broderson and I am Mayor of the City of Muscatine, Iowa. The purpose of my letter is to share my support of the proposed combination/merger between Canadian Pacific and Kansas City Southern and request that the Surface Transportation Board take quick action to approve it.

Canadian Pacific is an important member of our community and economy. They have been a responsive and responsible operator providing a valuable service to businesses in our area and region. The Railroad provides an important artery for the transportation needs of our local businesses and I appreciate their contribution.

This proposed transaction appears to provide a win-win. By giving Canadian Pacific greater market reach, the combined network with Kansas City Southern will provide better transportation options for our businesses and support economic and job growth. The significant benefits realized by area businesses through this transaction will have a positive effect on the community as a whole.

From my perspective, the transaction promises to provide improved service options and invigorate transportation competition. The combined Canadian Pacific/Kansas City network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help our community reach our existing markets and new markets more efficiently.

The two railroads' strong focus on safety and their track record of operational excellence leaves no doubt that Canadian Pacific Kansas City together will be able to integrate their operations seamlessly to the benefit of communities and customers. Thank you for your time and please contact me if you have any questions.

Sincerely,

Diana L. Broderson
Mayor
City of Muscatine, Iowa

BY ELECTRONIC FILING

June 14, 2021

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Dear Ms. Brown:

As an elected official for the City of Oconomowoc, Wisconsin, I believe our area has the unique opportunity to be part of a first for North America, the first railroad line connecting the U.S., Mexico and Canada. This economic boost would be made possible if your agency approved the merger of the Canadian Pacific (CP) and Kansas City Southern (KCS) railroads and would give Southeastern Wisconsin unique access to export markets to our north and south.

With existing local CP access points in Watertown (approximately 10 miles to our west) and Milwaukee (approximately 30 miles to our east), this merger would bring with it additional market access for area businesses into the southern U.S. and Mexico. Obvious industries like agriculture and manufacturing could see huge benefits to this extended single-line access to more markets, but this energy-efficient transportation option could also create new sectors in our area that we can't even dream up. In addition, because CP and KCS's existing service areas don't overlap, there would be no loss of service from the merger. In short, the merger would be all upside for our area.

The CP and KCS merger would be an economic win for our region and I hope the Surface Transportation Board will see that and approve this important deal.

Respectfully submitted,

Lou Kowieski
Alderman, 2nd District
City of Oconomowoc

OTTUMWA

CITY OF BRIDGES...RIVER OF OPPORTUNITY

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Tom Lazio and I am Mayor for the City of Ottumwa, IA. Ottumwa is filing this letter in support of the proposed combination between Canadian Pacific and Kansas City Southern and asks that the Surface Transportation Board take quick action to approve it.

CP is an important member of our community and economy. They have been a responsive and responsible operator. They provide businesses in our area and region with an important artery for their transportation needs – in some cases taking trucks off the highways, which we strongly support.

The transaction would provide significant benefits that we are eager to see realized as soon as possible.

Ottumwa sees the proposed transaction as a win-win. By giving CP greater market reach, the combined network will provide better transportation options for our businesses and support economic and job growth. Ottumwa see no downsides.

From Ottumwa's perspective, the transaction promises to provide improved service options and invigorate transportation competition. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help our community reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, Ottumwa has no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of communities and customers.

Ottumwa sees this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Ottumwa has a large community of manufacturing businesses- such as John Deere, JBS, C & C Manufacturing, Winger Co.--that may benefit from this consolidation.

Respectfully,

Tom X Lazio

Tom X. Lazio, Mayor

City of Ottumwa

City of Ottumwa
105 East Third Street, Ottumwa, Iowa 52501
Telephone 641-683-0600 Fax 641-683-0613

ALDERMAN:
HARRY WHEAT III, AT-LARGE
JOE BROOKS, WARD 1
BRIDGETT M. PETERS, WARD 2
RONALD HOLLOWAY, WARD 3
JAMES BUCHANAN, WARD 4



EDDIE FULTON, MAYOR

LISA HARRIS, CITY CLERK

April 30, 2021

ATTN: Surface Transportation Board
RE: Objection to KCS Waiver in Finance Docket No. 36514

The City of Quitman submits this letter to express its concerns related to potential application of the KCS waiver in connection with Canadian National's ("CN") bid to acquire Kansas City Southern ("KCS").

CN's submissions in this docket and in the pending CP/KCS docket are confusing in that CN seems clear that it does not want the KCS waiver to apply. But out of an abundance of caution, we are submitting this letter to state our objection to the KCS waiver applying to a CN/KCS transaction. We would not be surprised if CN's embrace of the waiver was designed to lull stakeholders into believing that there was no need for file objections.

There are several reasons why a waiver should not apply to any aspect of CN's proposed takeover of KCS (including the use of a voting trust), a transaction that have vastly different impacts from the CP/KCS transaction for which the STB has already held the KCS waiver would apply.

- CN is a much larger railroad in the U.S. than CP, and unlike a combined CPKC, CN/KCS would not be the smallest U.S. railroad.

- Unlike the CP/KCS combination, which is truly end-to-end in nature, a potential CN/KCS combination is heavily overlapping across much of KCS's U.S. system. There are likely profoundly serious competitive harms, and CN proposes to fix just a handful of 2-to-1 points. These impacts on competition are exactly the kinds of issues to which the 2001 merger rules were intended to apply.

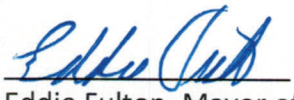
Visit Our Website: www.ci.quitman.ms.us
POST OFFICE BOX 16 • 101 E. CHURCH STREET • QUITMAN, MISSISSIPPI 39355-0016
PHONE: 601.776.3728 • FAX: 601.776.4016
EMAIL: info@ci.quitman.ms.us
"A Great Place To Live and Visit"

- The potential "downstream" impacts of a CN transaction are significant: unlike CP/KCS, which leaves the six largest railroads in basically the same relative positions, CN/KCS would destabilize the balance of the six-carrier network, creating pressure for CP and others to combine. That is exactly the kind of issue the 2001 rules were designed to address.

- CN's much higher cash bid for KCS implies an incredibly significant acquisition premium that we are concerned would create incentives for CN to raise rates even in those instances where it is not harming competition. This is the kind of issue that the 2001 merger rules provide the Board with greater flexibility to address.

- **CN's proposal to acquire KCS would kill the CP/KCS deal, which we see as a perfect fit that injects new competition into the rail industry. In addition, it would destroy any opportunity for municipalities along the eastern side of Mississippi to be able to competitively move products to the Deep-Water Ports at Pascagoula and Mobile. Any rail addition on this side of the state would not be started or completed. As soon as CN acquires KCS's shares, the CP/KCS deal is dead. Thus, a waiver allowing use of a voting trust without formal Board public interest review (which CN has already applied for) would be inappropriate.**

Respectfully submitted,



Eddie Fulton, Mayor of Quitman, MS

EXCELLENCE MADE HERE
CITY OF RUSTON

Mayor Ronny Walker

Board of Aldermen
Carolyn Cage • District 1
Angela Mayfield • District 2
Jedd Lewis • District 3
Jim Pearce • District 4
Bruce Siegmund • District 5

March 30, 2021

Re: Support of the CP/KCS Purchase

My name is Ray Watson and my organization's address is 401 North Trenton Street, Ruston, LA 71273. I am the Economic Development Administrator for the City of Ruston. In my role, I am responsible for recruiting, retaining and growing tier one businesses.

The City of Ruston partners with KCS rail to ensure that businesses have the rail service needed to perform at their maximum capacity. We also work with KCS to identify and correct any safety issues for the city of the rail line. We are currently working with them to identify available tracts of land for future development that either existing spurs can be expanded or new spurs can be built to service future clients.

The City of Ruston supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition and economic development. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help the businesses in North Louisiana reach new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We believe strongly that this consolidation will create new economic development opportunities creating significant investment and job creation.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option

This merger offers a unique opportunity to fuel economic growth across North America while reducing freight congestion, helping the environment, and strengthening competition in the freight transport marketplace.

For these reasons, the City of Ruston is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. The City of Ruston urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Ray Watson, declare certify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 30th day of March 2021 [*date*].

Carroll Ray Watson [Signature]
C. Ray Watson
Economic Development Administrator

The City of Saint John

Mayor Don Darling
Mayor's Office
Bureau du maire

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street, S.W
Washington, DC 20423-0001

ATTN: Surface Transportation Board

As Mayor of Saint John, I am writing to support Canadian Pacific Railway's bid to acquire Kansas City Southern Railway. Most notably my support stems from CP Rail's significant infrastructure investments facilitating a return to Port Saint John and our region. Port Saint John's access to both class one railways is critical to our region's growth potential. Furthermore, the diversification of the East coast supply chain is good for all of North America.

CP Rail's acquisition of KCS is seen as far away as Saint John, New Brunswick as a critical piece of a diversified North American supply chain. This diversification is important to every port from Mexico and US Gulf Ports to Vancouver and Saint John as well as every major distribution centre in Canada and the United States. The monopolization of the supply chain that we had experienced on the East Coast of Canada, prior to CP Rail returning to Port Saint John, made us less competitive. The same competitive disadvantage will happen to US Gulf Coast Ports unless the CP Rail bid is successful.

The monopolization of the supply chain leads to disruptions and economic uncertainty and should not be considered as a viable option for North American rail.

CP Rail has made a commitment to my community, one that I value and fully endorse. We want to see both class one railways maximize their success starting in Port Saint John and branching out across the North American logistics network. CP Rail's acquisition of KCS has my full support as the only option for our economy's success.

Don Darling

Mayors office

SAINT PAUL
PUBLIC WORKS

DEPARTMENT OF PUBLIC WORKS
SEAN KERSHAW, DIRECTOR

25 West 4th Street, 1500 City Hall Annex
Saint Paul, MN 55102
Tel: 651-266-6100 | Fax: 651-266-6222

June 1, 2021

302443

ENTERED
Office of Proceedings
June 2, 2021
Part of
Public Record

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

The City of Saint Paul is filing this letter in support of the proposed combination between Canadian Pacific and Kansas City Southern and asks that the Surface Transportation Board approve it.

CP is an important member of our community and economy. They provide businesses in our area and region with an important artery for their transportation needs – in some cases taking trucks off the highways, which we strongly support as it reduces air pollution including greenhouse gas emissions, aiding our climate action goals.

The Hoffman Yard in Saint Paul is a significant "hump-yard" operation in CP's network and the City sees many positive benefits for our community in more freight moving by rail. We see the proposed transaction as a win-win. By giving CP greater market reach, the combined network will provide better transportation options for our businesses and support economic and job growth.

From Saint Paul's perspective, the transaction promises to provide improved service options and invigorate transportation competition. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help our community reach our existing markets and new markets more efficiently.

The City of Saint Paul sees this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation. The agricultural, construction, energy, and many other businesses in the Twin Cities Metropolitan

Respectfully,

Sean Kershaw
Director, Department of Public Works

CC: All Parties of Record

Mobilizing business for a better NW Louisiana –
COMMITTEE OF ONE HUNDRED, INC.

P. O. BOX 563
SHREVEPORT, LOUISIANA 71162-0563

Surface Transportation Board
395 E St, SW
Washington, DC 20423

Member of the Board:

I am writing on behalf of the members of the Committee of One Hundred, Inc. whose mailing address is P. O. Box 563, Shreveport, LA 71162. For over 60 years, the Committee of One Hundred, Inc. has sought to identify opportunities and needs within Northwest Louisiana, and has worked to remove obstacles and silos, and create pathways to success.

Committee of One Hundred, Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition and economic development. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help the businesses in our region reach new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We believe strongly that this consolidation will create new economic development opportunities creating significant investment and job creation.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that are under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

This merger offers a unique opportunity to fuel economic growth across North America while reducing freight congestion, helping the environment, and strengthening competition in the freight transport marketplace.

For these reasons, Committee of One Hundred, Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Committee of One Hundred, Inc. urges the STB to

Mobilizing business for a better NW Louisiana -
COMMITTEE OF ONE HUNDRED, INC.

P. O. BOX 563
SHREVEPORT, LOUISIANA 71162-0563

approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Mark Evans
President

VERIFICATION

I Mark Evans, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021

[Signature]
Mark Evans

Letter to STB commenting on CN Trust Proposal

Jim Grueneich
72 East Lake Drive
Ellendale, ND 58436

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

As a former North Dakota state legislator and employee of a large steel company which uses North Dakota railroads to receive materials in the southeast/central part of the State, I realize how important access to rail services for shipping and receiving is to the livelihood of our State

As you are no doubt aware, Kansas City Southern (KCS) recently dissolved its merger agreement with Canadian Pacific (CP). KCS now plans to enter into a new agreement with Canadian Northern (CN). This is concerning to residents of North Dakota particularly in light of the fact CN intends to acquire KCS via a voting trust. If CN is allowed to use a voting trust to complete its acquisition, the American rail industry will be harmed.

The most important cause for alarm is the adverse impact of the CN acquisition on existing competition between KCS and CN. The Board's 2001 merger rules place a premium on enhanced competition. KCS and CN run broadly parallel lines across much of KCS territory in the south-central region of the United States. It is nearly impossible to imagine a merger between these two lines leading to lower prices and better services because all future revenues will go to the same sets of pockets. Thus, there will be zero incentive to improve service for customers.

Allowing CN to use a voting trust to acquire KCS will eliminate any possible chance for CP to merge with KCS. The union of CP and KCS two lines would actually increase investment and open up important competition against CN, BNSF, and Union Pacific. If CN is given the opportunity to close KCS into trust, an unfortunate precedent will be established and the stage set for similar mergers in the future.

Finally, a voting trust presents serious financial concerns. CN plans to issue $19 billion of new debt to finance its purchase of KCS and intends to pay a 45 percent price premium. If the Board approves the voting trust but ultimately denies the CN application, CN will be hard pressed to recoup its astronomical purchase price and will almost certainly pass its burden onto consumers.

Letter to STB commenting on CN Trust Proposal

It is my opinion that it is not in the public interest to allow CN to use a voting trust in conjunction with its attempt to acquire KCS. As such, we recommend the STB to reject CN efforts to use a voting trust.

Respectfully submitted,

Cc: All Parties of Record

Letter to STB commenting on CN Trust Proposal

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

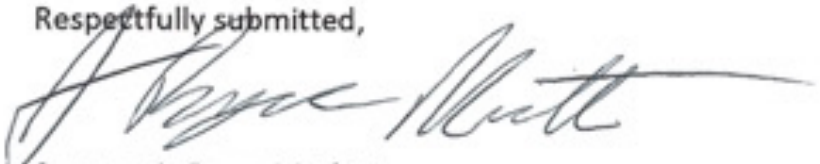
In March of this year, Canadian Pacific Railway (CP) and Kansas City Southern Railway (KCS) announced plans to merge. The proposed union was lauded by more than 400 shippers and other stakeholders due to its expected impact on service, safety, and efficiency to shippers and surrounding communities. The CP-KCS line would be the first U.S-Mexico-Canada rail network, and would drive competition and job growth across North America.

A single-line rail network from Mexico to Canada would greatly benefit the Oklahoma economy. In 2018, Oklahoma businesses exported $2.4 billion in goods to Canada and Mexico including machinery, chemicals, transportation, fabricated metal products, and electrical equipment. Recent trade wars have disrupted the supply chains manufacturers and the ag industry depend on, thus making efficient rail transportation more important than ever.

Despite the competitive benefits associated with a CP-KCS merger, the deal was dissolved in mid-May. Canadian National Railway (CN) made a bid at a 45 percent price premium, and KCS shareholders accepted. This is cause for great concern. CN plans to issue over $19 billion in new debt to finance this venture, and wants the Surface Transportation Board to approve the use of a voting trust to fast-track the merger. If approved, it will eliminate any opportunity for KCS to be acquired by CP and the important competitive benefits of the CP-KCS merger will be lost.

A CN-KCS merger cannot provide the same benefits to shippers and communities as a CP-KCS union. A CN acquisition will limit competition and lead to diminished service and efficiencies. As such, I ask the members of the STB to decline the CN request for a voting trust.

Respectfully submitted,



Senator A. Bryce Marlatt
Former State Senator and Asst. Pro Temp

Cc: All Parties of Record

GREATER SHREVEPORT CHAMBER

Surface Transportation Board
395 E St, SW
Washington, DC 20423

March 29, 2021

Member of the Board:

I am writing on behalf of the Members and Board of Directors of the Greater Shreveport Chamber of Commerce, located at 400 Edwards Street, Shreveport, LA 71101. Since 1910, the Greater Shreveport Chamber has served the Shreveport-Bossier area as a catalyst for business development and nexus for community engagement.

Over the years, the Greater Shreveport Chamber has engaged with Kansas City Southern (KCS) and recognizes the critical role that KCS plays in the Shreveport-Bossier economy. As such, the Greater Shreveport Chamber is pleased to provide this letter in support of the approval of the Canadian Pacific/Kansas City Southern combination. We believe the merger will provide significant benefits to our community and to the region, and we are eager to see them realized as soon as possible.

We believe that the transaction promises to provide improved service options and invigorate transportation competition and economic development. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help the businesses in Northwest Louisiana and beyond reach new markets more efficiently. And, with the two railroads' strong focus on safety and their respective track records of operational excellence, we are confident that CPKC will be able to integrate their operations efficiently and expand the benefits available to rail customers and other stakeholders. We believe strongly that this consolidation will create new economic development opportunities, stimulating significant investment and jobs.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option, and we believe this merger creates such an option.

Further, this merger will offer a unique opportunity to fuel economic growth across North America while reducing freight congestion, thereby reducing the environmental impact of fossil fuels and strengthening competition in the freight transport marketplace.

For these reasons, The Greater Shreveport Chamber is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. The Greater Shreveport Chamber urges the STB to approve CP's acquisition of KCS

as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Best regards,

Timothy J. Magner Ed.D.
President

VERIFICATION

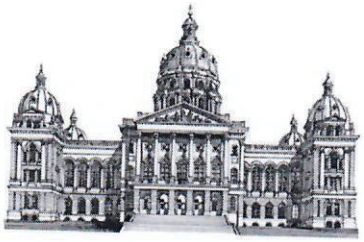
I Timothy J. Magner Ed.D., declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/29/21

Timothy J. Magner Ed.D. _____ [Signature]
[Insert typed name]

Brian Best
STATE REPRESENTATIVE
Twelfth District
Statehouse: (515) 281-3221
e-mail – brian.best@legis.iowa.gov

HOME ADDRESS
P.O. Box 450
Glidden, Iowa 51443
Home: (712) 830-1844



House of Representatives
State of Iowa
Eighty-seventh General Assembly
STATEHOUSE
Des Moines, Iowa 50319

COMMITTEES
Transportation-Chair
Human Resources
Appropriations
Commerce

May 26, 2021

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Dear Ms. Brown:

Both Covid-19 and the trade policy challenges of the past several years exposed fractures in the U.S. food supply chain. Iowa producers have felt the ripple effects of these events. Transportation is a critical input that impacts the supply chain for the state's commodities.

The complexity of the multiple channels required to get grain to market has not only increased the cost for producers and has driven a need for efficient flow of grain shipments from the Upper Midwest to port destinations in Canada, the Gulf Region, and Mexico. What's more, the adoption of USMCA has markedly increased the need for efficiencies in grain transportation to these two important markets.

That is what makes the recent Canadian Pacific (CP) and Kansas City Southern (KCS) merger announcement so compelling. The combination of these two railroads would create the first U.S.-Mexico-Canada rail network. This deal would drive significant efficiencies, bypassing the previous logistical challenges associated with multiple connecting railroads and creating a new single line that will enable producers to get their grain market faster.

In 2018, Iowa businesses exported $6.6 billion in goods to Canada and Mexico alone. The new CP-KCS combination would service nearly 350 grain elevators across United States and Canada, providing them with direct access to more than 20 terminals at major ports.

The proposed plans also call for expanded capacity to move even more grain by leveraging a new high-efficiency railcar model that carries 15 percent more grain over older railcar designs.

Perhaps the most important aspect of this merger for Iowa agriculture is that it enhances competition against other rail and trucking options for getting grain to market. Producers will

have more options for getting their commodities where and when they need them – driving competition and economic productivity across the Heartland.

The benefits of this merger extend beyond Iowa farms. The combination of these two railroads should bring increased economic activity to our rural communities. And with greater access to the markets in Canada and Mexico, the more than 25,400 Iowa manufacturing jobs that depend on exports to Canada and Mexico should have increased security with potential opportunities for growth.

Like many Iowans, I'm skeptical of many mergers, but in this case, CP and KCS operate complementary networks that will deliver Iowa producers expanded reach without overlap. Shippers will have more options for getting their grain to market, increasing competition among Class 1 railroads. It's also worth noting that after the combination would take effect, it would remain the smallest of six Class 1 railroads by revenue.

Thank you for your consideration in this important matter.

Sincerely,



Brian Best
Iowa State Representative
House District 12

County Board Supervisor District 15

Amy Maurer

June 23, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423
Re: Finance Docket No. 36514 – Canadian National Ry. – Control – Kansas City Southern

Dear Ms. Brown:

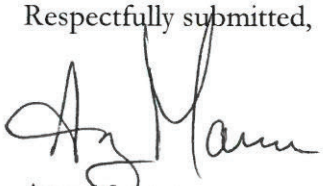
I am writing to express my perspective on the acquisition of Kansas City Southern (KCS). As a Kenosha County Supervisor, I believe it is our area's best interest if KCS is purchased by Canadian Pacific (CP).

A combined CP-KCS railroad network would create the first United States-Canada-Mexico line to increase efficiency and quicken how products are delivered. Because KCS and CP operate complementary networks, the lines will become more fluid, capacity will be higher, and congestion will reduce.

Additionally, a CP and KCS combination will enhance competition and create new shipping options. This merger will create an environment where existing railroad giants will have to compete with the new CP-KCS line, encouraging fair pricing and excellent service. Competition will be higher, and even after CP and KCS merge, they will still be the smallest Class 1 railroad by revenue.

As a county supervisor, I look to support deals that are best for the public interest. CP's proposal is superior and will create a healthy business environment while also better serving us in Kenosha County. I urge the Surface Transportation Board (STB) to support Canadian Pacific's proposal above all else.

Respectfully submitted,



Amy Maurer
Kenosha County Supervisor District 15

Cc: All Parties of Record

257 Old Green Bay Road · Kenosha, WI 53144 · 262.496.0345
Amy.Maurer@kenoshacounty.org

THOMAS A. PRESSLY
Louisiana State Representative
District 6

Chairman Martin J. Oberman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Dear Chairman Oberman,

Please accept this letter of support of the merger of Canadian Pacific and Kansas City Southern to create the first rail network connecting the United States, Mexico and Canada. As a Louisiana State Representative representing portions of Shreveport and Bossier City, I welcome this merger as an opportunity to expand services to our region of the state and grow jobs and opportunities in Northwest Louisiana.

This merger is a tremendous opportunity to create additional operations, training, mechanical, and other jobs in the Shreveport-Bossier area, including at the Deramus Yard, largest of KCS's U.S. railyards. Additionally, the CPKC network would provide additional direct shipping opportunities from our region which could create indirect jobs in our area in the shipping, logistics, and transportation field. From my perspective, the transaction promises to provide improved service options and invigorate transportation competition and economic development not only in Northwest Louisiana, but throughout North America.

The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help businesses in our region and state reach new markets more efficiently. Additionally, the new CPKC single-line routes will expand access to growing markets across the United States, Mexico and Canada that are part of the USMCA trade agreement. Having our community, which has been an integral part of the KCS line since the inception of the railway, at the center of the North-South, East-West corridor in the United States provides significant opportunities for growth in our region through the USMCA trade agreement.

Further, with the two railroads strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. I believe strongly that this consolidation will create new economic development opportunities, creating significant investment and job creation.

For these reasons, I am proud to voice my strong support for the combination of CP and KCS, as it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Therefore, I urge the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Thomas A. Pressly

318.862.9920
900 Pierremont Road, Ste. 119
Shreveport, Louisiana 71106
hse006@legis.la.gov

MAINE
STATE
CHAMBER
of
COMMERCE

The voice of Maine business

June 21, 2021

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E. Street S.W.
Washington, DC 20423

Dear Ms. Brown:

My name is Dana Connors, my business address is 128 State Street, Suite 101, Augusta, Maine04330. I am President/CEO of the Maine State Chamber of Commerce, where we represent a network of over 5,000 businesses across the state of Maine.

Canadian Pacific Railway Company is a member of the Maine State Chamber of Commerce.

The Maine State Chamber of Commerce supports approval of the CP/KCS combination. Thetransaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets companies in Maine rely on. The combined CPKC network - with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets would help companies that do business into and out of the State of Maine, reach our existing markets and new markets more efficiently. With the two railroads' strong focus on safety and their record of operationalexcellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. The Maine State Chamber of Commerce sees this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. We are particularly enthusiastic about therole new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

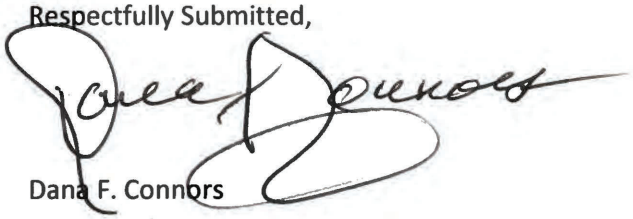
The entirely complementary nature of CP's and KCS' networks - connecting only at Kansas City and not overlapping anywhere - means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

128 State Street, Suite 101 ◆ Augusta, Maine 04330-5630 ◆ tel (207) 623-4568 ◆ fax (207) 622-7723 ◆ website: www.mainechamber.org ◆ e-mail: info@mainechamber.org

We have been impressed by the level of attention by CP and KCS, to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, the Maine State Chamber of Commerce is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options anddrive efficiencies for customers of all sizes.

Respectfully Submitted,



Dana F. Connors
President/CEO
Maine State Chamber of Commerce

CC: All Parties of Record

BY ELECTRONIC FILING

May 26, 2021

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Dear Ms. Brown:

I write in support of the proposed merger between Canadian Pacific (CP) and Kansas City Southern (KCS) railroads. This merger holds promise for Wisconsin and rest of the country and deserves support.

Wisconsin's leading industry is manufacturing. We make things here in Wisconsin - machinery, computers and electronics, transportation equipment, and lots of food and agricultural products. Our largest export markets for these goods are Canada and Mexico.

In fact, Wisconsin exported a $7 billion in goods to Canada in 2018, which is about a third of the state's overall exports. The CP-KCS merger could increase that number. By creating the first United States-Mexico-Canada rail network, a merged CP-KCS will drive single-lined efficiencies North and South, fostering economic growth across North America, which is a win for Wisconsin workers.

In 2016, over 8,000 companies exported goods from Wisconsin with nearly 90 percent of those companies being small- and medium-sized businesses that employ fewer than 500 people. These are good paying jobs that fuel the economic engine of Main Streets across the state. Wisconsin's economy is reliant on a robust export system and the CP-KCS merger will offer additional options and services for shippers, as greater efficiency and access to rail make it easier to move materials across North America.

As the economy begins recovering from the COVID-19 pandemic, it's more important than ever that Wisconsin participates in the economic growth and that our neighbors in Canada and Mexico can rely on Wisconsin exports.

It is unfortunate that in the year 2021 there is still not a seamless transcontinental rail system between the three countries. The merger between CP and KCS would create a rail network that does just that. CP and KCS have done their due diligence to ensure the combination of the two companies will benefit all parties involved: businesses, shippers, and hardworking Americans.

As the Surface Transportation Board reviews this proposed transaction, I urge you to recognize the benefits of this merger for Wisconsin's and the nation's economy.

Sincerely,

Steve Baas
Senior Vice President of Government Affairs and Public Policy
Metropolitan Milwaukee Association of Commerce

MUSCATINE
#MAKEITMUSCATINE

CHAMBER OF COMMERCE
ECONOMIC DEVELOPMENT
TOURISM

JUNE 3, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – Canadian National Ry. – Control – Kansas City Southern

Dear Ms. Brown:

I write to you today on behalf of the Muscatine Chamber of Commerce. Our intention with this letter is to express our support for Canadian Pacific ("CP") in its bid for the Kansas City Southern ("KCS") railroad.

Though Canadian National ("CN"), through an unsolicited bid, offered a higher monetary amount, it remains clear that CP's offer is better for businesses in Iowa, and in particular, Muscatine.

Iowa's two largest trade partners are Canada and Mexico. We would like our farmers and manufacturers to be able to benefit fully from trade deals such as the United States-Mexico-Canada Agreement (USMCA). A CP-KCS network will create the first U.S.-Mexico-Canada railroad network capable of doing this by delivering products across the continent much faster and with more efficiency.

A CP-KCS merger will also create competition between other railroads, allowing each network to hold the other accountable for superb service and fair pricing. Even after CP and KCS merge, they will remain the smallest Class 1 railroad by revenue. Shippers, farmers, and manufacturers in Iowa deserve to have options that allow them to prosper.

We ask the Surface Transportation Board (STB) to consider these facts as they weigh whether or not to approve a CN-KCS voting trust. CP has offered a better deal for Iowa, the Midwest, and the overall public interest. We kindly urge the board to concur.

Erik Reader, President & CEO

Cc: All Parties of Record

From the Desk of
State Representative Mike Brandenberg
Legislative District 28
Edgeley, ND

As a state legislator, I care about what happens in our state. I was encouraged when I saw an announcement by Canadian Pacific (CP) and Kansas City Southern (KCS) to combine routes. I'm optimistic, after reviewing the plan by CP and KCS to merge, that this would have a tremendously positive impact on our state. Currently, in North Dakota, shippers and farmers have limited rail options and often have to use multiple railroads to get products to their destination. The proposed combination will create the first, single-line rail route spanning from Canada, through the U.S., and down into the southern parts of Mexico.

A new single line rail offering will ensure North Dakota farmers, manufacturers, and refineries are able to get their products to market quickly, without the hastle of switching routes which can lead to delays. Our state relies heavily on trade, especially with our neighbors to the north and south. A merger between CP and KCS will make it so shippers can rely on one line to get products to Canada, Mexico, or down to the Gulf Coast to be shipped all over the world. Producers in North Dakota have a pent up desire to increase trade spurred by the new USMCA agreement; we expect to see new exports flourish this year.

Understandably, the announcement by CP and KCS made headlines as the first major rail merger since the 20th century, and has quickly earned support from hundreds of stakeholders. This attention, however, has also received the focus from a competitor, Canadian National (CN), which made its own, unsolicited offer to purchase KCS. This new offer would be disasterous for North Dakota.

First, the CN and KCS merger would be anti-competitive, leading to fewer options for shippers along the impacted route. In multiple locations, CN and KCS actually have overlapping routes and currently compete for business. Once merged, CN would no longer have to compete with KCS, and current routes may be decommissioned, which would eliminate existing options.

Second, the CN route doesn't reach North Dakota. There will be a huge missed opportunity for our communities if this deal goes through. Shippers in North Dakota will not be a part of the CN-KCS merger and will not see the benefits a single line rail could bring.

Examining the details of the two major railroad proposals, there is a clear winner. The CP-KCS merger is good for North Dakota and good for the U.S. as a whole. Both proposals are now before the Surface Transportation Board (STB). I hope the STB will carefully review the facts and consider what is truly in the best interest of the public. I urge the STB to reject the CN-KCS proposal, and KCS to reconsider its original plan with CP.

Regards,

Mike Brandenberg

Representative Mike Brandenberg
701.709.0237 mbrandenberg@nd.gov

Congress of the United States
Washington, DC 20515

June 25, 2021

Martin J. Oberman
Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Dear Chairman Oberman:

We write to express our support for the proposed merger agreement between Kansas City Southern (KCS) and Canadian Pacific Railway (CP). We believe such an arrangement would serve the public interest by opening new markets for commodities produced in States served by CP, including North Dakota. Thank you for your attention to this important matter.

Canadian Pacific Railway is one of two Class I freight rail providers in North Dakota, both of which provide integral market access for much of North Dakota's commodity driven economy. As a state rich with natural resources, including agricultural products, crude oil, and others, producers in our state rely on freight transportation to move their products to market. Currently, shippers in North Dakota have direct access to ports in the Pacific Northwest, and thus much of Asia, through rail transportation provided by both Canadian Pacific and Burlington Northern Santa Fe (BNSF). A KCS/CP merger would create the first Class I railroad with track in Canada, Mexico, and the United States, opening access to new markets for our State's producers in Mexico, while also providing a more direct route to markets in the Southern United States. This in turn would increase competition and help our agricultural producers continue to provide the highest quality, lowest cost food supply in the world, while also contributing to our nation's energy independence.

Further, a KCS/CP merger would preserve the competitiveness of the rail industry among the limited number of Class I carriers operating in the U.S. In fact, the proposed merger would remain the smallest of the Class I railroads, promoting competition among railways in the region and ensure railways provide efficient service and competitive rates.

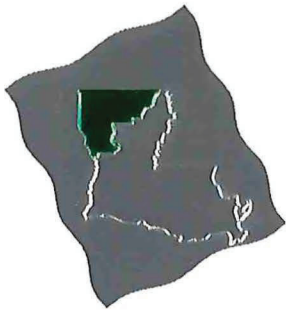
Again, thank you for your attention to this important matter. Please do not hesitate to contact our offices should you require more information or wish to discuss this matter further.

Sincerely,

John Hoeven
U.S. Senator

Kevin Cramer
U.S. Senator

Kelly Armstrong
U.S. Congressman



NORTH LOUISIANA ECONOMIC PARTNERSHIP

March 29, 2021

Surface Transportation Board
395 E St, SW
Washington, DC 20423

RE: CP/KCS Merger

To Whom It May Concern:

The North Louisiana Economic Partnership (NLEP) is submitting this letter of support for the approval of the Canadian Pacific (CP)/Kansas City Southern (KCS) railway merger. The NLEP is a regional economic development organization covering a fourteen-parish (county) territory in North Louisiana, and our mission is to advance the regional economy by supporting job growth and capital investment in this region. From our experience working with existing and prospective companies, we consider the rail infrastructure of KCS a significant asset for meeting our mission.

Access to rail has increasingly become a major factor for the projects we manage. Agriculture, energy, and manufacturing are leading industries in the State of Louisiana as a whole, therefore having a variety of reliable transportation options is critical for our economic health. KCS entered into a joint venture to create the Meridian Speedway, which is the fastest rail route between Dallas and the northeast. This high-speed rail route originates in Shreveport, LA. Not only does KCS offer rail access, but its routes also provide our region a competitive advantage.

The NLEP has worked with KCS throughout our existence, but over the last five years that relationship has grown much stronger and more collaborative. Frequently the KCS Industrial Development Manager and other KCS representatives are critical members of our project teams when working with new or existing businesses considering a new location or expansion. KCS's partnership has been instrumental in helping our region both retain and grow jobs as well as ensure our companies remain competitive in the global market.

The NLEP was excited to learn of the potential CP/KCS merger, as we believe the transaction would provide significant benefits that we are eager to see realized as soon as possible, such as:

- **Improved service options.** This larger rail network would invigorate transportation competition and improve economic development potential for North Louisiana. The combined CP/KCS network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help the businesses in North Louisiana reach new markets more efficiently. And, with the two railroads' strong focus on safety and their

track record of operational excellence, we have no doubt that CP/KCS will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

- **Expanded Market Access.** We are particularly enthusiastic about the role new CP/KCS single-line routes will play in expanding access for North Louisiana companies to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option for the agreement to achieve its intended economic development outcomes. We believe strongly that this consolidation will create new economic development opportunities for companies in our region that will result in significant new investment and job creation.
- **Reducing roadway congestion.** This merger offers a unique opportunity to fuel economic growth across North America while reducing freight congestion, helping the environment, and strengthening competition in the freight transport marketplace.
- **Strengthen quality jobs in North Louisiana.** KCS currently employs over 700 residents of North Louisiana and we believe this merger would not only retain those jobs but could lead to an increase in quality jobs here over time if the above results are realized.

For these reasons, the North Louisiana Economic Partnership is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded service and market options and drive efficiencies for customers of all sizes. The NLEP urges the Surface Transportation Board to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized as soon as possible for the benefit of all stakeholders.

Thank you in advance for your favorable consideration of this acquisition and merger.

Sincerely,

Justyn Dixon
President

VERIFICATION

I Justyn Dixon, certify, under penalty of perjury, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3-30-2024 [*date*].

[Signature]
Justyn Dixon

Portage Area Chamber of Commerce

104 West Cook Street, Portage, WI 53901

608-742-6242 www.portagewi.com

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

I write to you on behalf of the Portage Area Chamber of Commerce to share our support for Canadian Pacific's ("CP's") bid to purchase Kansas City Southern (KCS).

Portage businesses rely on CP as both a business partner and to ship goods. For example, our member Crawford Oil and Propane Company, another supporter of the CP-KCS merger, is a longtime fuel supplier for CP. Because CP-KCS will increase the capacity and distance that goods can be shipped, it will positively impact Crawford Oil as the demand for its product increases. In addition, shippers in the area will be able to send their goods with heightened efficiency.

In addition to the positive impact that it will have on our businesses; a combined CP-KCS network will:

- Strengthen competition among railroads, which will create a positive environment for shippers and businesses by promoting excellent service and pricing.
- Create the first United States-Mexico-Canada railway, allowing our community to take full advantage of the USMCA trade deal.
- Heighten efficiency, service improvements, and work to achieve meaningful environmental benefits.

In light of the positive benefits listed throughout this letter, the Portage Area Chamber of Commerce urges the STB board to support CP's proposal to acquire KCS.

Respectfully submitted,

Marianne Hanson

Marianne Hanson
President & CEO Portage Area Chamber of Commerce

_____

Cc: All Parties of Record

Mission: To provide leadership for building a healthy economy and a high quality of life in the Portage Area.

April 30, 2021

Mr. Martin J. Oberman, Chairman
US Surface Transportation Board
395 E Street SW
Washington, DC 20423

Dear Mr. Oberman:

Our two countries enjoy a unique and long-standing history, and the largest trade relationship in the world. Our economies are closely intertwined, and shared prosperity requires our continued partnership and collaboration. Therefore, important regulatory decisions in one country can have a ripple effect in the other.

It is for that reason that I write to express my enthusiastic support for the merger agreement between Canadian Pacific Railway Limited (CP) and Kansas City Southern (KCS).

The proposed combined network would create the first rail network connecting the United States, Mexico and Canada. Moreover, it will provide increased competition and support North America's economic growth.

CP Rail's return to service in our province of New Brunswick is proving to be an economic game-changer and is providing much-needed competition to the other Class 1 railroad operating in our region, Canadian National Railway (CN).

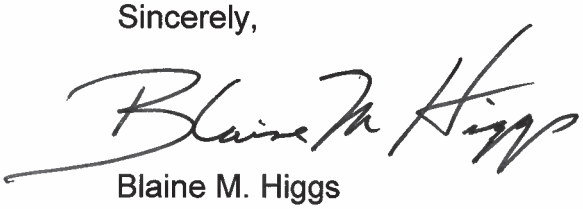
The Port of Saint John is a deep-water port, capable of handling a variety of cargo types, and together with CP, shippers can access domestic, North American and international markets. This return to service by CP also offers a connection to the Port of Searsport, Maine, which will drive economic growth along the US eastern seaboard.

Office of the Premier / Cabinet du premier ministre
P.O. Box/C. P. 6000 Fredericton New Brunswick/Nouveau-Brunswick E3B 5H1 Canada
Tel./Tél. : (506) 453-2144 Fax/Téléc. : (506) 453-7407
Email/Courriel : premier@gnb.ca/premier.ministre@gnb.ca

I urge the U.S. Surface Transportation Board to reject CN's request for a voting trust structure and reject any waiver from a full public interest review for CN's voting trust proposal. On the other hand, since CP's proposed acquisition of KCS raises none of the same competition concerns and would in fact enhance competition and further level the playing field for rail shippers in North America, the Board should approve its proposed voting trust.

Thank you in advance for your consideration.

Sincerely,



Blaine M. Higgs
Premier

June 28, 2021

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington D.C., 20423

Dear Mrs. Brown,

The Southeast Texas Economic Development Foundation is filing this letter to express our support for Canadian Pacific's (CP) acquisition of Kansas City Southern (KCS).

Our priority is to work with local businesses and the community to foster economic growth that is central to the success of our community as a whole. When we learned about the proposed merger between CP and KCS, we were excited for the benefits such a merger could have on not only our business community in Texas but across the country.

The CP-KCS merger would create the first rail network connecting the U.S., Mexico, and Canada offering seamless service for U.S. businesses. The new combined network will stimulate growth by increasing market reach and competition. A CP-KCS combination offers:

- Efficient flow of grain shipments from origins in Canada and the Upper Midwest to destinations in the U.S. South, Gulf ports and deep into Mexico.
- New head-to-head, single-line competition for intermodal shipments between the Mexican border and the Upper Midwest.
- Improved services and access to Vancouver and Minneapolis-St. Paul via CP's routes into Western Canada.
- New single-line hauls linking key automotive manufacturing and distribution centers in Mexico and the Upper Midwest and Canada.

The CP-KCS merger will only be beneficial; we do not anticipate any negative impacts to competition, safety, or any other public interest. For these reasons, we support the proposed merger of CP and KCS and hope the STB will also support such an important combination.

Sincerely,

James E. Rich
Executive Director

DAVID STEFFEN
STATE REPRESENTATIVE • 4TH ASSEMBLY DISTRICT

MAY 26, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

As you are considering the proposed acquisition bids of Kansans City Southern by Canadian National and Canadian Pacific, I hope you will look favorably upon CP's offering and reject CN's proposal to use a voting trust. The CP proposal is better for shippers and consumers.

The Board has explained it plans to adopt a more cautious approach to CN's proposed voting trust and decide whether this trust is in the public's best interest – the clear answer is the use of a trust in this proceeding will do little in favor of public interest.

This is the first time the Board will be applying the 2001 merger rules. I want to note a quick check-off to allow a voting trust does not serve the public interest and creates a precedent that encourages railroad mergers and severs the Board's freedom to apply the 2001 rules in the way initially intended.

I hear often from shippers the need to inject more options and greater competition into the marketplace. That's why the most troubling factor associated with the proposed CN's voting trust is the effect it will have on existing competition between KCS and CN. It becomes rather apparent competition between the two railroads is already aggressive – if they were to merge, the points, corridors, and regions that are served by both lines would suffer. As two separate entities, alternative solutions for shippers are available, and the two can discipline each other when they are not competing for business. I do not want to see competition between the two done away with.

The Board has specifically noted cause for concern relating to CN's proposal to issue $19 billion of new debt to finance its purchase of KCS. I share this concern with the Board, primarily

because this massive debt burden will create immediate incentives for CN to raise revenue – which means higher prices for its current customers.

As I mentioned, there is a better alternative in terms of public interest. A CP-KCS merger promises to create new, better single-line routes from the Midwest and Canada all the way to the Gulf of Mexico. Competition between rail lines would increase and offer a robust market that better serves the public. A CP-KCS merger would still be the smallest Class 1 railroad by revenue, a stark difference from what would be the third largest Class 1 railroad if CN acquired KCS.

I urge the STB to reject Canadian National's motion to approve its proposed voting trust. Denying the trust will allow CN to make its case that its proposal offers public benefits – something we have yet to see.

Respectfully submitted,



David Steffen
State Representative

Tyler J. Foti
County Board Supervisor
District 1

Waukesha County
County Board Office

By Electronic Filing

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

I write to you today to express my support for Canadian Pacific (CP) in its effort to acquire Kansas City Southern (KCS).

As a Waukesha County supervisor representing an area serviced by CP, it is apparent that a combined CP-KCS railroad network is the better option for our area businesses. Though this is a merger of two Class 1 railroads, I do not see a threat to competition should this merger be completed. On the contrary, I believe it will enhance competition and keep each railroad accountable to their customers on both pricing and service. In fact, even after KCS and CP merge, the joint railroad will still be the smallest Class 1 railroad in North America by revenue.

Unfortunately, this CP-KCS deal has been derailed by an unsolicited offer by Canadian National (CN). CN-KCS is a combination that I believe will hurt competition. If CN is allowed to merge with KCS, it will create the third-largest Class 1 railroad in North America. This is a deal that I cannot support for the sake of Waukesha County's shippers and consumers.

I urge the board to consider the broad impact that allowing a CN-KCS merger will have on Wisconsin and competition as a whole and instead support a CP-KCS merger, which will promote healthy competition for our area businesses.
Respectfully submitted,

Cc: All Parties of Record

BARBARA DITTRICH
STATE REPRESENTATIVE • 38th ASSEMBLY DISTRICT

BY ELECTRONIC FILING

June 2, 2021

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Dear Ms. Brown:

I am reaching out to share my support of Canadian Pacific Railway's (CP) application to acquire Kansas City Southern (KCS) and create the first U.S-Canada-Mexico rail line in North America.

As a state representative of an area already served by CP, it's clear to me that this acquisition would bring with it increased trade opportunities for businesses, including in agriculture and manufacturing, in my district. In addition, due to the small size of CP and KCS relative to other Class 1 railroads, it's my belief that the merger of these two railroads does not threaten market competitiveness in the railroad shipping market, but, will instead, lead to greater competition as a joint CP/KCS railroad would better be able to compete with other, larger, Class 1 railroads. In fact, it is my understanding that even after a CP/KCS merger, the joint railroad would still be the smallest Class 1 railroad in North America.

While I know after CP and KCS agreed to an acquisition deal, Canadian National (CN) approached, and later entered into agreement with KCS to join their two railways, I have heard concerns that a CN/KCS deal would bring with it less competition and more market power as a CN/KCS deal would make CN the 3rd largest railroad in North America. This is a concern as CN already holds great market share here in Wisconsin and I fear our state's shippers and consumers would be at a detriment should CN by able to control more of the national market and face less pressure to fairly serve businesses in our state.

I ask that you please consider this letter and the impact of both of these applications on my constituents and all citizens of the State of Wisconsin. Our state's economy relies on a robust, competitive and responsive rail system and I believe the CP/KCS application best achieves that goal.

Sincerely,

Barbara Dittrich

Barbara Dittrich
State Representative
38th Assembly District

P.O. Box 8952 • Madison, WI 53708-8952 • (608) 266-8551 • Toll Free: (888) 534-0038
Rep.Dittrich@legis.wi.gov

WYLIE ECONOMIC DEVELOPMENT

My name is Jason Greiner and my organization's address is 250 South Hwy 78, Wylie, TX. 75098. I am the Executive Director of the Wylie Economic Development Corporation. As the Director of the EDC, I facilitate new investment and job creation in our community as well as support our community's economic development strategies.

The City of Wylie has enjoyed a long relationship with the railroad. Wylie's story began back in the 1880s and our growth (and success) is directly tied to the railroad. The first Gulf, Colorado, and Santa Fe Railway train rolled into Wylie on October 13, 1886, and our community has grown with the railroad ever since. In fact, Wylie was incorporated in November 1887 along the railroad right-of-way. A lot has changed over the 100+ years, but the future looks even brighter. The recently announced 220-acre Wylie Logistics Park is immediately adjacent to KCS' David L. Starling Wylie Intermodal Terminal and offers 2.4 million square feet of potential building capacity.

The Wylie EDC supports the approval of the CP/KCS combination. We believe that the transaction would provide significant benefits that we are eager to see realized as soon as possible. From our perspective, the transaction promises to provide improved service options and invigorate transportation competition and facilitate economic development efforts in communities like ours. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic, and Pacific coasts as well as to key overseas markets – would help the businesses in Wylie, the DFW Region and all of North Central Texas reach new markets more efficiently. We believe strongly that this consolidation will create new economic development opportunities creating significant investment and job creation.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. We believe there is a need for a true USMCA railroad option. This merger offers a unique opportunity to fuel economic growth across North America while reducing freight congestion, helping the environment, and strengthening competition in the freight and transportation marketplace.

For these reasons, the Wylie EDC is voicing strong support for the combination of CP and KCS because we believe it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. The Wylie EDC urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these two systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

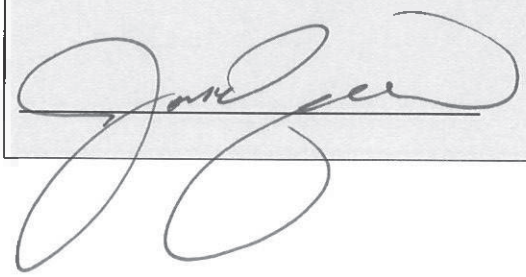
Jason Greiner
Executive Director

Wylie Economic Development Corporation
250 South Hwy 78 Wylie, Texas 75098
(972) 442-7901 • www.WylieEDC.com

VERIFICATION

I Jason Greiner, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on the 30th day of March 2021.



PORT MONTRÉAL

Administration portuaire de Montréal
2100, avenue Pierre-Dupuy, aile 1
Montréal (Québec) Canada H3C 3R5
T 514.283.7011

Montreal Port Authority
2100 Pierre-Dupuy Avenue, Wing 1
Montreal, Quebec Canada H3C 3R5
T 514.283.7011

April 1, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

Re: Montreal Port Authority supports to the CP/KCS combination

To whom it may concern,

I, Martin Imbleau, President and Chief Executive Officer of the Montreal Port Authority, would like to express our views on the above-mentioned transaction. As an autonomous Federal agency responsible for the Port of Montreal, we have an exceptional collaborative relationship with CP, which benefits from direct access to the various port operators found on our docks. CP is a long-standing partner of the Port of Montreal and a trusted partner in the development of logistics activities. The Montreal Port Authority, an organization located at 2100 Pierre-Dupuy Avenue in Montreal, Canada, wishes to express its great satisfaction with CP.

Therefore, the Montreal Port Authority supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Even, if the Montreal Port Authority has not often spoken about railroad consolidation, we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

The Port of Montreal is the second largest port in Canada and a diversified transshipment centre that handles all types of goods: containerized and non-containerized cargo, liquid bulk and dry bulk. As the only container port in Quebec and the largest post on the Eastern coast of Canada, we are a destination port served by the largest shipping lines in the world. We are also an intermodal hub with a service offering that is unique in North America, featuring its own rail network directly dockside connected to the CP network.

As we prepare for the largest expansion in our history with an expansion plan that will increase our handling capacity by 1.15 million TEUs (twenty-foot equivalent units), we believe that an extensive railroad network will allow us to create business opportunities, and, consequently, to better serve the markets we serve, particularly through the Midwest.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Montreal Port Authority is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Montreal Port Authority urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Martin Imbleau declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 1, 2021



_____
Martin Imbleau
Président-directeur général

April 9, 2021

Surface Transportation Board
395 East Street SW
Washington, DC 20423

Re: Letter of Support – Canadian Pacific ("CP") acquisition of Kansas City Southern ("KCS")

My name is Adam Tindall-Schlicht, Director of Port Milwaukee. I am responsible for the full operations, financial, business development and personnel management of Port Milwaukee. Port Milwaukee welcomes the news of CP's acquisition of Kansas City Southern (together "CPKC") and the promise of expanded CP operations in the Upper Midwest.

From the Port's perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help Port Milwaukee reach existing markets and new markets more efficiently. Given the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Port Milwaukee is serviced daily by CP today, and the Port's 20+ commercial tenants and customers from around the globe trust CP in Milwaukee for its reliability, safety and customer service. There is much that the Port and CPKC can realize through the merger:

- CP's intermodal container service at Port Milwaukee was discontinued about a decade ago by the rail line. The merger may foster new intermodal and other business development opportunities in Milwaukee, particularly given our adjacency to Chicago. The reinstatement will improve the efficiency of container handling and trade in the heartland of North America through Port Milwaukee.

- Port Milwaukee has been targeting outreach to Mexico-based customers as a business development initiative for future growth. The southern connectivity from Milwaukee to Mexico via CPKC will immediately become a new opportunity for Port Milwaukee to explore.

- The Port and Milwaukee Harbor is realizing unprecedented growth and multimodal development. The DeLong Company, the Michels Corporation, and Komatsu Mining are each constructing multimillion dollar manufacturing sites currently at the Port with connectivity to CP. These sites will have increased business development reach as a result of the CPKS announcement.

- The Port is particularly enthusiastic about the role that new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option of which Port Milwaukee will help prosper.

- KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among the Port's transportation options, but as separate companies they have not been able to offer a seamless, single-line service we have come to expect from our transportation providers for continued growth. This transaction will improve the Port's surface transportation options.

2323 S. Lincoln Memorial Dr., Milwaukee, WI 53207 | (414) 286-3511
portmilwaukee.com | port@milwaukee.gov
A City of Milwaukee Operation

For these reasons, Port Milwaukee is voicing its support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Port Milwaukee urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders. Again, we welcome the CPKC opportunity.

Best regards,



Adam Tindall-Schlicht
Director
Port Milwaukee

cc: Tom Barrett; Mayor, City of Milwaukee
Maria Cartier; Market Development Manager, Port Milwaukee
Lafayette Crump; Commissioner of City Development, City of Milwaukee
Jazmine Jurkiewicz; Trade Development Representative, Port Milwaukee
Brian Kasprzyk; Chief Engineer, Port Milwaukee
David Misky; Assistant Executive Director, Redevelopment Authority, City of Milwaukee
Lisa Stern; Chief of Railroads and Harbors, Wisconsin Department of Transportation
Yash Wadhwa; Commissioner of Railroads, State of Wisconsin

2323 S. Lincoln Memorial Dr., Milwaukee, WI 53207 | (414) 286-3511
portmilwaukee.com | port@milwaukee.gov

PORT OF BROWNSVILLE
the port that *works*

April 15, 2021

ATTENTION: Surface Transportation Board

My name is Eduardo A. Campirano and my business address is 1000 Foust Road, Brownsville, Texas 78521. I am the Port Director and CEO of the Port of Brownsville.

The Port of Brownsville supports approval of the CP/KCS combination. The transaction would provide significant benefits.

The transaction would provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing and new markets more efficiently. The two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. Examples include:

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation option.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

While KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options. However, as separate companies, they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

The nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have noted the attention placed by of CP and KCS on safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For aforementioned reasons, the Port of Brownsville is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. The Port of Brownsville urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, **Eduardo A. Campirano**, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on APRIL 15, 2021 [*date*].



[Signature]
Eduardo A. Campirano

BRANDY D. CHRISTIAN
CHIEF EXECUTIVE OFFICER

M. D. (MIKE) STOLZMAN
GENERAL MANAGER

NEW ORLEANS PUBLIC BELT RAILROAD

April 1, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

Dear Sir or Madame:

My name is Brandy Christian, and I am the President and CEO of The Board of Commissioners of the Port of New Orleans (Port NOLA) and the CEO of the New Orleans Public Belt Railroad Commission for the Port of New Orleans (NOPB). The corporate address of both organizations that I oversee is 1350 Port of New Orleans Place, New Orleans, Louisiana 70130. In my role, I am responsible for executive management of Port NOLA and the NOPB.

The Port of New Orleans is a diverse deep-water port strategically located on the Mississippi River near the Gulf of Mexico -- with access to 30-plus major inland hubs such as Dallas, Memphis, Chicago and Canada via 14,500 miles of waterways, six Class I railroads and interstate roadways. Port NOLA works jointly with the KCS on international intermodal business moving in and out of the Port of New Orleans and the KCS rail terminal in Wylie, Texas, serving the Dallas-Fort Worth market. Additionally, the KCS provides rail service to Port NOLA's industrial real estate tenants via the New Orleans Public Belt Railroad.

The NOPB is a Class III switching railroad with a mission of serving the Port of New Orleans, local customers, and the New Orleans Rail Gateway. The NOPB connects six Class I railroads to each other and to properties in and near the Port NOLA complex. The NOPB interchanges with KCS on a daily basis.

Both Port NOLA and NOPB have benefitted from a strong relationship with KCS and have worked even more closely on growing volume moving by rail through the New Orleans corridor since the re-start of intermodal service between New Orleans and Wylie in 2018.

Both Port NOLA and NOPB support approval of the CP/KCS combination. The transaction would provide significant benefits and enhanced rail network connectivity that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition and economic development. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help the businesses in our State reach new markets more efficiently.

4822 Tchoupitoulas Street
New Orleans, LA 70115-1645
www.railnola.com

(504) 896-7410 Office
(504) 896-7419 Fax

And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We believe strongly that this consolidation will create new economic development opportunities creating significant investment and job creation.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option

This merger offers a unique opportunity to fuel economic growth across North America while reducing freight congestion, helping the environment, and strengthening competition in the freight transport marketplace.

For these reasons, Port NOLA and NOPB are voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Port NOLA and NOPB urge the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Brandy D Christian

Brandy D. Christian
Chief Executive Officer

VERIFICATION

I Brandy D. Christian, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 01 April 2021.

Brandy D. Christian

4822 Tchoupitoulas Street
New Orleans, LA 70115-1645
www.railnola.com

(504) 896-7410 Office
(504) 896-7419 Fax

PORT OF PORT ARTHUR

March 29, 2021

Surface Transportation Board
395 E Street SW
Washington, D.C. 20423

Re: Support for Canadian Pacific Railway and Kansas City Southern Railway Company Transaction

Surface Transportation Board:

My name is Larry Kelley and my organization's address is 221 Houston Ave, Port Arthur, TX 77641. I serve as the Port Director/CEO of Port of Port Arthur Navigation District of Jefferson County. I am responsible for the direct management of the organization, finance, operations and real estate of a modern rail served public maritime facility.

The Port of Port Arthur has a longstanding, mutually beneficial relationship with the KCS. The community of Port Arthur, TX was the original terminus of the railroad. The city, port and KCS' history are closely linked. Historically and today the port attracts business to the railroad and the KCS brings business to the port in an interdependent relationship. Over the years in partnership with the KCS the port has acquired modest lands from the railroad. Each time the port has developed those lands into sustainable port and rail cargo volumes.

The Port of Port Arthur supports timely approval of the CP/KCS combination. The transaction would potentially provide significant benefits to the port in terms of enhanced connectivity and new market development, while leveraging the port's own capital expansion activity.

To the port, the transaction provides the opportunity for improved service options, stimulate competition and economic development. The combined CPKC network should provide new single-line hauls and access to premier ports, such as the Port of Port Arthur, as well as other ports in the U.S. Gulf, Atlantic and Pacific coasts. Improved access to key overseas markets and new markets will aide many businesses in the South East Texas-Port Arthur region. Optimistically and without exception, import and export customers have given us positive feedback about the combination. With a unified culture of safety and focus on operational excellence, the CPKC integration should benefit rail customers and other stakeholders. We strongly believe this consolidation will create new economic development opportunities, significant investment, and job creation.

Port of Port Arthur
221 Houston Avenue
P.O. Box 1428
Port Arthur, Texas, 77641
409.983.2011
portpa.com

We are particularly enthusiastic about the combined CPKC single-line routes. For us and many rail users this will expand access to growing or underserved markets across the United States, Mexico and Canada. We believe it is important that there be an actual USMCA railroad option.

This merger offers a unique opportunity to stimulate economic growth across North America while sustainably reducing freight congestion and strengthening freight market competition.

As described, the Port of Port Arthur is supporting the combination of CP and KCS, to enhance competition, provide expanded options and drive efficiencies for a wider variety of customers. The Port of Port Arthur urges the STB to approve CP's timely acquisition of KCS. Timely integration of these systems generating end-to-end benefits is in the public interest and U.S. commerce. If you have any questions or desire further comment, please feel free to reach out to me.

Sincerely,

Larry Kelley
Port Director/CEO
Port of Port Arthur

VERIFICATION

I Larry Kelley, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 03/29/2021 March 29, 2021].

Larry Kelley [Signature]
[Insert typed name]

Direccion General

Oficio API VER-D.435/2021
H. Veracruz, Veracruz, 31 de marzo de 2021

A Quien Corresponda.
Presente

ING. ROMEL EDUARDO LEDEZMA ABAROA en mi carácter de Director General de **Administración Portuaria Integral de Veracruz S.A. de C.V.**, concesionaria del Puerto de Veracruz, con domicilio Av. Marina Mercante 210, 7° piso Col. Centro C.P. 91700 Veracruz, Ver., correo electrónico: direccion@puertodeveracruz.com.mx, ante ustedes con el debido respeto expongo lo siguiente :

Sobre el particular, me permito hacer su conocimiento que la empresa Kansas City Southern (KCS), es un socio estratégico para el desarrollo del Puerto de Veracruz. Prestando el servicio ferroviario de movimiento de carga al centro y norte de México, de manera eficiente y segura, siendo un actor importante en el desarrollo de Veracruz.

Es por ello, que esta Entidad considera positivo la unión de KCS, con la empresa Canadian Pacific Railway (CP), lo cual es una excelente noticia, ya que esperamos se incrementará el potencial competitivo de este puerto proporcionando beneficios importantes a las tres naciones, Estados Unidos de América, Canadá y México.

Desde nuestra perspectiva, la combinación CPKC promete proporcionar servicios de transporte de mercancías más amplios que seguramente incrementarán la conectividad ferroviaria, lo cual facilitará el tránsito de carga y apoyará a disminuir los tiempos de traslado a los principales puertos y centros de distribución en las costas del Golfo, el Atlántico y el Pacífico de los EE.UU., Así como a los mercados claves, ayudando a los dueños de la carga a llegar tanto a los mercados existentes como a los nuevos de manera más eficiente.

Como Administración Portuaria no tenemos dudas de que CPKC podrá integrar sus operaciones sin problemas en beneficio de los clientes ferroviarios y otras partes interesadas. Es por ello, que existe interés con dicha transacción porque permitirá que la combinación CPKC, proporcione opciones de servicio ferroviario nuevas, más eficientes y confiables. Esto fortalecerá la competencia contra los otros transportistas ferroviarios y otros medios de transporte, que dan servicio a nuestros mercados. Por ejemplo:

- Estamos particularmente entusiasmados con el papel que desempeñarán las nuevas rutas de una sola línea de CPKS, en la expansión del acceso a los mercados en crecimiento en los Estados Unidos, México y Canadá bajo el acuerdo comercial T-MEC. Es importante que haya una verdadera opción de ferrocarril del T-MEC.
- Las nuevas ofertas de servicios de CPKS mejorarán los tiempos de tránsito y la confiabilidad, lo que reducirá los costos de nuestros equipos y mejorará nuestra eficiencia.
- Se fortalecerá la logística en la importación y exportación de materia prima y producto terminado.
- Se eliminará costos que se ocasionaban a los clientes los cruces de ferrocarril que existían al entregar KCS a CP y viceversa.

Por estas razones, La Administración Portuaria Integral de Veracruz S.A. de C.V., expresa un sólido apoyo a la combinación de CP y KCS, ya que mejorará la competitividad, brindará opciones ampliadas e impulsará la eficiencia para clientes de todos los tamaños. Administracion Portuaria Integral de Veracruz S.A. de C.V., insta al STB a aprobar la adquisición de KCS por parte de CP lo antes posible para que estos sistemas puedan integrarse y los beneficios de extremo a extremo de este acuerdo se puedan realizar en beneficio de todas las partes interesadas.

Sin otro particular, aprovecho la ocasión para enviarle un cordial saludo.

ING. ROMEL EDUARDO LEDEZMA ABAROA

Director General de Administración Portuaria Integral de Veracruz, S.A. de C.V.

[Translation of Preceding Letter from Administración Portuaria Integral de Veracruz S.A. de C.V., signed by Romel Eduardo Ledezma Abaroa]

Communications Veracruz

Secretariat of Communications and Transportation

Directorate General

Office API VER-D.G. 135/2021

H. Veracruz, Veracruz, March 31, 2021

To whom it may concern,

Engineer Romel Eduardo Ledezma Abaroa, Director General of the Port Authority of Veracruz, Corp., concessionaire of the Port of Veracruz, located at Avenue Marina Mercante 210, 7th floor Col. Centro C.P. 91700 Veracruz, Ver. Email address: direccion@puertodeveracruz.com.mx, hereby set out with due respect:

In particular, I would like to share that the company, Kansas City Southern (KCS), is a strategic participant in the development of the Port of Veracruz. It provides railway cargo transportation to central and northern Mexico efficiently and securely and is an important player in the development of Veracruz.

Thus, this Entity welcomes the union of KCS with the company Canadian Pacific Railway (CP) as excellent news as we hope it will increase the competition potential of this port, providing important benefits to three nations, the United States of America, Canada and Mexico.

In our perspective, the merging of CP and KCS will provide broader services for the transportation of goods that will surely increase railway connectivity which in turn will facilitate the transportation of cargo and help decrease transportation time to the main U.S. ports and distribution centers on the coasts of the Gulf, the Atlantic, and the Pacific. The same goes for key foreign markets, helping cargo owners transport to existing markets, as well as new markets in the most efficient way.

As a Port Authority, we have no doubts that CPKC can integrate their operations without issue for the benefit of the railway clients and other interested parties. Thus there is much interest in this particular transaction because it will allow the merging of CPKC to present new options for railway services that are more efficient and reliable. This will strengthen the competition against other railway transporters and other modes of transportation that serve our markets. For example:

- There is particular enthusiasm for the role of the new routes created by the combined single CPKC line in the expanded access to growing markets in the United States, Mexico and Canada under the trade/business agreement T-MEC. It is important that there is a real T-MEC railway option.
- The new opportunities under CPKC services will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

- It will strengthen the logistics of importing materials and exporting finished products.
- It will eliminate costs clients paid when KCS railroads crossed CP's, and vice versa.

For these reasons, the Port Authority of Veracruz, Corp., expresses strong support for the merging of CP and KCS, for it will improve competition, offer broader opportunities, and promote efficiency for clients of all sizes. The Port Authority of Veracruz, Corp., urges the Surface Transportation Board (STB) to approve the acquisition of KCS by CP as early as possible so that these systems can be integrated and all benefits of this agreement can be provided to all interested parties.

Sincerely,

Engineer Romel Eduardo Ledezma Abaroa

Director General of the Port Authority of Veracruz, Corp.

2021 "Año de la Independencia"

Ciudad y Puerto de Lázaro Cárdenas,
Michoacán a 30 de marzo de 2021.

A QUIEN CORRESPONDA.
Presente.

ING. JORGE LUIS CRUZ BALLADO, en mi carácter de Director General de **Administración Portuaria Integral de Lázaro Cárdenas, S.A. de C.V.,** concesionaria del Puerto de Lázaro Cárdenas, Michoacán, con domicilio en Boulevard de las Islas número 1, colonia Isla del Cayacal, ciudad Lázaro Cárdenas, Michoacán, correo electrónico: dirgral@puertolazarocardenas.com.mx, ante Ustedes con el debido respeto comparezco y expongo:

Sobre el particular, me permito hacer su conocimiento que la empresa Kansas City Southern (KCS), durante los últimos 15 años ha venido prestando el servicio ferroviario de movimiento carga de y hacía el Puerto de Lázaro Cárdenas, con excelentes resultados, constituyéndose en actor principal del desarrollo de este puerto del Pacifico mexicano.

Es por ello, que esta APILAC apoya la aprobación de la combinación de KCS, por parte de la empresa Canadian Pacific Railway (CP), lo cual se considera como una excelente noticia, ya que incrementará el potencial competitivo de este puerto proporcionando beneficios importantes a las tres naciones, Estados Unidos de América, Canadá y México.

Desde nuestra visión, la combinación CP/KCS proporcionará servicios de transporte de mercancías más amplios que seguramente incrementarán la conectividad ferroviaria, lo cual facilitará el tránsito de carga pesada y apoyará a disminuir los tiempos de traslado a los principales puertos en las costas del Golfo, el Atlántico y el Pacífico de los EE.UU., Así como a los mercados extranjeros clave, ayudando a los dueños de la carga a llegar tanto a los mercados existentes como a los nuevos mercados de manera más eficiente.

2021 "Año de la Independencia"

Como Administrador Portuario no tengo ninguna duda de que CPKC podrá integrar sus operaciones sin problemas en beneficio de los clientes ferroviarios y otras partes interesadas. Es por ello, que existe mucho interés con dicha transacción porque permitirá que la combinación CPKC, proporcione opciones nuevas de servicio ferroviario, más eficientes y confiables, lo que fortalecerá la competencia de otros transportistas ferroviarios y otros medios de transportes, que dan servicio a nuestros mercados. Por ejemplo:

- Existe particular entusiasmo con el papel que desempeñarán las nuevas rutas de una sola línea de CPKC, en la expansión del acceso a los mercados en crecimiento en los Estados Unidos, México y Canadá bajo el acuerdo comercial T-MEC. Es indispensable que exista una verdadera opción de ferrocarril del T-MEC.
- Las nuevas ofertas de servicios de CPKC mejorarán los tiempos de tránsito y la confiabilidad, lo que reducirá los costos de nuestros equipos y mejorará nuestra eficiencia.
- Se fortalecerá la logística en la importación de materiales y la exportación de productos terminados.
- Se eliminarán costos que se ocasionaban a los clientes en los cruces de ferrocarril que existían al entregar KCS a CP y viceversa.
- Se prevé que plantas procesadoras de Canadá, se instalen en Lázaro Cárdenas y otras partes de México, recibiendo la materia prima vía marítima en el puerto y su distribución sea a través del ferrocarril CPKC.

Por estas razones, la Administración Portuaria Integral de Lázaro Cárdenas, S.A. de C.V., expresa su sólido apoyo a la combinación de CP y KCS, ya que mejorará la competencia, brindará opciones más amplias e impulsará la eficiencia para clientes de todos los tamaños.

Por lo anterior, esta Entidad exhorta al Surface Transportación Board a aprobar la adquisición de KCS por parte de CP a la brevedad posible, para que estos sistemas puedan integrarse y los beneficios de extremo a extremo de este acuerdo se puedan realizar en beneficio de todas las partes interesadas.

Sin otro particular, aprovecho la ocasión para enviarle un cordial saludo.

ING. JORGE LUIS CRUZ BALLADO
Director General de Administración Portuaria
Integral de Lázaro Cárdenas, S.A. de C.V.

México 2021 Año de la Independencia

[Translation of Preceding Letter from Administración Portuaria Integral de Lázaro Cárdenas, signed by Jorge Luis Cruz Ballado]

Communications Lázaro Cárdenas

Secretariat of Communications and Transportation

2021 "Year of Independence"

City and Port of Lázaro Cárdenas, Michoacán

March 30, 2021

To whom it may concern,

Engineer Jorge Luis Cruz Ballado, Director General of the Port Authority of Lázaro Cárdenas, Corp., concessionaire of Port Lázaro Cárdenas, Michoacán, located at the Boulevard de las Islas number 1, island colony of Cayacal, city of Lázaro Cárdenas, Michoacán, email address: dirgral@puertolazarocardenas.com.mx, hereby set out with due respect:

In particular, I would like to share that the company, Kansas City Southern (KCS), has been providing for the past 15 years railway cargo service to and from Port Lázaro Cárdenas, with success, becoming a key player in the development of this port of the Mexican Pacific.

Thus, APILAC supports the approval of the merging of KCS and the company, Canadian Pacific Railway (CP), which is to be considered great news as it will increase the competition potential of this port, providing important benefits to three nations, the United States of America, Canada and Mexico.

In our view, the merging of CP and KCS will provide broader services for the transportation of goods that will surely increase railway connectivity which in turn will facilitate the transportation of heavy cargo and help decrease transportation time to the main U.S. ports on the coasts of the Gulf, the Atlantic, and the Pacific. The same goes for key foreign markets, helping cargo owners transport to existing markets, as well as new markets in the most efficient way.

As Port Director, I have no doubts that CPKC can integrate their operations without issue for the benefit of the railway clients and other interested parties. Thus there is much interest in this particular transaction because it will allow the merging of CPKC to present new options for railway services that are more efficient and reliable, which will strengthen the competition of other railway transporters and other modes of transportation that serve our markets. For example:

- There is particular enthusiasm for the role of the new routes created by the combined single CPKC line in the expanded access to growing markets in the United States, Mexico and Canada under the trade/business agreement T-MEC. It is essential that a real T-MEC railway option exists.
- The new opportunities under CPKC services will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

- It will strengthen the logistics of importing materials and exporting finished products.
- It will eliminate costs clients paid when KCS railroads crossed CP's, and vice versa.
- It is expected that Canadian processing plants will open in Lázaro Cárdenas and other parts of Mexico, receiving raw material through maritime port and distributing through CPKC railways.

For these reasons, the Port Authority of Lázaro Cárdenas, Corp., expresses its utmost support for the merging of CP and KCS, for it will improve competition, offer broader opportunities, and promote efficiency for clients of all sizes.

Therefore, this entity urges the Surface Transportation Board to approve the acquisition of KCS by CP as early as possible so that these systems can be integrated and all benefits of this agreement can be provided to all interested parties.

Sincerely,

Engineer Jorge Luis Cruz Ballado

Director General of the Port Authority of Lázaro Cárdenas, Corp.

Surface Transportation Board
395 E Street SW
Washington, DC 20423

ATTENTION: SURFACE TRANSPORTATION BOARD

My name is Jim Quinn, and my business address is 111 Water Street, Saint John, New Brunswick, Canada. I am President and CEO of The Saint John Port Authority. In my role, I am responsible for all management and operations of Port Saint John.

Port Saint John is experiencing tremendous growth due to our partnership with CP Rail and their network. Importers and exporters are looking for increased optionality particularly as labor stoppages and congestion continue to affect the transportation sector. The CP-KCS transaction would offer the first complete North American network connecting ports across the continent. Port Saint John is excited about the potential to have connectivity from eastern Canada through Kansas City and beyond.

Port Saint John supports approval of the CP-KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CP-KCS network – with new single-line hauls and access to premier ports on the U.S. Gulf, and the Atlantic and Pacific coasts as well as to key North American cities and overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CP-KCS will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. CP has already proven their track record of seamless connectivity with their acquisition of CMQR that leads to Port Saint John by investing heavily in rail safety and expediting investment to accommodate demand. We see this transaction as uniquely beneficial to the North American transportation network as it will provide the first contiguous Canada-United States Mexico rail network connection.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options. The seamless connection from Port Saint John, through the mid-western United States down to Mexico offers a tremendous opportunity for the entire transportation network.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. CP Rail has made significant upgrades to the former CMQR line in Maine offering a safer, faster more effective line for rail traffic. Their track record for investment is clear and proven to both Port operators and steamship lines.

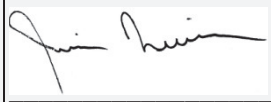
111, rue Water Street, Saint John, New/Nouveau Brunswick, Canada E2L 0B1
Tel./tél. 506.636.4869 Fax/téléc. 506.636.4443
PortSaintJohn @portsaintjohn sjport.com

For these reasons, Port Saint John is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Port Saint John urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Jim Quinn, declare under penalty of perjury under the laws of the United States ,that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 26, 2021.



_____

Jim Quinn

111, rue Water Street, Saint John, New/Nouveau Brunswick, Canada E2L 0B1
Tel./tél. 506.636.4869 Fax/téléc. 506.636.4443
PortSaintJohn @portsaintjohn sjport.com

3-346 Fuller Avenue
Manitou, Manitoba
Canada
R0G 1G0

United States Surface Transportation Board
Washington, D.C.

March 25, 2021

Support for Canadian Pacific Railway/Kansas City Southern Lines Combination

Boundary Trail Railway Company ("BTRC") is a private short line railway company operating a network connecting with the Canadian Pacific Railway (CPR) south of Winnipeg, Manitoba, Canada. Our customers ship grain, fertilizers, special crops, plastics, and steel in and out of our growing region in southern Manitoba. Our customers include U.S. shippers such as Simplot out of Boise, ID.

We have a deep and close relationship with our American neighbours in North Dakota, and by extension with the Northern Plains Railroad who operate a few miles south of the border. We have an integrated rail services partnership and together with CPR we offer complete transportation solutions for our Canadian and U.S. customers.

We see nothing but exciting potential and further market access benefits for our shippers from a CP/Kansas City Southern combination. We can see fertilizer coming from new origins, potential new destinations for Manitoba-originated commodities, and new transload opportunity for industrial products as a result of a single-line railroad that extends from the "heartland of Canada" where we are located, throughout the U.S., and into Mexico. As a small short line player in a large industry, we are keen on opportunities that diversify and grow our business, and provide significant benefit to our customers. BTR accordingly enthusiastically

#3 - 346 FULLER AVENUE
P.O. BOX 676
MANITOU, MB R0G 1G0
www.BTRC.ca

btrcadmin@mymts.net
Ph. (204) 242-2051
Fax (204) 242-2348

supports the STB approval of CP's proposed KCS combination in a quick and efficient manner.

We have the privilege of BTR of operating on CP lines in Manitoba and elsewhere as a result of trackage rights agreements. We know of CP's intense focus on safety and operating practices, and their commitment to the community in respect to the same issues. This will serve the merged entities and its U.S. operations very well and as a result, a safe industry remains a highly productive industry that shippers can rely upon.

Yours very truly,

BOUNDARY TRAIL RAILWAY INC.

Travis G. Long
General Manager

VERIFICATION

I, Travis G. Long declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 25 March 2021

T.G. Long

Unit 400 - 740 Rosser Avenue • Brandon, Manitoba • R7A 0K9
Phone: 204-725-2627 • Fax: 204-725-4100 • Toll Free: 1-866-989-5310

www.candorail.com

BEST MANAGED COMPANIES CANADA

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Steve Bromley and my business address is 421 7th Avenue SW, 30th Floor Office 3068, Calgary, AB T2P 4K9. I am Chief Commercial Officer of Cando Rail Services Ltd. In my role, I am responsible for commercial, business development, infrastructure, and operations/service delivery.

Cando Rail Services is a customer of CP's at the Cando Multi-Purpose Terminal in British Columbia where CP provides daily transfer and switching services.

Cando Rail Services supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Cando sees this transaction as uniquely beneficial.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City and expand the markets we serve.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example:

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been impressed by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions.

For these reasons, Cando Rail Services is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Cando Rail Services urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, SM Bromley, declare under penalty of perjury ''under the laws of the United States,'' that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021



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Cando Rail Services is a rail service provider to CP at numerous locations in Saskatchewan and Ontario.

Cando Rail Services supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Cando sees this transaction as uniquely beneficial.

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And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example:

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability.

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We have been impressed by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions.

For these reasons, Cando Rail Services is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Cando Rail Services urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

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Cando Rail Services is a short line owner and operator connecting to CP in Manitoba (Central Manitoba Railway) and Ontario (Barrie-Collingwood Railway).

Cando Rail Services supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Cando sees this transaction as uniquely beneficial.

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For these reasons, Cando Rail Services is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Cando Rail Services urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

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Executed on March 30, 2021



ATTENTION: Surface Transportation Board

My name is Jordan Buck and I am Director Marketing for Central Midland Railway. My business address is 1400 North Warson Road, St. Louis, Missouri 63132. As Director Marketing, I am responsible for sales and marketing, developing new rail business and industrial development.

The Central Midland Railway supports approval of the CP/KCS combination. The transaction would provide significant benefits to our customers and to the economic development of the St. Louis region.

The KCS has been an excellent partner in our efforts to maintain and grow rail business with customers on the Central Midland. Our customers have enjoyed the benefits of Central Midland's ability to interchange with six of the seven major Class 1 carriers, with CP heretofore being the only exception. Having single line access to suppliers and markets on the CP will provide a tremendous economic boost to our customers by reducing their transportation costs and presenting more options for sourcing inputs and selling their products. Among the customers who will benefit from direct access to the CP are Central Midland's seven customers that receive inbound forest products who will enjoy direct access to CP's huge paper and lumber sourcing basket. Our three vegetable oil customers will appreciate the access to CP's large base of oilseed crushers in the Upper Midwest and our eleven petro-chemical customers will gain single-line access to CP's large group of producers in that industry.

The advantage that comes with access by the CP to St. Louis will not only benefit Central Midand's current customers, but will prove to be tremendously helpful for industrial development efforts throughout the region. It solidifies St. Louis' position as one of the premier inland logistics centers in the United States. No other region has direct access to more Class 1 carriers, is more centrally located on the inland waterway system and has better connections to the interstate highway system. This unparalleled access to producers and markets throughout all of North America via multiple modes as well as single rail-line access to every major port in North America makes the region extremely attractive as a site location for multi-national manufacturers and distributors. The efficiencies generated from this exceptional transportation access will drive job growth in the heart of the country and strengthen our nation's economy.

This proposed merger will produce benefits in economic efficiency, not only to the Central Midland Railway, but to the St. Louis region and the nation. Creating efficiencies in transportation will produce benefits in transportation safety , environmental protection, and in job creation. For these reasons, the Central Midland Railway is wholly supportive of the CP-KCS merger and urges the STB to approve the petition as quickly as possible.

Sincerely,

Jordan Buck
Director, Marketing
Central Midland Railway



ATTENTION: Surface Transportation Board

My name is Phil Smailes and my business address is 2511 Pratt Blvd., Elk Grove Village IL 60007.

I am Director of Marketing for Progressive Rail Incorporated. In my role I am responsible for Sales and Marketing for PGR operated rail lines -Chicago Jct. Railway in Elk Grove Village, IL and the Chicago St. Paul & Pacific Railway in Bensenville, IL

I am supportive of the Canadian Pacific and Kansas City Southern merger. The combination of these two historic railroads would provide numerous and significant benefits for the customers we serve on both rail lines. It offers optionality, extended market reach and efficiencies that cannot be captured today.

Optionality

This will offer our customers more origin and destination options into markets that up this point could not be effectively reached and will provide our customers greater routing alternatives for their raw material sourcing and product sales.

Market Reach

Our customers have an extended reach to cities and industries that they cannot touch today from the Chicago area. It will allow for the conversion of markets from truck to rail that could not be supported on a multiple rail lines basis.

Efficiencies

A single line move connecting the northern and southern points that a combined CP/KCS would offer would greatly improve transit times and route predictability which are both keys in making the truck to rail conversion. Those efficiencies are not only realized in costs saving to our customers but in the reduction of carbon emissions that such a conversion would have.
In summary, the merger of these two railroads will offer our customers a better service product to utilize rail to its greatest extent possible. I urge the STB's approval of the merger of these two railroads .

Sincerely,

Philip Smailes
Director, Marketing
Chicago, St. Paul & Pacific Railroad



DAKOTA • MISSOURI VALLEY • WESTERN RAILROAD

TELEPHONE 701-223-9282
FAX NUMBER 701-223-4147

3501 E ROSSER AVE
BISMARCK, ND 58501

ATTENTION: Surface Transportation Board

My name is Mark Trottier and my business address is 3501 East Rosser Ave, Bismarck, North Dakota. I am Manager of business development of Dakota, Missouri Valley and Western Railroad. In my role, I am responsible for developing business for our company and our customers.

DMVW is a shortline railroad that interchanges with the Canadian Pacific. I work with customers on our railroad to help ensure that their products move in a timely fashion and also work with teams from CP to make this happen. The teams I work with at Canadian Pacific have been great to work with in resolving any issues or problems the customer might have. Myself and our customers have seen a significant communication increase and a willingness to help with any problems.

Dakota, Missouri Valley and Western Railroad supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

I personally feel that the combination of these 2 class 1 railroads will greatly enhance our customer's competitiveness because it will open them to a whole new set of markets, thus making them more profitable in the communities in which they operate. I personally feel that this will bring a badly needed boost to the agricultural economy in North Dakota. The grain shippers on our line have never been able move grain to the south because they were always at a disadvantage with elevators that were located on another class 1, but this merger will level the playing field for them and the "trickle down" at the local level will be huge.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example:

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by giving shippers more destinations and allowing their operations to access these markets in different times of the year.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Dakota, Missouri Valley and Western Railroad is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Dakota, Missouri Valley and Western Railroad strongly urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Mark Trottier

DAVENPORT INDUSTRIAL RAILROAD (DIR)
Main Office: 300 Weatherstone Dr., #116, Wadsworth, OH 44281
Yard Office: 2701 Enterprise Way, Davenport, IA 52806

May 11, 2021

ATTN: Surface Transportation Board

RE: STB Finance Docket No. 36500
CP-KCS Potential Combination

Davenport Industrial Railroad (DIR), a Class III railroad connecting with Canadian Pacific Railway System (CP) in Davenport, IA hereby files this letter to express its concerns about the bid by Canadian National Railway (CN) to acquire the Kansas City Southern Railway (KCS) and express its support for the CP-KCS combination.

DIR supports swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets and port options, improved service options, and invigorated transportation competition. A combined CP-KCS would increase operating efficiencies for our customers and provide new marketing opportunities to the Eastern Iowa Industrial Center which our rail line serves.

By contrast, a CN acquisition of KCS would lead to a reduction in competition and deprive shippers of the many tangible benefits offered by the CP-KCS deal. Specifically, if CN were to acquire KCS, the merged firm would not provide a single-line haul, competitive option into the markets south of Kansas City which adversely affects our customers in the fertilizer, chemical, and plastics manufacturing industries.

From our perspective, the only combination involving KCS that is in the public interest is the one that CP has proposed. Unlike the CP-KCS combination, the acquisition of KCS by CN would result in harm to competition because the two railroads today serve many locations and shippers in common. Indeed, they operate parallel lines between Baton Rouge and New Orleans and Eastern Mississippi; they both serve grain and other shippers in large swaths of the Midwest and Southern United States; and they both reach the port of Mobile, Alabama. Even more fundamentally, between the Upper Midwest and Gulf Coast, a CN-KCS combination would reduce the number of independent routing options from four to three.

We expect a combined CP-KCS network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist; that will help us serve our customers better. A CN-KCS combination would limit competitive carrier options to markets and ports south of Kansas City and not provide the benefits of a single line haul from the Gulf Coast or Texas areas to Davenport.

Respectfully,

Steve Berish
General Manager/Co-Owner
May 11, 2021

CC: All Parties of Record

EDMONTON RAILWAY CONTRACTING
www.edmontonrail.com
raj@edmontonrail.com

DATE: **April 30, 2021**

TO: **Surface Transportation Board**

SUBJECT: **Supplier Support Letter**

Supplier Support Letter Bullets

Edmonton Railway Contracting Ltd. is a supplier of all manpower, equipment and materials used in constructing or maintaining railroad tracks to the rail industry. CP is one of our customers.

I Rajinder Dhillon serve as the General Manager at Edmonton Railroad Contracting Ltd. where my duties include overseeing day-to-day operations, ensure employees work productively, professionally and safely, as well as developing and implementing growth strategies for the company. Edmonton Railway Contracting Ltd. supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

Edmonton Railway Contracting Ltd. is a track maintenance, new track construction, rail equipment supplier. The value in the merger that we see is the increase in the infrastructure with CP, and the amount of goods that it can move south within its own capacity.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Raj Dhillon
General Manager
(780)-990-4184

THE ESSEX TERMINAL
RAILWAY COMPANY
1601 Lincoln Road, Windsor, Ontario N8Y 2J3

April 14, 2021

Surface Transportation Board
395 E. St. SW
Washington, D.C. 20423

Dear Surface Transportation Board:

My name is Tony De Thomasis, President and CEO of Essex Morterm Holdings, owners and operators of the Essex Terminal Railway Company (ETR). Our business address is 1601 Lincoln Ave., Windsor, ON, CANADA. In my role, I am responsible for the operations of the ETR short line which connects with CP at Windsor, Ontario. ETR works closely with CP to ship rail traffic to/from customers in the greater Windsor area. ETR's customers ship and receive propane, agricultural products, aluminum, steel, plastics, fuel and lumber.

ETR supports the combination Canadian Pacific Railway and Kansas City Southern Railroad. The transaction will provide significant benefits that we are eager to see realized. The transaction promises to provide improved service options and invigorate transportation competition in the markets our customers serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – will help our customers reach markets more efficiently. Given the two railroads' strong focus on safety and their track record of operational excellence, we have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

The transaction will allow CPKC to provide new, more efficient and reliable rail service options which will strengthen competition against other, larger rail carriers and trucks. We are particularly enthusiastic about the role CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option. CPKC's new service offerings will improve transit times and reliability which will reduce our customers' equipment costs.

KCS and CP have had a cooperative relationship in the past, but as separate companies they have not been able to offer our customers the benefits of seamless, single-line service. The entirely complementary nature of CP's and KCS' networks will only make CPKC a better alternative. By connecting only at Kansas City, not overlapping anywhere and continuing to interchange with all of their other existing interline partners, the transaction will not have any adverse effects on competition.

ETR is voicing strong support for the combination of CP and KCS because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. We urge the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized by all stakeholders.

Yours truly,



Tony De Thomasis
President / CEO
Essex Terminal Railway / Morterm Ltd. / Motipark Ltd.
1601 Lincoln Rd., Windsor, Ontario N8Y 2J3
(519) 973-8222 EXT. 238
tdethomasis@etr.ca

TD/vp

Forty Mile Rail Inc.

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Paul Laqua and my business address is 601 1st Avenue Foremost Alberta. I am President of Forty Mile Rail Inc. In my role, I am responsible for making sure the rail operates in a safe and productive manor.

Forty Mile Rail Inc. is [a shareholder owned Industrial Rail line that ships a number of agriculture products in conjunction with CP Rail. Forty Mile Rail Inc has also worked with wind towers in the past. Most recently we have stored non hazardous cars on our line as well as cars with residue last contained. All of the above work has been carried out with a very strong working partnership with CP Rail.

Forty Mile Rail Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

> For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Forty Mile Rail Inc. is currently working on a fertilizer agreement with ADM out of Iowa. This would include the movement of unit trains from Iowa to Forty Mile Rail Inc. on the CP/KCS line.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of fertilizer from January to 2022.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

- CPKC will open new doors for Forty Mile Rail Inc. to maintain and provide a broader customer base on a consistent and reliable bases.

[

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers

For these reasons, Forty Mile Rail Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Forty Mile Rail Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Paul Laqua

President Forty Mile Rail Inc.

Paul Laqua

FREMANTLE TRAILER REPAIRS LTD.

Head Office:
1156 Kingsway Ave.,
Port Coquitlam, BC
V3C 6N7
(604) 460-8205

Mailing address:
PO Box 31617
Pitt Meadows, BC
V3Y 2G7
Fax: (604) 460-464-5892

May 3, 2021

Surface Transportation Board

395 E Street SW Washington, DC 20423

- Fremantle Trailer Repairs Ltd is a supplier of repairing and maintaining intermodal equipment to the rail industry. CP is one of our customers.

- I Marc Celenza serve as the Vice President at Fremantle Trailer Repairs Ltd, where my duties include management and operations of the company. Fremantle Trailer Repairs Ltd supports approval of the proposed combination of CP and KCS.

- Fremantle Trailer Repairs is a certified commercial vehicle inspection facility and repair vendor for the province of British Columbia. We provide a service to maintain and repair CP's intermodal containers and chassis fleet in British Columbia. CP's attention to safety, continual investments in upgrading facilities, their capacity to serve customers and to provide suppliers with continual support and work is why we support them in their endeavor for the combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Marc Colenza

Vice President
Email: marc.celenza@fremantegroup.com
Fremantle Trailer Repairs Ltd.

Michael W. Peters
Chief Commercial Officer, North America

March 30, 2021

Attn: Surface Transportation Board, FD-36500

My name is Michael Peters, and my business address is 13901 Sutton Park Drive, Jacksonville, Florida, 32224. I am the Chief Commercial Officer of Genesee & Wyoming Inc. (GWI) in North America. In my role I am responsible for all commercial activities for the 110+ short line railroads that GWI owns and operates in North America.

GWI interchanges thousands of railcars each month with both KCS and CP through 6 railroads that interchange with Canadian Pacific and 10 railroads that interchange with KCS. We have worked hard with both KCS and CP over the years to develop creative innovative solutions to provide competitive rail freight options for shippers.

GWI supports approval of the CP/KCS combination in an expedited fashion to allow for the benefits of the transaction to be realized by all involved.

As the operator of short line last mile operations, we know it is vitally important that the long-haul portion of any rail transportation move occur efficiently and effectively for the benefit of our customers. We expect the proposed transaction could improve service and competition in several ways:

- A combined CP/KCS will provide an additional competitive route for agricultural products coming out of South Dakota on our Rapid City, Pierre and Eastern (RCPE) railroad destined for U.S. Gulf Coast Ports and further export around the world.
- A combined CP/KCS has the potential to create a more seamless supply chain for finished autos and auto parts to move to and from the US Midwest, Mexico, and Canada.
- A combined CP/KCS will decrease transit times and improve railcar utilization for shippers and railroads alike.
- A combined CP/KCS should reduce cross border trucking and improve safety on our road infrastructure.

From our perspective, the proposed transaction should provide improved service options and invigorate transportation competition in the markets we serve.

GWI urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Best regards,

Michael W. Peters

GIO RAILWAYS

CANADIAN PACIFIC-KANSAS CITY SOUTHERN MERGER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Gerry Gionet, President of GIO Railways Corporation. Our business address is 2 Broadway, Welland, ON, CANADA. In my role, I am responsible for the operations of the Trillium Railway and the Orangeville Brampton Railway short lines which connect with CP at Welland and Streetsville, Ontario, respectively. GIO Railways works closely with CP to ship rail traffic to/from customers in Welland, Port Colbourn, Brampton and Orangeville, Ontario. GIO Rail's customers handle agricultural products, including grain, biodiesel, pulp and paper, metal recycling, plastics, fuel and lumber. GIO Railways supports the combination Canadian Pacific Railway and Kansas City Southern Railroad. The transaction will provide significant benefits that we are eager to see realized. The transaction promises to provide improved service options and invigorate transportation competition in the markets our customers serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – will help our customers reach markets more efficiently. Given the two railroads' strong focus on safety and their track record of operational excellence, we have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

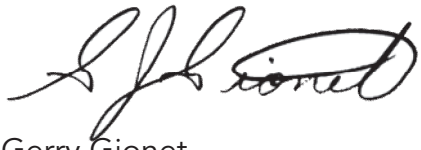
The transaction will allow CPKC to provide new, more efficient and reliable rail service options which will strengthen competition against the other, larger rail carriers and trucks. We are particularly enthusiastic about the role CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option. CPKC's new service offerings will improve transit times and reliability which will reduce our customers' equipment costs.

Gerry Gionet - President
P. 226-927-9391 • F. 905-735-7559
www.giorail.com / gerry.gionet@giorail.com

GIO RAILWAYS

KCS and CP have had a cooperative relationship in the past, but as separate companies they have not been able to offer our customers the benefits of seamless, single-line service. The entirely complementary nature of CP's and KCS' networks will only make CPKC a better alternative. By connecting only at Kansas City, not overlapping anywhere and continuing to interchange with all of their other existing interline partners, the transaction will not have any adverse effects on competition. GIO Rail Holdings is voicing strong support for the combination of CP and KCS because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. We urge the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized by all stakeholders.

Yours Sincerely,



Gerry Gionet
President – GIO Railways

Gerry Gionet - President
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Great Sandhills Railway Ltd.

448 1st Avenue West
Leader, SK S0N 1H0
Phone: 306-628-4774
Fax: 306-628-4772

P.O. Box 726
Leader, SK S0N 1H0
www.gsrail.net

March 31, 2021

ATTENTION: Surface Transportation Board

My name is Perry Pellerin. I am the CEO of Great Sandhills Railway Ltd (GSR). We operate a shortline that interchanges with CP Rail at Swift Current, Saskatchewan. The relationship between CP and GSR has been and will continue to be critical for our success. There is no question to our full support of the purchase of the KCS by CP Rail. Both CP and KCS operate a safe, efficient railway and the idea of operating as one will only enhance those activities. The idea of a seamless route for our customers to Midwest USA and Mexico opens several opportunities not currently available to them under the current Rule 11 operation.

GSR is anchored by a gas plant that already ships several thousand cars per year to the Midwest USA and Mexico. The holdback from expanding this busines is rates. These rates are often a function of a combination of several Rule 11 rates. This combination of rates is often prohibitive from completing the additional business. The prospect of a seamless single line route will result in improved efficiency and rate structure more shipper friendly.

We have interchanged with CP Rail for over 10 years. Their attention to safety and communication have made them a great partner. I suspect these same attributes will be extended to KCS. KCS has also built its own reputation as a company that does what it says it is going to do. Together this will make the new CP/KCS carrier a significant competitor with the other Class One carriers.

In our opinion, CP Rail would be the best suitor for the KCS. Any other Class One carrier that acquired KCS might disrupt any competitive balance that currently exists. This would be especially true in the north/south corridors.

Having a seamless single line service for our customers means the acquisition will have a positive impact in all respects. Giving our shippers more options is good for them and obviously good for GSR. We are encouraged by our partner's expansion plans, as it in part will extend our reach for additional business. Combine that with the increased operating efficiencies it will make the CP/KCS a significant carrier option that we would be proud to be part of. All these factors would demand that GSR show its support for the acquisition.

Sincerely,

Perry Pellerin
CEO
Great Sandhills Railway Ltd

ATTENTION: Surface Transportation Board

My name is Andrew Glastetter, General Manager of the Great Western group of companies including the Great Western Railway of Saskatchewan (GWRS), The Fife Lake Railway Company, and Great Western Commodities. My business address is 254 Centre Street Box 669 Shaunavon, Sk Canada. In my role I have the overall responsibility of all three organizations and report to the board of directors of our parent company, "101052644 Saskatchewan Ltd". Great Western Railway is Saskatchewan's largest shortline railroad operating on a network of 440 miles in Southwest Saskatchewan. Great Western Commodities is a newly formed company that operates to buy, sell and coordinate grain shipments from the south Saskatchewan area. Since the inception of Great Western Commodities two and a half years ago, grain shipments have increased across the Great Western Railway network by over 90%. Great Western Commodities is also in the process of planning the build of a unit train capable inland grain terminal on our line which is just one part of an industrial growth strategy involving potentially $60,000,000.00 of infrastructure additions over the next few years.

Great Western Railway was formed in the year 2000 when this previous CP branch line was purchased from CP Rail. Today we still interchange directly with CP Rail at Assiniboia, Sk. Our focus over the past several years has been to grow our business and improve on efficiencies that support a fluid supply chain. With the constant improvements in process management across the class one railroads, the need to progress short line operations with the same passion for efficiency gains is critical to keep the supply chain moving effectively. This process focus with reciprocal effort from CP Rail has been a successful strategy for us resulting in improved flow of traffic at interchange.

Great Western Railway, Fife Lake Railway, and Great Western Commodities support approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

In the past, I have been known to be skeptical of large railroad mergers, especially where I felt that shippers may be left with less competitive options. I do not see that as an issue in this case. I see this transaction as a means to reduce barriers in what is often a challenging supply chain. Service and access will improve which will drive a more seamless and efficient flow of traffic. I also expect there will be some shipping cost relief for many shippers. In our case we have experience with pricing shipments from our area through the ports on the U.S. Gulf. The rates were prohibitive due to the number of class one carriers involved in the move. This transaction will provide access from Canada direct to the U,S, Gulf ports with one carrier which will ease the shipping cost, and make traffic management and tracking that much more simple, also without the often delayed handover at class one interchange. This improved access to direct operations in the southern U.S., and to the Gulf ports opens up vast new opportunities for shippers from our area. We have bid on new business in the past for several hundred thousand tons of grain per year with overseas grain shippers that wished to ship through their affiliated terminals at Gulf ports, but the rates and logistics did not work. This access will likely re-open

those and other similar opportunities and may help balance the often congested port access in Canada currently.

Our railway operation also serves the aggregate and energy industry. Over the years we have safely moved several thousand railcar loads of crude by rail across our line. While crude by rail is not moving on our line currently, we expect this transaction may resume these shipments due to the improved access to the U.S. ports, and due to the pipeline capacity issues we face here in Canada. One large oil producer in our region has long expressed interest in improved direct access to U.S ports and refineries.

Part of our industrial expansion plans here also include the formation of new industrial distribution centers for various industries including wind farm distribution yards. With more access and opportunities to efficiently and safely move these large scale industrial projects by rail, we can better serve the alternate energy supply industry and move more traffic from the road networks to rail where is can be handled more safely and with a reduced impact to road infrastructure and the environment. As an example, all the components for a wind farm of over 60 towers that is in the middle of construction less than half a mile from our rail line was shipped here by truck over 1100 miles from a U.S. port. With many such projects planned for the region, the improved access and shipping costs that will be realized with this transaction will make the rail move more competitive for both overseas suppliers, and may also result in more projects being supplied by domestic suppliers from the southern U.S.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of agriculture and energy products to and from southern Saskatchewan and the U.S. south and Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. The Great Western Railway has invested millions of dollars in a fleet of nearly 250 grain hopper cars which we use in conjunction with CP owned railcars, and various private fleets. Many of our own railcars ship grain to Mexico, and experience delays along the trip that is the result of several railroads handling the carload. The single-line haul from our interchange to Mexico and return will result in better cycle times providing better asset utilization and more grain shipped per railcar.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Great Western Railway, Fife Lake Railway, and Great Western Commodities are voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. I urge the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Andrew Glastetter, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021



Andrew Glastetter

THE GREENBRIER COMPANIES

The Greenbrier Companies
One Centerpointe Drive, Suite 200
Lake Oswego, Oregon 97035
P 503.684.7000
F 503.684.7553
www.gbrx.com

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is William Furman, and my business address is One Centerpointe Drive, Ste. 200, Lake Oswego, Oregon, 97035. I am the Chairman and CEO of The Greenbrier Companies, Inc. (Greenbrier). Greenbrier is a leading international supplier of equipment and services to global freight transportation markets. Greenbrier designs, builds and markets freight railcars and marine barges in North America. We also have manufacturing operations in South America and Europe. Through our wheels, repair & parts business unit we supply freight railcar wheel services, parts, repair, refurbishment and retrofitting services to North American railroads and railcar owners and users. Greenbrier also offers railcar management, regulatory compliance services and leasing services to railroads and related transportation industries in North America.

Greenbrier supports approval of the CP/KCS combination. The transaction will allow a combined CPKC to provide new, more efficient and reliable rail service options and will generate immediate benefits to the freight rail sector. Greenbrier's relationship with CP and KCS extends across all of our business units. We are confident the combination will strengthen our role as a supplier to North American rail equipment markets.

CPKC will become the first Class I network, with service entirely under its own system, to create a north-south connection between the three USMCA countries. This supports Greenbrier's manufacturing operations in the U.S. and Mexico by enhancing efficiencies in our North American supply chain network and ensuring reliable delivery of our finished products. At the front end of our production cycle, KCS transports raw material south, including hundreds of thousands of tons of U.S. steel to our assembly facilities in Mexico. KCS then transports the finished new railcars north to our customers across North America. Over the last twelve months, we have shipped almost one thousand loads of raw material south and returned thousands more finished railcars north, all on KCS. In a typical year (non-COVID), Greenbrier's shipments north and south are three to four times higher. For example, from June 2019-July 2020, we shipped nearly 400,000 tons of steel to our Mexican operations. The railroad's service has always been reliable, competitive and consistent.

Greenbrier provides KCS with car hire accounting systems and services, including processing payments owed by KCS and receipts owed to KCS. This includes processing car hire claims, discounts, contract rate management and monthly funds settlement. Greenbrier is the industry leader in the railcar management space, and we are gratified that KCS has entrusted us with this service since January 2019.

The CPKC merger would create new opportunities for Greenbrier's wheels, repair & parts (GRS) business unit. Over the last 12 months, CP and KCS have accounted for a meaningful amount of our overall revenue from Class I Railroads for these aftermarket needs.

This transaction also offers a first of its kind, North American freight network that will fuel economic growth, reduce carbon emissions and provide a competitively priced service for the transportation marketplace. The merger will deliver significant benefits to the larger North American freight transportation market, including supply chain enhancements, environmental sustainability and North American trade competitiveness. The integrated rail network created by a merged CPKC will bring enhanced market competition to freight transportation. This will have a beneficial effect on service design and lower logistics costs to shippers in the U.S., Canada and Mexico.

- The merger supports our customers' export product growth plans: As a rail equipment supplier, this will enable us to supply many shippers with railcars to gain access to export markets for such commodities as energy products, grain and many other rail-transported goods.
- The combined networks will reduce redundant miles, improve transit times, remove interchange points and cut carbon emissions. These actions align with our core values of employee safety and green manufacturing.
- As an equipment supplier, this merger is beneficial as it will support growth and investment in the North American rail freight network. It would remove many heavy trucks off the roads and highways, while reducing congestion and pollution. These benefits will help support economic and employment growth in the United States and across the continent under the USMCA trade agreement. It is important to North American competitiveness in a global market space that there be a true USMCA railroad option.

I also emphasize that the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. Finally, given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest of the seven Class I railroads serving North America, Greenbrier is confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Greenbrier is voicing its strong support for the combination of CP and KCS. We believe it will enhance competition, provide expanded options and drive efficiencies for all stakeholders. Greenbrier urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized.

Executed on April 19, 2021



William A. Furman

ATTENTION: Surface Transportation Board

My name is Jordan Buck and I am Director Marketing for Iowa Southern Railway. My business address is 1303 South 21st Street, Centerville, Iowa 52533.

As Director Marketing, I am responsible for sales and marketing, developing new rail business and industrial development.
The Iowa Southern Railway supports approval of the CP/KCS combination. The transaction would provide significant benefits to our customers and to the economic development of Southern Iowa.

Since we assumed operation of the former Appanoose County Community Railroad in 2016, the Canadian Pacific has been a tremendous partner in reviving the railroad by taking advantage of every available opportunity to move products more efficiently into and out of Southern Iowa by rail. As an example, a myriad of agricultural products, such as lentils, peas, barley and beet pulp, were once moving very inefficiently by truck from the northern plains states to multiple processing and storage locations throughout the country only to be trucked again from those locations to multiple distant customers. These commodities are now moving by rail in 100+ ton covered hoppers from the northern plains into Centerville, Iowa via CP where they are processed or stored and shipped to end customers throughout the country by rail or, locally, by truck. In addition, CP has opened up markets for locally generated products such as scrap steel and has converted the local propane and lumber markets to rail. All of these changes have benefited the bottom line of the businesses of Southern Iowa.

With the combination of the CP and the KCS, even more benefits will come to Iowa Southern's customers and the local and regional economy. The economic development of the region will be aided by direct single-line access to KCS's large base of lumber mills as single line pricing and service will positively impact the price and availability of lumber for construction. Among other benefactors will be agricultural producers in Southern Iowa who will have single line access to new markets with the many poultry feeders on the KCS, export ports on the US Gulf, and the huge market for ag products in Mexico. Local manufacturers will also see improvements in their ability to source imported raw materials moving out of Mexico or through Gulf ports and will improve their ability to export their products.

The merger of CP and KCS will be a job-creator and will bring increased economic prosperity to a region of the heartland where the Iowa Southern Railway is working diligently to reverse the economic deterioration that has been created largely by being bypassed by the national transportation system. This region still has the tools to achieve greater prosperity and access to the KCS will prove to be a tremendous boost toward that goal. For these reasons, the Iowa Southern Railway is wholly supportive of the CP-KCS merger and urges the STB to approve the petition as quickly as possible.

Sincerely,

Jordan O Buck

Jordan Buck
Director, Marketing
Iowa Southern Railway



ATTENTION: Surface Transportation Board

My name is Dave Fellon and my business address is 12045 West State Street, Mason City, IA. I am Owner & President of the Iowa Traction Railway. In my role, I am responsible for Sales and Marketing and building new organic carload business.

The Iowa Traction Railway supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

It is with high enthusiasm that I prepare this letter for review by the Surface Transportation Board in advance of a pending merger between the Canadian Pacific Railway and Kansas City Southern Railway.

During my career in railroading over the past 25 years, I have never seen a proposed merger that even begins to compare to the CPKC. This is truly the one merger that makes so much sense for all of the right reasons. In that train of thought, let's consider all of the economic, social, and environmental gains that will be ushered in with a combined Canadian Pacific Railway/Kansas City Southern Railway network here in Northern Iowa.

On Progressive Rail's Iowa Traction Railway, based in Mason City, Iowa, we have prime rail served industrial sites, large workforces, and a Midwest work ethic that gets things done. What we don't have is total connectivity to Mexico as the Canadian Pacific Railway only reaches Kansas City, Missouri. A streamlined network of three lines that touch the Atlantic Ocean, the Pacific Ocean, and the Gulf of Mexico will finally connect all of North America by one railroad that brings with it the DNA of the CP and KCS, both of which are known for their excellent service and collaborative business development styles.

However, this is far from a merger being granted for efficiency sake. It is also a merger that's about attracting more business off the highways and onto the railways, with more high-paying jobs following in the wake.

Railroads have a long tradition of being excellent industrial development machines. The ability to attract industry to North America involves competing for jobs on a worldwide scale. The more efficiency, the more cost effectiveness, and the more optionality that a railroad can offer assures this development as the deciding factor always comes down to logistics. The CPKS railroad will open up endless doors for big time capital to flow into a network that offers any site selection team with the perfect connectivity to Canada, the United States of America, and Mexico.

Industrial development equals generational careers. Careers equal strong families. Strong families equal great schools, solid towns and cities, and reinvestment by stakeholders into a better way of life for years to come. It all starts with the CPKC Railroad connecting all of the right dots which will allow the rest to follow.



Finally, the world is burning up and getting warmer by the year. Allowing the Canadian Pacific Railway/Kansas City Southern Railway to merge will allow supply chains to

become hyper-efficient. Circuitous routes are no longer needed. Extra drayage and other accessorial work can be eliminated. All combined, this would make a meaningful reduction in carbon. We will all be judged by our children who entrust us to be good stewards of the planet. What we as an industry can do with the CPKC merger is increase carbon reduction by removing less efficient trucks from the highways while deploying the safest mode of land based transportation. We can help deliver a safer, cleaner world for everyone. As a society, we need to get this right and time is of the essence.

In closure, I am respectfully asking that the Surface Transportation Board support the CP/KCS merger. This is exactly what the economy, our society, and the environment all need.

Thank you,

Dave Fellon
Majority Owner
Iowa Traction Railway

The last fully electric freight railroad in the USA.



LAKE LINE RAILROAD INC. c/o 1700 – 242 Hargrave Street, Winnipeg, Manitoba Canada R3C0V1

March 29, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

Dear Sir or Madam:

My name is Art Stacey. I am the President of Lake Line Railroad Inc. ("LLRR"). In my role, I am ultimately responsible for all aspects of LLRR's relationship with Canadian Pacific Railway ("CPR") with whom we interchange traffic at two locations.

LLRR is a short line railroad comprising two rail lines formerly operated by CPR. We have been in operation for 9 years. We interchange traffic with CPR two to three times per week. LLRR supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible. For LLRR the benefits include the ability to offer to shippers the opportunity to have access to the gulf coast and to points in the southern US and Mexico. I expect that the combination will also assist us in attracting new shippers to our rail line.

From our perspective the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help our shippers reach existing markets and new markets more efficiently. With the two railroads' strong focus on safety and their record of consistent operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

LLRR presently ships grain, alcohol, and aggregate on our two lines. I believe that the enhanced access with the CPKS combination will give to ports and southern destinations will make us a more attractive option to local shippers, particularly in the grain industry.

While CP has provided us with good service its market reach is limited today as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that could expand the markets we serve effectively. We know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen

competition against the other, larger rail carriers and trucks that serve our markets. From our perspective the greatest benefit of the CPKS combination will be the enhanced opportunity to serve shippers of grain from our catchment area. For example:

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of cereal and specialty grains from central Manitoba to buyers in the southern US and Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we need from our rail - transportation partners. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For the reasons set out above LLRR is strongly supportive of the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. LLRR urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Yours truly,

LAKE LINE RAILROAD INC.

Per:

Art Stacey,
President

AJS

Minnesota Northern Railroad
Dakota Northern Railroad
St. Croix Railroad
P.O. Box 705
28997 255th Ave SW
Crookston, Minnesota 56716 – 0705
(218) 281 - 4704

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Jason Bierwerth and my business address is PO Box 705 Crookston, MN 56716. I am Manager of Operations of Minnesota Northern Railroad. In my role, I am responsible for overseeing the daily operations, finances and other matters.

Minnesota Northern Railroad is a shortline railroad that interchanges with BNSF at Thief River Falls, MN shipping grain, fertilizer, rock, and scrap steel commodities. We have a great working relationship for 20 years.

Minnesota Northern Railroad supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Minnesota Northern Railroad has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

> **CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City to enable our customers to reach a new market. Many of our customers have chosen to ship via BNSF instead of CPRS due to the limited reach on the CPRS.**
>
> **And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.**

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our customers.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Minnesota Northern Railroad is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Minnesota Northern Railroad urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Jason Biewerth

Minnesota Northern Railroad

Nethercott Excavating Limited
5115 Hamilton Road, Dorchester, Ontario, N0L 1G6
Phone: (519) 268-3252 Cell: (519) 521-7741
Email: garyn@nethex.ca

April 30, 2021

Surface Transportation Board

- Nethercott Excavating Ltd. is a supplier of Rail Maintenance and Construction services to the rail industry. CP is one of our customers.
- I Gary Nethercott serve as the President and Owner at Nethercott Excavating Ltd, where my duties include Estimating, Pricing, Organizing the work, Billing, Overall daily running of the business. Nethercott Excavating Ltd. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- We are very much involved with the maintenance of the rail network and improving the safety of the system. We respect and support CP attention to safety and continued investments in upgrading facilities and increasing the capacity to serve customers.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed:

Gary Nethercott (President)

BRANDY D. CHRISTIAN
CHIEF EXECUTIVE OFFICER

M. D. (MIKE) STOLZMAN
GENERAL MANAGER

NEW ORLEANS PUBLIC BELT RAILROAD

April 1, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

Dear Sir or Madame:

My name is Brandy Christian, and I am the President and CEO of The Board of Commissioners of the Port of New Orleans (Port NOLA) and the CEO of the New Orleans Public Belt Railroad Commission for the Port of New Orleans (NOPB). The corporate address of both organizations that I oversee is 1350 Port of New Orleans Place, New Orleans, Louisiana 70130. In my role, I am responsible for executive management of Port NOLA and the NOPB.

The Port of New Orleans is a diverse deep-water port strategically located on the Mississippi River near the Gulf of Mexico -- with access to 30-plus major inland hubs such as Dallas, Memphis, Chicago and Canada via 14,500 miles of waterways, six Class I railroads and interstate roadways. Port NOLA works jointly with the KCS on international intermodal business moving in and out of the Port of New Orleans and the KCS rail terminal in Wylie, Texas, serving the Dallas-Fort Worth market. Additionally, the KCS provides rail service to Port NOLA's industrial real estate tenants via the New Orleans Public Belt Railroad.

The NOPB is a Class III switching railroad with a mission of serving the Port of New Orleans, local customers, and the New Orleans Rail Gateway. The NOPB connects six Class I railroads to each other and to properties in and near the Port NOLA complex. The NOPB interchanges with KCS on a daily basis.

Both Port NOLA and NOPB have benefitted from a strong relationship with KCS and have worked even more closely on growing volume moving by rail through the New Orleans corridor since the re-start of intermodal service between New Orleans and Wylie in 2018.

Both Port NOLA and NOPB support approval of the CP/KCS combination. The transaction would provide significant benefits and enhanced rail network connectivity that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition and economic development. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help the businesses in our State reach new markets more efficiently.

4822 Tchoupitoulas Street
New Orleans, LA 70115-1645
www.railnola.com

(504) 896-7410 Office
(504) 896-7419 Fax

And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We believe strongly that this consolidation will create new economic development opportunities creating significant investment and job creation.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option

This merger offers a unique opportunity to fuel economic growth across North America while reducing freight congestion, helping the environment, and strengthening competition in the freight transport marketplace.

For these reasons, Port NOLA and NOPB are voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Port NOLA and NOPB urge the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Brandy D Christian

Brandy D. Christian
Chief Executive Officer

VERIFICATION

I Brandy D. Christian, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 01 April 2021.

Brandy D. Christian

4822 Tchoupitoulas Street
New Orleans, LA 70115-1645
www.railnola.com

(504) 896-7410 Office
(504) 896-7419 Fax

Northern Plains Railroad

PO Box 38
Fordville, ND 58231
Ph. (701) 229-3330
www.nprail.com

March 26, 2021

Attention:
United States Surface Transportation Board
Washington, D.C.

RE: Support for Canadian Pacific Railway/Kansas City Southern Lines Combination

Northern Plains Railroad Inc. ("NPR") is an independent regional railroad network serving shippers in North Dakota and Minnesota. For a quarter of a century, NPR has been working within a freight transportation alliance with Canadian Pacific Railway ("CP") that initially ensured the preservation of rail service over a light density branch line network critical to the North Dakota and Minnesota agricultural community. As a result of the successful combination of safe operations, joint railroad and shipper capital investments, and an intense focus on meeting our customer's needs with customized local "first and last mile" service, NPR is proud to have created a successful business model that we believe is representative of the benefits that short line and regional railroads can provide shippers throughout the North American railroad industry. Along our 350 route miles, NPR today safely moves more than 20,000 carloads annually, originating shipments from modern unit train loading facilities, as well as traditional "single car" customers. We also provide a suite of value-added rail services to these shippers, providing a complete transportation package. Every shipper and carload are critical and important to NPR. It is in this spirit that NPR strongly supports Surface Transportation Board ("STB") approval of the CP/Kansas City Southern Lines ("KCS") combination.

NPR, our shippers, and the communities we serve in the upper Midwest have benefited economically from the existing origin and destination options that the CP-SOO Line combination has created for over three decades. An expansion of CP's existing network to include the KCS and its Mexican lines will create significant additional market access for NPR shippers today and into the future as the demand continues for competitive and service-sensitive rail freight transportation options. We believe that the CP-KCS combination will serve only to improve

growth possibilities in our industry, creating jobs, economic growth, and continuing to support rural development in North Dakota and Minnesota.

Looking to the future of the rail industry, NPR would point out that shippers looking to access the North Dakota and eastern Minnesota market will now have the benefit of single line access to CP, and by extension to its short line operators like NPR who provide the local service through transload and other creative logistic options.

In summary, NPR would again suggest that this combination is very worth of STB approval in a quick and timely manner. NPR is very much looking forward to the opportunities for future growth that it will provide in our region.

Yours very truly,

NORTHERN PLAINS RAILROAD INC.

Jesse J. Chalich
President
Chief Operating Officer

VERIFICATION

I Jesse J. Chalich, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 26 March 2021.

Jesse J. Chalich

Ontario Southland Railway Inc.

March 29, 2021

CANADIAN PACIFIC-KANSAS CITY SOUTHERN MERGER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Brad Jolliffe, Executive Vice President of Ontario Southland Railway (OSR). Our business address is 47-101 Southgate Parkway, St. Thomas, ON, CANADA. In my role, I am responsible for the operations of the OSR short line which connects with CP at Woodstock, Ontario. OSR works closely with CP to ship rail traffic to/from customers in Woodstock, Ingersoll, Putnam, St Thomas and Tillsonburg, Ontario. OSR services the General Motors plant at Ingersoll which ships and receives automobiles. Other OSR customers ship or receive propane, agricultural products, plastics, fuel, steel, paper and lumber.

OSR supports the combination Canadian Pacific Railway and Kansas City Southern Railroad. The transaction will provide significant benefits that we are eager to see realized. The transaction promises to provide improved service options and invigorate transportation competition in the markets our customers serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – will help our customers reach markets more efficiently. Given the two railroads' strong focus on safety and their track record of operational excellence, we have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

The transaction will allow CPKC to provide new, more efficient and reliable rail service options which will strengthen competition against the other, larger rail carriers and trucks. We are particularly enthusiastic about the role CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option. CPKC's new service offerings will improve transit times and reliability which will reduce our customers' equipment costs.

KCS and CP have had a cooperative relationship in the past, but as separate companies they have not been able to offer our customers the benefits of seamless, single-line service. The entirely complementary nature of CP's and KCS' networks will only make CPKC a better alternative. By connecting only at Kansas City, not overlapping anywhere, and continuing to interchange with all of their other existing interline partners, the transaction will not have any adverse effects on competition.

47 – 101 SOUTHGATE PARKWAY, ST THOMAS ON N5R 6L5
519-471-7334 OSR@GOLDEN.NET

OSR is voicing strong support for the combination of CP and KCS because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. We urge the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized by all stakeholders.

Sincerely



Brad Jolliffe
Executive Vice President
226-926-6266
Brad.jolliffe@ontsouthland.com

ATTENTION: Surface Transportation Board

My name is Dave Fellon and my business address is 21778 Highview Avenue, Lakeville, MN 55044. I am Owner & President of Progressive Rail Incorporated. In my role, I am responsible for Sales and Marketing and building new organic carload business.

Progressive Rail Incorporated supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

Massive economic growth is knocking in a big way with the combined Canadian Pacific Railway/Kansas City Southern Railway system. For over twenty years, Progressive Rail's hard fought for customers have trusted the CP to handle their urgent freight. During this time, the world has dramatically changed and markets are flowing like a rushing river to the fastest, most efficient, and most cost effective supply chains. It has been great to work with the Canadian Pacific Railway throughout their entire network, but unfortunately it ends in Kansas City, Missouri. With the approval of the CPKC partnership, Progressive Rail's valued customers will be able to successfully compete in a hyper-competitive global marketplace.

Speaking of global, we all breathe the same air. Today it is becoming ever more polluted as railroads on a percentage basis haul very little merchandise. The 36-38% market share being touted is dramatically weighted to unit train and bulk commodities. This is telling as to what a more streamlined CPKC Railway will be able to accomplish in the merchandise arena by way of making those crucial truck to rail conversions. When that flywheel finally starts turning in the right direction, the entire world wins with a whole lot less carbon emissions from trucks.

Additionally, rail is the safest mode of land based transportation. As the American Trucking Association continues to push for heavier and multiple trailer rigs, the new CPKC Railway allows for a far safer way to transport goods.

To realize America's next step in global economic prosperity, a quantifiably healthier environment, and a far safer traveling experiences, TEAM PGR is wholly supportive and genuinely excited about all of the benefits that the merger of the Canadian Pacific Railway and Kansas City Southern Railway network will consistently deliver.

Progressive Rail Incorporated urges the STB to approve CP's acquisition of KCS as swiftly as possible.

Sincerely,

Dave Fellon
President
Progressive Rail Incorporated



READING & NORTHERN RAILROAD

1 Railroad Blvd., P.O. Box 218, Port Clinton, PA 19549

Phone: 610.562.2100 www.rbmnrr.com

MARCH 30, 2021

SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Wayne Michel and I am President of the Reading Blue Mountain & Northern Railroad (RBMN).

RBMN, with its corporate headquarters in Port Clinton, is a privately held railroad company serving over 70 customers in nine eastern Pennsylvania counties (Berks, Bradford, Carbon, Columbia, Lackawanna, Luzerne, Northumberland, Schuylkill and Wyoming). It has expanded its operations over the last 30+ years and now handles over 34,000 carloads of freight and 140,000 excursion train riders over 400 miles of track. RBMN operates both freight services and steam and diesel-powered excursion passenger services, owns almost 1,400 freight cars, and employs nearly 300 dedicated employees. RBMN has repeatedly been honored as one of the premier railroads in the nation including being named Regional Railroad of the Year in 2020 by Railway Age Magazine.

Although our primary interline relationship is with the Norfolk Southern Railroad, we have a commercial connection with Canadian Pacific due to the haulage agreement that resulted from CP's sale of much of the D&H to NS. NS delivers CP traffic to RBMN at NS' Taylor Yard under this haulage arrangement.

Over the years, we have worked well with CP to offer many of our customers competitive single line rates and routes from CP origins. The expansion of CP origins and destinations to KCS points will offer our many customers additional competitive options. Accordingly, RBMN supports STB approval of the CP/KCS merger and would hope the transaction is approved as soon as possible.

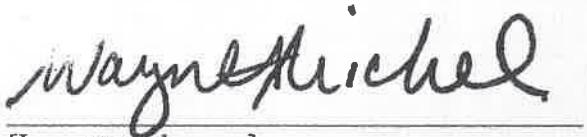
On a personal note, I have a good deal of experience with railroad mergers. I began my railroad career as a staff attorney at the STB predecessor agency, the Interstate Commerce Commission. In that capacity I helped draft or review most of the major ICC consolidation decisions between passage of the Staggers Act and 1985. In fact, I was asked to testify before the agency in the early 1980's after drafting the then Railroad Merger Policy statement. In my opinion, the CP/KCS consolidation is an excellent example of the type of end-to-end merger that should be supported as in the public interest.

In conclusion, RBMN is excited about the transaction because it will provide our customers with additional options for suppliers and additional markets for deliveries of materials. Accordingly, we urge the STB to approve CP's acquisition of KCS in a timely fashion so that the benefits of the deal can be realized for RBMN's customers and communities.

VERIFICATION

I, Wayne A. Michel, declare [or certify, verify, or state] under penalty of perjury [''under the laws of the United States,'' if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 03/30/21(date).



[Signature]

[Insert typed name]

SRY Rail Link
Southern Railway of British Columbia Limited
2102 River Drive
New Westminster, BC
V3M 6S3

ATTENTION: Surface Transportation Board

My name is Gerald Linden and my business address is 2102 River Drive, New Westminster, BC. I am President of Southern Railway of British Columbia Limited (SRY). In my role, I'm responsible for all aspects of the company.

SRY is a major transporter of freight in British Columbia. We provide businesses and customers located in the BC Lower Mainland and Fraser Valley with seamless rail connections to markets throughout North America. SRY owns over 125 miles of track and interchanges railcars with four North American Class 1 railroads: CP, BNSF, CN, and UP.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help our customers reach existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We are supportive of the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against truck carriers that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our customers.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs by improving cycle times on our leased centrebeams and boxcars.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve transportation options for our customers.

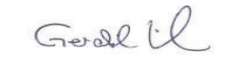
At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, SRY is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. SRY urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Gerald Linden, I certify that I am qualified and authorized to submit this letter executed on March 29, 2021.



Gerald Linden

ATTENTION: Surface Transportation Board
RE: STB Finance Docket No. 36500 (CP-KCS Potential Combination)

Standard Rail Corporation (formerly MGH Railcar) hereby files this letter to express its views about the bid by Canadian National ("CN") to acquire Kansas City Southern ("KCS") and to provide support for Canadian Pacific's ("CP") proposed combination with KCS.

Standard Rail Corporation offers a wide range of services, such as; mobile railcar cleaning, railcar dismantling, derailment service, transloading services, rail car remarking and mobile railcar repair. We work closely with CP partnered shortlines to transport and store cars off CP's mainline.

Standard Rail Corporation has not previously addressed either of the two proposals involving the acquisition of KCS.

Standard Rail Corporation is reliant on CN for transportation services in certain markets and therefore does not wish to voice a position taking CP's side over CN's.

Standard Rail Corporation nonetheless has strong views about the kind of railroad combination that the STB should allow – and indeed expedite – versus the kind of combination that it should not permit to proceed.

The kind of transaction that is in the interests of shippers and the public would:

- ***Not have competitive overlaps*** that reduce the number of independent rail options, even if the railroads might think they can propose "remedies" to overcome the lost competition.
- ***Improve competitive options***, including by adding new single-line routes where other, larger railroads currently dominate.
- ***Not pose a risk of stimulating further industry consolidation***, such as by destabilizing the six large carrier balance in North America

A transaction meeting these criteria is in the public interest and should receive swift Board approval. Quick approval of procompetitive transactions is critical to helping shippers and other stakeholders reap the benefits sooner rather than later, and we have no objection to the use of a voting trust mechanism to facilitate such a transaction. For transactions that do not meet the three criteria set out above, we would strongly object to the Board allowing the transaction to proceed even as far as a voting trust, which itself could diminish competition and lead to downstream concerns.

We trust the Board to assess the two proposals for KCS in light of these criteria.

Respectfully submitted,

Jaime DeKelver, CCLP
Vice President

CC: All Parties of Record

April 29, 2021

Mailing address:
350 3rd Ave N, Suite 205
Saskatoon, SK, S7K 6G7
Canada

Contact:
info@standardrail.com

Toll Free:
(800) 936-1643

Standard Rail Corporation
www.standardrail.com

STEWART SOUTHERN RAILWAY
BOX 12, Fillmore, SK, S0G 1N0 - PH: (306) 722-0000 FAX: (306) 722-1200

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Glenn Pohl and my business address is Box 12, Filmore, SK Canada S0G 1N0. I am the General Manager of The Stewart Southern Railway. In my role, I am responsible for overseeing the day to day operations, safety, promotion of the rail line and all around activities within our line.

Stewart Southern Railway is a shortline based out of Regina and runs 85 miles to the southeast on the old Tyvan Subdivision ending at Stoughton Saskatchewan. We have a direct relationship with CP Rail as we run into the Regina CP yard and we are situated just off the mainline. We ship everything from propane and butane, pulse crops, wheat, potash, gravel and storage cars. The SSR ships all over Canada all through the USA and down to Mexico.

The Stewart Southern Railway supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Stewart Southern Railway has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

This merger will allow our customers to have access to more markets creating a more competitive edge for moving commodities to markets with better pricing on shipping. With the CP KCS combination, it will open up our markets on our energy products and pulse crop customers.

We ship grain from our SSR served facilities in southern Saskatchewan to our customers with elevators/terminals in the South Central and Gulf region.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Energy products, and pulse crops from the SSR in Southern Saskatchewan to The Gulf.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. By offering a one desk waybill with less interchange fees we feel the savings and efficiency will promote more activity and markets to the south.
- Our customers receiving more options for the gulf will help find new direction and markets from Canada to Mexico.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Stewart Southern Railway is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Stewart Southern Railway urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Glenn Pohl

Stewart Southern Railway

T&W

TWIN CITIES & WESTERN RAILROAD COMPANY

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Mark Wegner and our business address is 2925 12th Street East, Glencoe, Minnesota, 55336. I am President & CEO of Twin Cities & Western Railroad Company, Minnesota Prairie Line, Inc. and Sisseton Milbank Railroad Company. In my role, among other responsibilities, I am responsible for providing optimal freight rail opportunities for the rail shippers and communities we serve.

Twin Cities & Western Railroad Company (TC&W) was formed July 26, 1991 as a line sale from Soo Line Railroad (subsequently integrated into Canadian Pacific). As such, TC&W has had a nearly 30-year history of partnering with Canadian Pacific in pursuing joint markets for the shippers in the south central Minnesota and northeastern South Dakota communities our short line railroads serve.

Twin Cities & Western Railroad Company supports approval of the CP/KCS combination. The transaction would appear to provide significant benefits for our customers and we are excited to explore market options for our customers with the combined CPKC!

From our perspective, the transaction promises to provide improved service options and hopefully open up the KCS chicken feeding facilities to receiving Minnesota and South Dakota corn from our customers.

CP has traditionally worked with TC&W as the grain markets constantly change, and in partnership with CP, both of our organizations have been nimble, quick and responsive to sharp changes in the grain marketplace, which has been a hallmark of our joint success. This combination should yield even more options to respond to the often unforeseen changes in the grain marketplace. We fully expect the combined entity will continue the tradition of nimble, quick and responsiveness TC&W has seen, with a wider array of options as a result of the KCS addition.

For these reasons, Twin Cities & Western Railroad Company is voicing support for the combination of CP and KCS, because it will provide expanded options for the customers we serve.

Sincerely,

Mark Wegner

Mark Wegner

President & CEO

Twin Cities & Western Railroad Company

VERMONT RAIL SYSTEM
One Railway Lane, Burlington, VT 05401
Tel. 802-658-2550 Fax. 802-658-2553

March 29, 2021

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423

Re: Docket No. FD 36500 – Canadian Pacific Railway Limited, et al.

Dear Ms. Brown:

Vermont Rail System (VRS), headquartered in Burlington, VT, consists of six short line railroads, two of which interchange with CP. The Clarendon and Pittsford Railroad interchanges with CP in Whitehall, NY, and the Washington County Railroad interchanges with CP in Newport, VT. These interchanges with CP serve as gateways to points north and west of New England. VRS supports the proposed CP/KCS combination as offering additional competitive routing options for VRS and its customers.

From our perspective, the proposed transaction promises to provide improved service options and transportation competition in the markets we serve. VRS handles inbound grain traffic from the Midwest, as well as traffic that terminates in Mexico. The current VRS traffic destined for Mexico is interchanged from CP to KCS in Kansas City, and a combined CPKC network – with new single-line hauls and access to ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – could improve efficiency in this existing lane of business and open opportunities for business growth.

In addition, we are particularly enthusiastic about the role that new CPKC single-line routes could play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. While VRS understands that KCS and CP have had a cooperative relationship in the past, as separate companies they have not been able to offer the kind of seamless, single-line service we seek from our transportation providers so the transaction proposed should be an improvement for our customers. Given the straightforward network connectivity between CP and KCS, we believe that they should be able to implement their transaction without service disruptions.

For these reasons, VRS supports the combination of CP and KCS as promising enhanced competition and expanded transportation options for VRS customers.

Regards,

Selden Houghton
President

Cc: Canadian Pacific

315 W 3rd St.
Pittsburg, KS 66762
Phone: 620.231.2230
Fax: 620.231.5192

March 29, 2021

The Honorable Martin J. Oberman
Chairman
Surface Transportation Board
395 E Street SW
Washington, DC 20423

Dear Chairman Oberman:

Re: FD 36500, *CP-Control-KCS*

Watco operates 41 Class III short line railroads and one Class II regional railroad across the United States. Ten of those railroads connect with either CP or KCS. One, the Kaw River Railroad (KAW), connects with both CP and KCS at Kansas City, along with all of the other railroads serving that important terminal.

We enthusiastically support the proposed combination of CP and KCS and urge the Surface Transportation Board to approve it as expeditiously as possible. The transaction promises to provide new, more competitive services to the customers served by Watco's railroads and expand their market reach throughout North America. CP and KCS are both good partners to the railroads with which they connect, providing reliable and efficient service and supporting the needs of our customers. CP's commitment to operational excellence and execution gives us great confidence that the combination of these railroads, which connect only at the single point of Kansas City, will be implemented without disruption to the reliable service our customers are provided today.

The Watco railroads that connect with KCS and CP serve a wide array of customers and commodities. Listed below are the eight railroads with connections with KCS and not CP:

1. Alabama Southern Railroad (ABS) connects at Artesia, MS
2. Arkansas Southern Railroad (ARS) connects at Heavener, OK and Ashdown, AR
3. Baton Rouge Southern Railroad (BRS) connects at Brooklawn, LA
4. Louisiana Southern Railroad (LAS) connects at Gibsland, Pineville and Sibley in Louisiana
5. Mississippi Southern Railroad (MSR) connects at Newton, MS
6. South Kansas & Oklahoma Railroad (SKOL) connects at Pittsburg, KS
7. Timber Rock Railroad (TIBR) connects at DeRidder, LA
8. Vicksburg Southern Railroad (VSOR) connects at Vicksburg, MS

These railroads originate and terminate a wide variety of commodities that move via KCS to a wide array of destinations. The new CPKC network will have dramatically expanded reach offering new

single-line routes to important markets in the Upper Midwest and throughout Canada. For example, on the Alabama Southern Railroad (ARS), steel plate will have greater access to northern markets and Canadian crude oil will have greater outlets to coastal American refineries. The combination will be good for Watco's online customers, and therefore good for Watco. Additionally, we operate KCS-owned Dallas Zacha Terminal through a long-term lease.

One of our railroads connect with CP and not KCS. The Wisconsin & Southern Railroad (WSOR) serves northeastern Illinois and southern Wisconsin and connects with CP at Chicago and at Janesville and Milwaukee, Wisconsin. (Watco also provides switching services at one location served by CP in Canada.) WSOR serves agricultural and industrial customers throughout southern Wisconsin and northern Illinois. WSOR already has direct connections with other Class 1 railroads at Chicago, and knows first-hand the advantages for our customers of the single-line routes those railroads offer to and from points in the South Central United States. The proposed CPKC creates a new competitive option that will serve our customers well, especially for grain and other commodities moving to South Central States, and for the first time on a single-line basis, deep into Mexico.

One of our railroads, the KAW connects with both KCS and CP in Kansas City, along with all of the other Class 1's serving that important terminal. We know first-hand that the connection between CP and KCS is an efficient one with a direct connection through the shared Knoche yard. Their network configuration will help make implementation of new combined services very easy, without disruption to the busy and important Kansas City terminal.

We also know first-hand there is no negative competitive implications with CP and KCS both reaching Kansas City; CP heads north, KCS heads south and they are not competitive alternatives for KAW-served customers. Instead, a combined CPKC system with expanded service offerings across their integrated network will provide better options for our customers whichever markets they are trying to reach.

The Watco Team and its undersigned railroads look forward to CP and KCS being allowed to deliver the benefits their combination promises, and we encourage the Board to approve the transaction without unnecessary delay and burden.

Sincerely,
Alabama Southern Railroad (ABS)
Alabama Warrior Railway (ABWR)
Ann Arbor Railroad (AA)
Arkansas Southern Railroad (ARS)
Austin Western Railroad (AWRR)
Autauga Northern Railroad (AUT)
Baton Rouge Southern Railroad (BRS)
Birmingham Terminal Railway (BHRR)
Blue Ridge Southern Railroad (BLU)
Bogalusa Bayou Railroad (BBAY)
Boise Valley Railroad (BVRR)
Cicero Central Railroad (CERR)
Colorado Pacific Railroad (COPR)
Decatur & Eastern Illinois Railroad (DREI)

Dutchtown Southern Railroad (DUSR)
Eastern Idaho Railroad (EIRR)
Elwood Joliet & Southern Railroad (EJSR)
Geaux Geaux Railroad (GOGR)
Grand Elk Railroad (GDLK)
Great Northwest Railroad (GRNW)
Ithaca Central Railroad (ITHR)
Jacksonville Port Terminal Railroad (JXPT)
Kanawha River Railroad (KNWA)
Kansas & Oklahoma Railroad (KO)
Kaw River Railroad (KAW)
Louisiana Southern Railroad (LAS)
Lubbock & Western Railway (LBWR)
Mission Mountain Railroad (MMT)
Mississippi Southern Railroad (MSR)
Palouse River & Coulee City Railroad (PCC)
Pecos Valley Southern Railway (PVS)
Pennsylvania Southwestern Railroad (PSWR)
San Antonio Central Railroad (SAC)
Savannah & Old Fort Railroad (SVHO)
South Kansas & Oklahoma Railroad (SKOL)
Stillwater Central Railroad (SLWC)
Swan Ranch Railroad (SRRR)
Texas & New Mexico Railway (TXN)
Timber Rock Railroad (TIBR)
Vicksburg Southern Railroad (VSOR)
Wisconsin & Southern Railroad (WSOR)
Yellowstone Valley Railroad (YSVR)

1725091 ALBERTA LTD.

OFFICE 5016 48th St., Lloydminster, AB T9V 0H8

MAY 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

1725091 Alberta Ltd. is an investment company with operating companies in the supply of concrete and aggregate products in Western Canada. We have actively sought markets in the United states and Mexico for our products and many of our equipment supplies and materials come in by rail.

If CP were to acquire Kansas City Southern this would allow us to have real competition along the rail network with CN which would provide us with better access to markets, betting pricing, and service but if CN completes this acquisition this would not be the case. We are concerned that if CN were given a monopoly over its competition that prices would increase and service would suffer. They would not be accountable to their customers because the customers would have nowhere else to turn. As a result, we would have serious cost shocks because of increased pricing, supply shocks that would be difficult to overcome and markets that would be more difficult to reach as a result. We are pro-business but we are also pro-competition and if CN were allowed to proceed with this transaction it would have a devastating impact on the competitiveness of the rail industry and would precipitate further requirements for the rail consolidation increasing this issue further. This would result in higher input prices for us and higher export prices for the world if customers can even access the network which could be closed for all but the biggest customers.

I am writing to express 1725091 Alberta Ltd.'s perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would

be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed

to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its

existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Gord Wallace,
1725091 Alberta Ltd.



Cc: All Parties of Record

April 30, 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500
CP-KCS Potential Combination

5 Suns Transloading hereby files this letter to express its concerns to the bid by CN to acquire KCS and state its support for the CP-KCS combination.

We support swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets and port options, improved service options, and invigorated transportation competition. The combination of CP and KCS would also provide great access to fertilizers/DDGs for farmers in a cost-effective manner.

By contrast, a CN acquisition of KCS would lead to a reduction in competition and deprive shippers of the many tangible benefits offered by the CP/KCS deal. Specifically, we would be harmed by the reduction in competition that would result from a CN acquisition of KCS.

From our perspective, the only combination involving KCS that is in the public interest is the one that CP has proposed. Unlike the CP/KCS combination, the acquisition of KCS by CN would result in harm to competition because the two railroads today serve many locations and shippers in common. Indeed, they operate parallel lines between Baton Rouge and New Orleans and Eastern Mississippi; they both serve grain and other shippers in large swaths of the Midwest and Southern United States; and they both reach the port of Mobile, Alabama. Even more fundamentally, between the Upper Midwest and Gulf Coast, a CN/KCS combination would reduce the number of independent routing options from four to three.

We expect a combined CPKC network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist. A CN-KCS combination would limit competitive carrier options to markets and ports south of Kansas City.

Respectfully submitted,

Shawn Murray
Owner/President

A&K Railroad Materials, Inc.
P.O. Box 30076 | Salt Lake City, Utah 84130 | P 801.974.5484 | F 801.973.7393 |
www.akrailroad.com

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Kellen Desmond, President of A&K Railroad Materials and my business address is 1505 S Redwood Rd, Salt Lake City, UT 84104.

A&K is a leading supplier of new and used railroad track materials and depends on North America's railroad carriers and infrastructure as our primary mode of delivering product. We regularly utilize CP and KCS as we have locations directly served by these railroads. These locations include sites in Kansas, Illinois, and Saskatchewan.

A&K supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example, CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of railroad track materials from our US Midwestern locations to Canada and Mexico.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two

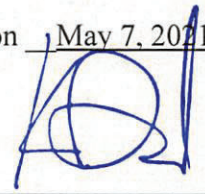
smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, A&K is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. A&K urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Kellen Desmond, verify that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on May 7, 2021



Kellen Desmond

Providing What Matters

A.STUCKI COMPANY

May 14, 2021
Surface Transportation Board
395 E. St. SW
Washington, DC 20423

- A. Stucki is a supplier of freight car and rail related parts to the rail industry. CP is one of our customers.
- I Dave Oestermeyer SERVE AS THE Chief Commercial Officer at A. Stucki, where my duties include commercial growth. A. Stucki supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- As a freight car component supplier to CP, we see the benefit in this merger of CP and KCS to bring even more attention to safety and growth in the rail industry.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Signed,



DA Oestermeyer
Chief Commercial Officer
A.Stucki Company

www.stucki.com | Ofc: 412-424-0560 Fax: 412-424-0014 | 360 Wright Brothers Drive Moon Township, PA 15108

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MAERSK

ATTENTION: Surface Transportation Board
RE: Finance Docket No. 36500, CP/KCS Combination

My name is Jonathan Sinton and my business address is 9300 Arrowpoint Blvd., Charlotte, NC 28273, USA. I am the Regional Head of Procurement, North America with A.P. Moller – Maersk ("Maersk"). In my role, I am responsible for procurement decisions for the North America market, including rail services.

Maersk is the leading global container logistics company in the world. We rely heavily on efficient rail transportation services from ports to inland destinations and are intimately familiar with the rail options available from ports across North America. We contract with all the Class I North American railroads for rail transportation services.

We have in-depth familiarity with the capabilities of the separate Canadian Pacific and Kansas City Southern networks. Both of these railroads are good transportation partners of ours, and they provide efficient and effective transportation services. But separately they are not able to provide nearly the reach as they would if they were combined.

Maersk supports actions, initiatives, investments and business combinations that increase supply chain efficiency, fluidity and velocity at competitive prices. The transaction will have particularly compelling benefits from traffic moving inland from the KCS-served port of Lazaro Cardenas, where APM Terminals operates a terminal. We have been quite impressed by the work KCS has done to develop efficient intermodal services connecting Lazaro Cardenas with central Mexico and points on KCS's system in the United States. KCS's current reach, however, is limited, as it does not extend beyond Kansas City. The combination with CP promises to open up new options for efficient intermodal rail transportation all the way into America's Heartland. We don't expect these options to supplant the current options from ports on the U.S. West Coast, but as recent supply chain challenges have shown, the entire U.S. economy – and indeed the World economy –benefits when there are better transportation options available to overcome logistical challenges.

From our perspective, the ability for a combined CPKC network to offer new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. A more efficient rail network results allows for strengthened competition against the other, larger rail carriers and trucks that serve our markets.

Maersk relies upon CP's service to deliver containerized freight destined to or originating from overseas markets in a safe, efficient and cost-effective manner. CP has provided us with excellent service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

Classification: Confidential

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KCS and CP have had a cooperative relationship in the past, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that we do not anticipate adverse impacts on our ability to cost-effectively procure rail service from the relevant market. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we have reason to believe KCS and CP's assertions that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Maersk can support the combination of CP and KCS, because it will provide expanded options and drive efficiencies for customers of all sizes without sacrificing competition.

VERIFICATION

I Jonathan Sinton, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021.

DocuSigned by:
Jonathan Sinton
B6B05DED50314D7...

_____ [Signature]

Jonathan Sinton

ABDW Logistics, LLC

ABDW Logistics, LLC
5166 Century Heights Ave
Bettendorf, IA 52722

April 14th, 2021

Surface Transportation Board
395 E St SW
Washington, DC 20423

Dear Board Members,

I am writing to express my support for the proposed merger between Canadian Pacific Railway and Kansas City Southern Railway, as it has been proposed to the US Surface Transportation Board.

My company, ABDW Logistics, LLC exists as an active CPRS shipper with locations in Wisconsin and Iowa. CPRS has provided adequate, frequent service over time, a positive aspect which I am confident will continue subsequent to the merger. CPRS has shown great attention in recent years to operational improvement and consistency as well as focus on customer experience. Again, I expect that these same attributes will continue in a positive fashion post-merger.

My business provides transloading services, more distinctly defined as facilitating movement of freight from truck to rail or vice-versa, allowing the rail to expand its market reach beyond that of what its rails will reach directly. Commodities include road construction products such as sand, cement, fly ash and aggregate/stone, agricultural products such as dry and liquid fertilizer.

The benefits that I perceive from this merger come from the increased market reach of the combined network. This transaction allows for a wide-variety of origin-destination pairs to be served under a single carrier, where these options only currently exist under interline. I view this as a positive for my business in two ways. First, the increased market reach potentially allows

for an advantage in serving markets that are not reached by a single carrier, as aspect that I expect the combined company to market and pursue vigorously. Second, this market reach allows the combined company to increase its length of haul providing more profitable business and thus incentive for the combined carrier a better opportunity to exceed cost of capital earnings and thus provide continued incentive to invest in its network.

I encourage the Surface Transportation Board to consider these positive attributes during its approval process for this transaction.

Regards,



Drew Wilson

Owner

ABDW Logistics, LLC

drew@shipabdw.com

815-719-3584

VERIFICATION

I, Andrew Wilson, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 14th, 2021.

__signed:_Andrew Wilson_____ [Signature]

AC LOGISTICS

301 Lindenwood Drive Suite 305
Malvern, Pennsylvania 19355

Phone: 610.662.9060
Fax: 484.913.1345

ATTENTION: Surface Transportation Board
RE: STB Finance Docket No. 36500
CP-KCS Potential Combination
To Whom It May Concern:

I am writing on behalf of AC LOGISTICS, INC, _ in regards to the recently proposed unsolicited offer by Canadian National (CN) to acquire the Kansas City Southern (KCS) railroad. As a shipper of goods that consumers and businesses in North America rely on, we require a marketplace for rail transportation that is both service and commercially competitive. We believe that the CN's proposal for the KCS will create a high degree of market dominance that will negatively impact service for shippers across Canada, the USA and North America. In contrast, Canadian Pacific's proposal will help enhance competition by levelling the advantages that CN holds in the market today in Canada and the USA.

Today, CN's network holds unique single-line access to markets in Canada like Prince Rupert, British Columbia; Halifax, Nova Scotia; New Orleans, Louisiana; Mobile, Alabama; and Jackson, Mississippi. This single-line access is used advantageously when customers seek alternative transportation solutions with CN's competitors. By creating a CN network that adds the coverage of KCS' network, their competitive behavior will become even more punitive. They will be able to leverage their access to intermodal markets in the Southern USA and Mexico to force shippers to pay more to move goods on their network in Canada and the US Midwest that is subject to competition. Furthermore, with their control over key markets and transportation lanes, CN will have no incentive to improve service. Ultimately it will be consumers that will suffer as a result of CN's market dominance. This simply cannot happen.

In comparison, CP's proposal to acquire the KCS will create a more balanced and competitive marketplace that will compete with the CN in markets like the US Gulf and afford shippers more single-line options for goods moving between the USA and Canada. CN will continue to hold monopoly positions in Prince Rupert and Halifax, but will have to compete in more markets and hold an overall less dominant position. CP's proposal, if successful, should enhance the competitive landscape and be to the benefit of the rail transportation market in North America.

Because of these reasons, I believe that at a CN-KCS merger should be resoundingly rejected while a CP-KCS merger be authorized to create a safer, more efficient, and more competitive North American rail network. It will be in the best interest of all North American shippers to support the CP-KCS proposal and reject the unsolicited CN-KCS proposal.

Regards,

Annemarie J. Hardis
President

ADROIT OVERSEAS ENTERPRISES LTD.
#512, 13737- 96th Ave, Surrey, BC, V3V 0C6, Canada
Tel: +1 604 930 4855 Fax: +1 604 909 4855
Email: Info@adroitoverseas.com

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Yogesh Raipuria, and my business address is #512, 13737 96th Avenue, Surrey, BC, V3V 0C6, CANADA. I am Director of Adroit Overseas Enterprises Ltd. In my role, I am responsible for overseeing Business Development, Operations and Documentation, Accounting and Finance & Audits and Internal controls of the entire organization.

Adroit Overseas Enterprises Ltd is using the services of Canadian Pacific Railway Company to move product such as Lentils, Peas, Wheat and Flaxseeds from its processing plants and elevators within Canada or outside Canada such as USA and Mexico. Canada Pacific Railway Corporation has played a pivotal role in the growth of our company.

Adroit Overseas Enterprises Ltd supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Adroit Overseas Enterprises Ltd has not often spoken favourably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship grain from CP-served facilities in Canada, Minnesota and North Dakota to our customers with elevators/terminals in the South Central and Gulf region & Mexico.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to in order to expand our reach to other locations. This transaction will open up new doors to ship products such as Corn, Soybean Meal, and Distilled Dried Grains to these locations.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior and cost efficient.

ADROIT OVERSEAS ENTERPRISES LTD.
#512, 13737- 96th Ave, Surrey, BC, V3V 0C6, Canada
Tel: +1 604 930 4855 Fax: +1 604 909 4855
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We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments to Mexico from Minnesota, North Dakota, and Canada.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency due to a unified logistics platform from origin to destinations.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

Also, in our opinion, at the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere, means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Adroit Overseas Enterprises Ltd is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Adroit Overseas Enterprises Ltd urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Yogesh Raipuria



Adroit Overseas Enterprises Ltd

April 27, 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500
CP-KCS Potential Combination

AEG Fuels LLC hereby files this letter to express its concerns to the bid by CN to acquire KCS and re-iterate its support for the CP-KCS combination.

We support swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets and port options, improved service options, and invigorated transportation competition.

In addition, a CN acquisition of KCS would lead to a reduction in competition and deprive shippers of the many tangible benefits offered by the CP/KCS deal. Specifically, if CN were to acquire KCS, we will be harmed by the reduction in competition that would result from a CN acquisition of KCS. This would adversely effect our movements of aviation fuels between the US and Canada since there would be only one rail option to seamlessly connect the two countries.

From our perspective, the only combination involving KCS that is in the public interest is the one that CP has proposed. Unlike the CP/KCS combination, the acquisition of KCS by CN would result in harm to competition because the two railroads today serve many locations and shippers in common. Indeed, they operate parallel lines between Baton Rouge and New Orleans and Eastern Mississippi; they both serve grain and other shippers in large swaths of the Midwest and Southern United States; and they both reach the port of Mobile, Alabama. Even more fundamentally, between the Upper Midwest and Gulf Coast, a CN/KCS combination would reduce the number of independent routing options from four to three.

We expect a combined CPKC network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist. A CN-KCS combination would limit competitive carrier options to markets and ports south of Kansas City.

Respectfully submitted,

Greg Bartness
Regional Vice President
CC: All Parties Of Record

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AEROPRES CORPORATION

Casey E. Rhymes
Director of Operations/Business Development
Phone: (318) 213-1213
Email: crhymes@aeropres.com

March 29, 2021

Aeropres Corporation operates five liquefied petroleum gas and specialty chemical blending and terminaling facilities in the United States. Our primary markets are aerosol propellants, blowing agents, refrigeration, and various other specialty chemical manufacturers. One of our major challenges lies in trying to obtain raw materials from the various producers across the United States and delivering products to our customer base in the United States, Canada, and Mexico. Many times, we are unable to participate in certain markets due to challenges in moving our core products via rail at a rate that is competitive.

Aeropres Corporation supports approval of the CP/KCS combination. We see promise of new opportunities and better service options that will support our current state business and provide a catalyst for growth.

Sincerely,

Casey Rhymes

VERIFICATION

I Casey Rhymes, declare [or certify, verify, or state] under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/29/21 [*date*].

[Signature]

AGP
Ag Processing Inc

Attention: Surface Transportation Board

My name is Greg Twist and I am responsible for the Transportation Department of Ag Processing Inc, a cooperative, (AGP) headquartered at 12700 West Dodge Road, Omaha, NE 68154.

AGP is a customer of the Canadian Pacific (CP) and we have access to them at our Mason City, Emmetsburg, and Sheldon, Iowa soy crushing facilities. We are also exclusively served by the CP at our Algona, Iowa biodiesel facility.

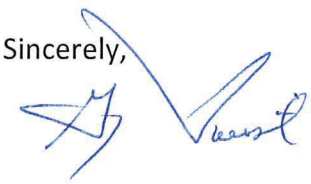
We ship our products on the CP throughout the U.S. and Canada, however, we are quite limited to Mexico. The prospect for our soy CP crushing facilities to move on a single line haul into Mexico with this merger should enhance our market access. Currently we have to move on 2-3 railroads to reach the same markets.

The CP has been a reliable supplier for both local service and long-haul freight. I cannot comment on Kansas City Southern (KCS) service in that we are not directly served by them at any of our locations.

Ordinarily, we are not in favor of less competition but this merger/acquisition is unique because it doesn't eliminate duplicate access to markets but truly enhances access. The single line move should enhance our ability to be competitive to Mexico, decrease transit time and allow us more arbitrage opportunities in a volatile operating environment.

AGP strongly supports the merger/acquisition of the CP and the KCS and we urge the STB to approve this acquisition for all reasons stated above.

Sincerely,



Greg Twist
Sr. Vice President - Transportation



BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Ag Transfer LLC and its parent company Stone Arch Commodities LLC are exporters of containerized agricultural commodities.

I am writing to express Stone Arch's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so – and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have

to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there ought not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs, St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would, of course, do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these

circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up in the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.



We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, in its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Board noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so it will have incentives to do it through higher prices for CN's current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, if CN is allowed to use a voting trust and the Board ultimately denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment,



downgrade service levels, or jack up rates even more in order to overcome the burdens it took on.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,



Revis L. Stephenson III
President, Ag Transfer LLC

AgMotion Pet Food Ingredients
730 2nd Ave. South, Suite 700
Minneapolis, MN 55403

ATTENTION: Surface Transportation Board

My name is Michael Peterson and my business address is 730 2nd Ave S Minneapolis, MN. I am Director of trading for our DDG and Pet Food Ingredient teams. In my role, I am responsible for rail trading, contract negotiations, and training.

AgMotion engage with the CP and KCS to move our feed and grain throughout Canada, the US, and exporting into Mexico.

AgMotion support approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. AgMotion has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of different feeds and pet food ingredients from Canada, ND, and Minnesota to our customers in MO, AR, LA, TX and Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by avoiding the time and coordination it takes for 2 different rail lines to switch cars back and forth.

- CPKC will be a good combination of Railroads as the CP has the origins and the KCS has relevant destinations. Now we can have through rates to new destinations.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

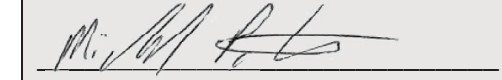
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, AgMotion is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. AgMotion urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Michael Peterson, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on3/29/21.



Michael Peterson

605 Highway 169 North, Suite 1050, Plymouth, MN 55441
952-852-2999 Phone | 952-852-2998 Fax

ATTENTION: Surface Transportation Board

My name is Chris Wetzell, and my business address is 605 N Hwy 169, Suite 1050, Plymouth, MN 55441. I am General Manager of the Northern Division within Agrex Inc. In my role, I am responsible for trading and logistics for midwestern and Canadian grain areas, particularly areas that are in Canadian Pacific's territory.

Agrex Inc. is a grain trading company that originates US and Canadian grain, oilseed, and feedstuff and distributes these products both domestically and around the world, including Mexico. More specific to this discussion, Agrex originates canola, spring wheat, soybeans and corn from numerous CP served upper Midwest locations to areas of greater demand, including but not limited to Southeast, Gulf, and Mexico. The products are transported by covered hopper rail cars.

Agrex Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

- We ship grain from our CP-served facilities in North Dakota, Minnesota, Iowa, AB, SK, and MB to our customers with elevators/terminals in the South Central and Gulf region.
- CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).
- And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction, because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past. While CP-KCS joint routes are among our transportation options, as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

The entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Agrex Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Agrex Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Respectively,



Name: Chris Wetzell

Title: GM

Company: Agrex Inc.

Date: 3/25/21

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Navin Kumar Askaran and my business address is 210-254 Edmonton Street, Winnipeg, MB R3C 3Y4. I am the Acting CEO of Agrocorp Processing Limited (APL). In my role, I am responsible for the overall management of the company's agricultural commodities' processing and trading operations across 5 Plants in Alberta and Saskatchewan provinces, Canada.

APL has had a long relationship with CP for over a decade, with CP handling goods from our Plants in Cut Knife, Innisfail and through third party suppliers. Destinations serviced are Vancouver in Canada, Pine Bluff and Gaston in the USA.

APL supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. APL has not often spoken favourably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

APL mainly ships lentils, peas and pea protein from CP-served facilities in Cut Knife and Innisfail to our customers through elevators/terminals in Vancouver and USA. Destination markets include South America, China, Indian sub-continent and other Asian countries.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively for example, Mexico).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of lentils, peas, protein from Canada to USA and Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. This new service will ensure quality of goods and efficient delivery to our customers.
- In the long-term there may be higher cost-benefits through increased trading that can be planned with the availability of single-line rail service into the USA and Mexico.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, APL is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. APL urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Navin Kumar Askaran

Acting CEO

Agrocorp Processing Limited

Moose Jaw, Saskatchewan
teammj@agrocorp.ca
Phone: (306) 693 8887

Cut Knife, Saskatchewan
cutknife@agrocorp.ca
Phone: (306) 398 2908

Vancouver, British Columbia
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Innisfail, Alberta
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Falher, Alberta
falher@agrocorp.ca
Phone: (780) 837-8450

210-254 Edmonton Street, Winnipeg R3C 3Y4, Manitoba, www.agrocorp.ca

INTERNATIONAL FREIGHT FORWARDERS

ALBATRANS CANADA INC.
124 Merton Street Suite 400
Toronto, Ontario, Canada M4S 2Z2
416.923.6006 Fax: 416.923.6051
www.albatrans.com

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Maja Luciani and my business address is 124 Merton Street, Unit 400, Toronto, ON, M4S 2Z2. I am CEO of ALBATRANS CANADA INC. In my role, I am responsible for our two offices in Canada (Toronto and Montreal) and all shipping and financial aspects of the business. We are Freight Forwarding company and we specialize in transportation of alcoholic beverages globally.

ALBATRANS CANADA INC. utilizes services of CP and our offices in Mexico and the USA are working with KCS on transportation of alcoholic beverages into Canada or within Canada. CP is a great partner in business and our direct involvement is growing year over year. We are happy with the level of service we are receiving and we are looking forward to possible expenditure of their services and therefore our collaboration.

ALBATRANS CANADA INC. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. ALBATRANS CANADA INC. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Mexican beer from Tuxtapec /Zacatecas, MX to Montreal.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Today we are mostly using ocean or OTR services for shipments from Mexico.

INTERNATIONAL FREIGHT FORWARDERS

ALBATRANS CANADA INC.
124 Merton Street Suite 400
Toronto, Ontario, Canada M4S 2Z2
416.923.6006 Fax: 416.923.6051
www.albatrans.com

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, ALBATRANS CANADA INC. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. ALBATRANS CANADA INC. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

Executed on ____April 28, 2021_____.

____Maja Luciani_____

March 25, 2021

Attention: United States Surface Transportation Board
Washington, D.C.

Proposed Merger of Canadian Pacific Railway and Kansas City Southern Lines

Dear Board Members:

Alberta Midland Railway Terminal Ltd. (AMRT) is a private rail logistics facility located within Alberta's Industrial Heartland, the largest petrochemical processing region in Canada. As a key north American industrial area that features investments from both established American and Canadian companies, over 280,000 railcars of energy and petrochemical shipments leave this region annually, together with over 45,000 inbound carloads of steel and manufactured goods as well.

AMRT serves many of these customers including U.S. based energy shippers, refiners, and Canadian chemical manufacturers. Accordingly, AMRT would like to concur with CP's assertions that users of the combined rail network will benefit from:

- New single line haul offerings delivering dramatically expanded market reach to the U.S. South.
- Enhanced service offerings, lower transit times, and direct access to premier ports on the U.S. Gulf Coast and Atlantic coast.
- Expanded and alternative network routes that avoid Chicago.

We truly believe that this combination represents great synergy and opportunity for AMRT and by extension companies and shippers who use rail to access our region. Alberta's Industrial Heartland is a great example of a region where the USMCA has a positive impact by providing trade access for American companies, made

possible by the competitive rail service that CP provides. This combination of CP and KCS will only serve to enhance this.

Please add our support for the CP and KCS merger in your deliberations.

Yours very truly,

Kelly D. Sledz
Chief Executive Officer
Alberta Midland Railway Terminal Ltd.

VERIFICATION

I Kelly Douglas Sledz declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 25, 2021

_____
Kelly D. Sledz

March 29, 2021

Attn: United States Surface Transportation Board
Washington, D.C.

Re: Proposed Merger of Canadian Pacific Railway and Kansas City Southern Lines

Dear Board Members:

On behalf of Alberta's Industrial Heartland Association (AIHA), I am writing to provide support for the proposed merger of Canadian Pacific Railway (CP) and Kansas City Southern Lines (KCS).

Alberta's Industrial Heartland (AIH) is a 582 square kilometre heavy industrial energy cluster located in the northeast region of Alberta, Canada. AIH is the largest hydrocarbon processing region in Canada, home to over 40 companies providing significant economic and employment benefits to Alberta. AIHA is responsible for promoting and attracting future sustainable investments into the region.

Growth of AIH will require shippers to have access to cost effective and efficient rail services to connect with global customers. AIHA believes that under the proposed merger, current and future shippers in AIH will benefit from:

- New single line haul offerings delivering dramatically expanded market reach to the U.S. South.
- Enhanced service offerings, lower transit times, and direct access to premier ports on the U.S. Gulf Coast and Atlantic coast.
- Expanded and alternative network routes that avoid Chicago.

AIHA believes that the proposed merger will help support the critical infrastructure required for Alberta's exports and promote investment and development in the region.

Sincerely,

Mark Plamondon
Executive Director
Alberta Industrial Heartland Association

Suite 300, 9940 – 99 Avenue, Fort Saskatchewan, AB T8L 4G8

Office: 780.998.7453 Email: Inquiries@IndustrialHeartland.com www.IndustrialHeartland.com

ALERIO

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Tai Tran and my business address is 421-7 Avenue SW, 30th floor, Calgary, AB. I work at Alerio Marketing Inc. as Vice President, Marketing and Strategy. In my role, I am responsible for sourcing Propane to supply the Mexican market.

Alerio Marketing is currently shipping propane cars on the CP/KCS/KCSM rail network to link Edmonton propane supply with Mexican demand. I am a very satisfied CP customer and extremely happy with the relationship with CP.

Alerio Marketing supports the combination of the CP/KCS combination as I would expect better service through streamlining of processes. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

With the vast network and reach of the combined CPKC, this combination will strengthen Alerio Marketing current markets and will allow Alerio Marketing to access future new markets while maintaining strong focus on safety and operational excellence.

Alerio Marketing is a shipper of propane from CP-served facilities in Edmonton to our markets in northeast and north central Mexico . Currently, the cars would interchange at Kansas City and Laredo before reaching the final destination. At each interchange, shipper such as Alerio need to switch from one railway system to another system to track the same railcar. This lacks the integrated flow and seamless transfer from origin to final destination. I would expect the combination will facilitate tighter integration, better communication, improve the flow of railcars, and better service. I understand that the integration of CP and KCS is a very important issue to both companies. I am optimistic that both railways will do their best to manage the integration of the two railways, mitigate any issues and once completed, to reap the benefits of a combined railway connecting Canada/US/Mexico.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of propane from Edmonton to Mexico.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.
- I look forward to when an integrated system from CPKC to track the movement of goods through one portal end to end.

For these reasons, Alerio Marketing is supportive of the combination of CP and KCS, because it will enhance service, drive efficiencies and enhance competition. Alerio Marketing urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I,_Tai Tran_, declare that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on __March 30, 2021_____.

_____ [Signature]
Tai Tran

March 31, 2021

Attn:
Surface Transportation Board
395 E Street SW
Washington, DC 20423

To Whom It May Concern:

RE: Shipper Support Letter

As the Director of Procurement for Algoma Steel Inc. ("Algoma"), I am responsible for procurement and logistics for Algoma, which scope covers bulk raw materials, equipment and other components for maintenance, repair and operations; as well warehousing and logistics contracting with railways, barges and trucking firms.

Algoma is a fully-integrated steel producer located on the Great Lakes in Sault Ste. Marie, Ontario, Canada. Our operations consist of producing value-added finished steel products from iron ore and other raw materials. Algoma is a leading flat-rolled steel producer in North America, one of the Canada's largest steel producers by volume and only plate manufacturer, with total iron capacity of up to 3.6 million tons per year, and total potential liquid steel capacity is 3.2 million tons per year. Algoma ships its steel products to diverse geographical bases covering Canada, USA and Mexico, and has a strategic supplier relationship with Canadian Pacific Railway.

Algoma supports the potential merger between Canadian Pacific Railway ("CP") and Kansas City Southern ("KCS"). The CP/KCS transaction would provide significant benefits that we are eager to see realized as soon as possible.

In our view, the transaction provides opportunities to reduce freight congestion, helping the environment, and strengthening competition in the freight transport marketplace. The combination promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CP/KCS network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. As we have limited sales in Texas and Mexico, we see this as an opportunity to grow our business with a single consolidated railway which will offer us competitive and reliable services.

We ship over 12,000 rail-car loads annually, which CP shares a significant portion of our overall business and has worked with us effectively over the years. We transship to CP at Sudbury, Ontario via a short line railroad owned by Gennesse & Wyoming Inc. which is connected to our Sault Ste. Marie operations.

Although CP has provided us with good service, its market reach is limited today, as their lines only go as far south as Kansas City. By combining the railroads to create the rail network seamlessly connecting the U.S., Mexico and Canada, the CP/KCS merger offers all the benefits of a multi-national, end-to-end merger.

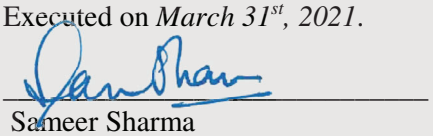
CP/KCS's new service offerings will improve transit times and reliability which will in turn reduce our equipment costs and improve our efficiency. As a single carrier, we expect CP/KCS to provide us with quicker turnaround times by reducing the times at switching / interchange stations and provide us competitive rates.

Algoma encourages the approval of the CP/KCS transaction such that these systems can be integrated and the end-to-end benefits can be realized for the benefit of all stakeholders.

VERIFICATION

I, Sameer Sharma I hereby attest that the above statements are true and accurate to the best of my knowledge. Further, I certify that I am qualified and authorized to submit this letter.

Executed on *March 31st, 2021*.



Sameer Sharma

ALLIANCE
RECYCLING GROUP

April 21, 2021

ATTENTION: Surface Transportation Board

My name is Shane L. Betz and my business address is: 115 31st Avenue North, Minneapolis, MN 55411. I am President & CEO of Alliance Recycling Group ("ARG"). In my role, I am responsible for managing overall business operations.

ARG is an active shipper of processed scrap metal throughout the US and Canada and occasionally Mexico, we are CP served and ship approximately 50% of our material to other CP served steel mills, the remainder typically goes on the BN to the southern region.

ARG supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. ARG has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

115 31st Avenue N Minneapolis, MN 55411 phone 612-588-2721 fax 612-588-2724



ALLIANCE

RECYCLING GROUP

We ship scrap metal from our CP-served facilities in Minnesota to our customers with steel mills in the South Central, Gulf region and occasionally Mexico, which could become a much better market for us if this merger were approved.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of scrap metal from MN to the southern region and Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Currently if we are shipping to the southern or gulf regions we ship on the BN, in the rare instances that we ship to Mexico now, we go on the BN or UP to Eagle Pass.

KCS and CP have had a cooperative relationship in the past, and CP KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

115 31st Avenue N Minneapolis, MN 55411 phone 612-588-2721 fax 612-588-2724

ALLIANCE
RECYCLING GROUP

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, ARG is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. ARG urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Shane L. Betz, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on *April 21, 2021.*

Shane L. Betz [Signature]

115 31st Avenue N Minneapolis, MN 55411 phone 612-588-2721 fax 612-588-2724

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Amardeep Singh Deol and my business address is 7290 Major Mackenzie Dr., Kleinburg ON, L0J 1C0. I am the President of Amar Transport. In my role, I am responsible for all departments of the company.

Amar Transport has been working with CP for 20+ years for the transportation of import and export ocean containers for our customers. Over this period of working with CP, Amar Transport is pleased with the level of service provided.

Amar Transport supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Amar Transport has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We have shipments from Dallas TX and Laredo TX with destinations to Toronto ON and Montreal QC.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of pet food and confectionary goods (beginning from July 2021 – June 2022) from throughout Texas to Toronto and Montreal.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. This achieved since when using rail to ship our customers' goods, the major concern in the transportation industry of the driver (CDL) shortage is no longer an issue (increasing reliability) and expenses are reduced since our trucks, fuel and parts are used far less.

  KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

  At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

  We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

  For these reasons, Amar Transport is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Amar Transport urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Amardeep Singh Deol, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 04 / 05 / 2021

Amardeep Singh Deol

[Amardeep Singh Deol]

Signature Certificate

Document Ref.: 5ZMR9-4NBRJ-VIMFC-WYEPX

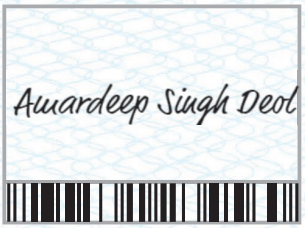
Document signed by:



Amardeep Singh Deol

Verified E-mail:
amar@amartransport.com

IP: 99.234.132.123 Date: 05 Apr 2021 15:23:28 UTC



Document completed by all parties on:
05 Apr 2021 15:23:28 UTC

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American Bean LLC
105 Osk St
Oslo, MN 56744
218-695-3040

MAY 26, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

As a shipper and a small business we at American Bean LLC attempt to find the most affordable way for shipping our products. We find that transporting and delivering by rail is the least expensive method as well as the most efficient way. A CPRS/KSC merger would provide a supply chain that would benefit us as well as our customers.

About 70% of our product is conveyed to Mexico via rail. In the past 5 years we have seen a gradual decline in shipments to Mexico and Texas. One of the principle reasons behind this is our transportation rates do not compare with our competitors. Our main competitors are on the BNSF rail line and as of now we can't rival. At times we have needed to absorb the expense contrast so we can move our product which leads to a loss in revenue for our company. We have attempted to find alternative methods for transportation, however as you are probably aware, rail is more fuel efficient than trucking which in turn leads to non-competitive rates when compared to rail.

Our product that moves south into Texas and Mexico by rail is as of now transporting on 2 separate railroads. Canadian Pacific services our facility here in Oslo, MN. From here Canadian pacific will interchange to either Union Pacific or to Kansas City Southern rail road. Generally speaking we are already utilizing both Canadian Pacific and Kansas City Southern Rail railways, but without the advantages of better rates.

The network will fit nicely with one another and help fill out North America with rail service. We are of the assumption that a CP/KCS solidification will bring us better rates, faster services, and assist us with developing our clients, producers and buyers.

I am writing to express American Bean LLC's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so – and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there ought not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs, St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would, of course, do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up in the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both

concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, in its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Board noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so it will have incentives to do it through higher prices for CN's current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, if CN is allowed to use a voting trust and the Board ultimately denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or jack up rates even more in order to overcome the burdens it took on.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Laurie Schumer
Plant Manager – Oslo,MN



AMERICAN
IRON & METAL

STB Finance Docket No. 36500

CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Mark Hudson and my business address is 9100 Boul Henri-Bourassa E, Montreal-Est QC H1E 2S4, Canada. I am Vice President, Logistics of American Iron and Metal Inc.. In my role, I am responsible for all aspects of international and domestic trade execution as relate to logistics.

American Iron & Metal (AIM) is a family-owned, Canada-based company founded in 1936 in Montreal, Quebec, with 3000 employees and 90 locations around the globe. Recognized as one of North America's most sophisticated metal recyclers, specializing in the recovery and recycling of scrap metal by-products, AIM has evolved into a successful and multifaceted company with a global footprint.

Rail transportation is an integral part of AIM's supply chain. With rail-served scrap yards throughout Eastern Canada and the US and a private fleet of over 1,600 rail cars. Rail transportation enables us to deliver our scrap metal to steel manufacturers in Canada and the U.S. as well as to move product efficiently between our own facilities and yards.

Currently, we have two scrap yards and processing facilities directly served by CP – in Hamilton, ON and Bangor, ME from which we ship to various destinations in the US; CP also accesses our yard at the Port of Saint John, NB via NBSR haulage. Our relationship with CP has evolved over the last several years and we continue to explore opportunities to grow our footprint with CP by opening new locations on their network. The consistent and reliable service of CP allow us to meet the requirements of our customers and extend our reach into new and expanding markets. We directly benefit from the value of CP's service, which can be demonstrated by competitive rates, network reach, fast transit times and industry leading safety practices.

9100 boul. Henri-Bourassa Est, Montréal (Québec) H1E 2S4 **T** 514 494-2000 **F** 514 494-3008 **aim-global.com**

We ship outbound scrap metal from our CP-served facilities in Hamilton, ON and Bangor, ME to various U.S. steel producers such as Steel Dynamics Inc. in Columbia City and Butler, IN; SSAB in Montpelier, IA and others, as well as from Bangor, ME to the Port of Saint John, NB for export. We also ship outbound fluff from Hamilton, ON and Saint John, NB to our facility in Montreal, PQ. Finally, we also ship scrap for partnership yards with Inland Steel out of CP-served facilities in Floral, SK and Lloydminster, SK going also to the listed above destinations in IN and to Selkirk, MB. Currently we only ship scrap from Kentucky to Mississippi (SDI Columbus) and currently other business has not been forthcoming. We hope with this merger we will be in a more competitive position to ship from Canadian points of origin (CP served) further south and south west of the United States. We also have a joint venture in California and have just begun to ship from there into Mexico, our relationship with CP would hopefully improve our ability to increase this flow.

AIM supports approval of the CP/KCS combination. The transaction would hopefully provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. AIM has not often spoken favorably about railroad consolidation, but we see this transaction as potential beneficial to our particular trade going forward.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

9100 boul. Henri-Bourassa Est, Montréal (Québec) H1E 2S4 **T** 514 494-2000 **F** 514 494-3008 **aim-global.com**

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of scrap metal from Hamilton, ON to Columbus, MO and by providing access to additional export locations/ports in the Gulf.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will hopefully improve transit times and reliability, which will reduce our equipment costs and improve our efficiency if we ship South of Kansas City.
- AIM boasts a proven track record in environmental waste management that is second to none. We promote environmental sustainability at every aspect of our business and are excited that in addition to providing new competition against other railroads, the new single-line routes made possible by the transaction are expected to shift trucks off crowded U.S. highways, yielding reduced highway traffic and lower carbon emissions.
- KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

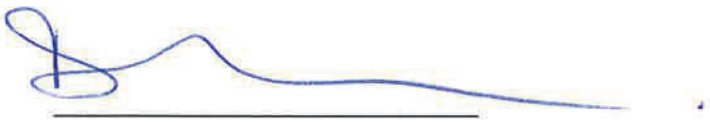
At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

9100 boul. Henri-Bourassa Est, Montréal (Québec) H1E 2S4 **T** 514 494-2000 **F** 514 494-3008 **aim-global.com**

For these reasons, AIM is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. AIM urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on 29thMar 29, 2021.



Mark Hudson

9100 boul. Henri-Bourassa Est, Montréal (Québec) H1E 2S4 **T** 514 494-2000 **F** 514 494-3008 **aim-global.com**

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TOLL FREE | (800) 634-2861
americanplantfood.com

903 Mayo Shell Road
PO Box 584
Galena Park, TX 77547

ATTENTION: Surface Transportation Board

My name is Jesse Stephenson, and my business address is 903 Mayo Shell Road, Galena Park, TX. I am Vice President of Operations at American Plant Food. In my role, my responsibilities include all logistics and transportation.

American Plant Food is a Crop Nutrient Producer and Supplier and moves approximately 1.2 million tons of crop nutrients to customer locations each year via barge, rail and truck. The CPRS and KCS are our valued partners in meeting the needs of our customers. In addition, we are developing a new production facility location on the KCS at Winnsboro, TX which we hope to be served by the new combined CPRS-KCS combination.

We support the STB approval of the CP-KCS combination. We believe the transaction would provide significant benefits including, as part of the STB approval of the merger, to allow the new CP-KCS have access to haul our traffic from our Houston area facilities northbound and to that end, we are eager to see the STB merger approval realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls to the upper Midwest and Canada will provide opportunities to reach customers with single line rail access and improved transit times. We have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. American Plant Food has not previously supported major railroad consolidation, however we hope and believe this consolidation will increase competition and open up opportunities for us to expand our use of rail.

In our view, we support the transaction because it will allow a combined CPKC to provide new, more efficient, competitive, and reliable rail service options. The merger will significantly strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- One of the benefits from this STB approved consolidation would be for the new consolidation to be permitted to haul some of the more than half a million tons of crop nutrient commodities from one of our locations on the PTRA in Houston northbound on

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the newly formed CPKC. Presently, KCS is restricted to only to southbound under a previously outdated merger agreement restriction by the Union Pacific and BNSF. This is an outdated restriction on the KCS, which limits competition from the Houston area, and we believe it should be removed as part of the STB merger approval. The KCS should be granted access to haul northbound from Houston which will increase rail competition.

In addition, we would hope the newly formed CPKC will review our new plant location (operated under the name of Sigma) and approve and provide rail access to our new production facility at Winnsboro, TX. Direct rail access would allow us to reach rail served customers, grow our business, and expand the manufacturing capability of our 100K ton plus production facility at the Winnsboro plant.

- CPKC's service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency through single line service.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

In our opinion, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. The CP-KCS combination will provide a competitive alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

Given the straightforward network connectivity between CP and KCS at Kansas City, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

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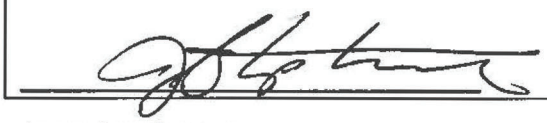
For these reasons, American Plant Food is supporting the combination of CP and KCS, because it will enhance competition and provide expanded options for our crop nutrient products. We urge the STB to approve CP's acquisition of KCS as swiftly as possible so that these two rail carriers can be integrated and the end-to-end benefits of this deal can be realized for the benefit of us and all stakeholders.

VERIFICATION

I Jesse Stephenson, declare under penalty of that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 4/20/2021.



Jesse Stephenson

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Lifting Global Trade
APM TERMINALS

ATTENTION: Surface Transportation Board
RE: Finance Docket No. 36500, CP/KCS Combination

My name is Jose Rueda Salinas and my business address is Terminal de Contenedores II, Interior Recinto Portuario S/N., Lázaro Cárdenas, Michoacán C.P. 60950. I am the Managing Director of APM Terminals Lazaro Cardenas ("APMT Lazaro"). In my role, I am responsible for the operations and overall growth and business performance of APMT Lazaro, including our relationship with importers and other stakeholders.

APMT Lazaro is a key gateway terminal on the West Coast of Mexico serving many destinations within Mexico, but also has connectivity through KCS to US markets. APMT Lazaro is owned by AP Moller – Maersk, the world's leading and largest container logistics company. We rely heavily on efficient rail transportation services from ports to inland destinations and are intimately familiar with the rail options available from ports across North America.

As a result, the transaction will have particularly compelling benefits from traffic moving inland from the KCS-served port of Lazaro Cardenas. We have been quite impressed by the work KCS has done to develop efficient intermodal services connecting Lazaro Cardenas with central Mexico and points on KCS's system in the United States. KCS's current reach, however, is limited, as it does not extend beyond Kansas City. The combination with CP promises to open up new options for efficient intermodal rail transportation all the way into America's Heartland. We don't expect these options to supplant the current options from ports on the U.S. West Coast, but as recent supply chain challenges have shown, the entire U.S. economy – and indeed the World economy –benefits when there are better transportation options available to overcome logistical challenges like the recent congestion at other West Coast ports.

The new options that a combined CP/KCS operation will be able to provide will expand our competitive options and open up new markets for APMT Lazaro.

APMT Lazaro supports actions, initiatives, investments and business combinations that increase supply chain efficiency, fluidity and velocity at competitive prices. Based on our review to date, we believe that a CP/KCS combination would likely result in these positive attributes and therefore APMT Lazaro supports the CP/KCS combination.

VERIFICATION

I Jose Rueda Salinas, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021

DocuSigned by:
9636E0F5917646A...
_____ [Signature]
Jose Rueda Salinas

Classification: Confidential

APPRO DEVELOPMENT
design | build | develop

CERRON PROPERTIES
buy | sell | lease

SUPPORT LETTER

ATTENTION: Surface Transportation Board:

My name is Jack Matasosky and my business address is 21476 Grenada Avenue, Lakeville, MN 55044. I am owner of APPRO Development, Inc. and Cerron Commercial Properties. In my role, I am responsible for the development of commercial/industrial properties. I have been involved in industrial park developments in the Lakeville, Rosemount and the Minneapolis/St. Paul area for over 40 years. Rail, having been a key component for many of our clients. I have also been a member of the Lakeville Economic Development Commission for over 25 years. We greatly value the CP rail service to our Airlake Industrial Park.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. I fully support the merger and look forward to the operational benefits that our clients will receive when this merger is complete.

Respectfully,

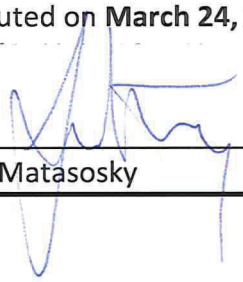
Jack Matasosky
CEO
APPRO Development, Inc / Cerron Commercial Properties

21476 Grenada Avenue Lakeville, MN 55044 952.469.2171 Fax 952.469.2173 www.APPRODEVELOPMENT.com

VERIFICATION

I, **Jack Matasosky**, declare [or certify, verity or state] under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on **March 24, 2021**



Jack Matasosky

March 25, 2021

The Honorable Martin J. Oberman
Chairman, United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

Dear Chairman Oberman and Surface Transportation Board Members,

My name is Lance Norman and I am the Executive Vice President of APPS Transport Group. APPS is a major national transportation company in Canada. We have both road and rail operations - both intra Canada and cross border. The CPR is a major supplier of intermodal services to our company.

We understand that Kansas City Southern and Canadian Pacific are requesting authority to enter into a transaction that would put them under common control. We support this application as the combined network will create a rail network that offers significant opportunities for service improvements and efficiencies.

A CPKC combination is also interesting to us because of the potential for a cost-effective alternative to truck to and from many more points in the United States, Canada and Mexico. I can foresee no reduction in competition by reason of the acquisition and in fact only increased competition for trucks and other rail carriers.

We believe that the proposed combination may provide significant benefits to us and therefore our company supports the application.

We urge the Surface Transportation Board to judge the proposal on its merits and we look forward to a positive outcome.

Please feel free to contact me if you require more information.

Sincerely,

Lance Norman
Executive Vice President
APPS Transport Group

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LE BOIS, UNE PASSION

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Stephane Landry and my business address is 1053 Blvd Ducharme, La Tuque, QC, CA ,G9X 3C3. I am Director Transport & Distribution of Arbec Lumber Inc. In my role, I am responsible for the Logistic Team for the finished Products.

Arbec Lumber Inc is shipping an average of 200 railcars a year throught CP/KCS to our customer in Taxes. The good services that we had with both railways gave us the opportunity to develop new customers and keep the one that already have.

Arbec Lumber Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Arbec Lumber Inc. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.
- Access to more equipments.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Arbec Lumber Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Arbec Lumber Inc, urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on March 31st 2021.

Stephane Landry 

ATTENTION: Surface Transportation Board 4-9-21

My name is Richard Arntzen and my business address is 1025 School St, Rockford, Illinois, 61101. I am President & CEO of Arntzen Corporation.

Arntzen Corporation manufactures large diameter rolled and welded steel casing pipe with mills in Rockford and Woodstock, Illinois. Arntzen receives steel from various mills via Canadian Pacific into our Rockford, IL facility.
Arntzen Corportation supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.
For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we source from. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will offer new competitive transportation options for our suppliers.
- CPKC's new service offerings will improve transit times and reliability.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.
At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Arntzen Corporation is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Arntzen Corporation urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Richard Arntzen
815.964.9413 office
Richard@ArntzenCorp.com
Arntzen Corporation
1025 School St. Rockford, IL 61101

Richard Arntzen
President

ARROW
ARROW TRANSPORTATION SYSTEMS INC.

400 - 970 MCMASTER WAY, KAMLOOPS BC CANADA V2C 6K2
TELEPHONE: (250) 374-3831
FAX: (250) 374-0250

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Randy Zulinick and my business address is 400-970 McMaster Way, Kamloops, BC Canada V2C 6K2. I am the Vice President of Operations of Arrow Transportation Systems Inc. and Arrow Logistics (Arrow). In my role, I am responsible for the overall management and strategic direction of our business units in Canada and the United States.

Our company has been working together with CP for over 40 years, providing materials handling, logistics, and freight solutions to a wide variety of shippers and receivers across Canada and the United States. Today we are one of the largest shippers of forest products in North America and we handle a wide range of products such as building materials, steel, aggregates, equipment, liquids, and bulk agricultural products.

Arrow supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible. Arrow views the CP/KCS combination as nothing but positive for our customers and our business such as improved transit time to market, better asset utilization, reduction of greenhouse gas emissions, and ultimately results in a more efficient rail network.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, we are confident that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

The opportunity to move freight seamlessly into the Gulf Coast, Dallas, and Mexico on a single line haul would be incredibly beneficial to our company and our customers. CP is a very well-run railroad that has provided excellent service, but it is a detriment to not have destinations beyond Kansas City.

Arrow truly views the CPKC transaction to be very beneficial and we do not see any downside to this consolidation.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our inbound and outbound rail shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options for our customer base.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

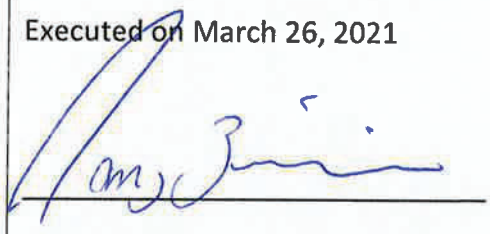
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Arrow is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Arrow urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Randy Zulinick, declare under penalty of perjury under the laws Canada, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 26, 2021



The Arthur Companies

To: Surface Transportation Board member

My name is Kevin Karel and I am the General Manager of The Arthur Companies. The Arthur Companies is a diversified agriculture business headquartered in Arthur, North Dakota, with locations in Anamoose, Ayr, Carrington, Harvey, Page, and Pillsbury. The company, founded in 1906, is privately-owned with businesses in grain operations, agronomy services, and retail sales of seed, fertilizer, and chemical. Arthur Companies also operates a wholesale fertilizer, birdseed, and propriety trading business. The company is partnered in a premium ingredient business, Anchor Ingredients, with locations in Hillsboro, Buffalo, Beach, ND, and Culbertson, MT. There is a proud tradition of customer service excellence in all that we do, and we are focused on putting business decisions close to our customers enabling leadership at all levels of our organization. We currently utilize rail, truck, air and intermodal modes of transportation to facilitate markets for our farmers crops and their input selections. We currently do business on multiple railroads in the United States, Canada and Mexico.

The Arthur Companies supports approval of the CP/KCS combination, with a high expectation that North Dakota farmers get additional markets and better service.

- CP/KCS is a unique Class 1 merger. Which has marketplace effects.
  - For The Arthur Companies, it creates a brand new and single-line option for shipments from North Dakota to the Southern US, including the Gulf, and to Mexico, in competition with UP and BNSF.
  - More generally, not only are the two railroads much smaller than the larger Class 1 railroads (the Big Four), but the transaction is also the only one possible that has no competitive overlap, no likelihood of service disruption, and that creates no strategic imperative for other railroads to combine in answer to the transaction.
  - For that reason, the KCS waiver from the new Major Rules adopted in 2001 makes perfect sense – this is exactly why the KCS waiver was granted.
- The best way to discourage further Class 1 consolidation is for the STB to retain the KCS waiver and apply the Old Rules to the CP/KCS proposal.
  - The New Rules have done their job so far and discouraged any further consolidation involving the Big Four.
  - Changing the New Rules, by removing the waiver and applying them to CP/KCS, could well make further consolidation more likely rather than less.
- This transaction likely will be approved either way for the reasons noted above – it strengthens competition and there is no competitive overlap, no service risk, and no downstream "end game" risk.

    - If the STB applies the Old Rules, the new requirements of the New Rules remain untested and their uncertain implications will continue to deter further consolidation.
    - If the STB applies the New Rules, when it approves the CP/KCS transaction it may in the process create hope that other transactions – despite their differences from CP/KCS – might be able to navigate those rules too.
- The combination could create a more efficient connection between critical grain production areas in the US and processors and mills in the Southern US, US Gulf export locations and Mexican markets. This improves liquidity for grain trades, options for grain sourcing, and provides more competition compared to existing options.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. In a rapidly dynamic marketplace, more shipment options and windows will greatly help the farmer prosper. The CPKC will need to service this customer better than existing. CPKC will need to commit to service levels and price competitiveness in this market. As a customer we need competitive markets with other Class I direct rail markets. I believe this merger would create the opportunity to achieve those goals. My expectations for a combined CPKCS would be:

- Ability to serve existing markets, with a lower shipping cost once combined.
- Better and more consistent equipment
- Accurate arrivals and departures
- Seamless customer service

I support this merger for the North Dakota farmer. I also would testify in front of the STB as to why this merger is needed.

Thank You,



Kevin Karel

VERIFICATION

I Kevin Karel, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.
Executed on March 29,2021.

ASL Distribution Services Ltd.

March 26, 2021

ATTENTION: Surface Transportation Board

My name is Cole Dolny. I am the President & CEO of ASL Distribution Services Limited. ("ASL"). I am responsible for leading the development of the vision and strategy for the company in consultation with our board of directors and executive team, growing the value of the company, and managing the relationship with our major customers and carrier partners. ASL is a logistics business that manages various modes of transportation as well as warehousing and final mile deliveries. We use rail for many of our customers.

ASL supports approval of the CP/KCS combination. I believe the merger would provide significant benefits to the North American supply chain. For our perspective, the transaction promises to provide improved service options and increase transportation competition in the markets they and we serve.

CP has provided us with good service, however its market reach is limited today and we support this being expanded. Furthermore we believe that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve these markets.

For these reasons, ASL strongly supports the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. ASL urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Yours truly,



Cole Dolny
President & CEO
ASL Distribution Services Limited

Aspen Planers Ltd.

Aspen Planers Ltd
12745 - 116 Avenue
Surrey, BC V3V 7H9
Canada

Tel: 604.580.2781
Fax: 604.580.3646
aspenplaners.ca

March 29, 2021

ATTENTION: Surface Transportation Board

My name is Abby Mann and my business address is 12745 116th Avenue, Surrey, BC V3V 7H9. I am Vice President – Plywood and Transportation for AP Group of Companies (Aspen Planers Ltd.). In my role, I am responsible for the entire group's transportation needs.

Aspen Planers Ltd. is very reliant on the CP to move its Lumber and Plywood products throughout North America. We have been pleased with our relationship and level of commitment and service that CP provides us.

Aspen Planers Ltd. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. I have heard others that have not spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

In my mind it is always better to have a single- line rail operator to deal with. The cargo flows much smoother from origin to final destination, in most cases saving weeks if not longer on the transit time. Not only does our customer get the product quicker but the whole system gets the empties back into circulation that much faster. These two points are integral and vital in this day and age to our business and its needs.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.

Aspen Planers Ltd.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. This will allow for quicker turnaround of empty Box Cars and C/B railcars once they reach destination. This is vitally important for a shipper like us.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Aspen Planers Ltd. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Aspen Planers Ltd. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Abby Mann, declare under penalty of perjury [''under the laws of the United States,'' if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.

_____ [Signature]

Abby Mann

GRUPO TRANSPORTES MONTERREY

General Escobedo, Nuevo León México
May 7, 2021

ATTENTION: Surface Transportation Board

My name is FERNANDO BERNAL, and my business address is Carretera a Colombia 2090 General Escobedo Nuevo Leon. I am Director Commercial Corporative of GRUPO TRANSPORTES MONTERREY. In my role, I am responsible for Commercial and Marketing for all the group.

One of our companies AUTO LINEAS AMERICA has a specialty to move Railroad containers from Toluca, San Luis Potosi, Salinas Victoria Intermodal ramps, we have been doing for more than 20 years, growing, and using all chassis in each intermodal ramp without any problem.

AUTO LINEAS AMERICA supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. AUTOLINEAS AMERCIA has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Expanding business opportunities
- Better transit times and more security

GRUPO TRANSPORTES MONTERREY

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

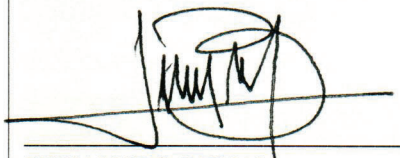
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, AUTO LINEAS AMERICA S.A. DE C.V. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. AUTO LINEAS AMERICA S.A. DE C.V. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I FERNANDO BERNAL, declare under penalty of perjury "under the laws of the United States," if executed outside of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on May 07, 2021



_____ [Signature]
FERNANDO BERNAL

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – Canadian National Ry. – Control – Kansas City Southern

Dear Ms. Brown:

I am representing Automoves Ltd., a regular intermodal shipper utilizing CP Rail network for the purpose of transporting automotive parts across Canada. We are working towards expanding our shipping capabilities further south, including shipments between Canada and Mexico. This lane would help accommodate the need for growing cooperation between the suppliers of both countries in the automotive sector. The deal between CP Rail and KCS has direct impact in our ability to facilitate this growth.

I am writing to express Automoves perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest. We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so – and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have

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to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to

apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there ought not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the adverse impact that would have on existing competition between KCS and CN.

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs, St. Louis, Springfield, and southwestern Illinois.
CN's proposed control of KCS would, of course, do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another

if the profits ended up in the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason not to let CN use a voting trust, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, in its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved. The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Board noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so it will have incentives to do it through higher prices for CN's current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, if CN is allowed to use a voting trust and the Board ultimately denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or jack up rates even more in order to overcome the burdens it took on.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Andrejs Ludzeneks / Automoves Ltd.



_____-

Cc: All Parties of Record

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AV Terrace Bay

21 Mill Road,
Terrace Bay, Ontario,
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avterracebay.com

30th Mar 2021

Surface Transportation Board

Re: CP Rail's proposed acquisition of Kansas City Southern Railways (KCS)

My name is Vishnu Sharma and I am Global Head of Sourcing and Logistics for Pulp Business of Aditya Birla Group, which operates 5 Pulp mills globally, 3 of them being in Canada.

Our relationship with CP is relative to one of our Pulp Mill in Canada – AV Terrace Bay Inc (AVTB), where we produce NBSK pulp. AVTB, being on CP rail network, is dependent on a reliable CP network to move our Pulp, both in Canada and US, directly or through interchanges with other rail companies. Annually we move close to 3000 rail cars as part of outbound logistics from the mill. We appreciate the relationship we have built with CP as our railway partner

The proposed acquisition of KCS by CP Rail is a welcome news as far as AVTB is concerned. A direct connectivity to Southern US and Mexico, as currently being served by KCS, will help us over a period of time to widen our market base. A direct connectivity is always a better option as it not only speeds up the cargo movement but also avoids dealing with multiple rail companies under Rule 11 besides avoiding billing errors etc. We also appreciate that CP and KCS are extremely safety focused which is important to us and our customers.

I do hope that the proposed acquisition of KCS by CP rail, will receive necessary approval from your office at the earliest.

Regards



(Vishnu Sharma)

Global Head – Sourcing and Logistics
Pulp Business – Aditya Birla Group

Axis *Warehouse LLC*

1099 Pratt Boulevard • Elk Grove Village, Illinois 60007 • Phone: (224) 222-0010 • Fax: (224) 222-0015
1340-1344 Brewster Creek Blvd, Bartlett, Illinois 60103

ATTN: Surface Transportation Board

RE: STB Finance Docket No. 36500, CP-KCS Proposed Combination

My name is Daniel Goldberg, and my business address is 1099 Pratt Blvd, Elk Grove Village, Illinois. Axis Warehouse ("Axis") is a receiver of rail cars on the CP via PG, typically rail cars containing food and auto parts. Service has not been great from the South the past few years.

Axis supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve in the Midwest. The combined CPKC network- with the new single-line hauls and access to premier ports on the U.S Gulf, Atlantic and Pacific coasts as well as to key overseas markets- would help us reach our existing markets and new markets more efficiently. Also, with the two railroads strong focus on safety and their track record of operational excellence, I have no doubt that CPKC should be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Axis sees this transaction as uniquely beneficial, with none of the downsides that might result from another round of class I consolidation.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

VERIFICATION

I, Daniel Goldberg, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.
Executed on March 26, 2021.

Daniel Goldberg

ATTENTION: Surface Transportation Board

My name is Steve Ramescu, and my business address is 4900 Armand Frappier, St Hubert Qc. Canada. I am President of Axsun Inc

Axsun is an IMC specializing in Intermodal Transportation services in North America. As an Intermodal service provider, we ship various types of goods using all railroads on the continent. We have worked with CP for decades as well as using the KCS through TFM (KCSM)for rail services to and from Mexico for many years.

Axsun supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and will invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

CP has historically provided us excellent service; however, its market reach has been limited relying on interlining traffic. Allowing CP to have a single line service uniting Canada, U.S and Mexico will provide a benefit to the shipping community by streamlining rail service and allow CP/KCS to provide a more economical, seamless, and environmentally friendly option when compared to today's traditional methods. This also has enormous benefit in alleviating congestion points of physical road cross-towns or connections, taking more shipments off the highways.

Another major benefit to a CP / KCS merger, is to streamline operational and customs procedures by issuing only one seamless waybill. Having this seamless operation eliminates the element of error and costly delays, which ultimately benefits the shipping community.

Having CP and KCS combined will provide additional competition to the current market and provide shippers with an excellent choice when choosing their shipping methods. A combined CP and KCS will expand existing markets while allowing greater and new markets to be developed. With today's driver shortages, environmental issues, and the push to get more traffic of the roads, we only see benefits to this transaction being secured.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all their other existing interline partners.

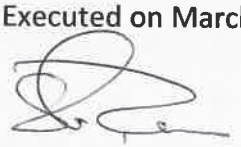
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Axsun is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Axsun urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Steve Ramescu, declare that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 23, 2021



Steve Ramescu

azelis Azelis Canada

Innovation through formulation

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Normand Brisson and my business address is 1570 Ampère, suite 106, Boucherville, Qc. I am Business Unit Manager of Azelis Canada. In my role, I am responsible for all the Essential chemicals division which include the bulk transportation.

Azelis Canada is doing approximatively 200 R/C annually with the CP in Canada.

Azelis Canada supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

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At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Azelis Canada is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Azelis Canada urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on April 30th, 2021



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BARR-AG
HAY & GRAIN EXPORTERS
WWW.BARR-AG.COM
5837 Imperial Drive, Olds, AB. T4H 1G6 Phone: (403) 507–8660

ATTENTION: Surface Transportation Board

My name is Taylor Schmitt and my business address is 5837 Imperial Dr. Olds, Alberta. I am Business and Operations Manager of Barr-Ag Ltd. In my role, I am responsible for Day to Day operations of Barr-Ag Ltd's domestic market shipment of agriculture products across Canada and the US. It addition I am Responsible for processing plant operation, HR, and international sales to the Middle East region.

Barr-Ag Ltd works with CP rail for two of our main businesses. We export forage to Asia and the Middle East region, we use CP to carry our sea containers to the coast for sailing. We also ship forage across Canada to multiple facilities on CP rail lines. We have been working with CP closely for our domestic business for 5 years and find them an agreeable partner for our shipping needs.

Barr-Ag Ltd supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Forage from Alberta to Destinations across the US and the world.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

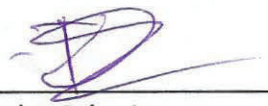
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Barr-Ag Ltd is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Barr-Ag Ltd urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Taylor Schmitt, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 04/09/2021.



Taylor Schmitt

ATTENTION: Surface Transportation Board

My name is JULIO ALFONSO MORFIN and my business address is 600 W. Chicago Ave. STE 860 | Chicago, IL 60654 | USA. I am Sugar Sourcing Logistics Manager of Barry Callebaut. In my role, I am responsible for the overall sugar logistics to our clients and plants in Mexico and the USA.

Barry Callebaut has been working for periods of time with CP and KCS from routes in the US and exports from Mexico; we had shipped totes in 1 MT of raw sugar through the lines of KCS in Mexico and CP in Chicago to Vermont with a very good relationship over the time. Barry Callebaut supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Barry Callebaut has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments to and from USA / MEX.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by having the leverage of negotiation.
- Better service and follow up.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Barry Callebaut is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Barry Callebaut urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

I, Julio Morfin, declare under penalty of perjury, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 30/ 03 / 2021.



Julio Morfin

BARTLETT
A SAVAGE COMPANY

4900 Main St #1200
Kansas City, MO 64112
816-753-6300
www.bartlettandco.com

April 19, 2021

Attention: Surface Transportation Board

My name is Bob Knief, and I am President of Bartlett- a Savage Company. We have significant operations on KCS both in the US and Mexico.

KCS has been a good partner for many years.

We are supportive of the CPKC transaction. The combination of these railroads does not bring competitive concerns as they do not overlap. At the same time, we think one of the primary benefits of a railroad with more resources is that it will allow for improved transit times and reliability.

In short, we believe CPKC will improve our service which will, in turn, allow us to better serve our Customers and grow our business.

For these reasons we are pleased to voice strong support for the combination of CP and KCS. Bartlett urges the STB to swiftly approve the merger so the benefits can be realized.

I, Bob Knief, declare under penalty of perjury that the foregoing is true and correct, Further, I certify that I am qualified and authorized to submit this letter.
Executed on April 19th, 2021.

Bob Knief
President



ATTENTION: Surface Transportation Board

My name is Lisa Anderson and my business address is 2905 West Service Rd, Eagan MN I am Intermodal Manager of Bay and Bay Transportation. In my role, I am responsible for managing the intermodal operations group

Bay and Bay supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Bay and Bay] has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Bay and Bay is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Bay and Bay urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Lisa Anderson, declare certify under penalty of perjury under the laws of the United States if executed outside of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/26/2021

Lisa Anderson



Beamish CONSTRUCTION INC.
2589 Ida Street – Sudbury, Ontario P3E 4W9
Telephone:(705) 522-6340
Fax:(705) 522-2984

MAY 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Beamish Construction is an Ontario based road paving company. Many of our raw materials, including aggregates, fuel, equipment, and liquid asphalt are shipped in by rail. We have also looked at export markets into the United States. If CP were to acquire Kansas City Southern this would allow us to have real competition along the rail network with CN but if CN completes this acquisition this would not be the case. We are concerned that if CN were given a monopoly over its competition that prices would increase and service would suffer to the point that it would cause significant price increases and supply chain disruptions for our business.

I am writing to express Beamish Construction Inc's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers

of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for

transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Michael Andrighetti,
Beamish Construction Inc.



Cc: All Parties of Record

Bell Gaz ltée

GAZ PROPANE - GROS & DETAIL
Service et installation propane et naturel

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STB Finance Docket No. 36500
CP-KCS Proposed Combination
SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Dominic Belleville and my business address is 5300 chemin St-Gabriel. I am the supply director of Bell Gaz and Energie Sonic. In my role, I am responsible for the propane supply.

Bell Gaz and Energie Sonic (the Filgo-Sonic Group) ship propane rail car on CP rail.

Filgo-Sonic Group supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve.

For these reasons, Filgo-Sonic Group is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Filgo-Sonic Group ask the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Dominic Belleville, CRIA, CMILT

B&M bell & mackenzie
A Business of Allredi Blast and Abrasives Canada Inc.
ALLREDI

Sandblast Slags
Foundry Sands
Empire Blast Equipment
Bullard Safety Equipment
Sandblast Hose & Nozzles
Walnut Shells & Corn Cob Grit
Waterjet & Sandblast Garnet
Schmidt Blast Equipment
Silica Free Abrasives
Steel Shot & Grit
Aluminum Oxide
Glass Beads

May 13, 2021

Surface Transportation Board
395 E. St. SW
Washington, DC 20423
USA

To whom it may concern:

I, Richard Bell serve as the Vice President at Bell & MacKenzie (a business of Allredi Blast and Abrasives Canada) where my duties include both overseeing the sale of certain materials (locomotive traction sand) and the purchase of rail transportation for various industrial minerals throughout Canada and the U.S. to our location in Hamilton, ON, Canada. Bell & MacKenzie unequivocally supports approval of the proposed combination of CP and KCS.

We see this transaction as beneficial from both a customer and supplier because it will support sustainable growth and investment in their combined North American rail network. CP's attention to safety, and their continual investments in infrastructure and people will increase and improve their capacity and service level to their customers and to their suppliers.

The new services that the CPKC will bring will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC and will help shift freight from trucks to rail. All of these things will help support economic and employment growth in the United States and across North America under the USMCA trade agreement. That growth will support new investments in new rail capacity and infrastructure that will benefit shippers, suppliers and the public.

Tel: (905) 527-6000
Toll Free Tel: 1-888-794-5665
Fax: (905) 527-6660
Toll Free Fax: 1-888-794-7263
info@bellandmackenzie.com

500 Sherman Ave. N., P.O. Box 844 LCD #1, Hamilton, ON L8N 3N9

B&M bell & mackenzie
A Business of Allredi Blast and Abrasives Canada Inc.
ALLREDI

Sandblast Slags
Foundry Sands
Empire Blast Equipment
Bullard Safety Equipment
Sandblast Hose & Nozzles
Walnut Shells & Corn Cob Grit
Waterjet & Sandblast Garnet
Schmidt Blast Equipment
Silica Free Abrasives
Steel Shot & Grit
Aluminum Oxide
Glass Beads

We see the transaction as only beneficial, we do not see nor anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Yours Very Truly,

Richard A. Bell, Vic-President
Bell & MacKenzie
A Business of Allredi Blast and Abrasives Canada Inc.

Tel: (905) 527-6000
Toll Free Tel: 1-888-794-5665
Fax: (905) 527-6660
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info@bellandmackenzie.com

500 Sherman Ave. N., P.O. Box 844 LCD #1, Hamilton, ON L8N 3N9

ATTENTION: Surface Transportation Board

From: Brad Baylis – CFO

Benga Mining Limited
140 – 10th Avenue S.E.
Calgary, Alberta
Canada

My name is Brad Baylis, Chief Financial Officer of Benga Mining Limited **(Benga).** In my role, I am responsible for the company's financial functions including key commercial relationships such as rail transportation.

Benga is a prospective customer of CP for the transportation of Metallurgical Coal to the West Coast of Canada. We have worked effectively with CP over the last number of years to establish our rail transportation services agreement.

Benga supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach new markets more efficiently. In addition, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders**.**

Benga is not generally favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We will be shipping metallurgical coal from our Alberta mine for export out of western Canada. Looking to the future, having multiple port optionality, including through the US gulf may be beneficial to our competitiveness into international markets. This combining of networks will benefit our business immensely into the future by providing competitive, single linehaul solution into the gulf.

CP provides good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that could expand the markets we could serve effectively.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

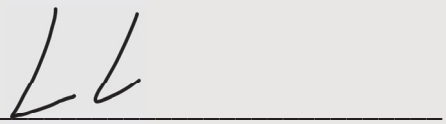
We have been impressed by the attention to CP safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Benga is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Benga urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Brad Baylis, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 29, 2021.



Brad Baylis

PO Box 660 | 12955 20th Avenue | Blairmore, AB T0K 0E0
403 753 5160 rivresources.com

BENTONITE
Performance Minerals LLC
3000 N. Sam Houston Pkwy. E.
Houston, TX 77032
Tel: (281) 871 7900
Fax: (281) 871 7940
Website: www.bentonite.com

ATTENTION: Surface Transportation Board

Bentonite Performance Minerals (BPM)ships BPM product from our bentonite plants on the Canadian Pacific Railway (CP) from Chicago into Canada and from Tracy, MN to Chicago to connect with other class 1 railroads to large customers. Kansas City Southern Railroad (KCS) is one of the class 1 railroads out of our barite plant. The CP railroad has been a valuable supplier of rail services and BPM looks forward to growing that relationship with them.

BPM supports approval of the CP/KCS combination. The transaction would provide significant benefits to BPM that we are eager to see realized as soon as possible.

From BPM's perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, BPM has no doubt that CPKC will be able to integrate its operations to the benefit of rail customers and other stakeholders.

> **CP has provided BPM with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).**
>
> **BPM recognizes from experience that single-line rail service options offer superior service.**

The transaction should allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of bentonite and barite from Wyoming to Texas/ Mexico and from Louisiana into Canada.

- We are BPM anticipates that the new CPKC single-line routes will expand access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. With increased business rail car inventory has decreased dramatically and improved transit times will help better satisfy our customers needs.

The complementary nature of CP's and KCS' networks, will not have any adverse effects on competition. It will make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, BPM is confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For the foregoing reasons, BPM is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. BPM recommends that the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Respectfully,

BENTONITE PERFORMANCE MINERALS

By: Justin Barnes

Name: Justin Barnes

Title: Logistics Manager

Date: 4/1/21

JUNE 28, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

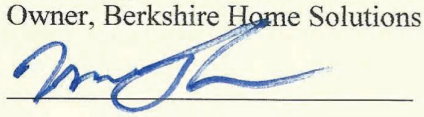
My name is Matt Joseph, and I am the owner of Berkshire Home Solutions in Plymouth, Minnesota. We are an industry leader in general contracting.

I write to you my perspective on the Canadian Pacific ("CP") Kansas City Southern ("KCS") proposed merger.

As a general contractor, I rely on various trade routes to source materials. My business depends on safe, reliable, and efficient modes of transportation that get goods from market to my building sites. A CP-KCS merger would increase access to new markets by connecting the U.S., Mexico, and Canada through a single-line route. This would help increase competition and possibly drive down transportation costs – savings that could be passed onto consumers and homeowners.

I urge the Surface Transportation Board to support a CP-KCS merger over any other potential acquisitions.

Matt Joseph
Owner, Berkshire Home Solutions



Cc: All Parties of Record

BERRY PALLETS, INC

6/22/2021

RE: CN (Canadian National) proposed Merger with KCS Railroad
STB (Surface Transportation Board)
395 E Street SW
Washington, DC 20423

To whom it may concern,

Berry Pallets purchases several rail cars of lumber from mills across North America. Currently we purchase about 150 cars a year and are expected to purchase 300+ a year starting soon with some new machinery we have purchased. We at Berry Pallets oppose this merger with CN and KCS. We do however support a merger with CP and KCS. CN is very difficult to do business with mostly resulting in delayed shipments. Several of our cars we use originate from CN serviced lumber mills, so we are familiar with how they operate. There are no good trans loads for CN. CP however have several great trans load locations but is cost prohibitive to transfer between CP and CN. We currently do a CN to a UP interchange at a small charge but UP is slow as processing the cars. All of this leads to us having to pay higher costs to get our lumber to our door and our customers having to pay more for their products. This could lead to us not being as competitive in the market place and could restrict our growth as a company.

If you have any questions or concerns on what is stated above, please call me at 507-835-5056.

Thank you,

Richard Berry
President
Berry Pallets, Inc.
Office: 507-835-5056
Fax: 507-835-5088
Email:
general@berrypallets.com
richard@berrypallets.com

JUNE 11, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

I am writing to express Berthold Farmers Elevator's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

There are a few reasons we feel this way, but the biggest reason is that if placed in a voting trust, that would eliminate the ability of the CP to acquire the KCS. In our opinion, a merger of the CN and KCS provides little value, no increase in efficiency and has a negative impact on competition. If the CN and KCS do merge with the help of the trust, the precedent set could allow of more consolidation in an already consolidated industry.

We ask that the STB reject CN's motion to approve its proposed voting trust. The CN should have to prove the merger would benefit the shippers and customers, without the use of the voting trust.

Respectfully submitted,

Dan Mostad

General Manager, Berthold Farmers Elevator, LLC

#1 MAIN STREET S.
BERTHOLD, ND 58718
bertholdfarmers.com

MAIN OFFICE 701.453.3431
CARPIO STATION 701.468.5423
TOLL FREE 1.800.568.6909

BESTWAY

March 26, 2021

ATTENTION: Surface Transportation Board

My name is Frank Figliomeni with a business address of 9701 Highway 50, Woodbridge, Ontario, Canada. I am the Executive Vice President of Bestway Cartage Limited, a division of Consolidated Fastfrate Inc. ("Fastfrate"). In my role, I am responsible for implementing the strategic plan that guides the direction of the business, overseeing the complete operations of our cross-border trucking division, and managing the relationship with our major customers and carrier partners.

As part of a group of companies that is one of Canada's largest privately held intermodal LTL carriers offering industry-best LTL and TL intermodal transit times, Bestway Cartage Limited provides easy-to-use, time-definite LTL shipping services between Quebec, Ontario and the states east of the Mississippi.

Bestway supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Fastfrate has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Bestway ships consumer packaged goods, electronic products, and other raw materials for customers located in central Canada to the United States. As a group of companies, we moved over 28,000 marine containers through the CP network of railway in 2020.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to, or that could expand the markets we serve effectively.

BESTWAY

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our cross-border shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

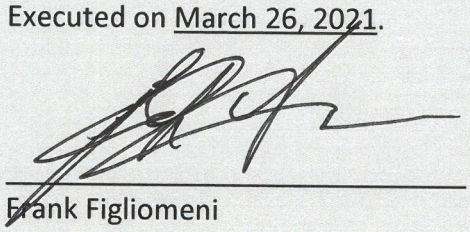
For these reasons, Bestway is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Bestway urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

BESTWAY

VERIFICATION

I Frank Figliomeni, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 26, 2021.



_____ [Signature]

Frank Figliomeni

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Casey Carmody and my business address is 1080 Eldridge Parkway, Suite 1150, Houston, TX 77077. I am VP of Business Development of BioUrja Terminals & Land, LLC. In my role, I am responsible for business development and commercial operations at our facility in New Town, North Dakota.

BioUrja is a large volume terminal served by CP that loads unit trains of crude oil and unloads unit trains of frac sand. Trains from our facility have traditionally shipped to the East Coast and Gulf Coast. We have enjoyed a close relationship with CP over the years. BiouUrja supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible. For our perspective, the transaction promises to provide improved service offerings. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our new markets more efficiently.

We see this transaction as beneficial, and at this time we do not perceive any commercial downsides or decreased competition for our operations. Rail service is vital to our terminal's survival, and more efficient access to additional markets will likely make our facility more competitive. For example, CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of propane from New Town, ND to Mexico.

For these reasons, BioUrja is providing its support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for BioUrja. BioUrja urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized.

VERIFICATION

I, Casey Carmody, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021.



Casey Carmody

Birchwood FORD ON REGENT

Ford
Go Further

To whom it may concern,

Birchwood Ford would like to let you know that we have been a customer of Cp Rail for a few years and would like to let you know that they are a very reputable company to deal with both with the vehicle sales and the vehicle services side of our business.

I am the Commercial Fleet manager at Birchwood Ford and have been here for 35 years and dealing with Cp Rail for approx. 7 years.

From our perspective as a supplier I believe the transaction will be beneficial because it will support growth and investment to the rail system in North America.

We are a customer that relies heavily on rail transport and I do believe with this merger that will help us with shipping times for both our parts and vehicle wait times in turn getting our products to our customers quicker.

In my dealings with Cp Rail I have had the opportunity to visit some of their facilities and am quite impressed with the focus on keeping up to date with their buildings and safety protocols.

In closing we cannot see how this merger would not be beneficial to all involved with rail transportation. There would be no negative impacts that I can see to the environment to safety to the competition or any public interest and therefore we hope to see this transaction close so that we can start seeing the benefits as soon as possible.

Thank You

Brian Penner

Birchwood Ford Sales

1300 Regent Avenue

Winnipeg MB

R2C3A8

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Brad Chase, I'm the SVP of Bison Transport. In my role, I am responsible for all Intermodal, Warehousing and Logistics Operations across North America.

Bison Transport is a significant user of CP for Intermodal move domestic Canada and Cross Border into the US. We have grown our Intermodal business substantially with CP as a result of their best in class service and collaborative approach to business efficiency and growth.

Bison Transport fully supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Bison Transport has a primary business of over the road truck load transportation serving customers in Canada, The United States and Mexico. Our Intermodal business is a complement to our over the road business. We believe strongly that the needs of our customers to have alternatives to optimize their freight needs could be well served in this transaction. While trucking companies typically oppose rail freight evolving we do support this merger to expand market reach for our customers.

We have contracts today with both the CP and KCS railroads. This combination will make the cross border shipping much more efficient and effective to serve customers. The capability to ship straight through from Canada to points in the US and to Mexico will truly help our customers with their overall needs, specifically those we cannot effectively serve with road operations.
This will also strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of cross border rail loads from approximately 200 per month to ideally over 1000.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by creating a much higher utilization of our assets.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without any major service disruptions.

For these reasons, Bison Transport is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Bison Transport urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Brad Chase, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 24, 2021.



Brad Chase, Senior Vice President of Logistics and Multi-Modal



Boise Cascade

ATTENTION: Surface Transportation Board

My name is Scott Martini and my business address is 8714 215th Street West Lakeville MN. I am Sr Lumber Buyer of Boise Cascade. In my role, I am responsible for buying Lumber and Panel products for our Distribution Center in Lakeville MN.

Boise Cascade is a receiver of railcars on the CPRS via PGR typically Lumber /Plywood/ Composite Decking/Rebar/Engineered Wood products into Lakeville. Service has been not great coming from the south the past few years.

Boise Cascade supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve in the Midwest. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC should be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Boise Cascade has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation

Boise Cascade Timber & wood Division has Plywood Mills and Engineered Wood plants in LA that ship into the Midwest and more specifically into Lakeville MN. Boise also buys rebar and other steel products from Mexico.

Boise Cascade Distribution has locations in Kansas City, St. Louis that should benefit from CPKC merger for Lumber Products coming from Canadian shipments on the CPRS into those locations.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

Boise Cascade

CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of all Forest Products.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, typically our shipments have gone thru the Chicago which takes several extra day in transit and forced us to truck several load to meet our customer's demands for product.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers. For these reasons, Boise Cascade is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Boise Cascade urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Scott Martini, declare under penalty of perjury that the foregoing is true and correct.

Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/24/2021.

Scott Martini

BOND CONSTRUCTION
COMPANY, LLC

11930 Perkins Rd. Ste B
Baton Rouge, LA 70810

Distinguished Members of The Surface Transportation Board:

As partner in a small construction company, I am concerned by the proposed merger of KCS railroad and Canadian National Railroad. The rise in the price of building materials of all types over the past year has been breathtaking. A rise in transportation costs across materials has only exacerbated the spike in end user prices. Rail serves an important role in the transportation network for a number of building materials, including lumber. This proposed merger will reduce competition in the market and eventually raise costs for all builders, businesses, and potential homeowners by further driving up freight costs.

Currently, in Louisiana, these two rail lines compete for business over parallel portions of their networks. They provide key connections for import markets as well as domestic transportation. This competition will be even more important now that trade with Canada and Mexico is expected to increase. This will be especially true if tariffs on Canadian lumber are reduced, and that lumber becomes a potential source of relief for sky-high prices. The overall size of the combined company paired with the significant overlap in route offerings will reduce competition.

The rise in costs across construction materials has already driven up the price of new homes dramatically in the last eighteen months. This has reduced, and will continue to reduce, housing affordability across Louisiana. This is not the time to further exacerbate the problem with reduced competition in transportation.

I strongly urge you to reject the CN – KCS merger. The original proposed merger between Canadian Pacific railroad and KCS is better for businesses and consumers alike, and you should strongly consider approving that merger. Unlike the CN – KCS merger, a combination of KCS with CP would enhance competition in Louisiana. These two railroads have mostly complementary routes and would remain relatively small enough in all markets that they would have to continue to vigorously compete.

Sincerely,

Richard Bond, Owner
Bond Construction Co., LLC

BORAL RESOURCES

Build something great™

Date: March 30th, 2021
ATTENTION: Surface Transportation Board

My name is Terese Hunwick and my business address is 10701 S. River Front Parkway, Suite 300, South Jordan, UT 84095. I am the VP Supply Chain of Boral Resources and responsible for rail services.

Boral Industries Inc. is a customer of CP's. We market fly ash from a coal power plant located in Coal Creek Jct, ND which is rail served by the Dakota Missouri Valley and Western Railroad (DMVW). This shortline operates on behalf of CP, providing a CP linehaul shipment for Boral into fly ash destination markets in the Midwest.

Boral Industries Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to or that could expand the markets we serve effectively. We know from experience that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of fly ash from Coal Creek Jct ND to Texas.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico

- and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Fly ash moves in private cars which are owned or leased by Boral Industries Inc. Faster transit times would reduce the number of cars we need in our fleet, reducing our asset costs.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Boral Industries Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Boral Industries Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Terese Hunwick

Terese Hunwick
VP Supply Chain
Boral Resources

BORDER AG & ENERGY COOP
106 MAIN ST
BOTTINEAU, ND 58318
701-228-2294

ATTENTION: Surface Transportation Board

My name is Wayne Johnson, and my business address is 106 Main St Bottineau, ND 58318. I am General Manager of Border Ag & Energy Coop. In my role, I am responsible for managing all grain shipments from our two shuttle facilities, one on the BNSF and the other on the CP at our location in Russell, ND.

Border Ag & Energy Coop has done business with the CP for many years, depending on rail shipments oil and cereal grains originating in north central ND. Wheat and sunflowers from our Russell facility goes to the PNW, Mexico as well as for domestic use. The CP has struggled at times being competitive with the BNSF due to lack of destination markets. This has resulted in grains flowing to the BNSF.

Border Ag and Energy Coop supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stake holders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipping of 2459 cars from Jan 1, 2020 to Dec 31, 2020.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.
- Will allow CP cars to ship to Mexico to capture markets.

In the past the CP has limited the number of cars shipped to Mexico due to the slow return, this merger will increase the velocity for the railroad.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all their other existing interline partners.

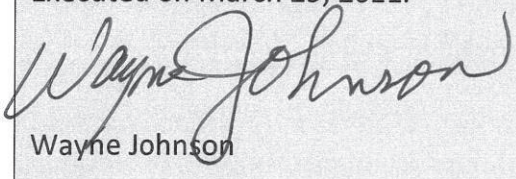
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Border Ag & Energy Coop is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Border Ag and Energy Coop urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Wayne Johnson, declare under penalty of the law that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.



Wayne Johnson

BORDER CHEMICAL COMPANY LIMITED

SINCE 1959

March 30, 2021

STB Finance Docket No. 36500
CP-KCS Proposed Combination

Attention: Surface Transportation Board

Border Chemical Company Limited (BCCL) is a shipper of sulphuric acid railcars into Canadian and American destinations. We also receive railcars of raw materials shipped by rail from both countries. We have a long-standing history of working with CP Railway and support the CP/KCS combination.

The merger of these two firms will improve logistical options for Border Chemical and assist in the cost-efficient movement of our raw materials from Louisiana and our finished goods into various USA destinations.

As the general manager of BCCL, I have challenged our team for the past 35 years, to identify improved service options, and find better rail competition within the markets we service. There will be a noticeable improvement to our service levels out of Louisiana by the creation of better competition. As a side benefit during rail labour disputes, we will have access by both major Canadian rail service providers into the southern USA.

For these reasons, BCCL is very supportive for the combination of CP and KCS, because it will enhance competition and improve our access to raw materials in a timely fashion. There will be additional benefit as the demand for our ultra-low mercury grade sulphuric acid is more sought after by USA based customers looking to be more environmentally focused.

BCCL urges STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and create logistical benefits for companies doing business on both sides of the border.

Regards,
Border Chemical Company Limited

Dennis Smerchanski, P. Eng.
General Manager

BORDER CITY CONCRETE LTD.
5520 - 59th AVE., P.O. BOX 1618
LLOYDMINSTER, ALBERTA S9V 1K5
PHONE: (780) 875-4380 FAX: (780) 875-8294

MAY 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Border City Concrete is a concrete producer located on the Alberta/Saskatchewan border and serves the local markets in both provinces. We have produced materials for both CN and CP, including railway ballast and concrete. As well, many of our products support industry that import directly around the continent and world by rail while our raw materials and equipment come in by rail.

We are very concerned with the proposed merger between CN and Kansas City Southern because we feel that our already precarious access to a broad and competitive rail network is under threat. There are existing signs that CN has used its market position in a predatory way and while partially kept in check by a recently strengthened CP if CN is allowed to increase its competitive position we have strong concerns that recent gains could be undone. On the other, hand CP has already had a beneficial impact on the marketplace and giving them a combined platform with KCS would provide another true competitor in the North American rail marketplace reducing prices and increasing service for all.

I am writing to express Border City Concrete's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place

"heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same

points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for

KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Brian Morrison,
President,
Border City Concrete

Cc: All Parties of Record

BOSS LUBRICANTS

Serving Canada
Made In Canada

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Brad Flegel and our business address is # 104, 6303 - 30th Street SE, Calgary, Alberta, Canada. I am the Vice President of Operations at Boss Lubricants. In my role, I am responsible for various operational aspects of our business including the procurement of lubricant supply that is shipped in railcars from various suppliers who are mostly located in the United States & Canada.

Boss Lubricants is a family-owned business which is currently entering its 28th year of operation. Over this period, we have chosen CP Rail as our primary rail service provider to ensure our railcars are quickly and efficiently delivered to our Calgary head office location. We have enjoyed working with CP Rail as they have helped us grow and flourish as a company.

Boss Lubricants supports the approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Boss Lubricants has not often spoke favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Boss Lubricants relies on the supply of lubricants in order to serve and facilitate our customers across Canada. Our company sources these lubricant supplies all over North America in locations such as Minnesota, Ohio, Louisiana, & Texas.

CP Rail has always done their best to provide good service, but its market reach is limited today as their lines only go as far south as Kansas City. If CP Rail could interline with other railroads to reach further markets and locations beyond Kansas City and reduce shipping delays this would only prove beneficial to Boss Lubricants going forward.

Personally, I know from experience and having many conversations with our suppliers who have single-line rail options at their locations, that single-line rail service options are the way to go forward to ensure and provide the best service possible. Boss Lubricants are very excited about the transaction because we feel it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

112, 6303 - 30 Street S.E. / Calgary, Alberta, Canada / T2C 1R4
tel: (403) 279-2223 / fax: (403) 279-2272 / toll free: 1-800-844-9457
www.bosslubricants.com



Boss Lubricants are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Boss Lubricants currently have railcars that are shipped out of Galena Park Texas and Shreveport Louisiana. Having new single routes will allow for these railcars a faster and quicker delivery of supply to our location in Calgary Canada, which in turn will allow us to provide better service and reliability to our customers.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have always been aware that CP and KCS have held high standards of safety and operational effectiveness in their respective organizations. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Boss Lubricants is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Boss Lubricants urges the STB to approve CP's acquisition of KCS as quick as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Brad Flegel, VP of Operations

Boss Lubricants

112, 6303 - 30 Street S.E. / Calgary, Alberta, Canada / T2C 1R4
tel: (403) 279-2223 / fax: (403) 279-2272 / toll free: 1-800-844-9457
www.bosslubricants.com

BridgePoint Shipper Support Letter to Canadian Pacific

ATTENTION: Surface Transportation Board

My name is Anurag Arun and my business addresses: Toronto Office: Unit # 2, Building G, 20 Barnes Ct, Concord, L4K 4L4
GTA West Office: 6550 Danville Road, Mississauga, L5T 2S6. I am President of BridgePoint Logistics Inc. In my role, I am responsible for overseeing the operation and smooth functioning of the business.
BridgePoint used CP for movement of general cargo and we are satisfied with the service experience, thus far.

BridgePoint supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible. For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.
We see this association as uniquely beneficial on our Canadian and US Corridors.

We are excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer competitive transport options for our shipments of goods.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times & reliability - will improve our deliverables to our Customers.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, BridgePoint is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. BridgePoint urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Bridgepoint Supply Chain Solutions
Toronto Office: Unit # 2, Building G, 20 Barnes Ct, Concord, L4K 4L4 | GTA West Office: 6550 Danville Road, Mississauga, L5T 2S6
Website: www.bpsupplychain.com | Tel: 289 27 247 46 | | Fax: 416-907-1110

VERIFICATION

I **Anurag Arun**, state under penalty of perjury [“under the laws of Canada,”] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on **March 25, 2021** [*25.03.2021*].
in Ontario, Canada

Anurag Arun
_____ [Signature]
[Insert typed name]

Bridgepoint Supply Chain Solutions
Toronto Office: Unit # 2, Building G, 20 Barnes Ct, Concord, L4K 4L4 | GTA West Office: 6550 Danville Road, Mississauga, L5T 2S6
Website: www.bpsupplychain.com | Tel: 289 27 247 46 | | Fax: 416-907-1110

BROOKSTONE
BROOKSTONE SPECIALTY SERVICES, INC.

tel: 515 669 7586
225 Bell Avenue
PO Box 2394 Ames, IA 50010

ATTENTION: Surface Transportation Board

My name is Tom Barragy and my business address is 1305 19th St. SW, Mason City, IA 50401. I am President of Brookstone Specialty Services, Inc. In my role, I am responsible for the daily operations of our Transloading operations served by the CP.

Brookstone Specialty Services, Inc relationship with the CP benefits greatly by service via our transload site in Mason City with loads of lumber and other products into our facility.

Brookstone Specialty Services, Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads 'strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We transload lumber, building materials, and recycled materials from our CP-served facilities in Iowa to our customers with elevators/terminals in the South Central and Gulf region.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of lumber from Southern Service Clients.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. We will be able to add additional transload services and intermodal service with increase service area
- Expands our customer base, gives us opprutunity to expand to multiple service locations

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Brookstone Specialty Services, Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Brookstone Specialty Services, Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Thomas J Barragy, declare [or certify, verify, or state] under penalty of perjury ["under the laws of the United States, "if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 1st [date]. 2021

Thomas J Barragy

Thomas Barragy

BUCHANAN LUMBER MOBILE, INC.
104 INDUSTRIAL CANAL ROAD - MOBILE, AL 36603
P: 251-433-9567 FAX: 251-433-9570

"Integrity in our business, quality in our products, versatility for our customers."

April 30, 2021

ATTENTION: Surface Transportation Board
RE: STB Finance Docket No. 36500 (CP-KCS Potential Combination)

Buchanan Lumber Mobile hereby files this letter to express its views about the bids tendered by various railways to acquire Kansas City Southern ("KCS")

Buchanan Lumber Mobile Manufacturer of high quality Domestic Hardwoods, Imports and Cypress Lumber. We have access to ship throughout North America via rail at our facilities through our connection with the TASD (Terminal Railway Alabama State Dock). This gives us access to eight different rail options although we would lose one of them if the CN were to be successful in acquiring the KCS, whereas we would remain with eight options if the CP were to be successful. In fact, the CP option would offer up a new competitive option going north that we have not had access to in the past!

Buchanan Lumber Mobile has not previously addressed either of the two proposals involving the acquisition of KCS; nonetheless we have strong views about the kind of railroad combination that the STB should allow – and indeed expedite – versus the kind of combination that it should not permit to proceed.

As a small, private, independent business trying to operate with the current transportation and freight challenges that are part of the post-Covid19 economy, we are in favor of any proposal that would generate more available options for the rail-transportation of product.

Respectfully submitted,

Dick Buchanan, President
Buchanan Lumber Mobile, Inc

BULKMATIC de MEXICO

SAN PEDRO GARZA GARCÍA, N.L. APRIL 6TH, 2021

My name is Francisco Javier Melo Valdés and my business address is Humberto Junco Voigt 2307 Torre 1 Mezzanine, Col. Valle Oriente SPGG, N.L. C.P. 66269. I am Commercial VicePresident of Bulkmatic de Mexico. In my role, I am responsible for all commercial activities within Bulkmatic's business units.

Bulkmatic de Mexico has been a KCS business partner for over 20 years and operates 9 out of its 16 transloading terminals under KCSM rail service in Mexico. In gross numbers, considering the carloads KCSM hauls in the agriculture, energy and chemicals/petroleum business lines, Bulkmatic de Mexico transloads more than 12% of KCSM's carloads (account 4% for all KCS's carloads). We are indeed a significant partner to KCS along the routes from Nuevo Laredo to Mexico City and a significant logistics service provider to the industries and our customers.

From our perspective, the combined CPKC service will provide options to our customers and invigorate transportation competition in the markets. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help our customers reach existing markets and new markets more efficiently. Bulkmatic de Mexico is transloading commodities that rely on the first and second CP's lines of business after Intermodal . Bulkmatic de Mexico will expect to grow when such carloads shift to the single-line haul CPKC into Mexico.

Trusting this letter will find you well, please contact me for any additional information at my e-mail fmelo@bulkmatic.com.mx

Best Regards.

Francisco J. Melo

Torre Martel I - Mezzanine
Humberto Junco Voigt 2307 Col. Valle Ote. Garza García, N.L. C.P. 66269
Tel: (81) 8133-7209

BULKMATIC
Quality Driven

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Alfie Bingham and my business address is 2001 N. Cline Ave, Griffith, IN 46319. I am CEO of Bulkmatic Transport. In my role, I am responsible for our U.S.-based business, as well as our subsidiary in Mexico.

Bulkmatic de Mexico, our subsidiary, operates multiple rail-to-truck transload terminals on KCSM lines in Mexico. We've been working closely with KCSM and its parent company, Kansas City Southern, for many years to provide shippers in the U.S. efficient rail access to markets in Mexico. By offering rail efficiencies and first-rate service, we have together made new markets in Mexico accessible to U.S. exports. We have been very successful in facilitating increased trade between the U.S. and Mexico and converting a substantial amount of cross-border truck traffic to rail, which has many economic and environmental benefits.

Bulkmatic supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. In the USA and Canada, the combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. In Mexico, KCS provides efficient service thru the most relevant manufacturing footprint. The two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders

From our perspective, the more shippers who have single-line access to Mexican markets, the further we can extend the economic advantages of rail service to shippers and receivers on both sides of the border. By offering shippers in Chicago, the Northeast and Canada a streamlined route into Mexico, we believe we'll continue to see trade increase as buyers and sellers discover they have viable access to new markets. Bulkmatic supports any merger that extends the efficiency and service we've worked with KCS/KCSM to offer industrial shippers and receivers over the last 20 years.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks in the North America market

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada

under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

We believe this transaction could be positive for as a transportation option. We can see the benefit in the future to be able to have a seamless option into the Canada market, and more competitive option to access market around the Chicago area.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Bulkmatic Transport is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Bulkmatic Transport urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Alfie Bingham, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/30/2021.

Albert Y. (Alfie) Bingham III

CZARNIKOW

CIUDAD DE MEXICO, March 26th, 2021.

ATTENTION: Surface Transportation Board

My name is Fernando Mosso and my business address is Descartes 54-101, Col Nueva Anzures, 11590 CDMX, Mexico. I am Regional Operations Manager of C Czarnikow Sugar Mexico, SA de CV. In my role, I am responsible for Logistics Operations.

C Czarnikow Sugar Mexico, SA de CV is a Sugar trading company; for export and Import of Sugar in Mexico, USA, and Canada, for several years we have been using rails as transportation method for many of our contracts.

Our relationship with KCS and CP has been satisfactory thru several years for shipping sugar from Mexico to several US destinations and from Canada to Mexico.

C Czarnikow Sugar Mexico, SA de CV supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CP-KC –KCSM network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. C Czarnikow Sugar Mexico, SA de CV has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship sugar our CP-served facilities in Taber, AB to our customers in several places in Mexico.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Sugar from Canada to Mexico and Mexico to US, including US to US origin destinations.

C. Czarnikow Sugar Mexico, SA de CV,
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Miguel Hidalgo, DF, Mexico

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E czarnikow@czarnikow.com
www.czarnikow.com

Associated offices: Bangkok, Dar es Salaam, Hyderabad, Dubai, Guangzhou, London, Mexico City, Miami, Milan, Nairobi, Point Lisas, Sao Paulo, Singapore, Tel Aviv.

CZARNIKOW

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency; managing with a new policy transshipment points and avoiding over-administrative issues of using several companies to full fil a route

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, C Czarnikow Sugar Mexico, SA de CV is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. C Czarnikow Sugar Mexico, SA de CV urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

With Best regards



ING. FERNANDO MOSSO

Regional Operations Manager

CCP File

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Associated offices: Bangkok, Dar es Salaam, Hyderabad, Dubai, Guangzhou, London, Mexico City, Miami, Milan, Nairobi, Point Lisas, Sao Paulo, Singapore, Tel Aviv.



ATTENTION: Surface Transportation Board

My name is Derrick Broome, and my business address is 130 East Chestnut Street, Suite 402 Columbus, Ohio 43215. I am Vice President - Intermodal of C.A.T. Global Logistics. In my role, I am responsible for Intermodal Pricing, Operations and Sales.

C.A.T. Global Logistics is currently a customer of both the CP and the KCS shipping primarily paper goods out of Canada and manufactured goods out of Mexico throughout the U.S. on behalf of our clients.

C.A.T Global supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. C.A.T. Global has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

> CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).
>
> And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our cross-border shipments in North America.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. There will no longer be the necessity to cross dock, crosstown our own units or handle multiple rail bills.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all their other existing interline partners.

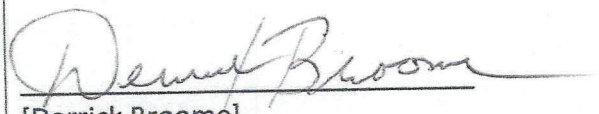
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, C.A.T. Global Logistics is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. C.A.T. Global Logistics urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Derrick Broome, declare under penalty of perjury "under the laws of the United States," if executed outside of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/29/2021.



[Derrick Broome]



6110 49TH STREET SOUTH
MUSCATINE IOWA, 52761

My name is Tom Schnedler and my business address is 6110 49th St, Muscatine, IA. I am the Director of Operations of CAM II Warehouse, Inc. In my role, I am responsible for all aspects of daily operation of CAM II Warehouse and its affiliated properties.

CAM II Warehouse is has been served by the CP and previous railroad since 1976. Railroad service has been a vital portion of our business and hopefully will continue to be.

CAM II Warehouse supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

CAM II and its affiliates have three warehouses in Muscatine that receive various goods on a regular basis. With this merger we hope to open up even more rail business that are currently brought in by a very strained commercial trucking market.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City. Often times when short lines and the costs that go along with them makes it not feasible to ship rail.

And we know from experience we have not been able to compete against single line served warehouses.

TWS

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, CAM II Warehouse, Inc., is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. CAM II Warehouse, Inc., Tom Schnedler urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

TWS

VERIFICATION

I Thomas W Schnedler, declare state under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April, 16, 2021.

Thomas W Schnedler

CAM II Warehouse, Inc. / Quality Warehouses, LLC. / K Building, LLC. /LBM Storage, LLC. Storage Group, LLC. / TJD, LLC. / U Building, LLC. / Kimmel Drive, LLC.
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www.camiiwarehouse.com

TWS

Canada Drayage Inc.

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Kevin Hankinson and my business address is 11440 – 54 Street SE, Calgary AB. I am Vice President, Western Canada of Canada Drayage Inc. In my role, I am responsible for Canada Drayage business activities in Western Canada and the leadership of our Western Canadian personnel.

Canada Drayage is part of the Fastfrate Group of Companies. The Fastfrate Group of Companies and CP Rail have enjoyed an uninterrupted business relationship dating back to the mid 1960's. Today CDI is a drayage service partner for CP Rail across Canada daily providing in excess of 200 trucks per day from Vancouver Island through to Quebec for CP Rail. CP Rail is The Fastfrate Groups intermodal partner in Canada moving in thousands and thousands of container loads annually. Our organizations work closely to enhance, improve, and streamline our collective services and market requirements to bring greater value in our services to our respective client base and our organizations.

Canada Drayage Inc supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Canada Drayage has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

The Fastfrate Group of Companies, sees impactful opportunities to work further with CP Rail and extending to the Fastfrate client base and expanded Canada, US, Mexico intermodal network to support our customer base with a streamline fluid supply chain solution for our Canadian clients. The expanded reach CP Rail will achieve with the combined CP Rail and KCS network will open new doors and value to our business and our clients.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

1305 KINGSWAY AVE., PO BOX 100, PORT COQUITLAM, B.C. V3C 4W1 • TEL: 604-464-2327 • FAX: 604-464-2329
www.canadadrayage.com

Canada Drayage Inc.

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of general merchandise to and from more US and Mexican points.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Canada Drayage is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Canada Drayage urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Kevin Hankinson, declare [or certify, verify, or state] under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29 2021

Kevin Hankinson

1305 KINGSWAY AVE., PO BOX 100, PORT COQUITLAM, B.C. V3C 4W1 • TEL: 604-464-2327 • FAX: 604-464-2329
www.canadadrayage.com

CIFFA Canadian International Freight Forwarders Association

March 26, 2021

Surface Transportation Board
395 E Street SW
Washington, DC
20423

Attention: Office of Proceedings

Re: Finance Docket No. 36500, Canadian Pacific Railway Limited, – Control – Kansas City Southern

My name is Bruce Rodgers and my business address is 170 Attwell Drive, Suite 480, Toronto Ontario CA M9W 5Z5. I am the Executive Director of the Canadian International Freight Forwarders Association (CIFFA). Our Association represents the interests of the freight forwarding industry in Canada.

We are writing this letter in support of the CP/KCS combination. The transaction would provide significant benefits that our members are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the North American marketplace. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would assist in reach existing and new markets more efficiently. Also with the two railroads' strong focus on safety and their track record of operational excellence, we are confident that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

CP has provided overall good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City, which could expand markets that our members serve effectively. We do know from experience that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve the markets.

We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from transportation providers. This transaction will improve transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, CIFFA is voicing strong support for the combination of CP and KCS. It will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. We urge the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Bruce Rodgers, declare under penalty of perjury "under the laws of the United States," that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter on behalf of our Association.

Executed on March 26, 2021.

Bruce Rodgers

CANADIAN TIRE

April 9, 2021

To Whom It May Concern:

I am writing on behalf of Canadian Tire Corporation (CTC) to express our support of Canadian Pacific Railway's (CP) acquisition of Kansas City Southern (KCS), particularly given the new Canada-US-Mexico Trade Agreement (CUSMA).

CP plays a critical role in CTC's supply chain by transporting goods to distribution centres and retail locations across Canada. The expanded network that this acquisition provides will benefit CTC by creating improved rail access to our vendors in the United States and improved transportation access to sourcing opportunities throughout North America that are, currently, served by truck. This acquisition will create a safe, efficient and fast service that will help us reduce carbon intensity and improve the North American supply chain's environmental footprint.

This acquisition will join two rail systems with no operational overlap. CTC requests the STB approve CP's acquisition of KCS so that these systems can be integrated, and the end-to-end benefits of this deal can be realized quickly.

Regards,

Gary Fast
Vice President, Transportation
Canadian Tire Corporation

CANADIAN TIRE CORPORATION, LIMITED
2180 YONGE ST. P.O. BOX 770, STATION K, TORONTO, ONTARIO, CANADA M4P 2V8
TELEPHONE (416) 480-3000 FAX (416) 544-7715

Jumpstart
Giving kids a sporting chance.

ATTENTION: Surface Transportation Board

My name is Aaron Cannon my business address is 8160 Trans Canada Highway, Canoe, BC. I am Sales Manager of Canoe Forest Products. In my role, I am responsible for sales and marketing.

Canoe Forest Products is a long time customer of CP Rail and use their intermodal service toship our product into Eastern Canada.

Canoe Forest Products supports approval of the CP/KCS combination. The transaction wouldprovide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network -with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets - would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Canoe Forest Products has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship plywood from BC to Ontario and Quebec via CP's intermodal service. It wouldbe beneficial to us to have additional lanes down into the USA.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition againstthe other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroadoption.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are

among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers.This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks - connecting only at Kansas City and not overlapping anywhere - means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relativeto the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

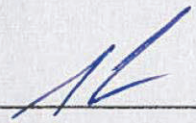
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP andKCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Canoe Forest Products is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficienciesfor customers of all sizes. Canoe Forest Products urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Aaron Cannon, declare state under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 30 2021



[Signature]

Aaron Cannon

Canpotex

Inspiring Growth

March 30, 2021

ATTENTION: Surface Transportation Board

My name is Vee Kachroo, and my business address is Suite 400, 111 – 2nd Avenue South, Saskatoon, SK, S7K 1K6, Canada. I am the Senior VP - Operations for Canpotex Ltd. In my role, I am responsible for the Supply Chain movement of Potash, from Saskatchewan to customers around the world.

Canpotex Ltd. ships over 13M mt of potash around the world, thru our terminals in Vancouver, BC, Portland, Or, St. John, NB and Thunder Bay, On. We use CP rail to move our product from Saskatchewan to our terminals. CP Rail handles over 75% of our rail business. We are satisfied with the service CP provides and over the past 5 years have continued to see a very customer centric supplier, focused on innovation to assist us in getting our product to our customers more reliably.

Canpotex Ltd. supports the approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network with new single-line hauls and access to premier ports on the U.S. Gulf and Pacific coasts would help us reach our existing markets and new markets more efficiently. With the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Canpotex Ltd. has not often spoken favorably about railroad consolidation. We see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience of both our own, and that of our competitors who have single-line rail options at their origins, that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example:

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of potash from mines in Saskatchewan to international customers in Brazil, Mexico, and other countries in Central and South America. The proposed CPKC network would allow us to have additional port optionality in the Gulf and potential competitive rail direct options into the Mexican market.
- Having a large private fleet of over 5500+ rail cars, CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.
- KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

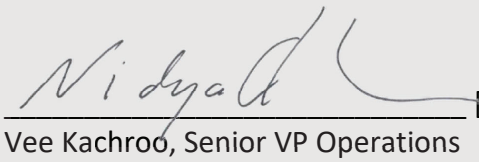
We have been impressed by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Canpotex Ltd. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Canpotex Ltd. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I __Vee Kachroo_____, declare [or certify, verify, or state] under penalty of perjury [''under the laws of the United States,'' if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on _March 30, 2021____[Date].



_____[Signature]
Vee Kachroo, Senior VP Operations
Canpotex Ltd.

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2284 Wyecroft Road Oakville, ON L6L 6M1

ATTENTION: Surface Transportation Board

Caravan Logistics Inc. is an asset based transportation company with headquarters at 2284 Wyecroft Road, Oakville, ON, L6L 6M1. I, Zoriana Workun, am the Director of Operations for Caravan Logistics Inc. and am responsible for the entire operation of the company including intermodal and over the road solutions using either our assets or agents.

Caravan's relationship with CP began in 2010 when we started moving intermodal service via Expressway.

While the relationship with CP has been beneficial there are limitations. Their intermodal service stops at Chicago and often freight is destined for Kansas City. This means that for beyond points CP needs to engage another carrier which results in inefficiencies with rubber tire or steel wheel interchanges that slow down the movement of freight. The merger between CP/KCS will remove this inefficiency as a single through carrier. From our perspective, the proposed CP/KCS merger promises to provide improved service options and will invigorate transportation competition in the markets we serve. With the single line haul access Caravan Logistics could be in a position to convert truck from these routes into intermodal. This will enable Caravan to migrate our assets trucks to other lanes while supporting our environmental objections in the greater community that we serve today.

I am very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. There are options to explore routes into Mexico a service offering that Caravan Logistics has shied away from previously because there wasn't a compelling service solution.

While there has been significant media attention of a potential anti-competitive nature of the merger or the concern that approval of this merger will lead to future rail mergers we at Caravan Logistics do not believe that to be the case. With respect to the anti-competitive nature there is no overlap between CP and KCS. Unlike other merger proposals the CP and KCS only meet in Kansas City. That by very definition means there is no limit on competition. Additionally, there is no limitation of service offerings. Shippers still have access to other service offerings. For example from Western Canada to Mexico a Shipper could use CN, UP or the BNSF. As previously stated due to the limited reach of CP these options are still available. The other proposed merger would have CP removed from the equation so the shipper solution drops from 4 carriers to 3 which by definition is anti-competitive. Furthermore, the concern about future mergers is also unfounded because the CP/KCS merger would still be the smallest of the Class one rail.

For these reasons, Caravan Logistics is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Caravan Logistics urges the STB to approve CP's acquisition of KCS as

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swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders and reject calls to revoke it, and to proceed to review and approve the CP-KCS proposed combination as expeditiously as possible. We look forward to seeing CPKC as a stronger competitor in the industry.

VERIFICATION

I _Zoriana Workun_, verify under penalty of perjury under the laws of the United States,'' if executed outside of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on _April 29th, 2021_____.

DocuSigned by:
Zoriana Workun
B26C1E0874244FB...

CARAVAN SUPPLY CHAIN

caravansupplychain.com

302151

ENTERED
Office of Proceedings
April 26, 2021
Part of
Public Record

April 23, 2021

ATTENTION: Surface Transportation Board
RE: STB Finance Docket No. 36500 (CP-KCS Potential Combination)

Caravan Supply Chain Inc. hereby files this letter to express its views about the bid by Canadian National ("CN") to acquire Kansas City Southern ("KCS") and Canadian Pacific's ("CP") proposed combination with KCS.

> Caravan Supply Chain Inc. has not previously addressed either of the two proposals involving the acquisition of KCS.
> Caravan Supply Chain Inc. is reliant on CN for transportation services in certain markets and therefore does not wish to voice a position taking CP's side over CN's.

Caravan Supply Chain Inc., nonetheless has strong views about the kind of railroad combination that the STB should allow – and indeed expedite – versus the kind of combination that it should not permit to proceed.

The kind of transaction that is in the interests of shippers and the public would:

- ***Not have competitive overlaps*** that reduce the number of independent rail options, even if the railroads might think they can propose "remedies" to overcome the lost competition.
- ***Improve competitive options***, including by adding new single-line routes where other, larger railroads currently dominate.
- ***Not pose a risk of stimulating further industry consolidation***, such as by destabilizing the six large carrier balance in North America

A transaction meeting these criteria is in the public interest and should receive swift Board approval. Quick approval of procompetitive transactions is critical to helping shippers and other stakeholders reap the benefits sooner rather than later, and we have no objection to the use of a voting trust mechanism to facilitate such a transaction. For transactions that do not meet the three criteria set out above, we would strongly object to the Board allowing the transaction to proceed even as far as a voting trust, which itself could diminish competition and lead to downstream concerns.

We trust the Board to assess the two proposals for KCS in light of these criteria.

Respectfully submitted,

Barry O'Neill, Vice President, Owner,
Caravan Supply Chain Inc.

CC: All Parties of Record

Headquarters 5420 N Service Road, #101, Burlington, ON L7L 6W6 *phone* 905.633.1330 *fax* 905.633.1331

CARGO M
LOGISTIC AND TRANSPORTATION
METROPOLITAN CLUSTER OF MONTRÉAL

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street, S.W.
Washington, DC 20423-0001

Re: Acquisition of Kansas City Southern by Canadian Pacific Railway

Dear Ms. Brown,

I am writing to you as the Executive Director of Cargo Montreal. We are the logistics and transportation metropolitan cluster of Montreal. Our mission is to bring together all Greater Montreal area freight transport and logistics stakeholders whose activities promote Montreal as an industry hub around common goals to increase cohesion, competitiveness, growth, and reach to market. Cargo Montreal's members produce and ship a large variety of commodities to national and international markets.

Cargo Montreal firmly supports the acquisition of Kansas City Southern (KCS) by a Canadian Class 1 railroad company, such as Canadian Pacific Railway (CP), because of the several benefits such a transaction would generate all along the supply chain.

This would result in opening and accessing more markets for shippers in North America in respect to the USMCA spirit and goals, where the integration of the supply chain is key. Moreover, we strongly believe that the new combined company would produce a more economical rail option for our members and unlock large potentials of the networks across America.

We are confident that a deal between CP and KCS would be beneficial to low-carbon objectives of both the United States of America and Canada, since Canada's Class 1 railroads companies are already showing leadership in fighting against climate change and also because transportation by rail is the most energy-efficient method of moving freight over land.

Therefore, Cargo Montreal strongly believes that an acquisition of KCS by Canadian Pacific, a Canadian Class 1 railroad company, would offer a faster, safer, cleaner and a better competitive market access option than the status quo.

As a regulator, the Surface Transportation Board must ensure competition options will remain for shippers with limited downstream consolidation impacts of any potential transaction between two large companies. Cargo Montreal believes shippers will continue to have access to a competitive landscape with, in fact, an improved access to new markets. We are also hopeful that such a transaction could result in cheaper options for our members.

In terms of potential downstream consolidation impacts, past transactions tell us that Canadian Class 1 railroad companies have a great track record of acquisitions; we do not see why it would be any different this time. We trust this transaction would integrate KCS as a partner in an effective and seamlessly way.

At a glance, here are some other reasons why Cargo Montreal is optimistic for a potential transaction:

- A combined company's single-owner, single-operator service, would result in faster transit times, more economical rail option and shorter distances on many key routes;

- Enhanced service and competition linked to this transaction should provide cheaper and more competitive options to our members;

- Customers of both companies would benefit from faster, safer, more direct, and more efficient service. It would most likely reduce our members' equipment costs and increase fleet capacity in terms of total shipments.

For all reasons stated above, Cargo Montreal is expressing support for the acquisition of Kansas City Southern (KCS) by Canadian Pacific Railway (CP), a deal that would greatly improve the North American Transportation Network.

Sincerely,

Mathieu Charbonneau
Executive Director
T : 514-508-2609 ext: 222
Email : mcharbonneau@cargo-montreal.ca

Cecchetto & Sons Ltd
6 Sutherland Avenue
Sudbury, ON P3C 3A6
705-673-4168

MAY 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Cecchetto and Sons Limited is a key service provider to the nickel mining industry of northern Ontario. In addition, our company constructs key infrastructure such as water and wastewater treatment plants and other industrial projects throughout Ontario.

Much of our raw materials, supplies, and equipment are transported by rail. If CN is successful in its acquisition of Kansas City Southern, we are concerned that the resulting monopoly would restrict competitive pricing of transportation, and limit our access to essential equipment and materials that are more cost effectively transported by rail.

I am writing to express Cecchetto and Sons Limited's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed

transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for

shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not

investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan

that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Vaughn Blacklock
Cecchetto and Sons Limited

Vaughn Blacklock

Cc: All Parties of Record

ATTENTION: Surface Transportation Board

My name is Douglas Punzel and my business address is 8505 183rd Suite H, Tinley Park, IL 60477. I am President of Celtic International, a Transplace Company. In my role, I am responsible for the Intermodal business operated throughout North America.

Celtic International is a customer of both CP and KCS moving Intermodal shipments using rail owned equipment.

Celtic International supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Celtic International has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We use Intermodal services with the CP, to and from Canada, generally focused on the rail owned box fleet. We use KCS on Southeast/Southwest lanes and in/out of Mexico using rail owned equipment.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

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And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of 53 Intermodal containers from Mexico to/from US and Canadian points. Growing our Mexico business is a key growth initiative.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Reducing hand offs in this business is critical.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

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For these reasons, Celtic International is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Celtic International urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Douglas C Punzel state under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/29/2021.

Douglas C. Punzel

© 2020 Transplace

March 29, 2021

ATTENTION: Surface Transportation Board

My name is Chris Stevens and my business address is 850, 335-8th Avenue SW, Calgary Alberta Canada. I am Vice President of Marketing for Centennial Gas Liquids ULC. In my role, I am responsible for developing and implementing Centennial's marketing strategy to purchase, transport, and sell natural gas liquids in North America.

Centennial is responsible for negotiating the Canadian rail contracts for both Centennial Energy and NGL Wholesale Supply, sister companies for NGL Energy Partners.

Centennial Energy, supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Centennial ships LPG across Canada, to our rail terminals based into the United States, and to our Mexican Customers. We have over 3,000 railcars under long term lease, as rail shipments are the primary focus of our wholesale marketing business.

CP is an important business partner, and we see the merger with the KC, and the resulting efficiencies as critical to provide competitive access to some of our markets in the US and Mexico.

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of propane from Western Canada to Laredo, Mexico and points beyond.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our rail car costs and improve our efficiency as we realize more shipments per year on each railcar.

CENTENNIAL ENERGY, LLC.

In our estimation, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Centennial Energy is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Centennial Energy LLC urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Chris Stevens, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021

Chris J Stevens
Vice President Marketing

Centerville Iron & Metal Inc.
819 East Elm St.
Centerville, IA 52544
Re: **Support Letter for Merger of CP/KCS**

Attention: **Surface Transportation Board**

Dear Sir/Ma'am:

My name is Bryan Fitzsimmons and I am President/CEO Centerville Iron & Metal with rail operations in the U.S. State of Iowa. We ship scrap to steel mills located in the Midwest area of the U.S.

Canadian Pacific has supported our business with gondola car assignments and shipping throughout the years. There are several individuals inside of Canadian Pacific who routinely have gone above and beyond our expectations in delivering service.

Centerville Iron & Metal is a small shipper and business that completely supports the proposed merger between Canadian Pacific and Kansas City Southern rail companies. We see many benefits however a few of the more prominent ones in our mind is as follows:

- A larger network, with reduced switching fees allowing expansion and growth of business to markets around North America which we don't currently have access to. These markets might include Mexico and customers or mills in that country.
- A larger gondola railcar pool, improving availability and lead time of gondola rail car assignment for shipping.
- A single-line point of service, limiting the possibility for lost time with cars sitting while waiting to be picked up by other shippers (i.e. switching lines). Being a single-line shipper, CP/KCS will provide a seamless interface with which to work to get cars to markets beyond where we currently ship to as well.
- Network efficiency, seeing little to no overlap between the networks means all of the benefits listed should result in a service improvement that is greater than 'the sum of the parts'.

I would like to add that as a small business, it is important for us to have access to these benefits which are not solely helpful to large companies or organizations. Small businesses depend and rely upon access to rail service and the markets they can open up for a company are critical to their growth. This merger does exactly that.

For these reasons Centerville Iron & Metal strongly supports the combination of Canadian Pacific and Kansas City Southern. If you have any questions please don't hesitate to contact me at the email below. I would be happy to expand upon the benefits for us of the merger between CP & KCS further.

Bryan L. Fitzsimmons

March 28, 2021

Bryan Fitzsimmons
President & CEO
Centerville Iron & Metal

bryanf@centervilleiron.com

Centerville Produce
Animal Nutrition

1209 S 18th St

Centerville, IA 52544

641-856-3020

CentervilleProduce@gmail.com

ATTENTION: Surface Transportation Board

My name is Ryan Stober and my business address is 1209 S 18th St, Centerville, IA. I am President of Centerville Produce LLC and Vice President of Centerville Feed Processing. In my role, I am responsible for new customer acquisition and transportation.

Centerville Produce and Centerville Feed Processing is a current user of the CP for pulse grains coming out of Canada and fo shipping out products to destinations along the CP. A CP/KCS combination would allow us to be more competitive on products we export. We have a choice on rail carriers we use and the CP has been our 1st choice due to price and reliability.

Centerville Produce and Centerville Feed Processing supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We have not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We need a direct line from Mexico to Canada.

We ship from Pork meal and Poultry meal to Mexico and the CP/KCS combination would dramatically open up new opportunities and expansion for our business.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.]

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Pork and Poultry from Iowa to Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

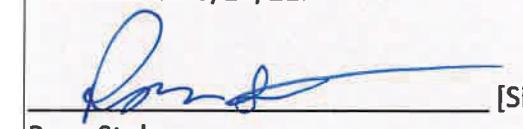
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Centerville Produce and Centerville Feed Processing is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. We urge the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Ryan Stober, declare [under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/24/21.



_____ [Signature]

Ryan Stober

CENTRAL FARM SERVICE

April 19, 2021

ATTENTION: Surface Transportation Board

My name is Dennis Inman, and my business address is 233 W. Ciro St. Truman, MN. I am the Vice President - Grain of Central Farm Service. We are a full-service farmer owned cooperative offering grain handling services, agronomy products, refined fuels, and livestock feed. In my role as the Vice President of the Grain Department I am responsible for leading all the grain purchasing, storage and handling of grain at our 18 grain elevators in Southern Minnesota and Northern Iowa.

Central Farm Service is currently operating four grain elevators and several agronomy facilities with access to the CP railroad. Our grain locations primarily ship corn and soybeans to a variety of destinations including the PNW and NOLA export elevators, various processing plants across the northern tier of U.S. states and Canadian provinces. We have enjoyed a strong relationship with the CP railroad throughout our company's history.

Central Farm Service supports approval of the CP and KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CP-KCS network – with new single-line hauls and access to ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Central Farm Service has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with limited downsides that might result from another round of Class I consolidation.

CP has provided us with good service, but its market reach is limited today, as its line only go as far south as Kansas City. We have other shuttle train loading facilities on competing railroads that give us better access to end-users of grain in California, Arizona and into Mexico. Those single-line destinations have generally meant much more competitive pricing which we are able to pass onto our farmer members in the form of higher prices for their grain.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of corn and soybeans from Southern Minnesota to the NOLA export elevators and Mexico demand points.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction should have limited adverse effects on competition.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Central Farm Service is voicing support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Central Farm Service urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Dennis Inman

Vice President – Grain

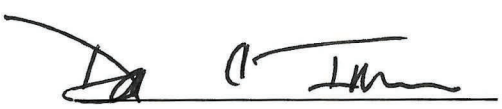
Central Farm Service

Truman, MN 56088

VERIFICATION

I Dennis Inman, state under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on _____April 20, 2021.

 [Signature]

Dennis C. Inman

CENTREPORT™ CANADA

Canada's Centre for Global Trade
WINNIPEG, MANITOBA

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Diane Gray and I am the President and CEO of CentrePort Canada Inc., located at 100-259 Portage Avenue, Winnipeg, Manitoba, Canada, R3B 2A9.

CentrePort Canada Inc. is responsible for facilitating the overall development of the 20,000 acre inland port in Winnipeg, Manitoba. CP's main east-line across Canada runs through the inland port. A significant Rail Park is in the pre-construction phase, located immediately south of the CP rail line. It is anticipated that the companies locating in the Rail Park will be served by CP and will benefit significantly from the CP-KCS combination.

CentrePort Canada Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible. CP has provided shippers in the Winnipeg market with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively). We know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help CentrePort companies' reach existing markets and new markets more efficiently. With the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the

Suite 100 - 259 Portage Avenue, Winnipeg MB Canada R3B 2A9
Tel: (204) 784-1300 Fax: (204) 784-1308
www.centreportcanada.ca

kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, CentrePort Canada Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. CentrePort Canada Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on: March 29, 2021



_____

Diane Gray

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CERES
GLOBAL

701 Xenia Avenue South, Suite 400
Golden Valley, MN 55416
(952) 746-6800
www.ceresglobalagcorp.com

SHIPPER SUPPORT LETTER

March 29, 2021

ATTENTION: Surface Transportation Board ("STB")

I am President & CEO of Ceres Global Ag Corp., with principal offices at 701 Xenia Avenue South, Suite 400, Golden Valley, MN 55416 ("Ceres" or the "Company"). In my role, I am responsible for setting Ceres' corporate vision and running the Company. I submit this letter to the STB in support of Canadian Pacific Railway Limited's ("CP") request for STB approval of its planned merger with the Kansas City Southern railroad ("KCS").

Through its network of commodity logistics centers, Ceres and its subsidiaries merchandize high-quality North American agricultural commodities and value-added products and provide reliable supply chain logistics services to agricultural, energy and industrial customers worldwide. Ceres utilizes multiple transportation modes on several railroads, including the CP, to ship cereal grains and oilseeds (e.g., wheat, durum, soybeans) to and from Ceres-owned assets, third-party facilities, and directly to its customers in the U.S. A typical example of Ceres' shipments via the CP is the movement of grain products from the prairies of Western Canada and the Northern U.S. plains to Ceres' Minnesota terminal assets in Duluth and Minneapolis, and later by rail to grain and oilseed processing customers in the U.S., Mexico or by vessel to international customers. The CP plays a critical role in Ceres' ability to manage an efficient supply chain and provide reliable service to its customers.

Ceres supports the planned combination of the CP and the KCS as it would increase railroad competition by providing shippers additional routes to move products to destinations that the CP cannot serve today. Today, Ceres is unable to access KCS-only destinations directly from many of the facilities (Ceres-owned and 3rd party) from which it originates. The combined CP/KCS network will allow Ceres and others to efficiently access KCS lines and provide added options to access ports in the U.S. Gulf, Atlantic and Pacific coasts and directly into Mexico.

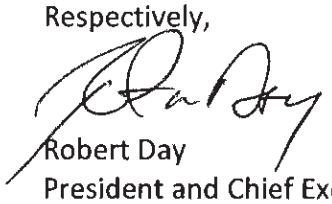
Ceres originates grain and oilseeds from farmers in Western Canada (Saskatchewan, Manitoba & Alberta) and the Northern U.S. (North Dakota, Montana & Minnesota) through Company-owned and 3rd party assets served by CP. While CP has historically provided Ceres with good service, its geographic reach is limited to the northern corridor of the U.S., thereby forcing Ceres to transfer its shipments on the CP to another railroad or mode of transportation (e.g., barge) when appealing opportunities arise to move products south into the U.S., U.S. ports and Mexico. Compared to a single-line haul carrier, which the CP/KCS would become should the combination be approved, the status quo for such shipments is both inefficient and costly. In addition, a single line haul provides the carrier with control of logistics from origin to destination, which would enable the carrier to provide shippers with more consistent monitoring, timing of arrival and pricing.

Ceres is particularly enthusiastic about the role the new CP/KCS single-line routes will play in expanding access to U.S. ports and Mexico. Today, farmers in the upper Midwest lack efficient access to the U.S. Gulf and Mexico, which forces them to lower the price of their products in order to compete globally. In recent years this has proven costly as cheaper logistics from other countries have made it difficult for U.S. farmers and their products to be price-competitive into the world market. A CP/KCS railroad, with its north to south connections, would open new markets for U.S. and Canadian farmers.

Lastly, with CP's strong focus on safety and its track record of operational excellence, we would expect a smooth integration. Given the straightforward network connectivity between the CP and KCS, and the fact that the CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their combination without service disruptions that have accompanied some past rail mergers.

To summarize, Ceres supports the proposed combination of the CP and KCS, because it will enhance railroad competition to the benefit of shippers, provide both farmers and shippers with expanded options for their products, and drive efficiencies for customers of all sizes. Ceres encourages the STB to approve the planned merger as swiftly as possible so that these benefits can be realized as quickly as possible for all stakeholders.

Respectively,



Robert Day
President and Chief Executive Officer
Ceres Global Ag Corp.

4 Parkway North, Suite 400
Deerfield, Illinois 60015
Tel: 847.405.2400
www.cfindustries.com

CF Industries Shipper Support Letter of CP & KCS Merger

ATTENTION: Surface Transportation Board

My name is Bert Frost and my business address is 4 Parkway North, Suite 400, Deerfield, IL 60015. I am Senior Vice President, Sales, Market Development and Supply Chain for CF Industries. In my role, I am responsible for overseeing the procurement of natural gas, the pricing and marketing strategy of our finished products, and the supply chain network to deliver those products.

CF Industries is a global nitrogen fertilizer manufacturer with nine production facilities and 23 distribution terminals in the United States, Canada, and the United Kingdom. We deliver fertilizer and industrial products to our customers: agricultural retailers/wholesalers and industrial manufacturing businesses. Products we ship include anhydrous ammonia, urea, urea liquor, urea ammonium nitrate, aqua ammonia, diesel exhaust fluid and nitric acid. We have been doing business with both the CP and the KCS for many years now and are currently enjoying high levels of satisfaction from both partners.

CF Industries supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. With the strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. CF has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

One of our production facilities and seven of our storage terminals are located on the CP railroad while another three terminals utilize the CP in the rail route. Efficient and cost-effective transportation to these facilities by rail is an integral part of CF's business as it brings our products closer to the end user in preparation for agricultural application season. The

production facility located on the CP is in Medicine Hat, Alberta, which ships to our terminals in Manitoba, Saskatchewan, and the Midwest region of the United States. While CF has no assets located on the KCS rail line, the last year has brought more business between the two parties and an increase in shipment opportunities into Mexico on the KCSM. The Mexican business is expected to grow with the merger as the established relationship with CP is expected to generate more options for CF products.
CP has provided us with good service, but its market reach is limited today as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that could expand the markets we serve effectively. We know from experience (both our own and our competitors) that single-line rail service options are usually more competitively priced and have faster transit times than a route utilizing two railroads.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability which will reduce our equipment costs and improve our efficiency.

The entirely complementary nature of the CP and KCS networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist since CPKC will continue to interchange with other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, CF Industries is voicing strong support for the combination of CP and KCS because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. CF urges the STB to approve CP's acquisition of KCS as swiftly as possible so these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I BERT FROST, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 6, 2021.

Bert Frost

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Kim Ludtke and my business address is 525 8 Ave SW, Calgary, AB T2P 1G1. I am Vice President, Operations & Supply Chain of CFR Chemicals. In my role, I am responsible for all purchasing and operations.

CFR Chemicals is a chemical distributor and transloading facility based in central Alberta. Although CFR Is serviced by CN, we can ship via CP because we are within an interzone switch. Currently, when possible we ship using CP out of the southern US. In these circumstances CP has provided excellent service.

CFR Chemicals supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Currently the majority of our products that originate from the US gulf coast arrive in central Alberta via CN due to CP lane restrictions. By only have one rail option that services this corridor, CFR has potential risk associated with service, labor disruptions, and a pricing monopoly. By allowing this merger, CFR would have an alternative option for security of supply and competitive pricing.

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of various chemicals from the US Gulf Coast to Central Alberta.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will improve our ability to service our customers in a reliable, competitive way.
- By having alternate supply lines into our facility, we could potentially broaden our transloading business, and create more access for our customers.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, CFR Chemicals is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. CFR Chemicals urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Kim Ludtke



CFR Chemicals

Charles City Rail Terminal, LLC
300 Lawler Street
Charles City, IA50616
Yesterday is history, tomorrow a mystery, but today is a gift … that's why they call it the present

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Joe Natale and my business address is 300 Lawler Street, Charles City, IA 50616. I am the General Manager of Charles City Rail Terminal, LLC ("CCRT"). In my role, I am responsible for the development and operations of the company.

CCRT is developing a rail transloading facility to load and offload railcars and will provide transloading services for companies shipping on the CP.

CCRT supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

CCRT's transloading facility will service processing and production facilities in Iowa and surrounding states needing to transport multiple commodities (ethanol, corn, soybean, fertilizers, animal feedstock, etc.) to other regions of the country on the CP/KCS, including the Gulf region. CCRT will also serve Iowa and surrounding states with a reliable source of propane by providing destination delivered supply or railcar throughput arrangements as well as provide an origination point for suppliers seeking to optimize its supply logistics utilizing the CP/KCS.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, CCRT is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. CCRT urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Joe Natale, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 12, 2021.



Mark de Hueck
Director of Supply Chain and Logistics
Chemtrade Logistics Inc.
155 Gordon Baker Rd., Suite 300
Toronto, Ontario M2H 3N5
T. (647) 259-3444
M. (647) 924-9178
mdehueck@chemtradelogistics.com

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION:
Surface Transportation Board
395 E Street SW
Washington, DC
USA
20423

March 30, 2021
To Whom It May Concern;

My name is Mark de Hueck and my business address is 155 Gordon Baker Road Suite 300, Toronto Ontario, Canada M2H 3N5. I am the Director of Supply Chain, Transportation and Customer Service for Chemtrade Logistics Inc. (Chemtrade), a Chemical Manufacturer with annual revenue of approximately $2B from 65 manufacturing sites. In my role, I am responsible for the movement of all our products in North America.

Chemtrade currently ships hundreds of thousands of bulk loads to customers across North America (primarily the United States and Canada) including businesses and municipalities. We ship a number of commodity chemicals that are used in water treatment, food, pulp and paper, oil and gas, refining, mining, and a myriad of other manufacturing industries. We work with all of the North American Class 1 Railways in a meaningful way and understand the railway space intimately. We have enjoyed a mutually beneficial relationship with both CP and KCS for many years. The service we receive from both of these

organizations is commensurate with other railways and in some instances better. We are currently working closely with CP (and all of our other carrier partners) to identify future improvement opportunities given the current challenges in the marketplace.

Chemtrade supports approval of a CP/KCS combination. The transaction could provide benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction potentially provides opportunity to improve rail service options and invigorate transportation competition in the markets we serve, which is currently somewhat lacking. The combined CPKC network, with new single-line hauls and access to ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets, should in theory, help us reach our existing and new markets more seamlessly and cost effectively. There is potential that with the two railroads' strong focus on safety and operational excellence, the new CPKC should be able to integrate their operations quickly to the benefit of rail customers and other stakeholders. Chemtrade has not often spoken favorably about railroad consolidation, but we see this transaction as potentially uniquely beneficial, with limited downside if the railway executes as promised.

Chemtrade needs safe, reliable, ratable and cost effective rail service in order to get its products to market across North America. With the STB's guidance and assurances from the CPKC, this merger has potential to benefit Shippers and their customers in these markets as well as opening up additional new opportunities under the United States, Mexico and Canada (USMCA) trade agreement. We can foresee that it would be valuable to have access to a seamless USMCA railroad option.

We are cautiously optimistic about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers that serve our markets. We hope that a strengthened and new organization will be able to improve upon its current level of service as well as the rate scheme due to synergies.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options and we hope, reduce costs.

At the same time, the complementary nature of CP's and KCS' networks means that the transaction should not have any material adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC should continue to interchange with all of their other existing interline partners. We are hopeful that the implementation of this transaction can occur without the service disruptions that have accompanied some past rail mergers.

For these reasons, Chemtrade is voicing support for the combination of CP and KCS, because it should enhance competition, drive efficiencies and improve service for customers. Chemtrade requests the STB to approve CP's acquisition of KCS once it has done its due diligence as swiftly as possible.

We would be pleased to discuss any of these matters with you at your convenience.

Yours truly,

Mark de Hueck

Chemtrade Logistics Inc.
Per: Mark deHueck
Director Supply Chain and Logistics

cc: Scott Rook, Chief Executive Officer
Susan Paré, General Counsel

CHS
5500 Cenex Drive
Inver Grove Heights, MN 55077-1721

Creating connections to empower agriculture

April 13, 2021

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E St, SW
Washington, DC 20423

Re: STB application of merger rules for handling the proposed merger of the Canadian Pacific and Kansas City Southern railroads
Finance Docket No. 36500

Dear Ms. Brown:

As a farmer-owned cooperative, CHS Inc. ("CHS") supports approval of the Canadian Pacific Railway acquisition of Kansas City Southern. CHS anticipates that the merger would expand U.S. farmers' market access, especially in Northern states, where current rail service is limited and does not provide connections to broad geographies or destination markets.

If approved, the proposed Canadian Pacific Kansas City Southern network would enable single-line hauls and timely access to ports on the U.S. center Gulf, Atlantic and Pacific coasts, as well as key overseas markets. Single-line hauls mean fewer railroad interchanges, which often add incremental operational costs. Any reductions in operational costs make for more competitive market access.

While many variables are under your consideration, on the surface, it appears U.S. farmers might anticipate the following benefits:

- Expanded market access and new competitive transportation options for shipments of corn, soybeans and dark northern spring wheat from North Dakota and Minnesota to the southern U.S. and Mexico

- Expanded, single-line routes to support market growth across the United States, Mexico, and Canada, under the USMCA trade agreement

- Improved transit times and global export market reliability, reducing by 1-3 days the time it takes for a 100-car train filled with grain to travel from North Dakota to Mexico, the largest market for U.S. corn and corn byproducts

Change and innovation in agriculture have always been driven by technology and an equal measure of common-sense solutions that drive business and improve farmer efficiency and profitability, for their benefit and the benefit of the rural communities in which they live. This proposed merger appears to be one of those scenarios.

Respectfully,



John Griffith
CHS Executive Vice President, Global Grain & Processing and CHS Hedging

CC: Parties of Record

TOGETHER WE HAVE THE POWER TO WIN

Princeton South Corporate Center
500 Charles Ewing Boulevard
Ewing Twp., NJ 08628

April 15, 2021

ATTENTION: Surface Transportation Board

Church & Dwight Co., Inc., a $4.15 billion Consumer Packaged Goods (CPG) company, is headquartered in Ewing, New Jersey and has locations globally, including in Green River, Wyoming.

Our operations depend on safe and efficient rail freight transportation service to connect with our suppliers and provide our products to customers. Rail freight shipping is an economical advantage to our company that helps us remain competitive and service our markets.

Church & Dwight has been a rail shipper of CP's for many years. We shipped over 2000 carloads of clay from Wyoming to various destinations in the US using CP as a bridge carrier in 2020, in addition to smaller volumes of animal feed.

We support approval of the CP/KCS combination, which promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently.

For example, CPKC's new single-line haul offerings will:

- Offer new competitive transportation options for our shipments of materials from Wyoming to locations in southern US and elsewhere.
- Improve transit times and reliability, which may reduce our transportation costs and improve our efficiency.
- Provide an opportunity for Church & Dwight to have additional carload or IM options south of Kansas City, which has the potential to reduce the amount of trucks for OTR shipments and still serve a broader network of customers as our business continues to grow.

For these reasons, Church & Dwight Co., Inc. supports the combination of CP and KCS.

Sincerely

TOGETHER WE HAVE THE POWER TO WIN

Princeton South Corporate Center
500 Charles Ewing Boulevard
Ewing Twp., NJ 08628

Kevin A. Cowie

Kevin A. Cowie
Senior Manager, Specialty Transportation

CITICARGO &STORAGE
900 Apollo Road
Eagan, MN 55121
651-686-7221 • Fax 651-686-0455

04/01/2021

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

My name is Allen Ofstehage and my business address is 900 Apollo Road, Eagan, MN. I am Senior Vice President of Citi-Cargo & Storage Co., Inc. In my role, I am responsible for corporate management.

Citi-Cargo & Storage is a full service logistics company, providing public warehousing with final mile delivery and regional trucking services.

Citi-Cargo & Storage supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Citi-Cargo & Storage generally does not support consolidation. However, we see this transaction as uniquely beneficial, with none of the downsides you might see with other consolidations.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our bulk shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.
- KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Citi-cargo & Storage is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Citi-cargo & Storage urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Allen Ofstehage, declare under penalty of perjury under the laws of the State of Minnesota, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 4-20-2021.

Allen Ofstehage, Sr. Vice President

CLAYTON COUNTY RECYCLING

SCRAP PROCESSING

11645 Echo Avenue, Monona, IA 52159 (563) 539-4757, 1-800-538-4752 E-Mail: cydney@ccrrecycling.com

April 29, 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500
CP-KCS Potential Combination

Clayton County Recycling Inc. hereby files this letter to express its concerns to the bid by CN to acquire KCS and re-iterate its support for the CP-KCS combination.

We support swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets and port options, improved service options, and invigorated transportation competition. The combination of CP and KCS would open up new markets for our scrap facilities and allow us to expand our current recycling business.

By contrast, a CN acquisition of KCS would lead to a reduction in competition and deprive shippers of the many tangible benefits offered by the CP/KCS deal. Specifically, if CN were to acquire KCS, NOT only will we be deprived of the benefits of the CP/KCS deal, but we will also suffer a reduction of competition in key areas by virtue of CN acquiring KCS.

From our perspective, the only combination involving KCS that is in the public interest is the one that CP has proposed. Unlike the CP/KCS combination, the acquisition of KCS by CN would result in harm to competition because the two railroads today serve many locations and shippers in common. Indeed, they operate parallel lines between Baton Rouge and New Orleans and Eastern Mississippi; they both serve grain and other shippers in large swaths of the Midwest and Southern United States; and they both reach the port of Mobile, Alabama. Even more fundamentally, between the Upper Midwest and Gulf Coast, a CN/KCS combination would reduce the number of independent routing options from four to three.

We expect a combined CPKC network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist. A CN-KCS combination would limit competitive carrier options to markets and ports south of Kansas City.

Respectfully submitted,

Owner / President
Clayton Cty Recycling

4-29-21

CC All Parties of Record

Surface Transportation Board

To Whom It May Concern;

As Vice-President of CMA CGM (America) LLC, I write this letter on behalf of our company to lend support for the proposed merger of the Canadian Pacific ("CP") and Kansas City Southern ("KCS") railways. As one of the largest ocean carriers in North America and indeed the World, CMA CGM is a significant user of both of these railroads, shipping more than 12,750 shipping containers annually on their networks.

CMA CGM supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. As an ocean carrier, living with competition is a daily reality and we know that we need to serve our customers in the best, most cost effective manner. We believe the combination of CP and KCS will add healthy competition to the Class 1 railroads, which will be applauded by all rail customers including CMA CGM and our competitors.

There is little to no overlap between the services of CP and KCS and the complementary nature of CP's and KCS's networks – connecting only at Kansas City, means that the transaction will not have any adverse effects on competition. Trust me, you would be receiving a much different letter if we were concerned about limiting competition, even if in only one market. Instead, the lack of overlap will make these carriers a better alternative relative to the other options that already exist and we understand that CPKC will continue to interchange with all of their other existing interline partners to provide the services we need.

Finally, the merger of CP and KCS has the potential to provide new solutions for our beneficial cargo owning customers by creating entry and IPI points not previously available. We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

For these reasons, CMA CGM (America) is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. CMA CGM urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely yours,

Bob Basila
Vice-President

CMA CGM (America) LLC
5701 Lake Wright Drive – Norfolk, VA – 23502-1868, USA
Tel: 1 (877) 556-6308
www.cma-cgm.com

Coca-Cola Canada Bottling Limited

Attn: Surface Transportation Board – Docket No. 36500

RE: CP-KCS Potential Merger

To Whom It May Concern:

I am writing to provide my written support for the combination of Canadian Pacific Railway (CP) and Kansas City Southern (KCS). I believe this combination of railroads will benefit not only Coca-Cola Canada by creating more efficient supply chains across the North American continent, but also open up new opportunities and new markets for businesses.

Coca-Cola and CP work together today to move intermodal and carload traffic across Canada and the USA. CP plays a critical role in the Coca-Cola supply chain, transporting beverage products and enabling Coca-Cola to keep store shelves stocked for the Canadian consumer. The relationship is strategic and both companies collaborate to create better and more environmentally sustainable supply chains.

From our perspective, the transaction promises to provide improved service options and competition for shippers across North America while creating potential new opportunities for Coca-Cola to route cargo and source consumer goods from the USA and Mexico. The CP/KCS combination will enable Coca-Cola to convert truck traffic to rail, thereby providing a benefit to the environment and society by taking trucks off the critical public infrastructure of the USA.

We firmly believe that CP and KCS will provide Coca-Cola with safe, efficient and fast service that will allow us to achieve the goal of reducing carbon intensity and improving the North American supply chain's environmental footprint. Coca-Cola urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all shippers across the USA, Mexico and Canada.

Sincerely,

David Keenan

Director Transportation

Coca Cola Canada Bottling Ltd

columbia
FOREST PRODUCTS

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Rocky M. Boucher and my business address is 324 Bluff Road, Newport, VT 05855, United States. I am the Director of Sales, Veneer Operations for Columbia Forest Products. In my role, I am responsible for sales for Columbia Forest Products' four hardwood veneer mills.

Columbia Forest Products is North America's leading manufacturer of hardwood plywood and hardwood veneer products, which are used to create high-quality cabinetry, fine furniture, architectural millwork and commercial fixtures. Columbia's products are sold through a network of wholesale distributors, mass merchandisers and original equipment manufacturers. Employee-owned and headquartered in Greensboro, NC, Columbia has approximately 2,000 employee-owners and operates plants throughout the United States and Canada.

Rail transportation enables us to deliver our products to customers in the United States. We use CP to ship our products from both our CP-served production plant in Newport, VT and Presque Isle, ME (via the Main Northern Railway which has a haulage agreement with CP) to various destinations in the state of Oregon.

Our relationship with CP has evolved since the CP's acquisition of the CMQ in 2020 and we continue to explore opportunities to grow our rail business with them. The consistent and reliable service of CP allow us to meet the requirements of our customers and extend our reach into new and expanding markets. We directly benefit from the value of CP's service, which is demonstrated by competitive rates, network reach, transit times and industry leading safety practices. Our shippers work extensively with their CP counter-parts on transport solutions for our customers and to find freight solutions to keep our costs competitive with our US and Canadian based competitors. These have been long-standing relationships that continue to grow more productive and beneficial over time.

Columbia Forest Products supports approval of the CP/KCS combination as it relates to the service and cost savings opportunities it would represent as they have been described. The transaction as communicated would provide significant benefits that we are eager to see realized as soon as possible.

Innovating
Responsibly.™
Address Line 1
Address Line 2
City State Zip
[P] 000.000.0000
[F] 000.000.0000
[T] 000.000.0000
cfpwood.com

columbia
FOREST PRODUCTS

For our perspective, the transaction promises to provide improved service options for several markets that we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently.

We are very interested in the transaction because it will reportedly allow a combined CPKC to provide new, more efficient and reliable rail service options. This should strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings could expand market reach and offer new competitive transportation options for our shipments of hardwood veneer to Laredo, TX and the Mexican market which is an important market for Columbia Forest Products.
- CPKC's new service offerings may improve transit times and reliability, which has the potential to reduce our equipment costs and improve our efficiency.
- Columbia Forest Products supports environmental sustainability and encourages the addition to provide new competition against other railroads.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. Ideally this transaction will address that.

For these reasons, Columbia Forest Products is supportive of the combination of CP and KCS.

Executed on March 30, 2021



Rocky M. Boucher

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Address Line 2
City State Zip

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Conagra Brands Canada Inc.
5055 Satellite Drive, Unit 1&2
Mississauga, Ontario
L4W 5K7

STB Finance Docket No. 36500
CP-KCS Proposed Combination
March 29th, 2021

To Whom It May Concern:

I am writing to provide my written support for the combination of Canadian Pacific Railway (CP) and Kansas City Southern (KCS). I believe this combination of railroads will benefit Conagra Brands by creating more efficient supply chains across the North American continent. Head Quartered in Chicago, Conagra Brands and CP work together today to move our iconic brands across Canada. CP plays a critical role in the Conagra supply chain, enabling Conagra to keep store shelves stocked and Canadians fed. The relationship is strategic and both companies collaborate to create better and more environmentally sustainable supply chains.

From our perspective, the transaction promises to provide improved service options and competition for shippers across North America while creating new opportunities for Conagra to source materials across the USA and Mexico. The combined CPKC network would help us move our products more efficiently with a smaller environmental footprint. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Swift approval of CP's acquisition of KCS would allow these systems to be integrated and the end-to-end benefits of this deal could be realized for the benefit of all shippers across the USA, Mexico and Canada.

Thank You,

Mark Sauve
Manager Canadian Transportation and Warehousing
C 289-788-2482
MARK.SAUVE@CONAGRA.COM
CONAGRABRANDS.COM

FASTFRATE

March 26, 2021

ATTENTION: Surface Transportation Board

My name is Manny Calandrino with a business address of 9701 Highway 50, Woodbridge, Ontario, Canada. I am the President & CEO of Consolidated Fastfrate Inc. ("Fastfrate"). In my role, I am responsible for developing the vision and strategy for the company in consultation with our board of directors, growing the value of the company, providing the final decision for high-level business changes, and managing the relationship with our major customers and carrier partners.

Fastfrate is one of Canada's largest privately held intermodal LTL carriers offering industry-best LTL and TL intermodal transit times. We have had a long-standing partnership with CP that dates back over 20 years, and we have terminals located in proximity to CP's facilities in all major cities in Canada.

Fastfrate supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Fastfrate has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Fastfrate ships consumer packaged goods, electronic products, and other raw materials for customers located in central Canada and the United States to western Canada and overseas. In 2020, Fastfrate moved over 28,000 marine containers through the CP network of railway.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach

destinations beyond Kansas City that we ship to, or that could expand the markets we serve effectively.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our cross-border shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Fastfrate is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Fastfrate urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Manny Calandrino, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 26, 2021.

[Signature]
Manny Calandrino

CONSOLIDATED FASTFRATE INC.
9701 Highway 50, Woodbridge, Ontario L4H 2G4 T 905.893.2600 TF 800.268.1564 F 905.856.4515
fastfrate.com

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CIG LOGISTICS

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is James Price, and my business address is 209 West 2nd Street #282, Fort Worth, TX 76102. I am the SVP of Operations of Continental Intermodal Group LP ("CIG Logistics"). In my role, I am responsible for overseeing operations at all terminal locations, whether owned or operated.

CIG Logistics receives railcars from all Class I railroads for purposes of transloading and terminal operations.

CIG Logistics supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

Tel: 817.768.6391 | **E-Fax:** 817.768.6394 | 420 Throckmorton Ste 550, Ft. Worth TX 76102 ciglogistics.com

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- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our customers' shipments of products.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, CIG Logistics is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. CIG Logistics surges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I James Price, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/25/2021.

DocuSigned by:
James Price
D29FE57E140E42E...

Tel: 817.768.6391 | E-Fax: 817.768.6394 | 420 Throckmorton Ste 550, Ft. Worth TX 76102 ciglogistics.com



Continental Logistics Ltd
Unit 5, 4948 126th Ave SE Calgary Alberta T2Z 0H2

ATTENTION: Surface Transportation Board

My name is Chad Nielson and my business address is Unit 5 4948 – 126 AVE SE . I am Director of Continental Logistics LTD. In my role, I am responsible for overseeing all operations.

Continental Logistics is a client of CP , utilizing the rail options CP provides. CP ships all manor of freight from US to Canada and Canada to the US. We value this service as it has become essential to our day to day operations.

Continental Logistics supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Continental Logistics has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by opening the doorto new lanes.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Continental Logistics is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Continental Logistics urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I _Chad Nielson _____, declare [or certify, verify, or state] under penalty of perjury [''under the laws of the United States,'' if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on _____2021-03-26_____[*date*].

_____Chad Nielson_____ [Signature]
[Insert typed name]

March 25, 2021

STB Docket FD36500

Surface Transportation Board
395 E Street SW
Washington DC 29423

My name is Ronald C. MacDonald Sr. V. P. Marketing, Cornerstone Systems Memphis, TN 38125. As Sr. V.P. Marketing I am involved in both rail car and intermodal shipments.

Presently, we handle railcar and intermodal shipments with the KCS (intermodal we do not handle direct but in KCS/NS service). We do not have a way to handle intermodal with KCS/CP as KCS does not provide rail owned 53 ft. containers. Also, with CP we handle intermodal CP/UP and CP/NS shipments but not CP/KCS as CP does not have rail owned containers that can interchange with KCS. The main possible benefit of the merger would be the CP extending the EMP rail owned 53 ft. container fleet to include KCS thus allowing a single linehaul.

Cornerstone Systems is voicing support to the CP and KCS merger. We hope CP can find a way to expand the EMP fleet to the KCS served ramp thus having EMP service between Canada and Mexico as well as on KCS.

I, Ronald C. MacDonald verify that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 25, 2021:

Ronald C MacDonald

Ronald C. MacDonald
Sr. V.P. Marketing

cc: Kevin Long
Account Manager

COSCO SHIPPING 中远海运集运（北美）有限公司
COSCO SHIPPING Lines (North America) Inc.

March 29, 2021

RE: *COSCO SHIPPING Lines (North America) Inc. Letter of Support*

To Whom It May Concern at the Surface Transportation Board

My name is HE Qin and my business address is 100 Lighting Way, Secaucus, NJ 07094. I am General Manager of COSCO SHIPPING Lines (North America) Inc. ("CSLNA"). In my role, I am responsible for overseeing vendor negotiations and vendor relations with our partners, including Canadian Pacific Railway ("CP").

COSCO SHIPPING Lines (North America) Inc. has been a partner of CP for several years and we have enjoyed a successful partnership in assisting our domestic and international customers for several years.

We would therefore like to offer our support to approve the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

As an international ocean carrier COSCO SHIPPING Lines requires reliable service with multiple networks to offer our customers. A CPKC combination would allow us to provide this for our accounts to the benefit of all stakeholders.

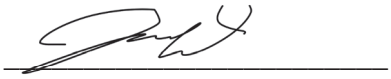
We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example, we are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of

seamless, single-line service we have come to expect from our transportation providers. This Transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, COSCO SHIPPING Lines (North America) Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. CSLNA urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



HE Qin
General Manager
COSCO SHIPPING Lines (North America) Inc.

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COVIA

ATTENTION: Surface Transportation Board

My name is Campbell Jones and I am the Chief Operating Officer of Covia Holdings LLC ("Covia"), with a business address of 3 Summit Park Drive, Independence, OH 44131. In my role as COO, I am responsible for Mining, Manufacturing, and Logistics operations.

Covia has a long history of working with both the CP and KCS. We have three mining facilities that originate on the CP and use the KCS as a connecting carrier for shipments into Mexico.

Covia supports approval of the CP/KCS combination. We expect this transaction could provide benefits to Covia that we are eager to see realized as soon as possible.

From our perspective, the transaction is likely to provide Covia with increased service options. We expect that a combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic, and Pacific coasts as well as to key overseas markets – would help us better reach our existing markets and new markets. CP market reach is limited today, as its lines only go as far south as Kansas City. This transaction would potentially allow a combined CPKC to provide expanded service options. We are particularly enthusiastic about the role new CPKC single-line routes could play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. We would value there being a more complete USMCA railroad option as we currently ship from Canada to Mexico on a mixed carrier intermodal network. As separate companies, CP and KCS have not been able to offer the kind of seamless, single-line service we anticipate they will be able to offer following the CP/KCS combination.

For these reasons, Covia is voicing support for the combination of CP and KCS. Covia urges the STB to approve CP's acquisition of KCS as swiftly as possible.

VERIFICATION

I Campbell Jones, in my capacity as Chief Operating Officer of Covia Holdings LLC and not in a personal capacity, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 2, 2021 [*date*].

Campbell Jones [Signature]

Campbell Jones

Crow Wing Recycling
714 Industrial Pk Rd SW
Brainerd, MN 56401
(218)828-0048 (218)825-0919
crowwingrecycling@brainerd.net

04/29/20

ATTENTION: Surface Transportation Board
RE: STB Finance Docket No. 36500
CP-KCS Potential Combination

Crow Wing Recycling hereby files this letter to express its concerns about the bid by CN to acquire KCS and re-iterate its support for the CP-KCS combination.

As expressed in our previous letters to the Board dated March 24, 2021, Crow Wing Recycling supports swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets and Gulf port options for imports, year round barge terminal access, improved service options, and invigorated transportation competition.

By contrast, a CN acquisition of KCS would lead to a reduction in competition and deprive shippers like Crow Wing Recycling of the many tangible benefits offered by the CP/KCS deal. Specifically, if CN were to acquire KCS, the merged firm would not provide Crow Wing Recycling competitive options into our existing customer markets, or the US Gulf Coast and Mexico. If the CP/KCS deal is not approved because CN prevails—or for any other reason—we will simply not be competitive in shipping to these markets as we will be required to continue interlining with other railroads or only serve these markets seasonally to reach these destinations, which increases costs and reduces efficiency. A CP-KCS combination would place us on a more even playing field and greatly expand access to growing markets across the United States, Mexico, Canada, and globally. The bid by CN jeopardizes this access and the increased competition it would generate.

We expect a combined CPKC network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist. A CN-KCS combination would limit competitive carrier options to markets and ports south of Kansas City.

Respectfully submitted,



Grant VanWyngeeren, Vice President
714 Industrial Pard Rd, Brainerd, MN 56401
grant@crowwingrecycling.com

cc: All Parties of Record

March 29, 2021

Martin J. Oberman,
Chairman
Surface Transportation Board
395 E Street SW
Washington, DC 20423

Via Email

RE: Canadian Pacific – Kansas City Southern Pending Merger

Dear Chairman Oberman:

My name is Chris Mnichowski and my business address is 6636 Berger Avenue, Kansas City, KS 66111. I am President of CTI Freight Systems Inc. (CTIFS) In my role as executive I am responsible for the strategic planning and company vision reporting to the CEO and Board of Directors. Additionally, this position requires overview of personnel who handle day to day operations and sales.

CTI Freight Systems Inc is an asset based 3PL providing shipping opportunities to industry via rail and/or truck or combinations thereof. CTIFS has relations with all Class 1 railroads and transports commodities on the KCS into Canada, on the CSX & NS to the east coast and the NS/UP to the west coast. We also ship on the CN shipping cross border to our U.S. customers.

CTI Freight Systems, Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. CTIFS has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

CTIFS provides rail transportation service in its private rail shipping foundry coke from Birmingham to California, Virginia & Wisconsin. We ship protein from the Midwest for export and having access to Mexico and the Canadian West Coast with the CP will give us the additional service lanes and capacity to meet current and future demand.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of pig iron from Corpus Christi, TX to Quebec.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.
- CPKC's offerings will allow CTIFS to provide alternatives to the congestion and delays that occur at Los Angeles/Long Beach CA ports.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, CTI Freight Systems Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. CTI Freight Systems Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Chris Mnichowski, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.

Chris Mnichowski [Signature]
Chris Mnichowski, President

VERIFICATION

I LINDA BASTIAN, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on MARCH 29, 2021.

Linda Bastian [Signature]
Linda Bastian , CEO

Custom Bulk Services INC.
920 Fleming Ave
Penhold AB

April 30th 2021

ATTENTION: Surface Transportation Board
RE: STB Finance Docket No. 36500 (CP-KCS Potential Combination) **ATTENTION:** Surface Transportation Board

My name is Trevor McPherson, and my business address is 920 Fleming AVE Penhold AB. I am Procurement and Logistics Manager of Custom Bulk Services INC. In my role, I am responsible for and over see that all transportation and logistics run smoothly as well as cost effectiveness.

CP is our partner and we rely on them for transportation to haul vital shipments to support our Agricultural and other customer's operations. Custom Bulk Services INC. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Custom Bulk Services INC. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

> **CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).**
>
> **And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.]**

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.
For these reasons, Custom Bulk Services INC. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Custom Bulk Services INC. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Custom Bulk Services INC. also hereby files this letter to express its views about the bid by Canadian National ("CN") to acquire Kansas City Southern ("KCS") and to reiterate its support for Canadian Pacific's ("CP") proposed combination with KCS.

Custom Bulk Services INC. is aware of CN's competing bid to acquire KCS. Based on our experience, we believe that the CP/KCS combination promises to deliver tremendous benefits, including new and better competitive transport options.

Custom Bulk Services INC. nonetheless has strong views about the kind of railroad combination that the STB should allow – and indeed expedite – versus the kind of combination that it should not permit to proceed.

The kind of transaction that is in the interests of shippers and the public would:

- ***Not have competitive overlaps*** that reduce the number of independent rail options, even if the railroads might think they can propose "remedies" to overcome the lost competition.
- ***Improve competitive options***, including by adding new single-line routes where other, larger railroads currently dominate.
- ***Not pose a risk of stimulating further industry consolidation***, such as by destabilizing the six large carrier balance in North America

A transaction meeting these criteria is in the public interest and should receive swift Board approval. Quick approval of procompetitive transactions is critical to helping shippers and other stakeholders reap the benefits sooner rather than later, and we have no objection to the use of a voting trust mechanism to facilitate such a transaction. For transactions that do not meet the three criteria set out above, we would strongly object to the Board allowing the transaction to proceed even as far as a voting trust, which itself could diminish competition and lead to downstream concerns.

We trust the Board to assess the two proposals for KCS in light of these criteria.

Respectfully submitted,



Trevor McPherson, Logistics Manager

CC: All Parties of Record



ATTENTION: Surface Transportation Board

My name is Martin Kiehm and my business address is 8415 220th Street West, Lakeville, MN 55044. I am President of Custom Stud, Inc. In my role as owner of the company, Custom Stud Inc is continually exploring better, more cost-effective means for both inbound and outbound shipping.

Custom Stud, Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Custom Stud, Inc. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

We know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior at providing better and faster service.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example, the time in transit is an issue that we, as well as our tenant, find it difficult to justify & drive our costs up.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

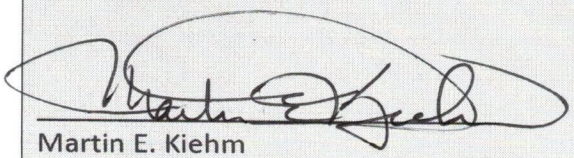
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Custom Stud, Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Custom Stud, Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Martin E. Kiehm, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3 29-21.



Martin E. Kiehm

CW Metals
9696 Fallon Avenue
Tel 763-295-6992
www.cwmetals.com

ATTENTION: Surface Transportation Board

My name is Neil Byce and my business address is 9696 Fallon Ave, Monticello, MN 55362. I am President of CW Metals. In my role, I am responsible for overseeing all aspects of the business.

CW Metals is a scrap metal recycler and processor who currently has relationships with the CP at two of our scrap yards. Those yards are Lakes Iron and Metals in Detroit Lakes, MN and Crow Wing Recycling in Ironton, MN.

CW Metals supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. CW Metals has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship metal commodities from our CP-served facilities in Detroit Lakes, Minnesota and Ironton, MN to consumer mills south of our location.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example:

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of metal from our facilities to various consumer mills south of our locations.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. This change will provide growth opportunities for shipping to additional consumers and potentially reduce transit time.
- We anticipate that expanding shipping opportunities and reducing transit time will aid in the stabilization of metal markets.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, CW Metals is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. CW Metals urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I , Neil Byce, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/24/21.

[Signature]

Neil Byce

CYPRESS Concrete LTD.

Box 891 · 961 High St. W · Moose Jaw, Saskatchewan S6H 4P5 · Phone (306)692-1320 · Fax (306)693-6880

Letter to STB commenting on CN Trust Proposal

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Cypress Concrete Ltd.

I am writing to express Cypress Concrete Ltd.'s perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to the proposed voting trust process under the 2001 Major Merger Rules and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use."

As a company that has been successfully transporting large portions of product (cement powder) through North American rail networks, we are writing to express our view that the use of a trust for a CN KCS merger under the 2001 Major Merger Rules would not be in the public interest.

We welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest"

and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest and would not cause substantial financial harm to one or both railroads is cause to conduct a full and thorough review of the transaction instead of allowing a trust. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so – and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules.

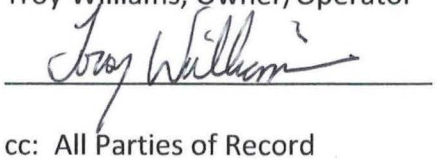
In addition, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high-capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening new competition against CN, BNSF and Union Pacific.

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust.

Respectfully submitted,

Troy Williams, Owner/Operator



cc: All Parties of Record

DAAQUAM LUMBER MAINE
GROUPE LEBEL

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Misty Robinson and my business address is 1200 Masardis Road Masardis, ME 04732. I am Shipping Coordinator of Daaquam Lumber Maine INC. In my role, I am responsible for overseeing production, inventory, and coordinating all shipments.

Daaquam Lumber Maine INC is a lumber mill producing high grade random length lumber. Daaquam and our customers rely on CP to get our lumber product shipped down the east coast and through out the southern states.

Daaquam Lumber Maine INC supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Daaquam has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship lumber packs on CP rail to our customers down the east coast and throughout the southern states. Our customer base in those southern states have been growing.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.]

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Daaquam is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Daaquam urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on 5/12/21.

Misty Robinson

PO Box 749, Ashland, Maine 04732
Tel. : 207-435-6401 • Fax : 207-435-6117 • www.groupelebel.com/en/

Dakota Gold Transfer-Plaza, LLC.
6286 41st St. NW Plaza, ND 58771

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Cody Moe and my business address is 6286 41st ST NW, Plaza ND 58771. I am CEO/President of Dakota Gold Transfer-Plaza. In my role, I am responsible for overseeing the operation of the transload site and future growth of overall business.

Dakota Gold Transfer-Plaza is a fee for service transload business in the midstream energy business. We move NGLs & LPGs out of the Bakken. We move diesel and gasoline into the Bakken from CP origins.

Dakota Gold Transfer-Plaza supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Dakota Gold Transfer-Plaza has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship NGLs and LPGs from our CP-served facilities in North Dakota to our customers with terminals in the gulf region as well as far south into Mexico.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to. With this merger to take place we will be able to provide a better service and rate more consistently to our customers.

From past experience we can attest that a single line haul is far more superior than an interline haul. Allowing us to serve customers more cost efficient options.

Dakota Gold Transfer-Plaza, LLC.
CODY@DAKOTAGOLDTRANSFER.COM KIM@DAKOTAGOLDTRANSFER.COM
OFFICE: 701-497-3663 CELL: 701-509-6958

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of NGLs and LPGs from North Dakota into the gulf region and Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Dakota Gold Transfer-Plaza is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Dakota Gold Transfer-Plaza urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Cody Mo

Dakota Gold Transfer-Plaza

DEACERO, S.A.P.I de C.V.
Ave. Lázaro Cárdenas 2333
San Pedro Garza García, NL
MEXICO 66260
www.deacero.com

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is ARTURO RODRIGUEZ GUJARDO and my business address is AVE. LAZARO CARDENAS 2333 SAN PEDRO GARZA GARCIA, NUEVO LEON. I am Senior Manager of Transportation and Foreign Trade of DEACERO SAPI DE CV. In my role, I am responsible for the operation and negotiation of transport and foreign trade of the company worldwide.

DEACERO SAPI DE CV is a steel manufacturer in Mexico, with mills, wire facilities, scrap yards and distribution centers in all Mexico and in the United States. We have a strong relation with KCSM, KCS and CP moving scrap from USA to Mexico and finish product as rebar, beams and Wire Rod between México and export shipments to USA and Canada.

DEACERO SAPI DE CV supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. In the USA and Canada, the combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. In Mexico, KCS provides efficient service thru the most relevant manufacturing footprint. The two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks in the North America market

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

We believe this transaction could be positive for as a transportation option. We can see the benefit in the future to be able to have a seamless option into the Canada market, and more competitive option to access market around the Chicago area.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

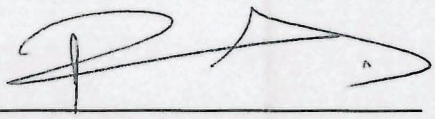
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, DEACERO SAPI DE CV is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. DEACERO SAPI DE CV urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I ARTURO RODRIGUEZ GUAJARDO, declare under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on MONTERREY, NUEVO LEON, MEXICO APRIL, 19TH, 2021



ARTURO RODRIGUEZ GUAJARDO

776 Dundas Street East, Suite 201
Mississauga, Ontario, L4Y 2B6
Tel: (905) 277-0363 Fax: (905) 277-0369
peter@demancorp.com

DeMan Construction Corp.

May 3, 2021

Surface Transportation Board
395 E Street SW
Washington, DC
20423

Re: CP KC Supplier Support

To whom it may concern,

DeMan Construction Corp. is a supplier of construction services to the rail industry. CP is one of our most valued customers.

I, Peter DeMan, serve as the Principal-in-Charge at DeMan Construction Corp., where my duties include Project Manager, Estimator, and Master Electrician. DeMan supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

We have been providing construction project management and all other construction related services (repairs, renovations to facilities, general maintenance, watermain upgrades, etc.) to CP for many years at numerous locations across Canada. We value our long-standing relationship with CP and support their attention to safety, continual investments in upgrading facilities and capacity to serve customers.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Regards,

Peter De Man, Owner
DeMan Construction Corp.

DESARROLLOS AMBOISE, S. A. DE C. V.

MARCH 30TH, 2021

ATTENTION: Surface Transportation Board

My name is Manuel Cruz. I am the Logistics Manager of Desarrollos Amboise S.A. de C.V. In my role, I am responsible for Purchasing and Logistics for our group.

Desarrollos Amboise S.A. de C.V. is a Propane Wholesale Company out of Monterrey, Mexico. We buy and import propane from the US and Canada and ship it by rail into Mexico. We have had a very good relationship with CP and KCS ever since we first starting importing propane back in 2016. This has been a new operation for us and both companies have been great allies and suppliers.

The CP/KCS combination could be of great benefit by increasing the trade between Canada, USA and Mexico and supporting the free trade agreement. This could also benefit both customers and employees by having 1 single company connecting Canada to Mexico. This could also open new investment opportunities in all 3 countries by increasing traffic and increasing the need for new terminals and infrastructure.



Manuel Cruz

Logistics Manager for Desarrollos Amboise S.A. de C.V.

DFK Enterprise, Inc.

Derek Kruk
President

944 Rockbridge Road
Naperville, Illinois 60540
dkruk@dfkenterprise.com
April 12, 2021

ATTENTION: Surface Transportation Board

My name is Derek Kruk, and my business address is 944 Rockbridge Road, Naperville, Illinois. I am President of DFK Enterprise. In my role, I am responsible for all company rail operations.

DFK Enterprise is a bulk oil trading and transportation company with ongoing rail operations in North America. DFK Enterprise has used CP periodically over the last ten years to ship petroleum products from Western Canada into the US Midwest. The combined CP/KCS railroad offers a compelling competitive alternative to Canadian National oil movements from Canada into the United States.

DFK Enterprise supports approval of the CPKC combination. The transaction would provide benefits that we would hope to realize soon.

From our perspective, the transaction should provide extension of transportation options from Canada into the United States. The transaction should improve competition with current Canadian and American rail options. The combined CPKC network would help DFK Enterprise develop new markets, particularly into the US Gulf Coast.

We look forward to the transaction because it will allow a combined CPKC to provide DFK Enterprise more extensive single line rail service options. This will strengthen competition against the other, large rail carriers that serve our markets. For example, CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of oil from East Edmonton, Alberta to Houston, Texas.

For these reasons, DFK Enterprise supports the combination of CP and KCS, because it should provide expanded options and provide for improved rail efficiencies. DFK Enterprise urges the STB to approve CP's acquisition of KCS as quickly as practical so that these systems can be integrated, and the benefits of this deal can accrue to all stakeholders.

VERIFICATION

I Derek Kruk, state under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 12, 2021

Derek Kruk

Derek Kruk

April 6, 2021

Attn: Surface Transportation Board (STB) – Finance Docket No. 36500

To Whom It May Concern:

RE: Canadian Pacific Railway (CP) and Kansas City Southern (KCS) Potential Merger

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We are writing to provide support for the proposed combination of Canadian Pacific Railway Limited (CP) and Kansas City Southern (KCS).

Dollarama and CP are currently working together to move intermodal traffic across Canada. CP is a strategic business partner of Dollarama and plays a critical role in the Dollarama supply chain, transporting retail and food products for the benefit of Canadian consumers.

Based on the information available to us, we believe the combination of CP and KCS railroads is bound to create more efficient supply chains across the North American continent and open up new opportunities and new markets for businesses. We are confident that a combined CP and KCS entity will create an even stronger business partner for Dollarama, from both a financial and an operational standpoint, and will continue to provide Dollarama with safe, efficient and fast service that will allow us to move goods across Canada, and to achieve the goal of reducing carbon intensity and improving the North American supply chain's environmental footprint.

From an ESG perspective more specifically, this merger offers large benefits as transportation-related greenhouse gas emissions are directly related to fuel consumption. The combined CP-KC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – will help a significant number of customers reach existing and new markets more efficiently, moving more freight by rail instead of truck and, as a result, lowering greenhouse gas emissions associated with transportation. For illustration purposes, a single unit train keeps more than 300 trucks off public roads and is four times more fuel-efficient than trucking. Also, railroads have made significant operational and technological improvements to improve fuel efficiency, which holds great promise in allowing customers like Dollarama and others lower their carbon footprint and, more generally, in addressing climate change challenges.

Dollarama see favorably the approval by the STB of CP's acquisition of KCS so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all shippers across the USA, Mexico, and Canada.

Sincerely,

Neil Rossy
President and CEO
Dollarama

DOMINION RAILWAY SERVICES
4306 – 52 Street
Camrose, Alberta T4V 1T6

March 29, 2021

Mr. Martin J. Oberman, Chairman
United States Surface Transportation Board
Washington, D.C.

SUPPORT FOR THE COMBINATION OF CANADIAN PACIFIC RAILWAY & KANSAS CITY SOUTHERN LINES.

Dear Chairman Oberman and Surface Transportation Board Members:

Dominion Railway Services Ltd. is a transportation logistics company providing third party services for a host of rail shippers, industrial, and short line railways in both the United States and Canada.

We wish to express our support for the combination of Canadian Pacific Railway and Kansas City Southern Lines. We believe that this north-south railroad will provide shippers for example in the midwestern U.S. with improved single-line access to both Mexican and Canadian markets, and in doing so create economic development opportunities for U.S. companies, along with counterparts in Canada and Mexico.

From our own experience, we know that Canadian Pacific has for many years worked to leverage its Kansas City gateway to the benefit of north American shippers, and that intuitively the introduction of a single line haul specifically will result in improved service options, reduced rail car cycle times, and an increased flow of traffic. Accordingly, logic also suggests that there should be railroad industry jobs created in the Midwest on the combined CP/KC network as additional crews and maintenance personnel are required as volumes grow.

We appreciate the role that the Surface Transportation Board has in assessing the competitive impacts of rail transactions. In the case of CP/KC, it appears that traffic handled by existing interline partners will continue to be interchanged as it has in

the past, and that the merger of these carriers will not have an adverse impact on competition. As a result, a timely approval of the transaction would certainly advance some of the shipper and further industry stakeholder benefits that the transaction seems to represent.

As a result, we are pleased to respectfully submit this letter of support accordingly,

Yours very truly,

DOMINION RAILWAY SERVICES LTD.

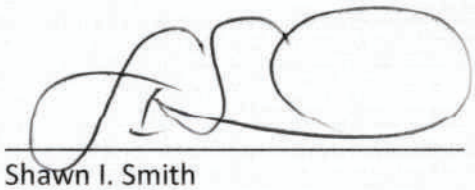


S.I. Smith
President

VERIFICATION

I Shawn I. Smith, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021



Shawn I. Smith

Domtar
Corporate Office
100 Kingsley Park Drive
Fort Mill, SC 29715
www.domtar.com

March 31, 2021

The Honorable Martin J. Oberman
Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

REGARDS: Proposed merger of the CP and KCS

I am writing on behalf of Domtar in preliminary support of the proposed purchase of the Kansas City Southern Railroad by the Canadian Pacific Railroad. We see potential in the transaction to provide benefits along certain routes.

Domtar is a leading provider of a wide variety of fiber-based products, including communication, specialty and packaging papers, market pulp and airlaid nonwovens. With approximately 6,600 employees serving more than 50 countries around the world, Domtar is driven by a commitment to turn sustainable wood fiber into useful products that people rely on every day. Domtar's annual sales are approximately $3.7 billion, and its common stock is traded on the New York and Toronto Stock Exchanges. Domtar's principal executive office is in Fort Mill, South Carolina.

My business address is 234 Kingsley Park Drive, Fort Mill, South Carolina 29715 and my telephone number is 803/802-8041. I serve as Domtar's vice president for government relations.

Domtar is served by the Kansas City Southern at our Ashdown, Arkansas facility and by the Canadian Pacific at our Kamloops, British Columbia, Dryden, Ontario and Espanola, Ontario sites. We are proud of the business relationships we have forged with the two railroads.

Domtar will be reviewing the specific details of this transaction in the coming months. We are optimistic we can reach a suitable accord before the Surface Transportation Board makes its final decision.

The CPKC has the potential to unlock several new routes for some of our Canadian products to start flowing into United States customers.

Domtar is heavily dependent on connections to North American ports, especially on the east and west coasts. The Canadian Pacific is a good business partner that provides our Canadian pulp, particularly Dryden and Kamloops to port access in Vancouver. Considering the markets we serve from Ashdown we favor using ports along the east and west coasts of the United States. We hope that the CPKC will see enhanced traffic destined for ports along the east and west coasts of the United States and that Domtar will benefit from improved connections to ports such as Charleston, Savannah and Los Angeles/Long Beach.

At each of the four facilities mentioned above, Domtar is impressed with the safety commitment shown by both railroads. We have every reason to believe this commitment will remain.

With best regards, I remain

Sincerely,

Thomas S. Howard
Vice-President Government Relations

VERIFICATION

I Thomas S. Howard, declare [or certify, verify, or state] under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 31 March 2021 [*date*].

[Signature]

[Insert typed name] Thomas S. Howard

Domtar

DP WORLD
Americas

Regional Office

DP World ARO
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Charlotte, NC 28209

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March 30, 2021

Ms. Cynthia T. Brown
Chief of the Section Administration, Office of Proceedings
Surface Transportation Board
395 E. Street, S. W.
Washington, D. C. 20423

Re: Finance Docket No. 36500, CP/KCS Combination

Dear Ms. Brown:

My name is Matthew Wells Leech and my business address is 5605 Carnegie Blvd Suite 200, Charlotte, NC 28209. I am the Chief Executive Officer of DP World - Americas. In my role, I am responsible for DP World's network of marine and logistics terminals across North America.

DP World has been a transportation partner of CP Rail since 2006. CP Rail provides highly reliable rail connectivity for containers and other cargoes being imported and exported through three of our Canadian marine terminals. Of particular relevance are our terminals in Vancouver British Columbia (Centennial Terminal and Fraser Surrey) and our facility in Saint John (New Brunswick). DP World and CP Rail have enjoyed a very close working relationship, which has been strengthened with CP Rail's recent acquisition of the Central Maine & Quebec railway, which has allowed CP Rail to extend their service offering to Saint John.

DP World supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Specifically, we see opportunities with this transaction for CP Rail to expand their connectivity from our Canadian marine terminals into the central United States market. This will significantly increase the level of competition amongst Canadian railroads to destinations such as St. Louis, and will also open up new (previously inaccessible) route options for movement of cargoes from Canadian ports into markets along KC's main line between Kansas City and Shreveport.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach from Canadian ports into markets south of Kansas City, that were previously inaccessible from Vancouver or Saint John.
- CPKC's new service offerings should create a second option for accessing key hinterland markets such as St. Louis from Canadian ports, thereby providing more competition for importers and exporters in those regions.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

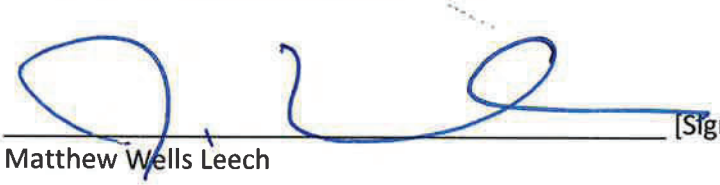
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, DP World is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. DP World urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Matthew Wells Leech, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021.



[Signature]

Matthew Wells Leech

DRAGONFLY PROPERTIES LIMITED
Every home has a story
dragonfly.properties2@gmail.com

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

My name is Sean Winstanley, and I am the Joint owner of a property rental and development company in Nova Scotia, Canada. As such, I rely heavily on my suppliers of lumber, plastics (window manufacturing), roofing shingles, and other construction and renovation materials to move at the best possible cost through the North American rail markets to our location. In fact, transportation costs and competitiveness are often points of conversation with suppliers as we look for new ways to get product to our rather remote area at a reasonable cost. We have historically been somewhat captive to CN rail options naturally; however, since the CP's acquisition of the rail line running into New Brunswick last year, we've been able to explore other options via their new access to the Port of Saint John NB. It is wonderful to have competitive options, which is why I am voicing my sincerest concerns with CN's attempt to buy the KCS. While I have not previously written, I fully support the CP's efforts to purchase the KCS as I see it as a very similar outcome as we've seen with their acquisition of the Central Maine and Quebec Railway i.e. creating new and exciting options for shippers to compete, particularly from the US Gulf Coast to Chicago and up into Canada. The CN's proposal will kill those competitive option for me, my suppliers, and all other shippers who yearn for more competition, not further amalgamation of railways that simply creates them 'redundancy' as CN have openly admitted.

Therefore, my view is that the use of a trust in this proceeding would not be in the public interest and I am strongly opposed to the use of a voting trust. I fear the impacts on the transportation costs to my business in the future. As I understand it, the STB is supposed to protect competition and I am urging you to do this for the best and brightest future for small to medium sized businesses like myself, up to and including the largest of businesses who would ultimately benefit by the choice the CP purchase would offer them versus the anti-competitive nature of CN's deal.

If you approve the trust, either the CN and KCS will not be able to actually come together after the full STB review so they will need to sell the company at a large loss, or if they do get approval, further consolidation will undoubtedly occur, only leading to a further reduction in options and competitiveness for shippers. The former will leave CN and its shareholders with an insurmountable debt (that they will have to pass on to their most captive of shippers no doubt). Who would be buying them for the money CN is paying after knowing that no other railway, other than CP, could likely complete the deal? The answer must be private equity who would never be willing to pay what CN is as they cannot take

advantage of the synergies CN or CP tout as the reason for paying such a premium. It is clear that CN is simply trying to terminate any chance of a CP competitive threat here, which should not be allowed.

Please make your decision in the interest of those who stand to lose or gain the most, not in favor of the company who simply pays the most. It is important to my business and thousands of other businesses who will be left to face the consequences. Please reject the CN's request for a voting trust and let them prove how they will overcome the anti-competitive nature of their acquisition. Our futures are in your hands and we trust you to do the right thing.

Respectfully submitted,



Sean Winstanley, Co- Owner
Dragonfly Properties Limited
5704 Little Harour road
Kings Head, Nova Scotia
B2H 5C4

cc: All Parties of Record

RELOAD INC.

250 Sutherland Ave.
Winnipeg, MB R2W 5M2
Phone (204) 582-2341 Fax (204) 582-7169
Email: ekaletzke@mymts.net

March 30, 2021

ATTENTION:
Surface Transportation Board
395 E Street SW
Washington, DC 20423

My name is Edward Kaletzke; I am Vice President of E.J.R. Reload Inc. , 250 Sutherland Avenue, Winnipeg Manitoba R2W 5M2.

E.J.R. Reload Inc. (EJR) operates as the Canadian Pacific Railway (CP) Transfer Facility in Winnipeg, Manitoba. We receive / offload / deliver bulk railcar shipments of automobiles, steel, lumber, and aggregate commodities on behalf of CP Rail's customer base here in Winnipeg and Manitoba. Previously we had been a lumber railcar reload facility for CP. We have had a close working relationship with CP for the past 40 years. EJR values the long- standing business relationship with CP. EJR has dealt with many CP associates throughout the 40 years, some notable strengths of the company that has enhanced our business include: safety record, operation excellence, high level of customer satisfaction and expansion and diversification.

A significant portion of the shipments received at our facility originates from the southern United States. In addition, most recently, Manitoba businesses have shown an interest in shipping steel goods by railcar from Mexico into Manitoba. The new Canada-United States-Mexico Agreement (CUSMA) reinforces the commitment to an enhanced trading relationship between the three countries. Current railcar shipments originating beyond Kansas City need to be interlined with other railroads and often cause delays in transit time. The approval of the Canadian Pacific Railway (CP) / Kansas City Southern (KCS) combination would allow for more timely, direct line rail shipments and possibly open up new market points; thus benefiting businesses in Manitoba.

To date, we have experienced limited opportunities or missed out on opportunities due to CP's current limited market reach. EJR supports approval of the CP/KCS combination. The transaction would support a more efficient, competitive rail transportation network with significant expanded market reach that would be reflective of the new CUSMA agreement and have economic benefits for all three countries.

Rail based traffic has been proven to be the safest, most cost effective and most environmentally sensitive way to ship / move goods. CP has proven their commitment to

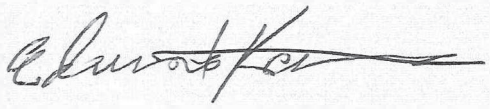
service and safety. We expect those ideals to be further enhanced by the proposed new single line hauls across the combined network.

For these reasons, EJR is voicing strong support for the combination of CP and KCS. The combination will enhance competition, provide expanded options and drive efficiencies for businesses of all sizes. EJR urges the Surface Transportation Board to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

Executed on: March 30, 2021.

Edward Kaletzke
Vice President
E.J.R. Reload Inc.



Montreal, March 29, 2021

ATTENTION: SURFACE TRANSPORTATION BOARD

SUBJECT: SUPPORT LETTER CP/KCS MERGER

To whom it may concern,

EACOM Timber Corporation is a major Eastern Canadian wood products company. Operations include the manufacturing, marketing, and distribution of lumber and wood-based value-added products, and the management of forest resources. EACOM owns seven sawmills, a remanufacturing facility, and an engineered I-joist plant with over 1,200 employees. The Company is committed to investing in strong assets, including healthy forests, advanced technology, and talented people.

As EACOM's logistics Director, I am responsible for the transportation of finished products from our production sites to our valuable customers.

Canadian Pacific (CP) is an important transportation service partner for EACOM Timber Corp. (EACOM) helping us getting our products to the market.

With the information available to date on the transaction EACOM supports the approval of the CP/KCS merger. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

About 50% of EACOM finished product is transported by rail, CP plays a significant role in our supply chain allowing us to place our products in the market in an efficient and competitive way. We are encouraged by the perspective of a transaction that would allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example:

1100 Rene Levesque Blvd. West
Suite 2110
Montreal QC H3B 4N4

T: 514 848-6815
F: 514 848-6885
EACOM.ca

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability.
- KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, EACOM is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes.

Sincerely,

Saulo Peranton

Saulo Peranton
Director, Logistics
EACOM Timber Corporation
1-514-848-6815 x5219
saulo.peranton@eacom.ca

Locations in:
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Phone: 218.685.5331
Fax 218.685.5330
www.elbowlakecoopgrain.com
Grain - Fertilizer - Seed - Chemical - Agronomy Services

ATTENTION: SURFACE TRANSPORTATION BOARD

My name is Kevin Stein and my business is Elbow Lake Coop Grain. I am the General Manager of Elbow Lake Coop Grain. In my role, I am responsible for all activities at Elbow Lake Coop Grain.

Elbow Lake Coop Grain is a grain shipper on Canadian Pacific Railway line in Central Minnesota. We primarily ship corn and soybeans on CPR's line. The majority of our shipments move to the US PNW but at times other corridors depending on market conditions.

I can see the combination of the CP-KCS as bringing enhanced competitiveness, better service and additional marketing options for the grain products that are handled by Elbow Lake Coop Grain and support the approval of the transaction.

Sincerely,

Kevin Stein

Kevin Stein

General Manager – Elbow Lake Coop Grain

2075 Great Northern Road,
Sault Ste. Marie, Ontario P6A 5K7
Telephone:(705) 969-4461
Fax:(705) 969-3124

MAY 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Based in Sault Ste. Marie, Ontario, Ellwood Robinson is a road paver and asphalt tack coat service provider. Much of our equipment and asphalt cement comes in by rail. Our markets would be positively impacted by an increase in inbound and outbound products by rail. If CP were to acquire Kansas City Southern this would allow us to have real competition along the rail network with CN which would provide us with better access to markets, betting pricing, and service but if CN completes this acquisition this would not be the case. We are concerned that if CN were given a monopoly over its competition that prices would increase and service would suffer. They would not be accountable to their customers because the customers would have nowhere else to turn. As a result, we would have serious cost shocks because of increased pricing and supply shocks that would be difficult to overcome.

I am writing to express Ellwood Robinson Inc's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed

transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for

shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not

investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan

that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

John Thomas,
Ellwood Robinson Inc.



_____

Cc: All Parties of Record

Date: March 30th, 2021
ATTENTION: Surface Transportation Board

My name is James McPherson. I am the Logistics manager of ENX Inc. I am responsible for planning the strategy, procurement and execution of rail services.

ENX Inc. is a cement and fly ash supplier distributing our products across North America. Our facility is CN served, but we are able to use CP through Canadian Transportation Agency zone switching.

ENX Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, this union promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to U.S. Gulf, South West, and Mexico – would help us reach new and exciting markets more efficiently.

These two railroads have a very strong focus on safety and a proven track record of operational excellence. I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of all rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. Some examples of how this merger will directly benefit our organization are:

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of fly ash from Edmonton AB to Texas.
- New CPKC single-line routes will expand access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. ENX is a private car shipper and faster transit times will allow us to own and lease fewer cars, reducing our fleet costs.

The complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on other railroads. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, ENX Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. ENX Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.



James McPherson

Logistics Manager
ENX Inc.

ETG

ETG Commodities Inc.

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Loveraj Rai, and my business address is 6601 Goreway dr. Unit B Mississauga ON L4V 1V6 Canada. I am the Chief Operating Officer of ETG Commodities Inc. In my role, I am responsible for executing the company's business plan and managing daily operations.

ETG Commodities Inc has a long-term relationship with CP; we have shipped pulses, peas and beans from Saskatoon and Regina to Vancouver, Montreal, and Toronto. We extended our business and CP was a major factor in ensuring a smooth entry into the South American market to destinations like Laredo and Eagle Pass TX for furtherance into Mexico. CP's is an integral part of our supply chain.

ETG Commodities Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. ETG Commodities Inc. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship grain from our CP-served facilities in Swift Current SK, Success SK, Lajord SK and Cutknife SK to our customers with elevators/terminals in the South Central and Gulf region. As the majority of our grains are exported, ETG Commodities Inc. could greatly benefit from access to a combined 22 intermodal facilities across North America.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (like Mexico for example).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

6601 Goreway Drive, Unit B, Mississauga, ON, L4V 1V6, Canada
Ph: +1 416 900 4148 Fax: +1 416 900 4149 Web: www.etgworld.com

ETG

ETG Commodities Inc.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of pulses from Canada to Central and South America.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.
- There will be a seamless traceability of cargo.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, ETG Commodities is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. ETG Commodities Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Loveraj Rai,

ETG Commodities Inc.

6601 Goreway Drive, Unit B, Mississauga, ON, L4V 1V6, Canada
Ph: +1 416 900 4148 Fax: +1 416 900 4149 Web: www.etgworld.com

ETHIER
SAND & GRAVEL

2589 Ida Street· Sudbury, Ontario P3E 4W9
Telephone: (705) 522-6340
Fax: (705) 522-2984

MAY 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Ethier Sand and Gravel is a Canada based producer and supplier of aggregate material for residential, commercial, and industrial markets. We also are a leading supplier of winter salt/sand mix for our market, and many of these raw materials have been shipped in by rail. We also receive many of our equipment supplies from the United States by rail. If CP were to acquire Kansas City Southern this would allow us to have real competition along the rail network with CN but if CN completes this acquisition this would not be the case. We are concerned that if CN were given a monopoly over its competition that prices would increase and service would suffer to the point that we would have difficulty operating our business with the price increases that CN would need to put through to recover their investment and they would be able to do it because there would be no alternatives along their route network.

I am writing to express Ethier Sand & Gravel's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be

reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers or

less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Dan Ethier,
Ethier Sand & Gravel



Cc: All Parties of Record

EuroChem North America Corp.
3227 E. 31st St.
Tulsa, Oklahoma 74105
+1 (918) 496-5115
www.eurochemgroup.com

March 30, 2021

Re: Canadian Pacific and Kansas City Southern Transaction

To Whom It May Concern:

My name is Donal Lambert and my business address is 3227 East 31st St., Tulsa, OK 74105. I am Head of North America for EuroChem North America Corp. ("EuroChem"). EuroChem is an importer and distributor of fertilizer and feed throughout all of North America. Currently, we ship Canadian Pacific ("CP") direct rail from a terminal in Clinton, IA to North Dakota and a large footprint of Canadian fertilizer retailers. The exceptional service provided by the CP commercial and operations team has allowed us to grow this business tremendously. Unfortunately, there are a couple of constraints with the current system, including the terminal at Clinton; specifically:

1. The Clinton terminal is impacted by river close each year, which limits our time to supply the terminal with product to ship outbound via CP rail. We do plan carefully to "freeze-in" supply each year, but this is often cost prohibitive due to storage charges on barges.

2. There are capacity constraints with terminal operations in Clinton as well. The terminal is only capable of storing, holding and loading a certain amount of railcars each day.

With these constraints, we have reached our capacity on rail shipments to various CP destinations, but there is additional demand to the market we serve. If there was a viable alternative for us to supply and ship from then we could meet the additional demand.

A CP/Kansas City Southern ("KCS") combination eliminates both of the issues mentioned above. The combination would give us single-line rail service options. It has been our experience that single-line rail options are a far better value than the two-line hauls currently required to ship CP direct from terminals below the area on the Mississippi River that cannot be serviced by barge once the river closes. With the additional origin points from which to ship CP rail, operational capacity frees up allowing us to meet the demand for fertilizer shipments in the markets we serve.

EuroChem supports approval of the CP/KCS combination. We believe the transaction would provide significant benefits that we are eager to see realized as soon as possible. More specifically, from our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts would help us reach our existing markets and potentially new markets more efficiently.

EuroChem North America Corp.
3227 E. 31st St.
Tulsa, Oklahoma 74105
+1 (918) 496-5115
www.eurochemgroup.com

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. In our opinion, this will strengthen competition against the other, larger rail carriers and trucks that serve our markets. We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, we believe that given the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction is unlikely adverse effects on competition. Instead, we anticipate it will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, EuroChem is voicing strong support for the combination of CP and KCS, because it will enhance competition and provide expanded options and drive efficiencies for us. EuroChem urges the U.S. Surface Transportation Board to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Donal Lambert

Head of North America

eUSU Logistics

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is James Gibson and my business address is 3501 Algonquin Rd, Suite 830, Rolling Meadows IL 60008. I am a Vice President at Eusu Logistics. In my role, I am responsible for negotiations with all transportation providers and shippers.

Canadian Pacific has been a valued transportation provider to Eusu Logistics for many years. We rely on this relationship to transfer goods and products between the United States and Canada.

Eusu Logistics supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Eusu Logistics has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.]

We believe the combination of CP and KCS will provide a service valuable to our customer base including Samsung, LG, and Visio. The ability to provide additional competition is needed in this market.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of electronics from Mexico to US and Canada.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada

under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers. Past mergers of Union Pacific and Southern Pacific, Conrail and Norfolk Southern and CSX Rail.

For these reasons, Eusu Logistics is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Eusu Logistics urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I James Gibson, declare under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 26, 2021.



[Signature]

EVERGREEN SHIPPING AGENCY (AMERICA) CORP.

March 29, 2021

ATTENTION: Surface Transportation Board

Evergreen Shipping Agency (America) serves as North American general agent for Evergreen Line. Evergreen is a global ocean carrier that serves all continents with container ships. Evergreen supports approval of the CP/KCS combination. The transaction would provide benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

For these reasons, Evergreen Shipping Agency (America) Corporation is voicing support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Evergreen Shipping Agency (America) Corporation urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely yours,

Peter Wan
Jr. Vice President – D
Marine Department

Skip Herald
President and CEO
EVRAZ North America

March 29, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

Re: Docket No. FD 365000 Canadian Pacific Railway Limited; Canadian Pacific Railway Company; Soo Line Railroad Company· Central Main& Quebec Railway US Inc.; Dakota Minnesota & Eastern Railroad Corporation; and Delaware & Hudson Railway Company Inc.-Control-Kansas City Southern, The Kansas City Southern Railway Company, Gateway Eastern Railway Company and the Texas Mexican Railway Company

Dear Ms. Brown,

On behalf of EVRAZ North America, headquartered at 71 S. Wacker Drive, Suite 1700, Chicago, Ill. 60606, I am writing in support of the application filed by Canadian Pacific Railway to acquire control of Kansas City Southern.

As a rail shipper in both Canada and the United States, and a leading supplier to the largest freight railroads in North America, including both Canadian Pacific and Kansas City Southern, EVRAZ North America believes this transaction will provide significant benefits to our business and the North American economy.

EVRAZ North America is a leading producer of steel and engineered steel products for rail, energy and industrial end markets. We operate steelmaking, steel product production and scrap metal recycling facilities in Colorado, Oregon and North Dakota in the United States, and in Manitoba, Saskatchewan and Alberta in Western Canada. We employ approximately 3,000 workers, including about 1,500 in the United States. About 60 percent of our U.S. workforce is unionized.

EVARZ North America ships more than 2.5 million tons of finished and semi-finished steel products and general scrap by rail to and from our facilities each year. Our customers are located in all parts of Canada, the United States and Mexico. EVARZ North America is also the number one supplier of rail to freight railways across North America.

Canadian Pacific is a primary rail service provider for origin and destination of our products (pipe, steel slab, steel coil) and raw materials (scrap) in Regina, Saskatchewan, and Camrose, Red Deer and Calgary, Alberta, though our products and raw materials move on all the class I railroads, including Kansas City Southern.

From our perspective, the combined CPKC network stands to provide improved single-line and long-haul service options into the markets our steel business serves. Unlike other class one mergers that ultimately eliminated service options, this transaction we believe will enhance rail service and efficiency. The complementary nature of the CP and KCS networks –

EVRAZ

not overlapping anywhere – means the transaction should not have adverse effects on competition. We are particularly interested in the prospect of CPKC single-line routes into Mexico from Canada and more portions of the central and southern United States.

This extended network can strengthen competition against trucks and other, large rail carriers that deliver to our markets to the benefit of shippers such as EVRAZ North America. CP-KCS joint routes are among our transportation options today and we are familiar with the delays and disruptions that can come with interchange moves involving multiple carriers. This transaction should improve transit times, equipment availability, and service reliability, as well as our overall transportation options.

We applaud these two railroads' strong focus on safety and are especially pleased to hear Canadian Pacific's commitments to invest more capital in what today are underutilized rail corridors. Greater investments in rail infrastructure, including with the premium rail EVRAZ North America supplies and made by our United Steelworkers in Pueblo, Colorado, will further increase rail safety and efficiency. Those improvements can benefit our business, our workers and our customers, as well as the overall freight network in the United States and our shared economy.

In summary, EVRAZ North America supports this proposed transaction for its potential to enhance railway competition, to provide expanded single-line haul options and to improve efficiencies for rail customers. We encourage the STB to approve CP's acquisition of KCS in a timely manner to allow the integration to proceed, clearing the path for major rail infrastructure investments and for the benefits of this deal to be realized for all stakeholders.

Sincerely,



Skip Herald
President and CEO
EVRAZ North America

VERIFICATION

I, James "Skip" Herald, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021

James "Skip" Herald

Express System Intermodal, Inc.

ATTENTION: Surface Transportation Board

My name is Mark D'Ascenzo and my business address is 801 Warrenville Road, Suite 300, Lisle, IL 60532, USA. I am Managing Director of Express System Intermodal, Inc. (ESI). In my role, I am responsible for implementing the company's strategic objectives.

ESI currently sources intermodal services from CP in U.S. to West Canada lanes as well as KCS in the U.S.

ESI supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. ESI has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

ESI needs an expanded network of service—it needs to be safe, reliable, and competitively priced in the transportation marketplace. ESI primary service mode is intermodal and this merger will not only increase the length of single-line rail linehaul but it will open new markets.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience--both our own, and that of our competitors who have single-line rail options at their origins--that single-line rail service options are far superior.

801 Warrenville Road, Suite 300 • Lisle, IL 60532
Tel.: (630) 645-9860 • Fax: (630) 241-9156 • Web: www.esi-intermodal.com

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example:

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our intermodal shipments;
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option;
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers such as UP-SP-DRGW-MP-WP which make an oligopoly of rail service in the Western U.S.

For these reasons, ESI is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. ESI urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

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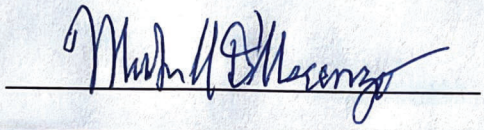
Tel.: (630) 645-9860 • Fax: (630) 241-9156 • Web: www.esi-intermodal.com

VERIFICATION

I Mark D'Ascenzo, state that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 26, 2021.



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Ph: (608) 784-1711 Established 1916 Fax (608) 784-1712

F. J. Robers Co., Inc.

Intermodal Commodity Barge Terminal
P.O. Box 484 – 816 Bainbridge Street
La Crosse, WI 54602-0484

Date: March 30th, 2021
ATTENTION: Surface Transportation Board

My name is John Noyes and my business address is 816 Bainbridge St, La Crosse, WI 54603, United States. I am the Owner and President of FJ Robers Co Inc. For the last 35 years I have offered transloading services for multiple industries around the globe moving everything from bulk, break bulk and special project cargos.

FJ Robers Co Inc. is a trans loader with rail, barge, and interstate highway access. We move a variety of commodities between the three modes of transportation. Our facility is CP served.

FJ Robers Co Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of many different inbound and outbound cargos.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by offering the ability to move cargo seamlessly from Canada all the way to Mexico and points in between.

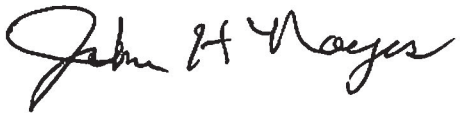
KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, FJ Robers Co Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. FJ Robers Co Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

John Noyes



Owner & President
FJ Robers Co Inc.

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Ryan Wimble and my business address is 993 Maquam Shore Road, Saint Albans Bay, VT. I am the Logistics Manager of FW Cobs Company. In my role, I am responsible for the oversight and management of all our shipping and receiving needs for our entire book of business.

FW Cobs is a partner with CP, shipping the majority of our grain shipments from our Loreburn, SK facility which resides on CP property. We deal in primarily organic feed grade grains and use CP to ship hundreds of rail cars on an annual basis both to Eastern and Western United States. We receive weekly service from CP and crews work well with our elevator staff as well as myself at FW Cobs headquarters.

FW Cobs Company supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. FW Cobs Company has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

FW Cobs Company ships organic feed grade grains into the US and is always looking for new markets to access in order to grow and expand our business. While CP has provided us with good service, its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that FW Cobs could utilize to expand our market offering. And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior in providing efficiencies.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of organic grain from Loreburn SK to the US.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. This is especially important for FW Cobs as a portion of our fleet are private hopper cars and improved transit time equates to faster turning of our assets.
- The potential for advancing business opportunities in the organic grain industry should they exist in the southern United States on new CPKC lines

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers. We assume this will work similar to how the most recent acquisition of the Central Maine Quebec railway where rail rates, routing and further information would be provided well in advance of our shipping desires. This is a much larger scale but FW COBS assumes caution and clear communication on any pertinent business related updates will be taken care of by assigned representatives at CPRS.

For these reasons, FW Cobs Company is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. FW Cobs Company urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Ryan Wimble
FW Cobs Company



Farmers Coop Elevator
PO Box 16
Rosholt SD 57260
Phone 605-537-4236
Fax 605-537-4336
Jordan Krump, Grain Merchandiser
Jordan.krump@venturecomm.net

ATTENTION: Surface Transportation Board

My name is Jordan Krump and my business address is 208 Sprout Place Rosholt, SD 57260. I am the grain merchandiser at Farmers Coop Elevator of Rosholt. In my role, I am responsible for the buying and selling of the grain we handle.

Farmers Coop Elevator of Rosholt works closely with CP in shipping a major portion of our corn/beans/wheat by rail. The majority of our products get shipped PNW/St. Louis/Chicago(beyond).

Farmers Coop Elevator of Rosholt supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of corn/soybeans from Rosholt to St. Louis/Gulf/Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Having cars that have a more consistent turn time will help us plan our logistics much better.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Farmers Coop Elevator of Rosholt is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Farmers Coop Elevator of Rosholt urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I _____, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/29/21

_____

Jordan Krump

FARMERS CO-OPERATIVE OF HANSKA

ATTENTION: Surface Transportation Board

My name is Jerry Svoboda and my business address is 103 East 1st Street, Hanska, MN. I am General Manager of Farmers Co-operative of Hanska. In my role, I am responsible for serving the needs of the farmer/members by offering competitive grain markets as well as inputs such as fertilizer, fuel, propane gas and feed products.

Farmers Co-operative of Hanska is a shipper of grain utilizing the network of the Canadian Pacific Railway. The corn and soybeans we ship are mostly destined for export to the Pacific Northwest. We view the proposed merger as an opportunity ship corn from south central Minnesota to southern markets including Mexico which could benefit our farmer members significantly.

Farmers Co-operative of Hanska supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Farmers Co-operative of Hanska has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

103 EAST FIRST STREET PO BOX 6 HANSKA, MN 56041
PHONE: 507-439-6244 FAX:507-439-6542
An Equal Opportunity Employer

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. In our experience, using multiple rail services cause delays in train movement compared to rail cars dropped off at interchanges. This causes issues for us in staffing when cars to not arrive when expected or are held up by the transfer from one rail line to the other

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Farmer Co-operative of Hanska is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Farmers Co-operative of Hanska urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Jerry Svoboda, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021



Jerry Svoboda

Honeyford
The Farmers Elevator Co. of Honeyford
2472 30th St NE
Gilby, North Dakota 58235
701-838-2466

Kevin Peach - General Manager

ATTENTION: Surface Transportation Board

My name is Kevin Peach and our business address is 2472 30th St NE, Gilby, ND 58235. I am General Manager of The Farmers Elevator Company of Honeyford, ND. I manage company-wide operations for an agricultural cooperative that spans three counties in northeastern North Dakota.

The Farmers Elevator Company of Honeyford is a bulk grain shipper and fertilizer retailer on CP's network. Our company regularly ships grain to various CP destinations, both domestic and export markets. The CP has satisfactorily served our company for over 15 years, providing us efficient service, competitive rates, and for the most part, access to competitive markets.

The Farmers Elevator Company of Honeyford very strongly supports approval of the CP/KCS acquisition/merger. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction provides great potential for improved service options and would stimulate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. We are confident that the CPKC would be able to integrate their operations seamlessly to the benefit of rail customers such as ourselves and other stakeholders. Furthermore, both railroads' strong focus on safety and precision railroading is commendable and something to get behind. The Farmers Elevator Company of Honeyford sees this transaction as beneficial, with no fear of this deteriorating competition in our local markets.

Currently, the Farmers Elevator Company regularly ships bulk grain (corn, soybeans, and wheat) from our main terminal, in Gilby, North Dakota to export markets in the Pacific Northwest and Duluth-Superior, flour mills, ethanol plants, and oilseed crush facilities in the domestic US (many destinations Chicago-Beyond), feed markets in western Canada, and St Louis barge terminals. Other markets exist, but the aforementioned markets currently present most of the opportunity.

We prefer to load rail via our CP-served facility to utilize the cost savings of bulk shipped rail versus smaller truckloads. We actively compete with other local BNSF served competitors to originate grain, oftentimes placed at a disadvantage due to lack of market access to alternative destinations that our competitors have access to on a single line haul.

In our opinion, CP terminals in the upper plains such as ourselves have suffered relative to other local BNSF terminals in regard to market competitiveness. The lack of competitiveness

honeykp@polarcomm.com www.honeyford.com

has seen decreased grain shipment volumes and margins to the detriment of our shareholders and patrons.

Three specific markets that we struggle to gain access to, due to CP lines only currently extending as far south as Kansas City include, but are not limited to Texas, the Gulf of Mexico, and Mexico. Our BNSF-served competitors have single-line access to these markets. We are not competitive into these markets, as we currently must interline with other railroads to reach such destinations beyond Kansas City.

We know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction as it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen our competition against local BNSF terminals to gain equal market access.

We feel there are other broader benefits to this merger as well.

- A new CPKC single line route could help fortify North American trade in a time of tenuous trade relations with China. This merger would provide an even stronger infrastructure for the USMCA trade agreement. Agricultural export markets are the lifeblood our local economy, and this provides an additional market to fall back onto.
- Environmentally and logistically, a single line route linking the United States, Mexico, and Canada would provide increased fuel efficiency and less truck traffic congestion.
- CPKC's new service offerings will improve transit times and reliability, which we feel such synergies will reduce our transportation costs and improve our efficiency.

In our experience, KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of competitive, seamless, single-line service that are required to gain long-term market access. This transaction will greatly improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We are impressed by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and

KCS are the two smallest U.S. Class I railroads, and both utilize precision railroad operation styles, we are confident that they will be able to implement their transaction without any service disruptions.

For these reasons, The Farmers Elevator Company of Honeyford, ND is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. The Farmers Elevator Company of Honeyford, ND urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Kevin Peach, declare, under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29th, 2021.

Kevin Peach

Kevin Peach, General Manager

FARMWARD
COOPERATIVE
Advancing farming for generations

ATTENTION: Surface Transportation Board

My name is Kurt Soupir and my business address is 711 Front Street, P.O Box 278 Morgan, Mn 56266. I am the Grain Merchandiser of Farmward Cooperative. In my role, I am responsible for finding and selling to markets that maximize revenue for my company.

Farmward Cooperative has a grain terminal that is located on a CP owned rail line. With this rail line, we have the ability to ship grain for domestic and export use. The CP has been doing an excellent job keeping our shuttles moving in a timely fashion.

Farmward Cooperative supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our grain shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

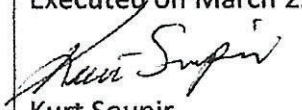
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Farmward Cooperative is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Farmward Cooperative urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Kurt Soupir, declare to the best of my knowledge, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.



Kurt Soupir
Farmward Cooperative

FASTFRATE

March 26, 2021

ATTENTION: Surface Transportation Board

My name is Frank Figliomeni with a business address of 9701 Highway 50, Woodbridge, Ontario, Canada. I am the Executive Vice President of Fastfrate Integrated Logistics, a division of Consolidated Fastfrate Inc. ("Fastfrate"). In my role, I am responsible for implementing the strategic plan that guides the direction of the business, overseeing the complete operations of our asset-based logistics division, and managing the relationship with our major customers and carrier partners.

As part of a group of companies that is one of Canada's largest privately held intermodal LTL carriers offering industry-best LTL and TL intermodal transit times, Fastfrate Integrated Logistics delivers solutions with end-to-end control and visibility to our customers throughout North America.

Fastfrate supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Fastfrate has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Fastfrate ships consumer packaged goods, electronic products, and other raw materials for customers located in central Canada and the United States to western Canada and overseas. In 2020, Fastfrate moved over 28,000 marine containers through the CP network of railway.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach

destinations beyond Kansas City that we ship to, or that could expand the markets we serve effectively.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our cross-border shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

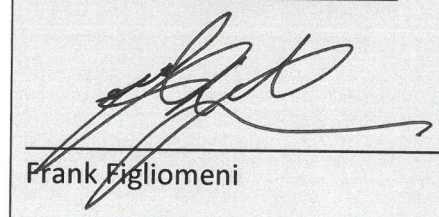
FASTFRATE

For these reasons, Fastfrate is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Fastfrate urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Frank Figliomeni, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 26, 2021.



_____ [Signature]
Frank Figliomeni

CONSOLIDATED FASTFRATE INC.
9701 Highway 50, Woodbridge, Ontario L4H 2G4 T 905.893.2600 TF 800.268.1564 F 905.856.4515
fastfrate.com

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April 26, 2021

ATTENTION: Surface Transportation Board
RE: STB Finance Docket No. 36500 (CP-KCS Potential Combination)

Federal White Cement Ltd. (FWC) hereby files this letter to express its views about the bid by Canadian National ("CN") to acquire Kansas City Southern ("KCS").

FWC is a major manufacturer of white portland cement. We own and operate a plant in Zorra ON and distribute our cement throughout North America. Utilizing our private covered hopper fleet, we ship cement via rail throughout the US and utilize rail for inbound clay materials.

FWC has not previously addressed either of the two proposals involving the acquisition of KCS.

FWC is reliant on both CP and CN for transportation services in certain markets.

FWC nonetheless has strong views about the kind of railroad combination that the STB should allow – and indeed expedite – versus the kind of combination that it should not permit to proceed.

The kind of transaction that is in the interests of shippers and the public would:

- ***Not have competitive overlaps*** that reduce the number of independent rail options, even if the railroads might think they can propose "remedies" to overcome the lost competition.
- ***Improve competitive options***, including by adding new single-line routes where other, larger railroads currently dominate.
- ***Not pose a risk of stimulating further industry consolidation***, such as by destabilizing the six large carrier balance in North America

A transaction meeting these criteria is in the public interest and should receive swift Board approval. Quick approval of procompetitive transactions is critical to helping shippers and other stakeholders reap the benefits sooner rather than later, and we have no objection to the use of a voting trust mechanism to facilitate such a transaction. For transactions that do not meet the three criteria set out above, we would strongly object to the Board allowing the transaction to proceed even as far as a voting trust, which itself could diminish competition and lead to downstream concerns.

We trust the Board to assess the two proposals for KCS while contemplating these criteria.

Respectfully submitted,



Art DeVecchis
VP Sales, Marketing & Logistics
Federal White Cement Ltd.

CC: All Parties of Record

FERROSERVICIOS

SUPPORT LETTER

FERROSERVICIOS, S.A. DE C.V. residing at on State Highway 100 k.m. 3.6 El Colorado - Higuerillas, Ejido San Ildefonso, Colon, Qro. C.P. 76270. FERROSERVICIOS, S.A. DE C.V. That it is a Mexican company constituted in accordance with the laws of the United Mexican States according to Public Deed No. 68,610 dated October 24, 2006, granted before the Notary Public No. 4 of the City of Querétaro, Qro.

ANA LUISA MONTES TREJO, legal representative, of the company FERROSERVICIOS S.A DE C.V. accredited with Public Deed number 68,610 dated october 24, 2006, granted before the faith of Notary Public No. 4 of the notarial demarcation of Querétaro, stating under protest of telling the truth that to date said Faculties and powers have not been revoked. Or limited in any way.

We inform you that the commercial relationships that are maintained with the KANSAS CITY SHOUTHER company have been totally and absolutely satisfactory, so surely this combination of CP / KCS will bring important benefits to our relationships that we are sure will be greatly improved with this fusion.

Our company believes that the foregoing promises to provide better service options and will strengthen transportation competition in the markets we serve.

The CPKC Network, combined, will allow us with a single line access to the main ports on the US Gulf, Atlantic and Pacific coasts, as well as to key markets abroad, we are convinced that the service It will be more efficient and of operational excellence, there is no doubt that CPKC will carry out its operations without problems and for the benefit of railway customers.

FERROSERVICIOS S.A. DE C.V.

(442) 278 1600
Carr. Estatal 100 km 36, San Idelfonso, Colón, Pedro Escobedo, Qro. CP. 76700
www.ferroservicios.com

For the aforementioned, FERROSERVICIOS S.A. DE C.V., sees this merger as satisfactory, beneficial and without disadvantages, by virtue of an offer of innovative, efficient and reliable rail services CPKS, It has even offered to improve transit times and which will reduce costs coupled with the simple network connectivity between CP and KCS.

Attentive to the above, FERROSERVICIOS S.A. DE C.V. expresses its solidarity support for the combination of CP and KCS, showing its support to STB, so that the integration of these systems is approved for the benefit of all.

VERIFICATION

ANA LUISA MONTES TREJO
Legal representative of **FERROSERVICIO S.A. DE C.V.**

Under protest of telling the truth and under the laws of the United States, that the foregoing is true and correct. In addition, I certify that I have enough and sufficient power to do so.

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FERROUS
Processing & Trading Co.

3400 East Lafayette St.
Detroit, Michigan 48207
phone: (313) 567-9710
fax: (313) 567-3163

FERROUS PROCESSING & TRADING Co. CPKC SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Viktor Velichkov and my business address is 3400 E Lafayette Ave Detroit, MI 48207. I am Rail Logistics Manager of Ferrous Processing & Trading Co. In my role, I am responsible for everything that has to do with the railroads including, track/railcar leases, OT57s, Umler, railcar purchases/sales, railcar repair, and any new business development involving rail.

Ferrous Processing & Trading Co. is a customer of both CP and KCS. We currently do not ship on CP but have service available at Zalev Brothers in Windsor, ON. We currently ship scrap metal via KCSM/KCS from Jumandi in Chicalote, AG Mexico to Steel Dynamics in Columbus, MS. We are very happy with our service, our rates, and our relationship with KCS.

Ferrous Processing & Trading Co. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls would help us reach our existing markets and new markets more efficiently. With the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Ferrous Processing & Trading Co. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial.

We know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior in terms of both speed and cost.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, rail carriers and trucks that serve our markets. For example,

- **CPKCs new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of scrap metal from Chicalote, AG in Mexico to metals markets in the Midwest where previously business was cost prohibitive due to high freight rates and transit times.**
- **We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada**

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under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks — connecting only at Kansas City and not overlapping anywhere — means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

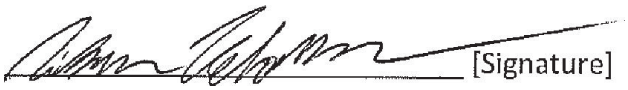
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Ferrous Processing & Trading Co. is voicing support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Ferrous Processing & Trading Co. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Viktor Velichkov, state under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter,

Executed on 3/30/2021.


[Signature]

Viktor Velichkov

Fessenden Co-operative Association

Stations at: Fessenden, Carrington, Esmond,
Hamberg, and New Rockford

MARK HOVLAND, Manager
Phone 547-3291
Fax 547-3574

P.O. Box 126
900 S. Railway
Fessenden, North Dakota 58438

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Fessenden Co-op Association is a local farmer owned grain and agronomy co-op located in central North Dakota. We handle many kinds of grains but primarily spring wheat, soybeans, corn, pinto beans, and black beans. We are served by CP Rail at 2 of our locations, Carrington and Fessenden. Combing CP & KSC would be much more beneficial to the members who own this co-op as we ship several thousand bags (cwt.) of edible beans into Mexico and southern points in the USA served by the KCS line. It would also provide us with more competitive markets into Mexico for corn, wheat, and soybeans. The CN-KSC combination does nothing for us.

I am writing to express Fessenden Co-op Association's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so – and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there ought not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example,

they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs, St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would, of course, do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up in the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having

multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, in its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Board noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so it will have incentives to do it through higher prices for CN's current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, if CN is allowed to use a voting trust and the Board ultimately denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment,

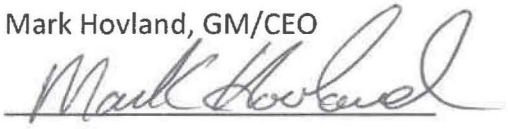
downgrade service levels, or jack up rates even more in order to overcome the burdens it took on.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Mark Hovland, GM/CEO



Cc: All Parties of Record

FISHER WAVY INC.

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DELIVERY 1 Ceasar Road, Sudbury, Ontario P3E 5P3
MAILING P.O. Box 2000, Copper Cliff, Ontario P0M 1N0
www.fisherwavy.com

Date: March 30th, 2021
ATTENTION: Surface Transportation Board

My name is Andy Wallgren and my business address is 1 Ceasar Road, Sudbury, Ontario, Canada, P3E 5P3. I am the Sales Manager of Fisher Wavy Inc.

Fisher Wavy Inc. is a manufacturer of a wide range of concrete and aggregate products for industrial, commercial, and residential clients in Sudbury ON, Sault Ste. Marie ON, and surrounding areas. Our facility is CP served and we receive cement and slag shipments.

Fisher Wavy Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition. The combined CPKC network – with new single-line hauls and access to U.S. Gulf, South West, and Mexico – would help us reach new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Fisher Wavy Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Fisher Wavy Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Andy Wallgren

Sales Manager
Fisher Wavy Inc.

F M i L O G I S T I C S I N C O R P O R A T E D

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Dan Leavens and my business address is 7151 44th Street SE Calgary, Alberta Canada. I am Managing Partner of FMi Logistics Inc. In my role, I am responsible for negotiations with our transportation vendors and implementing pricing for our clients with respect to ground and rail transportation solutions.

FMi Logistics Inc. has used CP rail as a core rail vendor for several years to handle our clients supply chain domestically here in Canada and are elated that CP rail has expanded their service offerings further in the USA and directly into Mexico.

FMi Logistics Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. FMi Logistics Inc. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively). We know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

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web: www.fmicanada.com



We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of our current and potential new clients
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, FMi Logistics Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. FMi Logistics Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible, so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Best Regards,

Dan Leavens

FMi Logistics Inc.

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FOOD, HEALTH & CONSUMER PRODUCTS OF CANADA

PRODUITS ALIMENTAIRES, DE SANTÉ ET DE CONSOMMATION DU CANADA

FHCP PASC

LETTER OF SUPPORT FROM FOOD, HEALTH & CONSUMER PRODUCTS OF CANADA (FHCP) RE: CANADIAN PACIFIC AND KANSAS CITY SOUTHERN: THE FIRST U.S.-MEXICO-CANADA RAIL NETWORK

ATTENTION: Surface Transportation Board

My name is Michael Graydon. I am CEO of Food, Health and Consumer Products of Canada (FHCP). The food, health, and consumer products sector employs more than 350,000 Canadians across businesses of all sizes that manufacture and distribute the safe, high-quality products that are at the heart of healthy homes, healthy communities, and a healthy Canada. In my role, I am responsible for setting the strategic direction and management of the organization. My business address is 2700 Matheson Blvd. E., East Tower, Suite 602 E, Mississauga, ON L4W 4V9.

A modern, reliable and cost-efficient supply chain is a critical component of our industry. With more than 350,000 workers, the Food, Health and Consumer Products industry contributes more than $40 billion to Canada's GDP annually. Despite this success, our industry continually faces capacity constraints resulting from not having the right products in the right places for consumers. FHCP supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

Our industry requires more capacity to ensure our products are reaching the thousands of retail locations across our country to meet the growing needs of Canadians. Time-starved Canadians expect to find their products on grocery and drug store shelves when needed. They are also extremely sensitive to price fluctuations. Increasing our industry's distribution capacity through an expanded network will support our obligation to provide Canadian consumers with competitive and stable pricing while also ensuring we drive sales and export to other markets. The Canadian government has set an ambitious target to grow Canada's agri-food exports to at least $75 billion annually by 2025. CPKC represents an important step in advancing that agenda.

For these reasons, Food, Health and Consumer Products of Canada is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. FHCP urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Michael Graydon, declare under penalty of perjury, under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021.



_____ [Signature]

Michael Graydon

600Carpenter Ave E
PO Box 68
Forest River, ND 58233
(T) 701-248-3261
(F) 701-248-3766

ATTENTION: Surface Transportation Board

My name is Brian Schanilec, and my business address is 600 Carpenter Ave E, Forest River ND 58233. I am the President and Owner of Forest River Bean Co., Inc. In my role, I am responsible for overseeing all aspects of business, management, and marketing.

Forest River Bean specializes in Dry Edible Beans that we ship all over the world. We are currently on a Canadian Pacific line (sidetrack) and have been very pleased with the service that we maintain. We ship beans in Boxcars and Hopper cars in many different types of pack to many different ports around the United States. We have been shipping most of our Boxcars to Mexico to help with their supply demands.

Forest River Bean is in full support of approval of the CP/KCS combination. The operation would give significant benefits that we are ready to achieve as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Forest River Bean has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively). We know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of edible beans from North Dakota to Southern United States, ports, and Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Single line service is the most efficient means within the railroad industry.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

For these reasons, Forest River Bean is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Forest River Bean urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Brian Stranilec, declare, under penalty of that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3-31-2021

[Insert typed name]

FORDVILLE COOP MKTG ASSN
PO BOX 7
FORDVILLE, ND 58231

PHONE: 701-229-3293
FAX: 701-229-3294

May 24, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

I am Phillip Jallo, general manager of the Fordville Coop Marketing Assn. We are a bulk shipper of grain commodities by rail on the Canadian Pacific Railway.

I am writing to express the Fordville Coop Marketing Assn's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public

interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so – and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there ought not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity

across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs, St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would, of course, do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up in the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle

benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, in its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Board noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so it will have incentives to do it through higher prices for CN's current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, if CN is allowed to use a voting trust and the Board ultimately denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup

them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or jack up rates even more in order to overcome the burdens it took on.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Phillip Jallo 5-24-2021

Phillip Jallo, General Manager

Cc: All Parties of Record

23371 Fisherman Rd
Maple Ridge, BC Canada
Toll Free: 800-388-7022
Phone: (604)-814-5042
Fax: (604)-814-0211

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is HAPPY GILL and my business address is 23371 FISHERMAN ROAD, MAPLE RIDGE, BC V2W 1B9. I am CO-VICE-PRESIDENT of FRASER PLASTICS LTD.

Fraser Plastics has been using CP for many years and this route will be very important for us starting next month.

FRASER PLASTICS LTD. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. FRASER PLASTICS LTD. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship plastic pellets from our CP-served facilities in BC to our customers with elevators/terminals throughout North America.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

CPKC NETWORK will help FRASER PLASTICS LTD. to expand the customer base without worrying about the logistics.

FRASER PLASTICS

23371 Fisherman Rd
Maple Ridge, BC Canada
Toll Free: 800-388-7022
Phone: (604)-814-5042
Fax: (604)-814-0211

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, FRASER PLASTICS LTD. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. FRASER PLASTICS LTD. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

FRASER PLASTICS

23371 Fisherman Rd
Maple Ridge, BC Canada
Toll Free: 800-388-7022
Phone: (604)-814-5042
Fax: (604)-814-0211

VERIFICATION

I, HAPPY GILL, declare [or certify, verify, or state] under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on MARCH 26, 2021

[HAPPY GILL]

FULL CIRCLE AG
Tomorrow's Vision Today
Britton Administrative office
520 Vander Horck Ave
Britton, SD 57430
Phone: 1-800-927-2131

Our locations are:

C-Store:
Britton . . .605-448-2214

Energy Division:
Britton . . . 605-448-5599

Grain Division:
Amherst . . 605-448-5914
Claremont .605-294-5261
Forman . . .701-724-6213
Gwinner . . 701-678-2468

Agronomy Division:
Britton . . . 605-448-2285
Doland . . . 605-635-6111
Forman . . .701-724-4113
Groton . . . 605-397-2671
Gwinner . . 701-678-2318
Hecla 605-994-2231
Pierpont . . 605-325-3260
Wilmot . . . 605-938-4113

www.fullcircleag.com

ATTENTION: Surface Transportation Board

My name is Jeff Thaler. I am the CEO of Full Circle Ag located in Britton, SD. Full Circle is a cooperative located based out of Britton, SD and has nine locations that supports our members owners with grain, agronomy, energy, and feed operations.

Full Circle Ag currently works with the CP railroad out of our grain terminal in Forman, ND. We utilize their rail services to ship corn and soybeans to a variety of locations including Kalama, Washington; St Louis, Missouri; and Chicago, Illinois. The Kalama Export Co. based in Washington is currently one of our few options to access overseas markets. Full Circle Ag supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets would help us reach our existing markets and new markets more efficiently. Full Circle Ag feels that this merger will support our members at a higher level to allow for access to more markets and allow the CP to compete at a higher level with the BNSF to serve its customers.

Limited rail access to additional markets has limited the success of our grain division. This increased access to markets will allow our business to not be disadvantaged in grain margins due to other rail lines having access to these additional markets. Single rail line access allows a least cost model which will position us to be more competitive to access grain bushels from our member owners and provide a local market that increases competitive bids for our local producers.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets

across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

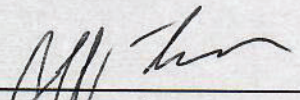
At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all their other existing interline partners.

For these reasons, Full Circle Ag is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Full Circle Ag urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I ____Jeff Thaler_____, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on ____April 5, 2021_____



_____ [Signature]

[Insert typed name]

FULLERTON FARMERS ELEVATOR
202 MINNEAPOLIS AVE
FULLERTON ND 58441

ATTENTION: Surface Transportation Board

My name is Andrew J Hager, Jr. and my business address is 202 Minneapolis Ave, Fullerton ND. I am the General Manager of the Fullerton Farmers Elevator. In my role, I am responsible for overall management of the company including the grain merchandising.

Fullerton Farmers Elevator uses the CP rail to ship our grain commodities to outside markets.

Fullerton Farmers Elevator supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Fullerton Farmers Elevator has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another Class I consolidation.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City. A merger would provide a more effective way for market expansion.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of bulk grain from Fullerton, ND to St. Louis, center gulf, Texas gulf and Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

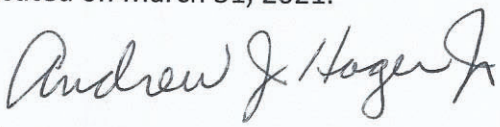
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, the Fullerton Farmers Elevator is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. The Fullerton Farmers Elevator urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Andrew J Hager, Jr, state under penalty of perjury, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 31, 2021.



Andrew J Hager, Jr.

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Alex Boisseau, and my business address is 333 Boulevard Decarie, Suite 250. I am Branch Director of Fuze Logistics Services. In my role, I am responsible for Directing of the relative department's Intermodal operations, Ontario highway operations and sales, and office infrastructure.

Fuze Logistics Services is a committed and service-oriented transportation firm with views of Canadian Pacific Railway as a Canadian based railway business partner which our teams utilize to sustain intermodal transportation efficiency, via a single source to ensure customer satisfaction. Our service has flourished and continues reflect strong growth indicators, directly impacted via partnerships created with organizations such as Canadian Pacific Railway.

Fuze Logistics Services supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Fuze Logistics Services has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

The Fuze Logistics services team manages a wide variety of freight via multi-modal solutions which we rely on and operate daily within current CP rail thresholds. Our current processes do include a multi-billing platform that does convolute internal processes and the recent acquisition proposal has our team extremely excited to participate and utilize the proposed partnership/merger services immediately. It allows our network to provide additional capacity within sustained markets of the newly found streamlined network. Our continued and ongoing inbound business initiative strongly coincides with the current proposals and has the potential to utilize the routings in detail inbound from markets such as Saltillo, MX. Silao, MX. And San Luis Potosi, MX destined to several Canadian destinations which can now be serviced via one streamlined platform.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of all kinds from Mexico to US and Canadian destinations.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Via improved transits and overall conformity – our team will be able to provide our structured service with less reach and more diligence utilizing one platform, subsequently reducing costs and overall efficiency.
- The addition of a Canadian platform will allow a streamlined position for both KCS and CPR within a saturated market while maintaining balance between as a collective, allowing for additional capacity and additional (may be noted a special requirements) service needs.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two

smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Fuze Logistics Services is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Fuze Logistics Services urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on Tuesday March 30th, 2021.

Alexander Boisseau

Alexander Boisseau

G. THOMPSON LIVESTOCK CO. INC.
P.O. Box 142
Iron Springs, AB. T0K 1G0

April 29, 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500
CP-KCS Potential Combination

G. Thompson Livestock Co. Inc. hereby files this letter to express its concerns to the bid by CN to acquire KCS and state its support for the CP-KCS combination.

We support swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets and port options, improved service options, and invigorated transportation competition. The combination of CP and KCS would also provide great access to fertilizers, Dry Distillers Grain and Feed corn for farmers and cattle feeders in a cost-effective manner.

By contrast, a CN acquisition of KCS would lead to a reduction in competition and deprive shippers of the many tangible benefits offered by the CP/KCS deal. Specifically, if CN were to acquire KCS,

NOT only will we be deprived of the benefits of the CP/KCS deal, but we will also suffer a reduction of competition in key areas by virtue of CN acquiring KCS.

From our perspective, the only combination involving KCS that is in the public interest is the one that CP has proposed. Unlike the CP/KCS combination, the acquisition of KCS by CN would result in harm to competition because the two railroads today serve many locations and shippers in common. Indeed, they operate parallel lines between Baton Rouge and New Orleans and Eastern Mississippi; they both serve grain and other shippers in large swaths of the Midwest and Southern United States; and they both reach the port of Mobile, Alabama. Even more fundamentally, between the Upper Midwest and Gulf Coast, a CN/KCS combination would reduce the number of independent routing options from four to three.

We expect a combined CPKC network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist. A CN-KCS combination would limit competitive carrier options to markets and ports south of Kansas City.

Respectfully submitted,

Glen Thompson
President & CEO
G. Thompson Livestock Co. Inc. Group of Companies.
CC: All Parties of Record

G3 CANADA LIMITED SUPPORT LETTER

ATTENTION: Surface Transportation Board

G3 Canada Limited has a long-standing working partnership with CP rail in Canada shipping grain from our country grain elevators to our port terminals.

G3 Canada Limited supports approval of the CP/KCS combination. We feel the transaction would provide significant benefits and opportunities for the movement of grain both north and south via the new CP/KCS rail system.

The combined CPKC network would provide access to ports on the U.S. Gulf, Atlantic and Pacific coasts that would help us reach our existing markets and new markets more efficiently.

Although most of G3 Canada's grain is shipped east and west within Canada we do have customers in the USA and Mexico that could be better served by the new combined entity. CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. Today CP must interline with other railroads to reach destinations beyond Kansas City which is in many cases inefficient.

We are very excited about the transaction because it will allow a combined CPKC to provide more efficient and reliable rail service options. This will strengthen competition and opportunities for grain movement into these markets. We are very supportive of the role new a CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement.

For these reasons G3 Canada Limited is supportive of the combination of CP and KCS. It will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. G3 Canada Limited urges the STB to approve CP's acquisition of KCS so that these systems can be integrated, and the end-to-end benefits can be realized for all.

Respectively

Don MacDonald

VP Operations

G3 Canada Limited

200 Portage Avenue, 3rd Floor, Winnipeg, MB, R3C 3X2 | Office: (204) 983-0239 | G3.ca

GAC Chemical Corporation

ATTENTION: Surface Transportation Board

My name is David Colter and my business address is 34 Kidder Point Road, Searsport, Maine. I am President/CEO of GAC Chemical Corporation. In my role, I am responsible for overseeing our chemical manufacturing and distribution operations.

GAC Chemical receives close to 1000 railcars per year connected to our business. The railcars headed to our facility originate from Western Canada; Mexico; and the Southern United States. Our relationship with CP is close to one year old due to their 2020 acquisition of the short line railroad serving our facility (CMQR). We view the CP/KCS combination as a key growth driver and opportunity for the Northeastern United States.

GAC Chemical supports the approval of the CP/KCS combination. The transaction would provide significant benefits to our company and region. The combined rail map clearly demonstrates the creation of a rail network supporting commerce between Canada, Mexico and the U.S. We are eager to see the combination realized as soon as possible.

From GAC's perspective, the transaction provides an opportunity for improved service options and transportation competition in the markets supplying key raw materials to our region. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help with our reach to existing and new markets more efficiently.

From a safety and operational perspective, given the two railroads' strong focus on safety and their track record of operational excellence, I am confident that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. GAC does not often speak favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

With GAC located in Maine, rail shipments to our facility can be a logistics challenge given our need to ship from Western Canada, Mexico and the Southern US. We know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

34 Kidder Point Road • Searsport, Maine 04974 • (207) 548-2525 • Fax: (207) 548-2891 • www.gacchemical.com

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

I understand that KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, GAC Chemical Corporation is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. GAC urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I David Colter, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/30/21.

[Signature]
David Colter, President/CEO

GAF We protect what matters most

March 31, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

Dear STB Board Members,

My name is Michael Donoghue, Manager, National Rail Services, at GAF. Our corporate office is located at 1 Campus Drive Parsippany, NJ 07054. I am responsible for all rail matters including pricing, operations, and rail fleet management for both the US and Canada.

GAF is the largest roofing manufacturer in North America. We have major plant production locations in many key areas of the US. Rail is an intricate part of our supply chain network for both raw materials and finished goods. GAF ships on all Class 1 railroads and many Class 2 and Class 3 short lines. Our Minneapolis plant is served by CP and our Tuscaloosa AL plant by KCS. The success of our service commitments to our customers relies on a robust fluid rail network.

In the past, we have viewed most rail mergers with a bit of skepticism and have concluded that bringing two large railroads together creates an uncompetitive marketplace and questionable rail synergies. However, from our perspective, the transaction of CP-KCS promises to provide improved service options and invigorate transportation competition in the markets we serve. We see no redundancy in track operations and view this as an end-to-end transaction linking the two railroads together at one interchange. The combined CP-KCS network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts, as well as, to key overseas markets – would help us reach our existing as well as provide more flexibility in reaching new markets. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CP-KCS will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We wholly support this transaction and hope the board accepts this merger in a timely manner.

Sincerely,

Mike Donoghue

Michael Donoghue
Manager, National Rail Services

June 8, 2021

By Electronic Filing

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

On behalf of Gasaway Farms, I am writing to encourage the members of the STB to reject Canadian National's (CN) attempt to use a voting trust to take over Kansas City Southern (KCS). It is our belief that a merger between CN and KCS violates the Board's 2001 Major Merger rules as well as Decision No. 3 which states that the rules place "heavier burdens on merger applicants to show that a major rail consolidation is consistent with the public interest".

A CN acquisition of KCS via voting trust will limit competition, and this violates public interest. American farmers are already experiencing increased prices on essential goods and consistently declining incomes. CN and KCS have a number of overlapping lines in key markets, and a merger would leave shippers with fewer options for service. CN and KCS serve large numbers of shippers in western Iowa and eastern Nebraska, at Jackson, Mississippi, East St. Louis, Illinois, Springfield, Illinois, and both reach the port if Mobile, Alabama. By combining these two lines, shippers will suffer from a lack of price and service competition in all of these locations.

In addition to our concerns over diminished competition, Gasaway Farms also worries about future merger prospects.Years of low commodity prices have already pushed many of us in the agriculture sector to the brink of financial distress and we believe limiting competition will have a significant financial impact on our local economies. Allowing CN to use a voting trust to acquire KCS will make it impossible for Canadian Pacific (CP) to merge with KCS. This represents a significant loss. A CP-KCS union would provide single-line service between Mexico, the United States, and Canada. Additionally, a CP-KCS line would contribute to competition between the major lines and shippers would benefit from lower rates and better services as a result.

A CN voting trust does not benefit anyone other than KCS shareholders. If the CN proposal can pass muster on its own merits, there should be no reason to push for a voting trust. Therefore, Gasaway Farms encourages the STB to deny the CN bid for a voting trust.

Respectfully submitted,



Chase Gasaway, Owner and Operator Gasaway Farms
Arkansas Advisory Board Member, Farmers and Families First
_____-
Cc: All Parties of Record

GAVILON

April 9, 2021

Dear Surface Transportation Board:

My name is Ross Edwards and my business address is 1331 Capitol Avenue, Omaha, NE 68102. I am Vice President, Transportation of Gavilon. In my role, I am responsible for rail transportation and logistics of Gavilon.

Gavilon is commodity management firm that ships and receives grain, fertilizer, and feed ingredients in Canada, the US, and Mexico on every class 1 in the US including the CP and KCS.

Gavilon supports approval of the CP/KCS combination. We believe the transaction would provide benefits for our company and the agriculture industry. We believe the transaction would provide improved transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently.

Gavilon ships grain, fertilizer, and feed ingredients on the CP. We operate CP-served facilities in ND and MN. We support the transaction as we believe it will allow a combined CPKC to provide new, more efficient and more reliable rail service options to Gavilon. This should strengthen competition against the other, larger rail carriers and alternative shipping methods that serve our markets. For example, CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of distiller's grain from MN to Mexico.
CP-KCS joint routes are among our current transportation options, but as separate companies they have not been able to offer seamless, single-line service. This transaction should improve our transportation options.

For these reasons, Gavilon supports the combination of CP and KCS. Should you have any questions, feel free to contact me at ross.edwards@gavilon.com.

Sincerely,

Ross Edwards

Ross Edwards
Vice President, Transportation

1331 Capitol Ave | Omaha, NE 68102 | T 402.889.4000 | T 888.428.8723 | F 402.221.0377 gavilon.com

GENERAL RECYCLING INDUSTRIES LTD.

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Edmonton, Alberta T6B 3H3
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Fax 780 468-6111
Toll Free 1-866-308-5865

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11915 – 156 Street
Edmonton, Alberta T5V 1E8
Office 780 453-7000
Fax 780 452-1736
Toll Free 1-866-328-5865

sales@generalrecycling.com

www.generalrecycling.com

ATTENTION: Surface Transportation Board

My name is Dan Calder and my business address is 4120 84 Ave NW, Edmonton AB. I am the Logistics Manager of General Recycling Industries Ltd. In my role, I work closely with CP Rail billing cars and coordinating service.

General Recycling has its own rail fleet (GRIX prefix) and CP Rail is the rail line that services our yard. Three times a week we receive rail service from CP; our loaded cars are pulled and empty gondolas pushed into our yard. Thru CP Rail, our inventory has shipped throughout Canada and the United States. This relationship has been in place since our facility first opened at this location over two decades ago.

General Recycling Industries supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, General Recycling Industries is voicing strong support for the combination of CP and KCS and urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Dan Calder, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021

We treat our customers as if our world revolves around them, because it does...

Reducing your environmental footprint is good for the planet AND for your business.

GENERAL TRANSPORT INC.
A Specialized Contract Carrier
21790 Hamburg Ave
PO BOX 951
Lakeville, MN 55044
952-985-5500

16, April 2021

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Re: Finance Docket No. 36500 – Reply to Objections to KCS Waiver

My name is Jaclyn Eilen and my business address is 21790 Hamburg Ave, Lakeville MN 55044. I am the office manager for General Transport Inc. In my role, I am responsible for the daily business operations for the company.

General Transport Inc has previously submitted to the Board a letter supporting approval of the proposed CP-KCS combination, and I have attached a copy of that letter for the Board's convenience. As expressed in our previous letter, General Transport Inc supports swift approval of the CP-KCS combination because of the significant benefits we expect to realize from this transaction.

General Transport Inc is aware that several parties have filed objections to the application of the pre-2001 merger rules to the CP-KCS transaction under the "waiver" issued in 2001 for transactions involving KCS. General Transport Inc wishes to reply to those objections by urging the Board not to revoke the KCS waiver. The pre-2001 rules provide the Board and all interested parties all the tools that are needed to fully evaluate the proposed transaction.

We are fully cognizant of the Board's mandate to ensure that Class I mergers are in the public interest, and do not risk significant disruptions in the railway system. From our perspective, the unique nature of the CP-KCS transaction alleviates the concerns that motivated the new rules adopted in 2001. Reviewing the CP-KCS combination under the tried and true pre-2001 merger standards will prevent undue delay, while still allowing for a thorough public interest assessment by the Board.

As we have mentioned in our April 16th 2021 letter, the end-to-end CP-KCS transaction will improve service options, with new single-line hauls and broader access to markets across North America. Our experience shows us that single-line rail service options are far superior to public and private fleets. The unique synergies of a CP-KCS combination promise significant public benefits to General Transport Inc and similarly situated shippers, which we are eager to see realized as soon as possible, without the delays and additional burdens that would result from applying the 2001 rules for the first time ever to this transaction.

Nothing about the CP-KCS transaction raises the kinds of concerns that would flow from a merger of the much larger Class I railroads. The issues should be simple – the transaction improves competitive options and service – and any concerns any party has should be easy to address under the pre-2000 rules. The 2001 rules were

designed for much more complex transactions raised much more serious issues, and they should not be tested out in this case.

General Transport Inc and our shipping partners are looking forward to a stronger CPKC network that will increase our access to diversified market opportunities. As such, we urge the Board to apply the KCS waiver provision it thoughtfully included in its 2001 Major Merger Rules. An elongated period of review will delay and potentially reduce the positive synergies this merger promises. The KCS waiver will allow the Board to conduct a thorough but efficient and fair review and allow for the benefits of the new CPKC network to come to fruition more quickly.

General Transport Inc is additionally concerned that applying the 2001 Major Merger Rules to the CP-KCS merger, a transaction the rules were not designed for, would lead to precedent with unintended consequences and might also create an easier path for some other Class I merger proposals that would be problematic in ways CP-KCS is not. The CP-KCS merger is unlike other Class I merger combinations, in that it is a straightforward transaction between the two smallest U.S. Class I railroads, and it promises substantially more benefits than risks to the public interest. We also know that this transaction, among all possible Class I mergers, is unique in not posing any serious concerns about lost competition, service disruption, or other harms. Interpreting and applying the 2001 rules to this transaction could encourage other Class I railroads to see an easier path for their own Class I merger proposals without the same unique benefits of the CP-KCS transaction.

For these reasons, General Transport Inc urges the Board to maintain the KCS waiver and reject calls to revoke it, and to proceed to review and approve the CP-KCS proposed combination as expeditiously as possible. We look forward to seeing CPKC as a stronger competitor in the industry.

Yours sincerely,

Jaclyn Eilen

Jaclyn Eilen
Operations Manager, General Transport Inc
21790 Hamburg Ave, Lakeville MN 55044
952-985-5500
generaltransport@eilensonstrucking.com

CC: All Parties of Record

GLOBAL COMPANIES LLC 800 South Street, Suite 500 P.O. Box 9161 Waltham, MA 02454-9161 ph: 781-894-8800 fx: 781-398-9000

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Ken Chaney and my business address is c/o Global Companies LLC, 800 South Street, Waltham MA 02454. I am the Rail Commercial Manager of Global Companies LLC. In my role, I am responsible for commercial relationships with railroads, railcar leasing companies, and associated vendors.

Global Companies LLC has oil terminal facilities in North Dakota and New York that are directly serviced by the CP Railroad. We view CP Railroad as a key business partner, especially transportation of oil products into the New York/New England area.

Global Companies LLC supports approval of the CP/KCS combination.

For our perspective, the combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – could help us reach new markets more efficiently.

For these reasons, Global Companies LLC is voicing support for the combination of CP and KCS.

VERIFICATION

I, Ken Chaney, in my capacity as Rail Commercial Manager of Global Companies LLC, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 1, 2021.

Ken Chaney [Signature]
Ken Chaney
Rail Commercial Manager

GCT Global Container Terminals Inc.
Suite 610, 375 Water Street
Vancouver, BC, Canada V6B 5C6

T +1 604 267 5200
F +1 604 915 9557
globalterminals.com

March 26, 2021

ATTENTION: Surface Transportation Board

RE: Finance Docket No. 36500, CP/KCS Combination

My name is Doron Grosman and my business address is Suite 610 – 375 Water Street, Vancouver, BC V6B 5C6 Canada. I am the President and CEO of GCT Global Container Terminals Inc. In my role, I am responsible for all facets of the business at our marine terminals in Canada and the United States which includes railway connectivity at our facilities.

GCT fosters a long standing, strong partnership with CP which has been built on a foundation of ensuring fluidity in the supply chain for containerized freight moving via rail. We partner with CP at our flagship terminal, Deltaport which is largest marine terminal in Canada in addition to Vanterm in the Metro Vancouver area.

GCT supports approval of the CP/KCS combination. The transaction would facilitate significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options in the markets which are served via our marine terminals. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – may help us expand to new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence based on our experience, I am confident that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We see this transaction as uniquely beneficial, where this consolidation of Class I railways would facilitate increased service options for our customers.

CP's partnership has been vital in promoting import and export growth in the United States Mid-West and Canadian markets via our marine terminals in Metro Vancouver. CP has provided excellent service to our mutual customers, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City.
We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition in our markets also served by other, larger rail carriers and trucks. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for containerized freight shipments.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will reduce transit times and reliability, which will improve efficiency throughout the supply chain. This will unlock new opportunities for GCT and promote growth for services which call at our marine terminals through the expanded North America network.

We have been impressed by the attention of CP to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident in their commitment to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, GCT is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. GCT urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, DORON GROSMAN, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 26, 2021.



Doron Grosman
President and CEO

Global Furniture Group
560 Supertest Road, Toronto, Ontario, Canada M3J 2M6
t 416.661.3660 | globalfurnituregroup.com

ATTENTION: Surface Transportation Board

My name is Barry Chypyha and my business address is 800 Alness, Toronto, ON, M3J 2H5. I am Director of Operations & Logistics at Global Furniture Group. I am responsible for leading & managing my organizations supply chain.

Canadian Pacific Railway is my primary intermodal carrier in Domestic Canada and we are looking to expand our relationship to service our North American customers.

Global Furniture Group supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

global furniture group

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Global Furniture Group believe that this is a very unique consolidation transaction that will doesn't have a downside.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, Global Furniture Group is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Global Furniture Group urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

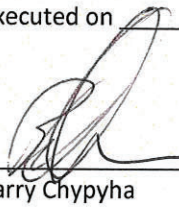
global

global furniture group

VERIFICATION

I Barry Chypyha, declare [or certify, verify, or state] under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 03/24/2021.



[Signature]

Barry Chypyha

Gopher Resource®

Innovative Recycling Solutions Since 1946

March 30, 2021

ATTENTION: Surface Transportation Board

My name is Ray Krantz and my business address is 685 Yankee Doodle Rd. – Eagan, MN 55121. I am the Director of Business Development of Gopher Resource. In my role, I am responsible for ensuring my customers receive on-time delivery of critical materials.

Gopher Resource is a lead battery recycler, and our recycled finished products (lead and plastic) are critical materials that the lead battery industry utilizes to make new batteries which power our everyday lives.

Gopher Resource supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Gopher Resource has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Gopher Resource ships material from our recycling plants in Minnesota and Florida to customers in Kentucky and Pennsylvania. We have utilized the railroad for more than 20 years to help with this transport.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and potentially offer new competitive transportation options for our shipments of lead and plastic to Iowa and Missouri
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

Voice 1-844-275-2114 Fax 651-454-1455 GopherResource.com 2900 Lone Oak Parkway, Suite 140A • Eagan, Minnesota 55121

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Gopher Resource is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Gopher Resource urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Ray Krantz, state under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30th, 2021.



Ray Krantz



121 Ferry St. Van Buren, ME 04785
207-868-2937

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Bob Thomas. I work for Grand Prix Inc. at 121 Ferry Street, Van Buren, ME 04785. My role is transportation logistics, with an emphasis on business development.

Grand Prix has a growing relationship with CP as a result of CP's recent acquisition of the CMQ Railway. We have multiple business units working with CP on inbound paper and fertilizer and outbound scrap paper.

We support approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network, with new single-line hauls, would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Speaking from a recent experience on a transition where CP acquired the CMQ Railway, CP has provided us with good service, since its acquisition and we are excited about the opportunities of growth with the CPKC and its expanded reach.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of lumber into Texas destinations.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons Grand Prix Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes Grand Prix urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Yours sincerely,



Robert D. Thomas

Logistics

April 4th, 2021

Graneleros de Coyotillos
S.A.P.I. de C.V.

www.granelerosdecoyotillos.com
contacto@granelerosdecoyotillos.com

Cynthia T. Brown
Head of the Administration Section
Procedures Office
Surface transport joint
395 E. Street, S.W.
Washington, DC 20423-0001

Re: Canadian Pacific: Kansas City Southern, Kansas City Southern Railway Company, Gateway Eastern Railway Company and Texas Mexican Railway Company

Dear Mrs. Brown:

Graneleros de Coyotillos, SAPI de CV is a company dedicated to the commercialization and storage of grains and seeds, transported through equipment from Canadian Pacific and Kansas City Southern; with origins from various regions of Canada and the USA with whom we have maintained an excellent business relationship over 8 years.

Graneleros de Coyotillos, SAPI de CV supports the combination of Canadian Pacific and Kansas City Southern because it will create a faster, safer, cleaner and more direct service for North-South trade. The combination will help realize the potential of the USMCA.

We believe that a combination of Canadian Pacific and Kansas City Southern would help us win in our markets. Canadian Pacific's strong track record of success in providing superior service, intermodal capabilities, and safety, gives us confidence that a combination of Canadian Pacific and Kansas City Southern would be in the best position to meet our needs. In addition, Canadian Pacific's successful combination history over the past 25 years also provides the assurance that Canadian Pacific will be able to seamlessly and effectively integrate and partner with Kansas City Southern.

We believe that our need for bulk hoppers, tank trucks and rail platforms will be satisfied with this merger to streamline our operations with origins in Canada and the USA, basically using the services of Canadian Pacific / Kansas City Southern.

The combined company would create an end-to-end, single-operator, single-owner enhanced service network, resulting in a faster, safer, and cheaper rail option for us. We hope that this transaction can provide seamless transportation and service that would not otherwise be available.

Canadian Pacific has significant experience in providing seamless intermodal service throughout its network and across borders.

Carretera Estatal 500
El Paraíso - Chichimequillas km1.8 | Ejido Coyotillos, C.P. 76248 | El Marqués, Querétaro
Teléfono: (442) 628 3883

Graneleros de Coyotillos
S.A.P.I. de C.V.

www.granelerosdecoyotillos.com
contacto@granelerosdecoyotillos.com

Graneleros de Coyotillos, SAPI de CV trusts and strongly supports Canadian Pacific's proposed acquisition of Kansas City Southern for all the reasons mentioned above. We look forward to bringing the premier railroad of the 21st century to life.

Sincerely,

Lic. Héctor Jiménez Altamirano
Legal representative

Carretera Estatal 500
El Paraíso - Chichimequillas km 1.8 | Ejido Coyotillos, C.P. 76248 | El Marqués, Querétaro
Teléfono: (442) 628 3883

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Jackie Bodner and my business address is 503, 10109-106 Street, Edmonton, Alberta, Canada. I am the Business Development lead of Great Northern Grain Terminals Ltd. and I am responsible for identifying and developing new business opportunities for our organization.

Great Northern Grain Terminals Ltd. owns and operates an inland grain terminal and we have been in business for more than 30 years. Our success has been directly impacted by the relationship and service level established with CP over the years.

Great Northern Grain Terminals Ltd. supports the approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Great Northern Grain Terminals Ltd. moves most of its grain via rail. To date, movement has been somewhat limited to domestic and/or West Coast export shipments as the lack of single-line haul locations have restricted alternative market access. As with any industry, any time a shipment needs to be transferred or "touched" by way of supply chain movement, fees, rates, and turnaround begin to increase and, in most instances, these factors have eroded certain market opportunity.

Given the recent announcements, we are very much looking forward to the synergies CP and KCS will be able to offer. In particular, seamless movement of product combined with access to new and exciting markets along the agricultural value chain. Not only do these benefits yield additional opportunities for our grain handling facility but, it also opens up alternative markets to our upstream producers and creates numerous options for our downstream processors.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of bulk agricultural products.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, improve our efficiency by increasing the throughput capabilities of our facility.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Great Northern Grain Terminals Ltd. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Great Northern Grain Terminals Ltd. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Jackie Bodner, Business Development
Great Northern Grain Terminals Ltd.
Phone: 780-482-1450
Fax: 780-452-7638

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Dana Wakefield and my business address is 9676 – 45th Ave NW Edmonton, AB T6E 5Z8. I am President of GNT – Great Northern Trans-Port Inc. In my role, I am responsible for Intermodal Marketing Company.

Great Northern Trans-Port Inc. has worked with CP for over 30 years moving goods to and from Canada / USA via Chicago. We move a lot of Recycled Materials, Building Materials as well as other forms of Dry goods. As such, we have built a strong, mutual relationship.

Great Northern Trans-Port Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Great Northern Trans-Port Inc has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by avoiding the down times that come from transferring from line to line as well as other delays.

- Simplified Tracking.
- Quick solutions as to possible transportation and costs.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

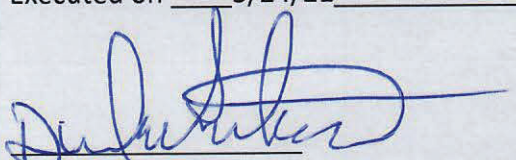
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Great Northern Trans-Port Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Great Northern Trans-Port Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I _____Dana V. Wakefield_____, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on ____3/24/21_____.



Dana V. Wakefield

Green Bay Packaging Inc.

ATTENTION: Surface Transportation Board

My name is Frank E. Miller, my business address is 1601 N. Quincy Street, Green Bay, WI 54302. I am Director of Logistics for Green Bay Packaging, Inc. In my role, I am responsible for rail logistics and relationships.

Green Bay Packaging, Inc is customer of both the KCS and CP railroads. We share a long and satisfactory relationship as a customer and shipper with both railroads.

Green Bay Packaging, Inc., supports approval of the CP/KCS combination. The transaction would provide far reaching benefits that we would lead to improved service and increased economic opportunity.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We do see this transaction favorably with none of the downsides that might result from another round of Class I consolidations.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

GREEN BAY MILL DIVISION
1601 N. QUINCY ST. • GREEN BAY, WI 54302
(920) 433-5000 • www.gbp.com

Green Bay Packaging Inc.

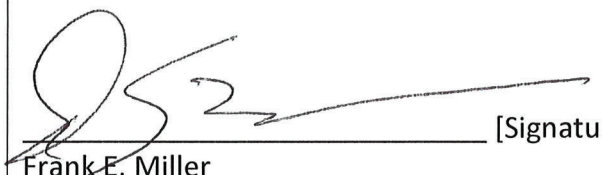
We appreciate the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Green Bay Packaging, Inc. is voicing support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Green Bay Packaging, Inc. respectfully asks the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I _Frank E. Miller, declare [or certify, verify, or state] under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/30/2021.



_____ [Signature]
Frank E. Miller

GREEN BAY MILL DIVISION
1601 N. QUINCY ST. • GREEN BAY, WI 54302
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GREENFIELD
CONSTRUCTION LTD.
209 General Manson Way, Miramichi, NB E1N 6K7
Tel: 506-622-7900 Fax: 506-622-7956
www.greenfield-construction.com

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Richard Kerr and my business address is 209 General Manson Way, Miramichi NB. I am Operations Manager of Greenfield Construction. In my role, I am responsible for Equipment management, logistics and transportation of materials and equipment across the country.

Greenfield Construction is a Heavy Civil Construction company. We do ship freight, heavy equipment etc. all over the country for construction projects.

Greenfield Construction supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Greenfield Construction has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

> **CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).**
>
> **And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.**

GREENFIELD
CONSTRUCTION LTD.
209 General Manson Way, Miramichi, NB E1N 6K7
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www.greenfield-construction.com

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.
- KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Greenfield Construction is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Greenfield Construction urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

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209 General Manson Way, Miramichi, NB E1N 6K7
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Signed on *April 29 2021*.

Sincerely



Richard Kerr

GREENFIELD
GLOBAL

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Chris Deline, and my business address is Chatham, ON. I am the Logistics and Trade Compliance Manager, B&DS division of Greenfield Global Inc. In my role, I am responsible for rail transportation.

Greenfield Global is an ethanol producer and ships its tank cars on the CP network and throughout Canada and east to west coast in the US. Greenfield has been a shipper with the CP since 1998.

Greenfield Global supports approval of the CP/KCS combination. The transaction may provide significant benefits that we will explore as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we may explore. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – may help us reach new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Greenfield Global has not often spoken favourably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation. Greenfield Global continues to look for opportunities where shipping by rail can replace shipping by truck due to the environmental benefits of this mode of transportation.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we may ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

275 Bloomfield Road, Chatham, Ontario, N7M 0N6, Canada | P. 519.436.1130 | F. 519.436.1595
www.greenfield.com

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of ethyl alcohol from Ontario to the Midwest and southern US and into Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which would reduce equipment costs and improve efficiency. Further to this, shortened transit times will allow shippers to move the same volume of goods with fewer rail cars in service.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Greenfield Global is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Greenfield Global urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on March 29, 2021.



_____

Chris Deline
Logistics & Trade Compliance Manager
Greenfield Global Inc.

GLTDI

GREENLIGHT TRAFFIC AND DISTRIBUTION INC

ATTENTION: Surface Transportation Board
RE: STB Finance Docket No. 36500, CP-KCS Proposed Combination

My name is Augustin Martin and my business address is 220-6705 Tomken Road, Mississauga, Ontario. I am a Director of Greenlight Traffic and Distribution Inc. In my role, I am responsible for all rail moves within Canada and the United States of America for our customers within North America.

Greenlight Traffic and Distribution Inc. is a Third-Party Logistics company with customers all across North America (Canada/United States) and we move various products (Grain, Plastic, Metal and Metal, Sugar, Animal feed and Rubber) for our customers across the CP Network. We have been blessed that we are able to utilize the services of CP for our customers. The reason is the level of service is the best in the industry and having efficient service is what makes us as successful as we are and able to provide a wide spectrum of solutions to our customers.

Greenlight Traffic and Distribution Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly for the benefit of rail customers and other stakeholders.

Greenlight Traffic and Distribution Inc. uses the CP rail network in various combinations to serve our customers, which works well for our customers, but an increase in market reach would benefit us. For example, we currently ship plastic film from Montreal, QC to Baton Rouge, LA over the road. It would be a great advantage for us to have a single, reliable carrier providing end-to-end service. This would eliminate a lot of disruption during produce season and provide steady service and confidence to our existing customers

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience that single-line rail service options are far superior.

203-6665 Tomken Road, Mississauga, ON L5T 2C4
: 905-670-4242 • 844-205-GLTD(4583) : 905-670-4140
www.gltdi.com

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. For example, when it is a single carrier, the interline reduces and it is hassle free.
- Utilizing the service of a single rail line will open a whole new prospective and bring business opportunities that we can now offer our current and new customers.

For example: An existing customer of Greenlight Traffic and Distribution Inc. requested a shipment be moved from Halifax, NS to Mexico City, MX. It was a huge challenge to move this freight. After many hurdles, we were able to accomplish the task. It would be a huge advantage to have a carrier like CPKCS that is integrated and who could have accomplished this as a single move.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

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www.gltdi.com

GL TDI

GREENLIGHT TRAFFIC AND DISTRIBUTION INC

Greenlight Traffic and Distribution Inc. is voicing strong support for the combination of CP and KCS because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Greenlight Traffic and Distribution Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Augustin Martin, declare state under penalty of perjury "understand the laws of the United States," If executed outside of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on _March 24, 2021

_Augustin Martin____

203-6665 Tomken Road, Mississauga, ON L5T 2C4
: 905-670-4242 • 844-205-GLTD(4583) : 905-670-4140
www.gltdi.com

282 Huron St, PO Box 1753, Clinton ON, N0M 1L0. Phone: 519 606-4929

GREENWAY
ANIMAL NUTRITION INC.

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Andrea Adam, and my business address is 282 Huron St, Clinton, ON. I am Operations Manager of Greenway Animal Nutrition. In my role, I am responsible for all the day to day activities.

Greenway ships feed and food grade commodities through North America. We have valued our relationship with CP as they are great to deal with and their rate make us competitive in an ever-changing market. We have always been able to count on CP's level of service which has been very beneficial to set our customers at ease knowing their product will be where they need it, when they need it.

Greenway supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of forage from Western Canada to Texas.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

282 Huron St, PO Box 1753, Clinton ON, N0M 1L0. Phone: 519 606-4929

GREENWAY
ANIMAL NUTRITION INC.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. This in turn will allow us to get more products from Western Canada into the southern states like Texas at a rate that would be beneficial for the feed mills.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Greenway is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Greenway urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on April 30, 2021

Andrea Adam

SHIPPER SUPPORT LETTER- GROUPE ROBERT

ATTENTION: Surface Transportation Board

My name is Richard Daigneault and my business address 20, boul. Marie-Victorin, Boucherville, Québec J4B 1V5 and I am the Senior Logistics Department Director at Groupe Robert.

Groupe Robert is a long standing partner of CP Rail and we have worked diligently over the years to grow with CP by focusing on providing quality service to our customer base.

Groupe Robert supports approval of the CP/KCS combination. The transaction would provide significant benefits and opportunities for growth we are eager to see realized.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls, would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We see this transaction as uniquely beneficial.

We ship intermodal containers with CP intermodal service primarily serving a retail customer base. We currently are extremely active in Toronto & Lachine to Western Canada lanes as well as Vancouver to East.

CP's market reach is limited today in the US and we have not been using CP in cross border as it must interline with other railroads to reach US destinations that we could potentially ship to or that could expand the markets we serve effectively.

And we know from experience both our own, and that of our competitors who have single-line rail options at their origins that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability.
- KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

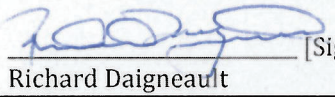
At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, Groupe Robert is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Groupe Robert urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Richard Daigneault certify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.



_____ [Signature]
Richard Daigneault



March 30, 2021

ATTENTION: Surface Transportation Board

My name is Brad Sanders and my business address is 811 Main St, Suite 2800, Houston, TX 77002. I am Executive Vice President, Chief Commercial Officer of Guanajuato Energy Terminal ("GET"). In my role, I am responsible for developing the commercial strategies and the proper execution of them for GET.

GET has enjoyed a good relationship with Kansas City Southern Railway ("KCS"), providing our customers services that involve rail solutions for various commodities in the United States and Mexico, including refined products and propane. These services require close operational collaboration and/or negotiations with rail carriers. GET believes a CP-KCS combination will create a transcontinental railroad with the scale and reach to deliver improved levels of service that will enable us to better serve our customers and communities.

GET supports approval of the CP/KCS combination. The transaction will provide benefits that we are eager to see realized.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – will help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

KCS has provided us with good service, but its market reach is limited today, as KCS's lines only go as far north as Kansas City. KCS must interline with other railroads to reach destinations beyond Kansas City to which we ship or into which we may expand.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This should strengthen competition against the other, larger rail carriers and trucks that serve our markets.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce equipment costs and improve efficiencies for our customers.

KCS and CP have had a cooperative relationship based on our past dealings with them, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – makes it less likely that the transaction will have any significant adverse effects on competition. It should make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, GET is voicing its support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. GET urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Best Regards,

Brad Sanders
Executive Vice President, Chief Commercial Officer

VERIFICATION

I, Brad Sanders, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021 [*date*].

Brad Sanders

GX TRANSPORT
IT'S ABOUT TIME.

Tuesday March 29, 2021

SHIPPER SUPPORT LETTER- GX TRANSPORTATION

ATTENTION: Surface Transportation Board

My name is Dan Colagiacomo and my business address is 6495 Van Deemter Court Mississauga, Ontario L5T 1S1 and I am the Managing Partner for GX Transportation.

GX Transportation is a long standing partner of CP Rail and we have worked diligently over the years to grow with CP by focusing on providing quality service to our customer base.

GX transportation supports approval of the CP/KCS combination. The transaction would provide significant benefits and opportunities that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls, would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We see this transaction as uniquely beneficial.

We ship intermodal containers with CP intermodal service primarily serving a retail and automotive customer base. We currently are extremely active in Toronto to Western Canada lanes.

CP's market reach is limited today in the US and we have not been using CP in cross border as it must interline with other railroads to reach US destinations that we could potentially ship to or that could expand the markets we serve effectively.

And we know from experience both our own, and that of our competitors who have single-line rail options at their origins that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.
- KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, GX Transportation is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. GX Transportation urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Dan Colagiacomo certify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.



_____ [Signature]

Dan Colagiacomo

H.J. BAKER SULPHUR CANADA ULC
Suite 1020, 606 – 4th Street SW, Calgary, Alberta, Canada T2P 1T1
Tel (403) 265-9622 www.hjbaker.com Fax (403) 264-3935

ATTENTION: Surface Transportation Board

My name is Brian Wolfe and my business address is 1020- 606 4th Street SW Calgary Alberta. I am the Vice President of Marketing of HJ Baker Sulphur Canada ULC. In my role, I am responsible for purchasing, marketing and aggregation of molten and formed sulphur.

HJ Baker Sulphur Canada ULC is a marketing company moving over 1.5 millions tonnes of Sulphur form Alberta and British Columbia to offshore end receivers and US end receivers. CP has been responsible to move molten sulphur in HJ Baker railcars from various origins.

HJ Baker supports approval of the CP/KCS combination.

For our perspective, the transaction promises to provide improved service options and improve transportation competition in the markets we serve.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options.

HJ Baker is voicing its support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies.

Regards,

Brian Wolfe
VP Marketing
HJ Baker Sulphur Canada ULC

March 29, 2021

ATTENTION: Surface Transportation Board

My name is Thomas Engel and my business address is 399 Hoes Lane, Piscataway, NJ 08854, USA. I am the SVP of Operations of Hapag-Lloyd (America) LLC. In my role, I am responsible for oversight of all operations in the North America market including rail services.

Hapag-Lloyd (America) LLC has been a long standing customer of both CP and KCS and we continue to entrust our rail business to both networks. CP's network presently offers direct connections for our shipments moving to/ from the Canadian ports of Vancouver, Montreal and Saint John and inland markets in Canada and the United States Mid-West while KCS's network offers direct connections for our shipments moving to/from Mexico ports and inland markets in Mexico and the United States.

Hapag-Lloyd (America) LLC supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I am confident that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Hapag-Lloyd (America) LLC relies upon CP's and KCS's service to deliver containerized freight destined to or originating from overseas markets in a safe, efficient and cost effective manner. CP and KCS have provided us with excellent service, but their market reaches are limited today. CP's lines only go as far south as Kansas City while KCS's lines only go as far north as Kansas City. Both must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our containerized freight shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- We are confident that CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. This will unlock new opportunities for Hapag-Lloyd and promote growth for our services through the expanded North America network.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of

seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere –will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Hapag-Lloyd (America) LLC is voicing strong support for the combination of CP and KCS, because it is designed to provide expanded options and drive efficiencies for customers of all sizes. Hapag-Lloyd (America) LLC urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Thomas Engel, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021

Thomas Engel

HARBOUR METALS RECYCLING LTD.

1100 Montreal St. Thunder Bay, ON P7E 6T8
T: (807)577-0873 F: (807)577-0874 E: info@harbourmetals.com
www.harbourmetals.com

ATTENTION: Surface Transportation Board

My name is James White, and my business address is 1100 Montreal St. Thunder Bay, ON Canada P7E 6T8. I am the Trader for Harbour Metals Recycling Ltd. In my role, I am responsible for all off the logistics, purchasing and sale of our raw materials and processing equipment.

Harbour Metals Recycling Ltd. is a shipper with CP Rail. We ship scrap metal materials across North America for consumption in domestic and international based steel mills and foundries. Cp has enhanced our growth significantly by improving our service frequency and turnaround time on our private cars. They offer us competitive pricing allowing us to expand our market capabilities.

Harbour Metals Recycling Ltd. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Harbour Metals Recycling Ltd. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Harbour Metals Recycling Ltd. ships the majority of our products via private gondola cars by rail with CP Rail. We currently ship processed scrap metals including steel, stainless steel aluminum and copper bearing products from our CP served facility in Thunder Bay, Ontario Canada to customers in Ontario, Manitoba, Saskatchewan, Ohio, Michigan, Indiana, Illinois, Minnesota, Wisconsin and Iowa.

We also purchase equipment from across North America to improve our processing and logistic capabilities.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of scrap materials from Thunder Bay, On to further points in the southern United States and Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency buy allowing us to move more volume of raw materials annually and improve the efficiency of obtaining processing and logistics equipment we require.
- Reducing the need to interline will increase the efficiency and reduce the need for inter-switching times and the fees associated with those switches.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Harbour Metals Recycling Ltd. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Harbour Metals Recycling Ltd. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I James White, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 2021-03-29.



James White

HARDISTY
ENERGY TERMINAL

March 30, 2021

ATTENTION: Surface Transportation Board

To Whom it may Concern:

Re: Letter of Support for the Proposed Canadian Pacific Railway ("CP") and Kansas City Southern Railway ("KCS") Merger

Our names are Doug Atkins Gibson Energy, 1700, 440 – 2 Avenue SW, Calgary, AB T2P 5E9, and Jim Albertson, USD Group LLC, Suite 1960, 440 – 2nd Ave. S.W., Calgary, AB / T2P5E9. We are directors of the Hardisty Energy Terminal Limited Partnership ("**Hardisty Energy Terminal**") and Vice Presidents of the ultimate partners of Hardisty Energy Terminal, Gibson Energy ULC and USD Group, respectively (**collectively, the "Partners"**). The Hardisty Energy Terminal is a partnership formed in Alberta, Canada that is nearing the completion of building a Diluent Recover Unit (**"DRU"**) in Hardisty, Alberta, Canada, that it will operate. The Partners currently work together to ship Dilbit (heavy Canadian crude oil) out of Hardisty, Alberta, utilizing CP. KCS offers opportunities to reach new customers through its rail network.

As you likely know, diluent is required to be added to bitumen to make it less viscous for delivery by pipeline (blended product is referred to as Dilbit). Diluent is removed by refineries and offers little to no value when bitumen is delivered by rail car. By removing much of the diluent just prior to loading into a rail car creates a new product, DRUbit™, that is not only more valuable and economic/efficient to ship, it also offers safety and environmental benefits as it ships as non-flammable and non-hazardous by rail in the United states and Canada. CP and KCS have agreed to work together to deliver DRUbit™ to the U.S. Gulf Coast for a customer.

On behalf of Hardisty Energy Terminal, we provide this letter of support for the proposed CP/KCS merger because we believe the combined entities will provide benefits to the rail industry and current and potential future DRUbit™ customers. Among other benefits, we believe this merger provides the potential for maintaining or improving:

- service options to customers across North America through integrated networks;
- transportation competition in the markets we serve;
- Hardisty Energy Terminals ability to reach existing and new markets though single-line hauls;
- access to premier ports on the U.S. Gulf, Atlantic, and Pacific coasts as well as to key overseas markets; and
- an already strong focus on safety and operational excellence.

We are confident that CP and KCS will be able to integrate their operations quickly and efficiently to the benefit of Hardisty Energy Terminal, its rail customers and other stakeholders in our industry, as well as other industries that will benefit from growing access to markets across the United States, Mexico and Canada under the USMCA trade agreement.

Thank you for your consideration of this merger.

Yours truly,
Hardisty Energy Terminal Limited Partnership

Doug Atkins
Director, Hardisty Energy Terminal
VP Terminals, Gibson Energy ULC

Jim Albertson
Director, Hardisty Energy Terminal
Senior VP, Canadian Business Unit, USD Group

VERIFICATION

I, Doug Atkins, and I, Jim Albertson, each declare [or certify, verify, or state] under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021 [*date*].

Doug Atkins

Jim Albertson

March 30, 2021

HCL LOGISTICS SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Mike Pullam and my business address is 2021 Oxford St. E., London, ON. I am the Director Business Development of HCL Logistics. In my role, I am responsible for the strategic growth of our business while developing strong relationships with he Class 1 rail lines such as Canadian Pacific (CP).

HCL has worked extremely close with CP since starting our transload operation with CP acting as both a service provider and an essential resource to allow us to grow our business. As a transload facility CP ships in a diverse cross-section of commodities which include but are not limited to metals, lumber, gypsum, pulp & paper, retail products etc. The consistency and efficiency of delivery has proven to exceed both HCL and its customer expectations allowing our operating to move in the most efficient manner possible.

HCL Logistics supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. HCL has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

As the needs in the marketplace grow so does HCL's commitment to the region's requirements. More than ever before, regional customers are strategically looking for ways to reduce cost and the supply chain is certainly a place they are looking first. Understanding various products are shipped to Canada from the southern states and Mexico, having a connection to these areas is critical. There is no doubt that CP's service is best in class but there is obvious limitations to their connectivity to aforementioned areas.

As other Class 1's move seamlessly through the network based on the fact they are a single line option form origin to destination, CP can be seen as having line haul options that are inferior in terms of their ability to reach destination south of Kansas City.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of retail and automotive goods from Mexico directly through to HCL.
- We are particularly enthusiastic about the role new single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Getting product to market is essential and knowing the seamless transition of rail cars from the KCS to CP will be a seamless one, this will dramatically reduce transit time allow product to get into the hands of those who need it most.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

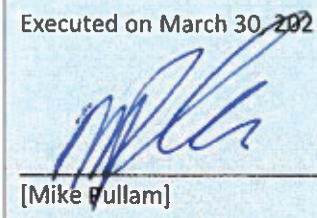
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, HCL Logistics is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. HCL urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Mike Pullam, declare under penalty of perjury "under the laws of the United States, 'that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021.



_____ [Signature]
[Mike Pullam]

SUPPORT LETTER

ATTENTION: Surface Transportation Board
RE: Finance Docket No. 36500, CP/KCS Combination

My name is Jungyub Lee and my business address is 222 West Las Colinas Blvd., Suite 700 Irving, TX 75039 . I am the President & CEO at HMM (America), Inc.

HMM (America), Inc. entrusts our rail business to CP's network which presently offers direct connections for our shipments moving to/from the Canadian port of Vancouver to inland markets in Canada and the United States Mid-West.

HMM (America), Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders HMM (America), Inc. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

HMM (America), Inc. relies upon CP's service to deliver containerized freight destined to or originating from overseas markets in a safe, efficient and cost effective manner. CP has provided us with excellent service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our containerized freight shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. This will unlock new opportunities for HMM

(America), Inc and promote growth for our services through the expanded North America network.

KCS and CP have had a cooperative relationship in the past, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, HMM (America), Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. HMM (America), Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Jungyub Lee, declare [or certify, verify, or state] under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March. 29. 2021.

Jungyub Lee

Holman farming group

Box 245
Luseland, SK
S0L 2A0
1-306-228-9430
dan@holmanfarminggroup.com

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Dan Holman and my business address is 503 Grand Avenue, Luseland, Saskatchewan. I am General Manager of Holman Farming Group. In my role, I am responsible for general operations of our integrated grain farm and rail shipping/receiving operation.

Holman Farming Group (subsidiary of Holman Farming Company Inc.) is a single point receiver/shipper who receives bulk railcars of fertilizer and ships bulk railcars of grains, oilseeds, and pulse crops. We have a relatively new relationship with CPR and have been very happy with the level of service we have received so far from the company. Currently, we receive and unload rail cars of fertilizer that originate in the USA and in the future we plan on shipping railcars of grains, oilseeds, or pulses that will go to either a Canadian or US destination depending on the commodity and time of year.

Holman Farming Group supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Holman Farming Group sees this transaction as uniquely beneficial, with none of the downsides that might result from further Class I consolidation.

From a Canadian grain farmer and small shipper's point of view this merger opens up new transportation corridors for our business and will support a change in shipping/receiving patterns. Currently most grain exports from Canada flow east or west out of the country. With this integration it will be easier to create a better Southern flow of grain exports. Railing grain to a increased amount of destinations will give us shippers increased flexibility in finding markets for our products. We are looking forward to being able to reach new customers in North America with an integrated freight charge and no inter-switching fees.

From a fertilizer receiving company's point of view we also support this merger. Canada is a net importer of Urea, UAN, and Phosphorus fertilizers. These fertilizers are mostly imported into North America from the port of New Orleans (NOLA). It is our belief that having an integrated option to bring railcars of fertilizer into Canada that arrive in North America from NOLA will allow better arbitrage of world prices to the Canadian market. This will increase the total flow of tonnes through the rail network – as lower fertilizer costs typically result in higher usage on farms.

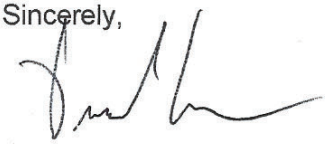
KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers

For these reasons, Holman Farming Group is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Holman Farming Group urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Dan Holman

Holman Farming Group

Attn: Surface Transportation Board – Docket No. 36500

RE: CP-KCS Potential Merger

To Whom It May Concern:

I am writing to provide my written support for the combination of Canadian Pacific Railway (CP) and Kansas City Southern (KCS). I believe this combination of railroads will benefit not only Hopewell Logistics by creating more efficient supply chains across the North American continent, but also open up new opportunities and new markets for businesses.

Hopewell Logistics and CP work together today to move intermodal traffic across Canada. CP plays a critical role in the Hopewell supply chain, transporting products and enabling Hopewell to keep store shelves stocked for the Canadian consumer. The relationship is strategic and both companies collaborate to create better and more environmentally sustainable supply chains.

From our perspective, the transaction promises to provide improved service options and competition for shippers across North America while creating potential new opportunities for Hopewell to route cargo and source consumer goods from the USA and Mexico. The CP/KCS combination will enable Hopewell to convert truck traffic to rail, thereby providing a benefit to the environment and society by taking trucks off the critical public infrastructure of the USA.

We firmly believe that CP and KCS will provide Hopewell with safe, efficient and fast service that will allow us to achieve the goal of reducing carbon intensity and improving the North American supply chain's environmental footprint. Hopewell urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all shippers across the USA, Mexico and Canada.

Sincerely,

Kevin Roy

Hopewell Logistics

HORIZON GRAINS LTD.
Suite 200, 1001 - 1 Street SE Calgary, Alberta T2G 5G3

April 26. 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500
CP-KCS Potential Combination

Horizon Grains Ltd. hereby files this letter to express its concerns to the bid by CN to acquire KCS and re-iterate its support for the CP-KCS combination.

As expressed in our initial letter to the Board dated April 20. 2021, we support swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets and port options, improved service options, and invigorated transportation competition. The combination of CP and KCS would also provide great access to fertilizers for farmers in a cost-effective manner.

By contrast, a CN acquisition of KCS would lead to a reduction in competition and deprive shippers of the many tangible benefits offered by the CP/KCS deal. Specifically, if CN were to acquire KCS,

The merged firm would not provide a single-line haul, competitive option into the markets south of Kansas City (which competing fertilizer producers shipping from different regions use to service these markets today.

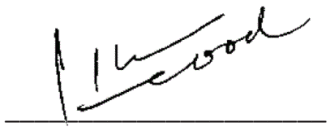
We will be harmed by the reduction in competition that would result from a CN acquisition of KCS.

NOT only will we be deprived of the benefits of the CP/KCS deal, but we will also suffer a reduction of competition in key areas by virtue of CN acquiring KCS.

From our perspective, the only combination involving KCS that is in the public interest is the one that CP has proposed. Unlike the CP/KCS combination, the acquisition of KCS by CN would result in harm to competition because the two railroads today serve many locations and shippers in common. Indeed, they operate parallel lines between Baton Rouge and New Orleans and Eastern Mississippi; they both serve grain and other shippers in large swaths of the Midwest and Southern United States; and they both reach the port of Mobile, Alabama. Even more fundamentally, between the Upper Midwest and Gulf Coast, a CN/KCS combination would reduce the number of independent routing options from four to three.

We expect a combined CPKC network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist. A CN-KCS combination would limit competitive carrier options to markets and ports south of Kansas City.

Respectfully submitted,



Iftikhar Wainse
Director, Business Development
April 26. 2021
CC: All Parties Of Record

HOWARD
ENERGY PARTNERS

16211 La Cantera Parkway
Suite 202
San Antonio, TX 78256

To whom it may concern:

On behalf of Howard Energy Partners (HEP), I am writing to express our support for the approval of the CP/KCS combination, as the transaction wouldprovide significant benefits that we are eager to see realized.

HEP is a midstream company with a focus on providing logistics solutions for the import and export of energy products through our pipeline and terminal systems. We have common customers with KCS, and currently work with KCS on the exportation of refined products from U.S. Gulf Coast-based terminals to Mexico.

Consolidation of CP / KCS would expand opportunities for HEP and our terminal customers to improve rail logistics solution for the flow of crude oil, LPGs, and refined products with Canada, through an efficient, single-line rail haul to the U.S. Gulf Coast.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are supportive of the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competitionagainst the other, larger rail carriers and trucks that serve our markets.

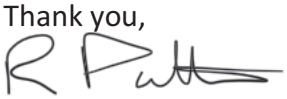
KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers.This Transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relativeto the

other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, HEP is voicing strong support for the combination of CP andKCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. HEP urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of thisdeal can be realized for the benefit of all stakeholders.

Thank you,



Roy Patton
Executive Vice President and Chief Commercial Officer

HUDSON'S BAY | SUPPLY CHAIN & LOGISTICS

Date: 3/30/2021
Subject: CP-KCS Proposed Combination

STB Finance Docket No. 36500

To Whom It May Concern:

On behalf of Hudson's Bay, we are writing to provide written support for the combination of Canadian Pacific Railway (CP) and Kansas City Southern (KCS). We believe this combination of railroads will open up new opportunities and new markets for North American shippers large and small. We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve these markets today. For example,

- Improved transit times, and direct access to ports on the U.S. Gulf, Atlantic, and Pacific coast – this improves efficiency and asset utilization and de risk supply chains, shippers will have the ability to develop multi gateway strategies
- Both CP & KCS have an unrivaled commitment to safety & operational efficiency, and with a cooperative relationship in the past, we are confident that the implementation will be strategic & collaborative and will be without the service disruptions and result in environmentally sustainable supply chain solutions
- This transaction will be creating opportunity for shippers large & small that simply does not exist today. This transaction will be taking trucks off the road, enabling new supply chains and creating competitive, efficient markets for shippers in North America.

From our perspective, the transaction promises to provide improved service options and competition for shippers across North America while creating new opportunities for them to source materials more competitively.

For these reasons, I am voicing support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for shippers of all sizes. I urge the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Regards,

Alex Boyd

Alex Boyd
DVP, Logistics

HYUNDAI GLOVIS

1005- 90 Burnhampthorpe Rd. W.
Mississauga ON L5B 3C3

ATTENTION: Surface Transportation Board

I would like to introduce myself, Mr. Harrison Kim, CEO of Glovis Canada Inc., Canadian head quarter located at 90 Burnhamthorpe Rd W, Suite 1005, Mississauga, ON, L5B 3C3. In my honored role of CEO for Glovis Canada Inc., part of my responsibilities are the timely and efficient flow of finished vehicles, finished vehicle parts along with steel derived products from port and plants throughout Canada, with origins points including Mexico and the USA.

Glovis Canada Inc. is current shipping, via Canadian Pacific Railway Limited, finished vehicles from American, Mexican and Canadian VPC/Ports to distribution centers located in 7 of the 10 Canadian provinces. Canadian Pacific Railway Limited being a vital part of Glovis Canada Inc.'s supply chain, I only see positive ramification to our distribution network with regards to railroad consolidation between Canadian Pacific Railway Limited and KCS coming to fruition. Canadian Pacific Railway Limited has, and continues to provide stellar rail shipping service to Glovis Canada Inc. With the proceedings of new railroad consolidation between Canadian Pacific Railway Limited and KCS, I only expect and foresee the service quality and timeliness reaching levels unseen in the rail industry thus far.

Glovis Canada Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Glovis Canada Inc. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Glovis Canada Inc. ships finished vehicles, through Canadian Pacific Railway Limited and its rail affiliates, from multiple origins in USA, Mexico and Canada towards 7 Canadian provinces. Rail transit time along with rail car availability for rail load is a crucial part in Glovis Canada Inc.'s ability to continuously succeed in meeting its customer's requirements related to monthly whole sale targets, thus ensuring increased market share for its customer in the sector of new auto sales. CP has provided us with reliable service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship from. We know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

HYUNDAI GLOVIS

1005-90 Burnhampthorpe Rd. W.
Mississauga ON L5B 3C3

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency, by reducing interchange points and single inline services.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Glovis Canada Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Glovis Canada Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

HYUNDAI GLOVIS

1005- 90 Burnhampthorpe Rd. W.
Mississauga ON L5B 3C3

VERIFICATION

I Harrison Kim, declare verify, under penalty of perjury "under the laws of the United States," that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/30/24 [*date*].

_____ [Signature]
Harrison Kim

IMCO International Steel Trading Inc.

458 Locust Street ~Burlington, Ontario L7S 1V1 ~ Canada
Phone 905-333 6633 ~ Fax 905-333 6560

March 29, 2021

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Doug Little and my business address is 458 Locust St, Burlington, ON , L5S 1V1. I am Vice President of IMCO International. In my role, I am responsible for Global Operations and Business Development.

IMCO International ships finished steel pipe products with Canadian Pacific Railway.

IMCO International supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. IMCO International has not often commented about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downside that might result from another round of Class 1 consolidation.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach southern ports beyond Kansas City.

IMCO ships steel OCTG pipe from CP-served facilities in St. Catherine, Quebec, to IMCO customer yards in Alberta.

We see possibilities with shipping from Ports in Texas to Alberta with a more competitive option with the CPKC proposed routing.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of OCTG pipe.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Ultimately we feel a single line haul will improve our speed to market.

The entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, IMCO International is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. IMCO International urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Doug Little
IMCO International

Independent Dispatch, Inc.

INTERMODAL MARKETING SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Erica Hill, our business address is 214 NE Middlefield Rd, Portland, OR 97211. I am Director of Intermodal Services for Independent Dispatch, Inc. In my role, I am responsible for the intermodal department that handles railroad stacktrain container shipments.
Independent Dispatch, Inc. is an Intermodal Marketing Company that uses both the CPRR & KCS/KCSM railroads. Both are an integral part of our transportation solutions. We currently use CP for cross-border US to/from Canada and we use the KCS for both intra-US and cross-border shipments to/from Mexico on a regular basis.

Independent Dispatch, Inc. supports approval of the CP/KCS combination. The transaction could provide significant benefits for in-bond shipments between Canada and Mexico, in particular. We anticipate the merger will create a greater supply of containers in Mexico for us to use for shipments Silao, GJ to Dublin, VA for Ethan Allen Furniture. We also hope the CP will decide to make the KCSM TMXU container fleet into the EMP container fleet, which would create a more reloadable option.

Independent Dispatch Inc. feels a single-line rail service would provide a more seamless means of rail transport for our customers. As the CP and KCS networks do not currently overlap at all, we do not foresee any adverse effects on competition. Both CP & KCS rails have excellent safety records and good operational effectiveness (with CP being the most reliable of the two). IDI does not have the reservations we often have with other proposed Class I consolidations.

For these reasons, Independent Dispatch, Inc. supports the combination of CP and KCS. It will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. IDI urges the STB to approve CP's acquisition of KCS for the benefit of intermodal transportation companies and the shippers we serve.

VERIFICATION

I _____Erica Hill_____, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on ___April 5, 2021_____.



Erica L. Hill
Director – Intermodal Services
Independent Disptach, Inc.
214 NE Middlefield Rd
Portland, OR 97211
503-535-6420 direct

INDEPENDENT
ENERGY CORP.

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Brad Tuomainen and my business address is 250 6th Ave SW, Calgary, Alberta, Canada T2P 3H7. I am Senior Vice President Refined Products for Independent Energy Corp. In my role, I am responsible for the purchase of all refinery feedstocks as well as the sale of all refined products produced at the soon to be constructed refinery in Kerrobert, Saskatchewan, Canada. The refinery will be coming on in three phases; Phase 1- 16 kbd crude capacity with an expected start up of August 1, 2021. Phase 2 – 32 kbd crude capacity with the expected completion of the expansion to be Q2 2022. Phase 3 will take crude capacity to 64 kbd with expected completion to be Q1 or Q2 2023.

The Independent Energy Corp. is situated on the CP short line between Wilkie and Kerrobert, Saskatchewan. CP is working with IEC to determine service levels to move Ultra Low Sulphur Diesel and Low Sulphur Vacuum Gas Oil from the refinery to markets in North America. IEC is working on markets for those two products into the Gulf Coast and New Mexico. The merger will change the dynamic of shipping products to those markets substantially as it will create a one railroad movement to those markets. The markets are traditional Diesel and Fuel Oil markets.

IEC fully supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. This merger will provide significant benefits with respect to making IEC products more price competitive through presumed reduced rail rates and will see cost savings with respect to its railcar fleet as railcar turn times should also see a reduction.

IEC will be shipping both ULSD and VGO to the Gulf Coast. There will be some ULSD moved via truck into the western Canadian market, as well as Butane and Condensate/Naphtha. This will change significantly when we go to Phases 2 and 3. When those phases are ready to go the expectation is for the local market for Butane and potentially Condensate to be saturated and rail access to the Gulf Coast/Mexico and the West Coast to be the most economic going forward.

www.independentenergy.ca - Suite 620, 250 – 6th Avenue SW, Calgary, AB T2P 3H9 - info@independentenergy.ca

It has been my experience that CP always provided with good service going back to my days at Gibson Energy/Moose Jaw Refinery. The level of service, in particular the routing of railcars was always a challenge given the circuitous routing with multiple rail lines required to get product to the Gulf Coast. This also made the Mexican market difficult to access based on the reliance to move railcars on multiple rail lines. Single line rail movements to the Gulf Coast will open up IEC products to the largest market in the US as well as accessing the large market in Mexico and waterborne markets.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of ULSD/VGO/Butane from western Canada to the US Gulf Coast and accessing waterborne markets as well as Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by reducing railcar transit times at presumable lower rail rates.
- This transaction is crucial to the success of the IEC Kerrobert facility and would provide further synergies to the Gulf Coast market as IEC looks to build two to three similar facilities in western Canada over the next 3 – 5 years.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Independent Energy Corp is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. IEC urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Brad Tuomainen, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 23, 2021



Brad Tuomainen
Senior Vice President
Independent Energy Corp

INDORAMA VENTURES
Indorama Ventures Polymers México S. de R.L. de C.V.
Av. Prol. Paseo de la Reforma No. 1015 torre A 2o. piso Col. Santa Fe Cuajimalpa
Deleg. Cuajimalpa de Morelos C.P. 05348, México D.F.
Tel: (55) 9177-57-00 Fax: (55) 5292-60014

April 6th 2021
Santiago de Queretaro, Qro Mexico

My name is Arturo Lugo C. our current address is Acceso IV No. 202. Parque Industrial Zona Benito Juárez C.P. 76120. Santiago de Querétaro, Qro. I am the Logistics Planning & Shipping Manager for Indorama Ventures Polymers México, S. de R.L. de C.V.

Indorama Ventures Polymers México, S. de R.L. de C.V produces and sales PET resin, that is primarily used as a raw material in the manufacture of bottles, sheets, films, fibers, filaments, and other specialty products. The PET polymers and resin manufacturing facility is located at Querétaro City, Mexico. 90% of our inbound raw materials volume and 80% of our export volume is currently being transported by rail.

Indorama Ventures Polymers México, S. de R.L. de C.V supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Indorama Ventures Polymers México has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship PET resin from Querétaro City, México to our customers and some transloading yards in the US. Some of our main shipping destinations are Midlothian, TX. Tolleson, AZ. Taft, FL. Carmenita, CA. Bethlehem, PA.
Regarding Raw Materials shipments, our main routes are Veracruz-Queretaro and Joliet, IL - Querétaro

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency, which would allow us to satisfy our customers needs on time.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless,

INDORAMA VENTURES
Indorama Ventures Polymers México S. de R.L. de C.V.
Av. Prol. Paseo de la Reforma No. 1015 torre A 2o. piso Col. Santa Fe Cuajimalpa
Deleg. Cuajimalpa de Morelos C.P. 05348, México D.F.
Tel: (55) 9177-57-00 Fax: (55) 5292-60014

single-line service we have come to expect from our transportation providers. This Transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Indorama Ventures Polymers México, S. de R.L. de C.V is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Indorama Ventures Polymers México urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Arturo Lugo C. , declare under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 6th 2021

Arturo Lugo Colín
Indorama Ventures Polymers México, S. de R.L. de C.V

INTERFOR

March 29, 2021

Surface Transportation Board
395 E Street SW
Washington DC 20423

Re: Merger of CP & KCS

ATTENTION: Surface Transportation Board (STB)

My name is Craig Dohm, and I am Vice President, Logistics of Interfor Corporation (Interfor). In my role, I am responsible for managing all transportation and supply requirements for Interfor's seventeen sawmill operations in the United States and Canada. Interfor and its U.S. subsidiary, Interfor U.S. Inc., ship lumber using rail, flatbed truck, intermodal and export ocean containers to reach our customers in over 30 countries worldwide.

Interfor ships lumber with CP from two origins in British Columbia, Canada to numerous locations in Canada and United States, including traffic interchanged to other Class 1 railroads for delivery to our customers. Interfor's longstanding business with CP and service provided by the railroad have benefitted Interfor's market access and ability to satisfy our customers' lumber requirements.

Interfor supports approval of the CP/KCS combination. Interfor believes that the transaction would provide significant benefits to us, as described below, and we are eager to see the combination realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network—with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets—would help us reach our existing markets and new markets more efficiently. Interfor's market access to destinations served by KCS, including Mexico, has been limited in the past due primarily to uncompetitive freight cost and inefficient interchange between rail carriers.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This should strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

Interfor Corporation | Suite 1600-4720 Kingsway Metrotower II Burnaby, BC, Canada V5H 4N2 | tel: (604) 422-3400 fax: (604) 422-3452 | Interfor.com

- We believe that CPKC's new single-line haul offerings will offer us new competitive transportation options for shipments of lumber from British Columbia to destinations in the United States and Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets for our products across the United States and Mexico.
- We also believe that CPKC's new service offerings will improve transit times and reliability, which have impacted Interfor's ability to ship our products to some destinations in the United States and Mexico.

At the same time, because CP's and KCS' networks connect only at Kansas City, we do not foresee that the proposed combination will adversely affect competition in the transportation markets served by the two carriers. Instead, based on our understanding of the transaction, we believe that the combined rail network will enhance competition in the markets served because CPKC will offer better alternatives to those that currently exist.

In the course of our relationship with CP, we have been struck by the railroad's attention to safety and operational effectiveness. We believe that the combined company will carry forward this focus on safety and effectiveness and we have confidence in the assurances we have received that the two companies will be able to implement their transaction without any material service disruptions.

In summary, Interfor Corporation supports the combination of CP and KCS, because we believe it will enhance competition and provide us with expanded, more efficient transportation options. For these reasons, Interfor Corporation urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Yours truly,

Interfor Corporation



Craig Dohm
Vice President, Logistics

INTERNACIONAL
REGIOMONTANA
DE ACERO, S.A. DE C.V.

My name is Alethia Avendaño and my business address is Internacional Regiomontana de Acero SA de CV. I am Admnistrator of Internacional Regiomontana de Acero SA de CV. In my role, I am responsible for investments and payments to suppliers for our rail business and our PIRSA industrial park.

Internacional Regiomontana de Acero SA de CV has been working with KCSM since 2012 when we opened our rail business thanks to KCSM as they approach us and incentive us to enter in this rail business as we already had some around 600 meter of spurs in Apodaca area, now we have 5 kilometers spurs in this area. Our principal clients are gas LPG companies and scrap companies. We receive around 300 cars of gas LPG from Canada and USA per month and we ship around 90 gondolas of scrap to USA, among other products and services.

Internacional Regiomontana de Acero SA de CV supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Internacional Regiomontana de Acero SA de CV has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We use the rail that comes from Canada, the Calgary area to be specific, for the gas LPG clients and we think that with this transaction the connectivity between CP and KCSM will be more efficient, clear, and beneficial for our business in travel time and pricing.

CALLE EL MILAGRO 202 COL. EL MILAGRO C.P. 66634 APODACA, N.L. TEL. 8196-9100 FAX 8196-9105

INTERNACIONAL
REGIOMONTANA
DE ACERO, S.A. DE C.V.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This Transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Internacional Regiomontana de Acero SA de CV is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Internacional Regiomontana de Acero SA de CV urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

CALLE EL MILAGRO 202 COL. EL MILAGRO C.P. 66034 APODACA, N.L. TEL. 8196-9100 FAX 8196-9105

INTERNACIONAL
REGIOMONTANA
DE ACERO, S.A. DE C.V.

VERIFICATION

I Alethia Avendaño declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 31st ,2021.

Alethia Avendaño

7 Renaissance Square 7th Floor
White Plains, NY 10601

INTEROCEANIC

(914) 762-7800
ioccorp.com

Reference: STB Finance Docket No. 36500, CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is James Spataro and my business address is 7 Renaissance Square, 7th Floor. I am Director of Operations for Interoceanic Corporation. In my role, I am responsible for the corporate Supply Chain Logistics.

Interoceanic Corporation and its subsidiary PCI Nitrogen Corp. are marketers and producers of a variety of fertilizers. PCI produces Ammonia Sulfate (AMS), Ammonia Thiosulfate (ATS), Sulfuric Acid, and a net buyer of Ammonia and Molten Sulfur. We currently ship products throughout the United States and would like to be able to buy and sell products in Canada and Mexico and with the merger of the CP and KCS Lines we can increase our sales market as well as expand our raw material purchasing ability over time.

Interoceanic Corporation supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Interoceanic Corporation has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship numerous types of dry and liquid fertilizers to our customers throughout North America. In addition, we arrange for the shipment of raw materials needed to produce our fertilizers from our supplier across America to our plant in Pasadena, TX.

We have approached CP in the past to provide us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

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White Plains, NY 10601

INTEROCEANIC

(914) 762-7800
ioccorp.com

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and potentially offer new competitive transportation options for our shipments of Ammonium Sulfate & Ammonium ThioSulfate fertilizers, and Sulfuric Acid, from the U.S. to Canada and Central and Southeastern Mexico, as well as Molten Sulfur from Canada to the U.S.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. For shipments of fertilizer from our TX plant up to CPKC-served points in Canada, we anticipate a 3 to 5 days transit-time savings using a CPKC single-line routing, and, for shipments of sulfur south from Canada to TX, 2-3 days of reduced transit time, thereby increasing the amount of turns for our private railcar fleet.

KCS and CP have had a cooperative relationship in the past, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. In particular, the formation of CPKC will be of limited utility to Interoceanic Corporation unless CPKC gains the right to directly serve the Canadian market on outbound shipments of finished product from our PCI Nitrogen plant in Pasadena, TX (via the PTRA), in much the same way that KCS currently has the right to serve our plant in relation to outbound cross-border fertilizer traffic to Mexico. Similarly, CPKC should also gain the right to directly handle inbound movements of sulfur from Canada to our plant via the PTRA. This transaction will greatly improve our transportation options, provided that CPKC is granted these rights as a merger condition.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all current interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers. Because of the end-to-end nature of the

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White Plains, NY 10601

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combination, we do not anticipate the kinds of service meltdown, congestion, and car supply difficulties that accompanied the UP/SP and, to a lesser extent, the BNSF/ATSF mergers of the 1990s.

For these reasons, Interoceanic Corporation / PCI Nitrogen Corporation is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Interoceanic Corporation / PCI Nitrogen Corporation urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be expeditiously integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, James Spataro, declare under penalty of perjury, under the laws of the United States, if executed outside of the United States, that the foregoing is true and correct to the best of my knowledge. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 31, 2021.

James Spataro

Interstate Asphalt Corp.
3301 S. California Ave.
Chicago, IL 60608
(954) 769-9500

March 29, 2021

ATTENTION: Surface Transportation Board

My name is Brian Inniger and I am President of Interstate Asphalt. In my role, I am responsible for the operations of our company, including securing products, sales, personnel and logistics. Interstate Asphalt has five storage terminals located in Illinois and Michigan and provides asphalt for the heavy/highway construction industry in the Midwest.

As a wholesaler of asphalt, Interstate Asphalt ships significant quantities of product from western Canada, as well as Western and Gulf Coast regions of the United States. CP is a key logistics component for this supply from western Canada and Minnesota. Freight is a significant cost for consideration of such supply to remain a low cost supplier to keep our customers competitive in this highly competitive, hard bid industry.

Interstate Asphalt supports approval of the CP/KCS combination. The transaction would provide more competition within the rail industry and provides great competition/lower cost to product from the Gulf Coast region.

For our perspective, the transaction promises to provide improved service options and competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf coast would help us reach our existing markets and potentially open new markets for us. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Normally, consolidation of the industry eliminates competition, but this combination expands the markets and increases competition.

Interstate currently ships asphalt from suppliers in western Canada and Minnesota with CP, which has provided good service. However, CP's market reach is limited with lines only as far south as Kansas City. For our Gulf Coast shipments, we could have used the combination of CP and KCS, but from our experience single line rail options are the most efficient and cost-effective and are far superior.

We view the transaction very favorably because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of asphalt from the Gulf Coast to our Midwest terminals in Illinois and Michigan.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.
- CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers by eliminating switch fees and improve timeliness of delivery. This transaction will improve our transportation options.

For these reasons, Interstate Asphalt is voicing support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Interstate Asphalt urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Brian Inniger, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.

Brian A. Inniger, President
Interstate Asphalt

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Adam Breakell and my business address is 4100 Berkshire Lane N, Suite 200 Plymouth, Mn 55446. I am the VP of Sales and Procurement of Interstate Energy Partners. In my role, I am responsible for the supply procurement, sales, contract management and logistics management of all rail and truck volumes, both through our own terminal and for all sales in other regions.

Interstate Energy Partners (IEP) has been a frequent shipper with the CP both in our propane and sand sales with a strong working relationship with our representative, Mr. Pete Deering over a number of years.

IEP supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. IEP has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Today, IEP is a shipper of primarily propane and other NGL's via rail and truck from origin points throughout the upper Midwest in the USA and northern Alberta, Canada and we are actively pursuing new opportunities that would simultaneously increase our rail traffic from CP origins in Canada and expand us into delivering to KCS destinations in south TX as well as delivering directly into Mexico.

> **CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).**



And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency through utilizing a single carrier system.
- The use of a single carrier from Canada all the way to Mexico would provide a huge logistical advantage for our customers both in the way of tracking shipments but also in pricing hauls in these lanes and directly from one market to another.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, IEP is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. IEP urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Adam M. Breakell

Interstate Energy Partners



IRON HORSE

TRANSLOADING

April 30, 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500
CP-KCS Potential Combination

Iron Horse Transloading hereby files this letter to express its concerns to the bid by CN to acquire KCS and state its support for the CP-KCS combination.

We support swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets and port options, improved service options, and invigorated transportation competition. The combination of CP and KCS would also provide great access to fertilizers/DDGs for farmers in a cost-effective manner.

By contrast, a CN acquisition of KCS would lead to a reduction in competition and deprive shippers of the many tangible benefits offered by the CP/KCS deal. Specifically, we would be harmed by the reduction in competition that would result from a CN acquisition of KCS.

From our perspective, the only combination involving KCS that is in the public interest is the one that CP has proposed. Unlike the CP/KCS combination, the acquisition of KCS by CN would result in harm to competition because the two railroads today serve many locations and shippers in common. Indeed, they operate parallel lines between Baton Rouge and New Orleans and Eastern Mississippi; they both serve grain and other shippers in large swaths of the Midwest and Southern United States; and they both reach the port of Mobile, Alabama. Even more fundamentally, between the Upper Midwest and Gulf Coast, a CN/KCS combination would reduce the number of independent routing options from four to three.

We expect a combined CPKC network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist. A CN-KCS combination would limit competitive carrier options to markets and ports south of Kansas City.

Respectfully submitted,

Shawn Murray
Owner/President

Surface Transportation Board
395 E Street SW
Washington, DC 20423

April 6, 2021

To: Surface Transportation Board

Irving Oil is an international refining and marketing company located in Saint John, New Brunswick, Canada. Our North American operations include Canada's largest refinery, along with more than 900 fueling locations and a network of distribution terminals spanning Eastern Canada and New England. We are pleased to offer our support in favour of the Canadian Pacific acquisition of Kansas City Southern.

Our company has a cooperative business relationship with Canadian Pacific, as Canadian Pacific is a Class 1 railway providing rail transportation services to customers in the Saint John region, including Irving Oil.

A combined Canadian Pacific-Kansas City Southern Railway would provide customers with an option for a single-line service over a broader geographic scope. This expanded reach will allow for more transportation options for customers, thereby increasing competitive options and market possibilities.

The Canadian Pacific acquisition of Kansas City Southern will provide Irving Oil with additional service options and the opportunity to reach new markets.

For these reasons, Irving Oil supports the approval of the Canadian Pacific Kansas City Southern combination and we encourage the Surface Transportation Board to approve this acquisition so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Kevin Scott

Chief Refining and Supply Officer

March 31, 2021

1140 W. Bryn Mawr Avenue
Itasca, Illinois 60143-1509
tel 630 438 5300
fax 630 438 5315
www.hi-cone.com

Subject: CP / KCS Merger

Attention: Surface Transportation Board

My name is Ed Kaminski and I am the Global Supply Chain Manager for the ITW Hi-Cone located in: US, Mexico, Europe, and China.

I manage the responsibility of the logistical network for railcars traveling between Texas to Illinois and Texas to Mexico City.

From our perspective: I am in support of the rail merger between CP and KCS, in hopes of: reduced rail congestion, reduced transit times, better service options, more competitive pricing, and overall increased effectiveness. The current system could use a boost from the proposed merger.

Cordially,

Ed Kaminski

ITW Hi-Cone
1140 W. Bryn Mawr Ave.
Itasca, IL 60143
Global Supply Chain Manager
T: 630-438-5421
E: edkaminski@hi-cone.com

Carpenter
Environmental, LLC
A Subsidiary of Carpenter Brothers, Inc.

April 29th, 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500
CP-KCS Potential Combination

J Carpenter Environmental, LLC. hereby files this letter to express its concerns to the bid by CN to acquire KCS.

We support the swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets and port options, improved service options, and invigorated transportation competition. We sell products and equipment that are used by manufacturers and contractors for waste treatment, pollution control, liners, hydraulic barriers, waste solidification, drilling and Frac Sand Production. Our line of business involves project-based work and we are often quoting to different destinations throughout North America. The greater single-line haul that a CP-KCS combination would provide would result in competitive options as we plan our transportation needs.

By contrast, a CN acquisition of KCS would lead to a reduction in competition and deprive shippers of the many tangible benefits offered by the CP/KCS deal. Specifically, if CN were to acquire KCS, competitive overlaps would reduce the number of independent rail options, even if the railroads might think they can propose "remedies" to overcome the lost competition.

From our perspective, the only combination involving KCS that is in the public interest is the one that CP has proposed. Unlike the CP/KCS combination, the acquisition of KCS by CN would result in harm to competition because the two railroads today serve many locations and shippers in common. Indeed, they operate parallel lines between Baton Rouge and New Orleans and Eastern Mississippi; they both serve grain and other shippers in large swaths of the Midwest and Southern United States; and they both reach the port of Mobile, Alabama. Even more fundamentally, between the Upper Midwest and Gulf Coast, a CN/KCS combination would reduce the number of independent routing options from four to three.

We expect a combined CPKC network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist. A CN-KCS combination would limit competitive carrier options to markets and ports south of Kansas City.

Respectfully submitted,

Shane Fulfer
Logistics Management Specialist

CC: All Parties of Record

J. D. Irving, Limited
100 Midland Drive
Dieppe, NB
E1A 7G9

STB Finance Docket No. 36500
CP-KCS Proposed Combination

To Whom It May Concern:

I am providing written support for the combination of Canadian Pacific Railway (CP) and Kansas City Southern (KCS). I believe this combination of railroads will benefit not only J.D. Irving Limited by creating more economical & effective supply chains across the North American. This transaction will open up new opportunities and new markets for businesses by leveraging this much needed supply chain resource. Currently J.D. Irving Limited and CP partnered together to move Intermodal traffic across Canada and the United States. The J.D. Irving Limited & CP partnership is strategic and both companies collaborate to create better and more environmentally sustainable supply chains to service the demand of the North American marketplace.

J.D. Irving Limited is thrilled about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

1) We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
2) CPKC's new service offerings will improve transit times and reliability, which will reduce our inventory costs and improve our efficiency. By having a single source solution that avoid interchanges.
3) This transaction will aid in reducing carbon emission by creating a competitive alternative to Over-the-Road that is considerably more sustainable for the environment.

J.D. Irving Limited urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all shippers across the USA, Mexico, and Canada.

Sincerely,

Jean-Guy Bourque

Jean-Guy Bourque
Corporate Vice-President, Supply Chain
J.D. Irving
Bourque.jg@jdirving.com

IRVING

IRVING FOREST SERVICES

March 29, 2021

ATTENTION: Surface Transportation Board

My name is Mark Mosher and my business address is 300 Union Street, Saint John, NB Canada, E2L 5B6. I am Vice President of the Pulp & Paper Division of J.D. Irving, Limited.

JDI Irving has pulp, paper and corrugated medium operations in New Brunswick. We currently use the CP (Canadian Pacific Railway) to originate and terminate rail traffic at our facilities for movements mainly in the USA and Canada.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. Both railroads have a strong focus on safety with a track record of operational excellence leaving no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

JD Irving will explore and implement new supply chain solutions and opportunities with the CP/KCS Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service, and improved access to the North American rail network.

JD Irving supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

Sincerely yours,

Mark Mosher

Mark Mosher, Vice President

cc: Canadian Pacific Railway/Kansas City Southern

J. D. IRVING, LIMITED
Sawmills Division

P. O. Box 5777, 300 Union Street, Saint John, New Brunswick, Canada E2L 4M3
Tel: (506) 632-7777 **www.jdirvinglumber.com**

Surface Transportation Board
395 E Street SW
Washington, DC 20423

ATTENTION: Surface Transportation Board

J. D. Irving Limited (Sawmills Group) has been dealing with Canadian Pacific for several years. We have weekly shipments of lumber and building material that travel over their tracks to several destinations.

We support approval of the CP/KCS combination. The transaction would provide significant benefits that would give us access to more markets.

J.D. Irving Limited has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

With our fleet of center beams, CP can offer competitive rates and service to our customer base. This will give us more options to market and permit us to leverage our volume with more carriers.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We share the same focus to quality and safety that both CP and KCS envision.

For these reasons, J. D. Irving Limited is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. We urges the STB to approve CP's acquisition of KCS so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Respectfully yours,



André Beaulieu

Director of Sales and Transportation, J. D. Irving Sawmills

JAMES VALLEY GRAIN LLC.

P.O. Box 210 • 600A S. 7th St.
Oakes, ND 58474
Phone: 701-742-5200
Fax: 701-742-3365

ATTENTION: Surface Transportation Board

My name is Eric Larson and my business address is 600A South 7th Street Oakes, ND. I am General Manager of James Valley Grain. In my role, I am responsible for buying and selling of commodities and rail logistics along with customer service.

James Valley Grain ships Wheat/Corn/Soybeans by rail on the CP Rail Road most of the wheat goes to the eastern mill markets by 25 or 30 car lots. Corn and Soybeans are shipped via CP in their shuttle train program. Service, Communication and Equipment can always be better. They are improving in all those areas.

James Valley Grain supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. James Valley Grain is normally not in favor, about railroad consolidation, but we see this transaction as uniquely beneficial.

James Valley Grain ships grain from our CP served facilities in North Dakota to the PNW export market with some going to the Gulf or on occasion to the eastern processors all on the CP RR.

CP has provided us with good service, but in our opinion we have limited markets, this new adventure is quite exciting with the possibilities of new markets for all commodities and will expand our markets to all 440 JVG customers.

Change and Challenges are good for the betterment of all parties involved, yes there will some growing pains but I am confident in time they will be worked out. For the betterment of all parties involved.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

JAMES VALLEY GRAIN LLC.
P.O. Box 210 • 600A S. 7th St.
Oakes, ND 58474
Phone: 701-742-5200
Fax: 701-742-3365

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of all commodities from today into the future.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

Anytime we can get a single line haul with no hand offs to other competing railroads it's a good thing they stream line the fluidity of the haul.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, James Valley Grain is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. James Valley Grain urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Eric Larson, certify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 28, 2021.

JEI, INC.

1876 CUSTER ROBERTS HOLLOW LN.
CUSTER KY. 40115
(270) 536-3521

March 28th 2021

RE: Shipper Support Letter

ATTENTION: Surface Transportation Board

My name is Gerardo M. Jaime and my Headquarter business address is 1876 Custer Roberts Hollow Ln. Custer Kentucky 40115. I am General Manager of JEI, Inc. In my role, I am responsible for finding and operating Rail to truck and truck to rail facilities to ship and receive commodities for our customers via rail throughout the United States.

JEI, Inc. Ships bales of scrap paper into Mexico via KCS. I am very satisfied and happy with the level of service we receive. I am especially happy with the amount of attention and assistance I have received over the years from KCS's management and personnel. Any time we have a question or concern the KCS is always prompt to answer and help with anything we may need. I have worked with many rail roads and I can say I am most happy with KCS all and all.

JEI, Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. JEI, Inc. Has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of class I consolidation.

> **We ship bales of scrap paper from our KCS served facility in Ft. Smith Arkansas to our customer in Mexico. We also receive lumber from Canada to our facility in Indiana. We also Ship scrap paper bales from Chicago to Mexico.**
>
> **CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).**
>
> **And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.]**

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Scrap Paper from Fort Smith Arkansas to Mexico.. Our Chicago loads to Mexico stopped a few years back because of all the interchanges needed to arrive to Mexico, hopefully now with this merger we can start the loads again.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. We will have more equipment during busy seasons.
- Currently our customers ship some via truck into Mexico, now with this merger the rates should be a little better where our customer will choose rail over trucking.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, JEI, Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. JEI, Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I _Gerardo M. Jaime__, declare under penalty of perjury "under the laws of the United States " that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on ___3/28/21_____[date].

__Gerardo M. Jaime_____ [Signature]
[Insert typed name]

COMMODITIES

P.O. Box 40 • Moose Jaw, Saskatchewan • Canada • S6H 4N7
Tel: 306.624.2378 Fax: 306.624-2375

May 11, 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500 (CP-KCS Potential Combination)

JGL Commodities Ltd. hereby files this letter to express its views about the bid by Canadian National ("CN") to acquire Kansas City Southern ("KCS") and to provide our support for Canadian Pacific's ("CP") proposed combination with KCS.

JGL Commodities Ltd. has been operating in agricultural trade for over a decade. Our parent company, JGL Group, has been active in Canada for over 40 years. JGL Commodities Ltd. provides supply chain management solutions for processors including wheat millers, protein producers, and pet food manufacturers.

We work closely with CP rail, shipping grain products out of our Woodrow SK facility to the West Coast for export. As well as, shipping grain products from the US to Canada and intra-US corridors.

JGL Commodities Ltd. has not previously addressed either of the two proposals involving the acquisition of KCS.

JGL Commodities Ltd. is reliant on CN for transportation services in certain markets and therefore does not wish to voice a position taking CP's side over CN's.

JGL Commodities Ltd. nonetheless has strong views about the kind of railroad combination that the STB should allow – and indeed expedite – versus the kind of combination that it should not permit to proceed.

The kind of transaction that is in the interests of shippers and the public would:

- ***Not have competitive overlaps*** that reduce the number of independent rail options, even if the railroads might think they can propose "remedies" to overcome the lost competition.

COMMODITIES

P.O. Box 40 • Moose Jaw, Saskatchewan • Canada • S6H 4N7
Tel: 306.624.2378 Fax: 306.624-2375

- ***Improve competitive options***, including by adding new single-line routes where other, larger railroads currently dominate.
- ***Not pose a risk of stimulating further industry consolidation***, such as by destabilizing the six large carrier balance in North America

A transaction meeting these criteria is in the public interest and should receive swift Board approval. Quick approval of procompetitive transactions is critical to helping shippers and other stakeholders reap the benefits sooner rather than later, and we have no objection to the use of a voting trust mechanism to facilitate such a transaction. For transactions that do not meet the three criteria set out above, we would strongly object to the Board allowing the transaction to proceed even as far as a voting trust, which itself could diminish competition and lead to downstream concerns.

We trust the Board to assess the two proposals for KCS in light of these criteria.

Respectfully submitted,

Glen Loyns
General Manager
JGL Commodities

Jim Donnan Companies
1010 Southview Circle
Center Texas 75935

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Steve Roth and my business address is 1010 Southview Circle, Center Tx, 75935. I am Executive Vice-President of Jim Donnan Companies. In my role, I am responsible for then design and construction of rail terminals though out the Texas Gulf Region. I have overseen the construction of many rail terminals, most recently USA Rail Terminals in Baton Rouge and USA Rail Terminals Port Arthur. Our company recently sold these two facilities to the Alpenglow Rail Group.

In the past I have developed projects on the CP most notably to the East of Minot, ND in order to bring in Frac Sand. With that said my main focus now is working with the KCS to develop 230 acres of KCS served land in Corpus Christi. We are also working on a large refined fuel export terminal and a Canadian crude receiving terminal with a large Midstream company in Corpus Christi located within the Port of Corpus Christi.

Jim Donnan Companies fully supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Jim Donnan Companies has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.]

We believe that the CP/KCS consolidation will benefit our company in Corpus Christi. We currently own the most prime industrial 230 acres on the KCS with an existing KCS lead in place. We believe that this site will be incredible valuable for the shipment of Canadian Crude by Unit Train to the local refineries. We are currently working with the same large Midstream company to engineer and design pipeline connectivity to their over 2mm Bbls of storage.

CP has provided us with good service in the past, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

We know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior from a freight pricing standpoint and a logistics standpoint.
We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Canadian Crude to Corpus Christi and cheaper refined products from Corpus Christi to Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency with the potential for Unit Train service from the Northern States to the Texas Gulf Region.
- KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Jim Donnan Companies is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Jim Donnan Companies urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Jim Donnan Companies
1010 Southview Circle
Center Texas 75935

VERIFICATION

I, Steve Roth, state under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/24/2021



K+S North America Corporation
444 West Lake Street Chicago, IL 60606 USA

Name: Richard Pinner
Title: President
O: +1 312-807-2067
M: +1 312-859-6497
richard.pinner@ks-northamerica.com

March 26, 2021

ATTENTION: Surface Transportation Board

My name is Richard Pinner and I am President of K+S North America Corporation, the North American subsidiary of the K+S Group which is a DAX listed company, the world's largest producer of salt and owner of Morton Salt as well as the world's third largest supplier of potash for agriculture. In my role, I am responsible for the sales and marketing activities of the company in North America as well as strategy and business development.

K+S recently developed a new potash mine in Saskatchewan, the first greenfield development for nearly 40 years, and has exclusively contracted Canadian Pacific Rail for the movement of fertilizers from this mine.

K+S North America supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options, invigorate transportation competition, and also provide great access to cost effective fertilizers for farmers in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. In addition, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. K+S North America has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship potash from our CP-served mine in Bethune, Saskatchewan for bulk export through Vancouver, BC and throughout the North American domestic market. As we continue to grow our presence in the US domestic market and look for potential export opportunities, this combining of networks will benefit our business immensely in the future.

CP provides us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to, or that could expand the markets we serve effectively. Every switch and additional railroad used to deliver fertilizers to American farmers adds cost, increases time, and

reduces efficiency, adding complexities to delivering essential nutrients in a timely and low-cost manner to US agriculture.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example:

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of potash into the heart of US crop producing regions.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve not only our efficiency but more importantly allow American farmers to access cost-effective products for essential food production.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies, they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been impressed by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, K+S North America is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. K+S North America urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

K+S North America Corporation
444 West Lake Street
Chicago, IL 60606 USA
Ph: +1 312-807-3000
www.ks-northamerica.com

VERIFICATION

I, Richard Pinner, declare under penalty of perjury, under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 26, 2021.



Richard Pinner, President – K+S North America Corp.

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444 West Lake Street
Chicago, IL 60606 USA
Ph: +1 312-807-3000
www.ks-northamerica.com

A K+S Company

KALLIO CAPITAL

OFFICE 5016 48th St., Lloydminster, AB T9V 0H8

MAY 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Kallio Capital is a Canadian investment company with operating companies with businesses in the construction and agriculture space. We have actively sought markets in the United states and Mexico for our products and many of our equipment supplies and materials come in by rail.

If CP were to acquire Kansas City Southern this would allow us to have real competition along the rail network with CN which would provide us with better access to markets, betting pricing, and service but if CN completes this acquisition this would not be the case. We are concerned that if CN were given a monopoly over its competition that prices would increase and service would suffer. They would not be accountable to their customers because the customers would have nowhere else to turn. As a result, we would have serious cost shocks because of increased pricing, supply shocks that would be difficult to overcome and markets that would be more difficult to reach as a result. We are pro-business but we are also pro-competition and if CN were allowed to proceed with this transaction it would have a devastating impact on the competitiveness of the rail industry and would precipitate further requirements for the rail consolidation increasing this issue further. This would result in higher input prices for us and higher export prices for the world if customers can even access the network which could be closed for all but the biggest customers.

I am writing to express Kallio Capital's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I

am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers

or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Kristen Wallace,
Kallio Capital

Kristen Wallace
_____

Cc: All Parties of Record

KC SMARTPORT
SUPPLY-CHAIN CENTERED

March 29, 2021

Attention: Surface Transportation Board

My name is Chris Gutierrez and my organization's address is 30 W Pershing Road, Kansas City, Missouri 64108. I am President of Kansas City SmartPort, Inc. In my role, I am responsible for the regional economic development efforts of a bi-state, 18 county, 50 community region in Kansas City and primarily focused on freight based economic development.

My organization has been a strong partner with the KCS Railroad for over 20 years and has worked closely with their efforts to develop an integrated North American network. The KCS team is a member of my organization and has served as chair of our board. The relationship has been mutually beneficial and developed into a strong partnership.

Kansas City SmartPort supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition and economic development. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help the businesses in our greater Kansas City region reach new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We believe strongly that this consolidation will create new economic development opportunities creating significant investment and job creation.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option

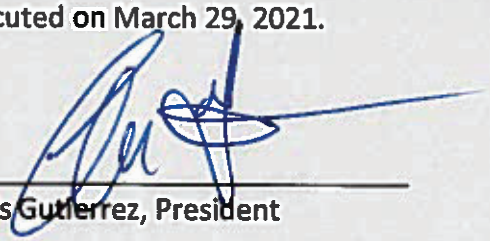
This merger offers a unique opportunity to fuel economic growth across North America while reducing freight congestion, helping the environment, and strengthening competition in the freight transport marketplace.

For these reasons, KC SmartPort is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. KC SmartPort urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Chris Gutierrez, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.



Chris Gutierrez, President

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Letter to STB commenting on CN Trust Proposal
JUNE 21ST 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

I am writing to express Katoen Natie USA (KTN) perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

Katoen Natie USA (KTN) owns and operates a plastics storage, custom packaging and distribution facility for producers of petrochemical products in Baton Rouge, LA. Our facility is served by both the Kansas City Southern and Canadian National Railway. Access to both rail carriers creates competition, focused on premium service and market based prices. With the CN-KCS acquisition, KTN's facility will lose a competitive option and the benefits of that access at Baton Rouge. The merger, in our opinion, is anti-competitive regardless of the proposed mitigation.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

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We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

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We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

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Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, in its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

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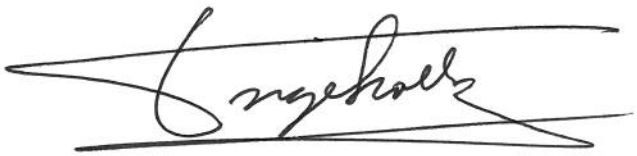
In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Frank Vingerhoets



President

Cc: All Parties of Record

KAYCAN

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STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Lionel Dubrofsky and my business address is 3075 Trans Canada Highway, Pointe Claire, Quebec. I am the President of Kaycan Ltd.. In my role, I am responsible for the overall operations of the company.

Kaycan is a manufacturer of exterior building products used on homes. We ship with CP across North America and have enjoyed a business relationship with them for over 4 decades

Kaycan supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Kaycan has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We use CP bulk, rail cars and intermodal facilities throughout Norht America to service our customers.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by getting it to our customers in a more timely manner

KAYCAN

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KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Kaycan is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Kaycan urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on *April 8,2021.*

Lionel Dubrofsky
President
Kaycan Ltd.

KAYTEC

105 rue des Industries
Cowansville, Qc
J2K 3Y4

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Lionel Dubrofsky and my business address is 105 Blvd des Industries, Cowansville, Quebec. I am the President of Kaytec Inc. In my role, I am responsible for the overall operations of the company.

Kaytec Inc. is a manufacturer of exterior building products used on homes. We ship with CP across North America and have enjoyed a business relationship with them for over 4 decades

Kaytec Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Kaytec Inc. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We use CP bulk, rail cars and intermodal facilities throughout North America to service our customers.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KAYTEC

105 rue des Industries
Cowansville, Qc
J2K 3Y4

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by getting it to our customers in a more timely manner

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Kaytec Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Kaytec Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on *April 8, 2021.*

Lionel Dubrofsky
President
Kaytec Inc.

KELTIC LOGISTICS & WAREHOUSING

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Toll Free: 877-845-3153

ATTENTION: Surface Transportation Board

My name is Orlando Mazzuca and my business address is 1273 North Service Road, Unit F3, Oakville, ON, L6H 1A7. I am General Manager of Keltic Transportation I am responsible for operations, P&L, carrier relations, sales & marketing.

Canadian Pacific Railway is my primary intermodal carrier in Domestic Canada.

Keltic Transportation supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Keltic Transportation believes that this is a very unique consolidation transaction that will not have a downside.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our intermodal shipments from Toronto, Montreal and Moncton to The Southern United States & Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. By having a single source solution that avoid interchanges.
- Having a tested partner carrier I can rely to deliver a quality product to service my organizations requirements.

KELTIC LOGISTICS & WAREHOUSING
1273 North Service Rd., East, Unit F3
Oakville, Ontario
L6H 1A7
Phone: (905) 845-3153
Fax: (905) 845-7400
Toll Free: 877-845-3153

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, Keltic Transportation is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Keltic Transportation urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Orlando Mazzuca, declare [or certify, verify, or state] under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 03/24/2021.



[Signature]

Kensal Farmers Elevator Co.
PO Box 68
Kensal ND 58455
701-435-2451 fax 701-435-2214

March 30, 2021

ATTENTION: Surface Transportation Board

My name is Chris Mashek, and my business address is 611 Parker Street, Kensal, ND. I am the General Manager of Kensal Farmers Elevator Company. In my role, I am responsible for the buying and selling of grain and agricultural inputs.

Kensal Farmers Elevator Company, is a two station (grain elevator), farmer owned, company. We are located on the North Dakota CP Mainline, going through the middle part of North Dakota. We primarily ship Spring Wheat, Corn, and Soybeans, on the CP railroad. We are a shuttle loading facility, which means we load 110 car unit trains, to various export and domestic markets. We ship primarily to West Coast ports as well as St Louis, and eastern domestic markets. The Eastern domestic markets are critical for us. We, as a CP shipper, believe this CP/KCS combination would allow us to compete much more effectively, with our primary rail competitor BNSF, benefiting our local farmer owners. There are times, currently, we are not competitive in the Corn and Soybean origination, locally, because of the strength of the BNSF, in the western and southern routes. Opening up new competitive shipping opportunities, is critical for us, to survive and compete long term.

We have grown alongside the CP, over the years, starting off as a single car rail (boxcar) loader, in the early 1900's. Our successes and failures are in large part driven by the CP's competitiveness over the years. Many more successes than failures, but some of both. Some of the failures were out of our collective control, (weather), etc., but the CP has been responsive, trying to listen to customer thoughts and concerns, taking the approach as a business partner, to help you succeed. This merger would help CP/KCS compete in regions (South and Western Midwest), we as a shipper, currently have very limited or essentially no access, currently.

Kensal Farmers Elevator Company supports approval of the CP/KCS combination. It is critical to the future of our small business, that the CP be able to offer competitive rates to shippers, shipping in all directions, of North America. We believe, the transaction would provide uniquely significant benefits, and increased rail competitiveness. We believe the combined CP/KCS entity would offer us as a shipper, all the benefits of increased markets and market share, with very little downside, attached to previous rail combinations. It would offer us the ability to grow, alongside our most reliable grain trading partners, Canada and Mexico. We don't feel there is any overlap in service, and routes, that has accompanied other proposed rail combinations. From a rail market share standpoint, the combined entity, would still be the smallest Class I railroad.

Kensal Farmers Elevator Co.
PO Box 68
Kensal ND 58455
701-435-2451 fax 701-435-2214

March 30, 2021

We have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Single Line operations are much more efficient, from a shipper's perspective. It will improve our shipping options, a great deal, ultimately making us much more competitive, as a farmer owned small business.

In closing, Kensal Farmers Elevator Company would encourage swift approval, of the CP/KCS combination.

Thank you for your consideration,

VERIFICATION

I, Chris Mashek, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/30/21.

Chris Mashek

Chris Mashek

KENT CORPORATION

BEST MANAGED COMPANIES
Recognizing private company success

MATT CONARD
KENT CORPORATION DIRECTOR OF LOGISTICS
2905 N HWY 61
MUSCATINE, IA 52761

APRIL 1, 2021

To Whom It May Concern:

My name is Matt Conard and I have responsibility for all Transportation and Warehousing activities at Kent Corporation. Kent Corporation is shipper utilizing both CP and KCS services in order to transfer goods to and from our facilities from our suppliers and to our customers.

Kent Corporation supports approval of the CP/KCS combination which should provide benefits early on.

From our perspective, the transaction should provide improved service. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – should help us reach our existing markets and new markets more efficiently. Combining the two railroads' strong focus on safety and operational excellence, CPKC should be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Kent Corporation views this transaction as uniquely beneficial, with few of the downsides of previous concern regarding Class I consolidation.

- We are a CP-served facility at our Muscatine, Iowa plant and rely on them for all of our inbound and outbound rail shipments.
- CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

We are positive about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

KENT CORPORATION

BEST MANAGED COMPANIES
Recognizing private company success

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings should improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by eliminating Rule 11 billing, reduced switching time between multiple carriers, and better asset utilization.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We appreciate greatly the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we expect that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers and PSR implementations.

For these reasons, Kent Corporation is offering support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes.

Kent Corporation encourages the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Matt Conard

Director of Logistics

Kent Corporation
2905 U.S. Highway 61 North, Muscatine, IA 52761
(563) 264-4211
www.kentww.com

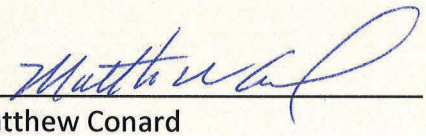
KENT CORPORATION

BEST MANAGED COMPANIES
Recognizing private company success

VERIFICATION

I _Matthew Conard_, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on _____4/1/2021_____.


_____ [Signature]
Matthew Conard

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2905 U.S. Highway 61 North, Muscatine, IA 52761
(563) 264-4211
www.kentww.com

Kevin J Hoyer
N4931 Moos Rd
West Salem, WI 54669

JUNE 24, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

My name is Kevin Hoyer, I am a La Crosse County supervisor, owner/operator of a farm in West Salem, WI and a manager of an Ag Retailer in Melrose, WI. As a local leader, farmer and Ag Retailer I have a vested interest in any potential impacts to the agriculture industry, as well as to our community and the overall economy.

There are currently two separate railroad mergers before the STB. I am writing to provide my viewpoint on Canadian National's (CN) proposed voting trust concerning its merger with Kansas City Southern (KCS), and to offer my support for Canadian Pacific's (CP) combination with KCS.

A CP-KCS merger will offer a seamless network and new single-line offerings to improve the flow of grain shipments from origins on CP in Canada and the U.S. to destinations served by KCS in the U.S. Gulf ports and into Mexico. The combined network will increase options for shippers in the U.S. by connecting agriculture products with new ports and new markets.

Conversely, a CN-KCS merger would decrease competition, reducing the number of independent routing options from four to three between the Midwest and the Gulf Coast. Additionally, CN and KCS compete assertively for traffic and shippers. Combining the two networks would decrease competition and leave shippers in a vulnerable position to price hikes and low-quality service.

I urge the STB to reject CN's voting trust and encourage KCS to reengage CP on its initial offer.

Respectfully submitted,

Kevin J Hoyer

_____

Cc: All Parties of Record

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Mark Schmitke and my business address is 2411 Wentz Ave, Saskatoon, SK S7K 3V6. I am the Director – Pricing & Traffic of Kindersley Transport Ltd.. In my role, I am responsible for pricing, traffic and managing carrier relationships, including our relationships with our rail carriers.

Kindersley Transport Ltd is currently engaging CP Rail as part of our rail linehaul moving LTL shipments from Eastern Canada to our terminals in Western Canada. Kindersley Transport has realized incremental growth in this part of our business and CP Rail is a major partner in these moves.

Kindersley Transport Ltd supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Kindersley Transport Ltd has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Kindersley Transport Ltd is interested in increasing our movements of rail LTL, primarily targeting US shippers trying to reach the Canadian market. There are few rail options available to these shippers unless they are moving entire containers. Kindersley Transport Ltd believes that a northbound rail LTL offering will allow smaller shippers to be more competitive in the Canadian marketplace and reduce their transportation costs as compared to road shipments. In addition, with strained capacity right now on the road, a rail LTL offering will help alleviate these issues.

CP has provided us with good service, but their market reach is limited today. Kindersley Transport Ltd only uses single-line rail options and increasing CP Rails reach would benefit us greatly.

siemens
Transportation Group Inc.

P: 306.934.1911 | F: 306.975.9309
2411 Wentz Avenue S7K 3V6 P.O Box 7290 | S7K 4J2 | Saskatoon, SK Canada | www.siemenstransport.com

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of general LTL from Southern US points to Western Canada.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Reducing Kindersley Transport Ltd's reliance on road transportation will remove service bottlenecks we are experiencing due to lack of capacity.
- CPKC's new service offering will allow Kindersley Transport Ltd to develop a new service offering that will have benefits for customers and the LTL transportation industry as a whole. This will reduce customer's costs while allowing us to reduce the current strain on resources we are experiencing in road transport.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

Kindersley Transport Ltd is aware that several parties have filed objections to the application of the pre-2001 merger rules to the CP-KCS transaction under the "waiver" issued in 2001 for transactions involving KCS. Kindersley Transport Ltd wishes to reply to those objections by urging the Board not to revoke the KCS waiver. The pre-2001 rules provide the Board and all interested parties all the tools that are needed to fully evaluate the proposed transaction.

Kindersley Transport Ltd and our shipping partners are looking forward to a stronger CPKC network that will increase our access to diversified market opportunities. As such, we urge the Board to apply the KCS waiver provision it thoughtfully included in its 2001 Major Merger Rules. An elongated period of review will delay and potentially reduce the positive synergies this

merger promises. The KCS waiver will allow the Board to conduct a thorough but efficient and fair review and allow for the benefits of the new CPKC network to come to fruition more quickly.

Kindersley Transport Ltd is additionally concerned that applying the 2001 Major Merger Rules to the CP-KCS merger, a transaction the rules were not designed for, would lead to precedent with unintended consequences and might also create an easier path for some other Class I merger proposals that would be problematic in ways CP-KCS is not. The CP-KCS merger is unlike other Class I merger combinations, in that it is a straightforward transaction between the two smallest U.S. Class I railroads, and it promises substantially more benefits than risks to the public interest. We also know that this transaction, among all possible Class I mergers, is unique in not posing any serious concerns about lost competition, service disruption, or other harms. Interpreting and applying the 2001 rules to this transaction could encourage other Class I railroads to see an easier path for their own Class I merger proposals without the same unique benefits of the CP-KCS transaction.

For these reasons, Kindersley Transport Ltd is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Kindersley Transport Ltd urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders and reject calls to revoke it, and to proceed to review and approve the CP-KCS proposed combination as expeditiously as possible. We look forward to seeing CPKC as a stronger competitor in the industry.

VERIFICATION

I Mark Schmitke, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 26, 2021.

Mark Schmitke

siemens
Transportation Group Inc.

P: 306.934.1911 | F: 306.975.9309
2411 Wentz Avenue S7K 3V6 P.O Box 7290 | S7K 4J2 | Saskatoon, SK Canada | www.siemenstransport.com

Kirkeide's Northland Bean & Seed Co., Inc.

4520 12th St. NE
Fessenden, ND 58438
Phone: 701-547-3466 • Fax: 701-547-3539

MARCH 29, 2021

ATTENTION: Surface Transportation Board

My name is Joel Schimke and my business address is 4520 12th St NE, Fessenden, ND 58438. I am the managing partner of Kirkeide's Northland Bean and Seed. In my role, I am responsible for originating, processing, and sales of dry edible beans.

Kirkeide's Northland Bean and Seed has a unique relationship with CP, as 95% of our shipments are in Boxcars and Hopper cars loaded out of Emrick ND. Our plant is located 4 miles from Emrick; we transport the beans by truck, then warehoused and loaded on CP Railroad. Our access to markets in Texas and Mexico is critical to our overall business model along with our sustainability as a small, locally owned, and community orientated small business.

Kirkeide's Northland Bean and Seed supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible. Such as direct access to markets currently being serviced by our competitors that are on the BNSF railroad. Along with competitive rates that CP/KCS could provide with single-line hauls that we need to compete against.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Kirkeide's Northland Bean and Seed sees this as a unique opportunity in our markets and highly recommend approval of this combination of two Class 1 Railroads.

We ship processed dry edible beans from our CP served Emrick ND loading facility to our customers in Corpus Christi and Houston, Texas. We also ship carloads into various Mexico locations. Although CP has provided good service to us on these destinations, our rate using multiple railroads to reach destination has become a huge obstacle in our ability to be competitive with BNSF loaders.

Kirkeide's Northland Bean & Seed Co., Inc.

4520 12th St. NE
Fessenden, ND 58438
Phone: 701-547-3466 • Fax: 701-547-3539

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of processed edible beans from North Dakota to Mexico is a opportunity that is very exciting for our small business.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- We provide edible plant protein to some of the poorest areas of Mexico, Central America, and the Caribbean. Our access to ports in Texas and Mexican destinations at competitive rates is vital for farmers in North Dakota and the consumer in these countries.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

Kirkeide's Northland Bean & Seed Co., Inc.

4520 12th St. NE
Fessenden, ND 58438
Phone: 701-547-3466 • Fax: 701-547-3539

For these reasons, Kirkeide's Northland Bean and Seed is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Kirkeide's Northland Bean and Seed strongly urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Joel Schimke

Kirkeide's Northland Bean & Seed

4520 12th St NE

Fessenden, ND 58438

joel@kirkeidebean.com

VERIFICATION

I ___Joel Schimke_____, declare [or certify, verify, or state] under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on _____3/29/2021_____[*date*].

_____Joel Schimke_____ [Signature]
[Insert typed name]

KIROS
ENERGY MARKETING

ATTENTION: Surface Transportation Board

My name is Lori Unger and my business address is Suite 3150, 225-7th Ave SW, Calgary, AB. My job title is Vice President at Kiros Energy Marketing. Kiros Energy Marketing sells propane, butane, condensate and crude by rail, truck, ship and/or pipeline across North America and Mexico. My role is defined as propane supply and marketing with a territory across Canada, West of the Mississippi and into Mexico. The scheduling, logistics and railroad negotiations fall under my control as well. We have worked extensively with CP for many years and continue to grow year over year.

Kiros Energy Marketing supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

> **Kiros Energy Marketing was on the forefront of rail shipments of propane from Western Canada to Mexico following that country's deregulation. We have successfully shipped over a thousand railcars on the current CP/KCS/KCSM lines since 2015.**
>
> **CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).**

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of propane from Western Canada to Laredo, Monterry and San Luis Potosi.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

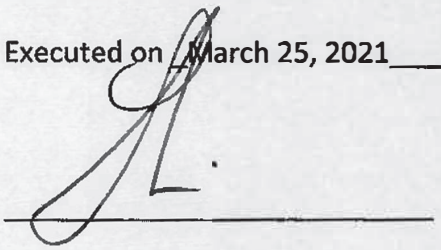
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Kiros Energy Marketing is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Kiros Energy Marketing urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I _Lori Unger_____, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 25, 2021_____.



Lori Unger

My name is Nick King and my business address is 18105 Dairy Lane Jordan ,MN 55352. I am Director of Klingberg Trucking. In my role, I am responsible for all aspects of transportation at Klingberg Trucking.

Klingberg Trucking is a Trucking Company that specializes in Trans loading, hazmat & Non Hazmat Liquid tanker movements also 53 Dry vans & Dump truck Capacity .

Klingberg Trucking supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers

For these reasons, Klingberg Trucking is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Klingberg Trucking urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Nick king, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 4/2/21 [*date*].

[Signature]

KP | BUILDING PRODUCTS



STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Lionel Dubrofsky and my business address is 2700 Highpoint Drive, Milton, ON. I am the President of KP Building Products Ltd... In my role, I am responsible for the overall operations of the company.

KP Building Products Ltd is a manufacturer of vinyl siding and accessories used on homes. We ship with CP across North America and have enjoyed a business relationship with them for over 3 decades

KP Building Products Ltd supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. KP Building Products Ltd has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We use CP bulk, rail cars and intermodal facilities throughout North America to service our customers.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against

KP | BUILDING PRODUCTS



the other, larger rail carriers and trucks that serve our markets. We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by getting it to our customers in a more timely manner

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, KP Building Products Ltd is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. KP Building Products Ltd urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on *April 8,2021.*

Lionel Dubrofsky
President
KP Building Products Ltd

200 East Randolph Street
Chicago, IL 60601

March 29, 2021

To: Surface Transportation Board – Docket No. 36500

RE: CP-KCS Potential Merger

To Whom It May Concern:

I am writing to provide my written support for the combination of Canadian Pacific Railway (CP) and Kansas City Southern (KCS). I believe this combination of railroads will benefit not only Kraft Heinz by creating more efficient supply chains across the North American continent, but also open up new opportunities and new markets for businesses. Kraft Heinz and CP are working together to move intermodal traffic across Canada. CP plans to play a critical role in the Kraft Heinz supply chain, transporting food products and enabling Kraft Heinz to keep store shelves stocked for the Canadian consumer.

As one of North America's safest railroads, we firmly believe that CP and KCS will provide and unlock Kraft Heinz with safe, efficient, and fast service that will allow us to achieve the goal of reducing carbon intensity and improving the North American supply chain's environmental footprint. The relationship is strategic for both companies to collaborate and create more environmentally sustainable supply chains that meet both ESG goals.

From our perspective, the transaction promises to provide improved service options and competition for shippers across North America while creating new opportunities for Kraft Heinz to route cargo and source consumer goods from the USA and Mexico.

Kraft Heinz urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all shippers across the USA, Mexico and Canada.

Thank you,

Eric Kaufold

Eric Kaufold
Eric.Kaufold@KraftHeinz.com
Lead of NA Logistics Procurement
412-818-9582 Cell

Head Office

Kruger

Kruger Inc.
3285 chemin Bedford
Montréal QC H3S 1G5
Tel.: 514 343-3100

ATTENTION: Surface Transportation Board

My name is Benoit Couturier and I am the General Manager and Head of the Center of Excellence for transportation and logistics services at Kruger. In my role, I am responsible for the delivery of our containerboards and publication paper products to our customers worldwide.

Kruger has been in a business relationship with the Canadian Pacific for decades. The rail services that they provide us is crucial to the success of our company, as it allows our product to be delivered to our customers in a timely manner, in a cost effective way and in a safe environment. The intent of this letter if to state our supports to the approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. The CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

In 2020, we ship over 200,000 MT of paper products via rail across the Canadian and United States border. We see growing business opportunities in Mexico and in the state of Texas that would benefit from this merger.

Historically, CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively). And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, Kruger is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes.

Yours truly,

Benoit Couturier
General Manager and Head of Center of Excellence, transportation and logistics
Kruger Services Inc., 3285 chemin Bedford, Montréal, QC, H3S 1G5

HANSEN'S 40
Vehicle Relocation 1980-2020
40 YEARS OF TRANSPORTATION EXCELLENCE

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is John DiBernardo, and my business address is 300-305 Milner Ave, Scarborough ON, M1B 3V4 Canada. I am CFO and COO of L. Hansen's Forwarding Ltd. In my role, I am responsible for Finance and Operations of the business.

L. Hansen's Forwarding Ltd. has been in business with CP for over 40 years in shipping secondary-market finished vehicles via rail across Canada from coast to coast. The relationship has been strong throughout this period and CP has provided us with good service.

L. Hansen's Forwarding Ltd. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible. CP's current reach is limited today and the combination with KCS would help us to move North-South via rail versus truck which is less expensive and more environmentally friendly. Single-line rail service would give us an opportunity to ship at competitive rates.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. L. Hansen's Forwarding Ltd. has not often spoken favourably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

Hansen's Group of Companies
305 Milner Avenue, Suite 300, Scarborough, ON M1B 3V4
Tel: 416-293-9135 / Fax: 416-915-7598
www.lhf.com

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of secondary-market finished vehicles from Canada to various points in the U.S.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, L. Hansen's Forwarding Ltd. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. L. Hansen's Forwarding Ltd. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

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HANSEN'S 40
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VERIFICATION

I, John DiBernardo, declare under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021.

John DiBernardo, CFO & COO

Hansen's Group of Companies
305 Milner Avenue, Suite 300, Scarborough, ON M1B 3V4
Tel: 416-293-9135 / Fax: 416-915-7598
www.lhf.com



ATTENTION: Surface Transportation Board

My name is Steve Castegan and my business address is 820 Lucien-Beaudin, Saint-Jean-sur-Richelieu, Quebec, Canada. I am the Executive Vice-President and General Manager of La Milanaise Inc. In this role, I am responsible for all aspects of managing the company's business; I am also currently acting as the CEO.

La Mianaise Inc. is a Canadian based Organic flour company with fast growing presence throughout the North American market. We ship organic grains with CP from the Canadian Prairies to our flour mills in the Province of Quebec. Over the past few years, we considerably grew our rail business with CP and went from a few carloads per year to nearly 300 carloads and containers combined and continuing to grow. The proposed merger between CP and KCS will further support Milanaise in our efforts to grow our market share in the US and Mexcio, creating additional opportunities for inbound cereals from the US and outbound finished products all the way down to Texas as well as Mexico, markets we don't reach today. CP has always been considered a partner to Milanaise and has supported us in finding solutions that meet our transportation needs across Canada. We value CP's partnership and continue to grow our business with them by seeking to establish CP-served grain transloads.

La Milanaise Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. La Milanaise has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation..

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we are developing such as Texas where we could

become more competitive with a potential of 150 carloads per year. This would also give us a direct access to more organic farmers that we couldn't buy from in the Midwest.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings for intermodal will expand market reach and offer new competitive transportation options for our shipments between Chicago and Dallas.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

La Milanaise is particularly interested in establishing our presence in Texas and Mexico as we see great opportunities for growth in that geographical area, which is currently outside of our reach. A single-line route from Canada to Mexico will enable us to penetrate these markets as well.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

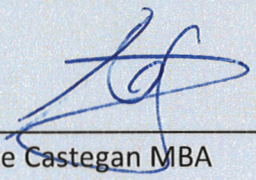
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, La Milanaise is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. La Milanaise urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Steve Castegan, declare under penalty of perjury under the laws of Canada that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 26th, 2021.



Steve Castegan MBA

ATTENTION: Surface Transportation Board

My name is Chuck Boa and my business address is 300 – 115 Quarry Park Road, SE, Calgary, Alberta, Canada. I am the Logistics Manager of Lafarge Canada and in my role, I am responsible for the supply planning / management of the company's cementitious materials as well as the logistics of those materials to customers.

Lafarge is a customer both a shipper and a consignee of Canadian Pacific's, with multiple cement plants, terminals and transloads across the network. Lafarge predominantly ships cement and cementitious materials by rail with CP across Canada and the northern US, with total volume well in excess of 10,000 carloads annually. Over and above that, Lafarge ships substantially more than that across a number of other rail lines in North America. Over my 9 years of being directly involved with CP, I've seen a very collaborative approach and a definitive improvement in service over the years.

Lafarge supports the approval of the CP/KCS combination and sees that the transaction would provide potential benefits that we are eager to see realized.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. I anticipate that there would be potentially better accessibility to import both supplementary cementitious materials as well as major components for our cement plants, due to the new single line access to additional ports in North America.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and

LAFARGE CANADA INC.
115 Quarry Park Road SE, Suite 300, Calgary, Alberta Canada T2C 5G9
Phone: (403) 225-5400 | Fax (403) 278-2738
www.lafarge.ca

KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Lafarge is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Lafarge urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Best Regards,



Chuck Boa

LAFARGE CANADA INC.
115 Quarry Park Road SE, Suite 300, Calgary, Alberta Canada T2C 5G9
Phone: (403) 225-5400 | Fax (403) 278-2738
www.lafarge.ca

LAKESIDE FOODS

SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Dave Liermann and my business address is 808 Hamilton St., Manitowoc, WI 54220. I am Logistics Mgr. Of Lakeside Foods Inc. In my role, I am responsible for Corporate Management of all Logistics Spend and Modes.

Lakeside Foods had used CP in the past, moving our canned vegetables to our customers DCs.. as well as we use other rail lines to get our product to the SE/ SW USA.

Lakeside Foods supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Lakeside Foods has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.]

We ship canned goods from our plants in WI and MN to various customer DCs or Lakeside controlled DC throughout the USA. Like main destinations of Harrisburg PA, Atlanta GA, Dallas TX.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.]

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of canned goods from WI/MN to SE and SW
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

LAKESIDE FOODS, INC., 808 Hamilton St., P.O. Box 1327, Manitowoc, WI 54221-1327
Phone 920-684-3356 / Fax 920-686-4033 / lakeside@lakesidefoods.com

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency and hopefully cost reduction thru less inter exchange costs.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Lakeside Foods is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Lakeside Foods urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Dave Liermann, declare under penalty of perjury, under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.

____*Dave Liermann*_____ [Signature]

[Insert typed name]

COUNTRYSIDE COOPERATIVE
We work for you. Landmark SERVICES COOPERATIVE

1401 Landmark Drive
Cottage Grove, WI 53527
(608) 251-9010 | FAX (608) 839-5144
www.landmark.coop

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Josh Grunnet and my business address is 1401 Landmark Dr Cottage Grove WI 53527. I am Senior Merchandiser and Director of Landmark Logistics of Landmark Countryside Cooperative. In my role, I am responsible for merchandising and logistics of grain.

Landmark Countryside Cooperative is a unit train grain shipper and receiver of feed ingredients in Fall River WI on the Canadian Pacific.

Landmark Countryside Cooperative supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Landmark Countryside Cooperative has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Since the construction of our site in 2014 the Canadian Pacific has made some improvements of service, yet we still have not been successful using Rule 11 to access markets due to transparency of rates and willingness of the destination to participate outside of direct line hauls or well established through rate tariff. With this merger it would decrease barriers to access destination markets for our grain producers.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of grain from Wisconsin to the South.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada

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under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, Landmark Countryside Cooperative is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Landmark Countryside Cooperative urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Josh Grunnet, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 03/26/2021.



June 7, 2021

By Electronic Filing

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

In March of this year, Canadian Pacific (CP) and Kansas City Southern (KCS) announced a merger agreement. The potential union of the two lines was embraced by more than 400 shippers and other interested parties due to the competitive advantages it would bring in various parts of the nation. Because CP and KCN lines do not overlap, the combined line would seamlessly link Canada, the United States, and Mexico and provide an important counterpoint to existing UP, BNSF, and CN single-line routes.

Last month, Canadian National (CN) made an unsolicited bid for KCS and the CP-KCS merger agreement was ultimately dissolved. CN plans to finance the staggering 45 percent price premium with $19 billion in new debt. Furthermore, CN is hoping to fast-track its acquisition with the use of a voting trust. This is both dangerous and unnecessary, and Langley Oil Company encourages the STB to reject the CN voting trust.

International developments have highlighted the need to responsibily develop infrastructure to supply the country with important resources and generate sustainable economic growth at home. Allowing CN to take over KCS with a voting trust will limit competition in key railroad markets and ultimately offer shippers fewer choices and diminished service. Moreover, a CN voting trust will close the door on a CP-KCS merger, and with it, all opportunity to enhance competition in key markets.

The Board has gone on record in the past to state that CN and KCS “compete aggressively for traffic” and its own Decision No. 3 makes it clear that all potential mergers must align with the public interest. At the end of the day, a CN-KCS merger does not support the public interest and this is why there is such a push to close this deal via a voting trust. The STB has the authority to block the voting trust and Langley Oil Company hopes the members of the Board agree this is the safest course of action.

Respectfully submitted,



Jerry Langley, Owner and Operator, Langley Oil Company LLC
Arkansas Oil and Gas Commissioner
_____-
Cc: All Parties of Record

LC | Logistics GPS

Global Port Services

ATTENTION: Surface Transportation Board

My name is Alejandro Ortiz Aviña and my business address is Av Ocampo Poniente 250 Colonia Centro Monterrey NL, Mexico. I am Sales Manager for LC Logistics GPS (A Grupo Villacero Company). In my role, I am responsible for the sales and marketing of our general and container cargo in two of our bonded facilities located in the Port of Lazaro Cardenas.

LC Logistics GPS is very interested on this merger opportunity for all the importers and exporters that ship through the Port of Lazaro Cardenas (steel coils, urea, consumer goods, containers / intermodal, grains and other commodities that need to be shipped by rail. Our relationship with KCSM over the years has been very good and we firmly believe that the merger of both railways will bring seamless routes that will strengthen our logistics force.

LC Logistics GPS supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

LC Logistics GPS has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.]

LC logistics GPS has many customers interested on shipping by rail (carload, automotive and intermodal) to take advantage of the safety required in the transportation of sensitive raw materials and consumer goods. The use of KCS / CP will bring a lot of value to several projects that involve for example, the ports of Vancouver and Lazaro Cardenas as a bridge into Mexico for grain and consumer goods in maritime containers.

In example, we can inspect, segregate, expedite and ship the commodities mentioned above in both maritime containers and carload rail cars from our KCSM facilities at the port of Lazaro Cardenas bound to central and northern Mexico territories.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options for our steel operations based at Monterrey, Mexico (Villacero). This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of steel from Canadian origins to our Monterrey (Apodaca) steel service center.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option. This could apply for our export future projects.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency with a surplus of empty available box cars, coil cars and gondolas as well as double stack intermodal cars.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers (UP / SP for example).

For these reasons, LC Logistics GPS is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. LC Logistics GPS urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Alejandro Ortiz Aviña, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 27, 2021.

ALEJANDRO ORTIZ AVIÑA

LEECONTAINER
Our Containers. Your Success.

4-19-21

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Re: Finance Docket No. 36500 – Reply to Objections to KCS Waiver

My name is Jay Dillard and my business address is 2800 Industrial Park, Centerville, IA. I am Administrative Coordinator for Lee Container. In my role, I am responsible for inbound and outbound rail cars to our Iowa facility .

Lee Container supports swift approval of the CP-KCS combination because of the significant benefits we expect to realize from this transaction.

Lee Container is aware that several parties have filed objections to the application of the pre-2001 merger rules to the CP-KCS transaction under the "waiver" issued in 2001 for transactions involving KCS. Lee Container wishes to reply to those objections by urging the Board not to revoke the KCS waiver. The pre-2001 rules provide the Board and all interested parties all the tools that are needed to fully evaluate the proposed transaction.

We are fully cognizant of the Board's mandate to ensure that Class I mergers are in the public interest, and do not risk significant disruptions in the railway system. From our perspective, the unique nature of the CP-KCS transaction alleviates the concerns that motivated the new rules adopted in 2001. Reviewing the CP-KCS combination under the tried and true pre-2001 merger standards will prevent undue delay, while still allowing for a thorough public interest assessment by the Board.

Our experience shows us that single-line rail service options are far superior to public and private fleets. The unique synergies of a CP-KCS combination promise significant public benefits to Lee Container and similarly situated shippers, which we are eager to see realized as soon as possible, without the delays and additional burdens that would result from applying the 2001 rules for the first time ever to this transaction.

Nothing about the CP-KCS transaction raises the kinds of concerns that would flow from a merger of the much larger Class I railroads. The issues should be simple – the transaction improves competitive options

2800 INDUSTRIAL PARK RD.
Centerville, Iowa 52544
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www.leecontainer.com



and service – and any concerns any party has should be easy to address under the pre-2000 rules. The 2001 rules were designed for much more complex transactions raised much more serious issues, and they should not be tested out in this case.

Lee Container and our shipping partners are looking forward to a stronger CPKC network that will increase our access to diversified market opportunities. As such, we urge the Board to apply the KCS waiver provision it thoughtfully included in its 2001 Major Merger Rules. An elongated period of review will delay and potentially reduce the positive synergies this merger promises. The KCS waiver will allow the Board to conduct a thorough but efficient and fair review and allow for the benefits of the new CPKC network to come to fruition more quickly.

Lee Container is additionally concerned that applying the 2001 Major Merger Rules to the CP-KCS merger, a transaction the rules were not designed for, would lead to precedent with unintended consequences and might also create an easier path for some other Class I merger proposals that would be problematic in ways CP-KCS is not. The CP-KCS merger is unlike other Class I merger combinations, in that it is a straightforward transaction between the two smallest U.S. Class I railroads, and it promises substantially more benefits than risks to the public interest. We also know that this transaction, among all possible Class I mergers, is unique in not posing any serious concerns about lost competition, service disruption, or other harms. Interpreting and applying the 2001 rules to this transaction could encourage other Class I railroads to see an easier path for their own Class I merger proposals without the same unique benefits of the CP-KCS transaction.

For these reasons, Lee Container urges the Board to maintain the KCS waiver and reject calls to revoke it, and to proceed to review and approve the CP-KCS proposed combination as expeditiously as possible. We look forward to seeing CPKC as a stronger competitor in the industry.

Yours sincerely,

Jay Dillard

Administrative Coordinator

jdillard@leecontainer.com

CC: All Parties of Record

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Nazareth, PA 18064
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www.lehighcement.com

April 28th, 2021

ATTENTION: Surface Transportation Board
RE: STB Finance Docket No. 36500

My name is Marc Newcomer and my business address is 3251 Bath Pike, Nazareth, PA 18064. I am the Manager of Supply Chain and Transportation of Lehigh Hanson. In my role, I am responsible for strategy, planning, and procurement of rail services.

Lehigh Hanson is a shipper on CP. We have a cement plant located in Glens Falls NY on the CP; we ship cement to New Haven CT from this facility. CP also has reciprocal switch access to our Mason City IA plant on the UP. CP has helped us move traffic from Mason City to Chicago for furtherance on other railroads to destinations in the Midwest.

Lehigh Hanson supports approval of the CP/KCS combination. The transaction could provide benefits that we are eager to see realized.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition. With the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers that serve our markets. For example, CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. As private equipment shippers, transit time is very important to us as it determines how many cars we must keep in our fleet in order to serve the market's cement demand. Faster transit time means we will need a fewer number of cars and our fleet costs will be lower.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their

other existing interline partners, and could enhance our access to these markets due to our existing access to CP's network.

We have noted the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Lehigh Hanson is voicing support for the combination of CP and KCS, because it could enhance competition, provide expanded options and drive efficiencies for customers of all sizes.

Marc Newcomer
Manager, Supply Chain and Transportation

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is France Michaud and my business address is 121, rang 1, St Modeste, Qc G0L 3W0. I am Transport supervisor of Les Tourbières Berger Ltd. In my role, I am responsible for planning freight transportation.

> Les Tourbières Berger LTd, we ship peat moss from our CP-served facilities in British Colombia, Alberta to our customers. We are seeking for more capacity from Canada to USA and Mexico
>
> CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to or that could expand the markets we serve effectively.
>
> And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

Les Tourbières berger Ltd supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Peat moss.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by having more rail capacity.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Les Tourbières Berger Ltd is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Les Tourbières Berger Ltd urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on _____03/31/2021_____.

_France Michaud_____France Michaud_____

Loblaw
Companies
Limited

STB Finance Docket No. 36500
CP-KCS Proposed Combination

To Canadian Pacific Railways:

I am writing to provide my written support for the combination of Canadian Pacific Railway (CP) and Kansas City Southern (KCS) because I understand this combination of railroads will benefit Loblaw by creating a more efficient supply chains across the North American continent and open up new opportunities and new markets for business. Loblaw and CP work together today to move intermodal traffic across Canada and between the United States. CP plays a critical role in the Loblaws supply chain, transporting dry and perishable product and enabling Loblaws to keep store shelves stocked and Canadians fed. The relationship is strategic and both companies collaborate to create better and more environmentally sustainable supply chains.

From our perspective, a transaction that potentially provides improved service options, competition for shippers across North America, and new opportunities for Loblaws to route cargo over US Gulf ports and source consumer goods and produce from the USA and Mexico, is positive.

Loblaw therefore would support a transaction that achieves these results.

Sincerely,

Brian Springer

1 President's Choice Circle
Brampton, ON Canada
L6Y 5S5

T (905) 459-2500
F (866) 628-5329

info@loblaw.ca
www.loblaw.ca

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Chris Locher and my business address is 456 Humber Place, New Westminster BC Canada. I am Managing Director of Locher Evers International. In my role, I am responsible for Ocean freight export, port drayage, distribution, and Intermodal transportation from BC to Central Canada and USA destinations.

Locher Evers International is primarily an Intermodal shipper/client of CP. Our main business with CP is shipping Intermodal 53's from BC to Toronto/Montreal with the odd shipment for USA. We are very satisfied with our relationship with CP having changed over approximately 3 years ago from CN (approx 30 years with CN).

Locher Evers International supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Locher Evers International (LEI) has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will offer new competitive transportation options for when we have shipments for certain USA destinations, and possibly Mexico, that we are asked to ship to.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

456 Humber Place, Annacis Business Park, New Westminster, BC, Canada V3M 6A5 TEL: 604.523.5100 FAX: 604.523.5125

www.LEI.ca INTERNATIONAL FREIGHT FORWARDERS
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KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers

For these reasons, Locher Evers International is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Locher Evers International urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Chris B Locher, declare that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 28, 2021, New Westminster BC Canada.



Chris B Locher

456 Humber Place, Annacis Business Park, New Westminster, BC, Canada V3M 6A5 TEL: 604.523.5100 FAX: 604.523.5125

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LOGIBEL
ENTREPOSAGE
TRANSBORDEMENT

LOGIBEL
STORAGE
TRANSSHIPMENT

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is BÉLAND AUDET and my business address is 4545, Villeneuve Street, Lac-Mégantic (Qc) G6B 2C2 CANADA. I am LOGIBEL's General Manager. In my role, I am responsible for all the operations of storage and transshipment.

At this moment, LOGIBEL has no relationship with CP and/or KCS, but we are looking forward to get a relationship after the CP/KCS combination. LOGIBEL supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

LOGIBEL has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

The CP/KCS combination will allow LOGIBEL to develop business links with new customers. We will be able to develop the Mexican market. Many of our customers import raw materials related to steel and petroleum products, such as plastics. Also, this merger would allow us to expand our lumber shipping services to Mexico.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of lumber from Canada to Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

ESTRIE
4545, rue Villeneuve
Lac-Mégantic (Qc)
G6B 2C2

BEAUCE
250, rue Damase-Breton
Saint-Lambert-de-Lauzon (Qc)
G0S 2W0

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, LOGIBEL is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. LOGIBEL urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on March 29, 2021

_____ [Signature]
BÉLAND AUDET, general manager, LOGIBEL

LOGISTICS ALLIANCE
floward thinking™

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is John De Rose and my business address is 1 Maritime-Ontario Boulevard, Brampton, Ontario, L6S 6G4. I am Vice President of The Logistics Alliance. In my role, I am responsible for transportation functions across all modes for Logistics Alliance which includes financial and service accountability.

Logistics Alliance works with CP today to move domestic Canadian traffic. CP plays a critical role in the Logistics Alliance supply chain, transporting dry and perishable product. The relationship is strategic in nature as we challenge each other to work more efficiently with an eye on reducing costs and delivering a more environmentally sustainable solution for the movement of goods

The Logistics Alliance supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. The Logistics Alliance has not often spoken favourably about railroad consolidation, but we see this transaction as uniquely beneficial.

Logistics Alliance ships dry and perishable product from the Southern U.S. and Mexico that move via truck today. The CP/KCS combination would provide opportunity to convert truck traffic to intermodal, the single line option will provide competitive transit times and improved access to markets that could not be serviced by the rail prior.

CP has provided us with excellent service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to access origin points in the Southern United States and Mexico. The CP/KCS combination will extend market reach and provide more options for Logistics Alliance in these key corridors.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

LOGISTICS ALLIANCE
forward thinking™

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of food and retail product from Mexico and the Southern United States to Canada.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will improve our efficiency and drive volume through modal conversation opportunities.

We also recognize the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, The Logistics Alliance is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. The Logistics Alliance urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I John De Rose declare [or certify, verify, or state] under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on Mar 25, 2024 [*date*].

[Signature]

[Insert typed name]

LOGISTICS HELPER INC.
Logistics Helper Inc.
307 Grey Silo Road,
Waterloo, ON, N2K0C9
Tel: (437) 343-8788
https://logisticshelper.com/

April 30, 2021

ATTENTION: Surface Transportation Board

My name is Rumana Sobhan and my business address is 307 Grey Silo Road, Waterloo, ON, Canada. I am President of Logistics Helper Inc. In my role, I am responsible for shipping intermodal freight.

Logistics Helper Inc. is a shipper with Canadian Pacific and satisfied with the excellent service.

Logistics Helper Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Logistics Helper Inc. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship ingredients for pharmaceutical companies. CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to Cedar Rapids, IA.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

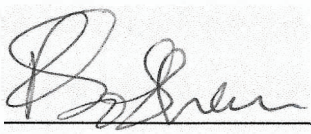
At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Logistics Helper Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Logistics Helper Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

Executed on April 30, 2021



Rumana Sobhan

CANAMEX
logistique

April 29th, 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500
CP-KCS Potential Combination

Logistique Canamex Inc. hereby files this letter to express its concerns to the bid by CN to acquire KCS and re-iterate its support for the CP-KCS combination.

As expressed in our initial letter to the Board dated April 29th, 2021 we support swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets and port options, improved service options, and invigorated transportation competition. The combination of CP and KCS would provide our customers more asset and it would help us serve them better. It will make our strong relationship with CP even stronger.

By contrast, a CN acquisition of KCS would lead to a reduction in competition and deprive shippers of the many tangible benefits offered by the CP/KCS deal. Specifically, if CN were to acquire KCS, NOT only will we be deprived of the benefits of the CP/KCS deal, but we will also suffer a reduction of competition in key areas by virtue of CN acquiring KCS.

From our perspective, the only combination involving KCS that is in the public interest is the one that CP has proposed. Unlike the CP/KCS combination, the acquisition of KCS by CN would result in harm to competition because the two railroads today serve many locations and shippers in common. Indeed, they operate parallel lines between Baton Rouge and New Orleans and Eastern Mississippi; they both serve grain and other shippers in large swaths of the Midwest and Southern United States; and they both reach the port of Mobile, Alabama. Even more fundamentally, between the Upper Midwest and Gulf Coast, a CN/KCS combination would reduce the number of independent routing options from four to three.

We expect a combined CPKC network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist. A CN-KCS combination would limit competitive carrier options to markets and ports south of Kansas City.

Respectfully submitted,

Sylvain Jarry
President
Logistique Canamex Inc.
April 29th, 2021

CC: All Parties of Record

1933, Lionel-Bertrand, Boisbriand (Québec) J7H 1N8
Tél.: 450 434-1939 • CDA/USA 1 888 434-1939 • Fax: 450 434-7990 • www.groupecanamex.com

M&J TOTAL TRANSPORT & RIGGING INC.

19 Mills Drive, Goodwood, Nova Scotia B3T 1P3

Phone: (902) 876-8001 Fax : (902) 876-8003
Email: sales@ttr-i.ca Website : www.ttr-i.ca

ATTENTION: Surface Transportation Board

My name is Emery Robidoux and my business address is 19 Mills Drive, Goodwood, Nova Scotia, B3T 1P3. I am the rail manager of M&J Total Transport & Rigging Inc. (TTR). In my role, I am responsible for developing and managing rail logistics solutions for over-sized dimensional cargo.

TTR has developed a relationship with CP for the transportation of dimensional cargo, and has been satisfied with CP's service and customer support.

TTR supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

TTR depends on rail transportation to handle many large pieces of dimensional project cargo, such as transformers, generators and wind turbine components. Rail offers a feasible alternative to over the road, and in some cases, rail is the only option.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively). And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

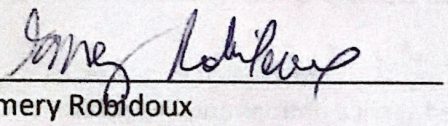
For these reasons, TTR is voicing support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. TTR urges the

STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Emery Robidoux, declare under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 1, 2021.



Emery Robidoux

MACTRANS

MACTRANS LOGISTICS INC.
TRANSPORTATION REINVENTED!

March 29, 2021

STB Finance Docket No. 36500
CP-KCS Proposed Combination

To Whom It May Concern:

On behalf Mactrans Logistics Inc, we are writing to provide written support for the combination of Canadian Pacific Railway (CP) and Kansas City Southern (KCS). We believe this combination of railroads will open up new opportunities and new markets for North American shippers large and small. We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve these markets today. For example,

- Improved transit times, and direct access to ports on the U.S. Gulf, Atlantic, and Pacific coast – this improves efficiency and asset utilization and de risk supply chains, shippers will have the ability to develop multi gate way strategies

- Both CP & KCS have an unrivaled commitment to safety & operational efficiency, and with a cooperative relationship in the past, we are confident that the implementation will be strategic & collaborate will be without the service disruptions and result in environmentally sustainable supply chain solutions

- This transaction will be creating opportunity for shippers large & small that simply does not exist today. This transaction will be taking trucks off the road, enabling new supply chains and creating competitive, efficient markets for shippers in North America.

From our perspective, the transaction promises to provide improved service options and competition for shippers across North America while creating new opportunities for them to source materials more competitively.

For these reasons, Mactrans Logistics Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for shippers of all sizes. Mactrans Logistics Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Regards,

Rico Covello
Director of Operations, Mactrans Logistics Inc.

MADDOX LOGISTICS LIMITED AND TJC'S TRANSPORTATION SOLUTIONS LTD. SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Todd Murray and my business address is 5 Lynx Close in St. Albert, Alberta, Canada, T8N 5T2. I am the Director and owner for both Maddox Logistics Limited (Maddox) and TJC's Transportation Solutions Ltd (TJC's). In these companies I am responsible for overseeing all aspects of moving freight within North America.

Maddox has been doing business with CP since 2004 and TJC's has been doing business with CP since 2009. Both companies use crossborder, via rail, with a multitude of different products between Canada and the USA for our Canadian and American customers. The products that have shipped with CP are: bulk Western Red Cedar, chemicals, and freight of all kinds (FAK). Over the years working with CP, I have been able to maintain strong relationships based on the service CP has provided.

Maddox and TJC's support the approval of the CP/KCS combination. The transaction would provide significant benefits that I am eager to see realized as soon as possible.

The transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. With the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly for the benefit of rail customers and other stakeholders. Maddox and TJC's are in favour of this specific railroad consolidation. This transaction is uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

When acknowledging both my companies' needs, I see the benefit of being able to reach new customers and further support existing customers' needs by providing service that can cover, for the first time, destinations in and out of Canada that were unreachable, unless interlining with another railroad. I know that single-line rail service options are superior.

I am excited about the transaction, as it will allow, a combined CPKC to provide new, efficient and reliable rail service options. This merger will strengthen competition against the larger rail carriers and trucking companies that serve our markets by:

- expanding market reach and offer new competitive transportation options for our shipments of western red cedar from Calgary into new US markets,

- expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement (it is important that there be a true USMCA railroad option),
- improving transit times and reliability, due to new service offerings, will reduce equipment costs and improve efficiency by not having to interline with other railroads, and
- creating more efficient tracking and tracing of customer freight by dealing with only one railway.

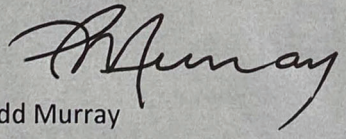
KCS and CP have had a cooperative relationship in the past. CP-KCS joint routes are among our transportation options. However, as separate companies, they have not been able to offer the seamless, single-line service the new CPKC will. This transaction will improve our transportation options.

At the same time, the complementary nature of CP's and KCS' networks (connecting only at Kansas City and not overlapping anywhere) means that the transaction will not have any adverse effects on competition. It will allow these carriers a beneficial alternative, relative to the other options that already exist, as CPKC will continue to interchange with all of their other existing interline partners.

I acknowledge the attention that CP and KCS give to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest Canadian and U.S. Class I railroads, I am confident that they will be able to implement their transaction without service disruptions that have accompanied some past rail mergers.

For these reasons, Maddox and TJC's are voicing strong support for the CP and KCS merger. This merger will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Maddox and TJC's, urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems are integrated. The end-to-end benefits of this deal will be realized for the benefit of all stakeholders.

Executed on 31 March 2021.



Todd Murray

Maine Propane Distributors
1625 Hammond Street
Bangor, ME 04401

Tel: 207-947-4525 Fax: 207-848-2015

March 30, 2021

To the Attention of the Surface Transportation Board.

Dear STB:

Our Company, Maine Propane Distributors, has had a relationship with CP for about one year. We receive Propane from CP into Northern Maine Junction, Hermon, Maine. This "Class One" Railroad moves freight like the wind, extremely fast. We have enjoyed good service from CP and would recommend them to the Surface Transportation Board as a solid choice to run the KSC with great efficiencies. We, in Maine may or many not benefit from this acquisition, however we support the merger. The KSC is a connector to the CP and the longer runs, which CP prefers is usually better for the customer receiving the freight quickly and with productiveness. The KSC/CP would run most likely better then the KSC by itself.

Sincerely yours,

Rob E. Cort
President
Maine Propane Distributors



Maine Woods Company LLC

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Chris Castano. I work for Maine Woods Company, LLC at 92 Fish Lake Road Portage Lake, ME 04768 . My role is transportation logistics.

Maine Woods Company, LLC has a growing relationship with CP as a result of CP's recent acquisition of the CMQ Railway. We currently move forest products from our location in Portage Maine to points in the US and Canada.

We support approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network, with new single-line hauls, would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Speaking from a recent experience on a transition where CP acquired the CMQ Railway, CP has provided us with good service, since its acquisition and we are excited about the opportunities of growth with the CPKC and its expanded reach.

For these reasons Maine Woods Company LLC is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Maine Woods urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Chris Castano

PO Box 111 • 92 Fish Lake Road • Portage Lake, ME 04768
Ph: 207-435-4393 • Fax: 207-435-6714
www.mainewoodscompany.com

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Daniel Desmeules and my business address is 2900 Francis Hughes, Laval, QC. I am the Logistics Manager of Mapei Inc. In my role, I am responsible for all Canadian Transportation Activities and Inventory Management for the 6 Mapei sites in Canada.

Mapei Inc. is working with CP Rail for moving all their Intermodal shipments across Canada and coming/going to USA too. Adding KCS will help Mapei moving more business via Intermodal and hopefully secure some lanes of replenishment of raw materials.

Mapei Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Mapei has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Mapei is shipping weekly from the Texas and Oklahoma area and adding the KCS service with CP will help us securing at a better cost our shipments of finish goods and raw material for our Canadian's production sites.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.] We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of building materials
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency, by moving our material via intermodal instead of over the road. That will be an important cost improvement for Mapei

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Mapei Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Mapei Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on _April 1st 2021.



Daniel Desmeules

MAY 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Maple Ridge is a supplier of aggregate and sand products in Thessalon, Ontario. We currently distribute materials that are produced locally as well as products that are shipped in by lake freighter, but our division has sought rail transportation options for inbound and outbound products as well. If CP were successful in acquiring Kansas City Southern, the enhanced market access may make this option more economical and might allow for product shipments inbound and outbound that are currently not possible and would not be possible if CN were successful, given that it already has access to these markets.

I am writing to express Maple Ridge Aggregates' perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to

use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Rick MacDonald
Maple Ridge Aggregates

Rick MacDonald

Cc: All Parties of Record

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Tatiana Dowd and my business address is 5960 W. Parker Road, Suite 278 #235, Plano, TX 75093. I am Railroad Logistics Coordinator of Matrix Chemical. In my role, I am responsible for overseeing Chemical's rail logistic across North America, Mexico and Canada, coordinating smooth logistic solutions for Matrix's customers.

Matrix Chemical, LLC is long standing customer of both CP & KCS railroad. We ship primarily MEK, IPA & Acetone to variety of our customers in Mexico, USA and Canada. Improvement in better shipment visibility, delivery estimates and all together improvement (up to CP standards) would be greatly appreciated.

Matrix Chemical, LLC supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Matrix Chemical, LLC has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation. In contrast, the CN acquisition of KCS would lead to a reduction in competition and deprive shippers of the many tangible benefits offered by the CP/KCS deal. Specifically, if CN were to acquire KCS, not only will we be deprived of the benefits of the CP/KCS deal, but we will also suffer a reduction of competition in key areas by virtue of CN acquiring KCS.

We ship Chemical from Indiana and Texas to our customers Ontario and Wisconsin.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach our production locations beyond Kansas City that we ship from.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

P: 214.774.2238 F: 214.291.5700 151 CALLE DE SAN FRANCISCO, STE 200 PMB 5559 | SAN JUAN, PR 00901-1607 WWW.MATRIXCHEMICAL.COM

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Acetone from Texas to Alberta, Ontario and Wisconsin.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment turn around time and improve our efficiency to market.
- Single railroad shipment from Mexico to USA or to Canada. Competitive purchase pricing and faster delivery.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

MATRIX CHEMICAL

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Matrix Chemical, LLC is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Matrix Chemical, LLC urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Tatiana Dowd

Matrix Chemical, LLC.

P: 214.774.2238 F: 214.291.5700 151 CALLE DE SAN FRANCISCO, STE 200 PMB 5559 | SAN JUAN, PR 00901-1607 WWW.MATRIXCHEMICAL.COM

We See More In Your Fields

MaxYield COOPERATIVE

My name is Ben Buie and I am the Grain Team Leader of MaxYield Cooperative, headquartered in West Bend, Iowa. In my role, I am responsible for merchandising and shipping 50-60 million bushels of grain annually.

MaxYield Cooperative supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible. It would provide equal opportunity for single line shipments to an underserved market.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

MaxYield Cooperative has three facilities that sit on the CP railroad in northern Iowa. Currently, we rarely ship grain on the CP because the market wants the grain to flow south and that option is not available to us as a single line option on the CP today. The CP must interline with other railroads to reach destinations to the south beyond Kansas City. Interline shipments have not been competitive in price and service to single line options.

MaxYield regularly ships corn and soybeans to the gulf for export and to Mexico today from our facilities that sit on the UP railroad. We feel that the CP/KCS merger would give us an additional single line option to those southern destinations. The additional competition would benefit MaxYield Cooperative and our farmer-owners by reducing freight costs and providing additional outlets that are closer to our farmer's bins and fields.

In addition to increasing competition to the gulf and Mexico destinations, the CP/KCS merger would give our farmers access to feed mills in Mississippi.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of grain to the gulf and Mexico.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, MaxYield Cooperative is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. MaxYield Cooperative urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Ben Buie, state under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 4/26/21

Ben Buie [Signature]

Ben Buie

Meadowland Farmers Coop
P.O. BOX 338
LAMBERTON, MINNESOTA 56152
OFFICE 752-7352
Serving the Community Since 1905

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Mike Trosen, and my business address is Lamberton Minnesota. I am General Manager of Meadowland Farmers Coop. In my role, I am responsible for the overall Management of our diversified Cooperative.

Meadowland Farmers Coop has a shuttle loader at Lamberton and Walnut Grove Minnesota. We load both corn and beans by shuttle at both locations. Although service has been good from the CP, due to freight spreads the majority of our grain is loaded on BNSF shuttles for West Coast markets.

Meadowland Farmers Coop supports approval of the CP/KCS combination. The transaction will provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Meadowland Farmers Coop normally views railroad consolidations with skepticism, but this particular merger, with little or no market overlap has a GREAT opportunity to open our Company up to new Quality markets that as a Farmer owned Coop will bring value to our Member/Owners.

> **As I have stated earlier, CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to and again, as I stated earlier market spreads make us a one destination shipper. This merger will open southern markets that aren't competitively priced for us today.**

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada

Meadowland Farmers Coop
P.O. BOX 338
LAMBERTON, MINNESOTA 56152
OFFICE 752-7352
Serving the Community Since 1905

under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by allowing us direct one railroad access to Southern Markets with the elimination of costly interchanges.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Meadowland Farmers Coop is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Meadowland Farmers Coop urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Mike Trosen, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021

Mike Trosen, G.M.

Mike Trosen, G.M.

Together Improving Lives
Ensemble, améliorons des vies

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Mireille Bourgault and my business address is Medline Canada. I am Director of Operations. In my role, I am responsible for the Operations out of our Guelph facility.

Medline Canada is currently using CP rail to ship their out of province transfer of medical supplies to its other DCs across the country.

Medline Canada supports approval of the CP/KCS combination.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. With the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Medline Canada has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

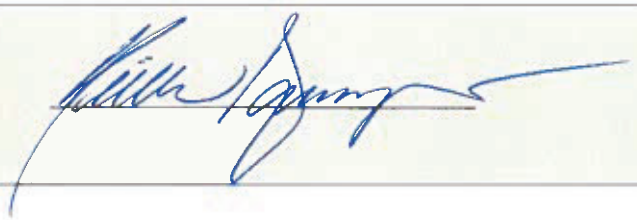
The entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Medline Canada is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Medline Canada urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on 12-May-2021

MIREILLE BOURGAULT



CARES

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Justin Berthiaume and my business address is 7 Rue Saint-Jacques, Montréal, QC H2Y 1K9. I am the National Sales Director of Medlog Canada. In my role, I am responsible for all Sales and Operations for the North American logistics arm of MSC Canada.

Medlog Canada utilizes CP for Domestic Intermodal both for Intra-Canada as well as cross-border. We also ship our own 40 foot containers on CP Rail. Our cooperation with CP has been growing steadily and our satisfaction with the level of service we've received is the main reason we both see a bright future for this business relationship.

Medlog Canada supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Medlog Canada has not often spoken favourably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Medlog Canada will need all the help it can get to have better access to the US and Mexican markets considering the lack of equipment available to us in Canada. The Intermodal Market will grow in the next couple years considering the lack of drivers available for long-hauls and having this new partnership to bring our customers products in and out of Canada will be a great advantage to us.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

MEDLOG Canada
7 rue Saint-Jacques
H2Y 1K9, Montreal
Quebec, Canada

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Better transit and visibility means better utilization of our equipment.

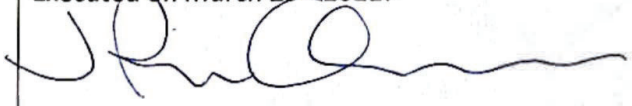
KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Medlog Canada is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Medlog Canada urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on *March 29th 2021*.



Justin Berthiaume

merasi
Mercado de Arenas Silicas S.A. de C.V.

ATTENTION: Surface Transportation Board

My name is CARLOS DE LAGARZA GOSSLER and my business address is RIO MISSOURI 520, COLONIA DEL VALLE, SAN PEDRO GARZA GARCIA NUEVO LEON, MEXICO, CP 66220. I am GENERAL MANAGER of MERCADO DE ARENAS SILICAS SA DE CV. In my role, I am responsible for SALES, LOGISTICS AND OPERATION.

MERCADO DE ARENAS SILICAS SA DE CV currently ships around 1,500 railcars a year from Utley, Wi and/ or Taylor Wi silica sand to our rail spur in Monterrey, Mx.-

MERCADO DE ARENAS SILICAS SA DE CV supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible like for example different routings, more competitive pricing, lower fuel surcharges for the Mexican portion, etc.-

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. MERCADO DE ARENAS SILICAS SA DE CV sees this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

> **CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).**
>
> **And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.**

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of 1,500 railcars from 2021 to 2022.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, MERCADO DE ARENAS SILICAS SA DE CV is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. MERCADO DE ARENAS SILICAS SA DE CV urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I CARLOS DE LA GARZA GOSSLER, declare under penalty of perjury under the laws of the the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on APRIL 7, 2021.



_____
CARLOS DE LA GARZA GOSSLER

MERCURIA
ENERGY AMERICA, LLC

April 29, 2021

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Re: Finance Docket No. 36500 – Reply to Objections to KCS Waiver

My name is Tim Holan and my business address is 20 Greenway Plaza Suite 650, Houston Texas 77046. I am the Head of Operations for Mercuria Energy America, LLC. In my role, I am responsible for the transportation decisions (truck, rail, pipeline, barge, and vessel) required to deliver a wide range of commodities to counterparties throughout North America and the World.

Mercuria supports swift approval of the CP-KCS combination because of the significant benefits we expect will be realized from this transaction.

Mercuria is aware that several parties have filed objections to the application of the pre-2001 merger rules to the CP-KCS transaction under the "waiver" issued in 2001 for transactions involving KCS. Mercuria wishes to reply to those objections by urging the Board not to revoke the KCS waiver. The pre-2001 rules provide the Board and all interested parties all the tools that are needed to fully evaluate the proposed transaction.

We are fully cognizant of the Board's mandate to ensure that Class I mergers are in the public interest, and do not risk significant disruptions in the railway system. From our perspective, the unique nature of the CP-KCS transaction alleviates the concerns that motivated the new rules adopted in 2001. Reviewing the CP-KCS combination under the tried and true pre-2001 merger standards will prevent undue delay, while still allowing for a thorough public interest assessment by the Board.

As Head of Operations for Mercuria and someone with 30+ years of experience working with the railroads I feel that the end-to-end CP-KCS transaction will improve service options, with new single-line hauls and broader access to markets across North America. Our experience shows us that single-line rail service options are far superior to public and private fleets. The unique synergies of a CP-KCS combination should provide benefits to Mercuria, similarly situated shippers, and the public. We are eager to see these realized as soon as possible, without the delays and additional burdens that would result from applying the 2001 rules for the first time ever to this transaction.

Nothing about the CP-KCS transaction raises the kinds of concerns that would flow from a merger of the much larger Class I railroads. The issues should be simple – the transaction improves competitive options and service – and any concerns any party has should be easy to address under the pre-2000 rules. The 2001 rules were designed for much more complex transactions that raised more serious issues, and they should not be tested out in this case.

Mercuria and our shipping partners are looking forward to a stronger CPKC network that will increase access to diversified market opportunities. As such, we urge the Board to apply the KCS waiver provision it thoughtfully included in its 2001 Major Merger Rules. An elongated period of review will delay and potentially reduce the positive synergies this merger promises. The KCS waiver will allow the Board to conduct a thorough but efficient and fair review and allow for the benefits of the new CPKC network to come to fruition more quickly.

Mercuria is additionally concerned that applying the 2001 Major Merger Rules to the CP-KCS merger, a transaction the rules were not designed for, would lead to precedent with unintended consequences and might also create an easier path for some other Class I merger proposals that would be problematic in ways CP-KCS is not. The CP-KCS merger is unlike other Class I merger combinations, in that it is a straightforward transaction between the two smallest U.S. Class I railroads, and it promises substantially more benefits than risks to the public interest. We also know that this transaction, among all possible Class I mergers, is unique in not posing any serious concerns about lost competition, service disruption, or other harms. Interpreting and applying the 2001 rules to this transaction could encourage other Class I railroads to see an easier path for their own Class I merger proposals without the same unique benefits of the CP-KCS transaction.

For these reasons, Mercuria urges the Board to maintain the KCS waiver and reject calls to revoke it, and to proceed to review and approve the CP-KCS proposed combination as expeditiously as possible. We look forward to seeing CPKC as a stronger competitor in the industry.

Yours sincerely,

Tim Holan

Tim Holan
Head of Operations North America

Mercury Resources LLC
169 Commack Road,Suite H#285
Commack,New York USA 11725
Office: 1-631-296-20 30 I Fax: 1-631-410 -1926
www.mercuryresources.com

MERCURY RESOURCES SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Margo Brock, and my business address is 169 Commack Road, Commack New York. I am President/Principle of Mercury Resources LLC.

Mercury Resources is a supply chain management company that ships various types of freight by rail / barge / truck, across North America. We work with all class 1 railroads. We find our interaction with both CP and KCS to be great, two railroads focused on building and executing business opportunities, which helps us keep trade moving for our commodity trading clients.

Mercury Resources supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Mercury Resources does not favor class 1 consolidation generally. The top 5 class 1 railroads are already so big by themselves. However, the combination of these two smallest class 1 railroads complements each other, and the market, in a unique opportunity.

There is already a tremendous amount of freight in the US, that cannot benefit from the rail system, and must remain on trucks. We see the next level of freight where is should be a rail move, but when required to move interline with more than one class 1 railroad, the pricing is too high, and it converts to truck. The most beneficial utilization of the railroads is when you can run a class 1 direct freight lane, but each you introduce another class 1 into the freight structure of the lane, the price jumps significantly. This combination of CP and KCS will eliminate many of those rail opportunities converting to truck – due to the expansive reach created. Do we really need more trucks on our roads? More pollution, more traffic, more wear and tear on our US infrastructure that is reportedly in need of much upgrading and repair!

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

MERCURY RESOURCES

Mercury Resources LLC
169 Commack Road,Suite H#285
Commack,New York USA 11725
Office: 1-631-296-20 30 I Fax: 1-631-410 -1926
www.mercuryresources.com

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency
- KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers

For these reasons, Mercury Resources is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Mercury Resources urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on: 29-March-2021

Margo Brock

Margo Brock

JOSÉ ZOZAYA
Presidente Ejecutivo

Mexico City, April 12, 2021.

To whom it may concern,

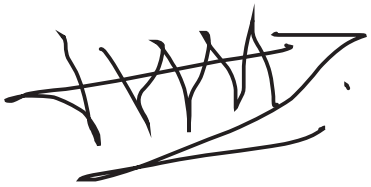
My name is Jose Zozaya, and my business address is Ensenada 90, 06100 Mexico City. I am Executive President of the Mexican Association for the Automotive Industry (AMIA). In my role, I am responsible for the representation of member companies established in Mexico to manufacture, trade and sale automobiles and light commercial vehicles, usually known as Original Equipment Manufacturers (OEM).

AMIA's relation with KCS Mexico is indirect when its member companies ask for support from the federal government to solve rail way issues because of protesting groups blocking train operations.

AMIA supports approval of the CP/KCS combination. The transaction would provide significant benefits to member companies that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets our member companies serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. AMIA has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Sincerely



Dr. José Zozaya
Executive President

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ASOCIACIÓN MEXICANA DE
LA INDUSTRIA AUTOMOTRIZ A.C.

Micro Oil Inc.

501 Ave. M South
Saskatoon, SK
S7M 2K8
Phone: 306-477-4323
Fax: 306-477-4326
micro.oil@sasktel.net

STB Finance Docket No. 36500
CP-KCS Proposed Combination

April 28, 2021

ATTENTION: Surface Transportation Board

My name is Jeffrey Stromberg, and my business address is 501 Avenue M South, Saskatoon, SK. I am a shareholder of Micro Oil Inc. In my role, I am responsible for Finance and Procurement.

Micro Oil Inc. has used CP for its rail service needs for the past 20 years. We import oil by rail car from various locations over the US and Canada, and these shipments are delivered to our spur in Floral, SK.

Micro Oil Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Micro Oil Inc. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach other destinations beyond Kansas City that we can ship from & that could expand the markets we deal with effectively.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of oil from states in the southern USA.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Rail cars cost money to lease, and, the more efficient the route, the more trips per year the rail car can make at the same lease cost.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Micro Oil Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Micro Oil Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Jeffrey Stromberg, CPA, CA

Micro Oil Inc.

ATTENTION: Surface Transportation Board

My name is Brad Deets and my business address is 3800, 205 – 5th Ave SW; Calgary, AB, T2P 2V7. I am VP – Supply and Marketing of Midstream Energy Partners. In my role, I am responsible for the North American commercial activity within the LPG sector.

Midstream Energy Partners transports in excess 2,000 rail cars of propane and butane per year, largely on the Western side of North America. While we are not the largest shipper of product within CP's network, CP has always been fair and reasonable in helping us move cars efficiently and economically and in turn helping Midstream Energy Partners grow our business.

Midstream Energy Partners supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Midstream Energy Partners has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

In the past CP has always provided Midstream Energy Partners with good service. As I look forward, with an expanded market reach beyond Kansas City, I envision CP to find market and transportation efficiencies that will all product to move more fluidly throughout North America.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of 2,000 rail cars per year and growing.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

Suite 3800, 205 5th Avenue SW | Calgary, AB T2P 2V7 Phone: 403.899.4755

MIDSTREAM LPG

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. In our business, rail freight and car costs represent the largest cost by a significant amount. Any ability to reduce those costs and allow us to reinvest in our business will create growth for both Midstream Energy Partners and the economy as a whole.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Midstream Energy Partners is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Midstream Energy Partners urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I BRAD DEETS, declare under penalty of perjury United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on MARCH 29, 2020

[Signature]

Brad Deets

MIDWEST BULK TRANSLOAD
1 Genstar Drive, Joliet, IL 60435
800-590-6064 Fax 815-600-8077
www.mbtransload.com E-mail: mail@mbtransload.com

ATTENTION: Surface Transportation Board

My name is Ted Kennedy and my business address is 2100 Clearwater Drive, Oak Brook, IL 60523. I am CEO of Midwest Bulk Transload. In my role, I am responsible for the safe and profitable operation of our transload facility.

Midwest Bulk Transload is a Grain and Feed transload operation that transfers product from bulk railcars to bulk 40 foot export containers.

Midwest Bulk Transload supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Midwest Bulk Transload foresees many benefits of this merger as it gives existing customers and suppliers on the CP or KCS a direct, more efficient connection to move product.

Midwest Bulk Transload has the ability to receive bulk grains from various CP points and load containers for export. With this merger, this will open up a very large grain and feed market in Mexico for new customers that can receive bulk containers. Today, we are limited to shipping to just 2 ports, Vancouver and Montreal. With Mexico being a large buyer of Feed and Grain from the US, this will allow Midwest Bulk Transload to serve more buyers for US grain and feed. Having a larger market to serve, this ultimately makes the processing plants more profitable as well as increase commodity prices at the farm. The efficiency of connecting the KCS and the CP lines will provide feed mills, farmers and processors will provide for more profitable operations.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Distillers Dried Grains and Soybeans from Bensenville, IL to various Intermodal yard locations in Mexico. We are particularly enthusiastic about the role new CPKC single-line routes will play in

expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by ship containers of feed to Mexico whereby this service has never been offered in the past.
- With this merger, the shippers and receivers of Distillers Dried Grains, Soybean Meal, and Soybeans, will have a more efficient means of transportation and both shippers and receivers will benefit from these rail efficiencies through increased profit margins.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Midwest Bulk Transload is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Midwest Bulk Transload urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

Executed on March 29, 2021



_____ [Signature]
Ted Kennedy, CEO, Midwest Bulk Transload

MILLAR WESTERN FOREST PRODUCTS LTD.

Tel: 780.486.8200 Fax: 780.486.8282

March 31, 2021

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423

Dear Ms. Brown:

Re: CP/KCS combination (STB Finance Docket No. 36500)

On behalf of Millar Western Forest Products Ltd., I am writing in support of the CP/KCS combination (STB Finance Docket No. 36500).

Millar Western Forest Products Ltd.is an Alberta-based forest products company that has been in business for more than a century. We apply that experience in the responsible and sustainable development of renewable resources, while holding to our core values of safety, integrity, honesty, trust and respect.

Our company is headquartered in Edmonton and produces wood pulp, lumber and specialty wood products at manufacturing facilities in Whitecourt, Fox Creek and Acheson, Alberta. We employ more than 700 people full-time, and hundreds more on a contract basis, in forest management and mill operations.

Millar Western markets its output globally and uses numerous modes of transport to move our products to our customer base. These include highway carriers, intermodal, railways, break bulk vessels, container vessels, warehouses, reloads and terminals/ports.

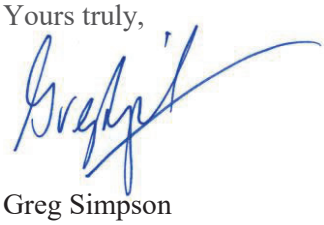
We currently move product via both Canadian Pacific and the Kansas City Southern. CP is used on shipments within Canada and from Canada to the U.S. KCS participates on movements of our goods to numerous U.S. markets and to many of our Mexican customers.

Millar Western strongly endorses the CP/KCS combination. We believe the combination of CP and KCS will strengthen the overall rail network and enhance North American trade opportunities, benefiting the people of the United States, Canada and Mexico.

…/2

We welcome your questions and thank you for your consideration.

Yours truly,



Greg Simpson
Director of Logistics & Administration

ph 780-486-8281
cell 780-717-6950
fax 780-486-8283

MILLER

ATTENTION: Surface Transportation Board

My name is James Li and my business address is 9550 W. Higgins Road Suite 380 Rosemont, IL 60018. I am a Logistics Manager of Miller and Company LLC. In my role, I am responsible for all company transportation and warehouse activities.

Miller and Company LLC is engaged in rail service with CP as well as KCS. We ship briquettes in boxcars from our Seneca, IL plant to Mexico and pig iron in gondolas domestically here in the U.S. We are very satisfied with the services provided by both CP and KCS.

Miller and Company LLC supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Miller and Company LLC has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship pig iron in gondolas between our Seneca, IL plant as well as the various third-party warehouses that we do business with. These shipments are often times called inter-warehouse transfers located in all regions around the U.S.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

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www.millerandco.com

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Miller and Company LLC is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Miller and Company LLC urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

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www.millerandco.com

VERIFICATION

I ___James Li_____, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on ___April 5, 2021_____.

_____James Li_____ [Signature]

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807-939-2655
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58 Cooper Road, Rosslyn, Ontario, P7K 0E3

April 29th, 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500
CP-KCS Potential Combination

Miller Precast Ltd. hereby files this letter to express its concerns to the bid by CN to acquire KCS. Miller Precast Ltd. is a one-stop-shop for all precast concrete needs. We supply Thunder Bay and the greater Northwestern Ontario and receive bulk cement via rail. We are CP served, but open to CN via CTA switch.

We support the swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets and port options, improved service options, and invigorated transportation competition.

By contrast, a CN acquisition of KCS would lead to a reduction in competition and deprive shippers of the many tangible benefits offered by the CP/KCS deal. Specifically, if CN were to acquire KCS, competitive overlaps would reduce the number of independent rail options, even if the railroads might think they can propose "remedies" to overcome the lost competition.

From our perspective, the only combination involving KCS that is in the public interest is the one that CP has proposed. Unlike the CP/KCS combination, the acquisition of KCS by CN would result in harm to competition because the two railroads today serve many locations and shippers in common. Indeed, they operate parallel lines between Baton Rouge and New Orleans and Eastern Mississippi; they both serve grain and other shippers in large swaths of the Midwest and Southern United States; and they both reach the port of Mobile, Alabama. Even more fundamentally, between the Upper Midwest and Gulf Coast, a CN/KCS combination would reduce the number of independent routing options from four to three.

We expect a combined CPKC network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist. A CN-KCS combination would limit competitive carrier options to markets and ports south of Kansas City. We are also concerned with downstream effects and the risk that the CN-KCS combination would stimulate further industry consolidation, such as by destabilizing the six large carrier balance in North America.

Respectfully submitted,

Tracy Miller
Owner & President

MINNESOTA GRAIN & FEED ASSOCIATION

June 22, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

The Minnesota Grain and Feed Association (MGFA) is a 114-year-old organization representing the interests of the grain elevator and feed mill industry in Minnesota. With approximately 70 cooperative grain elevators operating close to 200 branch locations statewide and another 165 privately owned facilities, we have a vested interest in not just opposing the Canadian National's bid to acquire the Kansas City Southern but also their proposal for a voting trust.

Today I am writing to express MGFA's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." It is MGFA's view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so – and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

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E-mail: info@mgfa.org • Website: www.mgfa.org

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

It is MGFA's perspective that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there ought not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory in the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs, St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would, of course, do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up in the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high-capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were

CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

A CP/KCS union would also specifically benefit Minnesota grain shippers on the CP line. A combination of these two railroads should expand our access to markets across the United States, Mexico, Canada and internationally, not to mention it would increase competition among other rail carriers that serve our markets in Minnesota.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, in its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Board noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so it will have incentives to do it through higher prices for CN's current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, if CN is allowed to use a voting trust and the Board ultimately denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or jack up rates even more in order to overcome the burdens it took on.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,



Laura Lemke
Executive Director
Minnesota Grain & Feed Association

Cc: All Parties of Record

SOCIÉTÉ TERMINAUX
MONTRÉAL GATEWAY
TERMINALS PARTNERSHIP

March 29, 2021

ATTENTION: Surface Transportation Board

Subject: **STB Finance Docket No. 36500**
CP-KCS Proposed Combination

Dear Surface Transportation Board Members,

I am writing you today to express our support regarding Canadian Pacific Railway (CP) proposal for a CP-Kansas City Southern (KCS) combination.

Montreal Gateway Terminals Partnership (MGT) is the leading container terminal operator at the Port of Montreal, the international port closest to America's industrial heartland. Strategically positioned 1,600 kilometers inland on the St. Lawrence River, MGT is the shortest route connecting the US Northeast and Midwest market of 100 million consumers to Northern Europe and the Mediterranean. MGT has a diversified customer base and has been handling container volume for global shipping companies since 1971.

MGT believes a CP-KCS combination will create a transcontinental railroad with the scale and reach to deliver improved levels of service to us and enable us to better serve our own customers and communities, while improving safety and enhancing competition.

CP's proposal is timely and introduces a number of positive, future-focused ideas to improve North America's transportation network. We believe the proposal is in the public interest as it would improve overall service while meaningfully enhancing competition amongst the Class 1s and with other transportation modes. Specifically, we believe the following points in CP's proposal are key:

- with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets, would help us reach our existing markets and new markets more efficiently
- increasing capacity for all shippers without creating the need for more infrastructure
- creating efficient, reliable single-line service thereby reducing shipper equipment costs and inventory carry requirements

305 Curatteau
Montréal, Québec H1L 6R6
514-257-3040
www.mtrtml.com

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SOCIÉTÉ TERMINAUX
MONTRÉAL GATEWAY
TERMINALS PARTNERSHIP

For the above reasons, MGT supports the proposed CP-KCS combination. Should the combination be presented to the Surface Transportation Board for consideration, we urge you to judge the proposal on its merits and we look forward to a positive outcome.

Sincerely,



Michael Fratianni
Chief Executive Officer and President
Montreal Gateway Terminals Partnership

cc: Keith Creel
President and Chief Operating Officer
Canadian Pacific

305 Curatteau
Montréal, Québec H1L 6R6
514-257-3040
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MORE THAN JUST FEED

STB Finance Docket No. 36500
CP-KCS Proposed Combination

April 29, 2021

ATTENTION: Surface Transportation Board

My name is Andrew Barwegen and my business address is 126 E Canal Garden, Strathmore, Alberta T1P 1Y4. I am Vice President of Procurement at More Than Just Feed Inc. In my role, I am responsible for the company's procurement and logistics strategic planning.

More Than Just Feed operates a private Transload facility serviced by CP at Monarch, AB. We handle grain and grain products, transloading directly from rail to truck. We are currently working closely with CP on expansion/growth opportunities at our facility, which includes importing and handling new commodities (such as fertilizer).

More Than Just Feed supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. More Than Just Feed has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach markets beyond Kansas City that we could utilize to expand our transload business.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our potential shipments of fertilizers and other grain or commodity products from import facilities to Monarch, AB.

MORE THAN JUST FEED

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will improve our efficiency. Improved reliability gives us better ability to plan inbound shipments for offloading.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, More Than Just Feed is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. More Than Just Feed urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Andrew Barwegen
VP of Procurement
More Than Just Feed Inc.

Canadian Pacific's acquisition of Kansas City Southern

March 29, 2021

Attention: Surface Transportation Board

To whom it may concern:

The Mosaic Company (NYSE: MOS) is compelled by a critical social mission — to help the world grow the food it needs. Fertilizer accounts for half of all crop yields, so as the world's leading integrated producer of concentrated phosphate and potash, we believe enabling farmers around the globe to optimize the food they grow on every acre of farmland will be integral to feeding a growing population.

One of the channels Mosaic uses to move our crop nutrition products from our mines into the North American market is through Canadian Pacific (CP). CP provides an important service to Mosaic, and we are satisfied with the quality of their service. We do expect to see improved access to part of the farm belt by this acquisition.

We do not expect negative impacts to competition upon CP's acquisition of Kansas City Southern, and we do not oppose this acquisition.

Regards,

Karen A. Swager
Senior Vice President, Supply Chain

MUTUAL TRANSPORTATION SERVICES INC.

627 Lyons Lane, Suite 403 Oakville, Ontario L6J 5Z7

SHIPPER SUPPORT LETTER- MUTUAL TRANSPORTATION SERVICES INC.

ATTENTION: Surface Transportation Board

My name is Chris Chapin and my business address is 627 LYONS LANE SUITE 403, Oakville, ON L6J 5Z7 and I am Director of Mutual Transportation Services Inc.

Mutual Transportation Services Inc. has been working with CP for a number of years mainly in the domestic Canada lanes.

Mutual Transportation Services Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders

We are excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Mutual Transportation Services Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Mutual Transportation Services Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Head Office
PH (905) 339-3889
FAX (905) 339-2936

Charlottetown, P.E.I.
PH (902) 628-8225
FAX (902) 628-1805

Niagara, ON
PH (905) 327 2841
FAX (905) 227-2277

Montreal, P.Q.
PH (514) 620-3341
FAX (514) 620-8048

MUTUAL TRANSPORTATION SERVICES INC.

627 Lyons Lane, Suite 403 Oakville, Ontario L6J 5Z7

VERIFICATION

I Chris Chapin, declare under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021

_____ [Signature]
Chris Chapin

Head Office
PH (905) 339-3889
FAX (905) 339-2936

Charlottetown, P.E.I.
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Montreal, P.Q.
PH (514) 620-3341
FAX (514) 620-8048

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Jason Venditti and my business address is 56 Romina Drive. I am President and Managing Partner of National Cold Chain Inc. (aka NCC)

NCC is a 3PL who offers both road and intermodal service to our clients, we are heavily immersed in perishable supply chains of Canadian CPG companies and are one of the fastest growing buyers of refrigerated intermodal cube/services from both Canadian class 1 rail lines.

NCC supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. NCC has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

NCC works with Canadian and USA CPG food shippers and a variety of FAK shippers to move their products from the USA and Mexico to Canadian consumers. CP provides us with good domestic rail service but is limited in its supports of our customer's larger North American networks requirements. We rely on the Canadian class 1 railways to serve our clients and today CP is not able to compete with CN on service or price on freight originating in the USA and MX. A second option would be valuable to my business and create competition. We need a second single line cross border operator.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Economical options exit MX to Canada are limited today. We have clients shipping on the water at extensive > 30 day transits in the absence of a viable MX to CAD service. Today there is far too much carbon being burned just to get freight

out of MX and onto a line that can bring it into Canada, this would also make a significant contribution to lowering carbon emissions, today Canadian carrier give away their capacity just so they can get to Laredo so they can load Mexican freight destined for Canada. The CPKC would open up a vital supply chain link for many Canadian shippers.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, NCC is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. NCC urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I JASON VENDITTI, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Signature _____ Executed on March 25 2021



April 15, 2021

ATTENTION: Surface Transportation Board

My name is Jorge Canavati, and my business address is 21750 Hardy Oak Blvd. Suite 102 San Antonio TX 78258. I am the Vice President for North America of the National Importers & Exporters Association of Mexico (ANIERM). In my role, I am responsible for promotion of trade in North America for this organization.

Many of the members of ANIERM use rail services in North America and already have a relationship with the CP and/or the KCS.

ANIERM supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. ANIERM has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

The National Importers and Exporters Association of Mexico (ANIERM) is the oldest organization of its kind in Mexico (founded in 1944) that promotes Mexico foreign trade and works in the best interest of exporters and importers.

> CP has provided our membership with good service, but its market reach is limited today, as its lines only go as far south as Kansas City.

CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our member's shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our member's equipment costs and improve our efficiency.
- KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

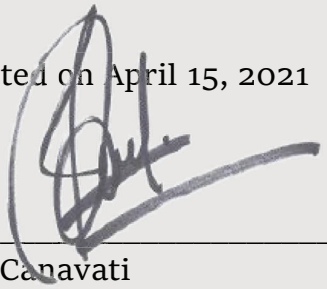
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, ANIERM is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. ANIERM urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, JORGE CANAVATI, declare under penalty of perjury, that the foregoing is true and correct. Further, I certify that I am qualified and and authorized to submit this letter.

Executed on April 15, 2021



_____

Jorge Canavati

ANIERM
ASOCIACIÓN NACIONAL DE IMPORTADORES Y EXPORTADORES DE LA REPÚBLICA MEXICANA

Good food, Good life

Nestlé Canada Inc.
25 Sheppard Avenue West
North York, ON
Canada
T +1(416) 218 3030

Date: March 29, 2021

To Whom It May Concern

Re: STB Finance Docket No. 36500 / CP-KCS Proposed Combination

I am writing to provide my written support for the combination of Canadian Pacific Railway (CP) and Kansas City Southern (KCS). I believe this combination of railroads will benefit not only Nestle by creating more efficient supply chains throughout North America, but also open up new opportunities and new markets for businesses. Currently Nestle and CP partner together to move Intermodal traffic across Canada and between the United States and Canada. CP is a strong supply chain partner, transporting both raw material as well as perishable finished goods. The Nestle & CP partnership is strategic and both companies collaborate to create better and more environmentally sustainable supply chains.

Nestle is supportive of the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen the North American supply chain. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our intermodal shipments between Canada, the US and Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is beneficial to have a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our inventory costs and improve our efficiency. By having a single source solution that avoid interchanges. This will further enable reliable service to our customers.

Furthermore, as North America's two safest railroads, we firmly believe that CP and KCS will provide Nestle with safe, efficient and fast service that will allow us to achieve the goal of reducing carbon intensity and improving the North American supply chain's environmental footprint. Nestle urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all shippers across the USA, Mexico and Canada.

Sincerely

Leslie Nicholson

Leslie Nicholson
SVP Supply Chain Operations & Digital Business Transformation

Nestlé Good food, Good life

March 26, 2021

Jim Wells
Nestlé USA
5750 Harper Rd
Solon, OH 44139

STB Finance Docket No. 36500
CP-KCS Proposed Combination

To Whom It May Concern:

I am writing to provide my written support for the combination of Canadian Pacific Railway (CP) and Kansas City Southern (KCS). I believe this combination of railroads will benefit not only Nestle by creating more efficient supply chains throughout North America, but also open up new opportunities and new markets for businesses.

Nestle is supportive of the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen the North American supply chain. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our intermodal shipments between Canada, the US and Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is beneficial to have a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our inventory costs and improve our efficiency. By having a single source solution that avoid interchanges. This will further enable reliable service to our customers.

Furthermore, as North America's two safest railroads, we firmly believe that CP and KCS will provide Nestle with safe, efficient and fast service that will allow us to achieve the goal of reducing carbon intensity and improving the North American supply chain's environmental footprint. Nestle urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all shippers across the USA, Mexico and Canada.

Sincerely,

Jim Wells

Chief Supply Chain Officer

Nestle USA

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is **Alberto Rivera** and my business address is **Anillo Vial II Poniente #10800 Col. Santa Maria, Querétaro. QRO. CP 76137**. I am **founder & CEO** of **Networks Group**. In my role, I am responsible for **developing, leading and coordinating the functions of strategic planning, critical decision making and general supervision of the activities carried out by the company.**

Networks Group is **a company that has had a relationship with KCS for 20 years through our customers and directly with a high satisfaction in the loading & unloading services of railcars with foreign trade goods from and to abroad.**

Networks Group supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. In the USA and Canada, the combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. In Mexico, KCS provides efficient service thru the most relevant manufacturing footprint. The two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option. This will strengthen competition against the other, larger rail carriers and trucks in the North America market.

For these reasons, **Networks Group** is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. **Networks Group** urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Alberto Rivera, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30th, 2021.



_____

Alberto Rivera

NEW COOPERATIVE INC.
2626 1st Ave. South | P.O. Box 818 | Fort Dodge, IA 50501

My name is Dan Dix and my business address is 2626 1st Ave. South, Fort Dodge, IA 50501. I am the General Manager of NEW Cooperative, Inc. In my role, I am responsible for the leadership of a grain and supply company with over 5500 farmer owners.

NEW Cooperative, Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help our farmers reach new markets. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Corn and Soybeans from north central Iowa to Southern US Feeder Markets, Gulf for export, and Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, NEW Cooperative, Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. NEW Cooperative and its 5500 member owners urge the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Dan Dix, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021.

[Signature]

Dan Dix

NEW ULM STEEL AND RECYCLING

April 23, 2021

ATTENTION: Surface Transportation Board

My name is Josh Luneburg and my business address is 913 1st Street South, New Ulm, MN 56073. I am the Chief Executive Officer of New Ulm Steel & Recycling.

New Ulm Steel & Recycling New Ulm Steel & Recycling serves southern Minnesota and surrounding areas as buyers of scrap metal and sellers of new steel.

New Ulm Steel & Recycling supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we currently serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our suppliers.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, New Ulm Steel & Recycling is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. New Ulm Steel & Recycling urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Josh Luneburg

April 29th, 2021

ATTENTION: Surface Transportation Board

My name is Esteban J. Benavides Chavez, and my business address **is Avenida Jimenez 465, Torre San Pedro Piso 4, Colonia Centro, San Pedro Garza Garcia, Nuevo Leon, Mexico I am a partner of New World Fuel, S.A. de C.V. In my role, I am responsible for operations** of the company.

New World Fuel, is a satisfied customer of KCS and CP since 2017 when we began shipping propane rail cars from Canada to Mexico.

New World Fuel, supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. New World Fuel, sees this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

> **We ship propane gas from our CP-served facilities in Saskatchewan and Alberta Canada to our customers with terminals in Mexico.**
>
> **CP has provided us with excellent service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).**
>
> **And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.**

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of propane gas from Canada to Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

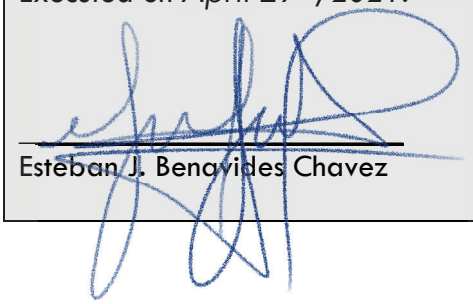
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, New World Fuel is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. New World Global, LLC urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Esteban J. Benavides Chavez, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on *April 29th, 2021*.



Esteban J. Benavides Chavez

Houston Texas
March 24th, 2021

ATTENTION: Surface Transportation Board

My name is Esteban J. Benavides Chavez, and my business address is 2000 S. Dairy Ashford Suite 345, Houston, Texas 77077 I am a partner of New World Global, LLC. In my role, I am responsible for operations of the company.

New World Global, LLC is a satisfied customer of KCS and CP since 2016 when we began shipping propane rail cars from Canada to Mexico.

New World Global, LLC supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. New World Global, LLC., sees this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.]

> **We ship propane gas from our CP-served facilities in Saskatchewan and Alberta Canada to our customers with terminals in Mexico.**
>
> **CP has provided us with excellent service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).**
>
> **And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.**]

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of propane gas from Canada to Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

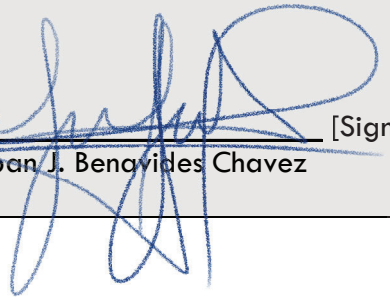
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, New World Global, LLC is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. New World Global, LLC urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Esteban J. Benavides Chavez, declare state under penalty of perjury "under the laws of the United States," that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on *March 24th, 2021.*



_____ [Signature]
Esteban J. Benavides Chavez

ATTENTION: Surface Transportation Board
RE: STB Finance Docket No. 36500 CP-KCS Proposed Combination

My name is Mark McKendry and my business address is 909 Lake Carolyn Pkwy, Irving, TX. I am Vice President of NFI, and leader of the Intermodal business unit. In my role, I am responsible for all functions relating to NFI's North American Intermodal product.

NFI is a strategic partner of CP in Canada, and a roughly $3 billion dollar 3rd party logistics provider with significant operations in the regions served by both the Kansas City Southern, and the Canadian Pacific Railway. Our domestic Intermodal product leverages all North American class 1's, meaning we have a relationship and understanding of their operating principles, customer service and train service.

NFI supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Like many IMC's, NFI has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Intermodal from SLP to the mid-west and Canada.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. The option of bypassing Chicago as a rubber tire interchange, and moving to a steel wheel interchange which reduces bottle necks and expenses is particularly appealing.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these

carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, NFI is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. NFI urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Mark McKendry declare under penalty of perjury 'under the laws of the United States," if executed outside of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/26/21

Mark McKendry

NICHOLANDDIAMONDCONSULTINGLTD.

SHIPPER SUPPORT LETTER- NICHOL AND DIAMOND CONSULTING LIMITED

ATTENTION: Surface Transportation Board

My name is Michelle Toma and my business address is PO Box 47009 Creekside NW Calgary, AB T3P 0B9 and I am the Vice President of Nichol and Diamond Consulting Ltd.

Nichol and Diamond Consulting Ltd is a long standing partner of CP Rail and we have worked diligently over the years to grow with CP by focusing on providing high speed quality service to our customer base. We support the approval of the CP/KCS combination. The transaction would provide significant benefits and opportunities for growth we are eager to see realized.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls, would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We see this transaction as uniquely beneficial.

We ship intermodal containers with CP intermodal service primarily serving a retail customer base.

CP's market reach is limited today in the US and we have not been using CP in cross border as it must interline with other railroads to reach US destinations that we could potentially ship to or that could expand the markets we serve effectively.

And we know from experience both our own, and that of our competitors who have single-line rail options at their origins that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. We feel that CPKC's new service offerings will improve transit times and reliability.

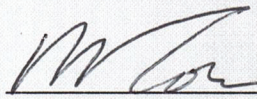
The complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, Nichol and Diamond Consulting Ltd. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Nichol and Diamond Consulting Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Michelle Toma certify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.



[Signature]
Michelle Toma

North Atlantic International
Logistics Inc.

22 Dairy Lane , Huntsville Ontario P1H 1T4 TEL: (416) 291-2688 FAX: (705) 789-8677

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Rob Birch and my business address is 22 Dairy Lane Huntsville Ontario P1H 1T4. I am the owner of North Atlantic International Logistics Inc. In my role, I am responsible for all Intermodal service providers including rates and lanes.

North Atlantic has been providing intermodal service to our customers for many years and CP Rail is a very important vendor. I believe that my growth in intermodal service is directly linked to CP Rail's growth with regard to new lanes and services.

North Atlantic International Logistics Inc supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. North Atlantic has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

North Atlantic provides its various customers with door to door service across North America: offering LTL, 20', 40', and 53' intermodal service. With important freight moving between north and south or east to west, this combination of rail networks will make cross border shipping much more efficient and effective to serve customers: from Canada to points in the US and to Mexico.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, North Atlantic International Logistics Inc is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. North Atlantic International Logistics Inc urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on 30/03/2021.

Owner
North Atlantic International Logistics Inc

NDGDA
ND Grain Dealers Association

2417 N University Dr, Suite A, Fargo, ND 58102-1820 • Ph: 701.235.4184 • Fax: 701.235.1026 • www.ndgda.org

March 30, 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500-CP-KCS Proposed Combination

North Dakota Grain Dealers Association ("NDGDA") hereby files this letter in support of approval of the CP/KCS combination. The transaction should provide benefits in the form of expanded markets to those North Dakota grain shippers serviced by CP.

NDGDA is an association of 120 companies that operate over 250 grain elevators in North Dakota. These grain elevators are the first point of sale for nearly all grain produced in the state. These businesses receive clean, condition, blend and ship grain on to domestic and worldwide markets. Grain production remains the mainstay of North Dakota's economy and rail service is essential to move grain from points of production to points of consumption. More than 80 percent of North Dakota's grain shipments occur by railroad.

From our perspective, the transaction promises to provide improved service options and open new markets to North Dakota shippers. The combined CPKC network – with new single-line hauls and access to ports on the U.S. Gulf, Atlantic and Pacific coasts – should help us reach our existing markets and new markets more efficiently.

North Dakota is served by two rail carriers and this action will strengthen competition between those carriers and trucks that serve our markets. KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer a seamless, single-line service so this transaction should improve our transportation options.

This merger makes sense because there are no overlaps in each carriers' perspective network. We assume that this transaction would be a complement to each of the carrier's existing service and support it for that reason. We would not be in favor of any transaction that would cause a deterioration in service to CP's shippers in North Dakota.

The North Dakota Grain Dealers Association is voicing support for the combination of CP and KCS, because it should enhance competition and provide expanded options for North Dakota grain shippers. To that end, we encourage the STB to approve CP's acquisition of KCS.

Respectfully submitted,

Stu Letcher
Executive Vice President
North Dakota Grain Dealers Association

VERIFICATION

I Stu Letcher, declare under penalty of perjury US Law that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021.

Stuart Letcher

NORTH PRAIRIE AG SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Josh Schaefer, and my business address is 103 Dakota Street Nekoma, ND 58355. I am General Manager of North Prairie Ag in Nekoma, ND. In my role, I am responsible for overseeing all business operations and developing new and innovative procedures to expand growth and capture additional market share in NE North Dakota and North West Minnesota.

North Prairie Ag is a shuttle loading/unloading facility on the CP located in NE ND. We are one if not the largest shippers on the CP in all the United States. We primarily ship wheat going east over the Chicago market and soybeans to the PNW. We also unload crop nutrition products at our facility. We unload railcars of Urea, Ammonium Sulfate, and Phosphate primarily from Canada and the Minneapolis Markets as those are currently the only markets, we have access due to limited rail access to the south where a large portion of our is imported from NOLA.

North Prairie Ag supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. North Prairie Ag has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

CP has provided us with adequate service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship and receive from. I know from personal experience and that of our competitors single-line rail options at their origins are far more cost effective, efficient, and safe. We currently have very few single line hauls and therefore puts us at a large disadvantage not being able to reach all the markets our competitors can in a single line haul.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of spring wheat into St Louis.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. This will be done with straight line hauls and reduced cost of having to rely on connecting carriers for us to get our products to and from the most ideal market destinations.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, North Prairie Ag is voicing strong support for the combination of CP and KCS, because it will enhance competition, reduce freight costs, provide expanded options, and drive efficiencies for customers of all sizes. North Prairie Ag urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Josh Schaefer, verify under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 4/12/21

Phone 403 477 0568
karenp@crosskeymarketing.net

March 31, 2021

ATTENTION: Surface Transportation Board

My name is Karen Philipation. I am the Transportation Manager for North West Terminal Ltd (NWT) located at Unity Saskatchewan. In my role, I am responsible for NWT rail logistics. The business relationship between CP and NWT has been and will continue to be critical for our success. There is no question to our support of the purchase of the KCS by CP Rail. Both CP/KCS operate a safe efficient railway and the idea of operating under one umbrella will only enhance those activities. The idea of a seamless route from our facility to Mexico and return opens the door for opportunities not currently available to us under the current Rule 11 operation.

North West Terminal not only handles several grain commodities, but also has an ethanol plant that requires a steady input of feed grain or now corn originating in the Kansas City area. Also, onsite we load crude oil and propane both of which should benefit from this integrated network. Although NWT is dual served by both CN and CP Rail this pending acquisition will provide necessary competition for CN to the Gulf Coast. The key to our success is to have as many destination and port options as possible for rail competition. This acquisition does just that. The result will be competitive rates and service that will be good for shippers on both sides of the border.

Over the last few years CP Rail have been actively seeking business and following that up with service as promised. This increased intensity has caused NWT to search out new markets and possibilities. The addition of KCS just expands that potential market existentially.

In our opinion, CP Rail would have to be the best suitor for the KCS. Any other Class One carrier that acquired KCS might disrupt any competitive balance that currently exists. This would be especially true in the north/south corridors. Based on a seamless single line service the acquisition makes sense. Combine that with the gained operating efficiencies, it will make the CP/KCS a significant carrier option compared to the other Class One operators.

All these factors would demand that NWT shows its support for the acquisition and is extremely excited about the potential possibilities it will provide.

Karen Philipation
Signed Per NORTH WEST TERMINAL LTD.

Northcoast Reload Inc.

920 Derwent Way Delta, BC V3M 5R2

April 30, 2021

ATTENTION: Surface Transportation Board

My name is Sandeep Parhar and my business address is 920 Derwent Way in Delta, BC. I am President of NJ Transload Inc and also Northcoast Reload Inc. In my roles, I am responsible for Handling, Storage and Freight Coordination for building products to and from our 215,000 square foot warehouse facility.

NJ Transload has relied on CP Rail to arrange freight movement of building products all over North America. CP's dedicated rail lines have helped lower transportation costs without drastically increasing lead time for delivery. Over the last 5 years we have been able to grow our business from initially shipping intermodal containers only to Ontario to now shipping to multiple locations in North America including new lanes for us in 2020 into Minnesota, Indiana and Illinois.

NJ Transload and Nothcoast Reload both support approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

As a central hub for Lumber, Plywood and OSB mills located in Northern BC and Alberta, our facility would have the ability to offer our customers in the building supply markets with more options to get high quality lumber and panel products to key markets throughout North America. With an ability to service more markets we are excited of the possibilities for the growth of our business by increasing product turns and providing our customers with the ability to service markets they have been unable to effectively enter prior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Douglas Fir Lumber and Plywood from BC to the Central and Southern parts of the US.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

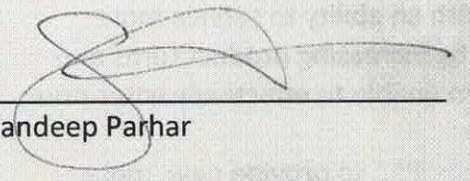
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, NJ Transload is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. NJ Transload urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I __Sandeep Parhar , declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 30, 2021.



Sandeep Parhar



NORTHERNBRICK

MAY 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Northern Brick is a supplier of landscape, masonry and related supplies in North Bay, Ontario. Our division supplies residential, commercial, and industrial customers in our territory. Many of the products that we carry are, or could be, transported by rail if the proper network existed economically. We are concerned that if CN is successful in acquiring Kansas City Southern, many of our products will see cost increases that we won't be able to effectively pass on to our customers.

I am writing to express Northern Brick's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to

use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Kim Birmingham
Northern Brick



Cc: All Parties of Record

NORTHERN COUNTRY COOP

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Jason Schwenneker and my business address is 203 E. Spring St, Stacyville, IA 50476. I am CEO/GM of Northern Country Cooperative. In my role, I am responsible for NCC success and future viability as a cooperative.

Northern Country Cooperative is currently shipping 25 car grain trains on the CP rail way. With this we have been investigating an expansion of a facility for several years on the CP but the economics and market access have not been conducive, but with the unification we are hopeful this provides us with the opportunities to pursue adding to our footprint with a shuttle loader.

NCC supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. NCC and I have not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Today we have access to CP, CN, and the UP rail lines from our network of facilities. We are a full service cooperative that is transporting ag products in and out. There are tremendous benefits of having rail today and not being reliant on truck for everything, however, using our current markets and lanes often times truck is a more economical choice for transportation. Becoming less reliant on truck and utilizing destinations with the CP-KCS and other rail lines is an ideal situation. Also, we would like to move more products on rail to cut down on our carbon footprint. Currently we do not have access to the KCS but with the two companies coming together it would allow us to gain access to many more markets for our agricultural products. To support our future growth, we need additional market access.

We ship grain from our CP-served facilities in Iowa and Minnesota to our customers with elevators/terminals in the South Central and Gulf region. CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we could ship to or have access to like the Gulf of Mexico and Mexico specifically.

We know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of agricultural products from Minnesota and Iowa to the Gulf and Mexico.
- We are particularly excited about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. This will be done by using more rail to move goods vs truck. Labor in the future is going to be challenging enough and by moving more product by rail vs truck also reduces our carbon footprint.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Northern Country Cooperative is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. NCC urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Jason Schwenneker state under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.



Jason Schwenneker

NORTHERN COUNTRY COOP

Northern Ski Company Limited

1 Ceasar Rd.,
Sudbury, ON P3E 5P3

MAY 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Northern Ski Company is a Canadian based investment company which holds an interest in various Canadian corporations, including CP Rail.

A great number of Canadian (and in fact, American) companies would stand to benefit by CP's acquisition of Kansas City Southern. The increase in rail access that would be created by the proposed merger would expand markets on both sides of the border, and allow, safe, efficient, and environmentally responsible transportation of goods.

I am writing to express Northern Ski's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed

transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for

shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not

investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan

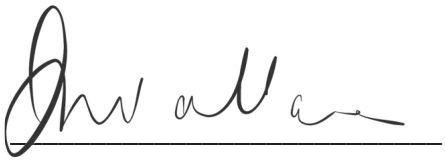
that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Jamie Wallace,
Northern Ski Company Limited



Cc: All Parties of Record

Northland Products Company
1000 Rainbow Drive
Waterloo, IA 50701

April 7, 2021

To whom it may concern,

Northland Products Company is a global producer and supplier of automotive, industrial and railroad lubricating oils and associated lubricants, with production facilities based in Waterloo, IA and Temple, TX. The products produced by Northland are utilized by automotive and agricultural OEM's, Class One railroads (including the Canadian Pacific Railroad, CSX Rail and Canadian National Railroad) and other regional manufacturing and industrial customers throughout the US, Canada and Mexico.

As the senior executive officer at Northland Products Company, I am actively engaged in the challenges and benefits associated with the supply chain efficiencies and continuity that rail transportation provides. Lubricant producers like Northland are highly dependent on an efficient and reliable cross-border railroad network. Due to the daily volume of inbound and outbound material shipped by Northland, rail transportation is the only viable method of moving both raw materials and finished goods to our global customer base. The synergies created by the CP – KCS merger will not only enhance current supply chain transportation efficiency but will encourage much-needed growth and railroad infrastructure investment. These ongoing investments in capacity, safety, system integration and efficiency enhancements are imperative to sustain the broad-based growth and competitiveness of North American manufacturers and producers.

As the USMCA and former NAFTA trade agreements have demonstrated, manufacturers and end-use customers across the US, Canada and Mexico benefit greatly from the efficient integration of the raw material, manufacturing and product transportation networks which join our countries. As cross-border freight processing and interstate truck traffic continues to pose significant challenges for producers and customers alike, the first obvious solution is to further utilize and enhance the existing rail infrastructure within the borders of the USMCA. The CP-KCS merger is a critical step to optimizing this infrastructure and deploying the capital and investment resources of the North American railroad industry.

On behalf of Northland Products Company and other midwestern-based manufacturers and producers, please accept this letter as an enthusiastic and unqualified affirmation of the economic, environmental and overall public safety benefits associated with the CP-KCS merger.

Thank you for your consideration of Northland's input on this matter and I look forward to the prompt and unqualified approval of this merger.

Respectfully yours,

Eric P. Petersen
Northland Products Company
President, COO
Waterloo, IA / Temple, TX / Toronto, Ontario CA.

North America RHQs
8730 Stony Point Parkway
Suite 400
Richmond, Virginia 23235
www.one-line.com

SUPPORT LETTER

ATTENTION: Surface Transportation Board
RE: Finance Docket No. 36500, CP/KCS Combination

My name is Ronnie Armstrong, and my business address is 377 E, Butterfield Road Suite 500 Lombard, Il 60148. I am the Vice President, Inland Operations at Ocean Network Express, (North America) Inc. In my role, I am responsible for procurement decisions for the North America market, including rail services.

Ocean Network Express (ONE) entrusts a portion of our rail business to KCS's network which presently offers direct connections for our shipments moving in the gulf region of the United States.

ONE supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other ONE has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

ONE relies upon KCS's service for the transit of containerized freight in a safe, efficient, and cost-effective manner. KCS has provided us with excellent service, but its market reach is limited today by the reach of its network.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our containerized freight shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. This will unlock new opportunities for ONE and promote growth for our services through the expanded North America network.

KCS and CP have had a cooperative relationship in the past, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. As a result, this transaction will improve ONE's transportation options.

North America RHQs
8730 Stony Point Parkway
Suite 400
Richmond, Virginia 23235
www.one-line.com

For these reasons, Ocean Network Express, (North America) Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. ONE. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these two rail networks can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I __Ronnie Armstrong__, state the above under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on _March 30, 2021_.

_____

oec GROUP
Global Logistics Performers

SHIPPER SUPPORT LETTER- OEC GROUP

ATTENTION: Surface Transportation Board

My name is Marc Bibeau and my business address is 725 Montee-De- Liesse, Saint Laurent, Quebec H4T1P5 . I am the CEO and President of OEC Group.

OEC Group is a long standing partner of CP Rail and we have worked diligently over the years to grow with CP by focusing on providing quality service to our customer base.

OEC Group supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship intermodal containers with CP intermodal service primarily serving a retail customer base. We currently are extremely active in Vancouver to Toronto, Montreal and Chicago lanes.

CP has provided us with good service, but its market reach is limited today in the US and we have not been using CP in cross border as it must interline with other railroads to reach US destinations that we could potentially ship to or that could expand the markets we serve effectively.

And we know from experience both our own, and that of our competitors who have single-line rail options at their origins that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.
- KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

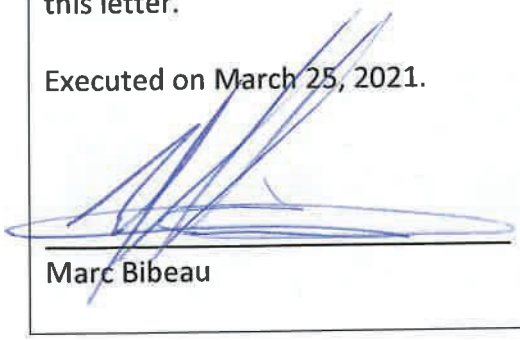
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, OEC Group is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. OEC Group urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Marc Bibeau certify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 25, 2021.



[Signature]

Marc Bibeau

OK Foods, Inc.
P.O. Box 1787
Fort Smith, AR 72902

479.783.4186
1.800.635.9441

www.okfoods.com
www.tenderbird.com

March 30, 2021

ATTENTION: Surface Transportation Board

Good Day, my name is Russell E. Bragg, and my business address is 4601 North 6th Street, Fort Smith, Arkansas. I am the Senior Vice President of Supply Chain for OK Foods, a Division of Bachoco. My role in the last 33 years at OK Foods is in the movement of rail grain and soybean meal from the US Midwestern markets.

OK Foods has two feed mills located on the KCS system sourcing grains from the Missouri, Kansas, and Nebraska markets. The KCS has been a loyal and supportive partner during my entire tenure here. They have helped us grow our business by providing dependable service at fair rates. One of the areas that has come up short is origination of grain, meal and DDG's above the Kansas City interchange. This heartland of grain is currently not available to us via other US carriers, and we would hope that this merger will help us with access to the Iowa, Minnesota and the Dakota markets during certain times of the year.

OK Foods supports approval of the CP/KCS merger. This transaction would potentially provide OK Foods access to new markets, and potentially lower landed cost of ingredients.

Our parent company in Celaya, Mexico, would also benefit from this transaction for the same reasons as they purchase grain of the same KCS system we use. The addition of other unit train shippers will benefit us and all the stakeholders on the KCS system.

Verification:

I, Russell Edward Bragg, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30th, 2021

_____ (Signature)
Russell Edward Bragg

May 20, 2021

Surface Transportation Board Members

RE: CP Bid for KCS

To The Members of the Surface Transportation Board,

The Oklahoma economy has steadily improved since the COVID-19-induced downturn last year. An important area of growth and recovery is international trade. The United States, Mexico, Canada (USMCA) agreement was recently updated to improve trade among these nations. In the wake of these negotiations, attention has turned to attempts to establish a single-line rail route connecting USMCA countries, spanning the distance from Mexico to Canada.

Earlier this year, Canadian Pacific Railway (CP) and Kansas City Southern (KCS) reached an agreement to merge the two railroads. If approved by the Surface Transportation Board (STB), the combined rail line will provide a 20-thousand-mile single-line route across the largest trade bloc in the world.

Hundreds of shippers across the United States have spoken up in favor of the CP-KCS combination. Unlike rail mergers brokered by the notorious tycoons of America's past, the union of CP and KCS will add competition and rail capacity. It will drive current and future economic growth in North America by initiating the more efficient use of existing infrastructure and offering more options for shippers. The merger will also speed up rail freight transport by easing congestion in the most congested rail hubs in the country.

The CP-KCS merger is good for America and good for Oklahoma. The combined rail network will connect key manufacturing centers with key distribution centers, undoubtedly benefitting Oklahoma export industries. For this reason and those outlined above, I encourage the members of the STB approve the merger between CP and KCS.

Monica Collison
President
Oklahoma Rural Association

Oleet Processing
Naturally Better
An O&T Farms Company

STB FINANCE DOCKET NO. 36500 CP-KCS PROPOSED COMBINATION

ATTENTION: Surface Transportation Board

My name is Dustin Preun and my business address is PO Box 26011, Regina, SK, S4R 8R7. I am the Director of Operations of Oleet Processing Ltd. dba O&T Farms. In my role, I am responsible for Logistics and Operations for our entire supply chain.

O&T Farms ships proprietary feed ingredients to customers all over North America through CP's rail network. Although our business ships primarily to the US and Canada, we are developing markets in Mexico, which would be helped by this CP/KCS combination.

O&T Farms supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We ship a good portion of our feed ingredients to the Southern US states, but currently do not have a direct route to many of our final destinations.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and

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S4R 8R7

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www.otfarms.ca

Oleet Processing
Naturally Better
An O&T Farms Company

Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by allowing us to ship with just one direct railroad to certain locations with our fleet of private leased cars.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, O&T Farms is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. O&T Farms urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Dustin Preun
Oleet Processing Ltd. dba O&T Farms
Director of Operations

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OLEUM ENERGY SOLUTIONS
821 Aubrey Avenue, Ste. B1
Ardmore, PA 19003

May 4, 2021

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

Oleum Energy Solutions, LLC (hereinafter "Oleum") was founded at the beginning of 2014 to provide supply chain management services primarily to the Oil and Gas Industry. Our team – which boasts a combined 30+ years of "railroading" experience – has been working with Canadian Pacific Railway company (hereinafter "CP") since then. We have worked hand-in-hand with CP to collectively deliver high-value service to mutual clients, with the majority of business moving from the United States into Canada. CP has provided us with good service, but its market reach is limited today with its lines only reaching as far south as Kansas City. As such, the CP must interline with other railroads to reach destinations beyond Kansas City to which we ship.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. Separately, they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist since CPKC will continue to interchange with all of their other existing interline partners. The fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers, and we urge the STB to approve CP's acquisition of KCS so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Bryan Hurtado
CEO and Founder

Les Sables

OLIMAG Inc.

725, boul. Caouette Ouest, C.P. 276
Thetford Mines (Québec) CANADA
G6G 5T1

Tél.: 418-338-3562
TélécJFax : 418-338-9100
Courriel/email :
info@olimag.com

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Benoit Piuze and my business address is 2899 Boul. Frontenac E I am Business Development Director of Olimag Sands Inc. In my role, I am responsible for sales marketing and developing partnerships with new carriers and transport companies for our requirements.

Olimag Sands Inc is using intermodal to ships in the southern US and Mexico. Our Broker would use the route negotiated and bring container from our facilities to Drummondville to get on the rails.

Olimag Sands supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Olimag has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

> **E.G.: Olimag sands is at the moment shipping sands to its customers in Canada, the US and Mexico by trucks, rails and maritimes. Our broker often uses the CN railway at we get to Drummondville to get the containers on the tracks. We look forward to have other options for shipping intermodal.**

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Sand from Thetford Mines, Quebec to Brownsville, Texas.

Les Sables

OLIMAG Inc.

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Thetford Mines (Québec) CANADA
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Courriel/email :
info@olimag.com

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Especially with a potential intermodal station that would be closer to our production facilities
- Faster and potentially cheaper deliveries

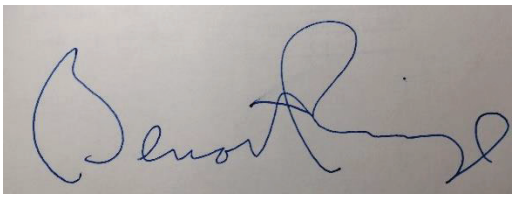
KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Olimag Sands Inc is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Olimag Sands Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Benoit Piuze

Olimag Sands Inc

OOCL

We take it personally

ATTENTION: Surface Transportation Board

March 30, 2021

RE: Finance Docket No. 36500, CP/KCS Combination

My name is Eric Witsaman and our offices are in Salt Lake City, Ut. I am the Vice President of Operations, North America with OOCL. In my role, I am responsible for procurement decisions for the North America market, including rail services.

OOCL entrusts a portion of rail business to CP's network which presently offers direct connections for our shipments moving to/from the Canadian ports of Vancouver and inland markets in Canada and the United States Mid-West.

OOCL supports approval of the CP/KCS combination. The transaction would provide significant benefits that we believe would be in the best interest of our organization.

From our perspective, the transaction promises to provide improved service options and enhance transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. These two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

OOCL relies upon CP's service to deliver containerized freight destined to or originating from overseas markets in a safe, efficient and cost-effective manner. CP has provided us with excellent service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

We are very excited about the transaction because it will allow a combined CPKC to provide new, efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

OOCL

We take it personally

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our containerized freight shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. This will unlock new opportunities for OOCL.

KCS and CP have had a cooperative relationship in the past, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, OOCL is supporting for the combination of CP and KCS, because it will enhance competition, provide expanded network and drive efficiencies for customers of all sizes. OOCL asking STB to explore with all stakeholders and review this proposal which may help bring more options, competition to the industry and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Eric Witsaman, state under penalty of perjury, under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021

Eric Witsaman

ATTENTION: Surface Transportation Board

My name is Patrick Mitchell and my business address is 609-1199 West Pender Street, Vancouver BC Canada. I am the Director of Supply Chain for Ostara Nutrient Recovery Technologies Inc and Ostara USA LLC. In my role, I am responsible for all facets of the Supply Chain – including transportation.

Ostara manufactures and distributes fertilizer globally. Specifically, within the USA and Canada, we manufacture our product in the USA and utilize the CP to deliver the product to our end customers who are located in the Canadian Prairies (Albert, Saskatchewan, and Manitoba). CP has been a strong partner for Ostara's shipping needs and has been a supportive and a valued partner.

Ostara supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Ostara has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Ostara has seen exponential growth over the past 5 years and our business has in turn, replied more heavily on bulk rail car shipments. This allows our material to travel long distances and as cost effective as possible. Without rail, our business would not be able to supply the Canadian Prairies with our unique and very specialize fertilizer. This product has proven results of increasing yields and delivering a better ROI to famers vs traditional fertilizers.

Our only manufacturing facility that utilizes rail cars is location in Florida. Our product travels with the CSX up to Chicago IL where it interchanges with the CP for final mile delivery to our customers in Canada.

Ostara recently purchased another manufacturing facility located in St Louis MO. This new facility will provide scale and a more centrally positioned origin for our business. This facility is currently not accessible directly by the CP. However, with this agreement, the CPKC network will allow us access and will allow the CP to continue as a valued partner in Ostara's growth.

Ostara Nutrient Recovery Technologies Inc.
690 – 1199 West Pender Street, Vancouver BC V6E 2R1 Canada
TEL +1 604.408.6697 | URL www.ostara.com

To date, CP's support and service has been exceptional with our current transportation lane. I can only expect that this will grow stronger with the addition of the KC lines.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of fertilizer from St Louis MO into Canada.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Ostara is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Ostara urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Ostara Nutrient Recovery Technologies Inc.
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TEL +1 604.408.6697 | URL www.ostara.com

I Patrick Mitchell, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 25, 2021.



Patrick Mitchell, Director Supply Chain

Ostara Nutrient Recovery Technologies Inc.
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OCTS
OVERLAND CONTAINER TRANSPORTATION
S E R V I C E S

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7u

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Joe Tompalski and my business address is in Acheson, AB. I am President of Overland Container Transportation Services (2013) Ltd. In my role, I am responsible for all activities associated with the running and management of OCTS.

OCTS is closely aligned with and dependent upon CP as a service provider. Our Company manages the first and last miles for containerized freight. OCTS routinely attends to CP facilities in Alberta where we collect loaded imports for delivery, and deliver loaded containers for export.

OCTS supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. OCTS sees this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

OCTS acts on behalf of the beneficial owners of freight of all kinds and ships or receives this freight from CP's facilities in Calgary & Edmonton. These customers are sometimes located in the South Central and Gulf region.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.]

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce equipment costs and improve our efficiency. Faster turnaround times facilitated by this merger will enable faster, more efficient movement of freight across North America, benefitting the end users as well as service providers.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, OCTS is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. OCTS urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Joe Tompalski

OCTS
OVERLAND CONTAINER TRANSPORTATION
SERVICES

MAY 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Palmer Construction is an aggregate supplier in Sault Ste. Marie, Ontario. We have sought the potential of shipping our products to other markets, both in Canada and the US, by rail. If CP were to acquire Kansas City Southern this would allow us to have real competition along the rail network with CN which would provide us with better access to markets, betting pricing, and service but if CN completes this acquisition this would not be the case. We are concerned that if CN were given a monopoly over its competition that prices would increase and service would suffer. They would not be accountable to their customers because the customers would have nowhere else to turn. As a result, we would have serious cost shocks because of increased pricing, supply shocks that would be difficult to overcome and markets that would be more difficult to reach as a result.

I am writing to express Palmer Construction Group's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed

transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for

shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not

investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan

that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Terry Rainone,
Palmer Construction Group



Cc: All Parties of Record

Park Farm Grains Ltd.



March 30, 2021

ATTENTION: Surface Transportation Board

My name is Bill McLeod. My business address is 1962 Greenfield Road, Ayr, Ontario, N0B 1E0, Canada. I am Owner and President of Park Farm Grains Ltd.

Park Farm Grains Ltd. is a transloader in Ayr ON, served by the Canadian Pacific (CPRS). We transload inbound bulk dried distillers' grains into containers for intermodal export and are planning to expand our commodity offering to include Portland cement.

Park Farm Grains Ltd. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two

1962 Greenfield Road, Ayr ON N0B 1E0
(519)658-3307



smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Park Farm Grains Ltd. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Park Farm Grains Ltd. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

WR McLeod

William R. McLeod
President
Park Farm Grains Ltd.
(519)658-3307

MARCH 30, 2021
Date

Paterson GlobalFoods

March 29, 2021

ATTENTION: Surface Transportation Board

To Whom it May Concern:

Re: Merger of Canadian Pacific Railway Limited ("CP") and Kansas City Southern ("KCS")

My name is Andrew Paterson and I am the President and Chief Executive Officer of Paterson GlobalFoods Inc. ("Paterson"). In my role, I am responsible for all aspects of Paterson's operations, including significant rail shipment volumes throughout North America.

Paterson is a fully diversified grain company with origination locations in both Canada and the United States. Paterson ships grain, oilseeds, pulses, fertilizer as well as processed grain ingredients to destinations in Canada, the United States and Mexico. CP has become a key component of our supply chain and we are quite satisfied with the level of service and accountability that they have offered over our 113-year relationship.

I am writing to express Paterson's support for the approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as Mexico – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

While CP provides Paterson with strong service domestically, CP's reach into the United States and Mexico is limited today. We know from experience that single line rail service options on CP would improve this reach and the economics thereof.

PATERSON GLOBALFOODS INC. | 22nd Floor, 333 Main Street, Winnipeg, Manitoba, R3C 4E2
PHONE 204.956.2090 **FAX** 204.942.4389 **WEB** www.patersonglobalfoods.com
Earning Your Trust Since 1908

CANADA'S BEST MANAGED COMPANIES Platinum member

For example, Paterson imports significant volumes of fertilizer from the United States into Canada by rail. Currently, the most economical option for Paterson is to ship manifest traffic from origins in Minnesota to Paterson's warehouse in Winnipeg; which creates significant inefficiencies when unloading. The CPKC combination will give Paterson direct linehaul access to unit train fertilizer imports from the St. Louis area, significantly improving both the economics and efficiency of this aspect of our business.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example:

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of soybeans from Manitoba to Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

The entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, Paterson is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Paterson urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Respectively,

PATERSON GLOBALFOODS INC.

Per:



Andrew B. Paterson,
President and Chief Executive Officer

Operations
701 First Street
Clayton, Iowa 52049
(563) 964-2860
(563) 964-2616 fax

PATTISON
SAND COMPANY

Accounting
701 King Street - Box 670
Fayette, Iowa 52142
(563) 425-3568
Fax (563) 425-4090

STB Finance Docket No. 36500
CP-KCS Proposed Combination

March 29, 2021

ATTENTION: Surface Transportation Board

My name is Kyle Pattison and my business address is 701 1st Street, Clayton Iowa, 52049. I am of Owner of Pattison Sand Company. In my role, I am responsible for the operation and oversite of the company.

Pattison Sand Company (PSC) is Iowa's only Frac Sand Producer and is an Iowa based family business that roots date back to 1950s & Ag Business. PSC started producing sand in 2008. The quality and value of our product has resulted in a steady growth in our sales. We are located in Northeast Iowa and are exclusively served by Canadian Pacific. We primarily furnish sand to the oil and gas industry in, North Dakota, Texas and Oklahoma via multiple railroads. Over the years CP has provided us with good service, but its market reach is limited, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to. These complications of multiple railroads in the route limits our ability to expand the markets we serve and puts us at a competitive disadvantage to our competitors who have single-line rail options at their origins.

Moreover, we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.]

Pattison Sand supports approval of the CP/KCS combination. The completed transaction will have the ability to provide a more seamless route to our customers while providing us with a broader market for our products and services such as rail car storage and other products that may link to Mississippi River and a larger storage facility.

From our understanding, the transaction promises to provide PSC with improved service options and transportation choices in the markets we serve. The combined CPKC network – with new single-line hauls and access would help us reach our existing markets and new markets more efficiently. In addition, with the two railroads' strong focus on safety and operational excellence, CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders

We are excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

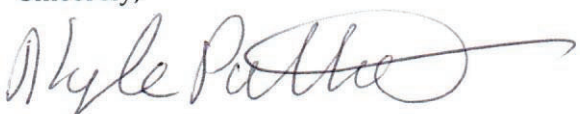
KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies, they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Pattison Sand Company is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Pattison Sand Company urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Kyle Pattison

Pattison Sand Company, LLC

PERFORMANCE
OFFICE PAPERS
21565 Hamburg Avenue
Lakeville, MN 55044
(952) 469-1400
FAX (952) 469-5890

ATTENTION: Surface Transportation Board

My name is Brad DeFauw and my business address is Performance Office Papers, 21565 Hamburg Avenue, Lakeville, MN 55044. I am the Vice-President of Shipping Logistics for Performance Office Papers. In my role I am responsible for the overall function of inbound (roll paper) and outbound (finished product) transportation needs of our company.

Performance Office Papers supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Performance Office Papers has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Performance Office Papers currently receives railcars of roll paper from CP-served facilities throughout the United States and occasionally from overseas. In the past, we have also shipped finished product to various distribution centers throughout the United States.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Performance Office Papers is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Performance Office Papers urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Brad DeFauw, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 25, 2021

Signature: Brad DeFauw

Brad DeFauw, Vice-President Shipping Logistics

Pestell
PET PRODUCTS

ATTENTION: Surface Transportation Board

My name is Christine Hoffman and my business address is 141 Hamilton Road, New Hamburg, Ontario, Canada, N3A 2H1. I am the Director of Operations of Pestell Pet Products Inc. In my role, I am responsible for the long-term operational strategy and day-to-day execution. This includes our rail strategy, planning, and procurement.

Pestell Pet Products Inc. has been a rail shipper of CP's for many years. We ship bulk clay by rail to our plant based in New Hamburg, Ontario. The traffic originates in Wyoming on the Rapid City, Pierre and Eastern Railroad (RCPE) and interchanges to CP in Tracy MN. In 2020, we shipped over 500 carloads on CP.

Pestell Pet Products Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition. The combined CPKC network would help us reach new markets more efficiently. With the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example, CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs as a private fleet owner, and improve our efficiency.

The complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to

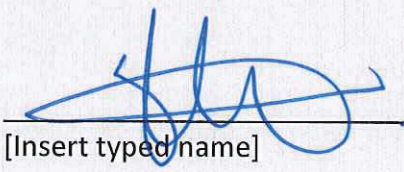
implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Pestell Pet Products Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Pestell Pet Products Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Christine Hoffman, declare [or certify, verify, or state] under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30 2021 [*date*].



[Signature]

[Insert typed name]

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Curtis Chandler and I am President of PFL Petroleum Services Limited. My business address is 1865 Veterans Park Drive, Suite 303, Naples, FL 34109. As the President and founder of PFL, I am responsible for the oversight and supervision of all aspects of our business's railcar transactions, including railcar storage, railcar movement, and sourcing customers with counterparties to meet their specific needs.

PFL Petroleum Services Limited is a full service rail company covering the North American rail market. We provide storage and transloading solutions, railcar procurement and structured finance, third party logistics, and mobile cleaning and repair. PFL serves a broad base of clientele across many different industries such as energy, coal, grain, minerals, and food or animal products. We also have direct relationships with many car owners, such as banks and leasing companies.

PFL strongly supports the approval of the CP/KCS combination. This transaction would provide significant benefits that we are eager to see realized as soon as possible. As a Canadian American, I am greatly encouraged by this merger and the value it will unlock for Canadian import/export markets. From our perspective, the transaction promises to provide improved service options and enhanced transportation competition in the markets we serve. The combined CPKC network will help us and our clients reach existing markets and serve new markets more efficiently. We are particularly enthusiastic about the role the new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement.

Both rail lines have provided us with exceptional service, but their market reach is limited today. CP or KCS must interline with other railroads to reach most all of the destinations we ship to and this merger will create a valuable alternative to existing rail networks. We have learned from our experience and our customer's experience that a seamless, single-line rail service is far superior in terms of safety, economics, and efficiency. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

This merger has the potential to add significant value to PFL and our clients. We have numerous clients who operate between Canada, the US Gulf Coast, and Mexico who will directly benefit from this merger. In addition, as a railcar storage provider across the US and Canada, many of our facilities are served by KCS or CP. The combined CPKC network will create a plethora of storage and transloading efficiencies for our clients.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options. At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. This is truly an end to end merger with no existing parallel routes between the railroad. This transaction will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service

disruptions that have accompanied some past rail mergers. PFL Petroleum Services Limited has not often spoke favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

For these reasons, PFL Petroleum Services Limited is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. PFL Petroleum Services Limited urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Curtis R. Chandler, President

PFL Petroleum Services Limited

PHOENIX PARK

Phoenix Park Energy Marketing LLC
Remington Square Office Bld. B
10613 West Sam Houston Parkway North
Suite 100 Houston, Texas 77064
www.phoenixpark.co

Date: March 25, 2021

ATTENTION: Surface Transportation Board

My name is Donnie Schubert and my business address is 10613 West Sam Houston Parkway, North Houston, Texas 77064. I am President of Phoenix Park Energy Marketing LLC (PPEM). In my role, I am responsible for the day to day operation within North America; as well as expanding the current footprint.

Phoenix Park is a marketing company that currently moves approximately 7,200 car loads of LPG's within North America at which 90% of our traffic moves on the CP. As of mid-2022 our projected LPG traffic will increase well over 15,000 carloads & over 30,000 car loads of Distillates annually.

Phoenix Park supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Phoenix Park has not often spoken favorably about railroad consolidations; however, we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidations.

Phoenix Park ships LPG's from several CP-served facilities throughout Canada to our customers with terminals all throughout Mexico and Gulf region.

CP has provided us with tremendous service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of 7,200 railcars per year, which is intended to double in 2022.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Phoenix Park is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Phoenix Park urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Donnie Schubert, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Regards,

Donnie Schubert
President

ROAD BUILDERS
MINING, PIPELINE &
RAILWAY CONTRACTORS
AGGREGATE & ASPHALT
PRODUCERS

HEAD OFFICE
1 CEASAR ROAD
SUDBURY, ONTARIO
P3E 5P3

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MAY 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Pioneer Construction ("Pioneer") has operations across Ontario. Pioneer has extensive aggregate properties throughout this area and has long sought to bring crushed hard stone to markets in other parts of Canada and the US where such materials are scarce. In addition, Pioneer has constructed railway sidings throughout Ontario. Many of our supplies of equipment and asphalt cement also come from the rail network from the United States. If CP were to acquire Kansas City Southern this would allow us to have real competition along the rail network with CN which would provide us with better access to markets, betting pricing, and service but if CN completes this acquisition this would not be the case. We are concerned that if CN were given a monopoly over its competition that prices would increase and service would suffer. They would not be accountable to their customers because the customers would have nowhere else to turn. As a result, we would have serious cost shocks because of increased pricing, supply shocks that would be difficult to overcome and markets that would be more difficult to reach as a result.

I am writing to express Pioneer Construction Inc's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers

or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Malcolm Croskery,
Chief Operating Officer
Pioneer Construction Inc.

_____

Cc: All Parties of Record

PIPELINE FOODS

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MAY 23, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Pipeline Foods is an organic grain company that owns 2 assets in Canada and has 3rd party agreements with others, all of which happen to be on a CP Rail lines. Pipeline Foods buys organic grain from Canadian farmers and sells that grain across the globe and definitely via rail to the U.S. Given Pipeline is situated on CP Rail lines, allowing the CN to purchase the KCS would effectively eliminate any access to customers throughout and beyond the KCS rail line.

I am writing to express Pipeline Foods perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+

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months of review under the new merger rules is exactly why the Board should not allow CN to use a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so – and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there ought not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for

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shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs, St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would, of course, do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up in the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S.

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This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, in its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Board noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for

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several years, so it will have incentives to do it through higher prices for CN's current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, if CN is allowed to use a voting trust and the Board ultimately denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or jack up rates even more in order to overcome the burdens it took on.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Cc: All Parties of Record

Pique Supply Corp.

166 Saunders Rd., Unit 4
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STB Finance Docket No. 36500
CP-KCS Proposed Combination

To Whom It May Concern:

I am writing to provide my written support for the combination of Canadian Pacific Railway (CP) and Kansas City Southern (KCS). I believe this combination of railroads will benefit not only Pique Supply by creating more efficient supply chains across the North American continent, but also open up new opportunities and new markets for businesses. Currently Pique Supply and CP work together on pre-paid Intermodal/International & Carload traffic inbound Canadian and Cross-border shipments. CP is critically important for transporting raw martial & finished product enabling Pique Supply to deliver to North American customer base.

Pique Supply is thrilled about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our inventory costs and improve our efficiency. By having a single source solution that avoid interchanges.
- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our intermodal shipments from or to Canada to or from The Southern United States & Mexico

Pique Supply urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all shippers across the USA, Mexico and Canada.

Sincerely,

Stephanie Kennedy

Managing Partner, Owner

M:705-309-0245

E:skennedy@piquesupply.com

VERIFICATION

I Stephanie Kennedy, declare [or certify, verify, or state] under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on : 03/29/21

Stephanie Kennedy

Stephanie Kennedy

301806

ENTERED
Office of Proceedings
March 24, 2021
Part of
Public Record

ATTENTION: Surface Transportation Board Docket # FD36500

My name is Stephen Banahan, and my business address is 482 Milo Rd. Dover-Foxcroft, ME. I am the Industrial Sales Manager of Pleasant River Lumber Co. Inc. In my role, I am responsible for managing all rail traffic for our 5 Sawmills.

Pleasant River Lumber ships from two locations on the CP. We ship approximately 325 cars per year and hope to increase that to 500 cars in the future.

Pleasant River Lumber supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Pleasant River Lumber has not spoken in favor of railroad consolidation, but we believe this merger will be beneficial to our business. Our company needs to ship approximately one third of our annual production by rail. It enables us to ship to a much wider geographic customer base than we are shipping via Flat Bed Trucks. It makes us more competitive in distant markets, and it reduces our reliance on trucking.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of lumber from Maine to various destinations in the Midwest and South.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico,

and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Pleasant River Lumber is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Pleasant River urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Stephen Banahan, declare under penalty of perjury under US Law that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 23, 202

Stephen Banahan

Cc: ALL PARTIES OF RECORD

Port Arthur Terminal

March 30, 2021

ATTENTION: Surface Transportation Board

My name is Brad Sanders and my business address is 811 Main St, Suite 2800, Houston, TX 77002. I am Executive Vice President, Chief Commercial Officer of Port Arthur Terminal LLC ("PAT"). In my role, I am responsible for developing the commercial strategies and the proper execution of them for PAT.

PAT has enjoyed good relationships with Canadian Pacific Railway ("CP") and Kansas City Southern Railway ("KCS"), providing our customers services that involve rail solutions for DRUbit™ and Dilbit in the United States and Canada. These services require close operational collaboration and/or negotiations with both rail carriers. PAT believes a CP-KCS combination will create a transcontinental railroad with the scale and reach to deliver improved levels of service that will enable us to better serve our customers and communities.

PAT supports approval of the CP/KCS combination. The transaction will provide benefits that we are eager to see realized.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – will help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

CP and KCS have both been very responsive to our needs, but their respective market reaches are limited today, as CP's lines only go as far south as Kansas City and KCS's only as far north as Kansas City. CP and KCS must interline with other railroads to reach destinations beyond Kansas City to which we ship or into which we may expand.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This should strengthen competition against the other, larger rail carriers and trucks that serve our markets.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce equipment costs and improve efficiencies for our customers.

811 Main Street • Suite 2800 • Houston, Texas 77002 • Phone 281/291-0510 • Fax 281/291-0321

KCS and CP have shown us a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – makes it less likely that the transaction will have any significant adverse effects on competition. It should make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, PAT is voicing its support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. PAT urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Best Regards,

Brad Sanders
Executive Vice President, Chief Commercial Officer
Port Arthur Terminal LLC

VERIFICATION

I, Brad Sanders, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021 [*date*].

Brad Sanders

PO Box 841
Valley Forge PA 19482
1-800-55-BEADS
www.pottersbeads.com

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is William Berkey and my business address is 300 Lindenwood Dr. Malvern, PA. I am a Logistics Manager of Potters Industries. In my role, I am responsible for transportation and the procurement of our main raw material.

Potters Industries ships cullet all over North America to all of its facilities. The CP plays an important part as it services at least one of our facilities.

Potters Industries supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Potters currently receives cullet via the CP at our Muscatine, IA facility. Even though the CP provides good service, I believe this merger will make their service even better. With facilities in Mexico, we are excited about opportunities to ship cullet from the US to our Mexico plants.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of cullet from the US to Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse

effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Potters Industries is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Potters Industries urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

William Berkey

Potters Industries LLC

484-885-7704

William.Berkey@Pottersbeads.com

PREMAY
Pipeline Hauling LP

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street, S. W.
Washington, DC 20423-0001

Dear Ms. Brown

Premay Pipeline Hauling LP is a CP customer in Canada where we have worked on numerous pipeline projects over the past decade. Our working relationship covers many facets of the railroad system (cargo loading, rail freight, and cargo offloading). These different aspects of work have provided the opportunity for Premay & CP to work collaboratively within many departments across the CP organization.

Premay Pipeline Hauling LP supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

We believe that the combination of CP and KCS would help us to win in our markets. CP's strong track record of success with superior service and safety give us confidence that a combined CP-KCS would be best positioned to serve our needs.

Premay Pipeline Hauling LP is a trucking company that works with CP on projects that require long-haul distances, as well as, CP siding to accommodate the loading and offloading of cargo (pipe). The CP coordination of these pipeline projects contribute to the success of Premay and the projects as a whole.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Premay Pipeline Hauling LP is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Premay Pipeline Hauling LP urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Dave Morrison

VP, Sales & Marketing

Premay Pipeline Hauling LP

Priam Logistics Inc.

Connecting the world

To Whom It May Concern:

The purpose of this letter is to provide written support from Priam Logistics Inc. for the acquisition of Kansas City Southern (KCS) by Canadian Pacific Railway (CP). As a company that sources goods and materials from across North America we see this combination of railroads as a benefit to our supply chain, and the North American transportation network. CP plays a critical role in our supply chain, transporting goods across Canada and the United States. Priam believes this expanded network will benefit our company by creating more efficient supply chains, by opening up new opportunities and new markets for businesses, and by allowing the creation of new supply chain strategies that could not exist with today's North American rail network.

The combination of the CP and KCS networks will create improved service options and competition while unlocking new sourcing opportunities in the US and Mexico. Furthermore, the ability to convert truck moves to a single line rail alternative will allow a more environmentally friendly transportation alternatives that are safe, fast and efficient and which do not exist today

It is our belief that a combined CP and KCS will help create a more efficient, safer and better North American rail network to the benefit of all. We urge the STB to approve CP's acquisition of KCS in a timely manner and allow shippers across North America to begin to benefit from this enhanced rail network.

Sincerely,

Troy Wasmuth
President
Priam Logistics Inc.

Suite 300 – 330 St. Mary Ave. R3C 1M5 Phone: 204-819-7284 Toll Free: 1-888-200-7183

ATTENTION: Surface Transportation Board

My name is Joel Fenger and my business address is 109 1st Street Hoffman, MN. I am the Grain Division Manager of Pro Ag Farmers Coop. In my role, I am responsible for the overall performance of the grain division for Pro-Ag farmers Coop.

Pro Ag is a shipper on the Canadian Pacific. Pro Ag ships corn, soybeans out of our Hoffman terminal. We also load some singles out of our Parkers Prairie location. Pro Ag generally ships over 2600 cars a year out of Hoffman.

Pro Ag supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Pro Ag has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Last year we had low quality grain that we couldn't get out to our western PNW market. We relied on taking our low quality to the eastern ethanol market. Having this transaction with the CPKC we would have been able to find homes for our grain down south in the golf market. It would benefit Pro Ag with the summer soybean market. Most years the soybean PNW program is done by March, which usually turns into a gulf market. With this merger we would be able to get beans down to the gulf on a reasonable timely rate.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Pro Ag is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Pro Ag urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I __Joel Fenger_____, declare [or certify, verify, or state] under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on _____3-29-2021_____[*date*].

_____Joel Fenger_____ [Signature]
[Insert typed name]

pullman innovations

2701 E. 100th Street Phone: 773.978.5130
Chicago, IL 60617 Fax: 773.978.7125

ATTENTION: Surface Transportation Board

My name is Joseph Thomas and my business address is 2701 E 100th St. Chicago, IL 60617. I am GM of Rail Logistics of Pullman Innovations. In my role, I am responsible for coordinating inbound and outbound Rail traffic.

Pullman Innovations provides highly nutritional, vegetable oil products formulated to meet your feed ingredient needs. We ship and receive from Canada, Mexico and the United States. The CP has been in my opinion has had the fairest rates across the board regarding other Class 1 railroads. Their customer service has also been number 1. We currently use them for all of our Canadian shipments and are excited about the possibility of adding southern US and Mexico area as an option. Pullman Innovations supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Pullman Innovations has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.] Currently and historically our transportation needs have been delayed due to the connecting short lines and or other options. Pullman Innovations currently receives a majority of our raw soapstock product from Trois Rivieres, PQ, which is serviced by the CP direct to our facility in Chicago. I have had a great experience in the past with the lane. We feel that adding the option of a continues lane south of Chicago will not only decrease our overall costs, but also bring down our dwell time on car travel. In our opinion the CP has provided us with great service and adding the ability to open more market for them will in turn help us. We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Veg Oil and soapstock.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico

pullman innovations

2701 E. 100th Street Phone: 773.978.5130
Chicago, IL 60617 Fax: 773.978.7125

and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options. At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners. We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers. For these reasons, Pullman Innovations is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Pullman Innovations urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Joseph Thomas, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on MARCH 30 2021 [03/30/2021]

Joseph Thomas

ATTENTION: Surface Transportation Board

My name is Ray Hassan and my business address is PO Box 56, Lajord Saskatchewan, S0G 2V0. I am the Logistics Manager of Purely Canada Foods. In my role, I am responsible for all exports via rail in Canada, the US and into Mexico.

Purely Canada Foods is currently shipping all across Canada to both ports as well as around 15 to 20 cars per month into Mexico on CP and KCS lines. We have a long standing relationship with CP which only stands to grow well into the future given the excellent service provided by CP and in turn KCS when it comes to our US and Mexico shipments.

Purely Canada Foods supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Purely Canada Foods has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Currently we ship approximately 200 carloads a year of grain from our Lajord SK facility (which is serviced by a CP shortline partner the Stewart Southern Railway, who interchanges with CP at Richardson, SK) to Mexico. I believe this CP/KCS combination will benefit us by single-line efficiencies on our current business into Mexico, as well as to further expand on this market. While CP has provided us with exceptional service, we have also been somewhat hesitant to explore some markets within the US due to its market reach being limited today, as its lines only go as far south as Kansas City.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of grain from Saskatchewan to Mexico and the US.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. This is especially important with our private car fleet. It is imperative and very beneficial to our business when transit times are reduced to allow us to turn equipment around move efficiently.
- CPKC will also allow us to target specific customers in Mexico that required specific lane shipment that previously may not have been as competitive for Purely Canada Foods versus some of our competitors.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Purely Canada Foods is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Purely Canada Foods urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Ray Hassan , declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 24, 2021.



RAY HASSAN

Purolator

STB Finance Docket No. 36500
CP-KCS Proposed Combination

To Whom It May Concern:

I am writing to provide my written support for the proposed acquisition of Kansas City Southern (KCS) by Canadian Pacific Railway (CP). Purolator Inc. is Canada's leading courier provider, and through Purolator's International business, we extend our reach within the North American market place. As VP Transportation, who is responsible for middle mile logistics, I believe this combination of railroads will benefit the North American supply Chain. CP plays a critical role in the Purolator Inc. supply chain, transporting goods across the Purolator network safely and ensuring that Purolator meets our service commitments to our customer base.

As North America's safest railroad, I firmly believe that CP and KCS will continue to provide Purolator Inc. with safe, fast and efficient service improving the North American supply chain's environmental footprint. Purolator Inc. supports CP's acquisition of KCS.

Sincerely,

Joe Lombardo

R. G. PHILLIPS GROUP OF COMPANIES INC.

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Greag Phillips and my business address is 7 Clair Rd. W, PO Box 27016, Guelph, ON, N1L 0A6. I am owner and operator of RG Phillips Group of companies Inc.

RG Phillips has leased and located our Transload operations at Ingersoll, ON. We service inbound steel among other commodities for transload and delivery in the local area.

R.G. Phillips supports supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. RG Phillips sees this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We receive steel rail shipments into our Transload facility in Ingersoll, ON for purpose of transloading and delivery to our Customers in the local area. These inbound shipments originate from all over North America.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach origins beyond Kansas City that we received shipments from (or that could expand the markets we serve effectively).

In addition, I know from experience that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies, they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, RG Phillips is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. RG Phillips urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Greag Phillips

R. G. Phillips Group of Companies

Ragasa

ATTENTION: Surface Transportation Board

My name is Francisco Belden and my business address is Av. Dr. Jose Eleuterio Gonzalez 2815, Col. Mitras Norte, Monterrey, Nuevo Leon, Mexico, 64320. I am the Commodities Procurement and Sales Director of Ragasa Industrias. In my role, I am responsible for the international and national procurement of our primary oilseed, soybeans, the design of the commercial strategies implemented in our bulk oil division, risk management and logistics management.

Ragasa Industrias is a family-owned company with more than 100 years of experience in the oilseeds industry. Founded in 1917 by Raúl García as a crushing company, today Ragasa has the largest crushing soy facility in North America and is one of the primary importers of U.S. soybeans in Mexico, accounting for more than 95% of the soybeans we crush. Given the location of our plant in the Northern part of Mexico, the railway has become the best medium through which we transport our soybeans from our suppliers. Obtaining the most time efficient method of transportation is of the utmost important for us as our company and our customers are an important link in the country's agro-industrial chain. Ragasa not only transforms the products of the field for livestock consumption, but it also transforms them into products for the end-consumer through Nutrioli, the number one cooking oil brand in the Mexican market.

Ragasa Industrias supports approval of the CP/KCS consolidation. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and stimulate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. In addition to this, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Ragasa sees this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

The CPKC network would grant us the following benefits:

- Greater access to grain elevators found in Canada and other parts of the United States that we have not been able to reach with the current railroad system
- Diversification of our current product portfolio, as our current focus is on soybeans but would like to expand our sourcing options into the canola market
- Establishing a one, combined railroad network would expedite and facilitate every point our supply chain, allowing each and every single party involved in the operation to serve each other better

Thus, we are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, as well as with larger rail carriers and trucks that serve our markets. For example:

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of soybeans and canola from the United States and Canada to Mexico.

Ragasa.

- Under the USMCA trade agreement, CPKC single-line routes would play a key role in expanding access to growing markets across the United States, Mexico and Canada, becoming a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Current transit times have not been an optimum level and a combined network would greatly reduce transit times and allow us to achieve faster and higher crushing levels given the highly increasing demand in our domestic market.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Ragasa is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Ragasa pleas the STB to approve CP's acquisition of KCS as swiftly as possible so that their systems can be integrated, and the end-to-end benefits of this deal be realized for the benefit of all stakeholders.

VERIFICATION

I, Francisco Belden, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 25, 2021.

Francisco Belden

RAHR MALTING CO.

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Robert Sutton and my business address is 800 1st Ave West, Shakopee, MN . I am VP Sales & Logistics of Rahr Malting Company. In my role, I am responsible for Sales and Logistics for our malt manufacturing plans in Canada and the USA.

Rahr Malting Company is a bulk rail shipper using CP Rail from our facilities in Canada and the USA to customers across Canada and the USA with great satisfaction in CP's service.

Rahr Malting Company supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Rahr Malting Company has rarely spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Rahr Malting Company ships bulk railcars from our Shakopee, MN facility via CP Rail to Chicago for interchange with other railways to service our customers in the eastern United States. We also ship from our Alix, AB Canada facility to the Montana and Idaho borders for interchange with another railway for delivery to our customers in the Western United States.

While we do not have any customers being serviced by the KCS Railway today, we are excited about the prospect of being able to use the CPKC for new single-line haul offerings into growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able

to offer the kind of seamless, single-line service we have with our other transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Rahr Malting Company is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Rahr Malting Company urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on 9 April 2021.



_____

Robert Sutton

FREIGHTCAR.COM
RAILROAD TECHNOLOGY CORPORATION
335 RIVER DRIVE
JUPITER, FL 33469
415 515-2110

March 29, 2021

ATTENTION: Surface Transportation Board

My name is Robert Ness and my business address is 335 River Drive, Jupiter, Florida. I am the President & CEO of Railroad Technology Corporation. In my role, as CEO I manage a fleet of heavy capacity and specialty type railcars. Our fleet primarily serves electric utilities and logistics providers for rail transport of large power transformers and related power generation equipment critical to operation of the North American Eclectic Grid.

Railroad Technology Corporation railcars transport power transformers from manufacturers in Mexico including GE PROLEC and SIEMENS ELECTRIC. These shipments originating in Mexico may be bound for destinations throughout North America – 48 contiguous states, Alaska and Canada. Our relationship with CP and KCS is quite satisfactory, and their service is uniformly satisfactory.

Railroad Technology Corporation stands in support and for approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the proposed CP/KCS transaction will provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Railroad Technology Corporation has not been in favor of Class I railroad consolidation in the past, however the KCS / CP combination promises to be beneficial. We do not see any potential downside in the KCS / CP consolidation as it would directly benefit our business by reducing the number of times our railcars have to interchange between carriers.

As described above, we ship power transformers from Mexico throughout the contiguous 48 states, plus Alaska and Canada. We have a small fleet of very high value railcars which are used to transport very high value power generation equipment, critical to the operation of the North American Electric Grid. The combination of CP / KCS would clearly benefit our business model with potential cost savings due to reduced railcar interchange. Based upon our experience, single line rail service as proposed in the KCS / CP merger will be superior to the status quo.

We are very excited about this proposed transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of large power transformers originating at plants in Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by reducing transit times and often lengthy delays which are due to interchange of cars between carriers.
- Reduced car handling as a result of the proposed merger will directly save us additional and unnecessary maintenance expense.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

The attention of CP and KCS to safety and operational effectiveness is impressive. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers such as the Chicago North Western and Southern Pacific mergers into Union Pacific.

For these reasons, Railroad Technology Corporation voices strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Railroad Technology Corporation urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

I, Robert M. Ness, hereby certify that I am the President & CEO of Railroad Technology Corporation, a Florida corporation, and that the foregoing is true and correct and that I am qualified and authorized by Railroad Technology Corporation to submit this letter.

Executed on March 29, 2021

Robert M. Ness

_____

Robert M. Ness
President & CEO
Railroad Technology Corporation

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Brian Johnson and my business address is 855 Ridge Lake Blvd, Memphis, TN. I am VP of Multimodal of Re-Transportation (Re-Trans). Re-Trans is a multimodal, full-service transportation and logistics management company. In my role, I am responsible for Intermodal Operations.

Re-Trans supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Re-Trans has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Re-Trans is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Re-Trans urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I __Brian Johnson__, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on _____3/24/2021____.



Brian Johnson

Red Leaf Pulp

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Joe Hinz and my business address is 205 – 2100 Airport Drive, Saskatoon, SK. I am the Director of Project Development for Red Leaf Pulp (RLP). In my role, I am responsible for determining the locations of RLP capital projects and development of reliable supply chains.

Red Leaf Pulp is developing the first non-wood pulp mill in Canada, producing a unique unbleached product demanded by the US$250 Billion paper and packaging market. The combination of CP/KCS will allow Red Leaf Pulp to maximize shipping efficiencies and customer service to pulp agents and buyers in central United States and overseas markets.

Red Leaf Pulp supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Red Leaf Pulp has not often spoken favorably about railroad consolidation due to reduced competition, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We will ship market pulp from our CP-served facilities in Saskatchewan and other potential locations in western Canada and mid western United States to our customers in the Central, South Central and export markets.

CP's market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that could expand the markets we serve effectively.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

505 - 2755 Tutt Street, Kelowna, BC - V1Y 0G1
redleafpulp.com

Red Leaf Pulp

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of market pulp from Western Canada to South Central United States and export markets.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. There are usually delays in shipping and customer service levels when shipments rely on regional service providers. This combination will streamline the above which will result in improved efficiency and greater customer satisfaction levels.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

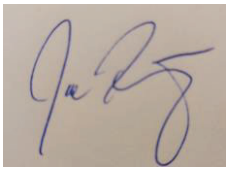
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers. Senior management at Red Leaf Pulp have managed pulp and grain operations in western Canada in previous careers that were serviced by a larger Class I competitor organization and have experienced contractions in business volumes and lower levels of customer service due to sub-standard performance and lack of competition.

For these reasons, Red Leaf Pulp is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers

Red Leaf Pulp

of all sizes. Red Leaf Pulp urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Joe Hinz

Red Leaf Pulp

505 - 2755 Tutt Street, Kelowna, BC - V1Y 0G1
redleafpulp.com

RED MAPLE CAPITAL

OFFICE 5016 48th St., Lloydminster, AB T9V 0H8

MAY 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Red Maple Capital is an investment company with operating companies in many businesses across western Canada in the agriculture, oil and gas, and construction space. Many of our raw materials and equipment come in by rail and many of our products are exported to the United States.

If CP were to acquire Kansas City Southern this would allow us to have real competition along the rail network with CN which would provide us with better access to markets, betting pricing, and service but if CN completes this acquisition this would not be the case. We are concerned that if CN were given a monopoly over its competition that prices would increase and service would suffer. They would not be accountable to their customers because the customers would have nowhere else to turn. As a result, we would have serious cost shocks because of increased pricing, supply shocks that would be difficult to overcome and markets that would be more difficult to reach as a result. We are pro-business but we are also pro-competition and if CN were allowed to proceed with this transaction it would have a devastating impact on the competitiveness of the rail industry and would precipitate further requirements for the rail consolidation increasing this issue further. This would result in higher input prices for us and higher export prices for the world, if customers can even access the network which could be closed for all but the biggest customers.

I am writing to express Red Maple Capital's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would

be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed

to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its

existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Jeff Wallace,
Red Maple Capital



Cc: All Parties of Record

May 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Redhead Equipment is an equipment dealer which provides agricultural and construction equipment as well as heavy trucks, together with parts and service support, to the entire province of Saskatchewan through its eight branches in the province. The products that are produced with our equipment are shipped around the world. Redhead has long received the equipment from OEM manufacturers, primarily located in the US, to its various branches in Saskatchewan by rail and most of the outgoing export of agriculture products is by rail.

If CP were to acquire Kansas City Southern this would allow us to have real competition along the rail network with CN which would provide us with better access to markets, betting pricing, and service but if CN completes this acquisition this would not be the case. We are concerned that if CN were given a monopoly over its competition that prices would increase and service would suffer. They would not be accountable to their customers because the customers would have nowhere else to turn. As a result, we would have serious cost shocks because of increased pricing, supply shocks that would be difficult to overcome and markets that would be more difficult to reach as a result. We are pro-business but we are also pro-competition and if CN were allowed to proceed with this transaction it would have a devastating impact on the competitiveness of the rail industry and would precipitate further requirements for the rail consolidation increasing this issue further. This would result in higher input prices for us and higher agriculture export prices for the world.

I am writing to express Redhead Equipment's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

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F 306.763.8618

REGINA
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S4N 7L2
P 306.721.2666
T 800.667.7710
F: 306.721.2899

SASKATOON
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We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S.

This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Craig Slobodian, Chief Operating Officer
Redhead Equipment

Craig Slobodian

Cc: All Parties of Record

RPMG™
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STB Finance Docket No. 36500
CP-KCS Proposed Combination

Date: April 28, 2021

ATTENTION: Surface Transportation Board

My name is Doug Punke, and I am the CEO of Renewable Products Marketing Group (RPMG). On behalf of RPMG, I am reaching out concerning the pending proposal by Canadian Pacific (CP) to acquire the Kansas City Southern (KCS).

RPMG ships ethanol from origins in Iowa, Minnesota, and North Dakota to export locations in the US gulf, and Distillers Dried Grains to markets in Mexico. We strongly support approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Mexico as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction should not have any adverse effects on competition. It should make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all their other existing interline partners.

We are aware of the position that DOJ took in the CP docket (FD 36500) regarding the application of the KCS waiver from the 2001 merger rules, and more pointedly with respect to the voting trust that CP proposed for its transaction.

RPMG is quite familiar with the rail transportation marketplace and how a potential CP acquisition of KCS would affect competition. From our vantage, there is no doubt that ***a CP transaction would increase rail shippers' competitive options, not reduce them***. We are not concerned about KCS being placed in voting trust pending the STB's review of that proposed transaction. We are eager for that review to proceed as expeditiously as possible.

We support CP's acquisition of the KCS and urge the STB to approve same.

Sincerely,

Douglas E Punke

Doug Punke

CEO - RPMG

RICHARDSON

March 31, 2021

ATTENTION: Surface Transportation Board

I am Vice-President, Transportation for Richardson International Limited ("Richardson"), Canada's leading agribusiness. Richardson was established in 1857, making it one of Canada's oldest companies. It continues to be privately-owned by the Richardson family, with its headquarters situated in Winnipeg, Manitoba.

Richardson is a vertically-integrated agribusiness, involved in the purchasing, handling, processing and export of North American grains and oilseeds. It owns and operates a network of grain terminals and crop input locations situated throughout Western Canada, along with port terminals in Vancouver and Prince Rupert (British Columbia), Thunder Bay and Hamilton (Ontario) and Sorel (Quebec).

Richardson canola processing plants are located in Yorkton (Saskatchewan) and Lethbridge (Alberta), with packaging operations in Lethbridge, Oakville (Ontario) and Memphis (Tennessee). In 2013, Richardson expanded its processing business to include oat milling and currently operates mills in Portage la Prairie (Manitoba), Martensville (Saskatchewan), Barrhead (Alberta), South Sioux City (Nebraska) and Bedford (United Kingdom).

Transportation logistics play a critical role in Richardson's operations and involve a number of transportation means including truck, rail and marine (barge, lakers and ocean freight). Approximately 50% of Richardson's facilities are served by CP. As a result, Richardson relies heavily on CP's service in order to achieve its business objectives. Quite simply put, if CP fails to provide adequate rail service, then Richardson's business will certainly fail.

When considering the proposed CP/KCS combination, Richardson sees the potential of resulting improved rail service. In particular, CP's ability to directly ship railcars from Richardson facilities in Canada to a wider number of destinations in the United States, including destinations significantly closer to Richardson's Memphis plant, offers obvious opportunities. Similarly, the ability for CP to move unit trains directly to Richardson customers situated in Mexico provides shipping opportunities that are currently limited. The growing opportunities for cross-border North American trade under the USMCA are more likely to be achieved with an efficient cross-border rail carrier such as the one that would result from the CP/KCS combination. Furthermore, we fail to see any prejudice that would result from the proposed combination.

For these reasons, Richardson supports the combination of CP and KCS and requests the Surface Transportation Board to grant its approval. We would be pleased to provide any further information that you may require for that purpose.

Richardson International Limited
2800 One Lombard Place, Winnipeg, MB, Canada R3B 0X8 P. 204.934.5961 F. 204.947.2647
www.richardson.ca

RICHARDSON

Yours truly,



Robert Bielik,
Vice-President, Transportation

Email: robert.bielik@richardson.ca
Direct Phone: 204.934.5498

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Jesse Regier and my business address is 6707 39th Street, Leduc, AB I am Director of Operations at Rocanda Enterprises and Rocanda USA. In my role, I am responsible for logistics, inbound and outbound shipping, product forecasting, sourcing, and supply chain.

Rocanda relies heavily on CP as means of transporting key materials from the USA into Canada. As our company expands, we hope to add USA-USA routes, Canada to USA routes, and Mexico to USA/Canada routes. CP is a valuable partner to Rocanda in our growth as a Canadian and USA manufacturer and distributor.

Rocanda fully supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively). Rocanda has manufacturing facilities in Texas, Wyoming, and Alberta, and has suppliers based across Canada, USA, and Mexico. We know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior. The greater access that we have to single-line rail options, the more likely it is that we can expand operations and work more seamlessly with our suppliers.

In addition, we have had very negative experiences with rail lines where lots of switches occur between different rail companies. Lines that went from UP to BNSF to CP have been notorious for us in causing delays, and even lost cars. We have never experienced any of these issues on single-line routes, and intend to stick with single-lane routes whenever possible. A combined CPKC will assist in this goal.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of calcium chloride from Mexico into USA and Canada, and mineral oil from various USA states into Canada.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Rocanda is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Rocanda urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Jesse Regier

Rocanda Enterprises and Rocanda USA



ATTENTION: Surface Transportation Board March 29, 2021

My name is William Wallace and my business address is Bristol Circle In Oakville Ontario . I am Senior Vice President of Routes Transportation Group. In my role, I am responsible for supplying transportation and warehousing for our clients in Canada, USA and Mexico.

Routes Transport Group has been a long time client of CP rail using their services within Canada on full Containers. In addition, we use CVP rail for the majority of inbound ocean container business.

Routes Transport Group supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Routes Transport Group. In the past we have not been in support of such a merger however with the leadership of CP Rail we see this being a very large step forward in the Global market that we serve.

It is expected that we will be taking advantage of the merger within our automotive and general commodities business units that serve Mexico and The USA markets from and to Canada.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City.

2823 Bristol Circle/Suite 3 P 905/829/3878 F 905/829/1742
Oakville/ON/L6H 6X5 T 800/392/8416 routestransport.com

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, Transportation modes that serve our markets.

- under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. This will be accomplished by a " One Stop " approach to Transportation.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Routes Transportation Group is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Our Company urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

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VERIFICATION

I _William Wallace declares under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on _March 29/2021.

_Willian Wallace

W.G. Wallace

W.G. (Bill) Wallace
Senior Vice President

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Runde Metal Recycling, LLC

643 Commerce St. Holmen, WI 54636 Phone: 608-526-9358 Fax: 608-526-9896 Email: Danielle@ccrrecycling.com

May 17, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

To whom it may concern:

Runde Metal Recycling LLC is a supplier of scrap metal for recycling purposes. CP is one of the rail lines we use to transport our scrap metal.

I, Matthew Runde, Vice President/Operations Manager at Runde Metal Recycling, LLC, supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

Runde Metal Recycling, LLC works closely with the CP rail for shipments as well as processing scrap metal on site to be delivered directly to steel mills and foundries for recycling purposes. We are constantly looking for new opportunities to ship our scrap metal and this merger will open up many new markets for us.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system as well as barge traffic. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Matthew Runde
Vice President/Operations Manager
Runde Metal Recycling LLC

STB Finance Docket No. 36500
CP-KCS Proposed Combination

26, Chemin de la Pêche, Pont-Rouge (Québec) G3H 1C3 • téléphone : (418) 873-4509 • télécopieur : (418) 873-2561

ATTENTION: Surface Transportation Board

My name is Alexandre Boillat and my business address is 26 Chemin de la Pêche, Pont-Rouge, Québec, G3H1C3, Canada. I am sales supervisor of Sable Marco Inc. In my role, I am responsible for sales team supervision, marketing operations and some specific customers orders.

Sable Marco Inc. is working with CP to ship some of his products to British Columbia since a few years. We are very satisfied with the relationship and service.

Sable Marco Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Sable Marco Inc. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

> **From our factory in Pont-Rouge, Québec, Canada, we ship polymeric sand for paver joints, ice salt, de-icer, anti-skid stone to British Columbia. Some of the containers are unloaded at destination and then goes to Portland Orgeon by truck.**

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Sable Marco Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Sable Marco Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on May 12th, 2021

ALEXANDRE BOILLAT

SACRAMENTO ENERGY RESOURCES

1231 Old Annetta Rd Aledo, Texas 76008 817-441-6568 Fax: 817-441-5880

ATTENTION: Surface Transportation Board

My name is Mitchel Johnson and our business address is 1231 Old Annetta Rd, Aledo, TX 76008. I am VP of Operations of Sacramento Energy Resources, LLC. In my role, I am responsible for the overall operations of Sacramento Energy Resources.

Sacramento Energy Resources is a wholesale propane that buys and sells propane in Canada, Mexico and the US.

Sacramento Energy Resources supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Sacramento Energy Resources sees this transaction as beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship propane from our CP-served facilities in the Alberta, Canada area, all the way to Monterrey, Mexico and points in between

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of propane.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by having better rates across one carrier instead of having to switch carriers multiple times.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

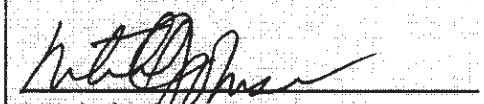
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Sacramento Energy Resources is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Sacramento Energy Resources urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Mitchel Johnson, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.



Mitchel Johnson

Salt Source dba: U.S. Salt
9661 Newton Ave S, Bloomington, MN 55431
Phone: 952-516-7465 | Fax: 952-516-7466

ATTENTION: Surface Transportation Board

My name is Jake Biesanz and I am the CFO and a co-owner of Salt Source LLC dba U.S. Salt. We have three locations in the U.S., but our HQ is located at 9661 Newton Ave S Bloomington, MN 55431. Our other locations are in Burnsville, MN and Theodore, AL. In my role, I manage our finance department and oversee operations for our Minnesota locations. I spend a lot of time managing our rail fleet as well.

At U.S. Salt, we import solar salt from Mexico, Egypt, Brazil, and Canada. The salt we purchase from Canada is delivered via rail on the CP line! The salt we purchase from everywhere else arrives in the U.S. Gulf! We then process it move it to our customers via rail, truck and barge.

We support approval of the CP/KCS combination. This merger could help us be more competitive in the marketplace. Even though we sell salt, we really feel like a logistics company and anything that could help improve service and rates will help us and our customers be more successful every day. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, U.S. Salt is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. We urge the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Jake Blesanz, declare [or certify, verify, or state] under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/25/21 [*date*].

[Signature]

[Insert typed name]

April 28, 2021

ATTENTION:
Cynthia T. Brown
Surface Transportation Board
395 E Street SW
Washington, DC 20423

RE:
STB Finance Docket No. 36500
CP-KCS Proposed Combination

Dear Ms. Brown:

Sand Technologies mines industrial sands in Wisconsin. In addition, our company handles rail logistics to ship Feldspar, Mica, and high-purity Quartz out of South Dakota, destinating throughout the United States.

Sand Technologies supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Sand Technologies has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation. The CP Rail has been great to work with, both on a single-line haul and switching to many short lines.

Sand Technologies has new opportunities in these mineral markets with immediate transportation needs for the CP. The CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively). We know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

The newly combined CPKC would provide reliable, more efficient rail service options. In turn, strengthening competition against larger rail carriers and truck services throughout our markets. Expanding access to the growing markets under the USMCA trade agreement across the United States, Mexico, and Canada would become possible with the single-line routes the new CPKC merger would provide. Thus, improving transit times and reliability, which are key in reducing equipment costs and increasing efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of

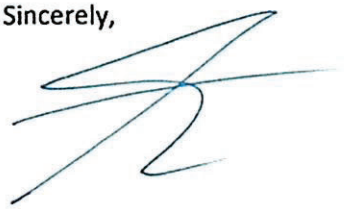
seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Sand Technologies is voicing strong support for the combination of CP and KCS. It will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Sand Technologies urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Tim Barth
President
Sand Technologies, Inc.

STB Finance Docket No. 36500
CP-KCS Proposed Combination

April 29, 2021

ATTENTION: Surface Transportation Board

My name is Brent Avery, and my business address is #1 Railway Avenue, Chaplin, Saskatchewan S0H 0V0. I am General Manager of Saskatchewan Mining and Minerals Inc. In my role, I am responsible to oversee the complete operation at the Chaplin, Saskatchewan facility.

SMMI manufacturers Anhydrous Sodium Sulphate and ships directly onto the CP who provide good service, on time delivery and competitive pricing. CP delivers either direct to our customers or interchanges with the other Class 1 railways for further movement.

SMMI supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. SMMI has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship Sodium Sulphate from our CP-served facility in Chaplin, Saskatchewan to our customers with plants across Canada and all areas of the United States with potential increased business in the South Central and Gulf regions. CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that could expand the markets we serve effectively. We know from experience both our own, and that of our competitors who have single-line rail options at their origins that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Sodium Sulphate from Chaplin, Saskatchewan to St. Louis, MO., Oklahoma, Louisiana, and Mexico customers.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Alleviating the interchange in Kansas City will increase our railcar turn times and avoid the possibility of railcars sitting idle in the yard.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, SMMI is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. SMMI urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Brent Avery
General Manager
Saskatchewan Mining and Minerals Inc.

SETHNESS ROQUETTE
EXCELLENCE IN CARAMELS

My name is Lloyd R. Glanz and my business address is 1347 Beaver Channel Parkway, Clinton, IA. I am VP/Plant Manager of Sethness Roquette. In my role, I am responsible for general operations of this Caramel Color manufacturing facility.

Sethness Roquette is a routine beneficiary of the services of the CP Railroad for delivery of our liquid caramel color products to various large food and beverage industries across North America.

Sethness Roquette supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

> **Sethness Roquette is currently exploring the possibility of expanding into Mexico South America with some of their product requirements and views this venture as something that can contribute to our success in this region.**
>
> **CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).**
>
> **And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.**

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Caramel Color from the Midwest.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Sethness Roquette is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Sethness Roquette urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Lloyd R. Glanz, state that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 03/30/2021.



_____[Signature] Lloyd R. Glanz

SB SHARP BASE SHIPPING AND TRANSPORT (CANADA) LTD.

DBA Sharp Base Cold Stroage

Office :

1/F 3456, Bridgeway Street, Vancouver
British Columbia, Canada V5K 1B6
Phn: (604) 689 8238 Fax : (604) 689 3111

Warehouse & Cold Storage –Customs Bonded

2/F, 3456 Bridgeway Street,
Vancouver, B.C. Canada V5K 1B6
Phn : (604)298 6969 Fax : (604) 298 8566

Web Site : www.sharpbase.com

ATTENTION: Surface Transportation Board

My name is Ron Law and my business address is 3456, Bridgeway Street, Vancouver B.C. V5K1B6 . I am the President of Sharp Base Shipping And Transport (Canada) Ltd. In my role, I am responsible for business in between Canada and US traffic and the ground railroad services..

Sharp Base Shipping And Transport (Canada) Ltd. Had been worked with Canadian Pacific Railway for many years and we usually shipped with CP for the fresh vegetables, fruits, frozen seafoods to / from US and Canada and CP provided a fast and accurate services and support for the reefer containers and dry 53' containers in our traffic

Sharp Base Shipping And Transport (Canada) Ltd supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible and this will help us to develop the business in US and Canada

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Sharp Base Shipping And Transport (Canada) Ltd. has not often spoken favourably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We usually shipped hardwood Maple logs from Halifax, NS to Chicago and Gulf area by ground trucks and if CP and KCS merged , we can truck the products to Montreal and using CP intermodal services and the transportation costs of those routes will certainly less, efficient and more safer by using trucks

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.]

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of hardwood maple logs from Montreal, QC to Chicago and Gulf area
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency rather than we were using the flat deckers running a single trip but paid the round trips costs,
- Our customers in US will be more satisfied to use an efficient,less costs, more safer way of transportation especially in Winter time

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Sharp Base Shipping And Transport (Canada) Ltd. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Sharp Base urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Ron Law ,declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on Mar 25 2021

Ron Law _____ [Signature]

April 6, 2021

Surface Transportation Board
Washington, D.C.

Dear Sir/Madam, Re: CP Rail/KCS Merger

The Shipping Federation of Canada, established in 1903, is a national trade association representing the owners, operators and agents of ocean-going vessels trading between North American and overseas ports. We are writing on behalf of our members whose international cargo ships call at United States ports on the west, east and/or Gulf coasts. Those member companies include container, breakbulk and bulk carriers, many providing door to door service to their clients, utilizing truck and rail service for the inland portion of the cargo transport.

Our members fully support the recently announced Canadian Pacific Rail, Kansas City Southern Lines merger, for several reasons, but specifically, this merger will allow international ocean shipping companies access to new markets, through those U.S. gateway ports with an inland transportation alternative, leading to enhanced competition, both in terms of price and service for their customers trading to and from international markets.

Since this merger, if approved, will provide those beneficial cargo owners with more choice and improved service, we strongly support the merger of these two rail service providers and are available to answer any questions the Surface Transportation Board may have.

Sincerely,

M.H. Broad

Michael H. Broad
President

SHIPPING FEDERATION OF CANADA

625 René-Lévesque, Suite 800, Montreal, QC, H3B 1R2 (514-849-2325)
1055 West Hastings, Suite 300, Vancouver, BC, V6E 2E9 (778-373-1518)
www.shipfed.ca

SILVER PEAK CAPITAL

OFFICE 705.688.4444
OFFICE 1 Ceasar Road, Sudbury, Ontario P3E 5P3

MAY 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Silver Peak Capital is an investment company with operating companies in the transportation, construction, agriculture and heavy equipment industries, throughout Canada. We are actively examining transactions that would allow us to invest in the United States and into Mexico. One of our potential transactions is with a product that is shipped by rail through the United States and into Mexico. If CP were to acquire Kansas City Southern this would allow us to have true competition along the rail network we are looking at with CN but if CN completes this acquisition this would not be the case. We are concerned that if CN were given a true monopoly over it's competition that prices would increase and service would suffer to the point that we would not be able to pursue our investment.

I am writing to express Silver Peak Capital's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place

"heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same

points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for

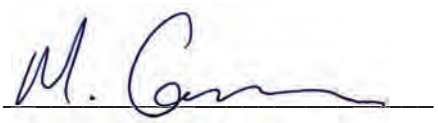
KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Martin Gran,
Chief Financial Officer,
Silver Peak Capital



Cc: All Parties of Record

SIMARD
Plus loin Even Further

SHIPPER SUPPORT LETTER- SIMARD TRANSPORT

ATTENTION: Surface Transportation Board

My name is Donald Abraham and my business address is 1212, 32nd Avenue
Lachine, QC H8T 3K7 and I am the Executive Vice President for Simard Transportation.

Simard Transport is a long standing partner of CP Rail and we have worked diligently over the years to grow with CP by focusing on providing quality service to our customer base.

Simard Transport supports approval of the CP/KCS combination. The transaction would provide significant benefits and opportunities for growth we are eager to see realized.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls, would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We see this transaction as uniquely beneficial.

We ship intermodal containers with CP intermodal service primarily serving a retail customer base. We currently are extremely active in Toronto & Lachine to Western Canada lanes as well as Vancouver to East.

CP's market reach is limited today in the US and we have not been using CP in cross border as it must interline with other railroads to reach US destinations that we could potentially ship to or that could expand the markets we serve effectively.

And we know from experience both our own, and that of our competitors who have single-line rail options at their origins that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

L. Simard Transport Ltée
1212, 32ième Avenue
Lachine (Québec)
H8T 3K7

Sim-Tran Ontario Inc.
200 Westcreek Blvd.
Brampton (Ontario)
L6T 5T7

Simard Westlink Inc.
16062 Portside Road
Richmond (BC)
V6W 1M1

SIMARD
Plus loin Even Further

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability.
- KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

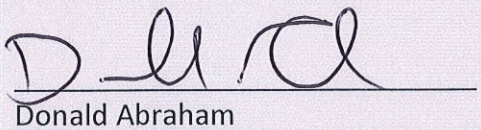
At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, Simard Transport is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Simard Transport urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Donald Abraham certify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.


[Signature]
Donald Abraham

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SIMBA
TRANSLOAD LTD.

Simba Transload Ltd.
311 Burnt Ridge Road, Unit 106
Red Deer County, AB T4S 2L4
P: 403-347-1868 F: 403-770-8121

March 29, 2021

ATTENTION: Surface Transportation Board

My name is Marvin Trimble, and my business address is 311 Burnt Ridge Road, Unit 106, Red Deer County, AB T4S 2L4. I am President of Simba Transload Ltd. In my role, I am responsible for managing and negotiating logistics contracts with our customers (Commodity Marketing Companies, Fuel Distributors, Refineries, Producers, and Logistics companies.) and all modes of transportation of their goods. (Rail, Truck, Barge, Ship, Container etc.)

Simba Transload Ltd. has been shipping commodities by rail for over 25 years and we have shipped via CP and KCS to several destination in Louisiana, Texas, New Brunswick, New York, Alabama, and Mexico.

Simba Transload Ltd. supports approval of the CP/KCS combination. The transaction would provide significant benefits to our company and many of the companies we serve due to the removal of interchange cost and logistics delays that we endure now. The sooner this could be executed the better it would be for our bottom line and we think there will be some environmental savings as well.

From our perspective, the transaction promises to provide improved service options and motivate transportation competition in the markets we serve. The combined CP/KCS network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, we have no doubt that CP/KCS will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Compared to other proposed and executed Class 1 railway consolidations our company has seen over the years, this combination seems to have very little overlap and would seem to benefit all three countries that this combination covers!

Here are a few examples of current and past business that Simba Transload Ltd. has used CP/KCS routes and how we see this combination would make these routes more cost effective and efficient:

> **We ship HFO from our CP-served facilities in Unity, SK to terminals in Texas, New York and Louisiana many of these shipments have seen delays and interchange issues. We also ship propane from our CP-served terminal in southern Alberta near Lethbridge to Mexico and we see this combination benefitting us and our customers as well.**

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CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to, and we would now have the opportunity to ship to even more destination which would become more competitive with this combination! Also we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CP/KCS to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example:

- CP/KCS's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Propane from Alberta to Mexico.
- We are particularly enthusiastic about the role new CP/KCS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by reducing the number of railcars we need to lease to service long hauls. Currently we have to add 20-25% extra railcars to cover inconsistent round-trip delivery and return times. For example, our "typical" round trip manifest shipment to Texas is 34-47 days. With this variance we have to lease enough railcars to cover the worst-case scenario but if the number was consistently 34 to even 40 days, we could reduce the number of railcars we lease!

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CP/KCS will continue to interchange with all of their other existing interline partners.

We have always been impressed by CP and KCS safety records as a company with the highest standards in the industry we appreciate this focus of both companies. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the

MD

two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Simba Transload Ltd. strongly supports the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Simba Transload Ltd. strongly urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

Executed on March 29, 2021

Marvin Trimble

SIMPSON SEEDS INC.
Nourishing the World
Product of Canada

BEST MANAGED COMPANIES
Platinum member

P: 306.693.2132 TF: 1.877.252.9431 F: 306.693.4489
HEAD OFFICE: 1170 North Service Road Moose Jaw, Saskatchewan
MAIL ADDRESS: Box 1136 Moose Jaw, Saskatchewan Canada S6H 4P8

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Greg Simpson, and my business address is 1170 North Service Road, Moose Jaw, SK. I am the President and CEO of Simpson Seeds Inc.

Simpson Seeds is a processor and exporter of Saskatchewan grown pulse crops with three facilities located in central Saskatchewan responsible for exporting approximately 150,000MT of pulses annually. Two of these facilities rely solely on CP for hopper car and boxcar access to both of Canada's major export ports (Vancouver and Montreal) and complete market access into Mexico. CP has been a great and reliable partner for the last 30 years, and we rely on their service to ensure that our Canadian pulse crops remain competitive in international markets.

Simpson Seeds fully supports the approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

The transaction promises to provide improved service options and invigorate transportation competition in the markets. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic, and Pacific coasts and key overseas markets – would help us reach our existing markets new markets more efficiently. With the two railroads' intense focus on safety and their track record of operational excellence, I do not doubt that CPKC will integrate its operations seamlessly to the benefit of rail customers and other stakeholders. While Simpson Seeds does not typically support railroad consolidation as it can take away from the industry's competitive nature, we see this transaction as being uniquely positive to the entire North American agricultural market. We would have none of the downsides typically seen from a Class I consolidation.

Currently, the Mexican Market imports approximately 40-60,000 MT of lentils annually over the rail. As it stands, while CP does provide us with good service, their market reach has been limited as any service farther south than Kansas City must connect with other railroads. With this merger, we expect CP's rates to be more competitive into Mexico due to the elimination of interchange fees.

For Simpson Seeds to access CNs' lower rates, we have to load product in trucks, ship it into North Dakota or Montana, and trans-load it onto the BNSF, resulting in more low prices paid to our farmers. Additionally, the environmental impact of running trucks three trucks on 14 hours round trip to load a single hopper car is not sustainable.

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HEAD OFFICE: 1170 North Service Road Moose Jaw, Saskatchewan
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CP's ability to directly access theMexican market would have an immediate positive impact on both our facilities and the farmers we represent. Our exports to Mexico has dropped from 12,000 MT per year to 5,000 MT per year because of the current rates. Based on today's price for lentils, the drop in exports represents millions in lost revenue by us and the farmers we represent.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. CP's acquisition of KC will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of lentils from Saskatchewan, right into the heart of Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. There must be a valid USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Due to the logistics of interline rates, it can cause significant delays and opportunities for costly errors that a single-line service would all but eliminate.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options. Still, as separate companies, they have not offered the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

Simultaneously, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other existing options since CPKC will continue to interchange with all their other existing interline partners.

We believe CP and KCS are committed to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without service disruption.

For these reasons, Simpson Seeds is voicing strong support for the combination of CP and KCS because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Simpson Seeds urges the STB to approve CP's acquisition of KCS as swiftly as possible.

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MAIL ADDRESS: Box 1136 Moose Jaw, Saskatchewan Canada S6H 4P8



Greg Simpson President/

CEO Simpson Seeds Inc.

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Richard Hansen, and my business address is 25608 114 Avenue, Acheson, AB T7X 6E2. I am President and Co-Founder of Sky Eye Measurement. In my role, I am responsible for executing Sky Eye's strategy and ensuring that Sky Eye is a growing, profitable and sustainable business that is a safe, positive and rewarding workplace for our team.

Sky Eye Measurement is an energy transfer solutions company. We design, build and manufacture transloading equipment for the safe transfer of hydrocarbons. A large portion of our equipment is designed to facilitate the transfer of hydrocarbons from rail to truck or truck to rail across North America.

Sky Eye Measurement supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Sky Eye Measurement views this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Our equipment plays a pivotal role in energy transport by rail across North America. This merger will enable us to service a larger market. CP has provided with good service, but we know their market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. For Sky Eye Measurement to continue to grow It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve the transportation options for Sky Eye Measurement and our clients.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse

effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Sky Eye Measurement is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Sky Eye Measurement urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Richard Hansen, President
Sky Eye Measurement Inc.

John Young
Chief Operating Officer
P. 215.240.7335
F. 215.295.7911
jyoung@smartsand.com

ATTENTION: Surface Transportation Board

My name is John Young and my business address is 1000 Floral Vale Boulevard, Suite 225, Yardley, PA 19067. I am the Chief Operating Officer of Smart Sand Inc. In my role, I am responsible for all operations and logistics related to the movement of sand and equipment for Smart Sand.

Smart Sand is a fully integrated frac sand supply and services company, offering complete mine to wellsite proppant supply and logistics solutions to our customers. We produce low-cost, high quality Northern White frac sand, which is a premium proppant used to enhance hydrocarbon recovery rates in the hydraulic fracturing of oil and natural gas wells. We also offer proppant logistics solutions to our customers through our in-basin transloading terminal and our SmartSystems™ wellsite proppant storage capabilities. We market our products and services primarily to oil and natural gas exploration and production companies and oilfield service companies. The nature of our business demands a strong supply chain which is only as strong as its weakest link. As the bulk of our sand is transported by rail, Canadian Pacific Railway ("CP"), as our primary originating carrier, provides critical and timely service to us, without which we would not be able to function efficiently. Kansas City Southern ("KC"), as one of our terminating carriers, provides critical access for our products to both the Eagle Ford and (through shortline partners) the Permian shale basin. Both CP and KC have historically provided excellent service to us for their respective portions of our supply chain.

Smart Sand originates sand directly on the CP from our large mining site located in Oakdale, WI. CP provides single line haul service to our expansive transload facility in New Town, ND serving the Bakken shale formation. We also ship (and have shipped in the past) to multiple other destinations throughout the country, including East to the Marcellus/Utica basin, South to the Mid-Continent (Oklahoma), Eagle Ford and Permian basins, West to the Denver Julesburg and Powder River Basins and North to various Canadian shale basins. Although CP has provided us with good service, we have been negatively impacted by CP's limited service reach today. The majority of our current business with CP requires interline exchange to reach destinations and this has impacted our ability to get our sand into certain markets efficiently and at a competitive price.

Smart Sand supports approval of the CP/KC combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the CP/KC combination promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls into the areas we currently serve, including the Eagle Ford and Permian basin – would help us reach our existing markets and potentially new markets, such as the Haynesville (Texas/Louisiana) shale basin, more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of sand from Oakdale, WI to Texas, Oklahoma and Louisiana destinations (Haynesville, Eagle Ford, Mid-Continent and Permian basins).
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by reducing time spent at interchange and improving the chances of accurate estimated time of arrival and departure. KC and CP have had a cooperative relationship in the past, and CP-KC joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KC's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KC to safety and operational effectiveness. Given the straightforward network connectivity between CP and KC, and the fact that CP and KC are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Smart Sand is voicing strong support for the combination of CP and KC, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Smart Sand urges the STB to approve CP's acquisition of KC as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I John Young, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 25, 2021.



John Young

1000 Floral Vale Blvd., Suite 225, Yardley, PA 19067

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Nathalie Hamel and my business address is 3100 Kunz Street, Drummondville. I am the Logistics Director of SOPREMA INC. In my role, I am responsible for global transport management for Soprema Canada account.

Soprema inc. has been a partner with CP for several years. We ship by intermodal to Western Canada and United States. We are satisfied with the overall quality of service

Soprema inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Soprema inc. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

> **Soprema inc. ship Insulating products in various forms or related products from our different facilities in Canada and going to Western Canada, United-States and Mexico. We ship in 53' Intermodal containers and are also evaluating railcar options.**

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Soprema inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Soprema inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on 29/03/2021.

Nathalie Hamel, CCLP
Logistics Director
SOPREMA INC.

South Dakota Grain & Feed Association

ATTENTION: Surface Transportation Board

On behalf of the South Dakota Grain & Feed Association (SDGFA), I am writing this letter of support for the approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

SDGFA members believe that the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help South Dakota elevators reach existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, there is no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

This transaction will allow a combined CPKC to provide new, more efficient and reliable rail service options and will strengthen competition against the other, larger rail carriers and trucks that serve our markets. Also, the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

For these reasons, the South Dakota Grain & Feed Association is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. SDGFA urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Kathleen M. Zander
Executive Director

320 E. Capitol Ave. • Pierre, SD 57501-2519 • 605/224-2445 • Fax: 605/224-9913

VERIFICATION

I Kathleen M. Zander, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 30, 2021

[Signature]

Kathleen M. Zander

382 S. Junction Rd Plattsburgh, NY 12901 • 518-534-2830 • Fax 518-834-7169

ATTENTION: Surface Transportation Board

My name is Troy Baraby and my business address is 382 So. Junction Rd Plattsburgh, NY 12901. I am the owner of South Junction Enterprises LLC. In my role, I am responsible for unloading bulk commodities at our transloading facility at South Junction Enterprises LLC in Plattsburgh, NY.

South Junction Enterprises LLC is a transloading facility that utilizes CP's track to unload agricultural products like grain, industrial products like sand and cement, and minerals for feed ingredients. Bulk rail car commodities get shipped to us by origins such as Saskatchewan, North Dakota, New Jersey and Ontario. CP has been an excellent partner working with our transloading facility, their support has helped us both in achieving success.

South Junction Enterprises LLC supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markers we serve. The combined CPKC network- with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets- would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. South Junction Enterprises LLC has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class 1 consolidation.

South Junction Enterprises LLC requires a track network that can extend its services to all areas. In order to be a transloading yard that unloads multiple bulk commodities, we need a service area with a wider range to where these products are being produced and manufactured. Agricultural products that we bring in at our transloading facility feed local dairy in a regional area of 5-6 counties in NY and travel as far as into VT. Sand and Cement are brought in to manufacture thin set for our communities largest employer. This company employs over 600 people in Plattsburgh NY.

Our customers that we transload commodities for will benefit from lower transportation costs by the products being shipped on a single extended Class 1 rail line as opposed to traveling through various Class 1 railroads and short lines, which delays delivery times of commodities and adds increased handling costs.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of agricultural products, feed ingredients, and industrial products.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. This will allow for quicker transportation schedules, lowered handling costs, which will the increase efficiency and overall production.

From South Junction Enterprises perspective and extended Class 1 railroad network could make shipping bulk commodities from new customers or businesses that we are not currently working with more appealing to utilize.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as a separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere- means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class 1 railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, South Junction Enterprises LLC is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. South Junction Enterprises LLC urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Troy Baraby, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 4/28/2021.

Troy Baraby

tel: 306.672.4112
fax: 306.672.4166
toll free: 888.672.4112
Box 719, Gull Lake, SK S0N 1A0

March 29, 2021

ATTENTION: Surface Transportation Board

My name is Robert Chapman, and our business address is Box 719, Gull lake, Saskatchewan, Canada. I am the Sr. Manager Business Development for South West Terminal (SWT). In my role, I am responsible for SWT business development, trading and rail logistics within our group.

The business relationship between CP and SWT has been an essential part of the growth of SWT's business over the last 25 yrs. SWT has expanded the rail siding at Antelope, Saskatchewan to where we now have three 8500' tracks to accommodate CP's larger trains. This investment allows for the increased efficiency for both inbound and outbound rail shipments.

SWT supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

SWT is a grain and crop inputs company. As a large single point shipper on CP's main line, it is important for us to have access to all of North America's ports. SWT ships durum wheat to many North American Mills and we look forward to the opportunities that the acquisition will offer into Mexico. As well, we import granular fertilizer from various locations within the United States. As CP takes on a more integrated approach with acquisitions such as the KCS, we would expect our transit times and service to improve.

Even though SWT is located on a CP only served line, CP continues to be a very strategic business partner. The expectation is that the acquisition of KCS will only strengthen our relationship and will improve the already best in class service that CP provides SWT.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example:

tel: 306.672.4112
fax: 306.672.4166
toll free: 888.672.4112
Box 719, Gull Lake, SK S0N 1A0

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of durum wheat from Saskatchewan to the USA and Mexico. As well, increase options for the importation of granular fertilizer.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, SWT is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. SWT urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Respectively,



Robert Chapman
Sr. Manager Business Development – SWT
rchapman@swt.ca
(306)774-6804

Southland pulse Inc.
A Grower's Gateway to the Globe

PO Box 879 Hwy 39 NW Estevan SK, S4A 2A7
Phone: 306-634-8008 Fax:306-634-8007
Email: shawn.southland@sasktel.net

ATTENTION: Surface Transportation Board

My name is Shawn Madsen and my business address is Box 879, Highway 39 NW, Estevan, SK S4A 2A7. I am the Operations Manager of Southland Pulse. In my role, I am responsible for the day to day operations including buying and selling, incoming and outgoing product and managing staff.

Southland Pulse was started in 2001 with CP being a vital part of our supply chain. Over 80% of our business is on the rail, with our annual tonnage ranging from 70,000 to 80,000 per year. Almost all of that goes to Vancouver, as going south (US/Mexico) has never been an easy option. Over the years, we have found CP to improve on their service and communication, and are happy it is the rail company we deal with.

Southland Pulse supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible. Shipping through the US has been a challenge in the past and this will help ease those restrictions.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Southland Pulse has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

As I mentioned earlier, a very high percentage of our business heads on the rail west to Vancouver. That being said Mexico has always been on the radar. In fact, we used to ship there more frequently, but over the years it seemed to become increasingly difficult to route and it is expensive.

We continue to get inquires to ship to Mexico, but those same hurdles have deterred the business. CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of pulses to Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. The confusion of switches and routes not only cost us time, but also more money.
- The ease of getting a rate to an existing destination, or a new one will not only help us improve the business we are doing, but open new doors.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Southland Pulse is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Southland Pulse urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Shawn Madsen, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 23rd 2021.



SPAAR

12222 44 St SE
Calgary, AB T2Z 4A2

MAY 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

SPAAR is an industry leading envelope construction provider in the Alberta Marketplace. We work with several suppliers whom rely on both CN and CP for the movement of numerous supplies from various US rail networks, including but not limited to wallboard (drywall).

I am writing to express SPAAR's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation

of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there ought not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control

transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment

SPAAR
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Calgary, AB T2Z 4A2

of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Board noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It will not be able to do that with any of the merger "synergies" it plans for several years, so incentives will be to do it through higher prices for CNs current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, if CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome the burdens it took on.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal

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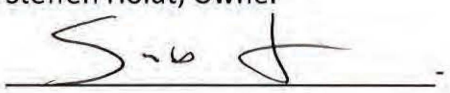
offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Steffen Holdt, Owner



Cc: All Parties of Record

Our Energy Makes the Difference®

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500

CP-KCS Potential Combination

Sprague Operating Resources LLC hereby files this letter to express its concerns to the bid by CN to acquire KCS and state its support for the CP-KCS combination.

We support swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets and port options, improved service options, and invigorated transportation competition. We are served at our Searsport, Maine marine terminal by the CP, and this merger would expand our rail capabilities and allow us to serve new markets for us.

By contrast, a CN acquisition of KCS would lead to a reduction in competition and deprive shippers of the many tangible benefits offered by the CP/KCS deal. Specifically, if CN were to acquire KCS, NOT only will we be deprived of the benefits of the CP/KCS deal, but we will also suffer a reduction of competition in key areas by virtue of CN acquiring KCS.

From our perspective, the only combination involving KCS that is in the public interest is the one that CP has proposed. Unlike the CP/KCS combination, the acquisition of KCS by CN would result in harm to competition because the two railroads today serve many locations and shippers in common. Indeed, they operate parallel lines between Baton Rouge and New Orleans and Eastern Mississippi; they both serve grain and other shippers in large swaths of the Midwest and Southern United States; and they both reach the port of Mobile, Alabama. Even more fundamentally, between the Upper Midwest and Gulf Coast, a CN/KCS combination would reduce the number of independent routing options from four to three.

185 International Drive | Portsmouth, NH 03801
1-800-225-1560 | www.spragueenergy.com

Our Energy Makes the Difference®

We expect a combined CPKC network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist. A CN-KCS combination would limit competitive carrier options to markets and ports south of Kansas City.

Respectfully submitted,

Sincerely,

Mike Zampano
Director, Industrial Fuels Sales & Asphalt Marketing
April 28, 2021
CC: All Parties of Record

185 International Drive | Portsmouth, NH 03801
1-800-225-1560 | www.spragueenergy.com

SSAB

March 30, 2021

Via E-Filing
Ms. Cynthia T. Brown
Chief of the Services of Administration, Office of Proceedings
Surface Transportation Board
395 E Street SW
Washington, DC 20423

RE: Docket No. FD 36500

Dear Ms. Brown:

I am writing to the Surface Transportation Board to express SSAB Americas' (SSAB) support for the Canadian Pacific Railway Limited (CP) purchase of Kansas City Southern (KSC) and the subsequent merger of their rail operations. We are encouraged by the opportunity for the new entity to provide end-to-end rail services from Canada to Mexico, throughout the U.S. Midwest, and across Canada. The proposed synergies and reduction of administrative burden due to the elimination of interchanges has great potential to shorten rail transit times, reduce cost, and improve efficient outbound movement of SSAB's finished product as well as inbound delivery of our raw materials.

Currently, CP is SSAB's sole rail services provider to our Montpelier Iowa facility. The acquisition of the KCS network will increase CP's reach and strengthen their strategic fit as a transportation supplier to our Montpelier operations as well as SSAB facilities in St. Paul MN, Toronto ON, Houston TX, and Mobile AL. We feel the combined network will allow for reduction of congestion and improved delivery for our customers and suppliers who are geographically distributed across North America. Increased ability to ship on a single rail system with focus on efficient operations supports SSAB's sustainability mission, and aligns with our commitment to production and shipment with the lowest possible environmental impact.

Thank you for your consideration of these comments. I am prepared to answer any further questions you may have relative to this issue.

Best Regards,

Sean Keenan
Vice President, Supply Chain
SSAB Americas

CC: Canadian Pacific Railway Limited

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F +1 251 264 3823
www.ssab.com

Votorantim Cimentos

St Marys Cement

April 30, 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500 (CP-KCS Potential Combination)

My name is Jim Reznik and I am the Director of Logistics for North America at St Marys Cement a Votorantim Cimentos company.

St Marys Cement is a major producer of cement in the US and Canada, with a network of cement plants and terminals. We ship 2000+ carloads of cement annually.

St Marys Cement supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

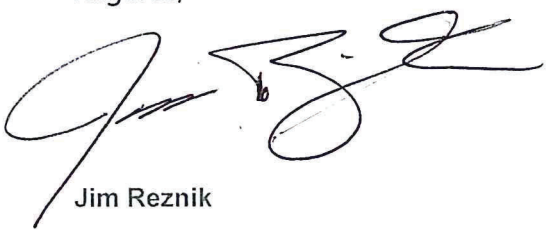
St. Marys Cement U.S. LLC | 9333 Dearborn Street, Detroit, MI 48209 | Tel 313 842 4600, Fax 313 849 4555

votorantimcimentos.com | stmaryscement.com

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, St Marys Cement is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. St Marys Cement urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated. The end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Regards,



Jim Reznik

Votorantim Cimentos

St Marys Cement | Director of Logistics – North America

james.reznik@vcimentos.com

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www.stmaryscement.com

GROUPE STCH
AIR INC
TRANSPORT LOGISTIQUE
ENTREPOSAGE ET DISTRIBUTION

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Marc Desrosiers and my business address is 248 Industrial Blvd, Chateauguay, Qc. I am President of STCH inc. In my role, I am responsible for business development.

STCH inc is using CP services for a lot of trans-Canadian shipments for several years. They bring us a very good alternative for our customers.

STCH inc supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

STCH Strongly believe that adding rail service alternative between Canadian to/from Midwest and Southern States of USA will be great. For several goods, transportation prices are really a huge factor for Canadian and American businesses to stay competitive worldwide. At STCH, we have customers in mulch, woods shavings, fertilizer, shingle, plastic industry to name a few where pricing is primordial.

We are also really interested to add rail option on movements across USA, Mexico and Canada. With the USMCA trade agreement, we will also require solid transportation option in the Automotive industries. Therefor, I look forward seeing that CP/KCS transaction realized.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. I believe this transaction will improve our transportation options.

For these reasons, STCH is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all

248, boul. Industriel, Châteauguay (Québec) J6J 4Z2 | T. 450 699-2357 | 1 800 675-7824 | info@groupestch.com |www.groupestch.com

sizes. STCH recommend the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrate and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on March 31st,2021.



Marc Desrosiers, President STCH

ATTENTION: Surface Transportation Board

My name is Jeff Brandt and my business address is 7401 Hamlin Street, Schererville, IN 46375. I am Vice President, Transportation and Logistics for Stella-Jones Corporation. In my role, I am responsible for the management and execution of all transportation functions across our network.

Stella-Jones is a leading producer and marketer of pressure-treated wood products. The Company supplies North America's electrical utilities and telecommunication companies with utility poles, and the continent's railroad operators with railway ties and timbers. Stella-Jones also manufactures and distributes residential lumber and accessories to retailers for outdoor applications, as well as industrial products for construction and marine applications.

Stella-Jones Corporation supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible. Stella-Jones currently ships railway ties, transmission poles, lumber, and industrial products with CP from various plants and distribution yards in Canada and the US.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example, Stella-Jones will be able to ship direct either north into Canada from our most southern U.S. locations into Canada or South from Canadian locations into the southern U.S.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, Stella-Jones is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Stella-Jones urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.



Jeff Brandt
Vice President, Transportation and Logistics

STERILITE CORPORATION
30 Scales Lane
Townsend, MA 01469

March 29, 2021

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Steven Stone and my business address is 30 Scales Lane, Townsend, MA. I am Executive Vice President of Sterilite Corporation. In my role, I am responsible for manufacturing, purchasing and the overall operations of our company.

Sterilite Corporation operates a large manufacturing and distribution facility in Davenport, IA. This facility opened in 2018 and consumes about 700 rail cars of plastic resin per year. The rail cars are brought into Davenport and are delivered to our interchange track by the Canadian Pacific Railroad ("CP").

Sterilite Corporation supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

Most of the plastic resin that we purchase originates in the U.S. gulf region. From our perspective, the CP/KCS transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us to transport our raw materials more efficiently.

We are supportive of the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, Sterilite Corporation is voicing strong support for the combination of CP and KCS. The merger will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Sterilite Corporation urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this merger can be realized for the benefit of all stakeholders.

Sincerely,

Steven Stone
Sterilite Corporation

AG TRANSFER

STONE ARCH COMMODITIES

GRAIN BELT TRUCKING

LETTER IN SUPPORT OF CP & KCS COMBINATION

March 29, 2021

ATTENTION: Surface Transportation Board

My name is Revis Stephenson and my business address is 702 North 1st Street, Suite 100. I am President of Stone Arch Commodities and its subsidiaries Ag Transfer and Grain Belt Trucking. In my role, I am responsible for oversight of all company operations.

Our company is an exporter of agricultural feed ingredients in shipping containers. We are one of the country's largest exporters as measured in shipping container TEU's. CP has been a great partner in helping us expand our business through our co-located facility in Minneapolis. In 2020, we exported over 150,000 tons of U.S grown agriculture products solely on CP rail. We place great value on our relationship with CP and we would not have been able to have the success we have had without their partnership.

Ag Transfer supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Ag Transfer sees this railroad consolidation as expansion of services and access to new destinations instead of a reduction in competition.

Currently we ship containerized grains by rail to the West Coast via CP from our Minneapolis facility and via UP and BNSF from our Chicago facility. With expanded CP/KCS services we may have additional opportunities to reach Mexico or may have a more competitive gateway through Kansas City. We believe that our competitive position will be improved by expanded single-line rail service options with a consolidated CP/KCS.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options. We believe this will increase our competitiveness and potentially open up new business to Mexico from our Midwest locations.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Stone Arch Commodities & Ag Transfer are voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Stone Arch Commodities urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Best Regards,

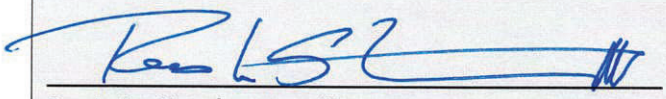


702 North 1st Street, Suite 100 Minneapolis, MN 55401

VERIFICATION

I Revis L. Stephenson III, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29,2021.



Revis L. Stephenson III

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Marc Cayouette and my business address is 19250 Clark Graham, Baie D'Urfé. I am General Manager of StyroChem Canada. In my role, I am responsible for overseeing all departments including that of Logistics and transportation.

StyroChem is a producer of Expandable Polystyrene. The product is classed as HAZMAT UN2211 class 9 product. Our transporter must be HAZMAT certified and be able to provide clean transport vessels. StyroChem has been in partnership with CP for well over a decade, moving product to the West provinces. We are very pleased with the service and price we have with CP.

StyroChem supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. StyroChem has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

StyroChem ships it's products throughout the world. Air, Ocean, rail and trucks are used for the transportation. Much of the product (just over 1/3 of our capacity) is currently shipped via rail. Most is heading West or South West. Our largest customer resides in Mexico. We are actually looking at more customers in the Mexico region. At the moment most rail is carried by CN. CP is used to reach Canadian destination in the West. We get excellent service from CP and would definitely consider them for some of our Mexico deliveries if offered.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. We look for low transport cost to a location and then find customers in that region.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, StyroChem is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. StyroChem urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on March 30, 2021

Marc Cayouette

Terminal Interior de Carga
AL SERVICIO DE

San Luis Potosí, S.L.P. México, March 26th, 2021.

Surface Transportation Board.

To whom it may concern:

My name is Francisco Xavier Zermeño Urquiza and my business address is Eje 120 No 595, Zona Industrial 78395, San Luis Potosí, S.L.P. México. I am the Principal for Suministros Industriales Potosinos, S.A. de C.V. (**SIPSA Terminals**). In my role, I am responsible for managing, operating and expanding our group´s transportation services and logistics business in North America.

SIPSA Terminals owns and operates Multimodal Rail Terminals in México, all of them rail served by the Kansas City Southern de México **(KCSM)** network. In the more than 24 years we have had a relationship with them, we have grown our customers use of the railroad as their preferred mode of transportation mean, due to its reliability, cost efficiencies and environmental friendliness. Our services include transloading bulk materials, commodities, autoparts, as well as agricultural, chemical, and energy products among others for their transportation from and to the USMCA market (you can see our complete services offering at www.terminalsip.com). In our dealings with **KCSM**, we have found a solid, serious, and trustworthy partner to convert "over the road" traffics to rail traffics with all the aforementioned described efficiencies.

SIPSA Terminals supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. **SIPSA Terminals** has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Terminal Interior de Carga
AL SERVICIO DE

In **SIPSA Terminals**, we offer the railroad mode of transportation advantage to customers that are either not rail served or prefer to assign the loading, unloading, packaging, bagging, transload, warehousing and cross dock of their products (be raw material or finished goods) to specialists like ourselves, combining transport modes (rail, last/first mile delivery and pick up), and sometimes ocean to present the best, most efficient logistic and cost solution to their supply chain needs. Our focus is to use the extended railroads networks throughout North America to achieve this goal, partnering with **KCSM** and their connecting class 1 and short line railroads.

However, **KCSM** and its northern franchise, **Kansas City Southern Railroad** service offering is sometimes affected due to the lack of an integrated lane all the way up to the American Northern Midwest due to the operational and cost affectations of switching with competing railroads, situation that sometimes represents a competitive disadvantage for customers shipping and receiving material in both ends.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKS's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of autoparts from Central México to the North American auto makers.
- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by not having to waist time and money incurred while interchanging railcars with competing railroads.
- CPKC´s will be instrumental in integrating strong, efficient and reliable supply chains for the USMCA trade block that will allow to better compete with other commercial regions such as Asia and Europe.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This Transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, **SIPSA Terminals** is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. **SIPSA Terminals** urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Francisco Xavier Zermeño Urquiza, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 26th, 2021.

Suministros Industriales Potosinos, S.A. de C.V.

Sun Transportation Systems

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Navtej Grewal and my business address is 13930 Humber Station Rd, Bolton ON L7E0Y4. I am Director of Logistics at Sun Transportation Systems. In my role, I am responsible for third-party relationships and our intermodal service.

Sun Transportation Systems ships intermodal containers (private and rail-owned) with CP, across Canada and cross-border between Canada and the United States. We choose to ship with CP because of the extent of their network and the reliability of their service.

Sun Transportation Systems supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Sun Transportation Systems has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with minimal downsides that might result from another Class I consolidation.

Sun Transportation Systems ships freight of all kind (FAK) via intermodal containers between Toronto, Montreal, Calgary, Vancouver, Chicago, Los Angeles and Mexico. We currently interchange between CP, BNSF and KCS for freight to travel between Canada and Mexico. A single rail service would remove our cost of interchanging over the road between 3 different railroads. Service would be improved because containers would not need to be moved from railcar to chassis and back to railcar. A single rail service would provide much more superior rail service.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our intermodal shipments of FAK between Canada and Mexico

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. At present time, we interchange over the road between the CP Schiller Park terminal and KCS Kansas City Terminal to ship freight into Mexico. This will save us on the interchange and provide better transit time.

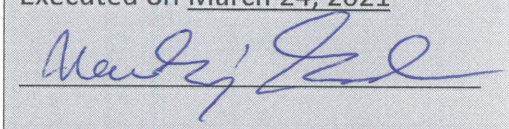
KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction smoothly.

For these reasons, Sun Transportation Systems is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Sun Transportation Systems urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on March 24, 2021



Navtej Grewal
Director of Logistics
Sun Transportation Systems
navtej@ststrucks.com

March 29, 2021

Shipper Support Letter – CP, KCS Combination

ATTENTION: Surface Transportation Board

My name is Michael Corbett and my business address is 715 South 4th Street in Pender, NE. I am Vice President of Supply Chain at Sunrise Foods International, Inc (Sunrise Foods). In my role, I am responsible for overseeing all our company's logistics and infrastructure.

Our mission at Sunrise Foods is to provide exceptional ingredients to our customers in the organic food and feed grain markets. It is critical for us to maintain a sustainable and efficient supply chain which assists in the effort to make organic foods accessible to all. Canadian Pacific Railway is a critical supply chain partner for Sunrise Foods in both the United States and Canada. CP continues to meet and exceed our expectations on service and reliability.

Sunrise Foods International supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition. The combined CPKC network – with new single-line hauls and access to/from premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets and origination points – would help us reach our existing markets and new markets more efficiently. With the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We ship organic grain from CP-served facilities in IA, MB and MN to various organic feed mills and food processors throughout the US and overseas. We are also utilizing GULF ports to import organic food/feed ingredients. Having another class 1 railroad as an option to move product North/South will be advantageous to our current business and provide future opportunities.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to/from (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of organic grain moving between Canada/Upper Midwest and MO, AR, KS region.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Sunrise Foods is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Sunrise Foods urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I __Michael Corbett_____, declare under penalty of perjury, under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on _March 29, 2021___.



_____

Michael Corbett

Letter to STB commenting on CN Trust Proposal

MAY 21,2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown

Chief, Section of Administration, Office of Proceedings

Surface Transportation Board

395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

My name is Aftab Ghouri of Superior Pulses and my business address is 01 Railway Ave, Verwood, Saskatchewan.

I am writing to express Superior Pulses perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants.

to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would

inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high-capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal

offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,



Cc: All Parties of Record

SUPREME
STRUCTURAL TRANSPORT LTD.

23660 River Road
Maple Ridge, BC V2W 1B7
Phone: 604-467-9885
Fax: 604-477-0254
www.supremestructuraltransport.com

April 29, 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500 (CP-KCS Potential Combination)

Supreme Structural Transport Ltd. hereby files this letter to express its views about the bid by Canadian National ("CN") to acquire Kansas City Southern ("KCS") and provide its support for Canadian Pacific's ("CP") proposed combination with KCS.

As a specialized Engineered Heavy-Lift company, Supreme Structural Transport Ltd. provides rigging and transport of Superloads which are outside of the capabilities of typical carriers. For our electrical transformer clients, we provide Jack-and-Slide procedures for transloading units from rail cars or for pad placement. We work closely with CP on rates, clearances, utilization of rail yards and rail corridors in the BC area to transport transformers.

Supreme Structural Transport Ltd has not previously addressed either of the two proposals involving the acquisition of KCS.

Supreme Structural Transport Ltd is reliant on CN for transportation services in certain markets and therefore does not wish to voice a position taking CP's side over CN's.

Supreme Structural Transport Ltd nonetheless has strong views about the kind of railroad combination that the STB should allow – and indeed expedite – versus the kind of combination that it should not permit to proceed.

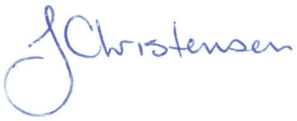
The kind of transaction that is in the interests of shippers and the public would:

- ***Not have competitive overlaps*** that reduce the number of independent rail options, even if the railroads might think they can propose "remedies" to overcome the lost competition.
- ***Improve competitive options***, including by adding new single-line routes where other, larger railroads currently dominate.
- ***Not pose a risk of stimulating further industry consolidation***, such as by destabilizing the six large carrier balance in North America

A transaction meeting these criteria is in the public interest and should receive swift Board approval. Quick approval of procompetitive transactions is critical to helping shippers and other stakeholders reap the benefits sooner rather than later, and we have no objection to the use of a voting trust mechanism to facilitate such a transaction. For transactions that do not meet the three criteria set out above, we would strongly object to the Board allowing the transaction to proceed even as far as a voting trust, which itself could diminish competition and lead to downstream concerns.

We trust the Board to assess the two proposals for KCS in light of these criteria.

Respectfully submitted,



Jessica Christensen
Vice President

Taconic Maintenance
PO Box 591
Hyde Park, NY 12538
(845)444-9000

ATTENTION: Surface Transportation Board

My name is John Parker and my business address is P.O. Box 591 Hyde Park, NY 12538. I am President of Taconic Maintenance. In my role, I am responsible for Opening the Midwest by establishing new dealers across a seven state area.

Taconic Maintenance ships our components of our product from Texas, Louisiana and, Utah by rail tankers.

Taconic Maintenance supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Taconic Maintenance uses the rail on a regular basis throughout the winter to transport all our raw materials, with this merger it will make our processes more efficient and streamlined.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.]

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Southwest to the North
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

Taconic Maintenance
PO Box 591
Hyde Park, NY 12538
(845)444-9000

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Taconic Maintenance is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Taconic Maintenance urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Giorgina Butler, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/30/2021.

___*Giorgina Butler*__ [Signature]

target TRANSPORTATION
CELEBRATING 25 YEARS IN BUSINESS 1996 – 2021

Letter to STB commenting on CN Trust Proposal
MAY 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Target Transportation Ltd moves product extensively within the United States and Mexico. Competitive pricing, capacity, and consistent service are key to our success.

I am writing to express Target Transportation Ltd.'s perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of

KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there ought not be such a great risk for KCS; s shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south-central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without

an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high-capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so it will incentives to do it through higher prices for CNs current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or jack up rates even more in order to overcome the burdens it took on.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Murray Crane
Logistics Manager Engineering Solutions
Target Transportation

CC: All Parties of Record

April 14, 2021

Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

RE: CP-KCS Proposed Merger

I am writing you today, to express our support regarding Canadian Pacific Railway Limited's (CP) proposal for a CP- KCS merger.

Taslar specializes in exporting raw agricultural commodities out of Canada to many countries in Asia, Africa, Europe and south America. With the anticipated merger, we expect to improve transit time and costs for export to USA and beyond. We believe that this particular merger will increase efficiency since both companies don't overlap but expand on each other's network. Frankly; rail freight is the most economical and environmentally friendly way of moving goods. One CP freight train moves as much as 800 trucks combined. Not to mentioned that railroads are a lot more safer than trucks. Your decision today will help form an important player in strengthening the rail transportation system in North America.

TASLAR believes a CP-KCS combination will create a transcontinental railroad with the scale and reach to deliver improved levels of service to us and enable us and other to better serve new customers in US, Canada and beyond. We urge you to judge the proposal on its merits and we look forward to a positive outcome.

Please contact us at the address above for more information if you so desire more clarification.
Sincerely,

HASAN TASLAR

TASLAR TRADING CORP

100 Sherwood Forest Rd, Box 18A, RR2, Regina, SK, S4P2Z2 www.taslar.ca | TEL: (306) 500-5522 | FAX: (306) 500-5523

March 26, 2021

ATTENTION: Surface Transportation Board

My name is Ronald Tepper with a business address of 55 Commerce Valley Drive West, Suite 220, Thornhill, Ontario, Canada. I am the owner and President & CEO of Tepper Holdings Inc. ("THI"). In my role, I am responsible for developing the vision and strategy for the company in consultation with our advisory board, growing the value of the company, providing the final decision for high-level business changes, and managing the relationship with our major finance and business partners.

THI, through its ownership of the Fastfrate Group of Companies has had a long-standing partnership with CP that now spans decades. The Companies under this group include Consolidated Fastfrate, Fastfrate Integrated Logistics, Canada Drayage, Bestway Cartage and ASL Distribution Services. THI also owns freight terminals for The Fastfrate Group's use that are adjacent to or near CP's intermodal yards throughout Canada.

THI supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. THI has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

55 COMMERCE VALLEY DRIVE WEST, SUITE 220, THORNHILL, ONTARIO L3T 7V9 TEL: (905) 889-0663

The Fastfrate Group ships consumer packaged goods, electronic products, and other raw materials for customers located in central Canada and the United States to western Canada and overseas. In 2020, The Fastfrate Group moved over 28,000 marine containers through the CP network of railway.

CP has provided our Companies with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to, or that could expand the markets we serve effectively.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our cross-border shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, THI is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Fastfrate urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I _Ron Tepper, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 26, 2021.



_____ [Signature]
Ronald Tepper

TERNIUM MÉXICO, S.A. DE C.V.
Ave. Universidad 992
Col. Cuauhtémoc
San Nicolás de los Garza, N.L.
C.P. 66450
Tel. (81) 8865 2828

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Adrián Estrada Montemayor and my business address is Ave. Universidad 992, Col. Cuauhtémoc, San Nicolás de los Garza, N.L., C.P. 66450. I am General Counsel and Institutional Affairs Director of Ternium México, S.A. de C.V. ("Ternium").

I am writing this letter on behalf of Ternium in support of the CP/KCS combination, trusting the transaction would enhance the railway service across the North American region to the benefit of rail customers and other stakeholders.

As one of the largest railway service users in Mexico, Ternium has a long-standing strategic commercial relationship with Kansas City Southern México, S.A. de C.V. ("KCSM"); by using railway infrastructure, Ternium ships: (i) slabs from Port of Brownsville and Lázaro Cárdenas to our industrial facilities, scrap and direct reduced iron (DRI) to our facilities in Nuevo León and Puebla; and (ii) all kinds of steel products from our industrial facilities primarily in Mexico to serve our customers in the region. With KCSM´s railway service, a large part of our relevant manufacturing footprint is covered.

We trust this transaction will allow a combined CPKC to provide new, more efficient and reliable rail service options, and we are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

Given the foregoing, Ternium is voicing strong support for the combination of CP and KCS, because we trust that the transaction will enhance competition, provide expanded options and drive economic benefits and efficiencies for customers and stakeholders.

VERIFICATION

I Adrián Estrada Montemayor, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021

Adrián Estrada Montemayor

April 11, 2021

ATTENTION: Surface Transportation Board

My name is Shawn Olson and my business address is Suite 1600 140 10th Avenue SE, Calgary, Aberta, Canada. I am the Director of Metals Recycling and Rail Response of Tervita Corporation. In my role, I am responsible for the business unit operations including the logistics and transport of scrap metal via rail to steel mills.

Tervita Corporation is both a supplier and customer to Canadian Pacific Railway. We utilize Canadian Pacific Railway to deliver a significant portion of our annual 100,000 tonnes of scrap metal to markets throughout Canada and the US. Tervita Corporation also provides rail response services to Canadian Pacific Railway for mechanical engineering and track work throughout Western Canada.

Tervita Corporation supports approval of the CP/KCS combination. The transaction would provide benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve while expanding our opportunities to grow into markets that are not currently economical. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Transportation of scrap metal via rail is a critical process for Tervita corporation, our Metal Recycling Business Unit's profitability is dependant on reliable and economic logistics from our multiple facilities in Western Canada to steel mills from Seattle to Chicago to Montreal. The opportunity to expand our existing customer base south from Kansas City to the gulf coast and into Mexico is exciting.

As a shipper, Tervita Corporation maintains a private rail car fleet of over 100 cars to service our 100,000 tonnes of shipping requirements annually. Our growth and expansion plans are dependent on the ability to move materials to regional markets in a cost efficient manner as supply and demand in the commodity markets shift. Increased market reach from Western Canada with a single line rail service will support our growth goals.

Further, as a supplier to Canadian Pacific Railway the execution of their growth and strategic plans allows Tervita Corporation to grow and expand with them. We look forward to continuing to support Canadian Pacific Railway operationally as they expand their offering.

Tervita Corporation

Calgary Head Office
1600, 140 10th Ave SE
Calgary, AB Canada
T: (403) 233-7565

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of 100,000 tonnes of material from Western Canada.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option. KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, Tervita Corporation is voicing support for the combination of CP and KCS, because it will provide expanded options and drive efficiencies for our organization to grow and expand into further markets that are not economically feasible in the current state of the transportation network.

Thank you,

Shawn Olson,
Director, Metals Recycling and Rail Services
Tervita Corporation

VERIFICATION

I Shawn Olson, verify that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 11, 2021.

TexasDeepwater PARTNERS

713-209-7500
info@texasdeepwater.com

www.texasdeepwater.com

March 30, 2021

ATTENTION: Surface Transportation Board

My name is Josh Ruple and my business address is 811 Main St, Suite 2800, Houston, TX 77002. I am a President of TDWP Partners LLC ("TDWP"). In my role, I am responsible for all business affairs of TDWP. One of its businesses is operating a refined products terminal at Shell Deer Park.

TDWP has long enjoyed good relationships with many railroads, including Kansas City Southern Railway ("KCS"), providing our customers services that often involve rail solutions in the United States and Mexico for various commodities, including refined products. These services require close operational collaboration and/or negotiations with rail carriers. TDWP believes a CP-KCS combination will create a transcontinental railroad with the scale and reach to deliver improved levels of service that will enable us to better serve our customers and communities.

TDWP supports approval of the CP/KCS combination. The transaction will provide benefits that we are eager to see realized.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – will help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

KCS has provided us with good service, but its respective market reach is limited today, as its lines only go as far north as Kansas City. KCS must interline with other railroads to reach destinations beyond Kansas City to which we ship or into which we may expand.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This should strengthen competition against the other, larger rail carriers and trucks that serve our markets.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce equipment costs and improve efficiencies for our customers.

The entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – makes it less likely that the transaction will have any significant adverse effects on competition. It should make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, TDWP is voicing its support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. TDWP urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Best Regards,

Josh Ruple
President
TDWP Partners LLC

VERIFICATION

I, Josh Ruple, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021 [*date*].

Josh Ruple

STB Finance Docket No. 36500
CP-KCS Proposed Combination

To Whom It May Concern:

I am writing to provide my written support for the combination of Canadian Pacific Railway (CP) and Kansas City Southern (KCS). TFI International Inc. is the largest publicly traded transportation company in Canada after the railroads. With over 80 operating companies TFI International Inc. is a true North American transportation company. As Executive Vice President my portfolio includes Canadian and US Energy Sector Services as well as our LTL divisions. I believe this combination of railroads will benefit not only TFI International Inc. by creating more efficient supply chains across the North American continent, but also opening up new opportunities and new markets for businesses. TFI International Inc. and CP work together today to move intermodal traffic across Canada and between the United States. CP plays a critical role in the TFI International Inc. supply chain, transporting product across the TFI network safely and ensuring that TFI meets our service commitments to our customer base.

From my perspective, the linkage between Canada through to Mexico via one carrier should enable TFI International Inc. to redeploy OTR assets to other corridors enabling TFI International Inc. to open new markets and reach new customers. Moreover, there may be additional opportunities to modify the supply chains within our TF Energy Solutions portfolio.

As North America's safest railroads, I firmly believe that CP and KCS will provide TFI International Inc. with safe, efficient and fast service that will allow us to achieve the goal of reducing carbon intensity and improving the North American supply chain's environmental footprint. TFI international Inc. supports and urges the STB to approve CP's acquisition of KCS as swiftly as possible in order for TFI International can modify our supply chain accordingly.

Sincerely,



Bob McGonigal

Executive Vice President

TFI International Inc.

CP / KCS Letter of Support

ATTENTION: Surface Transportation Board

My name is Bill Krueger and my business address is 10975 Benson Dr, Overland Park, KS. I am President of The Andersons Trade Group. In my role, I am responsible for all functions of Anderson Trade and Processing.

The Andersons currently ships grain and energy products on the KCS and CPRS. With origination in Canada & US and destination markets in Canada, US and Mexico.

The Andersons supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

The Andersons currently utilizing the KCS and CP, touching them both in many different areas:

We own and operate an elevator on the KCS in Delhi, LA that is capable of shipping 110 car unit trains.

Shipping propane out of Canada into the US and Mexico

Shipping grain products out of US and Canada locations to US and Mexico destination

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of bulk grain product and energy products from the US and Canada to the US, Canada and Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. This merger has the ability to transition a 3 line movement we are currently making from Canada to Mexico to a single line carrier.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless,

single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, The Andersons is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. The Andersons urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Bill Krueger, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 20, 2021.



_____ [Signature]
Bill Krueger

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Mark Thomson and my business address is 11715 Tannery Road, Surrey, BC, Canada. I am the President and Partner of The Mountain View Group. In my role, I am responsible for leading all our Canadian and US facilities.

The Mountain View Group is an Industrial Transloading Company primarily shipping forest products, steel, mining supplies, shingles, as well as large project cargo. We are both a receiver of inbound cargo from CP (via our Canadian Operation) and as an outbound loader of cargo with CP to Eastern Canada and the US. Our newest transload facility in TX can receive cargo via the KCS. While we are in no means a large user of CP or the KCS, our experience with CP with regards to rates and services has been excellent. We are very excited about the potential of expanding our business with the new CPKC entity in Canada, the US, and Mexico.

The Mountain View Group supports the approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

I have worked in the Transportation Sector for nearly 30 years in various senior roles. I spent over 20 years with the largest forestry company in Canada – West Fraser – and oversaw all logistics for the company worldwide with a $700 million dollar budget. I have been very vocal against most of the rail mergers that have been previously proposed as I was extremely concerned about the erosion of competition and options for shippers. This acquisition is one of the first rail proposals where I see a much more beneficial and strategic option for North American shippers. It will create a new, non-overlapping, continental rail option for shippers as well as create increased competition in the marketplace. In addition, the combination of two of the smaller Class I railways will create a more robust and competitive company with the assets and longevity to compete with the larger Class I operators.

As a company leader and owner of a private company, I am constantly looking at growth opportunities. My single facility in Canada operates on a short line with access to CN, CP, BN/UP. Despite having multiple options, we are limited by agreements in place such as the Interstate 5 agreement between BN and UP, as well as geographical and logistical limitations to access certain markets. Our biggest markets are the US West Coast, Southern US, and Mid-West US. Texas is a huge market for us and continues to

grow year after year. Having the ability to ship on a single line from Canada to Texas is extremely valuable to us in having both timely shipment cycles and competitive freight costs.

We are opening our 3rd Texas facility in May of this year. This facility will be able to receive cars via the KCS, BN, and UP. One of the fastest growing areas in the forestry sector is Southern Yellow Pine out of the US South East. This area has the largest available fiber basket in North America and is growing daily as Canadian lumber production has been decreasing. Southern Yellow Pine sales have been migrating more and more Westward and Northward over the years. Over 80% of this market is currently serviced by over the road trucks. Once these shipments exceed a 200-mile radius, rail is by far the most competitive mode of transportation. This lumber market segment is grossly underserviced and ripe for a strong rail service provider. The CP-KCS combination will directly serve many of these SE mills reducing truck congestion on the road as well as greatly reduce carbon emissions.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of lumber from Canada to the US as well Southern US origins to Midwest and Southern locations.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Most of our lumber shipments from Canada to the US and Mexico require two or more interchanges. A single carrier route will eliminate dwell times at junctions as well as expedite shipments and create fewer demurrage issues
- Car cycle times will improve with a single carrier which creates more fluid car days and hence improves overall car supply for shippers.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

As I previously stated, I have historically been very vocal with both Canadian and US Regulatory bodies regarding rail mergers and/or acquisitions. While some previous M&A rail proposals may have provided some service benefits and streamlining, most shippers, like myself, feared the reduction of options and competition far outweighed any potential benefits. Having been through many hearings on rail acquisitions, I feel very comfortable in stating that this combination of railways will actually create more competition and add new service options for shippers. It should meet and exceed the Public Interest criteria.

For these reasons, The Mountain View Group is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. The Mountain View Group urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Mark Thomson

President and Partner

The Mountain View Group

THOMSON REUTERS SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Peter Schuweiler and my business address is 610 Opperman Drive, Eagan Minnesota 55123. I am a Senior Buyer of Thomson Reuters. In my role, I am responsible for the procurement and inventory management of bulk quantiles of graphic printing papers.

Thomson Reuters has used CP rail to ship roll stock graphic paper from numerous locations throughout the country.

Thomson Reuters supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Thomson Reuters has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of bulk graphics paper shipments from our paper mills to our location in Eagan, MN.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. With new options for shipment lanes

for our paper it will ensure that the marketplace has the most competitive cost structure.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Thomson Reuters is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Thomson Reuters urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Peter Schuweiler, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter. Executed on 3/30/21 .

Peter Schuweiler

Peter Schuweiler

THUNDER BAY TERMINALS LTD.

P.O. Box 1800, Station "F", Thunder Bay, Ontario P7C 5J7
Tel. (807) 625-7800 Fax (807) 623-5749

ATTENTION: Surface Transportation Board

My name is George Strandberg and my business address is 375 Island Drive, Thunder Bay, Ontario, Canada P7C 5J7. I am the General Manager of Thunder Bay Terminals Ltd. In my role, I am responsible for the daily operation of the Terminal.

Thunder Bay Terminals (TBTL) is a bulk handling facility that transload bulk cargo from railcar to vessel. It is located at the Canadian western end of the Great Lakes/St Lawrence Seaway system. Primary cargos handled are coal and potash but can also handle any dry flowable product. Once loaded to vessel the products are shipped to docks throughout the Great Lakes/St Lawrence Seaway as well as for offshore international destinations. Thunder Bay Terminals has had a 40-year working relationship with CP that has been beneficial to both parties.

Thunder Bay Terminals supports approval of the CP/KCS combination. The transaction has the potential to provide benefits that we are eager to explore.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition. With the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that presently service the transportation market.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

THUNDER BAY TERMINALS LTD.
P.O. Box 1800, Station "F", Thunder Bay, Ontario P7C 5J7
Tel. (807) 625-7800 Fax (807) 623-5749

For these reasons, Thunder Bay Terminals Ltd is voicing strong support for the merger of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Thunder Bay Terminals Ltd urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

Executed on March 29, 2021.

G Strandberg

George Strandberg

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Patric Nagel and my business address is based at 603 15 Avenue, Nisku, Alberta, Canada T9E 7M6. I am the President and CEO of Tiger Calcium Services Inc. In my role, I am responsible for the overall performance and execution of Tiger's operations inclusive of oversight of our complex logistics operations of which rail transportation is a critical component.

Tiger Calcium is a manufacturer of calcium chloride, utilizating CP Rail and its US interline partners to transport product throughout western and central Canada and into the northwest and central U.S. and to import products from southern US and Mexico back to Canada. We have utilized CP Rail via a dedicated siding at our manufacturing site for several decades and rely on their service to economically expand the geographic scope of our accessible markets.

Tiger Calcium Servces Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Tiger Calcium does not often speak favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation

We have a significant leased fleet of railcars used to ship liquid calcium chloride from our manufacturing plant's siding in the Mitsue Industrial Park (Slave Lake), Alberta to a great many customers and/or company-owned remote storage sites through western Canada. Where CP service is limited, we are forced to utilize ground transportation which is both less efficient and more costly. Our accessible market is expanded by hundreds of kilometers in any direction where rail service is available. With extended single-line rail service, we will have the opportunity to further extend our reach through expanded use of rail transportation.
We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options.

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of calcium chloride from Alberta to more southern U.S. destinations.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option. Our business currently transacts with vendors based in Louisiana, Texas and Mexico and added rail alternatives will make us more competitive in all our markets.
- CPKC's new service offerings, due to having one through rate for the shipment and reduced switching times between rail companies, will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not, from our perspective, have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we believe that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Tiger Calcium Services Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Tiger Calcium urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Patric Nagel, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 9, 2021.



Patric Nagel

TIMIRON LLC

20 Stanwix Street
Suite 630
Pittsburgh, PA 15222

March 25th, 2021

ATTENTION: Surface Transportation Board

My name is Timothy Chutz.

My business, TIMIRON LLC, is headquartered at:
20 Stanwix Street
Suite 630
Pittsburgh, PA 15222

I am an owner in and President/Managing Director of TIMIRON LLC. We are more commonly referred to by our trade name, TIMIRON.

In my role I am responsible for all areas of finance, sales & marketing, customer relationships and corporate governance.

TIMIRON has been a long time shipper on both the CPR and KCS systems. My former company, Arrow Material Services, was engaged in construction and operations of rail transloading terminal facilities throughout the USA.

Through our network of terminals across the United States and Canada, we have shipped and trans-loaded literally tens of thousands of carload quantities of liquid, dry bulk and other types of commodities such as:
Frac sand
Crude oil
Condensate
Chemicals and plastics
Iron and steel products
Ferro alloys
Ores
Minerals
Pig iron
Petroleum coke
Foundry coke
Scrap metals
Wood and forest products
Machinery and consumer products

Our relationship with both railroads, independent of one another, has always been excellent, working together to identify areas lacking adequate service either by last mile truck deliveries or lack of water resources and filling that need with construction of trans-loading facilities to fill the gap.

TIMIRON fully supports approval of the CP/KCS combination. This transaction would provide significant benefits that we are eager to immediately actualize.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we currently serve. The combined CPKCS network with new single line hauls and access to premium ports on the USA Gulf, Atlantic and Pacific coasts as well as to key overseas markets would help us reach our existing markets and new markets more efficiently.

And with the strong commitment to safety, human capital and environmental concerns coupled with their individual records of excellent operational performance, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

TIMIRON has not often spoken favorably on railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downside that might result from another round of Class 1 consolidation.

Specifically, our needs to ship crude oil products between the USA, Canada and Mexico will only increase as the North American marketplace consolidates in the face of global competition. We have an immediate need to ship UTICA/Marcellus condensate (diluent) from terminal facilities in Ohio, Pennsylvania and West Virginia to the Canadian tar sands production facilities of Alberta, Canada. This product would be useful as “blend stock” to make possible the return shipments of Canadian heavy bitumen crude oil to markets in the USA and Mexico. Rail transportation is essential to accomplish a long term and efficient North American crude oil products strategy.

Although a volatile commodity driven market, frac sand moves in huge volumes when the markets for drilling and hydro-fracing are economical. It would be our intention to utilize the CPKC network of rail linked terminals from sand mines to wellheads across the North American landscape.

CP and KCS have both provided us excellent service over years past, however, their respective individual market reach is limited today. Both railroads end up having to interline with other railroads in order to reach certain important markets driving up cost and requiring more time in transition from one railroad to another. Single line hauls are always faster, more efficient and far more economical.

We know from repeated and personal experiences that this transaction will facilitate these operational and economical efficiencies immediately.

We are extremely excited about this transaction because it will allow a combined CPKC to provide new and more efficient, reliable and economical rail service options. This will strengthen competition against the other larger rail carriers and motor carriers that serve our markets.

By way of example,
* CPKC's new single line haul offerings will expand market reach and offer new competitive transportation options for our shipment of diluent from Cadiz Ohio to all crude oil production points in Alberta, Canada.

* We are particularly excited about the role new CPKC single line routes will play in expanding access to growing markets across the USA, Canada and Mexico under the USMCA trade agreement. It is extremely critical that there be a true USMCA railroad service option.

* CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Less time in transit via single line hauls, less time in terminal switch yards and better coordination of train departure and arrival schedules will result in far better equipment utilization and lower car leasing or ownership requirements.

KCS and CP have had a very cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies, they have not been able to offer the kind of seamless, single line haul efficiencies we need from providers of transportation services. The completion of this transaction will immediately and greatly improve our transportation and terminal options.

At the same time, the entirely complimentary nature of the CP and KCS networks connecting only at Kansas City without overlapping anywhere else means that this transaction will have no adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest US Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have plagued some of the past rail mergers.

For these reasons stated above, TIMIRON LLC voices strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customer of all sizes.

TIMIRON LLC urges strongly urges the STB to approve the CP acquisition if the KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this transaction can be realized for the benefit of all customers and stakeholders.

VERIFICATION

I, Timothy Chutz, declare under penalty of perjury, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 25 March 2021

Signed: _____

SAFETY FIRST - SUCCESS WILL FOLLOW

TL PACIFIC S DE RL DE C.V.

Logística en Comercio Exterior

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Jaime M. Vélez de León and my business address is Salvador Madariaga #5277 Col. Jardines Universidad CP45110, Zapopan, Jalisco. I am CEO of TL Pacifico Group, in my role is to develop new business and supervise TLP operations.

TL Pacífico moves maritime containers worldwide with infrastructure and agents in the main ports of the world. As well we move LCL and Project cargo offering customs brokerage in origin and destination. we also coordinate air cargo movements.

Mainly our principal ports are Lázaro Cárdenas, Manzanillo, Altamira, and Veracruz with destination to Guadalajara, CDMX, Monterrey and Puebla the merchandise coming from the base ports of China, the type of merchandise that we load are mainly auto parts, granite, flooring, marble, due to the principal destinations and commodity of our clients, we use train delivery.

Throughout the time we work with the main carriers as CMA, ONE, HPL, EMC, etc that provide us the rail service, so far we are satisfied with the service given so far.

TL Pacífico supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

Mainly the merge of CP/KCS will bring possibilities on better and more rail equipment, wish will make rail logistics easier with better prices. We work with many customers where CP/KCS has a direct line; MTY, QRO, CDMX, SLP, this speaking nationally.

Down below, please find my participation as opener of new routing as logistics coordinator and founder of the house bróker agency;

http://t21.com.mx/maritimo/2016/06/14/puerto-mexicano-ahorra-18-dias-transito-nueva-ruta-houston-vietnam

http://t21.com.mx/maritimo/2014/07/02/abren-ruta-exportacion-eu-chile-via-lazaro-cardenas-maersk

Salvador Madariaga 5277 Col. Jardines Universidad
C.P. 45110 Zapopan, Jalisco

in the other hand, our sister company, cargo transport system (cts), with representation in USA and CANADA, so far the china levels for the us, are incredibly higher such as 17,000USD 40' Container, so, we have a big opportunity to create an in bond service from lazaro cardenas to the main us stations to reduce cost and look for solutions and reduce cost. this is a big opportunity for TLPACIFICO to gain a solution and be part of the new era of supply chain.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are extremely excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of 1211 from China to Guadalajara, Puebla, CDMX, Monterrey.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

  Stimulates greater rail competition, reducing costs and encouraging customers to increase volume, increasing imports/exports, and helping to level countries' trade balances.

It will be the only integrated rail system connecting major ports on the U.S. Gulf, Atlantic and Pacific coasts to key foreign markets.

- The merger provides consumers with greater security, the option to increase the weight moved and a key factor, direct service, reducing waiting times.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, TL Pacífico is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. TL Pacífico urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Salvador Madariaga 5277 Col. Jardines Universidad
C.P. 45110 Zapopan, Jalisco

TL PACIFIC S DE RL DE C.V.
Logística en Comercio Exterior

VERIFICATION

I Jaime M. Velez de León, declare under penalty of perjury ‘‘under the laws of the United States,’’ that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 30/04/2021.

PACIFICO S DE R.L. DE C.V.
Logística en comercio exterior
R.F.C. TPA120217GT3
Av. Guadalupe 5134 Int. 3
Tel. (52) 333 628 07 17

ATENTAMENTE
REPRESENTANTE LEGAL
JAIME M. VELEZ DE LEON
DIRECTOR GENERAL

Jaime M. Velez de León

Salvador Madariaga 5277 Col. Jardines Universidad
C.P. 45110 Zapopan, Jalisco

TOLKO INDUSTRIES LTD.
MARKETING & SALES

Phone: 250 549 5300 Fax: 250 545 0395
3000 - 28th Street
Vernon, BC Canada V1T 9W9

March 29th, 2021

Surface Transportation Board
395 E Street
Washington DC

Our names are Brad Eckford and Pino Pucci, business address 3000 28 Street Vernon British Columbia. We are the Manager Transportation and Logistics and VP Sales, Marketing and Logistics of Tolko Marketing and Sales. In our roles, we are responsible for the Sales and Transportation of Forest Products throughout North America and Offshore markets.

Tolko Marketing and Sales is a current customer of both CP Rail and KCS. We ship Forest Products originating in Canada and the US and both Railways provide access to key markets for our products.

Tolko Marketing and Sales supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Tolko Marketing and Sales ships 25,000 rail cars of products each year and CP Rail provides important transportation needs for our Forest Products Panel and Lumber shipments. The planned CPKC would provide Tolko with direct origin / destination access to Key markets that they cannot currently offer. The direct access would provide greater transparency to shippers and improved transit times due to less Interswitching.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

The entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons, Tolko Marketing and Sales is voicing support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Tolko Marketing and Sales urges the STB to approve CP's acquisition of KCS so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.





Brad Eckford
Manager Transportation and Logistics
Tolko Marketing and Sales Ltd.

Pino Pucci
VP, Sales, Marketing and Logistics
Tolko Marketing and Sales

THE TOPOCEAN GROUP
-- TOPOCEAN CONSOLIDATION SERVICE
2727 WORKMAN MILL ROAD, CITY OF INDUSTRY, CA 90601-1452
TEL: 562-908-1688 FAX: 562-908-2978 (Main office)

Surface Transportation Board,
395 E Street SW
Washington, DC
20423

Attention: Office of Proceedings

Re: Finance Docket No. 36500, Canadian Pacific Railway Limited, - Control – Kansas City Southern

My name is William Wang, and our business address is 2727 Workman Mill Road, City of Industry, CA 90601. I am the Director of Business Process of Topocean Consolidation Service, Inc. In my role, I am responsible for vendor's compliance, market intel, etc., and provide suggestions to the whole group for business development and safety.

Topocean has been using CP service out of Canada to USA, especially to Chicago. We have enjoyed working with CP in the past years.

Topocean supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Topocean has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship all kinds of goods via Canadian gateway to the U.S. market, and CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to Dallas, even Mexico.

And we know from experience that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKS's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Home Goods from Asia via Canada to Midwest, Texas, etc.
- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Since booking is going to be made from beginning point to the end, a lot of unnecessary coordination can be avoided to improve the efficiency, and eventually it saves the cost as well.
- It can also provide another alternative when PSW is congested.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This Transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Topocean is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Topocean urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I William Wang, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on Mar. 29, 2021

William Wang

William Wang

Apr 30 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500
CP-KCS Potential Combination

Torch River Rail Inc.
PO Box 368
Choiceland, SK S0J 0M0
torchriverrail@gmail.com

Torch River Rail Inc. hereby files this letter to express its concerns to the bid by CN to acquire KCS and re-iterate its support for the CP-KCS combination.

As expressed in our initial letter to the Board dated April 30 2021, we support swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets and port options, improved service options, and invigorated transportation competition. Oats being the major commodity moved by our company, and with Mexico just beginning to be a major market for our oats, It is imperative that we are able to be as competitive as possible. To be competitive the rail freight is a major factor. A CP KCS merger would create a straight through connection with no interchanges creating the most direct and cost effective way to serve this important market.

By contrast, a CN acquisition of KCS would lead to a reduction in competition and deprive shippers of the many tangible benefits offered by the CP/KCS deal. Specifically, if CN were to acquire KCS, The merged firm would not provide the same straight through cost effective freight for fertilizer brought into our area from the Gulf of Mexico.

We would be harmed by the reduction in competition that would result from a CN acquisition of KCS.

NOT only will we be deprived of the benefits of the CP/KCS deal, but we will also suffer a reduction of competition in key areas by virtue of CN acquiring KCS.

From our perspective, the only combination involving KCS that is in the public interest is the one that CP has proposed. Unlike the CP/KCS combination, the acquisition of KCS by CN would result in harm to competition because the two railroads today serve many locations and shippers in common. Indeed, they operate parallel lines between Baton Rouge and New Orleans and Eastern Mississippi; they both serve grain and other shippers in large swaths of the Midwest and Southern United States; and they both reach the port of Mobile, Alabama. Even more fundamentally, between the Upper Midwest and Gulf Coast, a CN/KCS combination would reduce the number of independent routing options from four to three.
It would also be naive to not think that in places where CN and KCS lines parallel, that in the future there would be closure of some of these lines, eliminating infrastructure reducing the ability to service local industries.
We expect a combined CPKC network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist. A CN-KCS combination would limit competitive carrier options to markets and ports south of Kansas City.

Respectfully submitted

Ron Shymanski
Chairman
Torch River Rail

April 14, 2021

Surface Transportation Board
395 E Street, SW
Washington, DC
20423

Dear Surface Transportation Board,

The Toronto Region Board of Trade and our 13,500 members are excited by the announcement of Canadian Pacific Railway's proposed acquisition of Kansas City Southern Railway, and the potential this presents for the North American economy.

Canadian Pacific has a unique history as a foundational transportation company in North America, linking our two countries. The historic success of the Canadian Pacific Railway has long demonstrated the essential nature of goods movement, not only to North America's economic prosperity, but also to community building. Today, North America's freight railways continue to be an important success story, making great strides in enhancing the access of businesses to market and the reliability of our supply chains. They also play an important environmental role, reducing greenhouse gas emissions and road congestion.

Canadian Pacific's proposed acquisition of Kansas City Southern Railway will further link the three CUSMA partner economies. North American businesses will benefit from access to seamless rail networks that connect the Atlantic, Pacific, and Gulf coasts, and now Mexico. This connectivity, without need for cumbersome interchange between railways, is a significant competitive advantage and will serve to further strengthen the efficiency and resilience of supply chains.

The Board applauds Canadian Pacific for this strategic investment, which will benefit the Toronto region and North American businesses.

Sincerely,

Jan De Silva
President & CEO

Toronto Transportation Club

April 9, 2021

Attn: Surface Transportation Board (SBT) – Docket No. 36500

To Whom It May Concern:

RE: Canadian Pacific Railway (CP) and Kansas City Southern (KCS) Potential Merger

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We are writing to provide support for the proposed combination of Canadian Pacific Railway Limited (CP) and Kansas City Southern (KCS).

The Toronto Transportation Club was founded in 1913 and is one of the oldest transportation clubs in Canada boasting over 1200 members. We are a non-profit organization with a wide cross-section of industry members, contributors and volunteers. The roster includes both individuals and corporations representing suppliers and purchasers from every major industry sector.

Based on the information available to us, we believe the combination of CP and KCS railroads will create more efficient supply chains across the North American continent and open up new opportunities and new markets for businesses. We are confident that a combined CP and KCS entity will create more competition and strengthen them as business partners to Transportation Companies and Retailers across North America.

Looking at it from an ESG perspective, this merger offers large benefits as transportation-related greenhouse gas emissions are directly related to locomotive fuel consumption. The combined CP-KC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – will help a significant number of customers reach existing and new markets more efficiently and more environmentally.

The Toronto Transportation Club see favorably the approval by the STB of CP's acquisition of KCS so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all shippers across the USA, Mexico, and Canada.

Sincerely,

John Foss
President
The Toronto Transportation Club

TORQ
Energy Logistics Ltd.

ATTENTION: Surface Transportation Board

My name is Steve Smith, and our business address is Suite 1810, 250 - 6th Avenue SW, Calgary, AB T2P 3H7. I am the Chief Operating Officer of Torq Energy Logistics Ltd. ("Torq"). In my role, I am responsible for all operational aspects of our rail terminals and trucking services.

Torq has been a long-time transloading service provider to CP in the movement of various energy commodities outbound/inbound on CP and KCS. The energy commodities that we handle move to/from various areas of North America and having an aligned partner to provide the safest and cost effective service is paramount to our customers.

Torq supports the approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts, as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Torq has not often spoken favourably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Torq serves as a transload service provider to CP in Western Canada to originate various Canadian energy commodities primarily south to US destinations, as well as receiving commodities at our rail terminals for movement to end destinations in Canada. Torq provides an integrated supply chain with first and last mile trucking of certain of these energy products and sees the benefit of cost-effective solutions resulting from this merger.

> Torq ships or receives crude oil, NGL's, frac sand, chemicals and/or refined products from our CP-served facilities in Lloydminster, Instow, Bromhead and Unity, Saskatchewan and Tilley, Alberta to destinations/origins on the East Coast, Midwest, West Coast and Gulf Coast regions.
>
> CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their rail terminals) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example:

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of crude oil, NGL's, frac sand, chemicals and refined products from 2022 and beyond.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce supply chain costs and improve our efficiency. By providing our customers with single-line haul service from origin to destination at competitive rates, we are able to commit capital to infrastructure at our rail terminals that increases the volume of business that can benefit CPKC and end customers.
- The most cost-effective supply chain will benefit customers and end users. Creating competition to other single-line options for our customers will benefit trade and commerce while at the same time allowing for the most efficient means of transport for the commodities that we handle.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

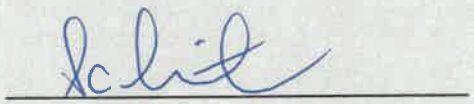
At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers. This merger truly provides a marriage between two parties without conflict given the minimal overlap of their networks.

For these reasons, Torq is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Torq urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

Executed on March 30, 2021.



Steve Smith

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Dave Taylor and my business address is 16711 Voie de Service N, Kirkland, QC H9H 3L1. I am CEO of Traffic Tech Inc. and affiliates In my role, I am responsible for overseeing the affairs of the company, making major corporate decisions, managing overall operations and act as point of liaison between the owner of the company and the board of directors.

CP and KCS are both direct and indirect suppliers of Traffic Tech and assist in transporting the various goods of its clients throughout Canada and the United States. Traffic Tech has a long-standing relationship with CP/KCS and supports the merger of CP and KCS to better service its customers.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. In the last 12 months Traffic Tech has moved over 800 shipments with CP and would provide its clients with additional intermodal opportunities with the merger of CP and KCS. Recently an employee mentioned past challenges on converting on Mexico bids but the benefits of the merger will better Traffic Tech's chances in the future.

Furthermore, this merger will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

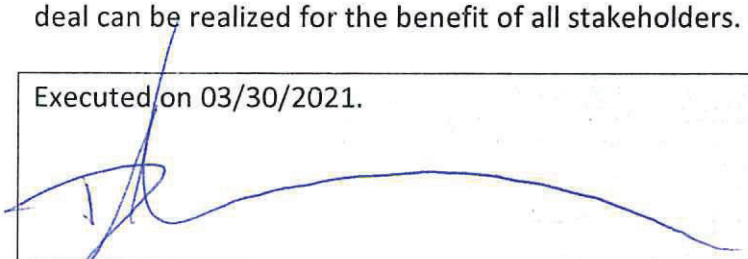
KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Traffic Tech Inc is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Traffic Tech Inc urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on 03/30/2021.



Dave Taylor
CEO
Traffic Tech Inc

My name is Steve Taylor and my business address is 400 Longwood Rd South in Hamilton, Ontario Canada. I am Vice President of Transcare Logistics Corporation, I am responsible for streamlining operations covering all of our locations across Ontario and Quebec and to ensure customers are getting an uninterrupted service on every product we receive as well as ship on behalf of our customers.

Transcare is a 3rd party transloading company that receives multiple commodities from all over North America. These products include granulated plastic in bulk cars, drywall, canola oil and multiple steel products just to name a few. We rely on punctual, reliable rail service to provide our customers 1st and final mile services. We have grown our customer base over time and the biggest lane we serve is a CP / KCS lane between different points in Texas and our Hamilton Ontario facility. We have relied directly with CP for our rail service but with this merger we will be able to provide increased customer service with greater visibility and a synergy in services between CP and KCS .

Transcare Logistics Corporation supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Transcare has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.



We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKS's new single-line haul offerings will expand market reach and offer new competitive transportation options for our customers products from 2021 and beyond.
- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by streamlining the process with more visibility and precision railroading.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This Transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

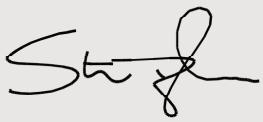
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Transcare Logistics Corporation is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Transcare urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Steve Taylor, declare under penalty of perjury under the laws of the Canada that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.



Steve Taylor
Vice President
Transcare Logistics Corporation
300 Longwood Rd South
Hamilton Ontario, Canada
L8P 4Z3
905-518-5870

Transload Distribution Association of North America
PO Box 198
LaFox, IL 60147
331-643-3369 I ed@tdana.com

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Daniel Price and my business address is 40W815 S. Bridle Creek Drive, Saint Charles, IL 60175; PO Box 198, LaFox, IL 60147. I am President of the Transload Distribution Association of North America (TDANA) and I am responsible for leading the organization Board of Directors and its membership.

TDANA represents the interests of the transloading industry to business and political leaders; advances the technologies, offerings, and standards of practitioners; and increases the visibility of our membership to all shipper industries. As the only association representing transload companies across North America, our organization facilitates partnerships between trans-loaders and shippers and as such, our membership reach includes hundreds of transload organizations and shippers who conduct business on and transport freight via Canadian Pacific and Kansas City Southern lines.

TDANA supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. TDANA has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Our transload and shipper members across North America have experienced the challenges of scheduling loads across multiple lines. While both companies have provided excellent service to our transload and shipper members, their limitations (CP in the South and KCS in the North) require them to interline with other railroads to reach shippers' preferred destinations. Single-line rail service is preferred to expedite service with one point of contact for accuracy and accountability.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our members' shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our members' equipment costs and improve our efficiency.

KCS and CP have been strong supporters of the TDANA from its inception. The TDANA has been able to help educate and grow the transloading industry because of the vital relationships with the KCS and CP

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, TDANA is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. TDANA urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Daniel Price, state under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 5, 2021.



Daniel P. Price – President TDANA

Toll Free: 1-855-866-6901

Ph. 403-264-6901 F. 403-237-6627

420, 333 - 11 Avenue S.W. Calgary, AB T2R 1 L9

April 28, 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500
CP-KCS Potential Combination

Transload Logistics Corp. hereby files this letter to express its concerns to the bid by CN to acquire KCS and state its support for the CP-KCS combination.

We support swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets and port options, improved service options, and invigorated transportation competition.

By contrast, a CN acquisition of KCS would lead to a reduction in competition and deprive shippers of the many tangible benefits offered by the CP/KCS deal. Specifically, if CN were to acquire KCS, we will be harmed by the reduction in competition that would result from a CN acquisition of KCS.

From our perspective, the only combination involving KCS that is in the public interest is the one that CP has proposed. Unlike the CP/KCS combination, the acquisition of KCS by CN would result in harm to competition because the two railroads today serve many locations and shippers in common. Indeed, they operate parallel lines between Baton Rouge and New Orleans and Eastern Mississippi; they both serve grain and other shippers in large swaths of the Midwest and Southern United States; and they both reach the port of Mobile, Alabama. Even more fundamentally, between the Upper Midwest and Gulf Coast, a CN/KCS combination would reduce the number of independent routing options from four to three.

We expect a combined CPKC network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist. A CN-KCS combination would limit competitive carrier options to markets and ports south of Kansas City.

Respectfully submitted,

G. Ben Docktor
C.E.O.
April 28, 2021

Thursday, March 25, 2021

ATTENTION: Surface Transportation Board
RE: SHIPPER SUPPORT LETTER

My name is Dallas Sherwood and my business address is 74075 Hwy 845 Lethbridge AB. I am the CEO of Transmark Ltd. In my role, I am responsible for overall operations and customer relations in our North American market.

Transmark is a storage and transload facility working directly with CP in assisting rail customers with the ability to achieve their logistics and storage requirements. From car storage to wind energy, transloading oil and repairing rail cars, we offer a variety of services. We have worked with CP and their staff and crews for many years and have been very happy with the service and respect we get as a customer.

Transmark Ltd. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Transmark has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Transmark relies on CP for our excellent service to the customers we serve. Our customers ship bulk oil to the Gulf coast, bring windmill components from the Texas ports, grain products from the Northern States and rail cars coming from all over the South Central and Gulf region for storage and repairs. CP has provided us with great service, but it's market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of crude oil from Alberta to the refiners in the Gulf region.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Turnaround times for cars cycling through loading schedules, the ability to pre plan operations will greatly effect customer relations and in turn productivity.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

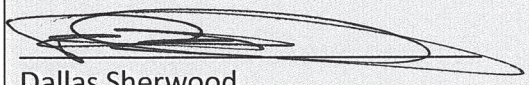
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Transmark is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Transmark urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Dallas Sherwood, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 25, 2021.



Dallas Sherwood

TRANSMODAL

My name is EDUARDO HERRERO GONZALEZ and my business address is CONSTITUCION #581, COL. CENTRO, VERACRUZ, VER. MEXICO, C.P. 91700. I am CEO of TRANSMODAL S.C. In my role, I am responsible for SUPPERVISION OF UPPER MANAGEMENT.

In TRANSMODAL S.C. our relationship with Kansas is the rail fleet service, mainly on the routes from Veracruz to Mexico, and Lázaro Cardenas, using the intermodal sector.

TRANSMODAL S.C. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. TRANSMODAL S.C. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

On the shipping services on routes. CP has provided us with good service, but its Customer Service is limited today, as its response times are slow. CP must improve their attention times, in order for us to give better service to our customers.

And we know from experience that companies with high response times in Customer Service, have more agreeable relationships with their customers.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKS's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Mexico from 2021 to 2022.
- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that

under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKS's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

- All-in rate, as we are not at the expense of monetary variations in fuel.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This Transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, TRANSMODAL S.C. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. TRANSMODAL S.C. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I EDUARDO HERRERO GONZALEZ, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.
Executed on MARCH 20, 2021.

EDUARDO HERRERO GONZALEZ

TRANSPORT BMA

LA FORCE D'UNE ÉQUIPE ! THE STRENGHT OF A TEAM!

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Bruno Auger, president of Bma Transport and my business address is 218 Robinson street, Saint-Eustache, Québec, Canada. I am President of Transport Bma. In my role, I am responsible for the entire company logistic in Canada and USA.

Transport BMA is a car carrier transport company and we move over 100 000 units by years actually. We use Cp for help us to move this big Volume in Canada right now and we have interest to move a lot of this unit directly in USA. We are really satisfied the partnership that we have with the CP team.

Transport Bma supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Transport Bma has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

1 877 800.4445
T 450 473.4325
F 450 473.2924
218 rue Robinson, suite 101
St-Eustache (QC) J7R 5S5
info@transportbma.com
transportbma.com

TRANSPORT BMA

LA FORCE D'UNE ÉQUIPE ! THE STRENGHT OF A TEAM!

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. With the others access or rail, we will have a opportunity to grow up the company

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Transport BMA is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Transport BMA urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on 28 April 2021.

_____ Bruno Auger, Président

1 877 800.4445
T 450 473.4325
F 450 473.2924

218 rue Robinson, suite 101
St Eustache (QC) J7R 5S5

info@transportbma.com
transportbma.com

March 23rd 2021

Attention: Surface transportation board

To whom it may concern,

My name is Jacques Boileau and I am the president of Transport Procal which office address is 13240 rue Turcot in Mirabel, PQ J7J 1C7. We, as a transport logistic specialist, offers to our customers a trouble-free service for their needs in buying commodities from different areas in Canada and North Western US States.

We have been offering Intermodal services to our customers for the past 20 years mainly using as a partner CP rail for their efficiency in transit time, their availability of equipment and the sales and marketing support.

We look after the coordination of every loads that we are given by our customers from the day the product is ready to ship until it's delivered to their facility. On a yearly basis we do on average 100 loads per week with retail box fruits and vegetable for wholesalers and food chains as well as fruit loads for transformers. The partnership that we have establish with CP Rail have allowed us to be the main user of refrigerated containers from Western Canada going East.

We feel that the transaction announced from CP Rail to merge with Kansas City operation will allow us to perhaps offer our customers an Intermodal service from Southern States going into the Toronto and Montreal Canada's market knowing that most of our customers orders commodities from these areas.

As an officer of Transport Procal I support and anticipate a benefit for our operation going forward.

Jacques Boileau
President
Transport Procal

www.tslworldwide.com
GST#84578 9734 RT0001
A proud member of WCA (World Cargo Alliance)
Saskatchewan British Columbia Ontartio Quebec

Transport Services & Logistics Canada Ltd.

201 Robin Crescent
Saskatoon, SK
S7L 6M8 Canada
T: 306 955 7144 F: 306 955 7145

3757 Jacombs Rd, Unit#120
Richmond, British Columbia
V6V 2R3 Canada
T: 604 370 1713 F: 604 370 715

ATTENTION: Surface Transportation Board

My name is Craig Bailey, and my business address is 201 Robin Crescent, Saskatoon, SK., S7L 6M8 I am CEO & Shareholder of Transport Services and Logistics Canada Ltd., In my role, I am responsible for company direction, business growth, and mentorship.

Transport Services and Logistics Canada Ltd., has been a long term partner of CP Rail. We utilize CP's Intermodal Service for 100% of our rail logistic needs. The customers we serve have a broad range of products, from food, automotive parts, and wood. Our relationship with CP has allowed for growth over the years and we continue to value their partnership.

Transport Services and Logistics Canada Ltd., supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Transport Services and Logistics Canada Ltd., has never spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We see this consolidation between CP and KCS as an opportunity to grow our cross border rail offering, in addition, we can provide our clients with a seamless connection to grow their product reach. Transport Services and Logistics Canada Ltd., also provides global logistics for numerous clients, we see this consolidation as another opportunity to grow our clients export reach having direct access to various ports seamlessly.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments / clients
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

www.tslworldwide.com
GST#84578 9734 RT0001
A proud member of WCA (World Cargo Alliance)
Saskatchewan British Columbia Ontartio Quebec

Transport Services & Logistics Canada Ltd.

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T: 306 955 7144 F: 306 955 7145

3757 Jacombs Rd, Unit#120
Richmond, British Columbia
V6V 2R3 Canada
T: 604 370 1713 F: 604 370 715

- Providing customs with a platform to extend reach, grow customer base in a seamless way is exciting and critical for growth. The ability to reach new markets based on a single platform, reducing costs and delays in the supply chain is of utmost importance for our clients.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Transport Services and Logistics Canada Ltd., is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Transport Services and Logistics Canada Ltd. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I _____, state under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29th, 2021

Craig Bailey [Signature]

TRAXXSIDE SHIPPER SUPPORT LETTER

April 30, 2021

ATTENTION: Surface Transportation Board

My name is David Warne, and my business address is 231 Speedvale Ave W, Guelph, ON N1H 1C5. I am General Manager of Traxxside Transloading. In my role, I am responsible for the operations, logistics and commercial success of our company, including the relationships with the railways.

Traxxside is 3rd Party Logistics Company offering multi modal transloading service between rail, intermodal and trucks. Traxxside's customers rely on us to efficiently ship and receive over 2500 carloads annually of bulk grain, food, and industrial products through our facility to support their production facilities and customers. We have an excellent relationship with Canadian Pacific who connect to our facility via a short-line and directly with their door to door domestic intermodal service.

Traxxside supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Traxxside has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

The combined company's single line service would improve our customer's ability to source products of brown and brewers rice moving from KCS markets in Arkansas, Louisiana & Mississippi directly to Guelph, Ontario.

CP's experience providing seamless intermodal service throughout their network and across borders will also benefit our customers and operations.

We are excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

231 Speedvale Avenue West, Guelph, Ontario N1H 1C5 Tel: 519-824-1345 Fax: 519-822-7994
www.traxxside.com

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS` networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Traxxside is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Traxxside urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

D. Warne [Signature]

David K. Warne

Executed on APRIL 30, 2021 [date].

271 Speedvale Avenue West, Guelph, Ontario N1H 1C5 Tel: 519-824-1345 Fax: 519-822-7994
www.traxxside.com

TrendWood Limited
2431 - 121 AVENUE N.E.,
EDMONTON, ALBERTA T6S 1B2

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Greg Sylvester and my business address is 2431 121 ave NE, Edmonton, AB . I am owner/manager of Trendwood Limited. In my role, I am responsible for shipping railcars of forest products into the United States.

Trendwood Limited is a reload facility that has been served by CP Rail since it opened in 1983. Trendwood has shipped tens of thousands of railcars into the United States since and continues to do so with the strong partnership of CP Rail.

Trendwood supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Trendwood has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

With this transaction approved, we could see potential new lanes of shipping that we previously could not access. Through rates into the lower states would now be a possibility and would make shipping into certain markets easier and more competitive.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of lumber from Edmonton to destinations in the lower United States.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. It would also reduce the dwell time of cars that we experience with certain Class I railroads that serve the areas that we ship into.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

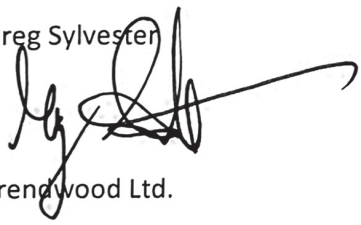
At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Trendwood Limited is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Trendwood Limited urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Greg Sylvester



Trendwood Ltd.

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is HORACIO CESAR FLORES LOPEZ and my business address is AV. LOS ANGELES #303, COL. GARZA CANTU, SAN NICOLAS DE LOS GARZA, NUEVO LEON, MEXICO, C.P. 66480. I am PRESIDENT of TSIM INTERNACIONAL, S.A. DE C.V. In my role, I am responsible for presiding over the entire workforce of my company, and manage budgets and make sure resources are allocated properly.

TSIM INTERNACIONAL, S.A DE C.V owns a Transloading Rail Terminal which is served by the KCSM. The company specializes in providing logistical services to KCSM´s customers, such as: Transloading, Warehousing and Transporting General Cargo. This relationship has been working since 1995.

TSIM INTERNACIONAL, S.A DE C.V supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. In the USA and Canada, the combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. In Mexico, KCS provides efficient service thru the most relevant manufacturing footprint. The two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders

TSIM INTERNACIONAL, S.A DE C.V. has been working with KCSM as a Transloading Rail Terminal, by loading/unloading, warehousing and transporting a vast array of products such as: Steel, Wood, Paper, etc. Currently the company operates approximately 500 railcars per month.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other larger rail carriers and trucks in the North American market.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

We believe this transaction could be positive for as a transportation option. We can see the benefit in the future to be able to have a seamless option into the Canada market, and more competitive option to access market around the Chicago area.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, TSIM INTERNACIONAL, S.A DE C.V. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. TSIM INTERNACIONAL, S.A DE C.V. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Horacio C. Flores, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 30/11/2021 *date.*

Signature

Horacio Cesar Flores Lopez

Tuscarora Grain Co., LLC
P.O. Box 319
Mohrsville, PA 19541

TUSCARORA GRAIN CO., LLC SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Chris Johnson, and I am the Co-Founder of Tuscarora Grain Co., LLC (TGC) in Mohrsville PA. I am responsible for overall operations of our grain and rail operations.

TGC ships North American grown Organic and Non-GMO grain to the east coast on the Canada Pacific Railway. TGC has been working with the CP for the last 5 years. I have personally had a business relationship with the CP for 15 years.

TGC supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. TGC sees this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

TGC ships grain a few US and Canada CP-served facilities (Iowa, Minnesota, WI, SK, AB) to our rail facility in east-central PA. CP has provided us with good service, but its market reach into the breadbasket of the US is sparsely limited as its lines only go as far south as Kansas City. We are excited about the opportunities to be able to originate US organically grown grain from NE & KS and shipping east.

TGC knows from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior. TGC is serviced by more than one Class I. TGC chooses to do most of their rail business with the CP due to the great customer service and willingness to work with a small family-owned company such as ours.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will vastly strengthen CP to better compete against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of organic grain.
- We are enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- President of Mexico recently announced the banning use of certain popular herbicides as well as the use of GMO's. This will greatly assist our business in purchasing from a large supplier such as Mexica of organic and Non-GMO grain being grown in a climate conducive to long growth season. Quality of grain should be very good.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all their other existing interline partners.

I have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, TGC is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. TGC strongly urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Chris Johnson, declare verify under penalty of perjury 'under the laws of the United States, that the foregoing is true and correct. Furthermore, I certify that I am qualified and authorized to submit this letter.



_____ [Signature] Executed on *3/29/2021*.

Chris Johnson _____ [Print]

TWIN RIVERS
PAPER COMPANY

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

Twin Rivers Paper Company LLC is a leading major producer of label, packaging, publishing, and technical papers and lumber with its management office in Portsmouth, NH, which relies on CP as an important supply chain provider.

Twin Rivers supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Twin Rivers sees this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Speaking from a recent experience on a transition where CP acquired the CMQ Railway, CP has provided us with good service, since its acquisition and we are excited about the opportunities of growth with the CPKC and its expanded reach.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of paper.

82 Bridge Avenue
Madawaska, ME 04756
Tel 207-728-3321
Fax 207-728-8701
twinriverspaper.com

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons Twin Rivers is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Twin Rivers urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Steve Collard
VP Supply Chain
Twin Rivers Paper Company LLC
85 New Hampshire Avenue, Suite 100, Portsmouth, NH 03801
Office: 603-433-8325
Cell: 207-316-8735
steve.collard@twinriverspaper.com

cc: Parties of Record

ATTENTION: Surface Transportation Board

My name is Casey Ehrman and my business address is 400 SW 6th Ave, Portland, OR 97204. I am a Partner at TYR Food Products Inc. In my role, I am responsible for managing our feed products group which buys and sells grains for animal feed.

TYR Food Products Inc ships various different grains on the CP rail line to customers in the US, Canada, and Mexico. We utilize the CP rail for shipping our grain in covered hoppers out of Minnesota and Canada.

TYR Food Products Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. TYR Food Products Inc. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship grain from our CP-served facilities in Minnesota, and North Dakota to our customers with elevators in the South Central and Gulf region.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against theother, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of grain from Minnesota to Texas.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroadoption.
- CPKC's new service offerings will improve transit times and reliability, which will reduceour equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kindof seamless, single-line service we have come to expect from our transportation providers. Thistransaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relativeto the other options that already exist, since CPKC will continue to interchange with all of theirother existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP andKCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some pastrail mergers.

For these reasons, TYR Food Products is voicing strong support for the combination of CP andKCS, because it will enhance competition, provide expanded options and drive efficiencies forcustomers of all sizes. TYR Food Products urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of thisdeal can be realized for the benefit of all stakeholders.

VERIFICATION

I Casey Ehrman, state under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/23/21.

[Signature]

[Insert typed name]

675, boul. Lemire Ouest
Drummondville (QC) J2B 8A9
1 855-898-4768
1 819-474-4884
www.groupetyt.ca

Drummondville, March 25th, 2021

STB Finance Docket No. 36500
CP-KCS Proposed Combination

Letter presented to:
Surface Transportation Board

Object: **Support letter - Project CP-KCS**

My name is Patrick Turcotte, I am the president of TYT Group Inc. with the head quarters located at 675 Lemire Boulevard West, Drummondville, Quebec, J2B 8A9. I am President of one of the largest multimodal, logistics companies in Quebec.

TYT Group is operating a network of railed warehouse transload in Quebec which one is located in CP facility in Cote-Saint-Luc. The transload terminal offers logistics solutions to customers in key urban centres along the east coast. This project enhances our footprint in the Montreal area by building capacity and expanding our ability to provide customers with value beyond rail, through trucking and transload. We can say that over the years we have develop a great business relationship between CP and TYT.

Group TYT supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Group TYT has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Group TYT is looking to be a one-stop access to offer the best transportation and logistic solutions to our customers. We are stretching the limits to become a leader in transportation, warehousing, and distribution services. We do that in collaboration with a few partners and one of the majors is Canadian Pacific.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

675, boul. Lemire Ouest
Drummondville (QC) J2B 8A9
1 855-898-4768
1 819-474-4884
www.groupetyt.ca

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.]

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Group TYT is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Group TYT urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Patrick Turcotte, declare under penalty of perjury under the laws of Quebec, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on Thursday, March 25th, 2021.

CP-KCS

Pat Turcotte

_____

Patrick Turcotte, President

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MEMO

To:	CP / KCS / STB	Date:	April 1, 2021
Subject:	CP - KCS Merger		

My name is Wes Adkins, CEO of U.S. Rail & Logistics, LLC.

U.S. Rail & Logistics, LLC is a strategic logistics and rail terminal partner for KCS and I have worked on multiple projects as a 3rd party rail and logistics provider.

U.S. Rail & Logistics, LLC supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. U.S. Rail & Logistics, LLC has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKS's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments from Mexico-US-Canada
- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

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MEMO

To:	CP / KCS / STB	Date:	April 1, 2021
Subject:	CP - KCS Merger		

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This Transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, U.S. Rail & Logistics, LLC is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. U.S. Rail & Logistics, LLC urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Wes Adkins

DocuSigned by:

57956B5AA2614F6...

2833 Crockett St Ste. #126 Fort Worth, TX 76107 | | www.usrailandlogistics.com

12575 Uline Drive · Pleasant Prairie, WI 53158
PHONE (262) 612-4200 · WEB uline.com

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

Angelo Ventrone, Vice President, Logistics
ULINE
12575 ULINE Drive
Pleasant Prairie, WI 53158

My name is Angelo Ventrone and our business address is 12575 ULINE Drive, Pleasant Prairie, Wisconsin. I am the Vice President of Logistics at ULINE. In my role, I am responsible for all ULINE's logistics operations.

ULINE is working with CP on a multitude of opportunities to service our Customers with a world-class supply chain. We are engaged on intermodal movements from Chicago, IL to Edmonton, Alberta and are looking to expand based on the capacity, service, and growth we can jointly accomplish.

ULINE supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options to meet the demands of our business and supply chain. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments to and from Mexico from Pleasant Prairie, WI and into Canada.

ULINE

12575 Uline Drive · Pleasant Prairie, WI 53158

PHONE (262) 612-4200 · WEB uline.com

- Connecting the 3 Countries, excites ULINE as the new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve competition, transit times and reliability, which will reduce the time our goods are in transit, improve our efficiency and help get our goods into the hands of our Customers, driving the economy forward.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

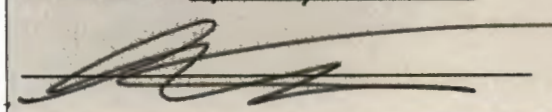
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, ULINE is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. ULINE urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Angelo Ventrone, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/26/2021



UNITED ENERGY TRADING, LLC.
225 Union Boulevard, Suite 200 • Lakewood, Colorado 80228 • Office: 303-991-0983 • Fax: 303-991-0988

UET Shipper Support Letter

ATTENTION: Surface Transportation Board

My name is Tom Smith and my business address is 225 Union Blvd, Suite 2000. Lakewood, CO 80228. I am President of United Energy Trading, LLC ("**UET**").

UET is a privately held trading and logistics company. UET focuses on trading, logistics, and transportation of hydrocarbons and other commodities. UET also develops supply chain solutions and assets for the movement of hydrocarbons and other commodities. UET has been and continues to be a major player in the movement of hydrocarbons by rail including crude oil and LPGs out of Canada and refined products to Mexico.

UET supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. UET has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

UET is currently working with the CP on movements of crude oil and LPG across a network of terminals in North America. UET is working to ship products out of AB and SK to various points in the US Gulf and East Coast.

UET is currently shipping refined products with the KCS to various point in Mexico. In addition, UET is working with the KCS on the potential movement of LPGs into Mexico.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Crude Oil from Alberta, Canada to the US Gulf Coast and Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency by allowing us to utilize a single railroad from Canada, ND, and other points directly into Mexico.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

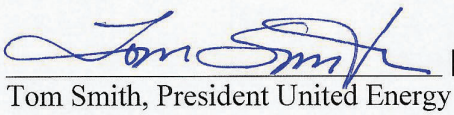
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, UET is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. UET urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Tom Smith, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 30, 2021.

 [Signature]

Tom Smith, President United Energy Trading, LLC

Up On Me Imports Inc.
PH: 780-220-1840
7741 Wagner RD
Edmonton, AB
T6B 5B1

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Up On Me Imports Inc has concerns that CN monopoly if they are allowed to buy Kansas City South in Canada

I am writing to express Up On Me Imports Inc perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN to use a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to

worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there ought not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.
But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates

or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Board noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in

our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so it will incentives to do it through higher prices for CNs current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, if CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome the burdens it took on.

* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Cc: All Parties of Record

Ron Hoyda
CEO
May 21, 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500, CP-KCS Proposed Combination

My name is Luke Vander Aarde and my business address is 730 2nd Avenue South, Suite 700, Minneapolis, MN 55402. I am a Senior Grain Merchandiser of US Commodities, LLC. In my role, I am responsible for buying and selling grain and managing the logistics and transportation of grain.

US Commodities is satisfied with its current business with the CP and looks forward to growing with the KCS after the merger.

US Commodities supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of corn.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.
- CPKC will be a good combination of railroads as the CP has the origins and the KCS has relevant destinations. Now we can have through rates to new destinations.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

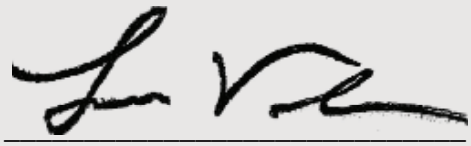
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, US Commodities is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. US Commodities urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Luke Vander Aarde, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 3/24/2021



Luke Vander Aarde

USD Group

March 30, 2021

ATTENTION: Surface Transportation Board

My name is Brad Sanders and my business address is 811 Main St, Suite 2800, Houston, TX 77002. I am Executive Vice President, Chief Commercial Officer of USD Group LLC ("USDG"). In my role, I am responsible for developing the commercial strategies and the proper execution of them for USDG and its affiliated businesses.

USDG has long enjoyed good relationships with many railroads, including Canadian Pacific Railway ("CP") and Kansas City Southern Railway ("KCS"), providing our customers services that often involve rail solutions for various commodities across North America. These services require close operational collaboration and/or negotiations with rail carriers. USDG believes a CP-KCS combination will create a transcontinental railroad with the scale and reach to deliver improved levels of service that will enable us to better serve our customers and communities.

USDG supports approval of the CP/KCS combination. The transaction will provide benefits that we are eager to see realized.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – will help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

CP and KCS have both provided us with good service, but their respective market reaches are limited today, as CP's lines only go as far south as Kansas City and KCS's only as far north as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City to which we ship or into which we may expand.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This should strengthen competition against the other, larger rail carriers and trucks that serve our markets.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce equipment costs and improve efficiencies for our customers.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless,

single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – makes it less likely that the transaction will have any significant adverse effects on competition. It should make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, USDG is voicing its support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. USDG urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Best Regards,

Brad Sanders
Executive Vice President, Chief Commercial Officer

VERIFICATION

I, Brad Sanders, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021 [*date*].

Brad Sanders

USD Terminals Canada

March 30, 2021

ATTENTION: Surface Transportation Board

My name is Jim Albertson and my business address is USD Terminals Canada, Suite 1960, 440 – 2nd Ave. S.W., Calgary, AB / T2P5E9. I am Senior VP, Canadian Business Unit, USD Group LLC ("USDG"). In my role, I am responsible for developing the commercial strategies and the proper execution of them for USDG's Canadian businesses.

USDG has long enjoyed good relationships with many railroads, including Canadian Pacific Railway ("CP") and, more recently, Kansas City Southern Railway ("KCS"), providing our customers services that involve rail solutions primarily for Dilbit and DRUbit™ (diluted bitumen and bitumen, respectively) in the United States and Canada. These services require close operational collaboration and/or negotiations with rail carriers. USDG believes a CP-KCS combination will create a transcontinental railroad with the scale and reach to deliver improved levels of service that will enable us to better serve our customers and communities.

USDG supports approval of the CP/KCS combination. The transaction will provide benefits that we are eager to see realized.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – will help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

CP provides us with good service, but its market reach is limited today, as CP's lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City to which we ship or into which we may expand.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This should strengthen competition against the other, larger rail carriers and trucks that serve our markets.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce equipment costs and improve efficiencies for our customers.

2105, 440 2 Ave, SW Calgary, Alberta T2P 5E9 Phone 587.215.2093 Fax 844.477.4586

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – makes it less likely that the transaction will have any significant adverse effects on competition. It should make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

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For these reasons, USDG is voicing its support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. USDG urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Best Regards,

Jim Albertson
Senior VP, Canadian Business Unit,
USD Group / USD Terminals Canada

VERIFICATION

I, Jim Albertson, declare [or certify, verify, or state] under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 30, 2021 [*date*].

Jim Albertson

SARTIGAN
The Strip Specialist

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Louise Fluet And my business address is 888 Route de Shenley Est, St-Honoré-de-Shenley, QC G0M 1V0, Canada. I am Controller of Usine Sartigan Inc. In my role, I am responsible for to negotiate the price of insurance, transport, manage the administrative department, finance investment projects, obtain subsidies.

Usine Sartigan Inc. specializes in the manufacturing of various wood components, primarily for the construction industry. CP is our preferred partner and rail service provider. We ship our finished products with CP (via the QGRY) from Quebec, QC to various destinations in the U.S. Mid West and the South East. Our customers are large home center retailers such as Lowe's company and Home Dépôt who are very transit time sensitive and demand high levels of service.

The consistent and reliable service of CP allow us to meet the requirements of our customers and extend our reach into the U.S. market. We directly benefit from the value of CP's service, which is demonstrated by competitive rates, breadth of the network, fast transit times and industry leading safety practices.

Usine Sartigan Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Usine Sartigan Inc. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship Lumber and wood products from Quebec City, QC to our customers in the U.S. Mid West and the South East. CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. While our business might not be directly impacted by the merger due to the location of our current customers, we believe the proposed transaction will provide increased competition, market access and greater choices for shippers.

And we know from experience both our own, and that of our competitors who have single-line rail options at their origins that single-line rail service options are far superior.

888, route 269, Saint-Honoré (Québec) G0M 1V0 • **Tél. : (418) 485.6797 / Fax : (418) 485.6745**
sarti@globetrotter.qc.ca / www.sartigan.com

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options to destinations that are currently beyond our reach.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- As Usine Sartigan Inc. promotes environmental sustainability, we are excited that in addition to providing new competition against other railroads, the new single-line routes made possible by the transaction are expected to shift trucks off crowded U.S. highways, yielding reduced highway traffic and lower carbon emissions.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Usine Sartigan Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Usine Sartigan Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on Mar 29, 2021.

Louise Fluet, Contrtoller

VMODAL
LOGISTICA MULTIMODAL

March 29th., 2021.

SURFACE TRANSPORTATION BOARD
SHIPPER SUPPORT LETTER

To whom it may concern:

My name is Francisco Javier Vera Lima, and my business address is Calle Manuel Gomez Morin 3870, Interior 603, Piso 4, Colonia Centro Sur, Queretaro, Qro. I am the President & CEO of the Board of V Modal Mexicana, Sociedad Civil.

V Modal Mexicana, is a company created in 2010 to provide excellent Logistics Coordination services, combining rail, road and maritime transportation, through the Intermodal service and the General Cargo in railroad, making efficient the cost of transportation in the supply chain of the companies and our customers, with a "Friendly with the Environment" proposal, reducing the carbon footprint, road congestion on highways and main cities, as well as the insecurity on road routes in the Door to Door services that we provide.

V Modal Mexicana has been working for long time with KCS to increase movements between Mexico City and Salinas Victoria thru the Intra-Mexico Service, connecting the industrial zone of the State of Nuevo Leon and the border area of Laredo, TX with Mexico City and the industrial cities of surrounding states.

V Modal Mexicana and KCS, have been working together to connect the ports of Lazaro Cardenas, Veracruz, and Tampico/Altamira with the industrial zones of Mexico City, Bajio, San Luis Potosi, Guadalajara, Monterrey and surrounding states.

The commercial relationship that we have with the KCS and the CP has allowed V Modal to work in the analysis of a boxcar movement from Monterrey to Ontario, including a Cross-Dock operation at Henry Warehousing facility in Weston, ON, which could be developed in the short term.

V Modal Mexicana has been requested to support the approval of the CP/KCS combination and for our perspective, the transaction promises to provide improved

VMODAL MEXICANA S.C.
vmodal.mx
vmodal@vmodal.mx
tel. +52 (442) 209 9600

service options and invigorate transportation competition in the markets we serve. The combined CPKC network –with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets– would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, we have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Even though V Modal Mexicana has not often spoken about railroad consolidation, we believe that this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation. We are sure that this transaction would provide significant benefits that we are eager to see realized as soon as possible.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. We know from experience, that single-line rail service options are far superior and we believe that this unique rail service will strength competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKS's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce, for sure, our transportation costs, improve our efficiency and the safety conditions of cargo.
- CPKC's green logistics with low pollutant emissions in benefit of the environment.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

VMODAL
LOGISTICA MULTIMODAL

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers, like the one that affected Transportacion Ferroviaria Mexicana (TFM) in the beginning of its operations during the Concession of the Northeast Railroad of Ferrocarriles Nacionales de Mexico (FNM).

For these reasons, V Modal Mexicana is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. V Modal Mexicana urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

I Francisco Javier Vera Lima, President & CEO of the Board of V Modal Mexicana, Sociedad Civil, declare under penalty of perjury and under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29th, 2021.

V Modal Mexicana, Sociedad Civil
Francisco Javier Vera Lima
President & CEO

April 1, 2021

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

Re: STB Docket #FD-36500

Dear Ms. Brown:

Valero Marketing and Supply Company ("**VMSC**") is a marketing company that markets refining and ethanol products across the United States from the facilities of its many affiliated companies. These facilities are rail-served and VMSC uses the services of Canadian Pacific Railway Company ("**CP**") and Kansas City Southern Railway Company ("**KCS**") to deliver the facility products.

VMSC is aware that CP and KCS have announced a plan to combine their operations.

At this time, VMSC has no objection to, and supports the approval of, CP's proposed acquisition of KCS.

Sincerely,



Todd J. Link
Vice President, Transportation
Valero Marketing and Supply Company
Todd.Link@Valero.com



VAN-KAM Freightways Ltd.
10155 Grace Road
Surrey, BC V3V-3V7

STB Finance Docket No. 36500
CP-KCS Proposed Combination

To Whom It May Concern:

I am providing written support for the combination of Canadian Pacific Railway (CP) and Kansas City Southern (KCS). I believe this combination of railroads will benefit not only VanKam Freightways Ltd by creating more effective supply chains across the North American. This transaction will open up new opportunities and new markets for businesses by leveraging this much needed supply chain resource. Currently VanKam Freightways Ltd and CP partner together to move Intermodal traffic into Western Canada and the Southwest United States. CP is a line haul carrier that is transporting various commodities and VanKam Freightways Ltd handles the first or final mile drayage component. VanKam Freightways Ltd & CP partnership is strategic and both companies collaborate to create better and more environmentally sustainable supply chains to service the demand of the North American marketplace.

VanKam Freightways Ltd is thrilled about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. We are particularly enthusiastic about the role new CPKC single-line routes

will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option. This transaction will aid in reducing carbon emission by creating a competitive alternative to Over-the-Road that is considerably more sustainable for the environment.

VanKam Freightways Ltd urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all shippers across the USA, Mexico and Canada.

Sincerely,



Derek Power

National Account Director

April 29, 2021

ATTENTION: Surface Transportation Board

RE: STB Finance Docket No. 36500
CP-KCS Potential Combination

VantEdge Logistics Inc. hereby files this letter to express its concerns to the bid by CN to acquire KCS and state its support for the CP-KCS combination.

We support swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets and port options, improved service options, and invigorated transportation competition.

By contrast, a CN acquisition of KCS would lead to a reduction in competition and deprive shippers of the many tangible benefits offered by the CP/KCS deal. Specifically, if CN were to acquire KCS, NOT only will we be deprived of the benefits of the CP/KCS deal, but we will also suffer a reduction of competition in key areas by virtue of CN acquiring KCS.

From our perspective, the only combination involving KCS that is in the public interest is the one that CP has proposed. Unlike the CP/KCS combination, the acquisition of KCS by CN would result in harm to competition because the two railroads today serve many locations and shippers in common. Indeed, they operate parallel lines between Baton Rouge and New Orleans and Eastern Mississippi; they both serve grain and other shippers in large swaths of the Midwest and Southern United States; and they both reach the port of Mobile, Alabama. Even more fundamentally, between the Upper Midwest and Gulf Coast, a CN/KCS combination would reduce the number of independent routing options from four to three.

We expect a combined CPKC network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist. A CN-KCS combination would limit competitive carrier options to markets and ports south of Kansas City.

Respectfully submitted,

Glenn Moore

Glenn Moore
President
April 29, 2021
CC: All Parties of Record

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Carl Veikle and my business address is PO BOX 548 Cut Knife, SK S0M 0N0. I am the Owner of Veikle Grain Ltd. In my role, I am responsible for the entire operation.

Veikle Grain Ltd. has been working with CP for 30 years transporting mostly pulses and wheat to Vancouver and Montreal. In the last six years we have been receiving liquid and dry fertilizer from throughout the states (New Jersey, New Orleans).

Veikle Grain Ltd. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Veikle Grain Ltd. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Veikle Grain Ltd. has been transporting pulses to CP certified facilities in Vancouver and Montreal for thirty years and we have been receiving liquid and dry fertilizer for the last six years from the United States. With the proposed merger of the CP and the KCS this will give Veikle Grain access to new markets, especially when it comes to the importing and receiving of fertilizers from the US into Canada. This single-line rail service option from Canada into the US and vice versa is far superior than CP interlining with other railroads beyond Kanas City.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Fertilizer from New Orleans to our location in Cut Knife, SK.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency from direct movement.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Veikle Grain Ltd. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Veikle Grain Ltd. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Carl Veikle

Carl Veikle
Veikle Grain Ltd.

VICTORIA PULSE
Trading Corporation
#601-850 West Hastings St.
Vancouver, BC V6C 1E1
T: + 1 604 733 1094
F: + 1 604 733 1097
info@victoriapulse.ca
www.victoriapulse.ca

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

April 19, 2021

My name is Tina Mobayen and my business address is 601 – 850 West Hastings St. Vancouver, BC V6C 1E1. I am the Export Manager of Victoria Pulse Trading Corp. In my role, I am responsible for trading and the daily operation flow of our facility in Francis, SK.

Victoria Pulse Trading Corp. is a family owned Canadian company established in 2002. We are a pulse export shipper whose facility is located at Francis, SK. Our origin is on the Stewart Southern Shortline (SSR), which is a CP served shortline. We work very closed with CP as our shipments interchange from the SSR to CP at Richardson SK. We also utilize other CP origin locations such as Estevan SK to ship our products for export (via Vancouver or Montreal) or into Mexico (via CP and the KCS).

Victoria Pulse Trading Corp. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Victoria Pulse Trading Corp. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (for example, our specialty crop shipments to Mexico). And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of specialty crops from Richardson SK to Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

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- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. As there is significant track mileage between Saskatchewan and Mexico, improved transit time means assets cycle more quickly, allowing us to re-load empties and increase shipments.
- Since Victoria Pulse Trading Corp. is located on a shortline, our freight costs include the shortline and any subsequent Class 1 carriers in the line haul. A single-line rail service option with CP from our shortline interchange could potentially give us more competitive freight options.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

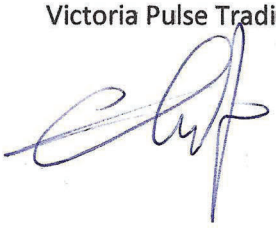
At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Victoria Pulse Trading Corp. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Victoria Pulse Trading Corp. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Tina Mobayen
Victoria Pulse Trading Corp.



VILLAUME

PRECISION WOOD PRODUCTS FOR 125 YEARS

ATTENTION: Surface Transportation Board

My name is Paul Krier and my business address is 2926 Lone Oak Cir, Eagan, MN 55121. I am the General Manager of Villaume Industries which is part of US LBM a national building products company. In my role, I lead two division inside of Villaume. We produce trusses for the local residential and light commercial construction industry and industrial wood packaging for local and regional manufacturers. Our company employees over 150 associates both union and non-union. Villaume has a long history of wood manufacturing dating back to 1882.

Villaume has enjoyed and benefited from being a part of the CP for decades. We have brought lumber and plywood in efficiently and cost effective, helping Villaume to be price competitive in our marketplace. Having a rail spur is a true advantage in our industries, because of the volume and demand from our customers.

Villaume supports the approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible. This would allow us to purchase lumber via the rail (cost effectively) from new domestic markets.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Villaume is expecting the combination of the railroads would drive improved service and reduced costs.

Villaume has lumber delivered by carloads weekly and during our busy season, sometime multiple times per week. The combination of the CP/KCS again helps Villaume purchase cost effectively from our southern states.

Villaume Industries, Inc.
2926 Lone Oak Circle / St. Paul, Minnesota 55121
t. 651.454.3610 • 800.488.3610 / f. 651.454.8556

04/01/2021
[DATE]

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of South Yellow Pine into Minnesota.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

Suppliers are constantly contacting me from the southern states and try to open up their product offering to Villaume, however price competitiveness is lost when transportation is not cost effective.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Villaume is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Villaume urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Paul Krier, declare verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 1, 2021.

_____ [Signature]
Paul Krier









VISION TRANSPORTATION
7659 Bramalea Road, Brampton, ON L6T 5V3 Tel: (905) 858-7333

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Robert Champagne and my business address is 7659 Bramalea Road, Brampton, ON. I am Vice President of Vision Transportation Systems Inc. In my role, I am responsible for Vision Transportation's intermodal operations and business development.

Vision Transportation is one of CP's largest retail customer utilizing its assets and DRP program through their relationships with the shipping lines. CP is a vital partner supplying equipment and services for Vision's Expedited Intermodal LTL service to Western Canada.

For this Vision Transportation supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Vision Transportation sees this transaction beneficial.

Vision Transportation is a Canadian based 3PL that offers services such LTL and FTL North American trucking and warehouse services to go along side its intermodal North American services. Our mix of customers include automotive, machine parts, packaging, and other parts and finished goods. Vision specializes converting over-the-road freight to intermodal. Our operations are set up in such a way to service our customers as most trucking firms.

We find this transaction to be crucial to add capacity for our customers who either ship to or need capacity out of Mexico. We often have requests for export capacity from Mexico, but the network is beyond capacity. We would now have a better option for our customers.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the

kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.
At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Vision Transportation is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Vision Transportation urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on March 29th, 2021



Robert Champagne

VITERRA THE AGRICULTURE NETWORK

Dean McQueen
Vice President of Merchandising and Transportation
Viterra Canada Inc.
2625 Victoria Ave
Regina, Saskatchewan, Canada, S4T 7T9

March 25 2021

ATTENTION: Surface Transportation Board

My name is Dean McQueen and my business address is 2625 Victoria Ave, Regina, Saskatchewan, Canada, S4T 7T9. I am Vice President of Merchandising and Transportation for Viterra Canada Inc. In my role, I am responsible for all North American grain merchandising and transportation.

Viterra Canada Inc is a large customer of CP Rail shipping in excess of 70,000 railcars with a total freight spend of over $225 million annually. We have experienced annual growth with CP Rail for the past several years.

Viterra supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. Furthermore, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

Viterra's transportation needs with CP rail are very diversified across exports, domestic milling, and processing of specialty crops and oilseeds. Our grain and processing originations are spread across western Canada and the northern USA. Destination reach at competitive values is key to provide diversified market opportunities for our farm customers.

Certain domestic markets have been a challenge on CP over the years, especially

markets over Chicago, export gulf destinations, and routing into key markets in Mexico.

Viterra believes this merger will open further market opportunities through competitive rate structures and enhance competition to certain captive markets currently held by other class one railways.

As we know from experience, (both our own, and that of our competitors who have single-line rail options at their origins) single-line rail service options are far superior for both public and private fleets.

We are very excited about the transaction and believe it will allow a combined CPKC to provide new, efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Oilseeds, specialty crops, and milling wheats from Western Canada and the Northern USA to the Gulf export markets, end users south of CP's current reach, and key markets in Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

CP-KCS joint routes are among our transportation options, but as separate company's they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We are impressed with the focus and attention of CP and KCS towards safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I

VITERRA THE AGRICULTURE NETWORK

railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Viterra Canada Inc is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. Viterra urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Yours sincerely

Dean McQueen

VP, Grain Merchandising and Transportation

Viterra Canada Inc
March 25 2021



Vogelsberg Trucking Inc.
2989 1st Avenue NW
Faribault, MN 55021
507-339-6969

To Whom it may concern;

My name is Paul Pickering and my business address is 2989 1st Avenue NW Faribault, MN 55021. I am President of Vogelsberg Trucking Inc.

Vogelsberg Trucking Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promise to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network with new single-line hauls and access to premier ports on the U.S. Gulf. Atlantic and Pacific coasts as well as th key overseas markets would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt the CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

With the new capabilities of the CPKC all of the business we shy away from because of trucking issues and the Mexican border will now turn into rail business the will open countless doors for our company.

The merger will also help us attract new and renew current business between Minnesota and Texas as well as other points in the US. WIth th UP Now having to compete with the CP, we should see better amd more competitive pricing. This pricing could open many doors and drive our transloading facilities and help our short haul, first mile, last mile trucking.

KCS and CP have had a cooperative relationship in the past, and CP KCS joint routes are among our transportation options, but as separate companies they have not been able to offer

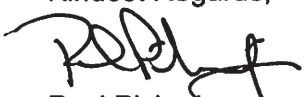
the kind of seamless single line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS networks connecting only at Kansas City and not overlapping anywhere means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness, given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest US Class I railroads, we are confident that they will be able to implement their transaction without the service of disruptions that have accompanied some past rail mergers

For these reasons, Vogelsberg Trucking Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Vogelsberg Trucking Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefit of this deal can be realized for the benefit of all stakeholders.

Kindest Regards,



Paul Pickering
President/Owner
Vogelsberg Trucking Inc.

VOLUME FREIGHT

SOLUTION DRIVEN INNOVATION

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Chris Fedorchuk and my business address is 100-1475 Chevrier Blvd, Winnipeg Manitoba. I am the President of Volume Freight Solutions Inc. In my role, I am responsible for generating new business and overseeing all our departments of transportation including intermodal and railcars.

Volume Freight Solutions Inc is a third party logistics provider handling all modes of transportation. Our main market consists of shipping agricultural products with CP from the Prairies to Vancouver and Montreal. As well as loading boxcars and hopper cars from MB & SK to Texas for furtherance into Mexico with CP/KCS. Our growth into the cross-border intermodal market is an area of focus.

Volume Freight Solutions Inc supports the approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Volume Freight sees this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Volume Freight currently loads boxcars and hoppers cars in Winnipeg MB with Agricultural commodities destined throughout the US and for furtherance into Mexico. Having CP and KCS join operations we hope to see better access to equipment availability due to increased network velocity. A potential reduction in transit times between Winnipeg and the Mexican market. And shared systems with better information sharing and visibility.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Agricultural products from Canada to the US and Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

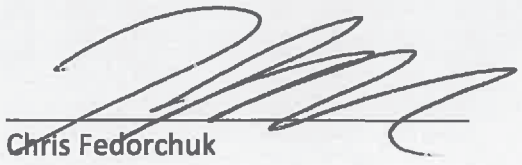
KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Volume Freight is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Volume Freight urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Executed on March 29, 2021



Chris Fedorchuk

WRC
FREIGHT SERVICES

PO Box 41153, Port Coquitlam, BC V3C 5Z9

ATTENTION: Surface Transportation Board

My name is Wayne Robins and my business address is 2671 Fortress Drive Port Coquitlam BC V3C 6E3. I am President of W. Robins Consulting Ltd. In my role, I am responsible for Brokering and Freight Forwarding of customer goods throughout North America.

W. Robins Consulting Ltd is reliant on CP Railway and the KCS to meet our customer requirements and assist in establishing new markets throughout the US and Canada.

W. Robins consulting Ltd. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. W. Robins Consulting Ltd. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

W. Robins Consulting Ltd. ship forest products, industrial materials, bulk products, etc. between British Columbia and the South West United States by various modes of transportation.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

We know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of forest products from British Columbia to CPKC serviced states, and Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.
- As single line carrier CPKC efficiencies will improve railcar availability and provide a more competitive advantage to better serve our customers.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

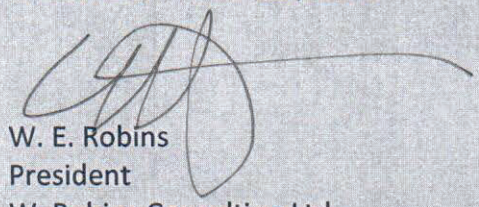
At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers such as the SP and UP merger.

For these reasons, W. Robins Consulting Ltd. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. W. Robins Consulting Ltd. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

I Wayne Robins, verify that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.



W. E. Robins
President
W. Robins Consulting Ltd.

W.A. GRAIN & PULSE SOLUTIONS

ATTENTION: Surface Transportation Board

My name is Chris Chivilo and my business address is 4923 50 St, Innisfail, AB T4G 1T1. I am President and CEO of 1309497 Alberta Ltd. o/a W.A. Grain & Pulse Solutions.

W.A. Grain & Pulse Solutions is a grain exporter who utilizes CP's hopper-car and intermodal programs to ship grain and pulse products from inland Canadian facilities to a variety of domestic and export destinations. We have been a satisfied customer of CP's for several years.

W.A. Grain & Pulse Solutions supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. Also, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. W.A. Grain & Pulse Solutions has not often spoken favorably about railroad consolidation but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship grain from our CP-served facilities in Vanguard, SK; Ponteix, SK; Pambrun, SK; Bowden, AB to our customers around the world.

CP has provided us with good service, but its market reach is limited today as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to or that could expand the markets we serve effectively.

We know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example;

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of grain products from Bowden, AB to the southern United States.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada

under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, W.A. Grain and Pulse Solutions is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. W.A. Grain and Pulse Solutions urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Chris Chivilo, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 03/29/2021



Chris Chivilo

STB Finance Docket No. 36500
CP-KCS Proposed Combination

To Whom It May Concern:

I am providing written support for the combination of Canadian Pacific Railway (CP) and Kansas City Southern (KCS). I believe this combination of railroads will benefit not only Wakefield Canada by creating more effective supply chains across the North American. This transaction will open up new opportunities and new markets for businesses by leveraging this much needed supply chain resource. Currently Wakefield Canada and CP partner together to move Intermodal traffic into Western Canada. CP is a key carrier that is transporting products between our Canadian Distribution Centre's. Wakefield Canada & CP partnership is strategic and both companies collaborate to create better and more environmentally sustainable supply chains to service the demand of the North American marketplace.

Wakefield Canada is overjoyed about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will provide an alternative to our current use of CN when sourcing product from the US. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option. This transaction will aid in reducing carbon emission by creating a competitive alternative to Over-the-Road that is considerably more sustainable for the environment.

Wakefield Canada urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all shippers across the USA, Mexico and Canada.



Sincerely,

John Short | Director, Supply Chain Optimization
Wakefield Canada Inc. | 3660 Lake Shore Blvd. West | Toronto | Ontario | M8W 1P2
Tel. +1 (416) 252-5511 , 4488 | Mobile. +1 (416) 452-0272
JShort@wakefieldcanada.ca

WATER TRAIN

P.O. 325 Marion, IL 62959

ATTENTION: Surface Transportation Board

My name is David Anthony Rangel and my business address is P.O. 325 Marion, Illinois 62959 I am President of Water Train Inc. In my role, I am responsible for identification of clients, acquisition of strategic resources and railroad logistics.

Water Train is actively developing unit train water service with CP Rail along many sections of their network, from Iowa to Minnesota. Currently, the focus of our traffic is along the Mississippi River corridor for customers in the Southwestern and Western United States.

Water Train Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Water Train Inc. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidations.

We ship water from our CP-served facilities in Clayton, Iowa, and Randolph, Minnesota to our customers with terminals in the South Central and Gulf region.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

info@watertrain.us

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of water from Wisconsin to Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Single line, direct service will improve transit times and allows for a reduction of almost on week in round trip service. This will save the cost of acquiring 400 additional railcars to provide service-using interchange with other Class 1 railroads.

Contrary to claims of service equity and rate fairness after other prior consolations, in points with single carrier service, we have found mediocre services and punitive rates across the board. While we understand deeply the obstacles of nature, machines and human limitations, most single line carriers treat us as if we are the problem. Rather than viewing our traffic as the core of their business, we are considered no more than a string of pejoratives. Forced to run the gauntlet of "take it or leave it" rail service today is like a daily Root Canal. Not a day goes by that we wish we could only work with CP.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come wan from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Water Train Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Water Train Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

info@watertrain.us

VERIFICATION

I , David Anthony Rangel, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 5, 2021.

David Anthony Rangel

WELDED TUBE OF CANADA

111 Rayette Road
Concord, Ontario L4K 2E9 Canada

ATTENTION: Surface Transportation Board

My name is Roberto Amato and my business address is 111 Rayette Road, Concord, ON L4K 2E2. I am the Director, Logistics & Fleet Management at Welded Tube of Canada. In my role, I am responsible for logistics and fleet operations.

Welded Tube of Canada is a shipper that uses CPRS in Canada to transport metal tube/pipe into Western Canada. The satisfaction from the service being provide from CRPS is sufficient, but there is a lack of service offering into the southern parts of the USA from our Canadian shipping points.

Welded Tube of Canada supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Welded Tube of Canada sees this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

> **Welded Tube ships tube/pipe across North America. We ship rail car units, as well as inter-modal.**
>
> **CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).**
>
> **And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.**

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of _2500_ for the year 2020.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- The CPKC new single-line haul offering will allow us expand our intermodal shipping opportunities further south, providing us with a presumed freight advantage.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies, they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

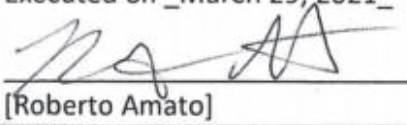
Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions.

For these reasons, Welded Tube of Canada is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Welded Tube of Canada urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I _Roberto Amato_, declare under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on _March 29, 2021_



_____ [Signature]
[Roberto Amato]

WEST COAST
REDUCTION LTD.

West Coast Reduction Ltd.
1292 Venables Street
Vancouver, British Columbia V6A 4B4
Phone: 604.255.9301

March 30, 2021

Surface Transportation Board
395 E Street
Washington DC 20423
United States

Attention: To Whom It May Concern

Dear Sir or Madam:

Re: **Support Letter from West Coast Reduction Ltd.**

West Coast Reduction Ltd. ("WCRL") provides a wide range of services essential to the efficient functioning of Western Canada's agriculture and food, as well as bio-fuels sectors. For over five decades, WCRL has supported Canada's agriculture and food sectors, diverting organics like used restaurant oils, animal processing waste from landfills and converting them into useful products such as animal and aquaculture feed ingredients.

Over the last several years, our focus has grown, and we have invested in WCRL's capacity and infrastructure to help meet the increasing demand for animal fats, which have become an essential ingredient in the creation of next generation liquid bio-fuels. In addition to our rendering and fats operations, we also play a major role in Canada's canola oil trade, storing and handling 50% of Canada's Asia-bound canola exports.

WCRL supports approval of the CP/KCS combination. The transaction would provide benefits that we would like to see realized as soon as possible.

From our perspective, the transaction promises to provide improved service options. The combined CP/KCS network would help us reach our existing markets and new markets more efficiently. WCRL has not often spoken favorably about railroad consolidation, but we see this transaction as beneficial.

Do not hesitate to contact the undersigned should you have any questions.

Yours very truly,
West Coast Reduction Ltd.



Grant Saar
Director of Sales
Direct:604.252.2085
Email: gsaar@wcrl.com

GS/ec

NOTHING LEFT BEHIND*

Western Asphalt Products
65 Limestone Road East
Brandon, Manitoba
R7A 7L5
204-735-9538

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Dean Arnill and my business address is 65 Limestone Road East, Brandon, Manitoba. I am President of Western Asphalt Products. In my role, I am responsible for managing and overseeing all facets of the business from estimating, raw material purchases to business development.

Western Asphalt Products is thrilled with the CP Merger with KCS. Western Asphalt receives various commodities at our terminal including, steel coil, rebar, fertilizer, latex, emulsifiers, lumber, asphalt, refined products including drilling fluids. We have had a strong relationship with CP exploring new opportunities and adding value to third party supply chains.

Western Asphalt supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Western Asphalt has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Currently with CP with ship or transload the following to Brandon, Manitoba:

- Steel coil from Hamilton, Ontario
- Rebar from Mexico
- Fertilizer from around North America
- Asphalt and refined products from various refineries across North America
- Latex from Chattanooga, Tennessee
- Emulsifiers from across the US.

Western Asphalt is trilled about the new single line service that can be provided by CP. We will be able to drop interchange fees and reach new markets we did not consider possible.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.
- CPKC will add value to our customers who never through it was possible to purchase raw materials as far south as Mexico City.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Western Asphalt is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Western Asphalt urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



Dean Arnill
President
Western Asphalt Products



1555 Brigantine Drive,
Coquitlam, BC
Canada V3K 5C2

ATTENTION: Surface Transportation Board

My name is Mary Waring and my business address is Western Logistics Inc, 1555 Brigantine Drive, Coquitlam, BC . I am the CEO of Western Logistics Inc. In my role, I am responsible for all aspects of the business.

Western Logistics Inc is a longstanding customer of CP Rail, and has partnered with them for over 30 years. We use their intermodal service daily , and have a high level of sustained satisfaction spanning three decades.

Western Logistics Inc supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We use CP very effectively domestically in Canada. We do have US operations, and once this consolidation is in place, we will evaluate our needs for accessing the system for North American coverage. We know that single line rail options should work much better in this scenario.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments . We currently have facilities near Chicago, and in North Carolina, and have researched Texas as possible expansion.

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. More efficient trains, always help the reliability factor.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

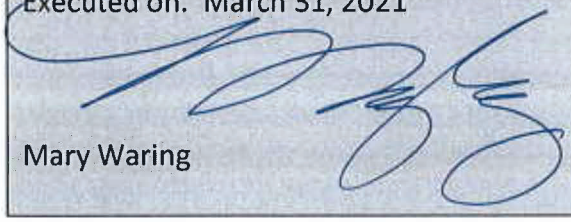
At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers. For these reasons, Western Logistics Inc is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Western Logistics Inc urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Mary Waring , declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on. March 31, 2021



Mary Waring

MARCH 28TH, 2021

TO: **SURFACE TRANSPORTATION BOARD**

FROM: **BLAIR STEWART, PRESIDENT**
WEYBURN INDUSTRIAL TRANSLOAD INC.

RE: **LETTER OF SUPPORT – CANADIAN PACIFIC & KANSAS CITY SOUTHERN MERGER**

Weyburn Industrial Transload Inc. (WIT) is located on the Canadian Pacific Railway (CP) main line in the Southeast corner of the Province and is Saskatchewan's newest Transload Facility. We are based out of Weyburn, Saskatchewan and collectively have 50+ years of combined industry experience, in-depth local knowledge, and deep relationships within the industry. As the President of WIT, I am ultimately responsible for the day-to-day activities of the business.

Our family has been in the railway business for many years and the Stewart Southern Railway (SSR) bears our name *(Short-line railway running from Stoughton to Regina)*. We have had an extremely strong relationship with CP, and they have been a trusted partner of the Stewart family for decades with that relationship being transferred to the 2nd generation as we speak. It is only because of that deep rooted relationship that I have resurfaced from retirement to be involved in WIT and only given we had an opportunity to be located on CP's main line!

We wholeheartedly support the merger between CP and Kansas City Southern (KCS). This transaction would provide significant benefits overnight to a Transload Facility like WIT that is strategically located on the Canada/United States border on CP's mainline. This transaction will have an immediate impact on the markets we serve and given the combined CPKC network we are certain the new single-line hauls and access to premier ports on the Gulf, Atlantic and Pacific coasts within the U.S. will help both ourselves and our customers. In addition, these routes will provide WIT with immediate access to international markets that simply are not available to us today. Furthermore, given their collective focus on health and safety and their long-standing track record on operational excellence we are extremely confident that WIT along with industry stakeholders, clients and ultimately the consumers will see the immediate benefit of this merger being proposed. To date, I have remained relatively silent regarding railroad consolation but, I view this transaction as both timely and beneficial with none of the downsides that might result from another round of Class I consolidation.

WIT was extremely optimistic to learn of the transaction because it will allow a combined CPKC to provide new, efficient, and reliable rail service options that will strengthen competition against the other, larger rail carriers and trucks that serve our markets today. WIT can now not only leverage our long-standing relationship with CP to build our business moving forward we will now have an opportunity to also leverage the infrastructure of KCS. This could result in the following:

- Transload specialty crops in Saskatchewan and gain access to the Mexican market who has been a large buyer of lentils, peas and canola;
- Potential to use the expanded lines past Kansas City to move oil, propane, diesel, and butane to international markets;
- Access to transload both wind and solar opportunities that could now come to fruition with CP's additional infrastructure given a new-found partnership with KCS.

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We know that KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options today. However, as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers, and we are certain that this transaction will do just that!

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere else – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already presently exist, since CPKC will continue to interchange with all their other existing interline partners.

Within industry it is widely known of the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, WIT is fully supportive for the combination of CP and KCS. We believe that it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. WIT urges the STB to approve CP's acquisition of KCS as quickly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of not only WIT but, all stakeholders.

Best,



Blair Stewart

March 28th, 2021

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Wheaton Dumont CO-OP ELEVATOR
Main Office
6587 US HWY 75
WHEATON, MINNESOTA 56296
Main Office: 1-800-258-4744

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Philip Deal and my business address is 6587 U.S. Highway 75 Wheaton, MN 56296. I am CEO of Wheaton-Dumont Coop Elevator. In my role, I am responsible for all operations of the Company.

Wheaton-Dumont Coop Elevator ships shuttle trains of corn and soybeans from our CP-served grain terminal in Tenney, MN typically to export markets in the PNW. We ship several thousand cars each year and rely heavily on CP to support our business.

Wheaton-Dumont Coop Elevator supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Wheaton-Dumont Coop Elevator sees this transaction as uniquely beneficial in that it expands the rail network in such a way that actually increases our opportunities to export grain and reach more markets.

As stated earlier, Wheaton-Dumont Coop Elevator uses CP to ship shuttles of both corn and soybeans to our customers in the PNW, Canada, and St Louis.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of both corn and soybeans to Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Wheaton-Dumont Coop Elevator is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Wheaton-Dumont Coop Elevator urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Philip Deal, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March, 29 2021.

[Signature]

Philip Deal
Wheaton-Dumont Coop Elevator



ATTENTION: Surface Transportation Board

My name is Mark Jennings and my business address is 15 Dakota Ave, Wilton North Dakota. I am the manager of Wilton Farmers Union Elevator. In my role, I am responsible for the general management and business transactions of Wilton Farmers Union Elevator.

Wilton Farmers Union Elevator is a current shipper on the CP railway. WFE ships commodities both domestically and for export on the CP rail system. WFE has been satisfied with our service and relationship with CP over the past several years.

Wilton Farmers Union Elevator supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Wilton Farmers Union Elevator has not always supported railroad consolidation, but this consolidation of CP and KCS would be uniquely beneficial, with none of the potential downsides that might result from another round of Class I consolidations.

Wilton Farmers Union Elevator currently ships around 70% of our grain shipments via rail, with all of the rail being transported on CP or a CP affiliate. CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of grain from North Dakota to southern ports and Mexican export opportunities.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Wilton Farmers Union Elevator is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Wilton Farmers Union Elevator urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Mark Jennings, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.



WINDSTAR
20333 State Highway 249
Suite 400
Houston, Texas 77070

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Daniel Tabora, and my business address is 20333 State Highway 249, suite 400. Houston, Texas 77022. I am the Vice President of Windstar LPG, Inc. In my role, I am responsible for precuring all NGL and Refined Products in Canada and the US for exportation to Mexico. I am also responsible for negotiation of freight rates with the railroads that our product is transported on.

Windstar LPG, Inc. is currently shipping Propane, Diesel, and Gasoline with the CP out of Western Canada and the Bakken. Windstar also ships refined fuels on the KCS/KCSM from the gulf coast to markets in Mexico. We have a great working relationship with both railroads for the last 6 years.

Windstar LPG, Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Windstar LPG, Inc. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation. We anticipate the efficiencies to result in a more competitive pricing structure that can be passed onto the end consumer.
We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Propane from Edmonton, Alberta to San Luis Potosi, Mexico.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

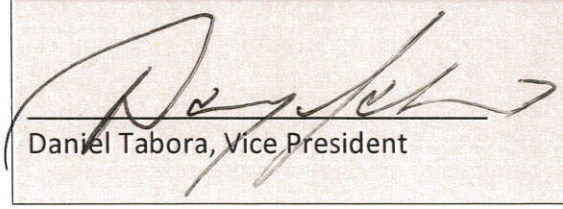
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Windstar LPG, Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Windstar LPG, Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Daniel Tabora, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.



Daniel Tabora, Vice President

Woodland Pulp LLC

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Chuck Thompson and my business address is 144 Main Street, Baileyville, ME. I am the Logistics Manager for Woodland Pulp. And St. Croix Tissue. In my role, I am responsible for all areas of transportation and logistics from our mill in Maine with a keen focus on Supply Chain Excellence.

Woodland Pulp ships pulp with CP into Canada and the USA and is growing growing its partnership with CP as a result of CP's recent acquisition of the CMQ Railway.

Woodland Pulp supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Woodland Pulp has not often spoken about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Speaking from a recent experience on a transition where CP acquired the CMQ Railway, CP has provided us with excellent service, and it's representatives are very responsive/ We are excited about the opportunities of growth and believe the combined power of the two companies will give us the ability to reach new customers competitively.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of pulp.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

For these reasons Woodland Pulp is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Woodland Pulp urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Chuck Thompson



Logistics Manager

Woodland Pulp / St. Croix Tissue

207-239-7516

Chuck.thompson@igic.com

WTC Group Inc.
1389 Lindsey Place
Delta, BC V3M 6V1
+1 844 WTC GRUP
(982 4787)

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Jordan Atkins, and my business address is 1389 Lindsey Place, Delta BC. I am Vice President of WTC Group Inc. In my role, I am responsible for the overall supply chain management of all cargo types at WTC Group, as well as overseeing infrastructure projects and strategic planning.

WTC Group is a full-service, asset based, import/export logistics company headquartered just outside of Vancouver, British Columbia. With company roots in bulk and package handling in specialty crops and agri-logistics spaces, WTC has grown to become a multi-commodity, end-to-end logistics provider in a little over two decades and operates 3 terminals that collectively handle more than 50,000 TEU of product on an annual basis. CP Rail is WTC's main rail service provider for shipping and receiving a variety of commodities between shipping hubs across Canada. We share a very close working relationship and confirm that we are extremely satisfied with their service.

WTC Group Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Although we're aware generally that certain Class 1 railway consolidation can potentially have downsides, we see the CP/KCS transaction as unproblematic in the way that other consolidations might be for the following reasons:

- CP/KCS would remain the smallest class 1 railway in North America, coupled by the fact that their networks have virtually no overlap, and would therefore not have the monopolistic effect that other consolidations may have.
- The current pandemic has shown the shipping industry the importance of having reliable, efficient access to domestic supply chains due to global forces impeding efficient overseas trade.

WTC's service offerings include the transloading of a variety of cargo types between various modes of transportation. Among those are bulk hopper railcars, boxcars, vacuum cars, containers, intermodals, vans, trucks etc. CP is the main rail carrier for WTC and its long list of customers for shipping goods across Canada.

Most current WTC rail movements are between the West and East coasts of Canada and originate or terminate in the prairies most of the time. We also handle a small percentage of business coming in and out via the US and various plants across multiple states. The US cargo percentage could increase drastically if we reduced the barriers, both operational and economical, in facilitating those movements.

CP has provided us with excellent service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we receive from or ship to. Right now, the only way we can execute those shipments is to interchange with BNSF, UP or CSX and beyond.

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior because of the built-in network efficiencies and lack of competing economic models. The seamless integration of complementary networks results in more efficient and cost-effective options, which ultimately translates into savings and more consistent ETAs for the end users.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments originating from shipping hubs across the USA and Mexico to our terminals here in Canada, and even allow for our expansion across the border to set up facilities to serve our existing Canadian and US customer bases.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Removing the need for costly interchanges that both decrease asset velocity while increasing cost.
- The value of the ability to reach our US customers and vendors in one seamless transaction cannot be understated and would be a substantial boon to WTC's integrated logistics model across North America.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and

the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers. WTC was a vocal supporter of CP Rail's recent acquisition of CMQ, which extended their network further into Quebec and into North Eastern US. We expect a similarly, although larger, positive impact in furthering that expansion down the east coast and into Mexico as well.

For these reasons, WTC Group Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. WTC implores the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Jordan Atkins, declare that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter on behalf of our organization.

Executed on March 29th, 2021

Jordan Atkins – VP
WTC Group Inc.

XPOLogistics

SHIPPER SUPPORT LETTER

My name is Brad Jacobs and my business address is Five American Lane, Greenwich, CT 06831. I am Chairman and Chief Executive Officer of XPO Logistics, Inc.

XPO Logistics, Inc. is a global logistics and transportation provider, that utilizes both the CP and KCS for intermodal rail service.

XPO Logistics, Inc. supports approval of the CP/KCS combination. From our perspective, we believe that CPKC will be able to integrate their operations seamlessly to the benefit of their stakeholders given the strong focus on safety exhibited by both railroads and their track record of operational excellence.

Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are optimistic that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, XPO Logistics, Inc. is voicing support for the combination of CP and KCS.

VERIFICATION

I, Brad Jacobs, declare under penalty of perjury, under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on April 8, 2021.

Brad Jacobs

TRANSPORT
LOGISTICS
DISTRIBUTION

SHIPPER SUPPORT LETTER- XTL TRANSPORT INC.

ATTENTION: Surface Transportation Board

My name is Craig Germain and my business address is 75 Rexdale Blvd. Etobicoke, ON M9W 1P1. I am the Chief Operating Officer of XTL Transport Inc.

XTL Transport Inc. is a long standing partner of CP Rail and we have worked diligently over the years to grow with CP by focusing on providing quality service to our customer base.

XTL Transport Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We ship intermodal containers with CP-served facilities in Toronto, Montreal, Regina, Winnipeg, Edmonton, Calgary and Vancouver.

CP has provided us with good service, but its market reach is limited today in the US and we have not been using CP in cross border as it must interline with other railroads to reach US destinations that we ship to or that could expand the markets we serve effectively.

And we know from experience both our own, and that of our competitors who have single-line rail options at their origins that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.

We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

Tel: 416-742-2345 | Toll Free 1-800-665-9318 | Fax: 416-742-2983 | 75 Rexdale Blvd, Etobicoke | Ontario, M9W 1P1 | www.xtl.com

- KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, XTL Transport Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. XTL Transport Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Craig Germain, certify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 25, 2021.



[Signature]
Craig Germain

Tel: 416-742-2345 | Toll Free 1-800-665-9318 | Fax: 416-742-2983 | 75 Rexdale Blvd, Etobicoke | Ontario, M9W 1P1 | www.xtl.com

SHIPPER SUPPORT LETTER

ATTENTION: Surface Transportation Board

My name is Lance Lin, and my business address is 1085 Raymond Blvd, Newark, NJ 07102. I am Vice President – Logistics of Yang Ming (America) Corp. In my role, I am responsible for Procurement of intermodal and marine services and equipment management in North America.

Yang Ming America Corp is customer of both CP Rail and KCS. We move international intermodal containers with CP Rail between Vancouver and various inland point in Canada and the US Midwest, including but not limited to Toronto, Montreal, Chicago, Detroit, and Minneapolis markets. We also do business with KCS between Dallas and US Atlantic ports. We have long standing relationship with both companies.

Yang Ming America Corp supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. We see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

CP has provided us with good service, but its market reach is limited today, and CP must interline with other railroads to reach destinations beyond Kansas City that we ship to. And we know from experiences (our own as well as our competitors who have single-line rail options at their origins) that single-line rail service options are productively and competitive in terms of cost and service level.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of international intermodal containers from Canada to US Gulf markets and vice versa.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

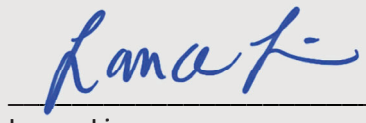
We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Yang Ming America is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Yang Ming America urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I _Lance Lin_____, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on **_March 29, 2021**___



Lance Lin
Vice President – Logistics
Yang Ming (America) Corp

Zekelman Industries

ATTENTION: Surface Transportation Board March 29, 2021

My name is Jeff Shulman and my business address is 227 W Monroe Chicago, IL, Suite 2600. I am Vice President of Logistics of Zekelman Industries. In my role, I am responsible for all transportation and logistics agreements and coordination across North America covering all modes of transportation.

Zekelman Industries manufactures structural steel and pipe products and ships rail product with CP from Harrow Ontario and have a strong working relationship with CP.

Zekelman Industries supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts. This would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Zekelman Industries has not often commented about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

And we know from experience that single-line rail service options are far superior. Not only cutting down on transit time but cutting down the time it takes to quote new business that would cross multiple rail lines. Thereby providing quicker turnaround for our customers to make decisions.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of finished steel products.

227 West Monroe Street, 26th Floor, Chicago, IL 60606 *Phone:* 312.275.1600 zekelman.com

Zekelman Industries

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Zekelman Industries has a private fleet that will benefit from improved cycle times.
- We are also interested in increased competitive options for rail direct into the Texas market.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Zekelman Industries is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Zekelman Industries urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Jeff Shulman
Vice President, Logistics
Zekelman Industries Inc.

227 West Monroe Street, 26th Floor, Chicago, IL 60606 *Phone:* 312.275.1600 zekelman.com

April 9, 2021

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Volker Kluge, and my business address is 1155 Rene-Levesque Blvd., Suite 400, Montreal, Quebec, Canada. I am the President of ZIM Integrated Shipping Services (Canada) Co. Ltd. In my role, I am responsible for all business activity of ZIM in Canada, which includes all aspects of the transportation supply chain coast to coast. Our organization provides international shipping solutions to customers, using intermodal suppliers, among them CP Rail.

ZIM Integrated Shipping Services (Canada) Co. Ltd., is a long-term customer of CP Rail. We use their intermodal services to and from the port of Vancouver servicing the USA and Canada.

ZIM Integrated Shipping Services (Canada) Co. Ltd. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. ZIM has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Currently CP Rail has a limited-service scope since they only reach as far as Kansas City. As an international shipping company with customers that have a broad reach into the Gulf states as well as Mexico, we believe the combined CPKC can provide a seamless transportation service to us and broaden the scope of our business.

Based on that, we are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. It will allow us to move containers from Vancouver to Dallas as an example, without switching delays when containers have to be shunted from one railroad to another.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, ZIM Integrated Shipping Service (Canada) Co. Ltd., is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. ZIM Integrated Shipping Services (Canada) Co.Ltd. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Volker Kluge

ZIM Integrated Shipping Services (Canada) Co. Ltd

April 9, 2021

4Refuel
Suite 250
1900 Enchanted Way
Grapevine, TX | 76051
T | 1-844-473-3835
4Refuel.com

April 23, 2021

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

Re: CP / KCS Merger

Dear Surface Transportation Board:

4Refuel is a company founded in 1995 and is the leader in mobile on-site refuelling in North America, serving industry segments including the rail industry across Canada and Texas.

We are writing to you today in support of CP's acquisition of KCS. CP has been a valued customer of 4Refuel for over 20 years. Today, 4Refuel continues to provide direct to locomotive refuelling services for their fleet.

We believe if this expansion were to achieve the required regulatory approval, there are notable economic and social benefits in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We are happy to provide further context and details of our working relationship with CP as well as answer any additional questions you may have at any time. Please reach out to me through Shawn McGuire, our Manager, Marketing & Communications. He can be reached at shmcguire@4Refuel.com or 365-777-6887.

Thank you for your time and attention.

Larry Rodo
President & CEO
4Refuel

2405238 Ontario Incorporation

To: **Surface Transportation Board** **April 30, 2021**
395 E Street SW,
Washington, DC 20423
USA

Our company 2405238 Ontario Incorporation is a supplier of New Containers To the rail industry. CP Rail is one of our customers. My Name is Jimmy Zborowsky and I'm the owner and President of 2405238 Ontario Incorporation. Our company supports the approval of the proposed combination of CP and KCS.

Our view as a supplier, is the transaction would be beneficial because and it will strongly support growth and investment in the North American rail network. We always have a challenge moving our equipment across North America. It would be a great Value for us to ship our product for new and current customers across this new network.

We believe this would help bring down our carbon footprint. Instead of tucking are Equipment across by road we would rail it on this new system. This is best for us environment.

The new transportation services that CPKC will provide new competitive options that support growth at CPKC. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

2405238 Ontario Incorporation
83 Parkheights Trail, P.O. Box 1423,
Nobleton,Ontario, L0G 1N0,
Canada
1-416-818-5338

This new CPKC will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

Our company sees this transaction as only beneficial. We don't anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. We hope to see the transaction close, and the benefits will be immediately to our industry.

Jimmy Zborowsky

President

2405238 Ontario Incorporation
83 Parkheights Trail, P.O. Box 1423,
Nobleton,Ontario, L0G 1N0,
Canada
1-416-818-5338

919346 ALBERTA LTD.
PO BOX 713
LETHBRIDGE, AB T1J 3Z6
(403)328-4821

May 13, 2021

Surface Transportation Board,
395 E. St. SW
Washington, DC 20423

- 919346 ALBERTA LTD. is a transporter of bulk petroleum to the rail industry. CP is one of our customers.

- I J. Bradley Williams SERVE AS A DIRECTOR at 919346 ALBERTA LTD., where my duties include organizing the distribution and transportation of bulk petroleum products. 919346 ALBERTA LTD. supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- As a transporter of bulk petroleum products offering service to both commercial and agricultural customers throughout Southern Alberta; we feel strongly that this merger would offer benefits across all lines of business. Some of the most significant opportunities include increase in both agricultural products and crude trade to get products to market in both the United States and Mexico in a more environmentally friendly and efficient way than relying purely on truck transportation alone. CP's attention to safety and investment in maintaining and improving facilities will allow for continued capital investment in the economy and further their capacity to serve their customer's needs going forward.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

J. Bradley Williams
Director
919346 ALBERTA LTD.

1515 – 9TH Ave SE
Calgary, AB T2G 0T6
PH: 403-262-1999

April 30, 2021

A & A Paving Ltd. is a supplier of Heavy Equipment Rental with Operation for Snow Removal and General Earthmoving to the rail industry. CP is one of our customers.

I Ali Assaf serve as the President at A & A Paving Ltd. A & A Paving Ltd. supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed:

Ali Assaf, President
A & A Paving Ltd.

A&B RAIL SERVICES LTD.

April 30, 2021

To Whom It May Concern:

A&B Rail Services Ltd. (“A&B Rail”), a company headquartered in Sherwood Park, Alberta, Canada is one of Canada’s largest independent contractors of railway construction and maintenance services. A&B Rail is a key supplier to Canadian Pacific Railway (“CP”).

I, Dave Farnsworth, serving as President of A&B Rail Services Ltd., confirm that A&B Rail supports the approval of the proposed combination of CP and Kansas City Southern Railway Company (“KC”).

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

As a key supplier to CP in Canada with firsthand knowledge of its commitment to safety and to serving its customers, we have no doubt that CP will continue living up to their reputation of maintaining and upgrading equipment and facilities through their extensive and continuous investment in the industry. Furthermore, we believe the merger will bring synergies to the rail industry, right sizing the railroad's fleet and increasing efficiencies within the rail business.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, provide new competitive options, and shift freight from trucks on the highways to the rail system, which we believe will result in a positive environmental impact. Together, these benefits will support economic and employment growth in the United States, in Canada, and across the Continent under the USMCA trade agreement and support investments in new rail capacity that will benefit shippers, the public, and suppliers alike.

In summary, we see this transaction as beneficial and we do not anticipate any negative impact to the environment, to competition, to safety, or to any other public interest. A&B Rail is thus voicing strong support for this transaction, and we respectfully urge you to approve CP's acquisition of KC as swiftly as possible so that the positive impacts of this deal can be realized for the benefit of all stakeholders.

Respectfully,

Dave Farnsworth
President
A&B Rail Services

March 30, 2021

Canadian Pacific Railway
7550 Odgendale Road SE
Calgary, Alberta
T2C 4X9

To Whom It May Concern:

Accommodations Plus International (API) is a technology and operations service provider. We provide our platform and related services to the rail industry and Canadian Pacific Railway (CP) is one of our customers.

I serve as the Chief Executive Officer at API where my core duties include setting the strategic course for our organization, creating a sustainable and collaborative culture and generally running the day-to-day business. API supports the approval of the proposed combination of CP and Kansas City Southern Railway.

From API's perspective, the transaction is beneficial because it will not only support growth and investment in the North American rail network but it will also spur investment in both innovation and safety, two topics that API is very focused on. CP has been one of our most innovative and leading edge customers in these two areas.

API supplies both technology and services to CP that automate hotel and ground transportation logistics for the Train, Engine (T&E) and maintenance of Way (MOW) CP team members. Our technology and integration with CP create innovation and efficiencies in what is typically a manual process. Additionally, both CP and API are very focused on the safety and security of the CP team while they travel. This is an underpinning of the value that companies realize by working with API.

The transportation services that the new organization (CPKC) will offer will stimulate growth and will likely provide new competitive options to the rail sector, while creating new employment opportunities. From my perspective, this will lead to new investments in the sector that ultimately will benefit the general public and suppliers like API.

We see the transaction as only beneficial. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Best regards,

Richard McLeer
Chief Executive Officer

123 Commerce Valley Dr. E., Suite 700
Thornhill, Ontario
L3T 7W8

DELIVERED VIA EMAIL

April 5, 2021

Canadian Pacific Railway Company
7550 Ogden Dale Rd S.E.
Calgary, AB T2C 4X9

RE: Support for pending acquisition by CP Rail of Kansas City Southern Railway

To whom it may concern:

On behalf of Acklands-Grainger Inc. ("Grainger Canada"), this letter addresses the pending acquisition by CP Rail of Kansas City Southern Railway. We urge favorable consideration of the proposal by industry participants.

Grainger Canada provides safety, facility maintenance, and industrial supplies and solutions to industrial and commercial companies and government agencies in Canada. Our core objective is to keep our customers' people safe and their operations running smoothly. As one of Canada's largest industrial suppliers, we offer a large selection of private-label and brand-name products from many of the world's top manufacturers. We work alongside many companies across Canada in a range of industries. CP is a valued customer. It is also a critical North America transportation carrier we rely on so the right product is provided to our customers where and when it is needed.

CP is a key participant who will contribute positively to the continued growth of the rail industry in North America. The safe and efficient flow of goods across the continent will be a significant factor in the economic recovery and growth we are all seeking to achieve. We think CP's proposed acquisition will contribute meaningfully to improving efficiencies and benefiting consumers. We urge approval by the various industry participants who have a voice in this matter.

Respectfully,

John Keith,
RSVP national accounts,
gov't & healthcare

AJ Bennett Construction Ltd.

May 14, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- **Andrew Bennett** is a supplier of **AJ Bennett Construction Ltd** services to the rail industry. CP is one of our customers.
- I, **Andrew Bennett** SERVE AS THE **President** of **AJ Bennett Construction** where my duties include being a **general contractor**. **AJ Bennett Construction** supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- **AJ Bennett Construction responsibly and professionally completes all requests to the best of my ability and to the standards always requested by CP and KCS.**
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Regards,

Andrew Bennett

AJ Bennett Construction Ltd.

Alberta
LAMINATIONS
1033800 Alberta Ltd.
Bus 403.730.4448
Email info@albertalaminations.com
Bay 141, 2727 Centre Ave SE, Calgary, AB T2A 2L4
www.albertalaminations.com

May 4, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Alberta Laminations is a supplier of graphic services and signage to the rail industry. CP is one of our customers.
- I, James Dockrill, serve as the President of Alberta Laminations, where my duties include marketing and customer relationship building. Alberta Laminations supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- As a signage supplier to CP, we work closely with many different departments and consistently see CP's attention to safety and their continual investments in upgrading facilities.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

James Dockrill
President

Alberta Laminations

ALBERTA PRAIRIE

RAILWAY EXCURSIONS

P.O. Box 1600
Stettler, Alberta, Canada
T0C 2L0

Telephone (403) 742-2811
homepage: http://www.absteamtrain.com

Facsimile (403) 742-2844
e-mail: info@absteamtrain.com

March 29, 2021

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

Alberta Prairie Steam Tours Ltd., operating as Alberta Prairie Railway supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Alberta Prairie Railway has never spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks. For example

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have



any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Alberta Prairie Railway is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Alberta Prairie Railway urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,



R.C. (Bob) Willis
General Manager
Alberta Prairie Steam Tours Ltd.



5/13/2021

Surface Transportation Board

395 E Street SW Washington, DC 20423

• ALC Companies Inc. is a supplier of Track Maintenance to the rail industry.

CP is one of our customers.

• I Graham Johnson SERVE AS THE President at ALC Companies Inc.,

where my duties include overall supervision . ALC Companies Inc. supports approval of the proposed combination of CP and KCS.

• From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

• We provide track maintenance, emergency response, material and equipment hauling along with equipment rental.

• The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic an employment growth in the United States and across the Continent under the USMCA trade agreement.

• In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

• We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed

Graham Johnson

Graham Johnson

President

ALC Companies Inc.

ALFREDO DE LEON Y CIA, S.C
Agencia Aduanal

October 22nd, 2021

My name is Alfredo de León Montemayor and I am Mexican Custom Broker at Alfredo de León y Cia, S.C located on 3724 Mina in Nuevo Laredo, Tamaulipas Mexico. In my role, I am responsible for the import and export customs requirements of my clients.

Alfredo de León y Cia have more than 5 years of commercial relationship with KCS, always receiving excellent service, have always attended our needs, which reflects the satisfaction of our customers.

Alfredo de León y Cía supports approval of the CP/KCS combination. The transaction would provide significant benefits to the shipping community.

From our perspective, the CP/KCS combination promises to provide the first United States-Mexico-Canada railroad, joining two railroads that have focused on providing quality services to our customers to unleash the true potential of their networks.. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help shippers reach both existing markets and new markets more efficiently. As a Mexican Custom Broker, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are excited to both support and endorse the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce improve efficiency.
- We believe we will have a great advantage and will routes and to be able to obtain solutions with only one company.

Mina No.3724 Col. Centro Nuevo Laredo, Tamp. · Tel. (867) 7113737 ·
alfredo@alfredodeleon.com
www.AlfredoDeLeon.com

For these reasons, on behalf of Alfredo de León y Cía, I am voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Alfredo de León urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Alfredo M. de León Montemayor declare under penalty of perjury under the laws of the United States,' if executed outside of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on October 22nd, 2021.

Alfredo M. de León Montemayor

Atentamente

A.A. Alfredo M. de León Montemayor

Mina No.3724 Col. Centro Nuevo Laredo, Tamp. · Tel. (867) 7113737 ·
alfredo@alfredodeleon.com
www.AlfredoDeLeon.com

PO Box 186
Ash Fork, AZ 86320
(877) RRTRACK
www.allamericantrack.com

April 29th, 2021

Transportation Surface Board,

- All American Track, Inc. is a supplier of Maintenance of Way Services with a specialization in production tie replacement crews and track surfacing crews. CP is one of our customers.

- I, Ardella Fernow, SERVE AS THE PRESIDENT at ALL AMERICAN TRACK, INC. where my duties include overseeing contracts with our customers, ensuring the overall well being of my employees, and to guarantee the future of my company is bright. ALL AMERICAN TRACK, INC. supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- All American Track, Inc. sees value in the merger as it will provide customers and employees alike with strongest and safest freight experience in North America.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Ardella Fernow
President

May 6, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Alliance Crane Inc. is a supplier of cranes, trucking and logistics, and derailment clean up to the rail industry. CP is one of our prime customers.

- I, Jarred Beattie, serve as the Operations Manager at Alliance Crane where my duties include dispatching the appropriate equipment where required, providing RFP, as well as operating cranes when required. Alliance Crane supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Canadian Pacific Railway's commitment to safety, community involvement, and targeted growth benefits everyone that not only works for them, but the communities they serve in. This merger would strengthen their presence across Canada, USA, and Mexico and would directly benefit all those that help support the railroad in all their operations.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.



Jarred Beattie
Operations Manager
Alliance Crane Inc.

ALLIANCE
WHEEL SERVICES L.L.C.

302 W Holland St. Washington, IL 61571

March 30, 2021

To whom it concerns:

Alliance Wheel Services, L.L.C., located in Washington, IL is a supplier of railroad freight car wheel sets to the rail industry. The Canadian Pacific Railway (CP) is one of our valued customers.

I Kevin Deany serve as the Financial Managing Member/Owner of Alliance Wheel Services, L.L.C. where my responsibilities include overseeing the long-term growth and viability strategies of our organization. As such, Alliance Wheel Services, L.L.C. supports the approval of the proposed combination of the Canadian Pacific Railway and Kansas City Southern Railway Company.

As a supplier to the rail industry, we believe this merger to be beneficial to the industry and its customers as we believe it will promote and support continued growth and investment in the North American rail network.

As a key supplier to CP in the U.S. and knowing firsthand its commitment to safety and serving its customers, we have no doubt CP will continue living up to their reputation of maintaining and upgrading equipment and facilities through their extensive and continuous investment in the industry.

In our view, the new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

In our opinion, we see this transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Respectfully,

Kevin P Deany
Financial Managing Member/Owner
Alliance Wheel Services L.L.C.

USA
SIGNALING

700 S Babcock Street
Melbourne, Florida 32901
Phone: +1 321 961 2121
www.alstom.com

CP
7550 Ogden Dale Road SE
Calgary AB T2C 4X9

April 1, 2021

Dear Madam/Sir,

Alstom is a supplier of Railway Signaling and Rolling Stock products and services to the rail industry. CP is one of our customers. KCS is also a customer.

Alstom has no objection to the approval of the proposed combination of CP and KCS.

Alstom provides CP with train control and crossing equipment under a multi-year purchasing agreement. Alstom has been a supplier to CP for over 20 years and has partnered with CP on signaling technology innovation initiatives, with the objective to improve safety, reliability and capacity to serve customers.

We do not expect the merger of these railways to cause harm to Alstom as a supplier to CP and KCS.

David L. McKay
Vice President, Freight and Mining

311 S. Wacker Drive, Suite 5300
Chicago, IL 60606
tel (312) 922-4501
fax (312) 922-4502
www.amstedrail.com

April 28, 2021

To whom it may concern,

Amsted Rail Company, Inc. as a premiere supplier of railcar and locomotive components to the North American and International Rail Industries. CP is a longstanding customer and partner of Amsted Rail. As such, Amsted Rail is supportive of the of the proposed merger/acquisition of KCS by CP. From our perspective as a supplier, the transaction is beneficial to our industry as it will stimulate additional investment in the North American rail network.

The future expanded services which should be the result of this merger, will stimulate much needed and expanded growth in freight rail transportation, with a heavy focus on shifting general freight away from trucks on the highways and back to the rail system. This results in improved efficiency, improved safety, and lowering carbon emissions for each ton of freight moved across North America.

In closing, we are supportive of this transaction and look forward to our industry going stronger in the decades to come and this transaction will aid in this endeavor.

Sincerely,

Brad A. Myers
Chief Commercial Officer
Amsted Rail Company, Inc.

Aspen Tree Services Inc.
PO Box 12 1628 Industrial Ave Port Coquitlam B.C.

May 13, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Aspen Tree Services Inc. is a supplier of arborist services to the rail industry. CP is one of our customers.
- I, Michael Kalivoda serve as the owner/operator at Aspen Tree Services Inc, where my duties include manager of operations. Aspen Tree Services Inc. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Additional growth and investment across the network will increase budgets for capital projects. This in turn, will create more work and job opportunities for employees and contractors alike across the entire system.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed
Michael Kalivoda
Owner
Aspen Tree Services Inc.



ATHENA INDUSTRIAL SERVICES

Date: 10 May 2021

To Whom It May Concern,

Athena Industrial (AIS) is a supplier of innovative and high-quality nondestructive testing tools to the rail industry. Canadian Pacific (CP) is one of our customers. I'm writing in support of the proposed combination of Canadian Pacific and Kansas City Southern (KSC).

CP's leadership and innovative mindset towards the creation of a safer network for people and equipment, made our unique projects a success. CP was the first to introduce Athena's Rail Condition Detector to its network which allows for constant condition monitoring of dark territory rail with its patented monitoring technology. ARCD alerts CP of any Broken Rail events in real time.

The new combined networks of CP and KCS will bring new competitive transportation service options and support North American economic growth. The transaction is also expected to create jobs across the combined network. Additional efficiency and service improvements are expected to achieve meaningful environmental benefits. From AIS perspective, this transaction will strongly support growth and investment in the North American rail network that benefit shippers, the public, and suppliers like us. We do not anticipate any negative impacts to the environment, competition, safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed



Constantine Issakidis
President

Athena Industrial Services Inc.

7475 51st Street S.E.
Calgary, AB
Canada
T2C4A6

www.AthenaIndustrial.com

Office: 403-247-7666

Fax: 403-236-8677

March 30, 2021

Supplier Support Letter Bullets

- Automotive Rentals, Inc. ("ARI") is a supplier of vehicle/equipment leasing and fleet management services to the rail industry. CP is one of our customers.
- I, Bob White, serve as the President of ARI, where my duties include the management of the business, establishing goals, presiding over the workforce and ensuring customer satisfaction. ARI supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- The merger will bring synergies to the rail industry, right-sizing of the railroad's fleet and increased efficiencies within the rail business.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Bob White
President
Automotive Rentals, Inc.

4001 Leadenhall Road, Mount Laurel, NJ 08054
HQ (856) 778-1500

@ARIFleet / arifleet.com

AVA Maintenance Management Inc
Full Service Property Maintenance

April 30, 2021

Subject: Endorsement Letter

To whom it may concern,

I Devin Murphy serve as the Director of Operations for AVA Maintenance Management Inc, where my duties include strategic business development, customer liaison and overseeing the workflow of our various business units. I am writing this letter in support for Canadian Pacific Railway in its bid for the merger and acquisition of KCS Railway. AVA Maintenance Management Inc. is a supplier of CPR, we support the Intermodal and Automotive yards in Alberta and CP is one of our most valued customers.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

AVA supplies support services in the form of yard maintenance, snow management, landscaping services etc. to CP and we see tremendous value in the merger due to CP's attention to safety, continual investments in upgrading facilities and capacity to serve customers and the future opportunities it would provide to companies like ours.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Sincerely,

DD Murphy

Devin Murphy

Director of Operations

AVA Maintenance Management
9320 52 St SE
Calgary AB, T2C 2R5

Corporate Offices
6301 Benjamin Road, Ste. 101 | Tampa, FL 33634
Main: +1.813.884.7168 | Fax: +1.813.882.9508
Toll Free: +1.800.282.6733 | www.avispl.com

May 18, 2021

Supplier Support Letter

- AVI-SPL is a supplier of Audio-Visual and Unified Collaboration Systems and Services to the rail industry. CP is one of our customers.
- I, John Murphy, serve as the Chief Operating Officer at AVI-SPL, where my duties include operational oversight of our regional businesses globally. AVI-SPL supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- We provide Audio-Visual systems design and installation services, plus support services to CP as part of their focus on upgrading their workplace technologies for better employee and customer experiences.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Signed,

John Murphy
Chief Operating Officer
AVI-SPL

PH 403.216.1226
TOLL FREE 1.866.616.1226
EMAIL info@bosspac.com | www.bosspac.com

May 3rd, 2021

To whom it may concern,

BossPac is a supplier of Dark Rail Network Communication Stations to CP. I Tom Droog, am the Owner and sole Shareholder of BossPac Engineering & Technology and we support approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

BossPac supplies CP with wireless dark rail network penetration infrastructure for collecting and distributing data from fixed, mobile, and quick deploy sensors. Our partnership with CP allows us to ensure that data can be acquired, moved and analysed so that CP can anticipate issues and take preventative measures before an incident occurs.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Tom Droog
Owner
BossPac Engineering & Technology

bowdark
TURNING YOUR BRIGHT IDEAS INTO REALITY

May 18, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

Dear Board Members,

Bowdark Consulting, Inc., a small, woman-owned business, is a supplier of IT consulting services to Canadian Pacific Railway (CP). As a co-owner of Bowdark Consulting, I have worked with CP to provide IT solutions to support transportation operations (e.g., rate management and publication, demurrage processing, customer quoting, and so forth).

From our perspective as a supplier, we see this transaction as highly beneficial since it will strongly support growth and investment in the North American rail network. Throughout our time working with CP, we have seen time and time again their willingness to invest in infrastructure and services to better serve customers across industries. We've had the pleasure of working with CP up close to see just how far they are willing to go to improve operational efficiency in and around the IT landscape and beyond.

Investment in the North American rail network is beneficial to the United States infrastructure and the merger of CP and Kansas City Southern (CPKC) should expand the rail options suppliers have for transporting their product throughout the country. With this increased rail capacity, investment in the structural rail system and job creation, the merger should help to stimulate the US economy. We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible. Indeed, we look forward to the opportunity to advancing/supporting the union of these two companies by bringing together their technology infrastructures and creating a unified, all-encompassing technological platform.

Regards,

Andrea Wood
Chief Operating Officer/Owner
Bowdark Consulting, Inc.

WWW.BOWDARK.COM 4709 PINON STREET . FLOWER MOUND . TEXAS . 75028 972.691.2101

Brandt CONSTRUCTION CO.
GENERAL CONTRACTORS
700 FOURTH STREET WEST
MILAN, ILLINOIS 61264
PHONE: (309) 787-4644

Wednesday, May 19, 2021

Surface Transportation Board
395 E Street SW
Washington, D.C. 20423

Sirs:

- Brandt Construction Co. is a supplier of construction services to the rail industry. CP is one of our most valued customers.
- I, Terence L. Brandt, serve as the Chief Operating Officer at Brandt Construction Co., where my duties include executive management of all aspects of our construction services. Brandt Construction Co. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- As a provider of construction services to CP, we are familiar with their extensive capital improvement program and their commitment to maintaining the highest quality of infrastructure for rail services. While actively partnering with local suppliers and venders, CP holds them to the very high standards of safety and excellence it demands of itself.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. To the contrary, we see only improvement in these areas under the leadership of CP. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Terence L. Brandt
Chief Operating Officer
Brandt Construction Co.
700 4th Street West
Milan, Illinois 61264

Brentwood
ENTERPRISES
LIMITED PARTNERSHIP

2025 Falcon Road • Kamloops, BC V2C 4J2 • Phone (250) 372-1191 • Fax (250) 372-2976

May 13, 2021

Brentwood Enterprises is a supplier of Hytracker Equipment, Excavators, Cranes, Truck & Lowbeds and other heavy equipment to the rail industry for emergency services, switch & crossing installation, grading & drainage, undercutting & earthworks projects as well as the transportation of rail equipment. CP is one of our valued customers.

I, Jamie Littke serve as the President at Brentwood Enterprises where my duties include overseeing the daily operations of the company. Brentwood Enterprises supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. Brentwood Enterprises views this merger as valuable because of CP's attention to safety, their continual investments in upgrading facilities and capacity to serve customers.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Jamie Littke
President – Brentwood Enterprises

BRODA GROUP
QUARRY DIVISION

May 12, 2021

To Whom It May Concern

Broda Group LP is a supplier of railway ballast materials to the rail industry in western Canada. CP is one of our long term customers.

As President of the Broda Group LP we want to support the approval of the proposed combination of CP and KCS. From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. The opportunity to expand the network to improve shipping routes and better serve their customers will be a great benefit.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Yours Truly,
Gordie Broda

Gordie Broda

President
Broda Group LP

Broda Group - Quarry Division
Postal Bag 5800 • 4271 5th Avenue East • Prince Albert SK S6V 7V6 • Ph: 306-764-5337 • Fax: 306-763-5788
Website: www.brodagroup.com

Railway Industries Ltd.

Lachine, April 29, 2021

To: Surface Transportation Board
395 E. St. SW
Washington, DC 20423

- CAD is a supplier of, Locomotive Repairs, Emissions Testing, Component Repairs and Engine Rebuilding to the rail industry. CP is one of our customers.
- I Jean-Guy Bergeron SERVE AS THE Vice-President of Sales and Marketing and Chief Operating Officer at CAD Railway Industries Ltd., where my duties include providing the best service and quality possible, participating in conference calls, pricing of new projects. CAD Railway Industries supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- CadRI has a long and strong business relationship as a locomotives and car maintenance, repair and overhaul supplier. We see this new transportation services as the missing link to completely open the North American market.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Respectfully,

Jean-Guy Bergeron
VP Sales & Marketing and COO

CC Chris Chetty
Sales Account Manager

CALTRAX Inc.

Monday, May 17, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Caltrax is a supplier of Railcar repair, maintenance and retrofit to the rail industry. CP is one of our customers.
- I Jay Smyth serve as the Operations Manager at Caltrax Inc., where my duties include oversight of the entire Caltrax operation. Caltrax supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- As a railcar repair provider in Canada we feel that a merger of this magnitude would be beneficial to all shippers and customers inclusive of ourselves. Streamlining shipping lines will reduce the chance for safety incidents as well making additional repair facilities more accessible to the end user.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

JAY SMYTH
Operations Manager
Caltrax Inc.

1805 30th Avenue SE Calgary, Alberta T2G 4X8 Phone: (403) 234-0585 Fax: (403) 234-8659
www.caltrax.ca

Canad Inns Corporate Office
Canad Centre – 3rd Floor
930 Jefferson Avenue
Winnipeg, Manitoba R2P 1W1

T 204-697-1495
F 204-694-9427

www.canadinns.com

Surface Transportation Board
395 E. Street, SW
Washington, DC 20423

Canad Inns has been providing accommodation services, meeting facilities and meal services to CP for many years, to their management and crews.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network and as such, support the proposed acquisition.

Canad Inns supports CP's acquisition of KCS because of the superior benefits a KCS railway would bring by offering faster, safer, cleaner and more direct service for North to South trade.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial and we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

CANAD INNS

Per: Dan Lussier
Title: Chief Executive Officer

25 March 2021

ATTENTION:
United States Surface Transportation Board
Washington, D.C.

The Canadian Heartland Training Railway Services (CHTRS) supports the approval of the proposed Canadian Pacific/Kansas City Southern transaction. We believe that this transaction will provide extensive benefits to the overall rail shipping community and we are very excited about the possibilities that the combination of these networks will present upon the STB's approval of the transaction.

CHTRS has been an operating partner of Canadian Pacific for twenty years. We provide rail training service to hundreds of CP's customers to ensure safe industrial operations across Canada. In addition, we manage the CP interline relationship with a short line railway in the province of Alberta, known as the Alberta Prairie Railway ("APR").

Our customers who use our services on the APR include American energy shippers, American agricultural shippers, and a major Canadian agricultural shipper. We know that from discussions with our existing U.S. clients that any opportunity to expand market reach competitively by rail, and specifically through the benefit of a single line haul to access new markets will be extremely welcome. As a short line railway operation that is deeply committed to its community, CHTR and APR together welcome any business development opportunity stemming from an increased expansion of a shipper's reach. With market development and improved service, we believe that the CP/KCS combination will create opportunities for the growth of specifically our transload business – creating new markets for U.S. shippers in western Canada where they currently may have difficulty accessing.

As a company that exists first and foremost to offer the safest rail technical training and related advice possible, we would point out to the STB the excellent safety record in particular of CP. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers. Given our positive relationship with CP and understanding the CP view on safety – we also believe that they will undertake this combination safely – which is the key ingredient in any successful operation.

Canadian Heartland Training Railway Services
P.O. Box 3296 Fort Saskatchewan, Alberta Canada T8L 2T3

Canadian Heartland Training Railway Services is thus voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. We respectfully urge the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Yours very truly,



Kevin Budd

Managing Director, Canadian Heartland Training Railway Services.

VERIFICATION

I Kevin Budd declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 25 March 2021



_____

Kevin Budd

CANADIAN RAIL CAR CLEANERS INC.

April 30, 2021

To whom it may concern:

Canadian Rail Car Cleaners Inc. (CRCC) is a supplier of railcar cleaning, pre-trip and related services to the rail industry. CP has been one of our customers for over 20 years.

I, Mathew Metauro, serve as the Operations Manager at CRCC. My duties include overseeing the daily operations at a number of CP's autorack pre-trip facilities. CRCC fully supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. But more specific to our line of work, the merger would better connect automotive production and transportation between Canada, the United States and Mexico, bolstering continued growth.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Respectfully,

Mat Metauro
Operations Manager
Canadian Rail Car Cleaners Inc.

Work Safe. eRailSafe Canada a service of eVerifile

4055 JESSE THOMSON ROAD | STOUFFVILLE, ON L4A 3V5
PHONE: 905-640-2367 | FAX: 416-352-5715 | CONTACT@CANADIANRAILCAR.COM

May 14, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

The Canadian Red Cross is a supplier of First Aid Training for employees of CP. CP is one of our longest standing customers in this regard.

As Director of Business Development with the Canadian Red Cross I oversee our First Aid Training to support Canadian Pacific. We have been a supplier of CP since 2003 training over 68,000 Canadian Pacific employees. The American Red Cross has been a proud supplier of training for Canadian Pacific employees in the US. The Canadian Red Cross supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

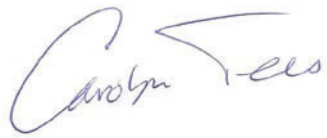
Canadian Pacific's attention to safety for their employees strongly matches our own mandate to increase community capacity and resilience through education. CP has made safety a corporate commitment.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Regards



Carolyn Tees
Director of Business Development - Prevention & Safety – Canadian Red Cross

Canadian Red Cross
Croix-Rouge canadienne

National Office
400 Cooper Street, Suite 8000
Ottawa, ON K2P 2H8
Canada

1-877-356-3226

myrcsupport@redcross.ca
redcross.ca

April 30, 2021

Re: Canadian Pacific transaction with Kansas City Southern Railway – Supplier Support Letter

To whom it may concern,

Canam Bridges Canada Inc. (“Canam”) is writing to you today in support of the transaction between CP and KCS (“Transaction”). In this regard, Canam is a key supplier of CP as it:

- Fabricates and ships bearings, expansion joints and structural steel for CP bridge projects throughout Canada and the North Midwest USA

The Transaction would open up new business opportunities for Canam to fabricate structural steel and other bridge components for bridges in Canada, the US and Mexico. This would enable Canam to add to the competitive nature of such projects.

Canam therefore provides its support to the Transaction and remains available to provide more information as may be required.

Regards,



Robin Lapointe,
Vice-President, Sales and Business Development
Canam Bridges Canada Inc.

Cc: All Parties of Record

May 13, 2021

Surface Transportation Board

395 E Street SW Washington, DC 20423

- Cariboo Central Railroad Contracting Ltd is a supplier of signals & communication, track construction, and track maintenance to the rail industry. CP is one of our customers.
- I Gary Janzen SERVE AS THE VP Business Development at Cariboo Central Railroad Contracting Ltd, where my duties include business development directly with CP and with industrial customers that ship goods with CP. Cariboo Central Railroad Contracting Ltd supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Cariboo Rail's industrial construction division would experience a growth potential should CP's Canadian industrial customers have the potential to seamlessly reach destinations south of Kansas City to and including Mexico.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Gary Janzen MBA
VP Business Development
Cariboo Central Railroad Contracting Ltd.

May 14th, 2021

Dear Mr. Nevin,

I, Ryan Wooten, serve as the CEO of Cattron, where my duties include the overall management and leadership of Cattron. Cattron supports the approval of the proposed combination of CP and KCS.

Cattron is a supplier of proven radio remote control safety and productivity solutions across the rail industry for over 40 years, including FRA regulated Class I, II and III rail operations and non-FRA regulated private rail operations. Our commitment to the rail industry remains strong and grounded in a mutual effort to ensure the safety and efficiency of railyard operations.

CP and Cattron have been partners for over 15 years. We do not anticipate an impact to our ability to provide continued solutions, services and support as a result of this change. As a supplier, we have stood beside the industry and supported it throughout its ongoing evolution and changing market dynamics. We feel confident in our ability to support this type of transaction and adapt as needed to the changing circumstances.

From a supplier perspective, the transaction strongly supports continued growth and investment in the North American rail network. The new transportation services that CPKC will offer should stimulate growth in rail transportation overall, provide new competitive options that support growth at CPKC, and shift freight from trucks on the highways to the rail system. All of these things support economic and employment growth throughout North America under the USMCA trade agreement. We believe that growth will support investments in new rail capacity that benefits shippers, the public and suppliers such as Cattron.

We see the transaction as beneficial and do not anticipate a negative impact to the environment, competition, safety of operators or other public interests. We look forward to seeing the transaction close and the benefits achieved as quickly as possible.

Sincerely,

Ryan Wooten

Ryan Wooten
CEO

GESTION IMMOBILIER C.B.S.
C.B.S. PROPERTY MANAGEMENT INC.
372, rue McArthur
St-Laurent, Québec H4T 1X8
Tél.: (514) 337-6214 • Fax: (514) 337-6410

May 03, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- CBS Property Management Inc., is a supplier of Janitorial services to the rail industry. CP is one of our customers.

- I George Salonikidis SERVE AS THE Director of Operations at CBS Property Management Inc., where my duties include planning, supervising, developing financial plans and working with project managers on special CP projects. CBS Property Management Inc., supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- With CP's proven industry leading leadership, a larger network, under one umbrella could lower cost for all its customers. Because of CP's ability to lead the industry in savings and efficiency, we are able to provide clean and healthy facilities without ever having to implement cost cutting at the expense of a safe clean environment.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

George Salonikidis
Operations Manager
CBS Property Management Inc.

C~CAN
POWER SYSTEMS INC.

May 5th, 2021

I, Brian Murray, serve as the Rail Product Account Manager at C-Can Power Systems, where my duties include managing product expectations for CP. C-Can Power Systems supports approval of the proposed merger of CP and KCS.

C-Can Power Systems is a family business that begun in 1983 supplying signaling and track-switching chargers to six of the seven class 1 railroads in North American. Our dedicated staff prides ourselves in our quality and service.

C-Can couldn't have grown to service so many railroads if not for CP's support. We have worked closely with CP to develop innovative and reliable equipment to help keep freight moving throughout North America. Over thirty years ago we began a long-lasting relationship with CP. Because of their ongoing support and drive to make the industry safer and efficient it pushed us to develop products that are efficient, smaller and lighter. This innovating thinking helps reduce work site injuries such as muscle stains and broken bones and reduces installation time and maintenance. CP's vision to use network solutions pushed us to develop chargers that can communicate via internet greatly reducing the amount of unnecessary site visits. With thanks to CP's forward thinking it also helps reduce vehicle travel time causing fewer emissions for a greener future.

When C-Can first heard of the CP/KCS merger we thought that this would be the start of a new era to the industry. The industry, which in most parts has been reactive and resolute in its ways, can now move into the 21st century.

CP's youthful like exuberance, forward thinking and pride will help foster growth in manufacturing investments which leads to good living wage jobs, benefits and family security. Furthermore this merger will not only make North America stimulate growth in manufacturing but it will renew interest in rail transportation, it will provide new competitive options shifting freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

This CP-KCS merger will only be beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Thank you for your time.

Brian Murray, Account Manager, C-Can Power Systems Inc.

C~CAN
POWER SYSTEMS INC.
PROVIDING DC POWER SOLUTIONS SINCE 1983



Centera Transport Inc.

To whom it may concern,

April 29, 2021

My name is Alena Ceniti, President, and owner of Centera Transport Inc. Centera is a cross-town transportation carrier in the Chicago area. We service all Class I railroads. Centera has been the House Carrier for Canadian Pacific Bensenville/Schiller Park since 20003.

We are excited about the prospect of the CP/KCS merger. We see more business coming from Mexico to Chicago off the KCS lines. We believe this would greatly impact growth and investment in the North American rail network.

This merger would not only benefit rail growth, but would benefit all involved including shippers, companies like ourselves as well as the general public.

We do not foresee any negative impact this could bring. This merger would only ensure competitive, stimulating growth of rail transportation in North America. We look forward to seeing this merger come to fruition.

Sincerely,

Alena Ceniti

President

P.O. Box 09063 • Chicago, IL 60609 • (773) 247-1700 • Fax: (773) 247-1757 • Email: centera@ameritech.net

183 Gunn Rd.
Sunnyside, MB R2C 2Z2
Ph (204)667-2928
Fax (204)667-6363

Central Coupler Reclaim

May 3rd 2021

- Central Coupler Reclaim is a supplier of high-quality reconditioned couplers and yokes for the railway industry. CP is one of our customers.
- I Adam Keller serve as the General Manager at Central Coupler Reclaim, where my duties include providing personal relations, sale quotes and customer inquiries. Central Coupler Reclaim supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Central Coupler Reclaim sees the value in this merger because we have been providing CP with prompt customer service that meets and or exceeds all industry standards for 15 plus years. We are AAR M-1003 certified in the following products, B12-Recoditioner of Freight Couplers, B13-Reconditioner of Locomotive Couplers, B16-Reconditioner of Fright Yokes, B17-Reconditioner of Locomotive yokes and meet all requirements for quality and reliability. While providing these services at a competitive price.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Adam Keller

General Manager
Central Coupler Reclaim

May 14, 2021

Surface Transportation Board
395 E Street SW, Washington, DC 20423

Re: Supplier Support of the CP+KCS Merger

- CHA is a supplier of engineering consulting and construction management services to the rail industry. CP is one of our customers.

- I Charlie Symmes serve as a Section Manager and Associate Vice President at CHA, where my duties include project management and principle geotechnical engineering oversight on CP and other infrastructure projects. CHA supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- As a professional engineering company working on projects within the CP ROW and providing quality reviews for other projects on the property, CHA has firsthand knowledge of the attention to safety that CP will bring to this merger.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Charles W. Symmes, PE
Associate Vice President
CHA Consulting, Inc.

III Winners Circle, PO Box 5269, Albany, NY 12205-0269
T 518.453.4500 • F 518.458.1735 • www.chacompanies.com

CHECKERFLAG
LEASING

April 30, 2021

Surface Transportation Board
395 E Street SW
Washington, DC
20423

- CheckerFlag Leasing is a supplier of transportation equipment to the rail industry. CP is one of our customers.
- I James Blake, Vice President and General Manager at CheckerFlag Leasing, where my duties include support of the operations and financial controls. CheckerFlag Leasing supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- CheckerFlag Leasing shares the same values as CP for safety, continual investments in upgrading facilities and capacity to serve customers. We feel the Merger of CP and CPKC is in the best interest of the transportation industry.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

James Blake
Vice President and General Manager
Checker Flag Leasing

Jeffrey T. Lytle
President, CIT Rail

March 31, 2021

Surface Transportation Board
395 E St. SW
Washington, DC 20423

To whom it may concern:

CIT Rail is a major railcar and locomotive leasing company that serves the North American rail industry. Both CP and KCS are two of our highly valued customers.

With over $7 billion in rail assets under management, CIT Rail is a consistent investor in new equipment in support of the rail industry. In my role as President at CIT Rail, I'm responsible for the operating and financial performance of the business. CIT Rail supports approval of the proposed combination of CP and KCS. We view the proposed transaction positively as it will support growth and investment in the North American rail network.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, provide new competitive options to customers, and shift freight from truck to rail. The CPKC combination will support economic and employment growth in the United States and across North America under the USMCA trade agreement.

The expected modal growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like CIT Rail. We see the transaction as beneficial to the industry and do not anticipate any negative impacts to the environment, competitiveness, or safety.

We hope to see the transaction close and the benefits come to light as soon as possible. Please let me know if you have any additional questions or concerns.

Jeffrey T. Lytle
President, CIT Rail

30 S. Wacker Drive, Suite 2900
Chicago, IL 60606

t: 312.906.5733
jeff.lytle@cit.com

cit.com

CITY VIEW FUEL LLC

13635 54th Street St. SE, Enderlin, ND 58027 | Phone: 701-437-3835 | Fax: 701-437-3836

May 3, 2021

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

- City View Fuel is a supplier of diesel fuel to the rail industry. CP is one of our customers.
- I Dwight Fraedrich serve as the president at City View Fuel, where my duties include overseeing and managing the day-to-day operations. City View Fuel supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- City View Fuel supplies fuel for the engines. We believe the merger would increase the rail traffic that would come through Enderlin, North Dakota creating more jobs, not only at City View Fuel, but other companies in town as well. The extra jobs and revenue will go a long way for a small rural community.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Dwight Fraedrich
owner
City View Fuel

Clifton

1 May 2021

Attention: To whom it may concern

Letter of Support

- Clifton Engineering Group is a supplier of Engineering Services to the rail industry. CP has been one of our most admired and respected clients for more than 40 years.
- I, Paul van der Raadt, serve as the President of Clifton Engineering Group. Clifton Engineering Group strongly supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth, investment and strengthening of the North American rail network.
- Clifton Engineering Group has the privilege to work for CP Rail systemwide, throughout their US and Canadian operations. We provide emergency call-out services, engineering investigations, planning, design, remediation services, quarry management, ballast quality control and engineering services during construction. CP Rail always demonstrates a dedication and commitment to safety at the highest level and are continuously investing and upgrading facilities to increase capacity to serve its's customers.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Yours truly,

Clifton

Paul van der Raadt, M.Sc. P.Eng.
President
Clifton Engineering Group Inc.
paul_vanderraadt@clifton.ca (403) 650-0711

COMPRESSED AIR
& EQUIPMENT CO.

5-14-2021

To whom it may concern:

- Compressed Air & Equipment Co is a supplier of compressor units, and sales and service on compressors to the rail industry. CP is one of our customers.

- I Pam Mahood SERVE AS THE General Manager/Office Manager at Compressed Air & Equipment Co, where my duties include managing the service Department and scheduling of 3 technicians, managing 3 office personnel, P/R, H/R, A/P, A/R in hopes of having smooth transactions with all clients and vendors. Compressed Air & Equipment Co supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- We supply the service intervals on compressor units and dryers. I believe this would be a great growth in the rail network. Their attention to detail of safety is spectacular. My technicians feel very safe when they are there working and someone is always there willing to help them out when needed. Continuous upgrading is a very important part of the operation of business.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Pam Mahood

Pam Mahood
General Manager / Office Manager
Compress Air & Equipment Co

707 Hwy 218 North - La Porte City, IA 50651
Phone 319-342-2440 - Toll Free 800-727-7908 - Fax 319-342-3648
www.compress-air.com - E-mail: info@compress-air.com

CONTINENTAL EARTHMOVERS LTD.

4812 - 37 AVENUE Mailing: BOX 6325
WETASKIWIN, ALBERTA T9A 2G1
TELEPHONE: 403 - 352 - 5006 FAX: 403 - 352 - 3704

April 30, 2021

Attention: Surface Transportation Board

Re: Supplier Support

- Continental Earthmovers Ltd. is a supplier of heavy equipment and civil projects to the rail industry. CP is one of our customers.
- I Nathan Goofers serve as the project manager at Continental Earthmovers Ltd. where my duties include overseeing and working on site to complete projects. Continental Earthmovers Ltd. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Continental Earthmovers ltd. has been a contractor to CP for the 40 plus years, we feel that this merger will bring great opportunities to all of the Americas. With CP's continual attention to safety, investments in upgrading facilities and capacity to serve customers.
- The new transportation services that CPKS will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that growth at CPKC, and will shift freight from trucks on the highway to the rail system. All of these things will help support economic and employment growth in the United States and across the continent under the USMCA trade agreement.
- In turn that growth will support investments in new rail capacity that benefit shippers, the public and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Nathan Goofers

Project Manager
Continental Earthmovers Ltd.

Suite 200, 601 10 Avenue SW
Calgary, AB T2R 0B2
(403) 800-0891
www.convergentis.com

Letter of Support

ConvergentIS is a supplier of software and consulting services to the rail industry. CP is one of our customers.

I serve as the Director of Customer Engagement at ConvergentIS, where my duties include working with our customers to help them implement technology that makes them more efficient and able to better serve their customers.

ConvergentIS supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. CP's continual investments in upgrading facilities and capacity to serve customers helps ensure that goods can be moved efficiently and safely across the continent.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Brent Freer

_____

Brent Freer
Director of Customer Engagement

COOPER
EQUIPMENT RENTALS

Surface Transportation Board

395 E Street SW Washington, DC 20423

May 17, 2021

To whom it may concern,

Cooper Equipment Rentals Limited is a supplier of construction and industrial equipment to the rail industry. CP Rail is one of our customers. I serve as the President and COO of Cooper Equipment and can confirm that Cooper Equipment supports approval of the proposed merger between CP and KCS. From our perspective this merger will be good because it will strongly support the growth and investment in the North American rail network.

Our company has benefited from a long relationship with CP where we provide equipment that is critical to supporting CP Rails investment in maintaining and expanding the rail network in Canada. Our equipment is critical in maintaining a safe rail network. The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. These things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely

Darryl Cooper

President & COO

Cooper Equipment Rentals Limited

Corporate Head Office
255 Longside Dr Suite 103. Mississauga, ON, L5W 0G7
P) 1-877-329-6531 F) 289-247-2771
cooperequipment.ca

GOOD CALL 1-800-315-COOP
SINCE 1972

CORYS
The Power of Simulation

May 14, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

To Whom It May Concern,

- CORYS Inc. is a supplier of Locomotive Training Simulator solutions to the rail industry. CP is one of our customers.

- I, Nicolas LACAND, serve as the CEO at CORYS Inc. CORYS Inc. supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

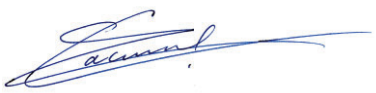
- CORYS Inc. provides simulator training solutions to both KCS and CP. The merge would allow the consolidation of the best training practices of both companies and improve safety by providing a consistent training program to all the engineers and conductors at CPKC. CP has been continuously investing in its training program and will bring the safety awareness to the next level with the CPKC merge.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,



Nicolas LACAND
C.E.O.

CORYS
1351 Tradeport Drive - Jacksonville, Florida 32218 - USA
Phone: 904.516.4170
Fax: 904.527.1598

CRAWFORD OIL & PROPANE
"Family Owned and Operated Since 1935"
PO BOX 115 - 416 E. Wisconsin St - Portage, WI 53901
608.742.2414 OR 800.236.2414

03/30/2021

To whom it may concern:

Crawford Oil Co., Inc. is a supplier of diesel fuel to the rail industry. CP is one of our customers and has been for over twenty-five years. I, Jonathan J. Crawford, serve as the President at Crawford Oil Co., Inc. where my duties include managing contracts and supply with CP Rail. Crawford Oil Co., Inc. supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. CP Rail has continued to expand investment in equipment, safety, and growth over the past ten year, and I believe the proposed merger will compound on these past investments, providing more opportunity for both CPKC and subsequent suppliers.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial. We do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Jonathan J. Crawford – Pres.
Crawford Oil Co., Inc.

CRIDLAND'S

CRIDLAND'S CARTAGE LTD.

Toll Free 1-888-806-7776

April, 2021
Attention: Surface Transportation Board

- Cridland's Cartage is a supplier of Intermodal operations and services to the rail industry. CP is one of our customers.
- I John Cridland serve as the President at Cridland's Cartage, where my duties include Overseeing fleet movement, Office Management and Sourcing. Damco/Canadian Tire supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Covering all areas in the Lower Mainland as a dray carrier Cridland's Cartage ensures all safety rules and regulations are adhered to to match CP's attention to safety. Cridland's Cartage works together with CP who continually invests in upgrading facilities and increases their capacity to serve customers better and more effectively.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed:

JOHN CRIDLAND

PRESIDENT
CRIDLANDS CARTAGE

CURBSIDE CONSTRUCTION LTD.

April 30, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

Supplier Support Letter Bullets

- Curbside Construction Ltd. is a siteworks and roadbuilding contractor specializing in concrete and asphalt paving. CP is one of our customers.
- I Lawrence Di Pietro, SERVE AS THE President at Curbside Construction where my duties include overseeing and managing the company's operations. Curbside Construction Ltd. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed,

Lawrence Di Pietro
President
Curbside Construction Ltd.

250 Rodinea Road, Vaughan, ON L6A 4P5 Bus: 905.886.9481 Fax: 905.832.0484

Custom Riggers (1988) Ltd.

242136-64 Street West
Foothills, Alberta T1S 0R8
Ph. 403-256-0771 Fax 403-256-8234
e-mail info@customriggers.com

May 14, 2021

Re: CP Support

Custom Riggers (1988) Ltd is a Telecom Communication Company that installs communication towers and equipment for CP Rail. As a Project Manager quoting and Installing Telecom equipment I support the CP and KCS combination as it will support growth and investment in rail transportation and provide new competitive options that will support growth at CPKC.
CP rail is continually upgrading their telecom network to increase their efficiency and improve safe movement of trains and product. We consider CP rail to one of our high value and long term clients and value our relationship with them as we have provided tower services to them since 1988.
This new partnership will stimulate growth and provide new competitive options for CPKC customers and shift freight from trucks on highways to the rail system.
Increased growth in moving product will support investments in new rail capacity that benefit shippers and suppliers like us.
We see the transaction as only beneficial and hope to see the deal completed and look forward to providing our services to them in the future.

Regards,

Todd Palmer PM
Custom Riggers (1988) Ltd
403-256-0771 office
info@customriggers.com

D&D EXCAVATING & HAULING LTD.

2853 Gateway Road
Winnipeg, Manitoba R2E 0J6
Phone: (204) 661-0456
Fax: (204) 667-7811
Email: ddexhaul@mts.net

May 6, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- D&D Excavating & Hauling Ltd. is a Contractor of Railway Services to the rail industry. CP is one of our customers.
- I Dean Omeniuk SERVE AS THE President at D&D Excavating & Hauling Ltd., where my duties include being a Contractor of Railway Services and supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- D&D Excavating & Hauling Ltd. is a COR Certified Safety Company working as a Contractor of Railway Services for CP rail. We value CP's attention to safety, and continual improvements, along with continual investments to upgrade facilities to serve customers.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Dean Omeniuk

President

D&D Excavating & Hauling Ltd.

DANELLA[SM]

April 29, 2021

Supplier Support Letter

Danella Rental Systems, Inc is a rental source of specialized vehicles and equipment to the rail industry. CP is one of our customers.

I, Stephen Bolte serve as the Vice President of Business Development at Danella Rental Systems, Inc., where my duties include Business Development of both new and current customers, Marketing, and Customer Relations. I also serve on several industry association Board of Directors such as the NRCMA, RSSI, and the AARS.

Danella Rental Systems, Inc. supports approval of the proposed combination of the CP and KCS. From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

Danella Rental Systems, Inc. is the prime source for the rental of specialized vehicles, construction equipment and on-track work equipment in the railroad industry. Currently, we rent hi-rail light, medium, and heavy-duty vehicles and construction equipment to the CP, such as hi-rail pickups, utility trucks, plow trucks, backhoes, crane trucks, and grapple trucks. The CP has a commitment to safety, continual investments in upgrading rail and facilities to increase capacity to better serve their customers.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that do not exist today, shifting freight from trucks on the highways to the rail system. Rail is the most environmentally friendly and most economical way to ship freight. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefits shippers, the public, and suppliers like us alike.

We see this transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Stephen Bolte

Stephen Bolte
VP Business Development
Danella Rental Systems, Inc.

DATA COMMUNICATIONS MANAGEMENT CORP.

WWW.DATACM.COM

#110, 10 Smed Lane SE
Calgary, AB T2C 4T5

April 30, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

To Whom It May Concern;

RE: DCM's Experience with CP

DCM is a provider of commercial print manufacturing, brand management and digital solutions to the rail industry. CP is one of our customers.

I, Phil Hammond, serve as the Chief Revenue Office at DCM, where I lead a sales team of 52 people across North America. I provide the growth strategy of DCM's advanced enterprise relationships and am responsible for new business and ensuring revenue targets are achieved. DCM supports the approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

As an essential service provider for CP for the past 20 years, DCM has assisted and supported CP's communications transformation and digital evolution in nearly every aspect of its North American operational and regulatory compliance requirements.

In concert with CP's extraordinary executive support, DCM has worked tirelessly with every business unit throughout the CP North American network ensuring every regulatory requirement has been executed, delivered on time, and consistently meets all mandated requirements. CP holds DCM to the highest standards as mandated by each CP business unit. The relentless compliance efforts undertaken by each CP team over these past two decades, exemplifies CP's commitment to continuous improvement and unwavering service to their customers with the highest compliance standards.

We firmly believe CP will bring this same dedication to modernization, compliance, safety, and commitment to ongoing and continuous improvement with the merger and integration of KCS. With facilities north and south of the border, DCM is expertly equipped to continue to support CP and KCS throughout and beyond the acquisition process.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. This will no doubt help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefits shippers, the public, and suppliers like DCM, alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Sincerely,

Phil Hammond
Chief Revenue Officer
403-207-6646

THE BRAND BEHIND YOUR BRAND

DAVEY
Proven Solutions for a Growing World

March 29, 2021

To Whom It May Concern:

The Davey Tree Expert Company is a current supplier of both Herbicide and Mechanical Vegetation Management services to the rail industry. Our team is proud to partner with CP Rail as one of our customers.

I, Brent Repenning, serve as an Executive Vice-President at The Davey Tree Expert Company, leading our United States Utility Services, Rail Division and our Davey Resource Group. It is with pleasure that I write to you in support the approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the merger is beneficial to the growth and investment in the North American rail network. CP Rail is known for their commitment to connecting North America and the world; their team of environmental stewards believe in re-inventing the rail business for long-term, sustainable growth. CP and Davey have a shared core value in our commitments to safety. CP continues to invest in technology to improve safety and performance. With recognition for safety milestones and exemplary behaviors, CP is an industry leader in lowest FRA frequency, outperforming all class peers for more than a decade.

The new transportation services that CPKC will bring to their customers will stimulate the growth in rail transportation, provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these items will help support the economic and employment growth in the United States and across the continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like Davey.

Our team believes this transaction will only benefit the rail industry. We do not anticipate any negative impacts to the environment, to competition, to safety, or any other interest under CP's ownership. For these reasons, The Davey Tree Expert Company supports the transaction and looks forward to the future of the rail industry.

Best regards,

Brent Repenning

Executive Vice President, US Utility & Davey Resource Group

DAYTON
PHOENIX
GROUP
engineered to move

1619 Kuntz Road
Dayton, OH 45404-1240
phone 937.496.3900
toll free 800.657.0707
www.dayton-phoenix.com

5/12/2021

Supplier Support Letter Bullets

- Dayton Phoenix Group is a supplier of rotating electric, DB modules and mechanical products to the rail industry. CP is one of our customers.
- I Daniel Griffin SERVE AS THE Senior Sales Specialist at Dayton Phoenix Group, where my duties include account management, quotations and customer service. Dayton Phoenix supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Dayton Phoenix Group and CP have had a multiple year relationship with a great track record of partnership. Dayton Phoenix Group values CP as a trusted customer that has kept current on accounts, communication and mutual improvement.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Dan Griffin
Senior Sales Specialist
DAYTON
PHOENIX
GROUP
Phone – (937)496-3926
Cell – (937)623-5320
Email –dgriffin@dayton-phoenix.com
Website –www.dayton-phoenix.com

913 N 14th St, Clear Lake, IA 50428
5151 SE Rio Ct, Ankeny, IA 50021
www.deansnyder.com

May 13, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Dean Snyder Construction is a supplier of design and construction services to the rail industry. CP is one of our customers.
- I serve as the Director of Business Development at Dean Snyder Construction, where my duties include sales, marketing and customer service. Dean Snyder Construction supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. It will also support a continued effort to better serve customers through facility and infrastructure upgrades and improvements.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.



Nate Carney
Director of Business Development
Dean Snyder Construction Co.

DEHN OIL COMPANY

6735 141st Ave N.W.
Ramsey, MN 55303-5727

Phone: (763) 421-5571
1-877-769-8077
Fax: (763) 421-8236
www.dehnoil.com

4/29/2021

- Dehn Oil Company is a supplier of diesel fuel, gasoline, and other refined products to the rail industry. CP is one of Dehn Oil Company's biggest customers; we have been doing business with CP rail since the early 1990's.

- I John Dehn serve as the President/COO at Dehn Oil Company, where my duties include all company operations, supplier pricing, dispatching and safety compliance. Dehn Oil Company supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Dehn Oil being a long-term supplier of CP rail, we acknowledge their strict safety policies, these polices being enforced by another railway through merger bring an added value to local communities and general public. Upgrading facilities to operate more efficiently, capacity, to serve customer, more efficient fueling plans also help the environment

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

John Dehn
President/COO
Dehn Oil Company

May 14, 2021

Supplier Support Letter Bullets

- Dell Technologies is a supplier of IT Hardware, Software and Services the rail industry. CP is one of our customers.
- I Jeffrey Denbury, SERVE AS THE - VP Enterprise Sales (Canada) - at Dell Technologies, where my duties include supporting and selling to Enterprise customers. Dell Technologies supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- At Dell Technologies, we create technologies that drive human progress. We are a unique family of businesses that provides the essential infrastructure for organizations to build their digital future, transform IT and protect their most important asset, information. The world faces challenges that have no modern precedent. We are committed to empowering individuals, organizations and communities with technologies that solve the world's biggest challenges. CP's strategy to operate safely, optimize assets, control costs, provide service and develop people is aligned with our goals as well.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.



Jeffrey Denberg

VP Enterprise Sales

Dell Technologies

DELTA
RAILROAD SERVICES

May 18, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Delta Railroad Construction is a supplier of MOW Equipment to the rail industry. CP is one of our customers.
- I Linda Laurello SERVE AS THE COO at Delta Railroad Construction, where my duties include overall management of operations of our business. Delta Railroad Construction supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- As a supplier of Remanufactured MOW Equipment for CP we support this merger and will continue to support CPs dedication to safety and continued capital investments in upgrading equipment.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Sincerely,

Linda Laurello
COO
Delta Railroad Construction

Delta Railroad Services
A Salcef Group Company

2648 West Prospect Road - P.O. Box 1398
Ashtabula, OH 44005-1398
Phone (440) 992-2997
Fax (440) 992-1311
www.deltarr.com

May 3, 2021

Surface Transportation Board
395 E Street SW
Washington, DC
20423

334-11th Avenue SE
Suite 200
Calgary, Alberta
Canada
T2G 0Y2
Telephone
403.215.8880
Fax
403.215.8889

Supplier Support Letter

- Dillon Consulting Limited is a supplier of environmental consulting services to the rail industry. CP is one of our customers.
- I Dave Poole serve as an Officer and Partner at Dillon Consulting Limited, where my duties include senior account management and risk oversight. Dillon supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Dillon provides risk management and rail safety services to CP, supporting their rail safety obligations under the Canadian Federal Railway Safety Management Systems Regulations. We provide environmental monitoring of CP maintenance operations of critical infrastructure within federally regulated waterways, and support CP's efforts to manage their legacy contaminated sites in Canada. We oversee federal environmental assessments of CP's capital projects in Canada that require federal regulatory approval.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

DILLON CONSULTING LIMITED



Dave Poole
Officer

DMM ENERGY
Moving Together, Growing Together

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

- DMM is a supplier of diesel fuel and locomotive refuel to the rail industry. CP is one our customers.

- I KELVIN DOAK Serve as the President at DMM ENERGY INC. where my duties include supply, and delivery contracts. DMM ENERGY INC. supports approval of the proposed combination of CP and KCS.

- From our prospective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- DMM being a service in the Energy Industry see value as a link for rail services connecting all of north america. CP attention to saftey, continual investments in upgrading facilities and capacity to serve customer will help serve the merger well.
- The new transportation services that CPKC will bring to their customers will stimulate growth in the rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA Trade Agreement.
- In turn, that growth will support investments in new rail capacity that benfit shippers, the public, and suppliers like us alike.
- We see the trasaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to saftety, or to do other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed 

Kelvin Doak
President
DMM Energy Inc.

March 30, 2021

To Whom It May Concern,

DMS Rail Ltd., a ServcoCanada company, located in Manitoba, is a welding and fabrication service provider to the rail industry, with CP being one of our clients.

Manitoba is situated in the middle of CP's main east-west line and has a terminal for one of CP's border crossings linked directly to Kansas City. The merger of the two companies and the new transportation services will provide direct and robust economic and employment growth in Manitoba and across the continent under the USMCA trade agreement.

As the President and CEO of DMS Rail Ltd, we fully support the proposed merger of CP and KCS. We look forward to a swift transaction close that will rapidly benefit investors, shippers, suppliers, and service providers.

Regards,

Julien Lafleche
President & CEO

DOBBYN
ELECTRICAL SERVICES

Darren Dobbyn
darren@dobbynelectric.com

Main Office: (403) 236-8877
Fax: (403) 720-2773
9243 44th. Street SE
Calgary, AB T2C 2P7
www.dobbynelectric.com

May 13, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20412

Dobbyn Electrical Services Ltd., is a supplier of electrical and lighting installation and repairs to the rail industry. CP is one of our customers.

I, Darren Dobbyn, serve as President of Dobbyn Electrical Services where my duties include installation and repairs for electrical and lighting services/upgrades. Dobbyn Electrical Services supports approval of the proposed combination of CP and KCS. From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

The merger would greatly enhance the transportation of materials from the manufactures to the suppliers to speed up delivery of required replacement parts and the flow of supplies. CP's attention to safety, and continual investments in upgrading their facilities and capacity to serve their customers would make this supply chain beneficial to everyone.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment grown in the United States and across the continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public and suppliers like us alike.

We see the transaction as only beneficial: we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Darren Dobbyn
President
Dobbyn Electrical Services Ltd.

DOOLEY'S PETROLEUM INC.

April 28, 2021

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

Dooley's Petroleum, Inc. is a supplier of diesel fuel and propane to the rail industry. CP is one of our valued customers. In my role as the C.O.O. at Dooley's Petroleum, my duties include working with our team in supplying CP with their fuel and propane needs. Dooley's strongly supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. Dooley's has been a supplier to CP at locations in both Minnesota and Iowa. Through our working relationship we have grown to appreciate their commitment to maintaining good supplier-customer relationship and their commitment to providing a safe working environment for our employees. We would see this merger as a way to strengthen their commitments in these areas.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Scott Jones
C.O.O.
Dooley's Petroleum, Inc.

April 30, 2021

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

- DPS Electronics, Inc. is a supplier of Specialized Electronics Communications Solutions to the rail industry. CP is one of our customers.
- I, Susy Sands COO of DPS Electronics, Inc where my duties include Operations supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Please contact me for any additional information.

Regards,

Susy Sands, COO
DPS Electronics, Inc.
Susy.sands@dpsrr.com

May 13, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Dubois Chemical Inc. is a supplier of speciality chemical products to the rail industry. CP is one of our customers.
- I Patrick Smith SERVE AS THE Industrial Sales Manager Canada at Dubois where my duties include overseeing our Industrial customer relationships. Dubois Chemical Inc. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- In our role as a provider of Maintenance chemistry we see the merger as benefial as it will allow our two companies better alignment through our North America supply base and will continue to allow us assist in key CP mandates, attention to safety, continual investments in upgrading facilities and capacity to serve customers.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed,

Patrick Smith
Industrial Sales Manager Canada
Dubois Chemicals Inc.

E80 plus CONSTRUCTORS, LLC

April 29, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

To Whom it May Concern,

E80 Plus Constructors, LLC is a supplier of bridge repair, replacement, strengthening, and engineering to the rail industry. Canadian Pacific Railway, CP, is one of our customers.

I serve as the President at E80 Holdings, Inc. where my duties include helping the railroad industry implement and maintain safe bridge and culvert infrastructure.

From our perspective as a supplier, the proposed merger transaction creating CPKC is beneficial since it will support strong growth and investment in the North American Rail Network.

We serve most of the Class I Railroads of North America in addition to Regionals and Short Line Railroads. CP's sincere attention to safety with continual investment into their infrastructure will make them a successful merger candidate to form CPKC. CP is truly committed to safety, their facilities, infrastructure, and ability to serve their customers at a very high level.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. These positive outcomes will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial. We do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Thank you for your time.

Sincerely,

Timothy J. Pfeil, P.E.
President
E80 Holdings, Inc.

7120 Patton Rd / DeForest, Wisconsin 53532 / (608) 846-1880 / Toll Free: (888) 846-6310
Facsimile: (608) 846-2225 / E-mail: info@e80plus.com

April 30, 2021

To Whom It May Concern:

Eagle Professional Resources is a supplier of Temporary Staffing Services and Permanent Recruitment Services to the rail industry. CP is one of our customers.

I, Kelly Benson, SERVE AS THE Vice President and General Manager of the Prairie Region at Eagle Professional Resources, where I am responsible for the performance and growth of Eagle's business in Alberta, Saskatchewan and Manitoba. Eagle has been providing CP with highly skilled technology resources (both contract and permanent) to support CP's comprehensive rail and business systems for over 15 years. Eagle supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

CP is a valued customer that has always shown a strong commitment to safety. The investments that they have made in continually upgrading facilities, as well as their commitment to invest in the implementation of leading-edge technology has furthered their ability to serve customers across North America. They offer an impressive range of transportation services, logistical solutions and supply chain expertise that ensures that products get to market, safely and efficiently. They have a proven track record of being one of the most integrated and safe railroads in North America.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Regards,



Kelly Benson
Vice President & General Manager, Prairie Region
Eagle Professional Resources

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ECCO select
THE TALENT BEHIND THE TECHNOLOGY

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

May 13, 2021

Re: ECCO Select support of Canadian Pacific and Kansas City Southern merger

To whom it my concern,

ECCO Select is a Kansas City, Missouri based supplier of Information Technology consulting services to the rail industry. Canadian Pacific (CP) and Kansas City Southern (KCS) are shared customers.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

ECCO Select has been supporting KCS as an IT services and consulting supplier since 2014, and more recently CP starting in 2018. We have supported both IT and mechanical centric initiatives and through our experience working for, and partnering with both, we believe the CP and KCS merger results in the best value for our hometown, Kansas City, as well as other shared North American companies. Our familiarity allows us to see the intrinsic value a combined company presents in creating a highly competitive Class 1 railway while expanding quality services.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Signed

DocuSigned by:
Darren Prenger
56BEFDCBD6574C9...

Darren Prenger, COO
ECCO Select

ECO-AQUATECH

May 6 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Eco-Aquatech is a supplier of Railway locomotive chemical, soaps and lubricants to the Rail Industry in both USA and Canada. CP is one of our customers.

- I, Dan Larson serve as Vice President at Eco-Aquatech, where my duties include operation oversight, management and sales in both the US and Canada. Eco-Aquatech supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Eco-Aquatech is a proud supplier to CP Rail and are committed to supplying safe, quality, environmentally friendly, cost effective products as well as providing a Vendor Managed Inventory (VMI) field service to our customers. As one of our customers, CP Rail has always demonstrated strong attention to community, rail and workplace safety and a high level of customer service. Our agreed chemical product formulations support their efforts to providing a safe work environment. CP Rail's continual investment in facility and systems upgrades further support a safe productive work environment.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

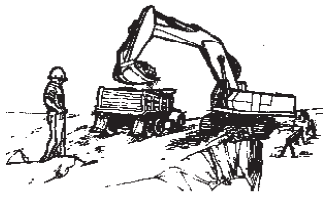
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Dan Larson
Vice President Operations/Sales
Eco-Aquatech

CANADA (Quebec) (Head Office) 9625 Ignace, Unit H, Brossard, Quebec J4Y 2P3, Tel. :+1.514.228.8762 +1.866.404.1889, Fax : 514.259.8668

CANADA (Manitoba) 1865 Unit 1, Sargent Ave. Winnipeg MB R3H 0E4, Tel.: +1.204.774.4177, Fax: 204.779.1600

U.S.A. (Minnesota) 19360 Hogan Ave. Hastings, MN 55033, Tel.: +1.800.278.9036, Fax: 866.580.4398



ED GARROW and SONS, INC.

May 19, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

To whom it may concern:

- Ed Garrow and Sons, Inc is a contractor of track maintenance with excavation and support equipment to the rail industry. CP is one of our customers.

- I Ronald E. Garrow SERVE AS THE Vice-president at Ed Garrow and Sons, Inc., where my duties include all aspects of estimating and all day to day operations of the business. Ed Garrow and Sons, Inc. supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- We perform specialized trenchless excavation using Pipe Ramming and/or Horizontal Directional Drilling as well as other excavation for track maintenance and new installations of drainage pipes and conduit(s). We are looking forward to the merger in hopes the infrastructure will continue to grow and be improved.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Regards,

Ronald E. Garrow
Vice-president
Ed Garrow and Sons, Inc.

REG/jmc

982 MILITARY TURNPIKE • PLATTSBURGH, NY 12901 • (518)561-0740/FAX (518)314-6019 • jchauvin@edgarrowandsons.com

ELLIOTT
Oil Company
Est. 1961

207 WEST 2ND STREET • P.O. BOX 473 • OTTUMWA, IOWA 52501
PHONE 641-684-4377 • FAX 641-684-7009

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

May 4, 2021

- Elliott Bulk Services, LLC is a supplier of refined petroleum (bulk diesel fuel) to the rail industry. CP is one of our customers.

- I, Andrew E. Woodard, serve as the President & Chief Operating Officer at Elliott Bulk Services, LLC, where my duties include establishing both short and long-term goals, overseeing daily operations of the company, managing budgets, ensuring the proper allocation of resources and ensuring all of our company's departments meet their goals. Elliott Bulk Services, LLC supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Our family-owned business was founded in 1961 with a bold and loyal objective – to provide customers with petroleum of the highest quality at a competitive price. Today, we continue to transpire as a leader in the petroleum industry where change is constant. We pride ourselves by serving our customers and business associates with meaningful customer service that makes a difference in their life. As our relationship with CP has grown, we have come to respect their approach to business as an ideal match to our culture pertaining to attention to work safety, capacity to serve customers and continual investments in communities where we both do business.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Very truly yours,

Andrew E. Woodard
President & COO
Elliott Oil Company (Elliott Bulk Services, LLC)

May 12, 2021

To Whom it May Concern:

Re: CP-KC Merger

enCompass Solutions Group Ltd. is a supplier of integrated automation control systems to the rail industry and CP is one of our customers.

As the President & COO of enCompass we strongly recommend and support the approval of the proposed merger of CP and KCS. We are confident the combination of these companies will stimulate growth in rail transportation across North America which in turn will support economic and employment growth. Such growth will foster investment in rail capacity, benefitting not only suppliers like us, but shippers and the public in general.

As a supplier of control systems for CP we see great opportunity to expand our services and assist in making the rail industry even safer and more competitive in the future. CP has demonstrated a pension for continuous investment in upgrading facilities and creating additional capacity and we are proud to support them in these initiatives.

We hope to see this transaction come to fruition as soon as possible. There are many benefits to it closing and we see no negative impacts to the environment, safety, competition, or any other public interest.

Yours truly,

Tim Wright
President & COO

ENDURON

WHEN WELL-MADE MATTERS

May 11, 2021

Re: Endorsement of CP Rail merger with KCS.

- Enduron Inc. is a supplier of enclosures, cases and other metal fabricated parts to the rail industry. CP is one of our customers.
- I serve as the President at Enduron Inc, where my duties include overseeing all aspects of design and production for valued customers, including all of our Railway Customers. Enduron Inc supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- We see benefit to CP and KCS and their customers in the new larger entity; better scale, more integrated network and simpler logistics to name a few.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Richard Klassen
President
Enduron Inc.

150 Cree Crescent
Winnipeg, Manitoba
Canada R3J 3W1
www.enduron.net

P: 204 885-2580
F: 204 888-2912

ISO 9001:2008

Entreprises L.M. inc

Montreal, May 13th 2021

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

- Entreprises L.M. is a supplier of Electrical rotating equipment's such as main generators and traction motors to the rail industry. CP is one of our customers.
- I [Alexandre Fortin] SERVE AS THE President at Entreprises L.M., where my duties include General Manager of the company. Entreprises L.M. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Alexandre Fortin
President, Directeur Général
Entreprises L.M.

Entreprises L.M. 3006 Ste-Catherine Est, Montréal,QC, Canada, H1W 2B8
Tél : (514) 523-2831, (800) 265-2831, Fax : (514) 521-2526, www.entrepriseslm.com

ESI RAIL LTD

#4 – 877 Redonda St., Sunnyside Manitoba
R5R 0J4
Tel: 204-451-1476, Fax: 204-654-1001, Email: les@esirail.com

April 29th, 2021

Clive Morgan

Director Engineering Sourcing & Fleet Vehicles

Surface Transportation Board,

I am writing this letter to confirm our support for our customer **CP Rail.**

- ESI Rail Ltd is a supplier of signals and communications to the rail industry and CP is one of our customers.

- I, Les Buzzell, owner of ESI Rail Ltd at 4-877 Redonda street, Manitoba Canada absolutely support the proposed merger of CP & KCS.
- From a supplier's perspective this merger will further strengthen CP & KCS in the market and will provide customers an almost no delay on time scenario.
- We at ESI Rail Ltd provide support for maintenance, production and construction and we strongly believe that this powerful merger will only deliver more value, better serve & broaden the global marketplace.
- The new transportation services that CPKC will bring to their customers will encourage expansion in rail transportation, provide competitive options for growth at CPKC and will shift truck freight to rail freight. All these effects will help support employment in both continents under the USMCA agreement.
- This kind of merger will support investments in modern rail capacity that will only benefit shippers, the public and communities.
- We at ESI Rail Ltd see this merger as only beneficial; we do not foresee any negative impact on the environment, safety, or any other public interest.

In closing I appreciate how CP is committed to building relationships with their vendors and customers. CP is defiantly more cognizant of building and strengthening their relationship than their competitors.

Should you need to contact me I can be reached via email at les@esirail.com or by phone at (204)451-1476

Sincerely,

Les Buzzell
CEO/Director
ESI Rail Ltd.

EUROWAY INDUSTRIAL SERVICE CO. LTD.

245 TRANSPORT ROAD, SUNNYSIDE, MANITOBA, R5R 0J5
TELEPHONE (204)661-0500 *FAX # (204) 661-3933*

April 30, 2021

Euroway Industrial Service Co. Ltd. is a vehicle upfitter and service facility supporting CP Rail's fleet vehicles. We pride ourselves in being a full-service facility supporting CP Rail and multiple other customers performing heavy duty mechanical service and repairs, vehicle safeties, fuel tank truck repairs and certifications, welding repairs and fabrication. We specialize in custom design truck bodies, hy-rail installation and service, mobile crane installation and service as well as hydraulic troubleshooting and repairs.

CP Rail has been one of our customers for over 40 years, they expect quality, value, and timely service. We have been able to develop a great working partnership together built on trust and working together to achieve great standards and goals.

From our perspective as a supplier and a partner with CP Rail, we feel the merger between CP Rail and KCS is very beneficial because it will strongly support growth and investment in the North American rail network. CP Rail is a positive, goal-driven business that we believe will excel in this transaction, making it beneficial to all of us.

CPKC merger will bring value to all of us. They are top-notch in what they do from our perspective. We see them constantly keeping their fleet well maintained and strategically replacing fleet trucks and equipment as required. People and their safety from their own employees, to suppliers and their customers, is extremely important. Which in turn, saves lives and provides a solid business relationship.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefits shippers, the public and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Signed,

Gary Mittermayr
President
Euroway Industrial Service Co. Ltd.

Kris Kaminski
Operations Manager
Euroway Industrial Service Co. Ltd.

Evolution
ENVIRONMENTAL

May 13, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Evolution Environmental Ltd. is a supplier of Construction and support materials and services to the rail industry. CP is one of our customers.
- I Jon Nielsen SERVE AS THE President at Evolution Environmental Ltd., where my duties include project management and sales. Evolution Environmental Ltd. supports the approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- As a supplier of construction and support services to the rail industry we value the importance of the rail industry and the need for its growth and continued maintenance.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed

Jon Nielsen
President
Evolution Environmental Ltd.

Executive Tree Service Inc
1643 Concession 3 RR#1
Palgrave, On
L0N 1P0

executivetree@gmail.com
519-940-0062

May 6, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Executive Tree Service Inc is a supplier of Right of Way Maintenance and Emergency Services to the rail industry. CP is one of our customers.
- I, Ian Hughes am the President and owner of Executive Tree Service Inc., and I support the approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- We feel the merger will help to streamline the flow of cargo from the southern United States and Mexico and may reduce the amount of improperly loaded cars and load adjustments due to single source handling.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. The combination of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction finalized and the benefits come to light as soon as possible.

Ian Hughes

Ian Hughes
President
Executive Tree Service Inc

May 21, 2021

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Feldspar Inc., located in Lloydminster, Alberta, is a supplier of ballast products to the railway industry, a provider of construction to the oil and gas industry, residential building contracting, and agriculture markets. Many of our supplies and equipment come in by rail and much of our production is focused in exports to the United States and beyond.

While the proposed merger between CP and Kansas City Southern would provide us with a broadened and strengthened platform to compete with an already stronger CN the opposite would have negative effects and could have devastating impacts on rail access for our products.

I am writing to express Feldspar Excavating and Redi-Mix's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under

the new merger rules is exactly why the Board should not allow CN to use of a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. That does not seem to be a public benefit at all. Without prejudging how that assessment will turn out, if CN is right that its proposal is great for competition and all stakeholders, there should not be such a great risk for KCS's shareholders either, and no need for a voting trust.

The costs of allowing a voting trust here, however, are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all of the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry in particular about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.

We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to***

let CN use a voting trust, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all of this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it has to divest KCS. No matter what showing CN is able to make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It won't be able to do that with any of the merger "synergies" it plans for several years, so CN will be incented to do it through higher prices for their current customers or less investment on CN's network. These incentives arise whether or not CN ends up having to divest KCS.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more in order to overcome these burdens.

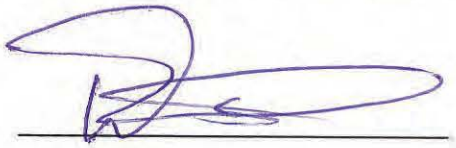
* * *

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot

be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Dave Kohlruss,
General Manager,
Feldspar Excavating & Redi-Mix



Cc: All Parties of Record

Fibernet Services Ltd.

Telephones | Security | Cabling

May 14, 2020

Supplier Support Letter

- Fibernet Services Ltd. is a supplier of low voltage wiring to the rail industry. CP is one of our customers.
- I, Jeff Desrochers, serve as the Operations Manager at Fibernet, where my duties include overseeing the daily operation of Fibernet. We support approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- CP has been a long term customer and supports local companies in the communities they operate. They continue to expand and invest in Canada and create jobs for Canadians.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,



Jeff Desrochers
Operations Manager

FLYNN CANADA LTD.
1390 Spruce St · Winnipeg, MB · R3E 2V7
T: 204.786.6951 · F: 204.788.4584 · W: www.flynncompanies.com

May 13, 2021

Surface Transportation Board

395 E Street SW Washington, DC 20423

- Flynn Canada Ltd. is a supplier of building envelope systems to the rail industry. CP is one of our customers.
- I, Chris Voogd, serve as the Chief Estimator at Flynn Canada Ltd., where my duties include overseeing all projects within the Estimating Department. Flynn Canada Ltd. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Flynn Canada Ltd has provided roofing and cladding services for CP. CP's dedication to their services and strong safety requirements align with our core values. We value CP as customer in our marketplace and look forward to doing future work in conjunction with KCS.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Chris Voogd
Chief Estimator
Flynn Canada Ltd.

Fueliner LLC
5/14/21

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

- Fueliner is a supplier of Transportation of fuel to the Nahant yard in Davenport Iowa tot the rail industry. CP is one of our customers.

- I Gary Rambousek SERVE AS THE Salesman for Fueliner at Molo Companies, where my duties include SALES AND CUSTOMER SERVICE. Fueliner supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

  Fueliner is a transportation of fuel to the Nahant yard from the Quad Cities Terminal. Fueliner has been awarded the last two contracts from CP rail. Fueliner and myself have had an excellent relationship with CP rail that have been a great company and great people to work with.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed



Gary Rambousek Sales
Fueliner LLC

G&B Fuels Inc.

April 29, 2021

Attn:

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

G&B Fuel Inc Group of Companies is a supplier of Fuel for Locomotive/Equipment operations to the rail industry. Canadian Pacific Railway is one of our customers.

I Chris Neyrinck Serve as the General Manager at G&B Fuels Inc Group of Companies, where my duties include the Management and support for safe movement of fuels across Western Canada. G&B Fuels Inc supports approval of the proposed combination of Canadian Pacific Railway and Kansas City Southern.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail/transportation networks.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Chris Neyrinck

Chris Neyrinck
General Manager
G&B Fuels Group of Companies
Chris.neyrinck@gbfuels.biz
1-403-835-4410



GARDEWINE
JUST GARDEWINE IT!

60 EAGLE DRIVE, WINNIPEG, MANITOBA R2R 1V5
TEL 204.633.5795 FAX 204.694.7275
WWW.GARDEWINE.COM

April 30, 2021

Re: Endorsement of Support - Canadian Pacific Railway Merger with Kansas City Southern

To: Transportation Surface Board

Gardewine Group LP is a supplier of drayage, transportation and warehousing services to the rail industry in the North American marketplace. CP represents a significant client to Gardewine in this sector. In regards to CP's pending merger with KCS, I (Jorden Kehler) serve as the Director – Dedicated Logistics for Gardewine Group LP, which supports the approval of the proposed combination of CP and KCS operations.

From Gardewine's perspective as a service provider to CP, the transaction is beneficial because it will strongly support growth, improve network reach and will stimulate investment in the North American rail network. Our organization see's internal value in the merger between CP and KCS largely due to the increased capacity it will provide to the customer network that both CP and Gardewine share. In addition, it promotes continual investment in infrastructure for both parties.

The new and expanded transportation services that CPKC will bring to their customers will stimulate growth in rail transportation and will provide new competitive options that support growth at CPKC. These benefits will also help support holistic economic growth in North America, which acts as a real benefit to commercial shippers, suppliers and the public alike.

To summarize, Gardewine views the transaction as purely beneficial and does not anticipate any negative impacts to the competitive landscape, environment or general safety. For these purposes, we hope to see the transaction close and the benefits become real as imminently as possible.

Best Regards,

Jorden Kehler
Director Dedicated Logistics
Gardewine Group LP

GDI Integrated Facility Services

May 13 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- GDI Services Inc is a supplier of janitorial services to the rail industry. CP is one of our customers.
- I, Ann Donnelly SERVE AS THE Vice President of Sales at GDI Services Inc, where my duties include Business Development. GDI Services Inc supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- GDI Services Inc supports the merger and will continue to provide comprehensive facility services to CP: GDI recognizes CP attention to safety, continual investments in upgrading facilities and capacity to serve customers, etc.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that supp3727ort growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed

Vice President of Sales
GDI Services Inc

GDI Services, Inc.
4952 W. 128th Place
Alsip, IL 60803
T: 708.385.3575
www.gdiservice.com

MAY 14,2021

To whom it may concern

- Gilbert Supply Company is a supplier of industrial supplies to the rail industry. CP is one of our customers.
- I Trevor Gilbert serve as the president at Gilbert Supply Company where my duties include sales. Gilbert Supply Company supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

TLGilbert

Gilbert Supply Co.

President

5/14/21

Global Montello Group
800 South Street
Waltham, MA 02454

- Global Montello Group is a supplier of diesel fuel to the rail industry. CP is one of our customers.
- I Laura Wenzel SERVE AS THE Sales Manager at Global Montello Group, where my duties include managing the relationship with Canadian Pacific, negotiating renewals and ensuring Canadian Pacific's diesel fuel needs are fulfilled. Global Montello Group supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Global Montello group services CP in several markets and sees value in the merger of KCS and CP on multiple levels. Increased flexibility and serviceability of customers, stronger position in purchasing and collaborative resolutions to the future of railroad is a key benefit to bringing the two companies together. Global operates and supplies fuel in 26 states in most major terminals on the east coast and southeast. We own and operate 25 of our own terminals and just invested a significant amount to upgrade all our systems.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Thank you,

Laura Wenzel
Sales Account Manager
Global Montello Group

GOLDEN RATIO ESTIMATING
Sun Life Plaza West Tower, 144 – 4 Avenue SW, Suite 1600, Calgary, Alberta, Canada T2P 3N4
Calgary: 1403.455.2128 | Toll Free: 1800.984.1687 | Fax: 1800.856.0845 | Web: www.grestimating.com | Email: info@grestimating.com

29 April 2021

RE: Support for CP-KCS Merger

Golden Ratio Estimating is a supplier of Management Consulting Services to the rail industry and CP is one of our customers.

I Imran Mirza serve as the Managing Director at Golden Ratio Estimating, where my duties include project services support and an advisor to our customers for potential value-added propositions. Based on our experience and knowledge in the rail industry, Golden Ratio Estimating strongly supports approval of the proposed merger of CP and KCS. From our perspective as a supplier, the transaction is beneficial because it will firmly support growth and investment opportunities in the North American rail network.

This merger is valuable to all of CP's suppliers including Golden Ratio Estimating. As a management consultant to CP, this union could give us the opportunity to expand organically into the US and Mexico. Where safety is a prime objective, CP's track record is also proven for their corporate social responsibility. In our experience with CP, they strive to be the customer's choice by providing the most competitive and reliable platform. Whether it is for new facilities, expansions, upgrades and modernization, CP is continuously investing in R&D, capital and sustaining projects. This merger would serve as a successful example of the USMCA; it will act as a gateway for regional market integration and will strengthen the synergies among the USMCA members even beyond the commercial prospects.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system- which interprets improved reliability, offsets road hazards, and most importantly reduction in carbon footprint. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Regards,

Imran Mirza

Imran Mirza
Managing Director
Golden Ratio Estimating

GOLDSTAR TRUCKING LTD.

May 5, 2021

Attention: *Transportation Surface Board*

Reference: Supplier Support Letter Bullets

Transportation Surface Board,

Goldstar Trucking Ltd. is a supplier of Heavy Civil Construction to the rail industry. CP is one of our customers.

I, Fernando Nogueira, serve as the Estimator at Goldstar Trucking Ltd., where my duties include construction estimation and proposal of the company's pursuits. Goldstar Trucking Ltd. supports approval of the proposed combination of CP and KCS.

As a Heavy Civil Contractor, we support this merger because of CP's continual investments in upgrading facilities and capacity to serve its customers. The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system.

All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,



Fernando Nogueira
Estimator
Goldstar Trucking Ltd.

Green Stream
www.green-stream.ca

May 7, 2021
Surface Transportation Board
395 E Street SW Washington, DC 20423

· Green Stream Lawn and Vegetation Management Inc., is a supplier of Maintenance of Way to the rail industry. CP is one of our customers.

· I Steve Ford serve as the General Manager at Green Stream Lawn and Vegetation Management Inc. where my duties include contract service management. Green Stream Lawn and Vegetation Management Inc. supports approval of the proposed combination of CP and KCS.

· From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

· The services that we provide the rail industry, specifically CP, help to maintain the high level of safety for all employees, passengers and customers of CP. CP is vital to the success of businesses all across Canada and the United States of America.

· The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

· In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

· We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Respectfully Yours,

Steve Ford

Steve Ford- General Manager
Green Stream Lawn and Vegetation Management Inc.

200 North Service Rd., W. Suite #476 • Oakville, Ontario L6M 2Y1
T: 905-510-1229 • F: 905-815-0243 • E: info@green-stream.ca
www.green-stream.ca

GRIDLINK
SAFE. SOLID.

1499 Rosslyn Rd
Thunder Bay, ON P7E 6W1
Ph: (807) 683-0350
Fax: (807) 345-3693

May 14, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

To Whom it May Concern,

- Grid Link is a supplier of Rail Maintenance to the rail industry. CP is one of our customers.
- I Brett Gifkins SERVE AS THE Operations Manager at Grid Link, where my duties include Organizing Railway Projects. Grid Link supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- As a Rail Maintenance Contractor for CP, we believe this merger will be beneficial to further grow the vast reach CP has and to leave a positive impact in these communities.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Brett Gifkins
Operations Manager
Grid Link

GROUPE JMG CONSTRUCTION INC.
2350 Rue St-Patrick
Montréal, Québec
H3K 1B6
Tél. : 514-931-9151 Fax : 514-762-2228
R.B.Q. : 5717-0656-01

Saint-Constant, May 3th 2021

To the attention of : Surface Transportation Board.

- Groupe JMG Construction Inc. is a supplier of excavation, paving, snow removal to the rail industry. CP is one of our customers.

- I Sandrine Girard SERVE AS THE CEO at Groupe JMG Construction Inc, where my duties include to preside over the organization's day-to-day operation. Groupe JMG construction Inc supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- As a construction company, we offer services of quality to ensure a good proceeding of the CP's activities by fixing pipes, paving ways, and by ensuring the Quebec winter is no problem when it comes to serving the clients of CP. We are always proud to work for the CP and we would be as proud to work for KCS if the merge occurs. We think the merge is a great opportunity for the CP because it is a great investment.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

GROUPE JMG CONSTRUCTION INC.
2350 Rue St-Patrick
Montréal, Québec
H3K 1B6
Tél. : 514-931-9151 Fax : 514-762-2228
R.B.Q. : 5717-0656-01

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.



Sandrine Girard
CEO, Groupe JMG Construction Inc

May 14, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

Dear Board Members

H&T Engineering Services, PLLC is in support of the merger of CP Rail and Kansas City Southern. The following is our basis of support.

- H&T Engineering Services PLLC is a supplier of Bridge Design and Highway Work Zone Traffic Control service to the rail industry. CP is one of our customers.

- I *Charles Tutunjian, PE*, am an *Owner* at H&T Engineering Services PLLC, where my duties include Project Management, Bridge Design and Bridge Constructability Reviews. H&T Engineering Services, PLLC supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- H&T Engineering Services, PLLC specializes in developing quality engineering designs and solutions for a variety of transportation projects including; Highway and Rail Bridges, Culverts, Highways and building structures. CP Rail is a client that is committed to maintaining their rail infrastructure in a quality condition and continue to upgrade their facilities and capacity to their customers. For these reasons we believe a merger with Kansas City Southern is a positive for the infrastructure system.

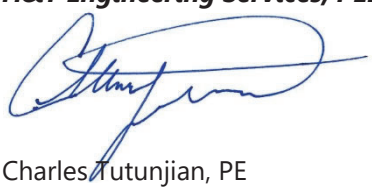
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Thank you for your consideration.

Respectfully submitted,
H&T Engineering Services, PLLC



Charles Tutunjian, PE
Owner

Hallcon®

May 3, 2021

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street, S.W.
Washington, DC 20423-0001

Re: Canadian Pacific (CP) – KCS Combination

Dear Ms. Brown:

Hallcon Corporation has been a transportation services provider to CP for over 20 years in Canada. We provide 24/7/365 on-demand transportation to reposition train crew members and keep trains moving efficiently through their network.

Hallcon Corporation supports CP's acquisition of KCS because it will strongly support growth and investment in the North American rail network.

As a supplier to the railway industry, this transaction will be strategic as it will support the growth of trade between Mexico, USA and Canada and the growth of investment in the rail network which will be both beneficial to us and the overall economy.

We believe the combination will help to stimulate growth in rail transportation, provide new competitive options for rail transportation, reduce the impact of trucks on the highways, and benefit us as a supplier.

We see the transaction as only beneficial, and we do not anticipate any negative impacts to our company, safety, the environment or market competition.

Sincerely,

John R. Stoiber
President & CEO
Hallcon Corporation

cc: Parties of Record

HANSEN'S
Releasing Company

May 4, 2021

Attention: Surface Transportation Board

Hansen's Releasing Company is a supplier of Automotive Yard Management Services (Rail loading and unloading) to the rail industry. Cp is one of our customers. I Russel Eddy serve as the General Manager at Hansen's Releasing Company, where my duties include the Management of Multiple Service locations for CP. Hansen's Releasing Company strongly supports approval of the proposed combination of CP and KCS. From Hansen's Releasing Company's perspective as a supplier, the transaction is beneficial due to it will strongly support growth and investment in the North American rail network. I see great value in the merger for the economy creating more jobs. CP's high attention to safety, continual improvements, upgrades to its facilities and expanded capacity to better serve its customers would make CP a great partner. The new transportation services that CPKC would bring to provide new competitive options that support growth at CPKC, would shift freight from the highways to the rail system. All these items will help support economic and employment growth in the United States and across the Continent under the USMCA Trade Agreement. This growth would support investments in new rail capacity that would benefit shippers, the public, and suppliers like us alike. Hansen's Releasing Company views the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons we hope to see the transaction close, and benefits come to light as soon as possible.

Regards,

Russel Eddy

General Manager

Hansen's Releasing Company

Harsco Rail
2401 Edmund Road
Box 20
W. Columbia, SC 29171-0020
Phone: 803.822.9160
Fax: 803.822.8107
Web: www.harscorail.com

HARSCO RAIL
Enabling TECHNOLOGY IN MOTION

April 8, 2021

Re: Canadian Pacific - Kansas City Southern

To Whom It May Concern:

- Harsco Rail, a Division of Harsco Corporation ("Harsco Rail"), is a supplier of global supplier for railway track maintenance and construction equipment to the rail industry. CP is one of our customers.

- I, Douglas Combs, am the Vice President North America for Harsco Rail, where my duties include being the business leader responsible for the North American market and operations. Harsco Rail supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Harsco Rail is a leading North American supplier of not only maintenance of way equipment but also technology products for roadway worker safety. Harsco Rail sees value in the proposed merger between CP and KCS given CP's attention to safety, and its investments in infrastructure.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed,

Douglas Combs
Vice President North America
Harsco Rail, A Division of Harsco Corporation

Hemmera Envirochem Inc.
18th Floor, 4730 Kingsway
Burnaby, BC V5H 0C6
T: 604.669.0424
F: 604.669.0430

May 4, 2021

Surface Transportation Board

Attention: To Whom it May Concern

Re: Canadian Pacific and Kansas City Southern Merger – Supplier Support

Hemmera Envirochem Inc. (Hemmera), a wholly owned subsidiary of Ausenco Engineering Canada Inc. (Ausenco) is a supplier of professional environmental consulting services to the rail industry. Canadian Pacific (CP) is one of Hemmera's key customers.

I, Trevor Welton, serve as the lead for National Accounts and the CP Key Account Lead for Hemmera. My responsibility includes providing high quality service to CP and growing our business with CP. I understand that CP is seeking to merge with Kansas City Southern railway (KCS) and I support approval of the proposed combination of CP and KCS because the new transportation services that CPKC will bring to their customers will:

- Stimulate growth in rail transportation
- Provide new competitive options that support growth at CPKC
- Shift freight from trucks on the highways to the rail system
- Support economic and employment growth across the continent under the USMCA trade agreement

From our perspective as a supplier of professional consulting services, the transaction is beneficial because it will strongly support growth and investment in the North American rail network which may enable Hemmera/Ausenco to broaden our support for CP into the United States. Also, continued growth and strengthening of CP is expected to result in additional opportunities to provide our services domestically across Canada as CP customers seek to utilize CP's expanded track network to ship goods and commodities to the southern United States.

We see the transaction as only beneficial and do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close as soon as possible.

Signed,

Hemmera Envirochem Inc.



Trevor Welton, R.P.Bio.
Vice President, National Accounts
twelton@hemmera.com

Henry Bath, LLC
6725 Daly Road #250662
West Bloomfield MI 48325-0662 USA

Tel/Fax: +1 (248) 707-2500
http://www.henrybath.com

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Henry Bath represents a plethora of rail users in North America. Activities include both eastern and western rails as well as both Canadian rail entities currently operating in the US. We support efforts of the railroad industry to create operational efficiencies and remove unnecessary cost in the provision of railroad services. We support a free market perspective on acquisitions of such scale where the greater good of the public can be met without harm to competitiveness and with a minimum of regulatory hurdles. However, the subject-matter involves much more than free market and competition.

I am writing to express Henry Bath's perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." I am writing to express our view that the use of a trust in this proceeding would not be in the public interest, nor in the best interest of KCS shareholders.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new merger rules is exactly why the Board should not allow CN the use of a voting trust to

Henry Bath LLC ('the Company') conducts business in accordance with the terms and conditions that are set out on the front and reverse of its Warrants, Warehouse Receipts and similar documents and contain provisions limiting the Company's liability. The full text of all terms and conditions is available from the Company on request, or at www.henrybath.com/henry-bath-llc.html

complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

We think that the costs of allowing a voting trust far outweigh the benefits. We see no real benefits, other than allowing KCS's shareholders to collect billions of dollars without having to bear the burdens and risks of CN and KCS trying to persuade the Board that their deal is in the public interest. From our perspective, a voting trust will only serve to benefit CN, as the prospective acquirer, placing shareholders of KCS into a risky circumstance where the outcome could severely harm the going concern.

The costs of allowing a voting trust here are quite significant. In addition to the concern about establishing a precedent for other mergers and constraining the Board's first-ever application of the new merger rules, we see a number of realistic concerns that arise immediately if CN were allowed to use a trust.

First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the ***adverse impact that would have on existing competition between KCS and CN.***

We are familiar with the rail service offerings of CN and KCS, which are broadly parallel across much of KCS's service territory on the south central United States. Our experience in rail transportation markets confirms that competition between two railroads serving the same points, corridors and regions manifests itself not just where they serve the same specific shipper facilities. Competing railroads like CN and KCS also provide alternative solutions for shipments of the same commodities in the same geographic areas, thereby disciplining one another even where they are not head-to-head alternatives for the same shipper. For example, they serve alternative transloads, alternative grain terminals, alternative receivers or shippers of the same commodity across the regions they both serve, like much of Mississippi, much of Louisiana, Omaha/Council Bluffs; St. Louis, Springfield, and southwestern Illinois.

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CN's proposed control of KCS would of course do away with all of this competition completely. It may be possible to remedy some of it with targeted access for other rail carriers, but without an independent KCS it would be impossible to remedy all of the harm, thereby leaving railroad customer's unnecessarily harmed in the process. Under these circumstances, we would imagine that the Board would not approve CN's proposed control transaction under the new merger rules, which emphasize "enhanced" rather than reduced competition.

But some of the harm would come immediately if CN were allowed to acquire KCS's stock and hold it in a voting trust. As we understand how voting trusts work, CN would receive all the benefits of owning KCS – including dividends from KCS's profits – even though KCS's management continued to direct the day-to-day functions of that railroad. As a market participant, we cannot imagine that competition between CN and KCS would remain robust if CN knew it would earn profits when KCS was able to win business despite charging higher rates or offering worse service. Why would either of them sharpen their pencils against one another if the profits ended up the same place: with CN? Ultimately, we agree with the U.S. Department of Justice's observation that "threats to competition would be present immediately after the CN voting trust is consummated."

Second, allowing CN to use a voting trust to complete its acquisition of KCS would eliminate the opportunity for ***KCS to be acquired by Canadian Pacific and the strong competitive benefits such a transaction would yield.***

A CP/KCS transaction promises to create new, better single-line routes from America's Heartland and Canada to the Gulf of Mexico. CN (via its 1998 acquisition of Illinois Central) already reaches the Gulf of Mexico. CN has a high capacity mainline route straight from Chicago to New Orleans. CP, by contrast, has an underutilized route line that only goes as far as Kansas City. CP's only friendly connection at Kansas City is with KCS. Were CP and KCS allowed to combine, CP would have incentives to invest in this route via Kansas City, opening up new competition against CN, BNSF and Union Pacific.

Allowing CN to acquire all of KCS's stock as part of a voting trust transaction would kill this opportunity for enhanced competition. Not only that, it will leave CP and its U.S. network a shadow of a CN/KCS network. CN in the U.S. would be three times the size of CP in the U.S. This kind of competitive imbalance is bad for America's rail network, and we worry about its implications for potential further consolidation.

Making matters worse, CN would get stronger by absorbing KCS's system, much of which is broadly parallel to CN's existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as "geographically competitive" options for transload shipments, grain moving to alternate elevators/terminals, build-ins and buildouts, and other means.

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We are aware that the Board would consider a proposed CN/KCS under the new merger rules, and therefore could condition it to try to protect competition or disallow the transaction entirely. But that is a reason ***not to let CN use a voting trust***, so that there is no pre-judgment of the outcome of that first-ever new rules assessment, and no foreclosure of a potential CP/KCS transaction and all the competitive benefits it promises. This point is of particular concern since the market will have 18 months to adjust to new profit motives on the part of CN. Such a period of time for 'review' under such an arrangement will leave consumers with an inability to effectively plan beyond that point in time, a potentially costly period for bread-and-butter rail users who more so plan their logistics strategies over lengthy periods of time.

Third, In its Decision No. 3, the Board pointed to the fact that one aspect of the public interest it needed to consider was the potential ***financial impact of a transaction on the "total fixed charges" and the "financial integrity" of the rail carriers involved.*** The Board specifically noted cause for concern relating to CN's proposal to issue over $19 billion of new debt to finance its purchase of KCS, and the 45% price premium it was proposing to pay.

We share the concerns the Bord noted, and believe these factors are compelling reasons why CN should not be able to use a voting trust to complete its purchase – spending all this money and issuing all of this debt – unless and until the Board has completed its full assessment whether a CN/KCS transaction that would burden the railroad and its customers in this would be in the public interest.

We understand that CN has said it plans to try to demonstrate how its strong balance sheet and financial forecasts will allow it to earn a return on its investment in KCS, and to avoid financial hardship if it must divest KCS. No matter what showing CN can make in this regard, in our view it cannot support a finding that it would be in the public interest to allow CN to buy KCS first and defend its acquisition later.

No matter how strong CN's balance sheet might be, the huge price premium it is paying, and massive debt burden will create immediate incentives for CN to extract more revenues from its existing customers. It will not be able to do that with any of the merger "synergies" it plans for several years, so it will provide incentives to do it through higher prices for CNs current customers or less investment on CN's network. These incentives arise whether CN ends up having to divest KCS, or not.

In addition, CN is allowed to use a voting trust and the Board denies CN's application to control KCS, CN would have to divest KCS sometime in 2023. It is hard to imagine CN would be able to get a price for KCS anywhere close to what it agreed to pay. Its high premium seems designed to deny KCS to CP, and no other railroads would be willing (or able) to pay such a high price for KCS. In that scenario, CN would be saddled with massive amounts of debt and no merger synergies with which to recoup them. Even if CN could put forward an optimistic business plan that showed it could bear these burdens without financial disaster, what if the economic picture in 2023 were not so rosy? CN might have to sacrifice investment, downgrade service levels, or increase rates even more to overcome these burdens.

Henry Bath LLC ('the Company') conducts business in accordance with the terms and conditions that are set out on the front and reverse of its Warrants, Warehouse Receipts and similar documents and contain provisions limiting the Company's liability. The full text of all terms and conditions is available from the Company on request, or at www.henrybath.com/henry-bath-llc.html

We are not qualified to speak to the benefits of a CN/KCS merger vs. CP/KCS. But, while the government takes the appropriate time to fully investigate the anti-trust and competitiveness impacts of the proposed merger, the only solution remains to allow KCS to operate as it does today while allowing CN to make its case to regulators. Clearly, the governments due-diligence will not be affected by KCS remaining an independent railroad in the process.

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust. The fact is that the Board does not need to play Russian Roulette with the U.S. rail network. It can deny CN's proposed voting trust and let CN proceed to convince the Board that its proposal offers compelling public benefits that cannot be achieved any other way, and that the super-premium CN is paying to KCS's shareholders is not contrary to the public interest. Only then should CN be allowed to spend so many billions to acquire KCS.

Respectfully submitted,

Jerome M. Hack
General Manager

Cc: All Parties of Record

Henry Bath LLC ('the Company') conducts business in accordance with the terms and conditions that are set out on the front and reverse of its Warrants, Warehouse Receipts and similar documents and contain provisions limiting the Company's liability. The full text of all terms and conditions is available from the Company on request, or at www.henrybath.com/henry-bath-llc.html

#3-20071 113b Ave
Maple Ridge, BC. V2X0Z2
604-839-2067
heritageelectric@yahoo.com

Heritage Electric Ltd.

May 3, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Heritage Electric Ltd. is a supplier of electrical and general contracting services to the rail industry. CP is one of our customers.
- I Bill Banning serve as the vice president at Heritage Electric Ltd, where my duties include estimating, project management and installation support. Heritage Electric Ltd. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- As a supplier of electrical and contracting services, we see value in this merger due to CP's continual investments in upgrading facilities.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Best Regards,

Bill Banning
Vice President
Heritage Electric Ltd.

Herzog Railroad Services, Inc.
700 S Riverside Road • St. Joseph, MO 64507
816-233-9002 • www.herzog.com

HERZOG

April 1, 2021

Re: CP – KCS Merger Endorsement

Herzog Railroad Services, Inc. ("Herzog") is a proud supplier of maintenance of way equipment providing support to various entities in the railroad industry.

Both the Canadian Pacific Railroad ("CP") and the Kansas City Southern Railroad ("KCS") are valued customers.

Herzog respectfully supports the decision made by the respective Board of Directors to combine the CP and KCS railroads.

As a strong supporter and advocate for the rail industry, we believe this combination will bring growth and investment in the North American rail network.

While this merger will expand CP's network, it will also expand opportunities for companies like Herzog to offer greater support and additional services to this new organization.

The new transportation services and opportunities that CPKC will be able to offer to their customers will stimulate growth in rail transportation by providing new and competitive solutions that will shift freight from trucks on the highways to the rail system.

This is good for the rail industry, the US economy and the future of our country.

This new company will foster both economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

This growth and development will drive investment in new rail capacity that benefit shippers, consumers, and suppliers like Herzog.

For these reasons, we look forward to a timely completion of this transaction so that the benefits become tangible as soon as possible.

Sincerely,

Brad Lager
CEO

HIGH COUNTRY
VAC SERVICES

April 30, 2021

High Country Vac Services assists the railroad industry in environmental and dangerous goods cleanup efforts within CP Rail network in Alberta.

I Travis Johnson serve as the operations manager at High Country Vac Services where my duties include managing and overseeing the day-to-day operations with the railroad industry as a critical piece of our business plan. High Country Vac fully supports the CP KCS combination.

From our perspective as a service supplier the combination would strongly support growth within the existing CP rail network and as well as spur investments within North America.

CP Rail is a safety conscious transporter and from my perspective willing to invest in the supplier network and upgrading facilities to meet demand.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

This new CPKCS will bring investments not currently realized within today's rail network and as a result this will support businesses like myself and other CP suppliers. I see this transaction as only beneficial and do not foresee any negative impacts on the environment, to competition, safety and for any other public interest for that matter. I hope to see this transaction close without delay and the benefits realized for all of North America.

Best Regards,

Travis Johnson
Operations Manager
High Country Vac

Box 1356 Okotoks, AB T1S 1B3
P: 403.938.1500 F: 403.982.5570 E: sales@highcountryvac.com
www.highcountryvac.com

HiRail LEASING
A DIVISION OF 1104816 ONTARIO LIMITED

29 Perini Road, Elliot Lake, ON P5A 2T1
Tel: 1-866-572-7314
Fax: 1-705-848-1893

email: info@hirailleasing.com
www.hirailleasing.com

April 29, 2021

HiRail Leasing is a supplier of Hirail equipped rental vehicles and equipment to the rail industry. CP is one of our customers.

I, Shirley Foster serve as the President at HiRail Leasing, where my duties include the growth, development and safety of over 550 hirail work vehicles for use on railroads across North America. HiRail Leasing supports approval of the proposed combination of CP and KCS.

As the largest rental company for hirail equipped vehicles in Canada we deal with all Class 1 railroads and railroad contractors which gives us the unique ability to see how each operate and what is important to them.

For over 15 years, HiRail has provided CP with vehicles and equipment to perform maintenance on our railroads and have developed a strong relationship with a high level of mutual respect. CP has a strong team, strong work ethic and truly value the importance of safety in this industry. Their standards to safety are by far greater than others and they continue to grow and strive by continuously upgrading facilities, expanding operations, and serving customers. CP is a professionally run organization where fairness, equality and safety are paramount.

As a supplier to CP, I strongly support this merger and the value it will bring to the North American rail network. The competitive opportunities are immense to rail transportation, it will provide economic and employment growth under the USMCA trade agreement and reduce road traffic by shifting freight from road to rail.

This CPKC merger would also offer tremendous opportunities for suppliers like us, the public and shipping logistics across North America with a host of economical benefits.

We see this transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.



Shirley Foster
President
HiRail Leasing
29 Perini Road
Elliot Lake, ON P5A 2T1

May 11, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Holaco Construction (1997) Ltd. is a supplier of construction and services to the rail industry. CP is one of our customers.
- I Sante Zaurrini serve as the president at Holaco Construction (1997) Ltd., where my duties include Business Development. Holaco supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Holaco helps build CP's infrastructure, and we believe the merger between CP and KCS will create an increase in work for CP's facilities which will give us the ability to pass on our opportunities to all the people that support Holaco. CP's attention to safety, quality, and the means in which they share the projects in a fair manner, should be praised and supported by all. This merger will have a positive impact to the economy, and we fully support this merger.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Sincerely,
p.p. HOLACO CONSTRUCTION (1997) LTD.



Sante Zaurrini
President

March 30, 2021

To Whom it May Concern:

Holden America IL, LLC is the leading North American supplier of specialized automobile and light-truck securement systems, otherwise known as chock systems, to the railroad industry. Our systems are used on railcars which carry finished vehicles from assembly plants or ports to their market destination. We are a strategic supplier to both CP and Kansas City Southern (KCS).

I have served as the President of Holden America Il, LLC for the past 16 years, where my duties include overall operational and administrative management of the company. Holden America IL, LLC enthusiastically supports approval of the proposed combination of CP and KCS.

From our perspective as a strategic supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. Specifically related to our product(s), the benefits of a seamless north-south network encompassing Canada, The United States, and Mexico brings considerable promise for improvements in the transportation of finished automobiles and light trucks, owing to the presence and strategic location of automotive assembly plants in all 3 countries. In addition to minimizing the number of switches between different railroads that an integrated CPKC network would provide, thus reducing damage to vehicles as well as transit time, the optimization of such a combined network would enable the railroad industry to grow its share of the North American market to transport finished vehicles. This would remove more trucks from our public highways, creating both environmental as well as safety benefits. All of these benefits will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. On the contrary, we strongly believe that there will be numerous positive impacts. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Yours truly,



Bruno Pietrobon
President
Holden America IL, LLC

6235 SOUTH OAK PARK AVE., CHICAGO, IL, 60638 – TELEPHONE: (708) 552-4000 – EMAIL : info@holdenamerica.com

Holland

April 1, 2021

Canadian Pacific Railway
W2377 – Building #1
7550 Ogdendale Road S.E.
Calgary, AB T2C 4X9

Holland, L.P. Support of CP-KCS merger

To whom it may concern:

Holland, L.P. is a product and service supplier to railroads across North America. Canadian Pacific Railway has been a valued customer of ours for decades. I, Jordan Wolf, serve as the President of Holland, L.P. We provide CP with contract services that help extend the life of their critical railway infrastructure and enhance the safe operation of trains. These services include: Rail welding, track testing, track construction, and track maintenance. I am writing in support of the proposed merger between CP and KCS because:

- CP has demonstrated their commitment to continually reinvest in critical infrastructure ensuring safe operations of trains.
- It will encourage the growth and investment in critical North American railway infrastructure necessary to protect and enhance our shared economic prosperity.
- It will result in new, cross border, competitive freight options that will remove trucks from highways and benefit our environment.

In short, we view this potential merger as creating important economic efficiencies, while benefitting our environment, and creating growth opportunities for suppliers like us. We do not anticipate that this proposed merger will create any adverse impacts to competition, the environment, or the public interest.

Sincerely,

Jordan C Wolf

Jordan Wolf

Pesident
Holland, L.P.

IMPACT CONSTRUCTION INC. Renovating + Building with Integrity
COMMERCIAL & RESIDENTIAL GENERAL CONTRACTOR

May 12,2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Impact Construction Inc is a supplier of Building, maintentance, and sales of buildings and renovations to the rail industry. CP is one of our customers.
- I Gerald Audit SERVE AS THE President at Impact Construction Inc, where my duties include all aspects of business. Impact Construction Inc supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Impact Construction would like to See their merger occur. Our investment with CP always moves forward when CP invests time and money into projects of any kind. This merger will be good for Impact construction along with CP. It will ensure projects for our company for years to come.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.



Gerald Audit

President of Impact Construction Inc

EXPERT EN SOLUTIONS
DE GESTION DE L'INFORMATION

May 17th, 2021

- INDIXIO is a supplier of Asset management and GIS software to the rail industry. CP is one of our customers.
- I DANICK VENNE serve as the PRESIDENT AND GENERAL MANAGER at INDIXIO. INDIXIO supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Danick Venne
President and General Manager
Indixio inc.

Industra Construction Corp.
17665 66A Avenue, Suite 501
Surrey, BC V3S 2A7
Office: 604.527.8850

May 13, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Industra Construction Corp. is a supplier of construction services to the rail industry. CP is one of our customers.

- I Scot Brydon SERVE AS THE President at Industra Construction Corp., where my duties include Operations Management. Industra Construction Corp. supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Industra Construction Corp. provides specialized civil, structural and mechanical services within the Rail market sector. Our firm feels that this merger is positive, will create jobs and bring CP's strong culture of safety and continual investments in upgrading their facilities and capacity to serve customers.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Respectfully,
Industra Construction Corp.



Scot Brydon, President

INDUSTRIES JPB

Tél. : (450) 373-4040

Tc. : (450) 373-0064

Courriel : info@industriesjpb.com

May 13th, 2021

ĀÄ !"#$%ĀÄ &'$%(#' #$%

- Industries JPB is a supplier of tie recycling disposal to the rail industry. CP is one of our customers.
- I, Jean-Michel Billette SERVE AS THE General Manager at Industries JPB, where my duties include formulating overall strategy, managing people and establishing policies. Industries JPB supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- In my opinion, a merge between CP and KCS will reenforce CP's position has a leader in the railway industry, will improve CP's capacity to serve customers and by mean will encourage into a more persistent business.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

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ING CIVIL
INCORPORATED

May 14, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

Re: Canadian Pacific Rail merger w/ Kansas City Southern

To whom it may concern:

ING Civil Inc. has been a supplier with CPR for over 14 years as a heavy civil contractor. We have been involved with CPR building new bridges and numerous upgrades to its existing infrastructure in the US Northeast corridor. As President of ING Civil Inc, I believe the merger between CPR and KCS would be incredibly beneficial to the North American Rail Network. I have witnessed firsthand over the past 14 years the commitment CPR has made to upgrading its infrastructure and forward-thinking investments. These investments in infrastructure stimulated growth throughout the corridor while maintaining the highest safety and environmental standards. Portions of the rail that we maintain for CPR carries both freight traffic and AMTRAK services. Canadian Pacific prides itself on meeting all schedules while maintaining the safety of all passengers and freight.

Canadian Pacific recently acquired the Central Maine and Quebec Railway and we have seen in less than a year numerous projects that will bring their customers competitive options to stimulate growth along the rail line. These improvements will help support economic involvement and employment growth in the Northeast. I am confident CPR with their solid track record financially will put these same investments into KCS supporting economic growth across the Continent under the new USMCA trade agreement.

In summary, I feel the merger between CPR and KCS is the perfect combination providing a rail system for future generations. The merger will benefit shippers, the public and suppliers like us. For these reasons I hope to see this merger approved and look forward to being a part of the growth that this merger will inevitably produce.

Very truly yours,

Corey E. Ingerson
President

T 518.271.9422
F 518.271.9423
11 ARCH STREET, WATERVLIET, NY 12189-1805
www.ingcivilinc.com EQUAL OPPORTUNITY EMPLOYER

5/14/2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

To Whom it May Concern:

- Ingersoll Rand is a supplier of Compressed Air Sales and Support to the rail industry. CP is one of our customers.
- I Sto Mahoney SERVE AS THE Area Sales Leader at Ingersoll Rand, where my duties include servicing and managing CP Rail's compressed air system. Ingersoll Rand supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Ingersoll Rand values the merger because to align our business partnership with the network of CP rail sites and CP Rail commitment to safety.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed
Sto Mahoney

Sto Mahoney
Area Sales Leader
Ingersoll Rand

Innovative Parts & Solutions Ltd.
20125 Stewart Crescent
Maple Ridge, B.C. V2X 0T6
Canada

Tel: 604-465-8994
Fax: 604-465-4397

www.railwayparts.com

April 30, 2021

TO WHOM IT MAY CONCERN:

- Innovative Parts & Solutions Ltd. ("IPS") is a manufacturer and supplier of tools, parts and equipment to the rail industry. CP is one of our customers.
- I, Donna Molby, am the President and sole owner of IPS. IPS supports the approval of the proposed combination of CP and KCS.
- From our perspective, as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- As a manufacturer and supplier of tools, parts and equipment, we see value in the merger, as it will create greater opportunity for the sale and distribution of all types of Canadian products North America wide.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

INNOVATIVE PARTS & SOLUTIONS LTD.
Per:

Donna G. Molby
President

May 14, 2021

- Innovative Scheduling LLC, DBA Optym is a supplier of software solutions to the rail industry. CP is one of our customers.

- I Ravindra K. Ahuja, SERVE AS THE Founder & CEO at Innovative Scheduling LLC, DBA Optym, where my duties include making major corporate decisions, managing overall operations & resources of Optym. Innovative Scheduling LLC, DBA Optym supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Innovative Scheduling LLC, DBA Optym provides software solutions to CP. We believe CP's attention to safety, continual investments in upgrading facilities and capacity to serve customers brings high value for this merger.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.



Ravindra K. Ahuja
Founder & CEO
Innovative Scheduling, LLC DBA Optym

Ravindra K. Ahuja | Ravi.Ahuja@optym.com | C: +1.352.870.8401
3401 Olympus Blvd. Suite 500, Dallas, TX 75019

Interstate Companies

4-30-2021

Surface Transportation Board

- Interstate Companies and Northern Salt are a supplier of natural de-icng minerals to the rail industry along with construction and maintenance services. CP is one of our customers.
- I OJ Rinehart service as the Chief Executive Officer at Interstate Companies where my duties include executive oversight over all operations and finance. Interstate Companies supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- As a supplier of construction and maintenance services to CP this potential merger adds major value to our ability to partner with CP and further the growth of both companies. CP's attention to safety, continual investments in upgrading facilities and capacity to serve customers is paramount In this ever-changing business environment.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative Impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

OJ Rinehart
Chief Executive Officer
Interstate Companies

20920 Forest Road North * P.O. Box 1028 * Forest Lake, MN 55025-5028
Phone 651-765-0765 * Fax 651-407-0609
www.interstatepm.com * Email: info@interstatepm.com

INTERSTATE-McBEE
Interstate Diesel Service Inc.
McBee Supply Corp.

March 30, 2021

- Interstate-McBee is a supplier of diesel fuel injection to the rail industry. CP is one of our customers.
- I, Patrick Roach serve as the Vice President - Global Sales & Marketing at Interstate-McBee where my duties include Sales, Marketing, Management and Corporate Planning. Interstate-McBee supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network and optimize our order processing.
- Interstate-McBee has been a partner to both CP and KCS for many years and their merger will facilitate and optimize the locomotive fleets, capital investments and enhance CP's capacity to serve their customers and those of KSC.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits realized as soon as possible.

P. Roach

Patrick Roach
Vice President
Intersate-McBee

CORPORATE OFFICES:

CLEVELAND, OH
5300 Lakeside Avenue
Cleveland, OH 44114

CLEVELAND, OH
4901 Lakeside Avenue
Cleveland, OH 44114

www.interstate-mcbee.com
216-881-0015 800-321-4234 Fax: 216-881-0805

BRANCH OFFICES:

DORAL, FL
9955 NW 58th Street
Doral, FL 33178
305-863-6650
800-660-6228

SANTA FE SPRINGS, CA
13137 Arctic Circle
Santa Fe Springs, CA 90670
562-356-5414
800-522-6163

LINCOLN, NE
6200 Arbor Road
Lincoln, NE 68517
402-417-1059
844-250-2375

HOUSTON, TX
22755 NW Lake Drive, Bldg 3
Houston, TX 77095
281-645-7168
844-836-2841

The IntiSolutions Group
14642 115 Ave NW,
Edmonton, AB T5M

May 13, 2021

Lending Support to the creation of the CPKC railway

I am one of the two Co-Founders of IntiSolutions, and I serve as a Director of Business Development. IntiSolutions supports approval of the proposed combination of CP and KCS. From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

IntiSolutions is a supplier of IT resources in the Calgary business community. CP has been one of our customers in the past.

CP is a valuable contributor to the Canadian economy, and a strong proponent of progressive IT initiatives to support the safe and efficient operation of their railways, this expertise will now be available to KCS, and the United States will also benefit from these operational efficiencies.

My research on the merger indicates that the CP proposal provides an end-to-end solution that would be most beneficial for the railway industry. The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Blair Shunk

Blair Shunk
Co-Founder, The IntiSolutions Group
Email: blair.shunk@intisolutions.ca
Cell: +1.403.617.9624
Web: http://www.intisolutions.ca
Linked In: http://ca.linkedin.com/in/bshunk

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IRONHORSE

Toll-Free 1-888-949-3377
Ph 403-946-0169
Fax 403-946-0179
PO Box 1589
1412 Railway Street
Crossfield Alberta
T0M 0S0

April 29th, 2021

Surface Transportation Board

- Ironhorse Railroad Contractors Ltd. is a supplier of Track Maintenance and Construction to the rail industry. CP is one of our customers.
- I Edward Meier am the President at Ironhorse Railroad Contractors Ltd. Ironhorse Railroad Contractors Ltd. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- As a service provider to CP we feel this merger will create more job opportunities for our industry and we appreciate CP attention to safety, continual investments in upgrading facilities and capacity to serve their customers.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Edward Meier
President
Ironhorse Railroad Contractors Ltd.

J Line Trucking Inc.
2 Industrial Road, Unit 202
Bolton, ON L7E 1K6
Ph: 905-893-4000
Fax: 905-857-5541

April 30, 2021

J Line Trucking Inc. is a supplier of transportation/intermodal services and to the rail industry. CP is one of our customers.

I GURPREET CHAHAL SERVE AS THE Director at J LINE TRUCKING INC, where my duties include **develop & implement plans, coordinate the day-to-day transportation operations & directing major projects**. Our company completely supports approval of the proposed combination of CP and KCS.

Our company's fleet of over seventy trucks provides transportation/intermodal services to CP railway.
From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. As a vendor, we will be able to see more growth in the job opportunities in the local areas as well as in north America.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Gurpreet chahal

Gurpreet Chahal
Director
J Line Trucking Inc.
O: 905-893-4000, F: 905-857-5541, C: 4162629652
www.JLineTrucking.ca
Your Direct Line to Transport Solutions

J. WILK LANDSCAPING LTD.
634 Fairford Street W., Moose Jaw, SK. S6H 7W9
Tel: 306-693-4795 – Cell: 306-631-4816

April 29, 2021

J. Wilk Landscaping Ltd., is a supplier of heavy hauling of Equipment and Supplies for the rail industry. We also support CP Rail by providing Equipment and Operators for Track Support to upgrade and maintain the rail industry. CP is one of our valued customers and we appreciate the confidence CP has in J. Wilk Landscaping Ltd., to serve the needs of CP Rail.

I, Justin Wilk SERVE AS THE Owner/Manager at J. Wilk Landscaping Ltd., where my duties include Managing and Coordinating with CP Rail Managers for work to be carried out with CP Rail, including hauling material and equipment where it is required. J. Wilk Landscaping Ltd., supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

As a Track Support company to CP, J. Wilk Landscaping takes pride in being reliable to deliver material and equipment to support CP Rail, with Safety management being at the forefront when repairs and installations to tracks are required. J. Wilk Landscaping Ltd., will be ready to work with the newly formed company of CPKC. We appreciate CP's attention to safety, continual investments in upgrading facilities and capacity to serve customers, etc.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Regards

Justin Wilk
Owner/Manager
J. WILK LANDSCAPING LTD.

Marine Professionals Since 1919
BRENNAN

J.F. Brennan Company, Inc.
818 Bainbridge Street
La Crosse, WI 54603
608.784.7173

May 15th, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

RE: Canadian Pacific Railway and Kansas City Southern Merger

My name is Craig Bartheld, Director of Business Development at Brennan where my duties include developing new opportunities to better serve the railroad industry. J. F. Brennan Company, Inc. (Brennan) is a supplier of bridge construction services to the railroad industry's bridges crossing our nation's waterways. The Canadian Pacific Railway is our preeminent railroad client.

Brennan supports approval of the proposed combination of Canadian Pacific Railway (CP) and the Kansas City Southern (KCS). From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network, ultimately bring employment growth and stimulating economic development throughout the United States, Canada, and Mexico. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us.

Brennan has been providing bridge inspections, repairs, and bridge construction services to the Canadian Pacific Railway for over 65 years. Brennan also performs these same railroad services to the Kansas City Southern railroad. The combination of these two railroads will blend two strong cultures that are founded in a commitment to safety, a commitment to community, and the desire to provide the best service to their customers. The ability to provide a railroad service to customers that can deliver a seamless railroad corridor from Mexico to Canada, will help provide greater competition and more options to shippers. Canadian Pacific's use of predictive analytics will help the KCS lines by reducing mainline mechanical failures and minimizing delays in the supply chain. The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation and provide new competitive options that support growth at CPKC. The combination of these railroads will help shift freight from trucks on the highways to the rail system, making our roadways safer for everyone.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Craig Bartheld
Director of Business Development
J. F. Brennan Company, Inc.

JimPattisonLEASE

4937 Regent Street
Burnaby, BC - V5C 4H4
604.433.4743

April 29, 2021

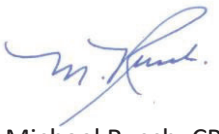
To Whom it May Concern:

I am writing this letter in support of Canadian Pacific Railway's efforts to acquire Kansas City Southern. The Jim Pattison Group and Jim Pattison Lease have worked closely with Canadian Pacific Railway over the years and Jim Pattison Lease current supplies light duty trucks and passenger vehicles to CPs operations in Canada.

I strongly support a strong North American business environment, one that will attract and retain talent, increase infrastructure spending, grow our transportation network, and support the movement of goods throughout North America. The new transportation services that the combined CP and KCS combination will bring to customers will support rail growth, move tractor trailers off highways, and provide both economic and employment growth.

I do not foresee any negative impact to the environment or competition from this transaction, and look forward to seeing this transaction come to a close for the benefit of all stakeholders.

Sincerely,



Michael Rusch, CPA, CMA
President

JJM Construction Ltd.

BUILDING TO LAST
Infrastructure
Value
Relationships
Engagement
Safety

Head Office
8218 River Way
Delta, BC V4G 1C4
Tel: 604.946.0978
Fax: 604.946.9327

Vancouver Island Office
#112 - 1537 Hillside Avenue
Victoria, BC V8T 2C1
Tel: 604.946.0978
Fax: 250.595.8302

May 13, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

JJM Construction Ltd. is a supplier of heavy civil construction, marine construction, bridge construction, site development, utilities installation, environmental remediation, and breakwaters and revetments to the rail industry. Canadian Pacific Railway (CP) is one of our customers.

I John Miller serve as the President & CEO at JJM Construction Ltd., where my duties include leading the development of the company's short and long-term strategies, creating and implementing the company's vision and mission, evaluating the work of other executive leaders within the company, and providing estimating and management support on all major projects. JJM Construction Ltd. supports approval of the proposed combination of CP and Kansas City Southern Railway (KCS).

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

We see value in the merger: Growth in the North American rail network combined with CP's attention to safety, continual investments in upgrading facilities and capacity to serve customers, will provide new opportunities for us to supply services to the rail industry.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction completed and the benefits come to light as soon as possible.

Yours truly,
JJM Construction Ltd.

John Miller
President & CEO

Box 55
SQUAMISH, BC V8B 0A1

May 13, 2021

Surface Transportation Board
395 Street SW Washington, DC 20423

John Hunter Company is a supplier of labour and heavy-duty equipment to the rail industry. CP is one of our customers. I serve as the President at John Hunter Company and support the approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. CP's attention to safety, continual investments in upgrading facilities and capacity to serve customers adds value to the merger. The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Richard Hunter
President
John Hunter Company

John W. Sheehan and Sons, Inc.

3529 Essex Road, PO Box 765, Willsboro, NY 12996 | 518-963-4303 | sheehansons@willex.com

May 18, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

To Whom It May Concern:

John W. Sheehan and Sons, Inc. is a supplier of construction aggregates to the rail industry. CP has been one of our customers for many years.

I, Trisha Sheehan, am one of the owners at John W. Sheehan and Sons, Inc., where my duties include managing the office and assisting in project scheduling and aggregate delivery. John W. Sheehan and Sons, Inc. supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

CP strives to continually invest in upgrading their facilities, providing economic growth by giving companies like ours business and, at the same time, enhancing their railway safety which is a top priority for CP.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Trisha Sheehan
Trisha Sheehan
Owner
John W. Sheehan and Sons, Inc.

Just Write Ink
40 Everglen Close SW
Calgary, AB
T2YOG6

15 May 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

Just Write Ink is a creator of handcrafted, custom-made fine writing instruments, and Canadian Pacific is one of my valued customers.

I serve as the President and Master Craftsman at Just Write Ink where my duties include the design, production, and distribution of handcrafted pens for a variety of companies that help to promote their visibility and assist in enhancing relationships with their business partners.

From my perspective as a supplier, I fully support the proposed combination of CP and KCS. This combination will provide an enhanced competitive alternative to existing rail service providers and will result in improved service to customers of all sizes. Grain, automotive, auto-parts, energy, intermodal, and other shippers, would benefit from the merger and increased efficiency of the combined network and will help support economic growth across the North American continent. In turn, that growth will support investments, along with suppliers and the public alike.

From Just Write Ink's perspective, there is a tremendous value in this merger as it more than doubles the potential for growth by increasing my sales with this combined organization.

I see this merger as purely beneficial and is in the best interest of the public and to the business community, including the potential to greatly increase sales for my company. As such, I hope to see this merger come to light as soon as possible for the benefit of all.

R D Sears

Ralph D. Sears
President and Craftsman
Just Write Ink

5/28/21

Dear Recipient:

- K&R Communications, Inc. is a supplier of Low Voltage network wiring and furniture cubicles for offices and depots that will allow the computer and phones to connect to the CP network and people to office out of. CP is one of our customers.

- I Richard Tysk serve as the CEO at K&R Communications, Inc., where my duties include the installation of low voltage wiring and furniture installs at CP sites while using the CP standards that have been put in place. K&R Communications, Inc. supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- K&R Communications, Inc. has worked with CP now for 11 years. We work hand in hand with multiple departments and the facilities project managers to keep the CP standards and why you see the value in the merger: CP attention to safety, continual investments in upgrading facilities and capacity to serve customers, etc.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Richard K Tysk

CEO – Owner

K&R Communications, Inc.

Rick Tysk –CEO/ Owner
651-491-5001
673 Arlo Lane
Lino Lakes, MN 55014

K-FIVE CONSTRUCTION CORPORATION

999 Oakmont Plaza Drive • Suite 200 • Westmont, IL 60559
(630) 257-5600 Fax (630) 257-6788
www.k-five.net

May 6, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

RE: Merger of Canadian Pacific Railway (CPR) and Kansas City Southern Railway (KCS)

K-Five Construction Corporation ("K-Five") is a supplier of construction services to the rail industry. CPR is one of our customers.

I, Joseph Bodzioch, serve as the Chief Estimator at K-Five, where my duties include procurement of labor and material contracts with CPR. K-Five supports approval of the proposed combination of CPR and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

K-Five performs construction contracts for CPR that support high paying union jobs. CPR has made substantial capital investment in their facilities to support those jobs.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,
K-FIVE CONSTRUCTION CORPORATION

J Bodzioch

Joseph M. Bodzioch, P.E.
Chief Estimator

KGS GROUP

Kontzamanis Graumann Smith MacMillan Inc.
3rd Floor - 865 Waverley St
Winnipeg, MB R3T 5P4

P 204-896-1209
F 204-896-0754
kgsgroup.com

May 14, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

Re: Endorsement Letter in Support for Canadian Pacific Railway [CP] and Kansas City Southern Railway [KC] Merger

This letter serves to endorse the merger between CP and KC, and we wish to highlight the following:

- Kontzamanis Graumann Smith MacMillan Inc [KGS Group] is a supplier of Civil Engineering Services to the rail industry. CP is one of our customers.
- I, J. Bert. Smith, M.Sc., P.Eng., FEIC, serve as the signatory at KGS Group, where my duties include Principal-in-Charge. KGS Group supports approval of the proposed merger of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because we understand that it will be beneficial for growth and investment in the North American rail network.
- KGS Group has provided railroad engineering services to CP on projects which include site assessments, rail siding, embankment reinforcement and stabilization, design of railroad bridges and foundations, track subgrade improvements, flood protection design and emergency geotechnical engineering response, culvert inspection and upgrades, and geo-environmental services. We believe the merger will allow CP and KC to further diversify its operations across North America while ensuring a safe and reliable railroad network.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as beneficial; and for this reason, we hope to see the transaction close and the benefits come to light as soon as possible.

Yours truly,



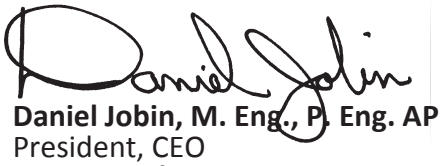
J. Bert Smith, M.Sc., P.Eng., FEIC
Principal

JBS/bpa

May 13th, 2021

Subject : Weather Service Supplier Support Letter

- **Kije Sipi Ltd** is a long-standing **Weather Surveillance and Warning Services** provider as well as **Water Resources Engineering Services** consultant to the rail industry. **CP** has been one of our customers since 1999.
- I **Daniel Jobin** serves as the President and **CEO** at **Kije Sipi Ltd**, where my duties include overseen all financial and operational aspects of the company. **Kije Sipi Ltd** supports approval of the proposed combination of **CP** and **KCS**.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- We are convinced that the merger will bring a beneficial increase in the level and scope of **Weather related Services** in **North America** that can only augment rail safety. We know from experience, that **CP** is a truly heavy user of operational weather intelligence information, such as accurate ground-level track temperature forecasts from **Kije Sipi Ltd**. An expanded rail network means an expanded care of duty that will benefit the public, the clients and the railway.
- The new transportation services that **CPKC** will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at **CPKC**, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the **Continent** under the **USMCA** trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.



Daniel Jobin, M. Eng., P. Eng. AP
President, CEO
Kije Sipi Ltd

189, boul. St-Joseph
Gatineau (Québec) J8Y 3X
KijeSipi.com

819 771-9898
877 771-9898

KISH | SONS ELECTRIC

Commercial | Industrial | Residential

5/14/2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

To whom it may concern:

Kish & Sons Electric, Inc. is a supplier of Electrical and Low Voltage work to the rail industry. CP is one of our customers. I, Kyle Thesing, serve as a Project Manager at Kish & Sons Electric, Inc. where my duties include estimating and coordinating projects for our firm. I am also involved with the safety team at Kish & Sons Electric, Inc. who supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

The attention that CP Rail gives to safety and their continual investments in upgrading facilities is important for the public, its customers, and CP Rail and employees alike.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Best Regards,

Kyle Thesing
Project Manager / Estimator
Kish and Sons Electric, Inc.

2135 Enterprise Avenue | La Crosse, WI 54603
608.785.0207 | FX 608.782.5599 | www.kishelectric.com

Your friend in the business

KLD LABS
MEASUREMENT TECHNOLOGIES

55 Cabot Court, Hauppauge New York 11788 USA Telephone: (631) 549-4222, Fax: (631) 425-7906 www.KLDLabs.com

May 12, 2021

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

KLD Labs, Inc is a supplier of machine vision systems for railways to assess the state of their rollingstock and infrastructure to the rail industry. CP is one of our customers.

I Daniel Magnus Co-Founder and Vice President at KLD Labs, Inc., where for 32 years I have led a technology company that specializes in making railways safer and improving their maintenance practices. We support the approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network as well as its safety. CP Rail has strongly supported the deployment of our machine vision technology for the safe operating condition of their rolling stock and infrastructure and continuing this philosophy could benefit KCS and create an overall safer rail environment in North America.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Best Regards,

Daniel Magnus
Vice President

5/14/2021

Klos Logistics
16905 Van Dam Road
South Holland, IL 60473

- Klos Logistics is a supplier of transportation to the rail industry. CP is one of our customers.
- I Kaitlyn Vilimas SERVE AS THE Logistics account executive at Klos Logistics where my duties include providing transportation services. Klos Logistics supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Kaitlyn Vilimas
Kaitlyn Vilimas
Account Executive
Klos Logistics

Knox Kershaw Inc.
Improving the Productivity of Railway Maintenance Equipment

March 29th, 2021

Supplier Support Letter

- Knox Kershaw Inc. is a supplier of Maintenance of Way machinery to the rail industry. CP is one of our customers.
- I Jaky Felix SERVE AS THE Vice President of Sales at Knox Kershaw Inc., where my duties include directing all sales and customer service. Knox Kershaw Inc. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- As a MOW supplier to both CP and KCS we believe that the merger will facilitate standardization of their railroad maintenance equipment and increase bargaining power for supply parts. It will improve overall railroad conditions and create a direct export route to North American ports.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed



Jaky Felix
Vice President of Sales
Knox Kershaw Inc.

11211 Trackwork St. Montgomery, AL 36117 | tel: 334.387.5669 | fax: 334.387.4554 | www.knoxkershaw.com

Bryan C. Stout
Director, Class 1 Sales
Railroad Products and Services



Koppers Inc.
436 Seventh Avenue
Pittsburgh, PA 15219-1800
Tel 412 227 2408
Fax 412 227 2841
Sttoutbc@koppers.com
www.koppers.com

March 30, 2021

Re: Merger between Canadian Pacific
Railroad and Kansas City Southern Railroad

Dear Sir or Madam:

Koppers is a leading integrated global provider of treated wood products, wood treatment chemicals and carbon compounds. Canadian Pacific is one of our major customers in the Class 1 railroad space. As Director of Class 1 Sales at Koppers Inc, I offer my support on behalf of Koppers Inc. for the approval of the proposed combination for CPR and KCS. From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

CP has consistently shown its ability to operate a state-of-the-art railroad safely and efficiently, serving its end customers well. CP also supports its employees and community well with a solid culture and inclusive core values that drive business growth.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Bryan Stout

Bryan Stout
Director, Class 1 Sales
Koppers Inc.

LBFoster®
Rail Technologies

April 1, 2021

Via email (Clive_Morgan@cpr.ca)

Canadian Pacific Railway
Attn: Clive Morgan
Director Engineering Sourcing & Fleet Vehicles
7550 Ogden Dale Road SE
Calgary AB T2C 4X9

Dear Mr. Morgan:

I am writing this letter to convey L.B. Foster's support of longtime customers, Canadian Pacific and Kansas City Southern. As a supplier of goods and services to the railroad industry, L.B. Foster supports transactions, initiatives and efforts that will stimulate growth and investment in the North American rail transportation sector and that will help achieve the goals underpinning the USMCA, thereby improving the broader North American economies. In our experience as a supplier, both CP and KCS have consistently emphasized product innovation and safety as they strive to serve their customers with the utmost efficiency through offerings like the intermodal transportation process. We look forward to continuing to provide products and services to two leaders in the railroad industry.

Sincerely,

Jason Lupachow
Regional Sales Manager

L. G. EVERIST, INC.

350 S. MAIN AVE., SUITE 400
SIOUX FALLS, SD 57104
605.334.5000
WWW.LGEVERIST.COM

May 19, 2021

L.G. Everist, Inc. is a supplier of ballast, riprap and other railroad aggregates to the rail industry. CP is one of our customers.

I, Rick Everist, III serve as the Vice President - Operations at L.G. Everist, Inc., where my duties include managing production, sales and operations. L.G. Everist, Inc. supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

The CP is a valued customer of L.G. Everist, Inc. (LGE) and performs business in a professional manner with respect for their suppliers. LGE provides superior quality railroad aggregates throughout the Midwest and the CP recognizes that. Combining the CP and KCS will grow and strengthen the railroad industry as well as allow more high-quality railroad aggregates on more rail, creating safer railroads.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Rick Everist, III

Vice President – Operations

L.G. Everist, Inc.

LEWIS
BOLT & NUT COMPANY

May 13, 2021

Lewis Bolt is a supplier of fasteners to the rail industry and CP is one of our customers.

My name is George Apostolou and I am the AVP of Sales at Lewis Bolt, where my duties include Sales and support of Class I railroads. Lewis Bolt supports the approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

With our manufacturing plant located centrally in La Junta, CO, USA we feel that we are positioned well to serve the combined rail network.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Respectfully,

George Apostolou
AVP, Sales
Lewis Bolt & Nut Company

NRC
National Railroad Construction & Maintenance Association

SALES: 700 TWELVE OAKS CENTER DR., SUITE 711 • WAYZATA, MN 55391-1417
1-800-328-3480 • (952) 449-9630 • FAX (952) 449-9607
sales@lewisbolt.com
MANUFACTURING: 30105 SIXTH AVENUE • LA JUNTA, CO 81050
1-800-348-8098 • (719) 384-5400 • FAX (719) 384-0130

LMI
LIGHTING MAINTENANCE INC.
351 N. 6th Ave. • Eldridge, Iowa 52748
(563) 322-2023 • Fax: (563) 285-6413

May 18, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

To Whom it May Concern:

- Lighting Maintenance, Inc (LMI) is a supplier of electrical services to the rail industry. CP is one of our customers.
- I Tom Circello serve as the President at Lighting Maintenance, Inc (LMI), where my duties include estimating and project management. LMI supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Lighting Maintenance, Inc as an electrical contractor operating a small business in our community values the merger for: continual investments in upgrading facilities, capacity to serve customers, continued economic growth and development in many regions including those we serve.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Respectfully,

Tom Circello
President
Lighting Maintenance, Inc

LINSA
Logistica Internacional del Norte S.A. de C.V.
DESDE 1998

Vía Tampico #1010 Ote. Fracc. Santa Fé,
Monterrey, N.L. México, C.P. 64540

(81) 8334 84 50

WWW.LINSA.COM

October 21, 2021

Surface Transportation Board
To Whom it may concern.

My name is Juan Patricio Flores Petz and I am CEO of **LOGISTICA INTERNACIONAL DEL NORTE SA DE CV** located at Via Tampico No. 1010, Monterrey, Nuevo Leon, Mexico. In my role, I am responsible for making major commercial decisions, managing the overall operations and finances of a company.

LOGISTICA INTERNACIONAL DEL NORTE SA DE CV has been working closely with KCS since the start of the NAFTA handling raw materials and finished goods inbound and outbound our region.

LOGISTICA INTERNACIONAL DEL NORTE SA DE CV supports approval of the CP/KCS combination. The transaction would provide significant benefits to the shipping community.

From our perspective, the CP/KCS combination promises to provide a single-line that will be efficient and more reliable for us to access new markets and bring better competition to the industry. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help shippers reach both existing markets and new markets more efficiently. As a Transloading Terminal, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are excited to both support and endorse the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce improve efficiency.
- Access to new markets in a more economic and environmentally friendly way.
- Share resources to improve service and increase capacity

For these reasons, I, on behalf of **LOGISTICA INTERNACIONAL DEL NORTE SA DE CV** am voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. **LOGISTICA INTERNACIONAL DEL NORTE SA DE CV** urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Juan Patricio Flores, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on Oct-21-2021

Juan Patricio Flores

LORAM
3900 Arrowhead Drive
Hamel, Minnesota 55340 USA
Phone: (763) 478-6014 ● Fax: (763) 478-6916 ● www.loram.com

April 1st, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423-0001

To Whom It May Concern:

- Loram Maintenance of Way, Inc. is a supplier of railway maintenance services to the rail industry. CP is one of our customers.
- I Luke Olson serve as the Vice President of Marketing & Sales at Loram Maintenance of Way, Inc. where my duties include responsible for business development in North America and Global Marketing. Loram Maintenance of Way, Inc. supports approval of the proposed combination of CP and KCS (CPKC).
- From our perspective as a supplier, we believe the transaction will be beneficial as it will likely support growth and investment in the North American rail network.
- As a supplier to both CP and KCS, we see the proposed combination as an opportunity for CPKC to better utilize the services it receives from suppliers like Loram.
- The new transportation services that CPKC could bring to their customers would stimulate growth in rail transportation, provide new competitive options, and shift freight from trucks on the highways to the rail system.
- Loram hopes this growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as beneficial; we do not anticipate negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.



Luke P. Olson
Vice President of Marketing & Sales
Loram Maintenance of Way, Inc.

LYONS & PINNER ELECTRIC COMPANIES
650 East Elm Avenue – P O Box 749
LaGrange, Illinois 60525
Phone: (708) 588-6800 Fax: (708) 588-6845

May 17, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

- Lyons & Pinner Electric Companies is a supplier of electrical construction and maintenance services to the rail industry. CP is one of our customers.
- I Gary Misicka serve as the President & CEO at Lyons & Pinner, where my duties include overseeing our day to day operations. Lyons & Pinner Electric Companies supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- We have served CP Rail for over 30 years and I feel their strength is their continued investment into their infrastructure. This commitment has helped me keep key employees busy for many years. I see this merger as an opportunity to create more jobs in America where people can come to work and know that CP has a true commitment not only to continually upgrading facilities but also to safety.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,



Gary Misicka
President & CEO

M.E.L. CARTAGE LTD
WINNIPEG, MB.

April 30, 2021

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

- M.E.L. Cartage Ltd., is a supplier of DTL Fueling Service (Direct to Locomotive) to the rail industry, Canadian Pacific is one of our customers.

- I Gerald Tycholis serve as the Owner/Director at M.E.L. Cartage Ltd., where my duties include: responsible for the growth, stability, direction and daily operation of the business. M.E.L Cartage Ltd supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- With M.E.L. Cartage Ltd. being centrally located in North America along with the Center Port Transportation Hub. Our continued support & service with the Canadian Pacific -Kansas City Southern combination is expected to provide an enhanced competitive alternative to existing rail service providers and is expected to result in improved service to customers. Canadian Pacific Railway's policy is to be committed to provide the leadership organization, training and resources needed to maintain a healthy and safe working environment. The continuing attention to safety, their continual investments in upgrading facilities will only proceed to increase capacity to serve CP's customers. This merger will have a positive effect for growth and value, therefore our business will benefit.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Gerald Tycholis
Owner/Director
M.E.L. Cartage Ltd.

MAACKON CORPORATION

3-304 Stone Road West, Guelph, ON, N1G 4W4
Tel: 519-827-9466 * Fax: 519-827-9110
email: info@maackon.com

May 14, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

Our Support for the CPR / KCS merger

- MAACKON Corporation is a supplier of Bridge and Structures Maintenance / Construction to the rail industry. CP is one of our customers we have work with CP

- I Matt Dellandrea serve as the President at MAACKON Corporation, where my duties include customer relations, project management, procurement and we at MAACKON support approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- As a supplier of Bridge and Structures Maintenance / Construction we see this as a benefit for not only MAACKON as CPKC do more added maintenance / construction due to increased rail traffic to keep track with CP's attention to safety and continual investments in upgrading facilities with the vision to increase capacity to serve customers.

- On a Canadian national level it will bring great pride across Canada that a Canadian icon firm as old as CP, that they are merging with a firm across the longest unprotected boarder in the world. The long term stability for CP and KCS for this merger is a complete win win.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

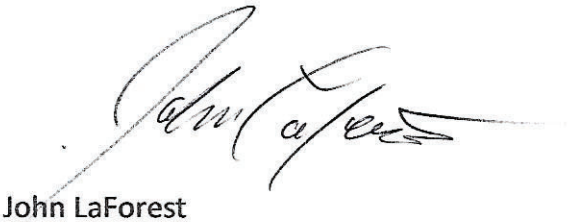
Matt Dellandrea

President
MAACKON Corporation

May 17, 2021

Supplier Support Letter Bullets

- Mac-Air Compressor Ltd. is a supplier of Compressed Air needs, to the rail industry. CP is one of our customers.
- I John LaForest, serve as the Compressor Technician at Mac-Air Compressor Ltd., where my duties include Servicing compressors, installations, running air piping, etc. Mac-Air Compressor Ltd. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- We supply CPs compressed air needs, from installation, to repairs, to new machinery, air-lines etc. CP attention to safety, continual investments in upgrading facilities and capacity to serve customers, is a value to any company merging with them.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.



John LaForest
VP Service Technician
Mac-Air Compressor Ltd.

MACCOSHAM
EST. 1913

April 30, 2021

MacCosham Inc. - Letter in Support of CPKC

- MacCosham Inc. is a supplier of terminal operational services, container and chassis repair, and commercial vehicle inspection services to the rail industry. CP is one of our customers.
- I, John Bonham, serve as the President at MacCosham Inc., where my duties include operational management, contract negotiations, and safety management. MacCosham Inc. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- MacCosham Inc. provides CP with terminal operational services, container and chassis repair, and commercial vehicle inspection services. MacCosham Inc. sees value in this merger in view of CP's attention to safety, continual investments in upgrading facilities and capacity to serve customers.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.



John Bonham
President
MacCosham Inc.

8218 – 11500 35th Street, Calgary AB T2Z 3W4 Tel: (780) 448-1910 | (800) 665-8684 Fax: (780) 454-0981

www.maccosham.com

Mackey Electric, Inc
110 Rensselaer Ave
Cohoes, NY 12047
(518) 237-6702

05/14/2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

- Mackey Electric, Inc. is a supplier of Electrical Contracting to the rail industry. CP is one of our customers.

- I Larry Mackey SERVE AS THE CP Railroad Contact at Mackey Electric, Inc., where my duties include Canadian Pacific Contact. Mackey Electric, Inc. supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Mackey Electric, Inc. supplier electrical contracting to CP Rail and I see great values in this merger. CP Rail continually stresses safety in the workplace and continually invests in upgrading facilities and capacity to serve customers.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed:



Larry Mackey
CP Rail Contact/Safety Coordinator
Mackey Electric, Inc.]

MAGGIO TRUCK CENTER, INC.
4752 BAXTER ROAD • ROCKFORD, IL 61109
Phone: (815) 874-3334 • Fax: (815) 874-3822

May 17, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

- Maggio Truck Center is a supplier of Railroad Recovery Services/Derailment Contractor to the rail industry, and CP is one of our customers.

- I, Martin Maggio, serve as the President of Maggio Truck Center, where my duties include overseeing the customer base and the daily operations of the company. Maggio Truck Center supports approval of the proposed combination of CP and Kansas City Southern (KCS).

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Maggio Truck Center views this merger as a progressive approach to the Railroad industry, in which CP leads the way in their attention to safety, and their ongoing efforts to rebuild and grow their infrastructure (e.g., bridges, buildings, equipment, etc.). While we had witnessed a decline in railroad traffic over the years, we have now witnessed a surge in CP rail business. We believe this is mainly due to their customer service focus in order to provide railroad transportation based on their customers' needs.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us.

- We see this transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see this transaction close and the benefits come to light as soon as possible.

Sincerely,

Martin Maggio

Martin Maggio
President

Maine Track Maintenance Inc.

4 Crossway St.

Waterville, ME 04901

207/453-2880

May 4, 2021

- Maine Track Maintenance Inc. is a supplier of construction services to the rail industry. Canadian Pacific is one of our customers.
- I serve as President of Maine Track Maintenance Inc. where he my duties include the engineering and corporate business of the company. Maine Track Maintenance Inc. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- We have seen the difference it can make to a short line railroad when CP steps into the picture. Here in Maine they have invested heavily in the upgrading of the track on the old Central Maine & Quebec Railway. Their resources, attention to safety and experience have made a world of difference to the employees and the customers alike.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefits shippers, the public and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Frank M. Tingley, PE

Frank M. Tingley

President

Maine Track Maintenance Inc.

MAPLE LEAF
CONSTRUCTION LTD.

ASPHALT PAVING
CONCRETE PAVING
SEWER & WATER
DIAMOND GRINDING

PHONE: (204) 783-7091 - FAX: (204) 786-3106 - 777 ERIN STREET, WINNIPEG, MANITOBA R3G 2W2

To: Surface Transportation Safety Board **April 30, 2021**

- Maple Leaf Construction Ltd is a supplier of heavy construction services including emergency services for derailments, snow clearing, transportation of equipment, excavation, site development, asphalt paving, concrete paving and sewer/ water site services and repairs. CP is one of our customers.

- I Charles Hall serve as the Accounts Receivable manager at Maple Leaf Construction Ltd. , where my duties include the administration of service contracts, coordinating operation services with our vendors and billing of all work within the requirements of our vendors. Maple Leaf Construction Ltd. supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Charles Hall

Charles Hall

Accounts Receivable Manager- Maple Leaf Construction Ltd.

GOLD SEAL EMPLOYER

Mexican Association of Industrial Parks, AMPIP

My name is Claudia Ileana Avila Connelly, and I am the Executive Director of the Mexican Association of Industrial Parks located at Sierra Candela 111-318, Lomas de Chapultepec, 11000, Mexico City, Mexico. In my role, I am responsible of leading our association and report to our Board of Directors.

AMPIP is business organization in Mexico, representing industrial real estate developers, which altogether own around 370 industrial parks, with 3,500 manufacturing, logistics, and e-commerce tenants. As a part of their advantages for potential clients (global companies), a great number of them offer railway access to facilitate foreign trade with USMCA partners.

AMPIP supports approval of the CP/KCS combination. The transaction would provide significant benefits to the shipping community. From our perspective, the CP/KCS combination promises to provide faster, safer, cleaner, and more direct service for North-South trade. The combination will help achieve the potential of the USMCA.

The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help shippers reach both existing markets and new markets more efficiently. As a business organization representing industrial real estate developers, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are excited to both support and endorse the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce improve efficiency.
- We believe that a combination of CP/KCS would help us to win in our needs, considering the strong track record of CP's success providing superior service, intermodal capabilities, and security.

For these reasons, I, on behalf of AMPIP, am voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. AMPIP urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

MEXICAN ASSOCIATION OF INDUSTRIAL PARKS

VERIFICATION

I Claudia Ileana Avila Connelly, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on October 22, 2021



Claudia Ileana Avila Connelly

Michael O'Keefe Limited
4108 Ninth Concession
Windsor Ontario
N8N 2M1

18 May 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Michael O'Keefe Limited is a supplier of operated equipment to the rail industry. CP is one of our customers.

- I Shawn O'Keefe am the president at Michael O'Keefe Ltd, where my duties include oversight and day to day management. Michael O'Keefe Ltd. supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- From my perspective in southwestern Ontario the merger seems tremendously beneficial. It will expand and solidify CP's rail network and assure that serving my area continues to be viable and profitable. CP Rail's culture of safety and productive growth can only serve to improve the KCS side of the merger as well.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Shawn O'Keefe

President, Michael O'Keefe Limited

MICHELS®

4/30/21

Supplier Support Letter Bullets

- Michels Commercial Aggregates is a supplier of Aggregates to the rail industry. CP is one of our customers.
- I Dan Posthuma SERVE AS THE General Manager at Michels Commercial Aggregates, where my duties include sales, inventory management and shipping. Michels Commercial supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- As an Aggregate Supplier I support this merger due to CP's continual investments in upgrading facilities and capacity to serve customers.]
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Dan Posthuma
General Manger Sales & Business Administration
Michels Commercial Aggregates

PO Box 128, 817 Main Street, Brownsville, WI 53006-0128 • 920.583.3132 • www.michels.us

Affirmative Action/Equal Opportunity Employer: Women, Disabilities, Veterans, Minorities

13830 Brainard Ave
Burnham, IL 60633

MIDSTATES RAIL LLC

708-758-7245 office
708-758-7246 fax
midstatesrail.com

Midstates Rail, LLC is a supplier for Rail Pick-Up and scrap cleanups to the rail industry. Canadian Pacific is one of our customers we work with.

I Eric Ruzkowski serve as President of Midstates Rail, LLC where part of my duties are contracts and purchase of said mentioned services provided with the CP and give my full support to the proposed combination of CP and KCS.

We feel from a supplier perspective the transaction will be beneficial to strengthen growth in the North American rail network.

The completed transaction will support our business from the Northern regions straight through to our Southern operation. As investments are made to upgrades facilities to serve customers we feel this will benefit all involved.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will help shift freight from trucks to rail relieving truck clogged roadways. All of these things will help support economic and employment growth in the United States and across the continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, along with suppliers.

We see the transaction as only beneficial and do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction closes to see benefits come to light as soon as possible.



Eric Ruzkowski
President
Midstates Rail, LLC

MILL CREEK MINING

Wednesday, May 19, 2021

Surface Transportation Board
395 East Street SW
Washington, DC 20423

Sirs:

- Mill Creek Mining is a supplier of aggregates and other quarry products to the rail industry. CP is one of our most valued customers.
- I, Beau Brandt, serve as the Vice President of Mill Creek Mining, where my duties include management of quarry operations and sales. Mill Creek Mining supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- As a provider of quarry products to CP, we are familiar with their extensive capital improvement program and their commitment to maintaining the highest quality of infrastructure for rail services. While actively partnering with local suppliers and venders, CP holds them to the very high standards of safety and excellence it demands of itself.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. To the contrary, we see only improvement in these areas under the leadership of CP. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Sincerely,

Beau Brandt
Vice President
Mill Creek Mining
700 4th Street West
Milan, Illinois 61264

700 4th Street West Milan, IL 61264 • Office 309.787.1414

MILRAIL inc.

April 30, 2021

Re: Letter of Support CPKC

To whom it may concern,

Milrail is a supplier or wire and electrical accessories to the rail industry. I am the Vice President and one of the original founders of Milrail. We believe this transaction is beneficial because it will strongly support growth and investment in the North American rail network. CP has been a client of ours since 1991. We are proud of our association with this dynamic company.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial: we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Donald Laplante
Vice President
Milrail

ISO 9001:2008 Quality Management Systems Systèmes de Qualité www.sgs.com SGS Controlled Goods Certified

939 rue Selkirk, Pointe-Claire (Québec) Canada H9R 4S4 • Tél.: (514) 697-4955 Fax: 697-4125
E-mail: milrail@milrail.com 1-888-MIL-RAIL

May 15, 2021

Surface Transportation Board

- Modern Manufacturing is a supplier of signaling and communications products to the rail industry. CP is one of our customers.

- I, ED SNOW SERVE AS THE VICE PRESIDENT at MODERN MANUFACTURING, where my duties include overseeing operations of multiple facilities in Winnipeg Manitoba Canada and Eudora Kansas USA. Modern Manufacturing supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- As a supplier of signaling and communications products to CP, Modern Manufacturing sees value in the merger based on CP's continuous improvements and upgrades to rail safety infrastructure and systems aiding in CP's capacity to serve it's customers.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Edward Snow

ED SNOW
VICE PRESIDENT
MODERN MANUFACTURING

GENERAL CONTRACTOR—COMMERCIAL
50 S. 6TH ST. SUITE 1413
MINNEAPOLIS, MINNESOTA 55402
OFFICE: (612) 339-3733
FAX: (612) 339-2410
WWW.MPJOHNSON.COM
INFO@MPJOHNSON.COM

5/13/21

Surface Transportation Board
395 E Street SW Washington, DC 20423

- MP Johnson Construction Inc is a supplier of General Contracting to the rail industry. CP is one of our customers.

- I Michael P Johnson SERVE AS THE CEO at MP Johnson, where my duties include Hiring Sub contractor and suppling labor and material for all and any projects that come to us via approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- We are a general contracting company that has done projects of all size and scope for the Rail Co for over 20 years. The merger of these two great companies can only strengthen their ability to continue to deliver the very best performance for their customers. Our goals are total inline with CP and KCS as to the ability to perform and deliver at the highest levels with the highest safety standards possible.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

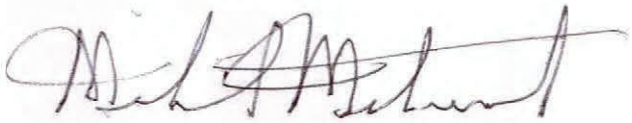
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Michael P Johnson, CEO

MPL Innovations, Inc./SpillX, LLC.
6830 NE Bothell Way, Suite 471
Kenmore, WA 98028

6/17/2021

- MPL Innovations, Inc./SpillX, LLC. is a supplier of lubricants and fueling systems to the rail industry. CP is one of our customers.
- I, Mike Mitrovich, serve as President of MPL Innovations, Inc./SpillX, LLC., where my duties include overall management of both companies. MPL Innovations, Inc./SpillX, LLC. enthusiastically supports approval of the proposed combination of CP and KCS!
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- CP is the industry leader for introducing innovative products and services to the benefit of the rail industry and its customers. CP was the first railroad to begin use of the SpillX fueling system based on jet aircraft fueling which eliminates fuel spills while reducing the time to fuel locomotives. CP's commitment to protecting the environment while striving tirelessly to improve safety and operating efficiency is admired and respected by all Class One railroads in North America.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see this transaction close and the benefits come to light as soon as possible.



Michael Mitrovich

President

MPL Innovations, Inc./SpillX, LLC.

Box 3432
Regina SK S4P 3J7
306-535-8008
murray@marksmeninc.com

May 13, 2021

Surface Transportation Board

395 E Street SW Washington, DC 20423

- MVM Rail Inc. is a supplier of Vegetation Control Service to the rail industry. CP is one of our customers.
- I, Murray Froehlich SERVE AS THE Operation Manager at MVM Rail Inc., where my duties include Managing Daily Operations supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- We are a vegetation management company and we value of relationship with CP Rail. C P Rail is very good company to work for and its safety practices are second to none among class ! railroads
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.



Murray Froehlich
Operations Manager
MVM Rail Inc.

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May 17, 2021

Supplier Support Letter Bullets

- Myshak Crane & Rigging Ltd is a supplier of Cranes, Pickers, Tractor Trailers & Manpower to the rail industry. CP is one of our customers.

- I Steve Kopp serve as the Vice President at Myshak Crane & Rigging Ltd, where my duties include leading a diverse, multi-disciplined team of professionals. Managing the overall operations and revenue generation of the company and ensuring its continual growth. Ensuring compliance with our companies' policies and procedures, with the highest regard to safety. Actively participating with involvement in our operations; encouraging collaboration with all team members. Myshak Crane & Rigging Ltd supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- We at Myshak are a local, Alberta family owned and operated company that pride ourselves on service, safety, and doing so with a modern fleet. Our turnkey services that we can provide CP range from outdoor/indoor storage (or the simple term warehousing), transportation including heavy haul transport, fully operated and maintained crane rental, as well as an extensive equipment sales and bare rental fleet. There are a lot of great synergies between our two groups, that really benefit each other, and it all starts with our likeminded cultures and commitment to service and safety.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.



Steve Kopp
Vice President | Myshak Crane & Rigging Ltd
Cell: 780-446-2900 / Office: 780-948-5244
Email: skopp@myshaksales.com

Gary Sowada, Account Manager
1001 Labore Industrial Court, Suite B
Vadnais Heights, MN 55110

651-255-3525 *Direct*
612-741-9567 *Cell*
gsowada@nac-hvac.com

May 7, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- NAC Mechanical and Electrical Services is a supplier of HVAC, Plumbing, Electrical and other Mechanical Services to the rail industry. CP is one of our customers.
- I, Gary Sowada, serves as the Account Manager at NAC Mechanical Services, where my duties includes supporting the needs and service of our customers. Recommending upcoming changes and needs to better the facilities.
- NAC supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- NAC is a full service company that assist CP is numerous areas, it is great to work with a company that is so safety oriented as NAC is. Also to continue to better the facilities.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,



Gary Sowada
Account Manager

NARROW | PASSAGE RAIL

May 13, 2021

Subject: Proposed CP / KCS Merger Endorsement Letter

To Whom It May Concern:

Narrow Passage Rail is a supplier of maintenance of way and construction services to the rail industry. CP is one of our customers. As President, I am responsible for the overall strategic direction and growth of Narrow Passage Rail and support approval of the proposed combination of CP and KCS.

From our perspective, as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. The rail industry, like all industries, must continue to adapt and invest for the future. Consolidation, combined with investment, is necessary to meet the demands of the future and continue to strengthen this key backbone to the North American (United States, Canada, Mexico) economy. This will be beneficial to all stakeholders.

The proposed combination of services will stimulate growth in rail transportation, provide new competitive options that support growth, and shift freight from trucks on the highways to the rail system. This will help result in economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the combination as beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest.

Yours truly,

Jason Thomas

President

Brandon Schwartz
Vice President North American Sales
Fort Worth TX
(P) 817.876.8914

April 8, 2021

To Whom It may concern:

- National Railway Equipment Co. ("NRE") is the world's largest independent supplier of locomotive servicing, new and remanufactured locomotives, locomotive leasing, field services, parts, and salvage operations, serving Class 1, regional, short line, government, and industrial railroads. CP is one of our valued Class 1 customers.

- I, Brandon Schwartz, am the Vice President, North American Sales for NRE, where my duties include overseeing all North American Sales and Activities portrayed above. NRE supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- In our relationship with CP, NRE believes this merger will offer more economics of scale for CP and KCS locomotives in NRE Facilities. NRE may now be able to support more locomotives at one time and offer time plus cost reductions to CP and KCS. NRE has a large focus on emissions reductions through our fuel-efficient engines and Tier kits.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Sincerely,

Brandon Schwartz
Vice President North American Sales

GREGORY J. AZIZ
CHAIRMAN & CEO

NATIONAL STEEL CAR LIMITED
P.O. BOX 2450
HAMILTON, ONTARIO
L8N 3J4

(905) 544-3311
FAX: (905) 544-8872

March 31, 2021

Martin J. Oberman
Chairman
The Surface Transportation Board
395 E Street SW
Washington, DC 20423

Re: Merger of Canadian Pacific Rail and Kansas City Southern

Dear Mr. Oberman,

The above captioned, National Steel Car, is a supplier to the North American Railroad industry and to both Canadian Pacific Rail and Kansas City Southern Railroad. National Steel Car designs, engineers and builds new railroad freight cars for the industry and has done so since 1912.

We enthusiastically support this proposed merger and believe that its approval by the Surface Transportation Board is in the best interests of the economies of Canada, the United States, and Mexico. This transaction will strongly support the continued growth and investment in the North American railroad network, which is vital to the economies of these three nations.

CP Rail and Kansas City Southern have continuously invested in their networks with an emphasis on employee safety and their ability to provide excellent service to their customers. This proposed merger will stimulate growth in railroad transportation, fostering the environmental improvements that flow from the rail industry when compared to other less efficient modes of transportation.

The proposed merger is singularly unique in that no overlap of markets served is involved. This is a true "end to end" merger with one common interchange point at Kansas City. There therefore exists no redundancy resulting from this transaction. Employment is preserved, customers are better served, assets are better utilized, and competition is preserved. These railroads do not compete with each other, but complement each other.

This transaction is a major benefit to the North American railroad system, the finest, most efficient railroad network in the world.

The proposed merger is very much in the public interest and should be approved by the Surface Transportation Board without hesitation.

Very truly yours,



Gregory J. Aziz

April 30, 2021

Supplier Support Letter

- New-Way Trucking Ltd is a supplier of road transportation services to the rail industry. CP is one of our customers.
- I Randhir Brar SERVE AS THE CFO at NEW-WAY TRUCKING LTD, where my duties include looking after finances, customer RFPs, and customer service contracts. New-Way Trucking Ltd supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- New-Way Trucking Ltd provides road services to CP in Western Canada and merger of two companies will boost CP attention to safety, continual investments in upgrading facilities and capacity to serve customers.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Randhir Brar
CFO
New-Way Trucking Ltd.

7725 – 48 St. SE
Calgary , AB T2C 2V3
Tel: (403) 590-4393
Fax: (403) 568-5009

NEW WEST TRUCK CENTRES

5925 – 79th Avenue S.E.
Calgary, Alberta T2C 5K3
Phone: 403-569-4800
Fax: 403-248-1894

April 29, 2021

To Whom it May Concern:

- New West Truck Centres is a supplier of Freightliner heavy duty trucks to the rail industry. CP is one of our customers.
- I Adam Asplund serve as the President at New West Truck Centres where my duties are to oversee all operations and functions of the Company, reporting to the CEO. New West Truck Centres supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- In addition to supplying Freightliner trucks to CP, we also help commission them for use through training and other support including coordination and planning of truck body equipment. We see tremendous value in the merger as it increases the scope and capacity to serve more customers while maintaining CP's commitment to safety and investment in upgraded facilities and infrastructure.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed

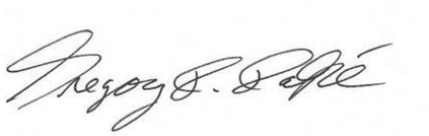


Adam Asplund
President
New West Truck Centres

NEW YORK AIR BRAKE

March 30th, 2021

- New York Air Brake LLC is a supplier of freight and locomotive components for the rail industry. CP is one of our customers.
- I, Greg Dalpe, serve as SVP, Sales & Marketing at New York Air Brake where my duties include management, negotiations, and approval of all contracts and supervision of all sales representatives. New York Air Brake supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- New York Air Brake is a critical supplier to CP Rail and the entire North American Rail Industry, with 1055 CCB equipped, high horsepower AC Traction locomotives equating to over 80% of the total CP Fleet.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.



Gregory D. Dalpe
SVP, Marketing & Sales
New York Air Brake LLC

748 Starbuck Avenue, Watertown, New York 13601 Phone +1 315 786-5200 Administration Fax: +1 315 786-5676
Marketing/Sales Fax : +1 315 786-5675

March 29, 2021

To reader:

Nordco is a supplier of Roadway Work Equipment and Rail Flaw Detection (RFD) products and services to the rail industry and the CP is one of our customers.

I am Bruce Boczkiewicz, President & Chief Executive Officer at Nordco and I oversee all aspects of our business. We support the approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. We believe that CP's attention to safety and train velocity will benefit rail customers and our overall industry.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Regards,

Bruce Boczkiewicz
President & CEO

PO Box 26038 RPO Valleyview
Kamloops, BC
V2C 0A9
Phone: 250.851.1342

May 13, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

Norpac Construction Inc. is a supplier of slope stabilization, rock hazard mitigation and sound barrier installation services to the rail industry. CP is one of our customers.

I, Darren Wiebe, serve as a Project Manager at Norpac Construction. My duties include estimating, providing pricing, resource management and project managerial duties. Norpac Construction Inc. supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

Norpac regularly receives opportunities from CP to bid upcoming projects, performing the aforementioned services. The services that companies like ours provide is integral in maintaining safe rail operations as we re-stabilize and retain the ground beneath tracks with a leading edge, and mitigate rock hazards that could potentially obstruct rail traffic. CP has diligently tendered projects based on annual rail maintenance and preventative maintenance; annually investing in both maintaining and improving their infrastructure. CP provides a high level of safety services while we undertake these projects, and requires the same from their suppliers.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Darren Wiebe, Senior Project Manager
Norpac Construction Inc.
PO Box 26038 RPO Valleyview
Kamloops, B.C.V2C 0A9
Cell: 1-250-301-7613
Email: darren@norpcacconstruction.com

NTC Logistics

5/14/2021

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

- NTC Logistics is a supplier of Logistics and Transportation services to the rail industry. CP is one of our customers.
- I, Jared Ross SERVE AS THE Vice President at NTC Logistics, where my duties include over Operations and Sales. NTC Logistics supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- NTC Logistics provides logistics/transportation services for several Class 1 railroads and we value our relationship with CP as they efficiently communicate on every load, they put safety first on ever situation we work with them and we value the relationship we have because of their strengths in these two areas. We believe a CPKC merger would allow the competitive edge to be a premier North American Transportation provider.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

NTC Logistics
2860 Holliday Park Drive
Gering, NE 69341

PHONE 308-633-3560
FAX 308-633-3561
WEB SITE ntc-logistics.com

nulogx

April 29, 2021

To Whom it May Concern

- Nulogx is a supplier of Supply Chain analysis and Freight Audit to the rail industry. CP is one of our customers.

- I Glenn Smith am Vice President of Managed Transportation at Nulogx where my duties include managing our CP Rail Client relationship. Nulogx supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Nulogx supports the merger with KCS as it will bring value to other Clients of Nulogx who will benefit from the greater efficiency of transportation services to and from Canada with the U.S. and Mexico. We presently support CP in their initiatives of safety and transportation cost effectiveness which we feel they will extend to the KCS Railroad.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Glenn Smith

VP Managed Transportation

Nulogx, Inc.

O'Dell Electric Ltd.

May 12, 2021

Surface Transportation Board
395 E Street SW
Washington, DC, USA
20423

O'Dell Electric Ltd. is a subcontractor for the supply, installation and maintenance of electrical material to the rail industry and Canadian Pacific Railway (CP Rail) is one of our customers.

I, Drew Woolsey, am the President of O'Dell Electric Ltd. and oversee the project management and electrical maintenance done by O'Dell Electric at CP Rail. I support the approval of the proposed combination of CP Rail and Kansas City Southern (KCS) Railway Lines.

From our perspective as a subcontractor, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC and will shift freight from trucks on the highways to the rail system. All of these things will help support economic growth in the United States and across the continent under the USMCA trade agreement.
In turn, that growth will support investments in new rail capacity that will benefit shippers, the public and suppliers and subcontractors like us.

We see the transaction as only beneficial. We do not anticipate any negative impacts to the environment, to competition, to safety or to any other public interest. For these reasons we hope to see the transaction close and the benefits be realized as soon as possible.

Thank you for your time,

Drew Woolsey, President,
O'Dell Electric Ltd.
403-984-6156 Direct Line
dwoolsey@odellelectric.com

Ocean TRAILER (Division of C.Keay Investments Ltd.)

RENTALS, LEASING, SALES, SERVICE & PARTS

9076 River Road
Delta, B.C. V4G 1B5
Phone: 604-940-0210
Fax: 604-940-0610
Toll Free: 1-800-891-8858
www.oceantrailer.com

April 30, 2021

The Honorable Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street, S.W.
Washington, DC 20423-0001

Dear Ms. Brown:

Re: Canadian Pacific Railway – Kansas City Southern Railway Company ("CPKC")

C. Keay Investments Ltd. (dba Ocean Trailer) has had relationship with Canadian Pacific Railway (CPR) and its various subsidiaries, providing highway trailers, container chassis and shipping containers to CPR for more than 10 years.

I, John Cox, am the Chief Financial Officer at C. Keay Investments Ltd. where my duties include all planning, implementation, operating support of Ocean Trailer's financial affairs and approval of the proposed combination of CPR and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network and allow a more integrated system of goods movement across the United States and Canada.

In its 140-year history, we have known Canadian Pacific Railway to have an excellent history of safety, and dedication to expending its network, opening new markets and allowing for the expansion of global commerce. With ongoing investments in new facilities and an ever-expanding capacity to serve the North American market, Canadian Pacific Railway has been a market leader in customer service and allowing growth of businesses like ours.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across North America under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike. We see the transaction as only beneficial; we do not

anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest.

For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Yours very truly.
C.KEAY INVESTMENTS LTD.



John D. Cox, CPA, CGA
Chief Financial Officer

omega
INDUSTRIES INC.

7304 N.E. ST. JOHNS RD. • P.O. BOX 65369 • VANCOUVER, WA 98665
OFFICE (360) 694-3221 • PDX (360) 224-9942 • FAX (360) 694-3882
Email: info@omega-industries.com • Web: www.omega-industries.com

April 27, 2021

Omega Industries, Inc. is a supplier of concrete grade crossings and a wide range of railroad products to the rail industry. CP is one of our customers.

I, Argyro Apostolou, serve as the President of Omega Industries, Inc. where my duties include ensuring the company follows its mission, policies and procedures on daily and long-term basis. Omega supports approval of the proposed combination of Canadian Pacific and Kansas City Southern. From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

Currently, we are supplying over 5,000 track feet of prefabricated concrete grade crossings material annually to CP. We see the commitment that CP has invested in the upgrading and maintaining of track systems. Safety is clearly a priority, and we believe that CP will continue to serve its customers and thrive at their highest potential. The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will ship freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public and suppliers like us alike.

Omega views this transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Argyro Apostolou

President

Omega Industries, Inc.

Omni Rail INC.

Spécialiste en voie ferrée // Construction, Réparation, Entretien

1520, rue Jean-Lachaîne
Ville Sainte-Catherine (QC) J5C 1C2
T : (514) 368-5515 F : (450) 635-5005
Sans frais: (877) 368-5515
Courriel: info@omnirail.ca

May 14th 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Omni Rail Inc is a supplier of materials, equipment and labor to the rail industry. CP is one of our customers.
- I, Jessica Campbell, serve as the Director at Omni Rail Inc, where my duties include Director of Operators and Field Manager. Omni Rail Inc supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- The proposed combination of CP and KCS would be beneficial to all three countries involved. It would be a big boost to the economy for all. This merger between both CP and KCS would make them both stronger and more competitive in the rail transportation industry.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits become known as soon as possible.

Jessica Campbell
Director
Omni Rail Inc.

11296 – 207 Street, Maple Ridge, BC V2X 1W3

604-862-6246

May 12, 2021

Re: Support for CP Rail merger with Kansas City Southern

To the Members of the Surface Transportation Board,

On-Site Fleet Services maintains the yard vehicles for the CP Rail yard in Port Coquitlam, BC (Kubotas, forklifts, mobile compressors and cranes). We have a decades long and mutually beneficial relationship with CP Rail.

As the owner, bookkeeper, administrator and inventory specialist at On-Site, I'd like to offer our full support of the proposed combination of CP Rail and Kansas City Southern. As a small, local business, we feel that the merger will support growth and investment along the entire length of the proposed railway. From Vancouver in the West to New York and Newfoundland in the East; from Edmonton, through America's heartland, to Mexico City, the merger would benefit communities, and businesses like ours, across North America.

As an environmental supporter, I appreciate that the combined railway would stimulate growth in rail transportation, shifting freight from highway trucks to the rail system. In turn, that growth will support economic and employment opportunities for workers and businesses under the USMCA trade agreement.

I appreciate the opportunity to express our support for the merger and hope to see the transaction close, and the benefits manifest, as soon as possible. The railway connected Canada coast to coast in 1885 and played a major role in the development of the nation. It would be fantastic if this new proposed railway could connect all of North America in the same way.

Sincerely,

Tera McCreesh

Owner

On-Site Fleet Services Ltd.

Ontime Petroleum

5/13/21

Ontime Petroleum
1120 Service DR East
Gaylord, MN 55334

- Ontime Petroleum is a supplier of Bulk fueling to the rail industry. CP is one of our customers.
- I Branton Wibstad SERVE AS THE Owner at Ontime Petroleum, where my duties include Fueling and management. Ontime Petroleum supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- As a company that provides bulk refueling to CP I see the merger as a valuable asset being that there will be more options for refueling station and better communications between the two companies ensuring better discussions on when's the best time to re fuel units while they are stationary and less stops when units are on duty. Incorporation same safety procedures across the two companies would also save any confusion anytime that the two companies have interconnecting lines.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Branton Wibstad
Owner Ontime Petroleum

Branton Wibstad

ORR Safety
Your Safety. Our Focus.®

March 29, 2021

ATTENTION: Surface Transportation Board

ORR Safety is a supplier of general safety and personal protective equipment to the rail industry. CP is one of our many customers.

I, Bob Johnson serve as the Vice President for Railroad Sales at ORR Safety. My duties include overseeing of our Rail Transportation market vertical for North America. ORR Safety supports approval of the proposed combination of CP and KCS. From our perspective as a supplier of PPE, the transaction should result in supporting growth and investments in the North American rail network.

As a provider of safety equipment to both CP and KCS, we see an opportunity to see value in the merger. CP has continuously demonstrated a strong interest to keeping their associates safe and provide them with the proper protective equipment to return home safe every day!

The new transportation services that CPKC will bring to their customers will likely stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, growth should support investments in new rail capacity bring benefits to shippers, the public and suppliers like us alike.

We see the transaction as beneficial and we do not anticipate any negative impacts to the environment, to competition, to SAFETY, or any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light very soon.

Sincerely,

Robert Johnson
Vice President, Railroad Sales
ORR Safety

OWS Railroad Construction &Maintenance Ltd.
4320 Discovery Line, P.O. Box 1240
Petrolia, Ontario
N0N 1R0
Phone: 519-882-4996 Fax: 519-882-1133

May 13, 2021

To whom it may concern:

OWS Railroad Construction & Maintenance Inc. ("OWS"), a company headquartered in Sarnia, Ontario, Canada is one of Canada's leading independent contractors of railway construction and maintenance services. OWS is a supplier to Canadian Pacific Railway ("CP").

I, Pat Gladwish, serving as President of OWS, confirm that OWS supports the approval of the proposed combination of CP and Kansas City Southern Railway Company ("KC").

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

As a supplier to CP in Canada with firsthand knowledge of its commitment to safety and to serving its customers, we have no doubt that CP will continue living up to their reputation of maintaining and upgrading equipment and facilities through their extensive and continuous investment in the industry. Furthermore, we believe the merger will bring synergies to the rail industry, right sizing the railroad's fleet and increasing efficiencies within the rail business.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, provide new competitive options, and shift freight from trucks on the highways to the rail system, which we believe will result in a positive environmental impact. Together, these benefits will support economic and employment growth in the United States, in Canada, and across the Continent under the USMCA trade agreement and support investments in new rail capacity that will benefit shippers, the public, and suppliers alike.

In summary, we see this transaction as beneficial and we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. OWS is thus voicing strong support for this transaction and we respectfully urge you to approve CP's acquisition of KC as swiftly as possible so that the positive impacts of this deal can be realized for the benefit of all stakeholders.

Respectfully,

Pat Gladwish

President.

PANDROL

May 4, 2021

To: Concerned Parties

RE: Combination of CP and KCS

Pandrol is a supplier of fastening and welding material among other products to the rail industry. CP is one of our most respected customers. As President of Pandrol North America, I support approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial as it will strongly support growth and investment in the North American rail network. As company that currently services all 7 class I railroads, we would support all measures that strengthens our industry.

We see the transaction as a positive; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest.

Sincerely,

Breen Reardon
President, Pandrol North America

Pandrol USA LP
611 Winchester Road, Memphis, TN 38116 USA
+1 (901) 881-2816

PANEL CONSTRUCTION LTD.

60 DEERMEADE RD. SE
CALGARY, AB T2J 5Z5

GENERAL CONTRACTOR - INTERIOR CONSTRUCTION & SERVICES

May 13th 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

To Whom it may concern;

Panel Construction Ltd. is a supplier of General Contracting & Maintenance Services to the rail industry. CP is one of our most valued customers.

My name is Kellie Roberts, General Manager/Owner of Panel Construction Ltd. My duties within the company include development and implementing company policies, enhancing our company image, supporting staff development and overseeing daily business operations. Panel Construction fully supports the proposed combination of CP and KCS.

For over 25 years we have developed and maintained a strong working relationship, completing renovations/upgrades, new builds as well as service and maintenance requests required at various locations throughout southern Alberta. We see endless value in the CP and KCS merger, as CP's attention to safety & core values are among some of the best we have seen working in the industry. We believe this would provide continual investments to upgrade their facilities increasing the capacity to serve customers.

From our perspective as a contractor, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Kellie Roberts
General Manager/Owner

May 14, 2021

Surface Transportation Board
Washington, DC

Dear Sir:

- Parsec Intermodal of Canada is a supplier of intermodal services to the rail industry. CP is one of our customers.
- I, David Budig serve as the President at Parsec Intermodal of Canada, where my duties include oversight of all corporate development and growth. Parsec Intermodal of Canada supports approval of a proposed combination of Canadian Rail Services and US Rail Services (KCS).
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- The new transportation services that a Canadian/US partnership will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

David H. Budig
President

1100 Gest Street, Cincinnati, Ohio 45203
(513) 621-6111 FAX (513) 621-4330

Patco Industries, Inc.

4830 52nd Avenue
Kenosha, WI 53144
Phone (262) 658-3590
Fax (262) 658-3593

Patco Industries is a supplier of new and remanufactured signal parts to the rail industry. Canadian Pacific has been one of our customers for over 20 years.

I serve as the general manager at Patco Industries where I run the day to day operations. Patco fully supports the approved proposal for the combination of Canadian Pacific and the Kansas City Southern. We at Patco believe this it will logically connect the North American rail network.

For Patco the benefits would be with more rail to maintain more opportunities will arise and definitely be welcomed.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

This growth will support investments in the new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Scott Covelli
General Manager

PAYNE TRANSPORTATION LTD

HEAD OFFICE
435 Lucas Avenue
Box 67, Group 200
R.R.#2
Winnipeg, MB R3C 2E6
Phone: (204) 953-1400
Fax: (204) 694-5810

WINKLER BRANCH
1 – 535 George Avenue
P.O. Box 859
Winkler, MB R6W 4A9
Phone: (204) 325-1345
Fax: (204) 325-0045

KELOWNA BRANCH
5 – 215 Neave Road
Kelowna, BC V1V 2L9
Phone: (250) 765-8080
Fax: (250) 765-9191

Toll Free
1-866-GO-PAYNE

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Heavy Haul
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Logistics

"No Payne No Gain"

May 17, 2021

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

To Whom It May Concern,

Payne Transportation Ltd. (Payne) is a supplier of freight transportation services to the rail industry. CP is one of our customers.

I, Tom Payne Jr. serve as the President at Payne Transportation Ltd., where my duties include overall oversite of operational and financial success of our company. Payne supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

CP provides superior attention to safety and continuous investment in upgrading facilities and capacity to serve customers that can only serve to improve rail services.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation and will provide new competitive options that support growth at CPKC. This will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Payne Transportation Ltd.

Tom Payne Jr.
President

25 ch. Gaspésie Rd. | Box 39
Hearst ON P0L 1N0
844 362-4523
705 362-7360
www.pepco.ca

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

May 17, 2021

- Pepco is a supplier of fuels, lubricants, industrial supplies and transloading services and logistics supplier to the rail industry. CP is one of our customers.

- I, Luc Pepin serve as the CEO at Pepco. Pepco supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.



Luc Pepin
CEO
Pepco

Pinnacle Engineering

Owning Challenges. Winning Trust.

MINNEAPOLIS, MN
763.315.4501
11541 95th Ave N
Minneapolis, MN 55369

05/06/2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Pinnacle Engineering is a supplier of Engineering Services to the rail industry. CP is one of our customers.
- I James Holland serve as the Chief Executive Officer at Pinnacle Engineering, where my duties include strategic planning and guiding all of our organizations operations. Pinnacle Engineering supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- I have personally been involved with CP for over 15 years. I have watched each day as CP aggressively works to improve safety and efficiency in their, and their customers operations. We have watched as the CP network has adapted to the clients needs throughout the upper Midwest. I believe the merger of CP & KCS will provide a more efficient and safer railroad as a result of this merger.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

James W Holland

James Holland
Chief Executive Officer
Pinnacle Engineering, Inc.
612-669-5713

POWERRAIL
205 Clark Road
Duryea, Pa. 18642

Phone: 570-883-7005 **Fax: 570-883-7006** **Email:Sales@EPowerRail.com**

5-13-2021

To whom it may concern:

- PowerRail Distribution, Inc. is a supplier of locomotive parts, components, and remanufacturing services to the rail industry. CP is one of our customers.

- I, Thomas Casper, serve as the Vice President of Operations at Power Rail Distribution where my duties include managing the operation from customer order entry through fulfillment. PowerRail Distribution, Inc. supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- I believe PowerRail Distribution is unique in the rail industry, relative to our business strategy. First and foremost, PowerRail takes enormous pride in our ability to consistently provide top notch service and quality parts to our customers. I believe CP mirrors the same ideology towards customer service, safety, quality, and infrastructure investment and why I strongly believe CP brings a high level of value to the merger. I've been a supplier in the railroad industry since 1996 and I've personally witnessed and worked with the excellent leadership teams and the progressive business ideology that CP brings to the table. I believe this merger will greatly improve the level of service to all customers along the KCS corridor.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,
Thomas M. Casper

Vice President, Operations
PowerRail Distribution, Inc.

PRECISION
PIPE & PRODUCTS, INC.

5/14/2021

- Infrasteel By Precision Pipe is a supplier of Custom Steel Liners for Rehabilitation of structures to the rail industry. CP is one of our customers.
- I Dan Dammann serve as the Business Development Manager at Precision Pipe & Products, Inc. where my duties include helping rail customer rehabilitate Culverts and other structures supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Our work in the rail industry provides a SAFE cost-effective, environmentally friendly way to rehabilitate structures. This is an example of CP strengthening the network. Less down time means better service to customers, which is the ultimate goal.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed

Dan Dammann

Director of Business Development
Infrasteel by Precision Pipe & Products, Inc.

P.O. Box 102046 ⌖ 1806 6th Avenue South ⌖ Birmingham, AL 35210

(205) 327-8171 ⌖ Fax (205) 327-8173 ⌖ Toll Free (877) 327-8171

www.precisionpipe.com

AN AUTHORIZED HARSCO REMANUFACTURING FACILITY
AUTHORIZED HARSCO PARTS DISTRIBUTOR CENTER

May 13, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

RE: CP-KCS MERGER

To Whom it May Concern:

On behalf of Precision Railway Equipment Company, LLC, I would like to offer our support of the CP and KCS merger. As a key supplier for the CP and KCS, we view this merger as a positive alignment of the Class 1 railroads that will strengthen rail service throughout North America. Below are some key points I would like to highlight regarding the merger and our relationship with the CP:

- Precision Railway Equipment Company, LLC, is a supplier of remanufacturing, repair services and repair parts for Maintenance of Way equipment to the rail industry. CP and KCS are both our customers.

- I, Harry Smith, serve as the Vice President and General Manager at Precision Railway Equipment Company, LLC, where my duties include overseeing the overall management of the company as well as maintaining key customer relationships. Precision Railway Equipment Company, LLC, supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Precision Railway Equipment Company provides valuable MOW tamper remanufacturing and repair services along with repair parts to both the CP and KCS to allow them to provide continued maintenance and improvements to their rail infrastructure in North America.

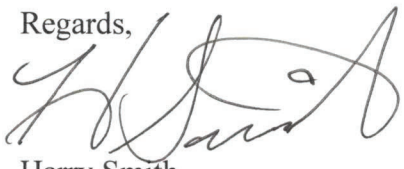
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

825 South 19th Street
Independence, KS 67301
T 620.577.2511
www.precisionrwy.com

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Regards,



Harry Smith
Vice President and General Manager
Precision Railway Equipment Company, LLC

825 South 19th Street
Independence, KS 67301
T 620.577.2511
www.precisionrwy.com

priest
construction – électricité
License RBQ: 2622-0640-38

525, AVENUE CHAMPLAIN
HEMMINGFORD (QUÉBEC) CANADA J0L 1H0
T 450.247.2783 F 450.247.2784 i www.jlpriest.com

29 April 2021,

Priest – Construction – Electricity, works on industrial and institutional project in the Montreal Quebec Canada area. We have been doing so for over 55 years and CP Rail has been an important customer for nearly 15 years.

- I, Richard Priest, president and general manager of Priest speak on behalf of our entire team and we support approval of the proposed merger of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

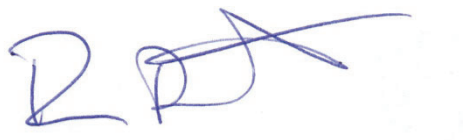
- We work on electrical/construction maintenance and new installation at several CP sites in the Montreal area and see this union as positive for both CP and KCS. This will likely ensure and even augment our workload.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed in Hemmingford,



_____

Richard Priest, President

PTI PROFESSIONAL TRANSPORTATION, INC.

"The Right Way is the Safe Way"
3700 E. Morgan Avenue ● Evansville, Indiana 47715
Phone (800) 471-2440 ● Fax (812) 402-1104

May 3, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

Surface Transportation Board:

Professional Transportation, Inc. (PTI) has been a supplier of crew transportation services to the rail industry for over 40 years. I, Steve Kessler, serve as the Chief Operating Officer at PTI, where my duties include responsibilities for the company's operating and safety standards and the service performance objectives. Canadian Pacific (CP) is one of PTI's customers.

PTI supports approval of the proposed combination of CP and KCS. From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

As a crew transportation supplier, we see value in combining the already robust operations and safety performance of both railroads. As a combined entity best practices regarding safety and service can be freely shared and engrained in the new CPKC operating plan.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Stephen A. Kessler
Chief Operating Officer

Progress Rail
A Caterpillar Company

March 31, 2021

Progress Rail, a Caterpillar Company, provides comprehensive rolling stock and infrastructure solutions to the global rail industry. Canadian Pacific Railway (CP) is one of our valued customers.

I serve as the President and Chief Executive Officer at Progress Rail. At Progress Rail, we support the proposed combination of CP and KCS.

We do not anticipate any negative impacts from a proposed merger, for now, from either our perspective as a vendor or from the perspective of a potential customer.

Progress Rail provides locomotive, railcar and various infrastructure products to CP. This merger benefits our industry in various forms.

- This merger appears to be a natural match, as there is limited redundancy of CP's track network with KCS. Currently, there is only one carrier (neither CP nor KCS) that is able to move freight from Canada to the Southern Gulf or Mexico via a full-continent footprint, which helps customers avoid having to switch carriers for intercontinental shipments. The new railway enables CP to more effectively compete by having an expanded footprint throughout North America.
- As an additional example of potential benefits, CP has demonstrated its commitment to safety by being an early, widespread adopter of crew camera technology to reinforce proper operating practices. The combination could accelerate the spread of such safety culture throughout a revised North American footprint.

The new transportation services that a combined CP and KCS railway will bring to their customers through a more efficient and expanded footprint may stimulate growth in rail transportation, and may provide increased opportunities for customers to shift additional freight to the rail system. All of these things may help support economic and employment growth in the United States and across the North American continent.

In turn, that growth could support investments in new rail capacity that benefit shippers, the public and suppliers like us alike.

We see the transaction as only beneficial; we do not at this time anticipate any negative impacts to the environment, competition, safety, or any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,



Marty Haycraft
President & CEO
Progress Rail, A Caterpillar Company

May 13, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- ProKarma, Inc. ("PK") is a supplier of digital services to the rail industry. CP is one of our customers.
- I, Anand Ijju, serve as the Executive Vice President – Platforms Solution Group at PK, where my duties include Owning, Leading and Guiding the Business Unit in achieving the organizational goals. PK supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- PK provides CP with digital services and sees value in the merger as it will provide CP with a greater opportunity to continue to consistently look for ways to improve safety and continually invest in its facilities and its capacity to serve customers to the best of their ability.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed 05/13/2021
Anand Ijju
EXECUTIVE VICE PRESIDENT – PLATFORMS SOLUTION GROUP
ProKarma, Inc.

PRUDENTIAL TRANSPORTATION LTD.
"Fuelled by Passion"

May 12th 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

Prudential Transportation Ltd. is a supplier of dray services to the rail industry. CP is one of our customers.

I Bianca Heer SERVE AS THE Vice President at Prudential where my duties include management of Prudential. Prudential supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

Prudential provides dray services to and from the Port of Vancouver.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Best Regards

Bianca Heer

Vice President

QUADCON
GROUP INC

6355 Kennedy Road, Units 22/23, Mississauga, Ontario L5T 2L5 • Tel: (905) 565-9898 • Fax: (905) 565-8002 • E-mail: info@quadcongroup.ca

May 3, 2021

To whom it may concern,

- Quadcon Group Inc. is a supplier of Commercial General Contracting Services to the rail industry. CP is one of our customers.

- I, Anna Prioste serve as the Vice President at Quadcon Group Inc. where my duties include office management, preparation of quotations and contract administration. Quadcon Group Inc. supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- As a commercial general contractor, this merger will be beneficial to us as it would allow CP to continue with investments in upgrading building facilities, which translates to steady commercial renovation work for our company. Health and Safety is extremely important to us as a contractor, and CP's commitment to safety means that the safety of our employess, while working on CP sites is top priority.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,



Anna Prioste, B.Tech.
Vice-President

R & W Machine Division
Warner Industries, Inc.
Combo, Traction Motor & Wheel Shop Services
ESTABLISHED 1946

1946 - 2021 75 YEARS OF EXCELLENCE R & W Machine

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

May 14, 2021

Subject: Endorsement of Canadian Pacific and Kansas City Southern Railroads merger

To whom it may concern,

R & W Machine Warner Industries, Inc. is a supplier of Locomotive Combos, Traction Motors and Wheel Shop Services to the rail industry. Canadian Pacific is one of our customers.

I David Hnatovic serve as the Vice President and General Manager at R&W Machine, where my duties include providing both strategic and technological leadership to the entire organization. R & W Machine supports approval of the proposed combination of CP and KCS. From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

R & W Machine has provided services to Canadian Pacific for many years and is considered a top tier supplier supporting their locomotive maintenance program. This provides us an important perspective to witness the condition of the Combos, Traction Motors and Wheelsets they send to us for processing which attests to the level of care and quality they invest in their maintenance program. Because of our long business relationship with Canadian Pacific at many different operational levels, we complement their attention to safety, continual investments in upgrading facilities and capacity to serve customers.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us as well.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Thank you,
R&W MACHINE DIVISION, WARNER INDUSTRIES, INC.

David Hnatovic

David Hnatovic
Vice President & General Manager
Office: (708) 458-4200 EXT 222
Email: dhnatovic@rwmachine.com

RJ Corman
Railroad Group
A Limited Liability Holding Company
101 RJ Corman Drive • PO Box 788 • Nicholasville, KY 40340-0788
(859) 881-7521 • Fax: (859) 885-7804 • www.rjcorman.com

March 30th, 2021

Supplier Support Letter Bullets

- R. J. Corman Railroad Group LLC and the subsidiary companies of R. J. Corman is a supplier of railroad construction, maintenance of way services, derailment emergency services, railroad signaling, material sales, and short line operators to the rail industry. CP is one of our valued clients.
- I Chase Armstrong serve as the Vice President of Commercial Development at R. J. Corman Railroad Group, where my duties include management of Corporate Accounts and management of all commercial strategies for R. J. Corman Railroad Services. R. J. Corman Railroad Group supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Both Canadian Pacific and Kansas City Southern are valued clients of R. J. Corman Railroad Group. We currently work closely with railroad operations, engineering, mechanical, and purchasing from both railroads. R. J. Corman supports the merger and believes that a merger will offer an increase in opportunities for contracted services. These services include railroad construction, signal bungalow wiring, and emergency response for derailment incidents, load adjustments and other railroad related activities.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

R. J. Corman Equipment Company, LLC • R. J. Corman Railroad Company, LLC • R. J. Corman Railroad Company/Material Sales
R. J. Corman Railroad Services, LLC • R. J. Corman Distribution Centers, LLC • R. J. Corman Railroad Group, LLC • R. J. Corman Railroad Switching Company, LLC
R. J. Corman Real Estate, LLC • R. J. Corman Restaurant Corporation • R. J. Corman Signaling, LLC

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

H. Chase Armstrong

H. Chase Armstrong

Vice President Commercial Development

R. J. Corman Railroad Group

R. J. Corman Equipment Company, LLC • R. J. Corman Railroad Company, LLC • R. J. Corman Railroad Company/Material Sales
R. J. Corman Railroad Services, LLC • R. J. Corman Distribution Centers, LLC • R. J. Corman Railroad Group, LLC • R. J. Corman Railroad Switching Company, LLC
R. J. Corman Real Estate, LLC • R. J. Corman Restaurant Corporation • R. J. Corman Signaling, LLC

Rail
Signal
Systems

May 10, 2021

Supplier Support Letter Bullets

- Rail Signal Systems is a supplier of Design/Engineering of Signal & Communications to the rail industry. CP is one of our customers.
- I, John Cummings SERVE AS THE at Chairman/CEO where my duties include business development, engineering, design, and consulting. Rail Signal Systems supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- I am former employee of the Kanas City Southern Railway (KCS), beginning in 1972 and servings the KCS for 23 years in the Signal & Communications Department.
- I have participation in the mergers/acquisitions of the Kansas City Southern with the Mid-South Corporation (MSRC) in January 1, 1994, the Transportacion Ferroviaria Mexicana (TFM) beginning in June of 1997, the Texas Mexican Railway (TFM) acquisition in 1996, Gateway (GWWR) acquisition in May of 1997.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed
John D. Cummings
Chairman/CEO
Rail Signal Systems

2425 Great Southwest Parkway, Fort Worth, TX 76106 Tel: (817) 595-3503 Fax: (817) 595-3594

Ram Environmental Response Ltd.
225 Lougheed Rd Kelowna B.C.
V1V 2M1

May 13, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Ram Environmental is a supplier of Environmental Spill Response and Remediation to the rail industry. CP is one of our customers.

- I Lanny Coombs SERVE AS THE Chief Operations Officer at Ram Environmental Response Ltd., where my duties include management of all RAM operations. RAM Environmental supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Ram Environmental has been fortunate to work with CP rail for the past 6 years. With CP further developing their network with the acquisition of KC rail allows RAM to develop and grow existing and new service lines. Carrying systems forward from CP into KC will ensure safe and effective operation of projects and daily operations for all our staff.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Lanny Coombs
Chief Operations Officer
Ram Environmental Response Ltd.

171 Gunn Rd.
Sunnyside, MB R5R 0C7
Ph (204)231-4111
Fax (204)231-5132

RIVER AIR BRAKE INC.

May 3rd 2021

- Red River Air Brake Inc is a supplier of reconditioned air brake components and slack adjusters for interchange freight cars and locomotives for the railway industry. CP is one of our customers.

- I Andy Keller serve as the General Manager at Red River Air Brake Inc, where my duties include providing personal relations, sale quotes and customer inquiries. Red River Air Brake Inc supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Red River Air Brake Inc sees the value in this merger because we have been providing CP with prompt customer service that meets and or exceeds all industry standards for 20 plus years. We are AAR M-1003 certified and meet all requirements for quality and reliability. While providing these services at a competitive price.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Andy Keller,
General Manager
Red River Air Brake Inc.

April 30, 2021

Surface Transportation Board
395 E. Street, S.W.
Washington, DC 20423-0001

Re: **Potential Canadian Pacific Railway (CP) and Kansas City Southern Railway (KCS) Transaction**

To Whom It May Concern,

Reefer Sales & Service is a key supplier and servicer of refrigerated transportation equipment to the rail industry. CP Rail is one of our customers we have worked with for several years.

I, Brad Otsuka, serve as the General Manager at Reefer Sales & Service, where my responsibilities include overseeing the day-to-day operations including servicing our customers' units, support the approval of the proposed combination of CP and KCSA.

As a supplier to the railway industry, this transaction will be strategic as it will support the growth of trade across the continent as well as the growth of investment in the rail network which will be both beneficial to us as well as the overall economy.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Brad Otsuka, General Manager
Reefer Sales & Service (Toronto) Incorporated

April 30, 2021

Subject: Proposed CP / KCS Merger Endorsement Letter

To Whom It May Concern:

Remcan Projects LP is a supplier of maintenance of way and construction services to the rail industry. CP is one of our customers. As the President of Remcan Projects LP, I am responsible for the overall strategic direction and growth of Remcan and support approval of the proposed combination of CP and KCS.

From our perspective, as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. The rail industry, like all industries, must continue to adapt and invest for the future. Consolidation, combined with investment, is necessary to meet the demands of the future and continue to strengthen this key backbone to the North American (United States, Canada, Mexico) economy. This will be beneficial to all stakeholders.

The proposed combination of services will stimulate growth in rail transportation, provide new competitive options that support growth, and shift freight from trucks on the highways to the rail system. This will help result in economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the combination as beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest.

Yours truly,

Jason Thomas

President

REMPREX
630.910.0600
4343 COMMERCE COURT, SUITE 300
LISLE, IL 60532
www.remprex.com

March 29, 2021

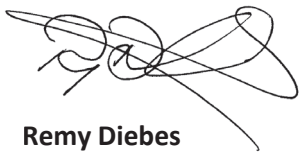
Re: Support & Endorsement of Canadian Pacific Railway combination with the Kansas City Southern

Remprex LLC is a leading provider of technology and services to the North American railway industry. We partner with all Class 1 railways today with our Intermodal and Automotive gate systems, remote support as well as operate several Intermodal terminals across the United States.

From our perspective, as a supplier to the railway industry, this transaction will be strategic as it will serve to further bolster the north-south growth between both Mexico and the U.S. and Canada – strengthening the overall rail system. This merger supports the automotive industry in terms of near-sourcing of components and it supports lower distribution costs for customers. We are also very supportive of the positive impact that converting truck freight to rail has on our environment. We know that today's CP operates a world-class, safe and efficient network so this merger will build that infrastructure needed to expand options for shippers and receivers across our continent.

I view this transaction as overwhelmingly beneficial to our economy with only positive impacts for safety, competition and our environment.

Sincerely,



Remy Diebes
President & CEO
REMPREX, LLC

May 3, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

Re: Canadian Pacific and Kansas City Southern Merger

Rhomberg Sersa North America is a member of the international Rhomberg Sersa Rail Group. With over 2,500 employees worldwide we operate on 4 continents as a specialized rail maintenance supplier to railways across all sectors. In North America, we service the Class1 and Shortline railways as well as Urban Transits. The business has been operating in Canada for over 20 years and Canadian Pacific Railway has been a foundation client.

I have watched the press with interest regarding the signed merger agreement between CP and Kansas City Southern with interest. Familiar with both railways and their route maps it is obvious that the merger would be beneficial to not only both railways, but it would also provide increased value to clients as it would open rail routes to them that they currently cannot service independently. A true 'win-win' situation.

Then I saw the sudden appearance of Canadian National counter offering for KCS.

As you would know, the success of railways is integral to the success of the transport task of North America. Rail is immensely more efficient that trucking with the infrastructure for rail being paid entirely by the end user. Trucks pay road fees that are far below their cost impact on roads and highways. Effectively the nation subsides the trucking industry. Wherever railways can be more efficient the savings go directly as a benefit into our economy. The motive force efficiencies of rail versus road see a significant greenhouse gas reduction for freight moved by rail.

As the Chief Executive Officer or this operation, I have over 30 years' experience in the railway industry gained around the world. Over the past four years in North America, I have witnessed firsthand the style and methods adopted by the different Class 1 railways – particularly CP and CNR. I can truthfully advise the board that the relationship that CP promotes with clients is a positive and partnering based, with a long-term view. This is in stark contrast to CNR that appears to promote short term returns over long term outcomes and uses its size to be a commercial bully. I believe that if CNR can block, slow, or otherwise sabotage the CP/KCS merger it will be detrimental to all parties and particularly to the concept of competitive free trade.

In conclusion, I ask that the Board consider the veracity of my experience in the rail industry internationally and locally. The proposed merger of CP and KCS is in the public interest and would be good for the industry.

I would be happy to elaborate further on this letter if the Board felt it would contribute to taking the decision to endorse the CP/KCS agreement.

Faithfully,

Michael Match
Chief Executive Officer
Rhomberg Sersa North America

Right-of-Way Consulting, Inc.
114 South Main Street, Suite C, P.O. Box 419, Wanatah, IN 46390
OFFICE: 219-733-1429 · FAX: 219-733-1308

May 3, 2021

Surface Transportation Board:

Right of Way Consulting, INC is a supplier of flagging services to the rail industry and CP is one of our customers. We protect the contractors and the railroad property. CP's attention to safety is exceptional. We are proud of the working relationship we have developed with them. I think the merger of CP and KCS will enhance their growth as a leader in railroad transportation.

The new transportation services that CPKC will bring to their customers will help to stimulate growth in rail transportation, will provide new competitive options that will support growth at CPKC. This will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the continent under the USMCA trade agreement.

I believe that this will support investments in new rail capacity that will benefit shippers, the public and suppliers like us.

I see the transaction as only beneficial: we do not anticipate any negative impacts to the environment, to competition, to safety or to any other public interest. For all of these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Adam McGugin

Adam McGugin
Vice-President of Operations
Right of Way Consulting, INC

Rome transportation
100 Campbell ave unit 2
(519) 883 4105
Kitchener Ontario

2021-05-13

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

- Rome Transportation is a supplier of Van and Flatdeck Freight Transportation to the rail industry. CP is one of our customers.
- I, Matthew Hosick, SERVE AS THE Account Executive and Team Lead at Rome Transportation, where my duties include the arranging of shipments across the U.S. and Canada. Rome Transport supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- This merger will be beneficial for the growth of freight networks across North America. The merger with KCS will also improve the North American rail network with Canadian Pacific's focus on safety and continual investments in their existing facilities.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed *MHosick*

Matthew Hosick
Account Executive and Team Lead
Rome Transportation

RONSCO
75 Rue Industrielle, Coteau-du-lac, Québec, J0P 1B0
Tel : 514-866-1033; Fax : 514-866-8421

March 30th, 2021

Canadian Pacific
7550 Ogden Dale Road S.E.
Calgary, Alberta
T2C 4X9
Canada

Re- CP /KCS Merger.

I am the Executive V.P & Chief Operating Officer at Ronsco where my duties include all sales, marketing, and operations oversight. Ronsco has been supplying critical parts and services to the North American rail industry for over 50 years and CP is one of our customers. Ronsco strongly supports an approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. The investment and growth will create new business opportunities for Ronsco with CP, but also critically provides access to new markets. The integrated CPKC network provides Ronsco with a direct and efficient transport link into the Southern United States and Mexican markets for the shipment of our products. We will have access to new and existing customers and markets that can only occur with the efficiency achieved with a combined CP and KCS.

CP's proven safety record, continual investments in upgrading facilities and capacity to serve customers will stimulate growth in rail transportation. This will provide new competitive options that support growth at CPKC and will shift freight from trucks on the highways to the rail system. All these initiatives will help support economic and employment growth in the United States and across North America under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like Ronsco.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Sincerely,

Kent Montgomery

Kent Montgomery
Executive V.P & C.O.O.
Ronsco Inc.
75 Rue Industrielle
Coteau De Lac, Quebec
J0P 1B0

TERRAEXC.COM

April 30, 2021

Surface Transportation Board

- RTR Terra Contracting Ltd is a supplier of site servicing, drainage construction, excavation, grading, and infrastructure related works to the rail industry. CP is one of our customers.

- I Kyle Chen SERVE AS THE Project Manager at RTR Terra Contracting Ltd, where my duties include estimating, project coordination, and management. RTR Terra Contracting Ltd supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Providing services that supplement CP's infrastructure enhancements and growth, RTR Terra Contracting Ltd believes it can contribute to CP's plans as they continue capacity expansion and upgrading of facilities while upholding the utmost regard for safety, especially in these difficult times when the necessity in transportation of goods for the general public is amplified.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.



Kyle Chen
Project Manager
RTR Terra Contracting Ltd

#104 – 701 Centre Street SW
High River, AB. T1V 1Y1

May 3, 2021

Attention: **Surface Transportation Board**
395 E Street SW Washington, DC 20423

Rural Road Construction is a contractor that supplies earthworks, grading and construction services to the rail industry. CP is one of our customers.

I Jack Papazian, P.Eng. serve as the General Manager at Rural Road Construction, where my duties include proposals, project execution, client interface and general oversight of operations. Rural Road Construction supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

Rural Road Construction has undertaken numerous grading projects with CP to extend rail sidings to accommodate longer trains, add rail siding to optimize operations, add rail yard capacity and general geotechnical and earthworks services to improve rail operations.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options at CPKC and shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Regards,

Jack S. Papazian, P.Eng.
General Manager
Rural Road Construction

Rybak Companies, Inc.
9174 Isanti Street NE
Blaine, Mn 55449

May 6, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Rybak Companies is a supplier of emergency response, engineering support services, track maintenance, environmental services and over the road transportation services to the rail industry. CP is one of our customers.

- I Joseph E. Jankowski SERVE AS THE General Manager of Operations at Rybak Companies Inc, where my duties include oversight of all company operations. Rybak Companies supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Rybak Companies supports CP in many phases of operation. We assist with CP with derailment services, track maintenance, environmental emergency response, car overload/adjust issues.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Joseph E. Jankowski
General Manager of Operations
Rybak Companies, Inc.

S.i.Systems
Our People Click™

May 15, 2021

Supplier Support Letter Bullets

- S.i. Systems Partnership is a supplier of on demand professional IT contractors to the rail industry. CP is one of our customers.
- I Edward Malysa serve as Chief Financial Officer at S.i. Systems Partnership where my duties include financial oversite for all operations, acquisitions, and growth. S.i. Systems supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- For years CP has been a hub for high skilled workers, attracting applicants across Canada and the United States. Their culture promotes diversity and inclusion. CP gives back to the community in immense ways, making a difference for the people they serve.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

S.i. Systems Partnership

Edward Malysa
Chief Financial Officer

Sacchetti Construction Ltd.

SACC

340 Mooney Ave.
Thunder Bay, ON P7B 5R4
P: (807) 344-4757
F: (807) 345-4083
info@saccgroup.com
sacchetti.com

May 13, 2021

Canadian Pacific
Building 1 – 7550 Ogden Dale Road S.E.
Calgary, AB
T2C 4X9

Re: **CP - KCS Merger**

To Whom it May Concern:

Sacchetti Construction Ltd. is a supplier and constructor of bridges and structures to the rail industry. CP is one of our valued customers.

I, Paolo Sacchetti, serve as the President of **Sacchetti Construction Ltd.** where my duties include business development and project management. We, at **Sacchetti Construction Ltd**, support the approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. As a vendor and constructor of bridges & structures, we believe this merger is a good fit due to CP's commitment to safety, continual investment in upgrades to facilities and capacity to better serve its customer base.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,
Sacchetti Construction Ltd.

Paolo Sacchetti
President

SBJ Services, LLC
PO Box 657
Butler, WI 53007-0657
Phone: 262-674-4241
Fax: 262-794-3950
sbj4fleets@gmail.com

Surface Transportation Board
395 E Street SW Washington, DC 20423

Good day,

My name is Bryan Pfaff, and I am the owner of SBJ Services. SBJ Services has been providing on site and in shop repairs to CP Rail's fleet of trucks and heavy equipment in the Chicago IL, Milwaukee WI, and Portage WI, area since 2012. SBJ Services supports approval of the proposed combination of Cp and KCs railways.

Since we began our partnership with CP we have been impressed by the culture of safety and efficiency that CP Rail has created. Their requirements for manufacture training ensure not only their equipment is well maintained and safe, but also allows us to set a high bar for knowledge and safety that most other independent shops cannot match.

We believe that this combination will benefit the growth and investment in the North American rail network by shifting freight from congested highways to more fuel efficient and safer rail transportation. We see this merger as only positive, decreasing carbon emissions from road bound vehicles as well as semi related traffic fatalities and the spills created when over the road vehicles are involved in accidents.

Signed

Bryan Pfaff
Owner
SBJ Services



1904 Vermillion St. HASTINGS, MN 55033

651.459.3718

0ffice@schlomkaservices.com

www.schlomkaservices.com

May 14, 2021

To whom it may concern:

Schlomka Services LLC a vendor with Canadian Pacific Railroad, supplying vacuum truck and sewer jetting services.

I Larry G Schlomka serves as owner of Schlomka Services LLC, where my duties are all day to day operations. Schlomka Services LLC supports approval of the proposed combination of CP Rail and KCS.

From our perspective as a vendor, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. As a service provider of CP, we not only support the St Paul and Minneapolis Yards. We support a large amount of Minnesota, Iowa and Wisconsin with service needs and emergency response. CP's attention to safety and continual investment in upgrading facilities has been second to none. With the proposed combination we see an increase in the supplier/service industry. This will better serve customers and suppliers.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Larry G. Schlomka
Owner, Schlomka Services LLC

(651)775-5782

May 14th 2021

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

- Searcy Trucking LTD is a supplier of over the road flat deck services to the rail industry. CP is one of our customers.
- I Norman Blagden SERVE AS THE President at Searcy Trucking LTD, where my duties include managing all aspects of the company. Searcy Trucking LTD supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Searcy Trucking is not only a trucking company, as we also have a rail siding served by CP WC-06 and we unload and reload product. The merger will open more lanes and product to be handle by our reload center.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Norm Blagden
President
Searcy Trucking LTD.
Office 204-475-8411 ext 280, Direct 204-478-9791
Cell 204-792-9354
Toll Free 800-665-8411

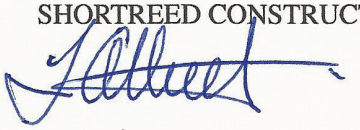
SHORTREED CONSTRUCTION INC.
11604 JACKSON CRT
LAKE COUNTRY, BC V4V 2M6

Surface Transportation Board
395 E Street SW
Washington, DC 20423

APRIL 30, 2021

- Shortreed Construction Inc. is a supplier of repairs to bridges and structures to the rail industry. CP is one of our customers.
- I Todd Attrell, SERVE AS THE OWNER at Shortreed Construction Inc., where my duties include repair and maintenance of the railroad. Shortreed Construction Inc. supports the approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- We at Shortreed Construction Inc. feel that CP's attention to safety, continual investments in upgrading facilities and capacity to serve customers would be of value for this merger.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

TODD ATTRELL (OWNER)
SHORTREED CONSTRUCTION INC



May 3, 2021

Surface Transportation Board
395 E. St SW
Washington, DC 20423

To Whom it May Concern,

Silverado Industries Inc is a vendor of construction services and maintenance to the rail industry. CP is one of our customers.

I, Chase Thielen, serve as the President and CEO of Silverado Industries Inc where I oversee all operations of the company as well as am a part of the process when it comes to bidding on contracts. Silverado Industries supports the approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support the growth and investment in the North American rail network.

We provide construction services to CP and have been apart of many of their projects throughout British Columbia and Alberta for many years. We construct design build projects in addition to many renovations of their existing facilities. We provide general maintenance to all CP facilities around the Kootenays. CP's continual investment in upgrading their facilities has created Silverado Industries several opportunities and growth.

The new transportation services that CPKC will bring to their customers will stimulate growth in the rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in the new rail capacity that benefits shippers, the public, and suppliers like us.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Sincerely,

CHASE THIELEN
President + CEO, Silverado Industries Inc.
C: 250.919.0334 |T: 778.517.4575 |F: 778.517.4645
1917 Theatre Rd, Cranbrook, BC V1C 7G3

SIMMONS
MACHINE TOOL CORPORA
1700 North Broadway Albany, NY 122
Telephone: 518-462-5431 Fax: 518-462-0

Mary 14, 2021

Supplier Support Letter Bullets

- Simmons Machine Tool Corporation is a supplier of machines, parts and technical services for truing and maintaining CP's locomotive wheel sets. CP is one of our customers.
- I Carol DeThorne SERVE AS THE Customer Service Center Manager at Simmons Machine Tool Corporation, where my duties include managing service and parts personal the. Simmons supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Simmons supplies machines, parts and technical services for truing CP's locomotive wheels. In addition, we are involved in a multi-phase modernization and automation of CP's primary wheel set maintenance facility in Winnipeg, Manitoba. CP's focus on continual investments in upgrading its facilities as well as its understanding of how automation assists employees with quality as well as improved safety is exemplary within our industry.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Carol DeThorne
Customer Service Center, Manager

SkyFireEnergy
Solar Energy Solutions

May 6, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- SkyFire Energy Inc is a supplier of solar power systems to the rail industry. CP Rail is one of our customers.

- I, David Kelly, serve as the CEO at SkyFire Energy Inc , where my duties include customer relations and engineering. SkyFire Energy Inc supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- CP Rail has made a commitment reducing their emissions which is in line with the US commitments to reducing emissions to 50% of 2005 emissions. This commitment to the environment is reflected in CP Rail's transition to renewable energy and electric vehicles supported by SkyFire Energy and their hydrogen powered train pilot.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

David Kelly, P. Eng, CEO

SkyFire Head Office
4038A 7 Street SE,
Calgary AB T2G 2Y8

info@SkyFireEnergy.com
www.SkyFireEnergy.com

Calgary Office: 403-251-0668
Edmonton Office: 780-474-8992
Penticton Office: 778-476-8149
Regina Office: 306-952-6235

SLIMDOR
CONTRACTING LTD Since 1978
42 Griffin Industrial Point, Cochrane, Alberta, T4C 0A3, Tel: (403) 932-4666, Fax (403) 932-7552

April 30, 2021

To Whom it May Concern,

Slimdor Contracting Ltd. is a supplier of underground, earthworks, demolition, roadworks, and other civil construction solutions for the rail industry. CPR is one of our most preferred customers.

My name is Joe Berard and I serve at the as the General Manager within Slimdor Contracting Ltd, where my duties include but are not limited to developing and implementing growth strategies, training and supporting management, overseeing daily business operations, creating and managing budgets, etc.

Slimdor Contracting supports approval of the proposed combination of CPR and KCS. From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

In our experience CPR strongly values its people, culture, and process. They focus on employing the quality people with aligned principles to focus their talents on developing and improving their company in a safe and ethical manner.

It is for this reason and others that Slimdor has partnered with CPR for over 25 years. It is our opinion that this merger will facilitate the need for additional investment and upgrades to facilities. These new investments will be beneficial to not only CPR and its new partners but to the communities and business in the new regions they become a part of.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system.

All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, this anticipated grown will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

Slimdor sees this transaction as beneficial. We do not foresee any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to lights as soon as possible for all parties involved.

SLIMDOR
CONTRACTING LTD Since 1978
42 Griffin Industrial Point, Cochrane, Alberta, T4C 0A3, Tel: (403) 932-4666, Fax (403) 932-7552

If you have any questions or require clarification on the information herein, please feel free to contact me at your earliest convenience.

Thank you,

Joe Berard
General Manager
Slimdor Contracting Ltd.

SNYDER EQUIPMENT, a division
Of New York Air Brake, LLC
1375 W. SNYDER BLVD. NIXA, MO 65714

PHONE: 417-725-4067
FAX: 417-725-4846
EMAIL: INFO@SNYDEREQUIP.COM
WEBSITE: WWW.SNYDEREQUIP.COM

June 7, 2021

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street, S.W.
Washington, DC 20423-0001

Dear Ms. Brown:

Snyder Equipment, a division of New York Air Brake, LLC has been supplying CP for many years with products such as remanufactured air compressors, fuel nozzles, service cabinets, fuel cranes, etc.

Snyder Equipment, a division of New York Air Brake, LLC supports the combination of Canadian Pacific and Kansas City Southern because of the superior benefits a CP-KCS railway would bring by offering faster, safer, cleaner and more direct service for North-South trade.

As a supplier to the railway industry, this combination will be strategic as it will support the growth of trade between Mexico, USA and Canada and the growth of investment in rail network which will be both beneficial to us and also to the overall economy.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

CP's successful track record of combination over the past 25+ years also provides assurance that CP will effectively and seamlessly be able to integrate and partner with KCS.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest.

Snyder Equipment, a division of New York Air Brake, LLC is confident in and strongly supports Canadian Pacific's proposed acquisition of Kansas City Southern for all of the reasons as stated above. We hope to see the premier 21st century railway come to life.

Sincerely,



G Samuel Benson

Spécialiste d'Ouvrager d'Art CSTP inc
837, Lakeside
Lac Brome (Québec), J0E 1R0 (450)
539-1240
info@cstpinc.com
http://www.cstpinc.com

SPÉCIALISTE D'OUVRAGES D'ART
STRUCTURES SPECIALIST
CSTP inc.

Object : Supplier Support Letter Bullets

May 14th 2021

- Structures Specialist CSTP inc (CSTP inc.) is a supplier of railway bridge and structure maintenance to the railway industries. CP is one of our customers.
- I Christian St-Pierre SERVE AS THE president at CSTP inc., where my duties include give support to railway industries. CSTP inc. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Christian St-Pierre
President
Structure specialist CSTP inc.

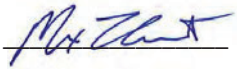
Specialized Response Solutions Canada, Inc.
235090 Wrangler Dr.
Rocky View, AB T1X 0K3
587.600.7750 Office

"Safe Solutions for Hazardous Situations"

May 3, 2021

- SRS Canada is a supplier of Emergency Hazmat Response to the rail industry. CP is one of our customers.
- I Max Thevenot SERVE AS THE Operations Manager at SRS Canada, where my duties include, management of all aspects of the operations of the company including finance, personnel, equipment readiness, and performance of field related duties during emergency response operations and other scheduled projects.
- SRS Canada supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- **S**RS, a US Ecology company, provides international response services for highly hazardous and volatile events. Our team of specialists are renowned for their expertise in managing large scale emergencies including major train derailments, industrial fires, well and pipeline emergencies. In addition to response and incident support, standby fire brigade, post-incident support and industrial fire equipment manufacturing, SRS offers consultancy services and a variety of training courses on hazardous materials and firefighting. CP's corporate safety policy outlines the responsibilities of CP as a corporation as well as the expectations on and accountability of their management, employees and workplace health and safety committees. CP has a robust set of contractor policies and guidelines which includes clearly articulated minimum safety requirements for any individual of company working on CP property.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Max Thevenot
Operations Manager



SPEERS CONSTRUCTION INC.
IT'S ABOUT PERFORMANCE

Tel. (250) 837-5171
Fax (250) 837-7173

735 Begbie Rd.
P.O. Box 9229, RPO #3
Revelstoke, B.C. V0E 3K0

May 6, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Speers Construction Inc. is a supplier of heavy equipment/capital project upgrades to the rail industry. CP is one of our customers.
- I, Mark Belsham, serve as the Operations Manager at Speers Construction Inc., where my duties include crew and equipment coordination, estimating and problem solving. Speers Construction Inc. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Speers sees a strong business model for CP and more ability to deliver safe upgrades to facilities.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Mark Belsham
Operations Manager
Speers Construction Inc.

SPERRY

Surface Transportation Board
395 E Street SW
Washington, DC 20423

March 31, 2021

Sperry Rail Service is a supplier of Rail Flaw Detection services for numerous railroads that range from all North American Class 1 roads down to small shortline operators. Both the CP and KCS are customers of ours.

I, James K. O'Rourke, serve as the President at Sperry Rail Service, where my duties include managing the overall long standing relationship we have with both the CP and the KCS. Sperry Rail Service supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

Sperry is contracted by both the CP and KCS to provide a mission critical service which results in their respectively operating a safe and reliable organization. For many years the CP has been known as the safest Class 1 Operator in North America and this merger can only bring their proven approach to safety to a larger percentage of the North American railroad network.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed

James K. O'Rourke
President
Sperry Rail Service

STAAL

Contact

68 Haniak Rd, Rosslyn P7K 0C8
Office Phone: (807) 577-1441
Email: office@staalirrigation.com

May 13, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

Staal Utility Inc is a supplier of rail support services to the rail industry. CP is one of our customers.

I, Sebastian Foglia, serve as the business development director at Staal Utility Inc, where my duties include overseeing all operations involving the rail. Staal Utility Inc supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

We have a great working relationship with CP and see great value in this merger. CP's attention to safety, continual investments in upgrading facilities and capacity to serve customers, open lines of communication, and community involvement will be more enhanced with the proposed merger.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers the public, and suppliers like us alike. This growth will also have a positive economic impact on the Thunder Bay area.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Sebastian Foglia
Business Development Director
Staal Utility Inc

STANDARD MECHANICAL SYSTEMS LIMITED

3055 Universal Drive, Mississauga, Ontario L4X 2E2 • Phone (905) 625-9505
Fax (905) 625-0558

Thursday May 13, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Standard Mechanical Systems Limited is a supplier of HVAC Maintenance, Service and Projects to the rail industry. CP is one of our customers.
- I Brian Bialczyk SERVE AS THE Manager of Operations at Standard Mechanical Systems Limited, where my duties include overall management of all HVAC Maintenance, Service and Projects. Standard Mechanical Systems Limited supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Standard Mechanical Systems Limited has completed all HVAC maintenance and service across Canada for CP Rail over the past 14 years. We have also completed numerous projects to upgrade HVAC systems with more efficient equipment and to bring buildings up to ASHRAE ventilation standards. This merger will allow CP Rail to be on par with CN Rail in miles of track and presence throughout North America. This will provide North American companies with a 2nd option to transport product and provide healthy competition in the transportation by rail industry.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

continued.../2

NOVAR® ENERGY MANAGEMENT SYSTEMS

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• Fredericton	(506) 455-2401	• Ottawa	(613) 233-9040	• Thunder Bay	(807) 628-0897
• Guelph	(519) 837-1735	• Quebec City	(888) 292-7979	• Timmins	(705) 267-5110
• Halifax	(902) 469-7370	• Regina	(306) 522-2470	• Vancouver	(604) 985-5639
• Hamilton	(905) 528-4969	• St. John's	(709) 364-3506	• Victoria	(250) 382-9505
• Kelowna	(250) 860-3501	• Saint John	(506) 642-7825	• Windsor	(519) 977-2617
• Kingston	(613) 542-1943	• St. Catharines	(905) 685-7994	• Winnipeg	(204) 944-2716
• London	(519) 434-2322	• Saskatoon	(306) 244-5259		

Member International Council of Shopping Centers

Brian Bialczyk
Manager of Operations
Standard Mechanical Systems Limited

Standard Steel, LLC
500 N. Walnut St.
Burnham, PA 17009

STANDARD STEEL

Craig J. Kaniecki
Senior VP – Marketing
& Planning
717-242-4615 direct

- Standard Steel is a supplier of forged wheels and axles to the rail industry. CP is one of our customers.

- I, Craig J. Kaniecki, serve as the Senior Vice President Marketing & Planning at Standard Steel, where my duties include both planning production for and marketing forged wheels and axles to our valued customers in the rail industry. Standard Steel supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Standard Steel provides forged wheels and axles to CP focusing on providing high quality and safe products while maintaining the highest level of customer service. Standard Steel sees value in this merger for the long term growth and success of the North American rail industry & network.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Craig J. Kaniecki

SVP Marketing & Planning
Standard Steel, LLC

Stantec

To Whom it may concern,

Reference: CP KCS Merger

Stantec is a supplier of Engineering and Environmental services to the rail industry. CP is one of our customers. I Ryan Raske serve as the Senior Rail Engineer and CP Account Manager at Stantec, where my duties include Rail Engineering Design Lead, CP Account Management in the United States, and I serve as direct contact with CP Engineering Leads/Project Managers in the United States.

Stantec trusts that CP and KCS have or will perform responsible due diligence and therefore supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

CP has informed us that the new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we have not been informed of any negative impacts to the environment, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Regards,

Ryan P. Raske, PE, P.Eng.
Senior Rail Engineer / Project Manager

733 Marquette Avenue Suite 1000
Minneapolis, MN 55402

Phone: 651-368-5599
Email: Ryan.Raske@stantec.com

Stennes
EXCAVATING LLC
Alexandria, MN

05/06/2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Stennes Excavating LLC is a supplier of excavation and maintenance, to the rail industry. CP is one of our customers.
- I Matthew Stennes serve as the owner at Stennes Excavating LLC, where my duties include grade work, switch replacement, crossing repair, clean-up and various other duties. Stennes Excavating LLC supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Stennes Excavating LLC being a supplier of excavation and maintenance sees the value in the merger because of CP's attention to safety, continual investments in upgrading facilities and railways, along with capacity to serve customers.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Matthew Stennes
Owner
Stennes Excavating, LLC

STORM MOUNTAIN
Technical Services

778.875-9345
storm@snowavalanche.com
www.snowavalanche.com

canadianavalancheassociation

SNOW AVALANCHE HAZARD MANAGEMENT • RISK ASSESSMENTS • EXPLOSIVE CONTROL • AVALANCHE SAFETY PLANS • AVALANCHE HAZARD MAPPING • MTN SAFETY SERVICES

May 14, 2021

Surface Transportation Board
395 Street SW Washington, DC 20423

- Storm Mountain Technical Services (Storm Mtn) is a supplier Avalanche Risdk Management (ARM) to the rail industry. CP is one of our customers.

- I GREG MCAULEY SERVE AS THE PRESIDENT at STORM MTN, where my duties include Avalanche Forecasting, and Avalanche Risk Management. Storm Mtn supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

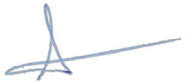
- We provide critical services for CP by providing ARM services. Our service ensures CP's economic flow is not impacted by uncontrolled avalanche danger, while providing safety for all CP personnel and contractors.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,



Greg McAuley

President / Senior Avalanche Specialist

Storm Mountain Technical Services Inc.

March 31, 2021

- Strato, Inc is a supplier of Air Brake components and end of railcar arrangements and components to the rail industry. CP is one of our customers.
- I Daniel Foxx serve as the CIO and Vice President at Strato, where my duties include executive management and customer acquisition. Strato supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- The merger will continue the investment in the rail industry and growth within North America to better serve its customers. The combined railroads brings the ability for customers who use rail to get more reliable and competitive services.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Regards,



Daniel Foxx
Chief Information Office, Vice President

100 New England Avenue • Piscataway, NJ 08854 • Tel: 732-981-1515 • Fax: 732-981-1222 • Toll Free: 800-522-3038
Customer Service: 800-792-0500 • Customer Service Fax: 800-3-STRATO (378-7286) • www.stratoinc.com

STRECK'S, INC.
518.273.4410
strecksinc.com
800 First Street
Watervliet. New York 12189

Surface Transportation Board

395 E Street SW Washington, DC 20423

- Streck's Machine is a supplier of Apparatus and machining services to the rail industry. CP is one of our customers.

- I, Chip DeMaranville SERVE AS THE President at Streck's Machine, where my duties include all apparatus, fabricating and machining. Streck's Machine supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Streck's supports CP merger with KCS adding continued North American upgrading of equipment, facilities and safety. The merger will offer Strecks continued opportunities in supporting CP's fundamental infrasctructure.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed
Chip DeMaranville
President
Streck's Machine

800 First St.

Watervliet, NY 12189

Sumitomo Canada Limited
A Member of Sumitomo Corporation of Americas Group

March 29th, 2021

To who it might concern:

- Sumitomo Canada Ltd is a supplier of various track material, including premium quality rail, and mechanical material to the rail industry. CP is one of our customers for more than 30 years.
- I, DENIS SCHAEFFER, SERVE AS THE VICE PRESIDENT & GENERAL MANAGER at SUMITOMO CANADA LTD, where my duties include overviewing strategic sales of above-mentioned material. SUMITOMO CANADA LTD supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- There is no doubt that the proposed merger will be beneficial to the North American railway industry as CP, with its high safety standards, will proceed to continual investments in upgrading its North American network, resulting in a safer environment.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Denis Schaeffer
Vice President & General Manager
Sumitomo Canada Ltd

380 St. Antoine Street West
Suite 3131
Montreal, Quebec
Canada H2Y 3X7

Tel: +1.514.878.3597
Fax: +1.514.871.0224
http://www.sumitomocanada.com

May 14th, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

SW BRIDGE ENGINEERS, LLC

RE: SW Bridge Engineers Support of the CP-KCS Merger

To Whom It May Concern:

SW Bridge Engineers, LLC is an engineering consulting firm that specializes in the inspection, analysis and design of railroad bridges for the rail industry. CP is one of our customers. I serve as a Senior Design Engineer and Principle at SW Bridge Engineers, where my duties include management of the engineering staff, client relations, company policy, and direct engineering involvement in our railroad bridge design services.

SW Bridge Engineers, LLC supports approval of the proposed combination of CP and KCS. From our perspective as a supplier to the railroad industry, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. SW Bridge has a longstanding relationship with both the CP and their shortline partners. We have seen firsthand the CP's dedication to bridge safety and have benefited from their ongoing investment in the bridge infrastructure on both the CP's main corridors as well as the lower density lines leased to their shortline partners.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC and their shortline partners, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us. We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Sincerely,

Peter Schierloh, PE, SE
Senior Design Engineer

Talarico Excavating Ltd.

21577 Haig Station Road
Hope, BC V0X 1L3
Home (604) 869-5339 Fax (604) 869-5367

April 30, 2021

Attention: Surface Transportation Board

RE: Supplier Support Letter Bullets

- Talarico Excavating Ltd. is a supplier of equipment and operators for railway maintenance and emergency response to the rail industry. CP is one of our customers.
- I Lesley Talarico SERVE AS THE owner at Talarico Excavating Ltd where my duties include job scheduling, billing and all other office jobs. Talarico Excavating Ltd supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- It would give us more work for rail militance and allow us to grow and be able to give CP Rail a more dedicated and diversified range of services
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,



Lesley Talarico
Owner
Talarico Excavating Ltd

TBT ENGINEERING
CONSULTING GROUP

May 14, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- TBT Engineering Limited is a supplier of geotechnical engineering services and Spring Drains to the rail industry. CP is one of our customers.
- I, Gordon Maki, P.Eng., serve as the Vice President of Engineering Services at TBT Engineering Limited, where my duties include managing engineering services and supply of Spring Drains, supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- TBT Engineering Limited has recently developed and patented an innovative rail embankment improvement product called the “Spring Drain”. The Spring Drain product is used to treat areas of railway embankment constructed over a peat subgrade. Due to heavier and longer trains, the peat subgrade in many locations is now performing poorly leading potential peat liquefaction, track distortions, peat boils / mud boils, bearing capacity failures and/or embankment failures. To reduces risks and costs associated with poor performing peat subgrade, the installation of a Spring Drain treatment may be considered. As the Spring Drains can be installed between trains without disruption to train traffic, the cost associated with a Spring Drain treatment are typically a fraction of what it would cost to carry out a program of peat replacement. Since 2012, we have successfully treated numerous peat subgrade sites for CP and reduced the risk of instability and costs associated with track maintenance. We have recently invested in upgrading our production operations and are looking to expand our market. We are also initiating investment in a comprehensive research program to further optimize the Spring Drain treatment and develop design guidelines for engineers within North America. As CP is well aware of the success of the Spring Drain treatment, we expect that the transaction will expand our market.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

TBT Engineering 1918 Yonge Street, Thunder Bay, ON P7E 6T9 807-624-5160

Yours truly,

For TBT Engineering Limited



Gordon Maki, P.Eng.
Vice President of Engineering Services

TELEWELD INC.

ISO 9001:2015

502 N. Vermillion St. Streator, IL 61364
(815) 672-4561· Fax (815) 672-2678
info@teleweld.com · www.teleweld.com

May 14, 2021

- Teleweld is a supplier of maintenance-of-way equipment to the rail industry. CP is one of our top five customers.

- I Duane Kruger serve as the Operations Director at Teleweld INC. where my job duties include overseeing day to day operation of 15 company employees, meeting with President of company on these daily activities, working with HR on hiring of qualified personnel for manufacturing of product line, assist in maintaining the facilities ISO9001:2015, and maintain public relations with customer throughout the build of equipment. Teleweld supports approval of the proposed combination of CP and KS.

- From our perspective as a supplier in the rail industry, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Teleweld INC. was founded in 1939 to service the rail industry as a welding contractor. Based on the experience as a welding contractor and ongoing engineering studies the development of first Continuous Welded Rail Heater car was designed and has been in service with customer since 1969. In the 75+ years of supplier/customer relation we have served rail heater cars, preheaters, and surface grinders to a leader in the rail industry. As a long time supplier seeing the dedication and loyalty in updating technology and this merger will only benefit suppliers as well as employees. CP is very safety conscious within their ranks as well as with contract/suppliers; by maintaining eRailSafe testing of individuals prior to being allowed by rail.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Duane W. Kruger

Operations Director
Teleweld INC.

TERMINAL-ANDRAE INC.
ELECTRICAL CONTRACTORS & ENGINEERS
2110 W Clybourn St. Milwaukee, WI 53233

Surface Transport Board
395 E Street SW Washington, DC 20423
5-17-2021

Supplier Support Letter Bullets

- Terminal Andrae is a supplier of electrical installation and parts for the rail industry. CP is one of our customers.
- I Robert Kruesel serve as the Project Manager/ Design Engineer at Terminal Andrae, where my duties include project management, design, purchasing for CP. Terminal Andrae supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Terminal Andrae, has provided CP rail with many electrical service's including main electrical gear and generators in order to keep things running smoothly, we have supplied them with many electrical installations, upgrades and testing for their facilities. We also have installed electrical for many of the out buildings along the rail system. CP in our eyes has an investment in make the sites very safe and work with us to keep everyone safe in and around the rail areas. It is nice to work with a company that looks at safety for most, then the project.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

If you have any questions or require any further information, please do not hesitate to contact me.

Very Truly Yours,
Terminal-Andrae Inc.
Robert Kruesel
Robert Kruesel D.E.
Project Manager / Design Engineer

TIMKEN

Ning(Joe) Yin
Regional Sales Manager Rail - Canada

T 905.601.7712
Ning.yin@timken.com

2021-03-31
To Whom It May Concern

The Timken Company is a supplier of roller bearings to the rail industry. CP is one of our customers.

I, John Saeger, serve as Sales Manager – North America Rail for The Timken Company where my duties include managing the commercial activities for direct sales to our rail customers in North America. The Timken Company supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

Timken has been a long-time direct supplier of journal bearing assemblies and journal bearing components to CP. Additionally, we support CP's and KCS's facilities MRO requirements with a variety of power transmission products indirectly through our network of authorized distributors. The projected increase in rail traffic that results from the merger will increase CP and KCS demand for our rail products via increase demand for car and locomotive maintenance, requirements for new rail cars and new our refurbished locomotives.

John Saeger
Sale Manager – North America - Rail
The Timken Company

Timken Canada LP
100 -5955 Airport Road
Mississauga ON L4V 1R9
Canada

Stronger. **Commitment.** Stronger. **Value.** Stronger. **Worldwide.** Stronger. **Together.** | **Stronger.** By Design.

THERMO KING EASTERN CANADA

ODG ODWYERGROUP

April 30th, 2021

- Thermo King Eastern Canada is a supplier of Transport Refrigeration equipment to the rail industry. CP is one of our customers.
- I Don Bradd serve as the Vice President General Manger at Thermo King Eastern Canada, where my I am responsible for all aspects of the business across Eastern Canada. Thermo King Eastern Canada supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- With CP continual investments in upgrading facilities, equipment, and capacity to serve its customers this merger will allow for continued growth in the refrigerated marketplace. Supporting our business and others to ensure that there will be the excellent level of support that CP provides across North America. Further growing their network to support the refrigerated industry to ensure that critical products from their suppliers and customers such as food and pharmaceuticals can be moved across North America in a way that only CP can offer.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Don Bradd

Vice-President/General Manager

Thermo King Eastern Canada

TLF Dirtworx Inc.

Box 66
Mozart, SK
S0A 2S0

May 13, 2021

Surface Transportation Board

395 E Street SW Washington, DC 20423

TLF Dirtworx Inc. is a supplier of contractor services related to equipment support for track, right of way and property maintenance, excavation, earthmoving, aggregate supply and install, trucking, and emergency response services to the rail industry. CP is one of our customers.

I Kristjan Thordarson SERVE AS THE President at TLF Dirtworx Inc., where my duties include developing and maintaining business relationships with project managers and owners, engineers and general clients. TLF Dirtworx supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

As a contractor, I see the expectations that CP has for their employees, managers and their suppliers. Safety is key. We see constant changes for the betterment of safety, efficiency and general flow of rail traffic and maintenance work. The knowledge that I see and have learned from both senior managers and juniors that are making their way is second to none. CP is always continuing to take steps to keep the rail traffic moving and the people making that happen safe, and of course the public around them safe as well. This is done by financial investment into projects and proper maintenance and upgrades, proper training, quality control, proper vetting of employees, suppliers and contractors and of course public awareness.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Regards,



Kristjan J. Thordarson

President/Owner

TLF Dirtworx Inc.

May 13, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- TLR Management is a supplier of contract railway track services to the rail industry. CP is one of our customers.
- I Brian B. Mason serve as Managing Director at TLR Management, where my duties include managing our relationship with Canadian Pacific. TLR Management supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- We feel this merger will enhance the robust CP brand and better cater to the transportation needs of all North Americans in our global economy.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Yours Truly

Brian Mason – Director



Transit Light &Rail
#156 - 5489 Byrne Road, Burnaby, BC V5J 3J1
1 855 210 6453 info@transitlightrail.ca www.transitlightrail.ca
Emergency: 1 855 997 7245

TOP LIFT ENTERPRISES
Serving Canada

42 Pinelands Ave. Stoney Creek, ON. Canada L8E 5X9 Ph. 905-662-4137 Fax. 905-662-8058

April 30th 2021

Attn: Surface Transportation Board

- Toplift Enterprises is a supplier of heavy equipment and distributer all across Canada and the USA to the rail industry. CP has been a close partner of ours for many years.

- I David Shea serve as the Managing Director at Toplift Enterprises. Toplift supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- Toplift has supplied CP with intermodal container handling equipment and continues to work closely. CP pays close attention to health and safety, are focused on providing great service to customers and continues to invest in the rail network benefiting the economy.

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

David Shea,
Managing Director
Toplift Enterprises

Paul Nemetchek | TPN Solutions | Owner
Electronic systems ◦ design ◦ assembly ◦ installation
Sherwood Park | Alberta
Phone: +1 780 266 8359
Email: paul.nemetchek@tpn-solutions.com

May 13, 2021

TPN Solutions is a supplier to the Signals and Communications sector of the rail industry. CP is one of our customers.

I, Paul Nemetchek, am the owner and operations manager of TPN Solutions where my duties include contract negotiations and installation management. As owner with deep ties and many years in the rail industry I fully support approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

I have spent my working career as an employee with CP and am privileged to include them as a customer in my post retirement business activities. CP remains an innovator on many fronts, from the continuous advancement of safe working practices, including major investments into an operationally cohesive signals and communications network across its entire rail system.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

T. P. Nemetchek
Owner
TPN Solutions (1845142 Alberta Ltd)

Heavy Vehicle Parts Division

APRIL 30, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

To whom it may concern,

Supplier Support Letter Bullets

- Traction Canada, A Division of UAP Inc. is a supplier of heavy vehicle, container, and chassis parts to the rail industry. CP is one of our customers.
- I James Gibson SERVE AS THE National Sales Director for Major Accounts at Traction where my duties include working with our major customers to create and support national supply programs for heavy vehicle parts. Traction supports approval of the proposed acquisition.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- CP's core values of accountability, diversity and pride are closely aligned to UAP's own corporate values. In our role to support their maintenance operations, we see they way in which these values are translated into actions which foster mutual respect, attention to safety and continual improvement. For these reasons, we feel there would be much to be gained by this merger.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation and will provide new competitive options that support growth at CPKC. These things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- In my opinion, this type of transaction can only beneficial; there are no anticipated negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed:
James Gibson
National Sales Director – Major Accounts
Traction, A Division of UAP Inc.

UAP Inc., 400 Jean-Neveu Street, Longueuil (Quebec) J4G 1N8 – Telephone: 450-463-2353

TRU-CRAFT ROOFING (2005) LTD.
Suite 123, 16 Midlake Blvd. S.E.
Calgary, AB
Canada T2X 2X7

May 13, 2021

Surface Transportation Board
395 E Street SW
Washington, DC
USA 20423

Re: Support of proposed merger of CP Rail with KCS: CPKC.

To Whom It May Concern:

Tru-Craft Roofing (2005) Ltd. is a supplier of flat-, slope-slope and metal-roofing services to the rail industry. Canadian Pacific Railway Ltd. (CP Rail) is one of our customers.

I, Bob James, serve as General Manager and also I am the President at Tru-Craft Roofing (2005) Ltd., where my duties include operational supervision of our company, project management and final oversight of company actions and decisions. Tru-Craft Roofing (2005) Ltd. supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, this transaction is beneficial because it will strongly support growth and investment in the North American rail network.

For years now, Tru-Craft Roofing has supplied roof repairs and roof modifications work at CP Rail facilities in southern Alberta and BC as needed, as well as doing roof replacement work and new roofing on flat, low-slope and metal roofs. This merger will provide great value as this expansion will allow CP Rail to serve more customers over a wider area, and continually to upgrade facilities.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Yours truly,

Bob James
General Manager and President
Tru-Craft Roofing (2005) Ltd.

Tel.: (403) 264-7225 **Fax: (403) 279-9669** **E-Mail: tcrl@trucraft.ca**

TRU-LINE SURVEYS LIMITED
construction specialists

May 04 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

To whom it may concern:

Tru-Line Surveys Ltd. is a supplier of engineering survey and design to the rail industry and CP is one of our customers.

I Greg Holley serve as the President at Tru-Line Surveys Ltd. where I oversee our survey and design services that are specific to the railroad industry.

Our long history with CP Rail has proven to us that they are dedicated to safety and have a strong commitment to environmental protection.

The proposed CPKC corridor will open markets and improve international trade opportunities, while benefiting the environment by shifting freight from highways to the rail system. This will stimulate economic growth while providing badly needed greenhouse gas reductions. The central location of the proposed corridor will improve access to international markets for customers and suppliers both east and west of the corridor. This will form a backbone for economic growth and stability for everyone.

Throughout our long relationship with CP they have proven themselves to be sincere in their commitments to the improvement of rail capacity and services alike. We feel that the merger with KC will provide technological and logistical improvements for everyone involved.

We feel that this transaction will provide benefits for everyone. CPKC would strengthen competition while ensuring strong commitment to safety and the environment.

Sincerely,

Greg Holley

President

5450 Finch Road, Lake Country B.C. V4V-1N6 Phone (250)766 5531 Cellular (250)861-0611

Tubular Transport & Logistics

Safe ★ Timely ★ Accurate ★ Reliable

Letter to STB commenting on CN Trust Proposal

BY ELECTRONIC FILING

The Honorable Cynthia T. Brown

Chief, Section of Administration, Office of Proceedings

Surface Transportation Board

395 E Street S.W.
Washington, DC 20423

Re: Finance Docket No. 36514 – *Canadian National Ry. – Control – Kansas City Southern*

Dear Ms. Brown:

Tubular Transport and Logistics LLC

1901 Northern Plains Drive

Bismarck, ND 58504

I am writing to express Tubular Transport & Logistics perspective on Canadian National's ("CN's") proposal to use a voting trust in connection with its proposed acquisition of Kansas City Southern. In Decision No. 3, the Board explained that it will adopt a "more cautious approach" to CN's proposed voting trust and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the "potential benefits and costs of such use." We are writing to express our view that the use of a trust in this proceeding would not be in the public interest.

We have not formed a definitive view regarding the public interest consequences of CN's proposed acquisition of control of KCS, but we welcome the fact that the Board has confirmed its intention to consider whether that transaction is in the public interest under the Board's 2001 Major Merger rules. As the Board acknowledged in Decision No. 3, those rules place "heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest" and give the Board much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

Corporate Offices: 3010 Old Ranch Parkway ▪ Seal Beach, CA 90740 ▪ Phone: 562.342.2850 ▪ Fax: 562.342.2855
Hobbs, NM: 4210 Business Park Blvd ▪ Hobbs, NM 88240 ▪ Phone: 575.651.0001 ▪ Fax: 575.651.0004
Bismarck, ND: 1901 Northern Plains Drive ▪ Bismarck, ND 58504 ▪ Phone: 701.255.6700 ▪ Fax: 701.223.6379
Bakersfield, CA: 508 Enos Lane ▪ Bakersfield, CA 93314 ▪ Phone: 661.213.3563 ▪ Fax: 661.213.3905

We think the fact that the Board cannot (and should not) pre-judge whether CN's proposed control transaction would ultimately be found consistent with the public interest after 18+ months of review under the new rules is exactly why the Board should not allow CN to use a voting trust to complete its acquisition first and have it reviewed later. CN would be spending tens of billions of dollars to buy KCS, and there is no way to be confident that it could ever recoup that investment were it required – more than a year and a half from now – to divest KCS. The unpredictable consequences of having to do so, and of leaving ownership of KCS shares in the hands of CN all that time – would inevitably encumber the Board's evaluation of the first-ever major merger to be reviewed under the 2001 rules. The Board should not have to worry about the consequences of KCS coming out of trust as it decides whether to allow CN to take control of KCS, or how extensive the conditions need to be for it to do so.

In addition, this is the first time the Board will be applying the 2001 merger rules, both on the merits and in considering whether to allow a voting trust. It would not be consistent with the public interest to rubber stamp use of a voting trust here when doing so could create a precedent that both encourages additional rail mergers and also limits the Board's freedom to apply the 2001 merger rules the way they were intended – meaning that disapproval or extensive conditions are much more likely.

The Board's mandate to consider the public interest when it decides whether to allow a voting trust to be used cannot mean that it must let the railroad with the most cash predetermine the outcome of the regulatory process. The extra billions of dollars CN has offered have given KCS's board of directors no choice but to switch sides and accept CN's offer, but the fact that KCS has required CN to use a voting trust in order to close its transaction shows that KCS understands the difficult regulatory issues that CN's proposal raises. In these circumstances we do not see any public interest benefit to the use of a trust – all it does is get KCS's shareholders consideration without regard to the regulatory risks being imposed on the public interest. Nothing would prevent KCS and its shareholders from deciding to pursue the proposed CN/KCS transaction without the need for CN to use a voting trust. Rejecting the proposed voting trust and allowing KCS to consider whether CN's proposed transaction could in fact be approved by the STB is a better way for KCS and its shareholders to participate in the decision about what path forward for this important railroad is superior.

In my opinion the avenue of a voting trust is merely a vehicle to circumvent the 2001 merger rules. I have serious concerns for shippers and transloaders like myself as it limits competition. Limiting competition and options for shippers is never a good thing. It is only good for one entity and in this case that is the CN. Limiting competition raises prices for shippers which ultimately raises prices for consumers which is the opposite effect

that we need to achieve. Furthermore, the CN already has lines in the southern US so what happens to those lines? Do they get abandoned or does the KCS line get abandoned if this is approved? There is nothing good that will come of this CN proposal. In contrast the CP- KCS option is good for competition and opens up markets for shippers that they have never had instead of limiting them which the CN option would do. The CP-KCS option keeps the BNSF, UP and CN honest. That is exactly what we want honest fair prices and new markets for products not limitations.

Accordingly, we urge the STB to reject CN's motion to approve its proposed voting trust.

Respectfully submitted,

Justin Glasser

Director of Operations

cc: All Parties of Record

TYBO Constructors Ltd.
#1 - 20010 - 100A Avenue, Langley, BC V1M 3G4
Tel: 604.882.0068 - Fax: 604.882.0063

May 13, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Tybo Constructors is a supplier of ground work services and infrastructure building and maintenance to the rail industry. CP is one of our customers.
- I Brian Kozak SERVE AS THE Senior Project Manager at Tybo Constructors Ltd., where my duties include overseeing all projects that Tybo Constructors works on. I supervise supply orders and look over estimates, I also continue to do hands on work too. Tybo Constructors supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Tybo Constructors does ground and infrastructure works for CP. We have a good working relationship and look forward to continuing our relationship into the future.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Brian Kozak
Senior Project Manager
Tybo Constructors Ltd.

680 Hardwick Rd #1A
Bolton, ON L7E 5R4

Phone: 905-265-2344
Fax: 905-265-1664

UNITED PETROLEUM
TRANSPORT

May 5, 2021

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

United Petroleum Transport Ltd is a supplier of Diesel fuel to the rail industry. CP is one of our most important customers.

I, Sushil Chari, serve as the President at United Petroleum Transport Ltd, where my duties include Business Development. United Petroleum Transport Ltd strongly supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

United Petroleum Transport Ltd is a fuel transportation company delivering fuel products to retail gas stations as well as terminals. We supply diesel fuel to the CP yards and we believe this merger will increase the consumption of fuel and in return increase supply needs. This will create more jobs and contribute to the economic growth. Additionally, the merger will provide customers a competitive rail service with the ability to ship across the continent.

Handling petroleum products requires the utmost diligence. UPT takes this responsibility very seriously and maintains stringent policies and procedures that meet or exceed legislated standards. CP attention to safety, strongly aligns with our values. We believe this merger will yield continual investments in upgrading facilities and capacity to serve customers and we see this as a win win for all parties including our community.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, it will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial and we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.



Sushil Chari
President
United Petroleum Transport Ltd.

UNITED STEEL AND FASTENERS INC.
1500 INDUSTRIAL DRIVE, ITASCA, ILLINOIS 60143
TEL. (630) 250-0900
FAX (630) 250-0220
Email: us_f@msn.com
www.unitedsteelandfasteners.com

ISO 9001-2000 CERTIFIED

United Steel and Fasteners and National Trackworks are suppliers of trackFasteners and the Track Switch Machines to the Rail Industry
A woman own Corporation (WOSB Registered) and CP has been a customer since 1978

I am Michele Sargis President of United Steel and Fasteners and NationalTrackworks
Where my duties include manufacturing and the supply of Track Fasteners and the Track Switch Machines to the Rail Roads
United Steel and Fasteners and National Trackworks Supports approval of the proposed combination of CP and KCS
From our perspective as a supplier this transaction is beneficial because it will strongly support growth and investment in the North America Rail Network

As a supplier of track fastening system and track switch machines to C.P.
We see a great value in combination of C.P. and KCS to achieve a well maintainedand a safe system throughout Canada, US, and Mexico
C.P. attention to Safety, Continual investment in upgrading facilities and capacity to service customers will enhance our economy and approve safety

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options and support growth at CPKC, and will shift freight from trucks on the highway to the railsystem. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA Trade Agreement.

In turn, that Growth will support investment in new rail capacity that benefitshippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impact to the environment, to competition, to safety, or to any other public interest for these reasons, we hope to see the transaction close and the benefits come to light assoon as possible

Best Regards,

Michele Sargis
President

Usher Transport
3801 Shanks LN
Louisville, KY 40216

Louisville, Kentucky
Phone 502-449-4000

06 May 6, 2021

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

Usher Transportation is a supplier of Direct to Locomotive Refueling. CP is one of our customers. I Robbie Gossett SERVE AS THE Director of Rail Services at Usher Transport, where my duties include overseeing all rail contracts, refueling locomotives and trans-loading rail cars. Usher supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. Refueling with Canadian Pacific has been great for Usher Transportation, I have worked closely with several members Canadian Pacific and the attention to safety and upkeep of their facilities make it an awesome place to work.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Robbie Gossett,
Director Rail Services
3801 Shanks Lane
Louisville, KY 40256
Cell: (606) 271-7473
Office: (502) 449-4000
www.ushertransport.com

Vanro Oil Supplies & Rentals Ltd.
Box 848
Langenburg S0A 2A0
(306) 743-7627
vanroexcavating@hotmail.com

April 30, 2021

Transportation Surface Board

Re: Supplier Support Letter

- Vanro Oil Supplies & Rentals Ltd. is a supplier of bridges and structure maintenance to the rail industry. CP is one of our customers.
- I, Robert Vanneste serve as the CEO at Vanro Oil Supplies & Rentals Ltd., where my duties include the management of employees and supervising jobsite. Vanro Oil Supplies & Rentals Ltd. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North America rail network.
- We specialize in the repair and installment of all culvert types specific to CP. We also install many culverts by Jack and Auger method, as well as conventional method of installation. We also deal with emergency high water and washout situations for CP. Vanro Oil Supplies & Rentals Ltd. feels there is much value in a merger.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the pubic, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Robert Vanneste
Owner, CEO
Vanro Oil Supplies & Rentals Ltd.

VECTOR CONSTRUCTION LTD.
474 Dovercourt Drive, Winnipeg, MB R3Y 1G4
Main: 204-489-6300 | Fax: 204-489-6033
Info@Vector-Construction.com

May 14, 2021

Supplier Support Letter Bullets

- Vector Construction Ltd. is a supplier of specialty concrete repair/protection/evaluation services to the rail industry. CP is one of our customers.
- I, Eliseo Conciatori serve as the Vice President of Business Development at Vector Construction Ltd., where my duties include business development and operational support. Vector Construction Ltd. supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- CP Rail is valued customer of Vector Construction throughout Canada. We help CP maintain their bridges & structures. And we take pride in meeting/exceeding CP's high safety standards as well as their demand for quality and good workmanship. We look forward to delivering value to CPKC in the very near future.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Eliseo Conciatori

VP Construction Business Development

Vector Construction Ltd.

4/30/2021

CP KC Merger - Supplier Support Letter

- Veit & Company, Inc. is a supplier of construction services to the rail industry. CP is one of our customers.
- I, Peter J. Williams, SERVE AS THE General Counsel & Secretary at Veit & Company, Inc. where my duties include all aspects of leading and advising the business. Veit supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- The effects of this merger will bring additional infrastructure projects to our industry and provide a better more cost-effective product to the customers who depend on the rail industry for shipping of goods. The improved efficiency and communication will provide for a safer and more robust transportation system for the center of our country.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,



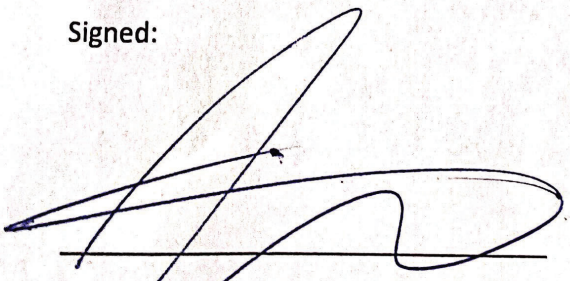
Peter J. Williams
General Counsel & Secretary
Veit & Company, Inc.

Veit & Company, Inc. | veitusa.com | 14000 Veit Place, Rogers, MN 55374 | P: (763) 428.2242

April, 2021
Attention: Surface Transportation Board

- Vicinity Transportation is a supplier of Intermodal operations and services to the rail industry. CP is one of our customers.
- I Jake Cridland serve as the Owner at Vicinity Transportation, where my duties include Overseeing fleet movement, Office Management and Sourcing. Hapag-Lloyd supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Covering all Ports in the Lower Mainland as a carrier Vicinity Transportation ensures all safety rules and regulations are adhered to to match CP's attention to safety. Vicinity Transportation works together with CP who continually invests in upgrading facilities and increases their capacity to serve customers better and more effectively.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed:



JAKE CRIDLAND

OWNER
VICINITY TRANSPORTATION

PO Box 302 Whitby, ON, L1N 5S4 Tel: 905-668-1108 Fax: 905-668-3531
sales@vickeryelectric.com

April 30, 2021

Surface Transportation Board
395 E Street SW
Washington, DC
20423

- VICKERY ELECTRIC CONTRACTING LIMITED is a supplier of Electrical and Communications systems and services, from large multi-million dollar projects to service and emergency work, to the rail industry. CP Rail is one of our customers.

- I JOSEPH VICKERY serve as the TECHNICAL SYSTEMS MANAGER at VICKERY ELECTRIC CONTRACTING LIMITED, where my duties include project design and installation, electrical and communications consulting, and all levels of service. VICKERY ELECTRIC CONTRACTING LIMITED supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

- CP Rail is a strong, focused employer. It is a leader in worker care and site safety, all while completing significant infrastructure improvements to promote the most efficient rail delivery systems in North America. In working with CP Rail completing significant electrical and communications projects, Vickery Electric has become a more capable, more competitive, and MUCH safer organization, all a product of working under the umbrella of the CP Rail processes and development strategies. In completing a merger with KPC, CP will be able to continue to expand this leadership model to support economic growth, helping to create more capable and safety-oriented suppliers to support this growth.

PO Box 302 Whitby, Ont, L1N 5S4 Tel: 905-668-1108 Fax: 905-668-3531

- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Joseph Vickery
B.Comm., CET., M.ELEC

Vickery Electric Contracting Limited
P.O. Box 302 Whitby, Ont. L1N 5S4
905-668-1108 Tel 905-668-3531 Fax
www.VickeryElectric.com
Check us out on YouTube:
http://www.youtube.com/watch?v=ek5KAHZu7YQ

Gina Trombley
Senior Vice President Sales, Marketing &
Chief Commercial Officer
30 Isabella Street
Pittsburgh, PA 15212
www.wabteccorp.com

Surface Transportation Board
395 E. St. SW
Washington, DC 20423

April 26, 2021

REF: CPKC Merger

Dear Surface Transportation Board:

As a leading global provider of equipment, systems, digital solutions and value-added services, Wabtec Corporation supports regulatory approval of the proposed combination of Canadian Pacific Railway and Kansas City Southern.

Wabtec strongly supports investment in technology, growth and efficiency for the North America freight rail network. In order to meet broad North American carbon emissions reductions, stimulating increased capacity in the network through technology is critical. Our unique position in the industry gives us a perspective on trends impacting our customers including climate change, automation and digitization. The new transportation services that CPKC will bring to customers should stimulate growth in rail transportation. Further, we believe this union can shift freight from trucks on the highways to the rail system—no small benefit as we all are committed to building a more sustainable freight system.

Wabtec enjoys a strategic partnership with both Canadian Pacific Railway and Kansas City Southern. We believe the new CPKC rail system will ultimately bring both economic and employment growth across Canada, the United States and Mexico.

Best Regards,

Gina Trombley
Senior Vice President Sales, Marketing & Chief Commercial Officer
Wabtec Corporation

5789 Coopers Ave. Mississauga ON L4Z 3S6
P: 905-568-1700 • TF: 1-888-WAINBEE [924-6233] • F: 905-568-0083

May 13, 2021

Wainbee Limited Supplier Support Letter

To Whom It May Concern:

Wainbee Limited is a supplier of Motion Control, Filtration & Automation products and services to the rail industry. CP is one of our customers.

I, Campbell Tourgis, am the Vice President of Sales & Marketing for Wainbee Limited, where my duties include executive oversite and management of all Marketing, Sales, Engineering, Production and Service offerings to CP. After a review of the proposed merger, Wainbee Limited supports the approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network, which is a key market segment for us, and we have developed an incredibly strong relationship with CP in enhancing their productivity.

Wainbee Limited is a 100% Canadian and Employee-Owned corporation since its inception in 1957 and we have been supporting CP in its Canadian operations since the early 1980's. We've always found CP to be leading edge with respect to its continuous improvement and desire to maintain safe and modern automation of its production and service business's and see it as an innovator in its market space.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close, and the benefits come to light as soon as possible.

Sincerely,

C. Tourgis

Campbell Tourgis
Wainbee Limited

Weaver Consultants Group

May 6, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

To Whom It May Concern:

Weaver Consultants Group (WCG) provides professional environmental consulting services to the rail industry and Canadian Pacific (CP) is one of our clients. I, Laura Craven, serve as a Senior Project Manager at WCG, where my duties include managing and implementing environmental projects for CP as well as other clients.

WCG supports approval of the proposed combination of CP and Kansas City Southern (KCS). From our perspective as a supplier of services, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. We see value in the merger as it provides an expanded capacity to serve customers with a commitment to the environment.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the United States-Mexico-Canada Agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as beneficial. We do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Weaver Consultants Group North Central, LLC

Laura Craven
Senior Project Manager

Carolyn Cybulski, P.E.
Principal

March 30, 2021

RE: Proposed CP/ KCS merger

To whom it may concern:

- Please know that Weichert Workforce Mobility Inc. (and acting through our Canadian subsidiary, Weichert Workforce Mobility Canada ULC, collectively "Weichert") is a supplier of employee/workforce relocation and re-settlement services on a global basis to more than 750 companies worldwide, including material carriers in the rail industry located both in CANADA and the United States. CP is one of our company's valued customers.

- I, Stephen S. Jones Esq. serve as Executive Vice-President, General Counsel and Compliance at Weichert, where my duties include looking after the full range of legal and compliance activities associated with contractually ensuring service to Weichert's global corporate clientele. In the spirit of expanding and facilitating North American free-trade, Weichert supports approval of the proposed combination of CP and KCS.

- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

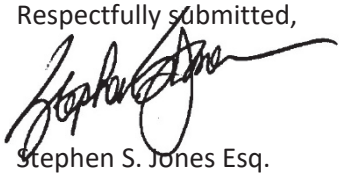
- From its unique perspective as a global workforce mobility services provider across other major industry segments, Weichert can observe that the proposed CP/KCS merger will contribute to further projecting corporate employee diversity and inclusion as applied on a North American commercial model.

- The new transportation services that a new "CPKC" will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Respectfully submitted,



Stephen S. Jones Esq.
Executive Vice-President, General Counsel and Compliance
Weichert Workforce Mobility Inc.

1625 State Route 10, Morris Plains, NJ 07950
973 397 3500 | Toll free: 800.648.3303 | weichertworkforcemobility.com

Wesbell TECHNOLOGIES

May 14, 2021

Supplier Support Letter Bullets

- Wesbell Technologies is a supplier of telecom services (tower supply, engineering, installation, augments, inspections, remediations) to the rail industry. CP is one of our customers.
- I, Paul McWatters serve as a Project Manager at Wesbell Technologies, where my duties include sales and all aspects of project management to deliver telecom services. Wesbell Technologies supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- We have worked with CP to upgrade the telecom infrastructure along their existing track as well as to newly acquired track for previous acquisitions. CP will bring the acquired track up to modern standards to ensure reliable communications services are available from end to end to maintain transportation services and safety.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.



Paul McWatters
Project Manager
Wesbell Technologies

Wheeler

5/14/21

To the Surface Transportation Board

RE: Letter of support for the Canadian Pacific merger with Kansas City Southern

Wheeler is a supplier of treated bridge timbers to the rail industry. CP is one of our longtime major customers. I Dave Koch serve as the general manager of Wheeler's Treated Timber Division, where my duties include overseeing the operations of our timber fabrication and treating plant. Wheeler supports approval of the proposed combination of CP and KCS. From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network. Canadian Pacific has been a major customer of Wheeler's for the last fifteen years. I see the dedication CP has to safety and the maintenance of their lines. I look forward to the opportunity to help Canadian Pacific upgrade the bridges on the Kansas City Southern. The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement. In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike. We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,

Dave Koch

General Manager

Wheeler Timber Division

605.269.2215
info@wheeler1892.com
wheeler1892.com
12127 Whitewood Service Rd
Whitewood, SD 57793

May 13, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

To Whom it May Concern

Whissell Contracting Ltd. (Whissell) is a contractor of Civil Earthworks and Underground Infrastructure to the rail industry. CP is one of our customers.

I Les Kalinowski serve as the Director of Business Development at Whissell. Whissell supports approval of the proposed combination of CP and KCS.

From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.

As a civil contractor we provide civil construction to create additional rail line with earthwork and sub-ballast construction as well as heavy equipment support for various projects. The Merger would strengthen CP market share and add more confidence to their clients in turn supporting the need for more infrastructure and maintenance. We like to work for CP as they have high standards for quality and safety as does Whissell.

The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.

In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.

We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Signed



Les Kalinowski
Director of Business Development
Whissell Contracting Ltd.

William Day Construction Limited
2500 Elm Street, PO Box 1060
Azilda, ON
P0M IB0
Ph:(705) 682-1555 Fax: (705) 682-2739

May 17, 2021

TO:

Surface Transportation Board,

- William Day Construction Limited is a supplier of construction, repairs, and maintenance to the rail industry. CP is one of our customers.
- I serve as the Rail Division Operations Manager at William Day Construction Limited. My duties include the organization, scheduling, and coordination of the construction and maintenance services that we supply to CP. William Day Construction Limited supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- We anticipate that CP's expanded rail network will help to ensure their continued success, and by extension, ours as well.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation and will provide new competitive options that support growth at CPKC. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Kevin Guse

Rail Division Operations Manager
William Day Construction Limited

~ Everyone Safely Home ~

1185794 B.C. LTD. dba WINMAR® Kootenay
822 Kootenay St. N
Cranbrook, BC | V1C 3V3
Fernie: 250-278-5994
Cranbrook: 250-426-7800
info@kootenay.winmar.ca

April 30, 2021

Surface Transportation Board

395 E Street SW Washington, DC 20423

- WINMAR® Kootenay is a supplier of Facility Maintenance Services to the rail industry. CP is one of our customers.
- I Allan Amundson SERVE AS THE Owner at WINMAR® Kootenay where my duties include managing the maintenance of various facilities for CP across Western Canada. WINMAR® Kootenay supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Specifically, we see value in the merger because we are focused on maintaining safe facilities for the rail transportation industry in a geographically challenged area. We believe this merger will drive asset optimization and cost controls, thus enabling CP to invest surplus OPEX and CAPEX into their facilities to improve network reliability, increase building occupant safety, and drive increased customer service/satisfaction with less network disruptions due to facility downtimes in mountainous regions with adverse weather challenges.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Sincerely,



Allan Amundson
Owner
P.Eng , PMP , IICRC Certified WRT / ASD / AMRT / OCT / TCST / FRST , Asbestos High Risk Supervisor, Infection Control Technician

WINMAR® Kootenay
822 Kootenay St. N
Cranbrook, BC
V1C 3V3

Cranbrook: 250-426-7800
Fernie: 250-278-5994

This WINMAR® franchise is independently owned and operated. WINMAR® is a registered trademark owned by WINMAR® (CANADA) INTERNATIONAL, LTD. and is used under license.

Wood Environment & Infrastructure Solutions, Inc.
800 Marquette Avenue
Suite 900
Minneapolis, MN 55402

March 10, 2021

Surface Transportation Board
395 E Street SW Washington, DC 20423

- Wood is a supplier of engineering and environmental services to the rail industry. CP is one of our customers.
- I serve as the account manager at Wood, where my duties include project procurement and quality control. Wood supports approval of the proposed combination of CP and KCS.
- From our perspective as a supplier, the transaction is beneficial because it will strongly support growth and investment in the North American rail network.
- Wood sees value in the subject merger due to the potential investments in upgrading facilities and capacity to serve customers.
- The new transportation services that CPKC will bring to their customers will stimulate growth in rail transportation, will provide new competitive options that support growth at CPKC, and will shift freight from trucks on the highways to the rail system. All of these things will help support economic and employment growth in the United States and across the Continent under the USMCA trade agreement.
- In turn, that growth will support investments in new rail capacity that benefit shippers, the public, and suppliers like us alike.
- We see the transaction as only beneficial; we do not anticipate any negative impacts to the environment, to competition, to safety, or to any other public interest. For these reasons, we hope to see the transaction close and the benefits come to light as soon as possible.

Wood Environment & Infrastructure Solutions, Inc.



Jonathan Murer, MS/PG (WI)
CP Account Manager
612-325-8423

ZTR™

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street, S.W.
Washington, DC 20423-0001

May 18, 2021

Re: Canadian Pacific Railway—Kansas City Southern, the Kansas City Southern Railway Company, Gateway Eastern Railway Company, and the Texas Mexican Railway Company

Dear Ms. Brown:

ZTR is a supply partner to Canadian Pacific Railway, as well as other Class 1 Railroads and operators globally providing locomotive controls and other technologies.

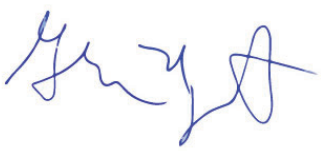
We are supportive of this acquisition of KCS because of the benefits provided to the market by a network connecting Atlantic and Pacific ports with Canadian, American, and Mexican borders. Such a network would offer a fast, safe, clean and direct service for North-South trade.

As a supplier to the railway industry, we view this consolidation of KCS as strategic - it will support the growth of trade within North America and the growth of investment in the rail network which will benefit our company and we are confident the overall economy.

We are also receptive to the positive environmental and safety impacts of converting truck freight traffic to rail due to the energy efficiency of rail, and reduction of traffic on already crowded roads.

We see the acquisition of KCS as beneficial, we do not anticipate any negative impacts to the market at large, our company, or the environment.

ZTR is confident in and strongly supports the proposed acquisition of KCS for all of the reasons as stated above.
Sincerely,



Gordon Niznik
Vice President, Finance & Operations

8050 County Road 101 East, Minneapolis, Minnesota, USA 55379 | 1-952-885-8122 www.ztr.com
955 Green Valley Road, London, Ontario, Canada N6N 1E4 | 1-519-452-1233 info@ztr.com

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street, S.W.
Washington, DC 20423-0001

Re: Canadian Pacific—Kansas City Southern, the Kansas City Southern Railway Company, Gateway Eastern Railway Company, and the Texas Mexican Railway Company

Dear Ms. Brown:

Pilgrim´s Pride S. de R.L. de C.V., whit the good relationship with Canadian Pacific and/or Kansas City Southern; we have had good service through all the years that we have worked together.

Pilgrim´s Pride S. de R.L. de C.V supports the combination of Canadian Pacific and Kansas City Southern because it will create faster, safer, cleaner, and more direct service for North-South trade. The combination will help achieve the potential of the USMCA.

We believe that a combination of Canadian Pacific and Kansas City Southern would help us to win in our markets. Canadian Pacific's strong track record of success providing superior service, intermodal capabilities, and safety, gives us confidence that a combined Canadian Pacific-Kansas City Southern would be best positioned to serve our needs. Additionally, Canadian Pacific's successful track record of combinations over the past 25+ years also provides assurance that Canadian Pacific will effectively and seamlessly be able to integrate and partner with Kansas City Southern.

As a company, we need your services for the entire team that moves nationally and internationally so that the product of our food plant arrives in a timely manner.

The combined company would create network with enhanced end-to-end single-owner, single-operator service which will result in a faster, safer, and more economical rail option for us. We are hopeful this transaction will be able to provide the seamless transportation and service that is not otherwise available.

For example:

- The combined company's single-owner, single-operator service would enhance our ability to be competitive in the markets in which we operate, benefiting our shipments of good logistics and great service.

- Canadian Pacific has significant experience providing seamless intermodal service throughout their network and across borders.

Pilgrim´s Pride S. de R.L. de C.V is confident in and strongly supports Canadian Pacific's proposed acquisition of Kansas City Southern for all of the reasons as stated above. We hope to see the premier 21st century railway come to life.

Sincerely,



MVZ Carlos Lorenzo Monterrubio
Purchasing Manager Commodities

cc: Parties of Record

AGENCIA ADUANERA DE AMERICA®
"gestoría sin fronteras"

AEROPUERTO INTERNACIONAL DE LA CIUDAD DE MÉXICO.
COLOMBIA, N.L.
DOLORES, TX.
GUADALAJARA, JAL.
H. MATAMOROS, TAM.
BROWNSVILLE, TX.
MANZANILLO, COL.
MONTERREY, N.L.
NUEVO LAREDO, TAM.
LAREDO, TX.
OFICINAS CENTRALES INTERIOR DEL VALLE DE MÉXICO.
TAMPICO Y ALTAMIRA, TAM.
VERACRUZ, VER.
TIJUANA, B.C.
LÁZARO CÁRDENAS, MICH.
QUERÉTARO, QRO.
SAN LUIS POTOSÍ, S.L.P.
TOLUCA, EDO. MÉX.

My name is Eleazar Bahena Contreras and I am General Manager of Agencia Aduanera de America, S.C. located at Galeana 1301 H. Matamoros, Tamaulipas, Mexico. In my role, I am responsible for Import & export of the Mexican Broker.

Agencia Aduanera de America S.C. has a relationship with KCS is for the transfer of rail cars, wich has a great service and we have not had any problems with them.
Agencia Aduanera de America supports approval of the CP/KCS combination. The transaction would provide significant benefits to the shipping community.

From our perspective, the CP/KCS combination promises to provide decrease in transit times. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help shippers reach both existing markets and new markets more efficiently. As a import and export of merchandise to Mexico & USA, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.
We are excited to both support and endorse the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce improve efficiency.
- Freight savings

For these reasons, I, on behalf of Agencia Aduanera de America S.C., am voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Agencia Aduanera de America S.C. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Eleazar Bahena Contreras, declare under penalty of perjury ["under the laws of the United States," if executed outside of the United States] that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on H. Matamoros, Tamaulipas , Mexico October 26 of 2021.

Eleazar Bahena Contreras
General Manager

October 26th, 2021

To whom it may concern,

AS Trucking is really satisfied with the on time servie that We receved by KCSM, and all the customer service team. We really appreciate the support of marketing during the launch of our ooperations as IMC.

AS Trucking supports the combination of Canadian Pacific Railway and Kansas City Southern because it will create faster, safer, cleaner, and more direct service for North-South trade. The combination will help achieve the potential of the USMCA.

We believe that a combination of Canadian Pacific Railway and Kansas City Southern would help us to win in our markets. Canadian Pacific's strong track record of success providing superior service, intermodal capabilities, and safety, gives us confidence that a combined Canadian Pacific-Kansas City Southern would be best positioned to serve our needs. Additionally, Canadian Pacific's successful track record of combinations over the past 25+ years also provides assurance that Canadian Pacific will effectively and seamlessly be able to integrate and partner with Kansas City Southern.

Currently our containers used railroads from Salinas Victoria, N. L. to Alliance Tx, a short term We would like to expand our routs.

The combined company would create network with enhanced end-to-end single-owner, single-operator service which will result in a faster, safer, and more economical rail option for us. We are hopeful this transaction will be able to provide the seamless transportation and service that is not otherwise available.

For example:

- The combined company's single-owner, single-operator service would enhance our ability to be competitive in the markets in which we operate, benefiting our shipments of Mondelez from Salinas Victoria.
- Canadian Pacific Railway has significant experience providing seamless intermodal service throughout their network and across borders

Central to the Canadian Pacific's bid for Kansas City Southern is the establishment of a voting trust that benefits Kansas City Southern shareholders. AS Trucking unequivocally supports approval of Canadian Pacific's voting trust. Canadian Pacific proposes the same voting trust structure as Canadian Nationalc, which the Board recently approved with a modification. For the reasons the STB provided in making its decision, we believe Canadian Pacificl's voting trust should also receive approval. This outcome will allow Kansas City Southern's shareholders to make a fair and informed decision on combining with Canadian National.

AS Trucking is confident in and strongly supports Canadian Pacific's proposed acquisition of Kansas City Southern for all of the reasons as stated above. We hope to see the premier 21st century railway come to life.

Sincerely,

Abraham Garza
Director

Azinsa Logistics

Camino al Mezquital Lagrange No. 201
Col. Lagrange, San Nicolás de los Garza
Nuevo León CP 66440
Tels. (81) 82887420 / 82887400

26 October 2021

Canadian Pacific—Kansas City Southern

My name is Alberto Amézquita and I am Gerente General of AZINSA LOGISTICS, S.A. DE C.V. located at Camino al Mezquital No. 201 San Nicolas de los Garza, Nuevo León, México. In my role, I am responsible for General Administration.

At AZINSA LOGISTICS, S.A. DE C.V. it is a Rail Freight Terminal with more tan 15 years of Service. Our clients are direct importers of mineral products for the Ceramic Industry, from Edmonton, Toronto.

Azinsa Logistics supports approval of the CP/KCS combination. The transaction would provide significant benefits to the shipping community.

From our perspective, the CP/KCS combination promises to provide, faster responses and faster costing. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help shippers reach both existing markets and new markets more efficiently. I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are excited to both support and endorse the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce improve efficiency.

For these reasons, I, on behalf of Azinsa Logistics, am voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Azinsa Logistics urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I ALBERTO AMEZQUITA, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on October 26, 2021

Atentamente

Ing. Alberto Amézquita
Gerente de Ventas
Tel. (81) 82887420
Email: aamezquita@grupoazinsa.com.mx

CTPAT™
YOUR SUPPLY CHAIN'S STRONGEST LINK.

Surface Transportation Board,
To Whom It May Concern.

My name is Carlos Alberto Canseco Talavera, and I am director of Queretaro Logistics Cluster located at Queretaro, Mexico. In my role, I am responsible for the administration and development of logistics items in Queretaro and Central Mexico.
CILQRO is close to KCS because they´re one of the most important members in the Cluster, and a very important player in the State of Queretaro.
CILQRO supports approval of the CP/KCS combination. The transaction would provide significant benefits to the shipping community.
From our perspective, the CP/KCS combination promises to provide agile logistics in the domestic and cross border transits. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help shippers reach both existing markets and new markets more efficiently. As a Cluster, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.
We are excited to both support and endorse the transaction because it will allow a combined CPKC to provide new, more efficient, and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,
We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico, and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

- CPKS's new service offerings will improve transit times and reliability, which will reduce improve efficiency.
- Will improve logistics costs to the Mexican companies and help to minimize the lack of FTL in cross border logistics.

For these reasons, I, on behalf of CILQRO, am voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options, and drive efficiencies for customers of all sizes. CILQRO urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Carlos Alberto Canseco Talavera, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on Queretaro Mexico 21st October 2021.



Carlos Alberto Canseco Talavera

My name is ERNESTO DE LEON VILLARREAL and my business address is FRANCISCO G SAD # 625 COL CHEPEVERA . I am GENERAL MANAGER of CLEAN SERVICE S.A. DE C.V.. In my role I am responsible for OPERATION OF MAINTENACE SERVICE

CLEAN SERVICE S.A. DE C.V is Building Maintenance and Cleaning Manager

CLEAN SERVICE S.A. DE C.V supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S . Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their

operations seamlessly to the benefit of rail customers and other stakeholders. CLEAN SERVICE S.A DE C.V wed see this transaction as uniquely beneficial, with none of the downsides th t might result from another round of Class I consolidation.

For these reasons, CLEAN SERVICE S.A DE C.V is voicing strong support for the combinatio of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. CLEAN SERVICE S.A. DE C.V. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the en -to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I ERNESTO DE LEON VILLARREAL , declare under penalty of perjury under the laws of the United States," if executed outside of the United States]that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on _____26/10/2021.



_____ [Signature]

ERNESTO DE LEON VILLARREAL

COMCE
NORESTE

STB Finance Docket No. 36500
CP-KCS Proposed Combination

ATTENTION: Surface Transportation Board

My name is Héctor Villarreal and my business address is Av. Parque Fundidora 501 – 95E, Col. Obrera, Monterrey N.L. México C.P. 64010. I am Executive Director of COMCE Noreste. In my role, I am responsible for creating business plans, overseeing day-to-day activities, improving performance, developing organizational culture, supervising heads of departments, reporting on revenue, and directing organizational strategy.

COMCE Noreste is a private non-for profit Association with more than **58 years** promoting and supporting foreign trade, both imports and exports, logistics and safety in the supply chain, serving companies in the northeastern region of Mexico: states of Nuevo Leon, Coahuila, Tamaulipas, and Durango.

COMCE Noreste supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. In the USA and Canada, the combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. In Mexico, KCS provides efficient service thru the most relevant manufacturing footprint. The two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders

Describe with more specificity the COMPANY'S transportation needs, their use of rail and other modes to serve those needs, and their use of CP and KCS today]

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks in the North America market

- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

COMCE
NORESTE

We believe this transaction could be positive for as a transportation option. We can see the benefit in the future to be able to have a seamless option into the Canada market, and more competitive option to access market around the Chicago area.

At the same time, the entirely complementary nature of CP's and KCS' networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, COMCE Noreste is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. COMCE Noreste urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Hector Villarreal, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on March 29, 2021.



Héctor Villarreal

Consejo Mexicano de Comercio Exterior del Noreste, A.C.
Mexican Foreign Trade Council Northeast Region

www.comcenoreste.org.mx
Av. Parque Fundidora 501-95E. Colo. Obrera. Edifi. Cintermex, 1er Piso
Monterrey, N.L. México 64010 Ph. +52 (81) 8130 5360



Construcciones Ferroviarias del Golfo, S.A. de C.V.

My name is María Ana Hernández Cabello, and I am General Manager of Construcciones Ferroviarias del Golfo SA de CV located at Libramiento Noreste Km. 27.5 Escobedo, NL. In my role, I am responsible for looking new clients and new projects to our company.

Construcciones Ferroviarias del Golfo SA de CV is a rail terminal and we have been working for more than 30 years with KCS, Construcciones Ferroviarias del Golfo SA de CV supports approval of the CP/KCS combination. The transaction would provide significant benefits to the shipping community.

From our perspective, the CP / KCS combination promises to provide a greater possibility to attract more customers who can load and unload different materials at our terminal. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help shippers reach both existing markets and new markets more efficiently. As a rail terminal, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are excited to both support and endorse the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce improve efficiency.

For these reasons, I, on behalf of Construcciones Ferroviarias del Golfo SA de CV, am voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Construcciones Ferroviarias del Golfo SA de CV urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I María Ana Hernández Cabello, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on *October 22, 2021.*

Ma. Ana Hdz Cabello

[María Ana Hernández Cabello]

LIBRAMIENTO NORESTE KM. 27.5 ESCOBEDO, N.L. TELS. (81) 83-84-98-53 Y 83-84-98-55

FRISA

TO: WHOM IT MAY CONCERN
FROM: SURFACE TRANSPORTATION BOARD

Carlos Andrade, Supply Chain VP at Frisa Forjados S.A. de C.V, as responsible for the supply of goods from raw material to finished goods assuring on time delivery, flawless quality and the optimum cost, mention as follow:

Frisa Forjados S.A. de C.V. is a Rolled Rings manufacturer, we serve different industries mainly in the Industrial sectors such as Wind Power, Gas Turbines, O&G, Power Generation, Steel Bars, and Construction & Mining among others. We use Railroad transportation mainly for Wind Tower Flanges, Bars and Steel Scrap therefore our operation with KCS is critical to meet our requirements. Our product leaves from our facilities in Santa Catarina and García to USA and Canada where some routes connect with CP to reach our final Customers.

Frisa Forjados S.A. de C.V. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Frisa Forjados S.A. de C.V. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class consolidation.

Frisa Forjados S.A. de C.V. ship Steel Flanges from our facilities in Garcia Nuevo Leon, Mexico with the KCS to Tulsa, OK; Newton, IA; Pueblo, Colorado; Manitowoc, WI; Abilene, Tx; Brandon, SD; Trois Rivieres, Qc; Matane, Qc; Amarillo, TX and Monroe, MI.

In case of Steel Bars we move in gondola to Chicago, IL; Edmonton, AL; Laval, QC and Vandalia, OH.

CP has provided us with good service, but its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).

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México sin costo 800 253 7472

frisa.com

FRISA

And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKS's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of Steel Flanges and Steel Bars from Mexico to United States and Canada.
- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. All this benefits could be reflected in better rates and leadtimes because of the productivity.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This Transaction will improve our transportation options.

Therefore, we believe the entirely nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Frisa Forjados S.A. de C.V. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Frisa Forjados S.A. de C.V. urges the STB to approve CP's acquisition of

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KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Carlos Andrade, declare under penalty of perjury under the laws of the United States the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 25st October 2021 .

Carlos Andrade
Supply Chain VP
Of Frisa Forjados S.A de .C.V.

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DICEX
Integral Trade

Premio Nacional de Exportación México 2016

Monterrey, Nuevo León a 25 de octubre del 2021.

SUPPORT LETTER

My name is Juan Alfredo Bernal Hernández and I am Sales Director and Officer of DICEX, S.A. de C.V. located at Belisario Dominguez No. 2376, Col. Obispado, Monterrey, NL, CP 64060 , Mexico. In my role, I am responsible for creating and developing new and current business. The DICEX Group is a Mexican/ US Custom´s Agency that also integrates full logistical solution including, transportation, storage, IT and compliance.....

DICEX, S.A. de C.V., subsidiary of the DICEX GROUP, is a close provider of Customs Services for the the Kansas City Southern de Mexico, S.A. de C.V. .
DICEX S.A. de C.V. is specialized in the transborder operations from and into Mexico from U.S.A. and Canada like direct exportations (northbound) , T3 bonds, temporary returns of double stack containers and chassis.....
This service has been provided in Mexico and USA since 2015 and has shown a steady grow of this commerce interchange allowing a more competitive environment for the region.

DICEX, S.A. de C.V. . unequivocally supports the approval of the CP/KCS combination which will bring large benefits to the increasing CAN/USA/MEX transborder operations . This unique option will allow to improve the goods interchange of our valued customers in the three countries .

From our perspective, the CP/KCS combination promises to provide a flawless and more efficient operation. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help shippers reach both existing markets and new markets more efficiently. As a Mexican, US Customs Brokerage Agency and 3PL Logistic provider , I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are excited to both support and endorse the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This

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will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce improve efficiency.

For these reasons, I, on behalf of DICEX, S.A. de C.V., am voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. DICEX, S.A. de C.V. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Alfredo Bernal Hernández, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on October 25th, 2021.

Juan Alfredo Bernal Hernández

Belisario Domínguez 2376, Col. Obispado,
Monterrey, N.L., Mx C.P. 64060 Tel. (81) 5000 8900

Trade Made Easy

Support Growth
Connect People
Build Leaders

East Mississippi Business Development Corporation

October 23, 2021

The Honorable Martin J. Oberman
Chairman
Surface Transportation Board
395 E. Street, S.W.
Washington, DC 20423-0001

Re: FD 36500 CANADIAN PACIFIC RAILWAY LIMITED; CANADIAN PACIFIC RAILWAY COMPANY; SOO LINE RAILROAD COMPANY; CENTRAL MAINE & QUEBEC RAILWAY US INC.; DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION; AND DELAWARE & HUDSON RAILWAY COMPANY, INC. – CONTROL – KANSAS CITY SOUTHERN, THE KANSAS CITY SOUTHERN RAILWAY COMPANY, GATEWAY EASTERN RAILWAY COMPANY, AND THE TEXAS MEXICAN RAILWAY COMPANY

Dear Chairman Oberman:

Recently, Canadian Pacific and Kansas City Southern announced they would combine to create the premier railway for the 21st century, connecting ports in the United States, Mexico, and Canada to facilitating trade and economic prosperity across the United States. I believe this combination would expand the collective reach of both railroads and bringing new, sustainable transportation solutions to businesses in **MERIDIAN, LAUDERDALE COUNTY, MISSISSIPPI** and the **EAST CENTRAL MISSISSIPPI REGION**.

For many years, Canadian Pacific has been an integral part of the transportation system. Their railroad safely and reliably connects **MERIDIAN, LAUDERDALE COUNTY, MISSISSIPPI** businesses, large and small, to markets around the world via the Kansas City Southern. Perhaps more importantly, as the most fuel-efficient railroad in North America, Canadian Pacific offers a sustainable transportation alternative to trucks – the more products we move by rail, the more we can help reduce greenhouse gas emissions and free up capacity on already congested roads and highways.

Canadian Pacific has operated in the United States since 1881 and is committed to being a strong local partner in every community where it operates.

Finally, I urge the STB's to approve the voting trust for Canadian Pacific's proposed acquisition of Kansas City Southern. Approving their voting trust will allow Kansas City Southern's shareholders to make a fair and informed decision on combining with Canadian Pacific.

Respectively,

Bill Hannah, President/CEO
East Mississippi Business Development Corporation

c: East Mississippi Business Development Corporation, Board of Directors (*attached*)

INDUSTRIA
RENOVADORA DE LLANTAS
VICTORIA

GALGO MR

My name is Jorge Alberto Eskildsen Morales and my business address is Libramiento Noreste km 26.5# 107 parque industria periférico Escobedo NL cp 66062 . I am Director of Industria Renovadora de Llantas Victoria S.A de C.V. In my role, I am responsible for everything corresponding to the distribution, supply and logistics of our product

Industria Renovadora de Llantas Victoria S.A de C.V. is we supply retreaded tires for container chassis, for more than 10 years.

Industria Renovadora de Llantas Victoria S.A de C.V. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Industria Renovadora de Llantas Victoria S.A de C.V. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

In our Renovation Plant we are mainly oriented to extend the useful life of your tires through a timely diagnosis (at no cost) through:

- Technical advice
- Gets control system (Galgo e-tire System)
- Repairs
- Renovation of helmets

All this in order to lower your operating costs.

Industria Renovadora de Llantas Victoria S.A de C.V.
Libramiento Noreste km26.5 # 107
Parque Industrial Periférico
Escobedo Nuevo León
(01)(81) 8351-8842 / 8351-8843 / 8351-6140

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKC's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments.
- We are particularly enthusiastic about the role new CPKC single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKC's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This Transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

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Escobedo Nuevo León
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For these reasons, Industria Renovadora de Llantas Victoria S.A de C.V is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Industria Renovadora de Llantas Victoria S.A de C.V urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Jorge Alberto Ekildsen Morales , declare] under penalty of perjury [under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 10/26/21

Jorge A Eskildsen M.
Director

Industria Renovadora de Llantas Victoria S.A de C.V.
Libramiento Noreste km26.5 # 107
Parque Industrial Periférico
Escobedo Nuevo León
(01)(81) 8351-8842 / 8351-8843 / 8351-6140

ISS Intermodal Support Services

JACKSONVILLE • CHICAGO • LOS ANGELES

My name is Jenny Johnson and my business address is 8659 Baypine Road Suite 300, Jacksonville Florida 32256. I am President of Intermodal Support Services, Inc. In my role, I am responsible for setting policies and the strategic direction for the company, both for the near term and for the foreseeable future. It's my responsibility to ensure the company follows its mission, policies and procedures that are in place, and is profitable.

Intermodal Support Services, Inc. is a supplier to KCS providing equipment management and inspection services in multiple locations throughout the United States and Mexico. We have been providing these services for more than 10 years and consider KCS to be a top tier service partner.

Intermodal Support Services, Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Intermodal Support Services, Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Intermodal Support Services, Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Jenny Johnson, under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 10/26/2021[*date*].

Jenny Johnson [Signature]
[Insert typed name]

MATERIAS PRIMAS DYASA S.A. DE C.V.

CONFIDENCIAL / CONFIDENTIAL

Surface Transportation Board,
Attention to Whom It May Concern.

My name is **Mr. Jesús Armando Nájera Castañeda** and I am **Legal Representative** of **Materias Primas Dyasa, S.A. de C.V.**, located at **Autopista Estatal Cuota Monterrey km 32, No. 1002, Col. Estación Cadereyta, Cadereyta Jiménez, Nuevo León, México 67473**. In my role, I am responsible for **Legal Representation**.

Materias Primas Dyasa, S.A. de C.V. is currently **working with KC in the distribution of Silica Sand, from Northern US to Nuevo León state, Mexico**.

Materias Primas Dyasa, S.A. de C.V. supports approval of the CP/KCS combination. The transaction would provide significant benefits to the shipping community.

From our perspective, the CP/KCS combination promises to provide **increased availability and more competitive costs**. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help shippers reach both existing markets and new markets more efficiently. As a **Private Company**, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are excited to both support and endorse the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce improve efficiency.

For these reasons, I, on behalf of **Materias Primas Dyasa, S.A. de C.V.**, am voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. **Materias Primas Dyasa, S.A. de C.V.** urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Mr. Jesús Armando Nájera Castañeda, declare under penalty of perjury under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on October 25th, 2021.

Lic. Jesús Armando Nájera Castañeda

Jesús Armando Nájera Castañeda

www.mpdyasa.com
+52 (828) 284-0995, 284-0840
servicioaclientes@grupodyasa.com

NORTH AMERICAN STRATEGY FOR COMPETITIVENESS
14902 Preston Road, Suite 404-533 • Dallas, Texas 75254
www.nasconetwork.com

October 27, 2021

To Whom It May Concern:

My name is Tiffany Melvin and my business address is 14902 Preston Road, Suite 404-533, Dallas, Texas, 75254. I am the President of North American Strategy for Competitiveness, Inc. (NASCO). In my role, I am responsible for all day to day operations of the organization.

NASCO is the only truly tri-national membership organization focused on the competitiveness of North American supply chains. We are a grass roots, tri-national coalition of governments, businesses and educational institutions driven by a common interest in collaboration along key freight and commercial trade networks. Founded in 1994, NASCO encourages North America's competitiveness in the global marketplace.

NASCO supports approval of the CP/KCS combination. The transaction would provide significant benefits to the shipping community.

From our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the North America markets. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help companies reach their existing markets and new markets more efficiently. I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are excited to support and endorse the transaction because it will allow a combined CPKC to provide new rail service options across North America. We are particularly enthusiastic about the role the new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that fall under the USMCA trade agreement. It is important that there be a true North American railroad option.

For these reasons, NASCO is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. NASCO urges the STB to approve CP's acquisition of KCS as swiftly as possible so that

these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely,

Tiffany Melvin
President
North American Strategy for Competitiveness, Inc.

PERFIMEX
Siempre fuerte

Surface Transportation Board,
Attention to whom it may concerned.

My name is Guillermo Gonzalez, and my business address is Villagran 2701 Norte, Colonia Bellavista, Monterrey, Mexico. I am the General Manger of Grupo Perfimexa. In my role, I am responsible for the operation and growth of our company.

Grupo Perfimexa, and KCS have had a great business relationship that started since KCS Purchase TFM.

Grupo Perfimexa supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their history of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are exporting steel finish products for the Agricultural, construction and industrial needs in the USA. We are sending product to California, Oregon and Washington. Working with several distribution companies like Watco, inc.

We bring steel rails to our production facility in Monterrey Mexico, our raw materials come California, Illinois, Kansas, Kentucky, Nebraska, Washington, Texas, Pennsylvania, Ohio, and some other states.

With the option of CP/KCS, we could look to export directly to Canada in a direct line, looking to have a competitive rate, which implies by only managing the cars in the same line.

Both Companies have great business approach, and we expect that will be very beneficial for the future growth of our business.

We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

PERFIMEX
Siempre fuerte

For these reasons, Grupo Perfimexa, is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Grupo Perfimexa look for STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

October 26, 2021

Guillermo Gonzalez E.
General Manager

My name is Eduardo Aguirre and my business address is Juan O Donojú # 987. Colonia Virreyes Colonial. CP 25225. Saltillo Coahuila. MEXICO. I am the Owner of RIFSA. In my role, I am responsible for all the commercial and operational activities in the Terminal.

RIFSA is a Crossdock that receives and ships material to a different customers, these materials are either received or shipped by Rail. We have been working with KCSM since they started operations in Mexico and they have provided to us an excellent service.

RIFSA supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. RIFSA has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Currently we are receiving and shipping material from and to the US customers. We believe that with this integration we will have more opportunities to expand our business to a Canadian customers easily and directly.

KCSM has provided us with good service, but its market reach is limited today, as its lines only go as far as US and Mexico. With this direct expansion we will have more new opportunities to grow.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- CPKS's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments from Mexico to USA and Canada.

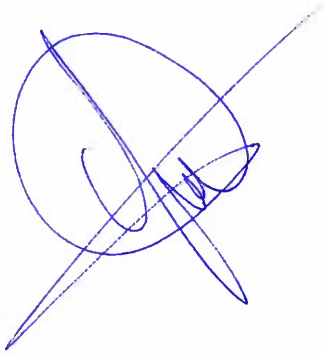
- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency.
- CPKS's new service will improve times in interchanging lines.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This Transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, RIFSA is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. RIFSA urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.



VERIFICATION

I Eduardo Aguirre, declare that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on October 26, 2021.

Eduardo Aguirre



[Signature]

SODISA®

Soluciones Logísticas de Valor Agregado®

My name is Raúl de Jesús Garcia Lozano and I am Chief Financial Officer of Soporte Logístico en Distribución S.A. de C.V. (SODISA) located at Diego de Montemayor Sur #417, Col. Centro de Monterrey, Monterrey, Nuevo León, México. In my role, I am responsible for overviewing and handling all the financial aspects of SODISA.

SODISA has been a supplier of Kansas City Southern since 2013. Since the beginning we have had a satisfactory relationship with KCS and its partners with the handling of steel, wood, minerals, and other products, we have nurtured the relationship for a long time, and we believe that the future is even more bright. The pandemic affected us and many of our partners, but things are looking better, we are handling more clients and more volume than before, so, we believe the partnership between CP/KCS will help us improve our service, increase our clients, and grow together.

SODISA supports approval of the CP/KCS combination. The transaction would provide significant benefits to the shipping community.

From our perspective, the CP/KCS combination promises to provide new clients, better service and an opportunity to expand internationally. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help shippers reach both existing markets and new markets more efficiently. As a Cross Dock company, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are excited to both support and endorse the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce improve efficiency.

For these reasons, I, on behalf of SODISA, am voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. SODISA urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Raúl de Jesús García Lozano, declare under penalty of perjury under the laws applicable in Mexico and the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 25 October, 2021.

_____ [Signature]
Raúl de Jesús García Lozano

SOPORTE LOGÍSTICO EN DISTRIBUCIÓN, S.A. DE C.V.
Tel. 01 (81) 88 65 80 80 Tel. 01800 1 12 01 03 www.sodisa.com

ESR EMPRESA SOCIALMENTE RESPONSABLE

Surface Transportation Board,
Attention to whom it may concerned.

My name is Francisco Treviño and my business address is Av. Día del Empresario 1100, Col. San Miguel, Gudalupe, N.L.México C.P. 67114. I am Operations Manager of Starcorr de Mexico. In my role, I am responsible for the correct operation of the plant.

Starcorr de Mexico receives from KCS the railcars loaded with the rolls of paper from our suppliers in the USA

Starcorr de Mexico supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Starcorr de Mexico has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

> **Starcorr de Mexico receives from KCS the railcars loaded with the rolls of paper from our suppliers in the USA**
>
> **CP's its market reach is limited today, as its lines only go as far south as Kansas City. CP must interline with other railroads to reach destinations beyond Kansas City that we ship to (or that could expand the markets we serve effectively).**
>
> **And we know from experience (both our own, and that of our competitors who have single-line rail options at their origins) that single-line rail service options are far superior.]**

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers. This Transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Starcorr de Mexico is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Starcorr de Mexico urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Francisco J. Treviño V., declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on Guadalupe, Nuevo León, Mexico. October 27th 2021

Francisco J. Treviño V. [Signature]

[Insert typed name]

DocuSign Envelope ID: 72423808-0F81-4D04-8A53-0822B5997BAE

Member of **Grupo 365**

CP - KCS PARTNER AND ASSOCIATION SUPPORT LETTER

My name is ROBERT PAUL LICKERMAN and I am MANAGER OF INTERMODAL of TCS 365, LLC located at 8514 EL GATO RD., LAREDO, TEXAS, USA. In my role, I am responsible for intermodal operations, which include Kansas City Southern's Crossborder Services.

TCS 365, LLC is a key provider to the Kansas City Southern Railway's Cross-border Intermodal Service. In addition, we provide customs clearance for several importers in Mexico, which utilize Canadian Pacific Railways and Kansas City Southern Railways infrastructure.

TCS 365, LLC supports approval of the CP/KCS combination. The transaction would provide significant benefits to the shipping community.

From our perspective, the CP/KCS combination promises to provide an enhanced end-to-end single-owner, single-operator service which will result in a faster, safer, and more economical rail option. We are hopeful this transaction will be able to provide the seamless transportation and service that is not otherwise available. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help shippers reach both existing markets and new markets more efficiently. As a CUSTOMS BROKERAGE AND LOGISTICS SERVICE PROVIDER, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders.

We are excited to both support and endorse the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce improve efficiency.

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Tel. (956) 753 4600
sales@grupo365.mx
www.grupo365.mx

DocuSign Envelope ID: 72423808-0F81-4D04-8A53-0822B5997BAE

- Canadian Pacific and Kansas City Southern has significant experience providing seamless intermodal service throughout their network and across borders.

- Alternatives to support lack of capacity for USA inbound cargo at maritime ports, particularly the LA/Long Beach ports.

1.

- Capability to address lack of capacity for shipments in multiple markets, through it's infrastructure and experience.

For these reasons, I, on behalf of TCS 365, LLC, am voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. TCS 365, LLC urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I ROBERT PAUL LICKERMAN, declare under penalty of perjury 'under the laws of the United States, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on OCTOBER 26, 2021.

DocuSigned by:
ROBERT LICKERMAN
5DFE4548AC3C403...

ROBERT PAUL LICKERMAN

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TRANSDEVELOPMENT GROUP

www.transdevelopment.com

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street, S.W.
Washington, DC 20423-0001

October 27, 2021

Re: Kansas City Southern and its Affiliates & Canadian Pacific Railway Limited Merger

Dear Ms. Brown:

TransDevelopment Group supports the Canadian Pacific Railway (CP) and Kansas City Southern (KCS) merger. This combined network will link key automotive manufacturing and distribution centers in Mexico, the U.S. Midwest, and Canada.

TransDevelopment is a world class developer of specialized transportation facilities in the rail, highway and marine cargo industries. Our company has worked with CP and KCS over the years, and both groups strong track record with safety and customer service gives us confidence that a combined CP/KCS would be best positioned to serve the automotive industry.

The combined company would create a network with enhanced end-to-end service, which will result in a faster, safer and more economical rail option. We believe a CP/KCS rail system will provide seamless transportation and service for the automotive industry.

TransDevelopment is confident in and supports CP's proposed merger with KCS for all of the reasons as stated above.

Sincerely,

Alex MacGregor
TransDevelopment Group

cc: Parties of Record

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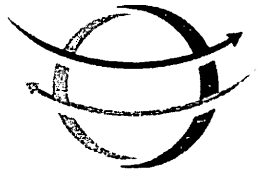

Transnet, Inc.
7318 International Dr, Ste G
Holland, Ohio 43528
800-829-8638

October 27, 2021

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street, S.W.
Washington, DC 20423-0001

RE: FD 36514, Canadian Pacific, Operating Subsidiaries-Control-Kansas City Southern, the Kansas City Southern Railway Company, Gateway Eastern Railway Company, and the Texas Mexican Railway Company

Dear Ms. Brown:

Transnet, Inc. has worked with the KCS out of TX for several years to PA. Connections to Eastern Canada would perhaps increase volumes and opportunities.

Transnet, Inc. supports the combination of Canadian Pacific and Kansas City Southern because it will create faster, safer, cleaner, and more direct service for North-South trade. The combination will help achieve the potential of the USMCA.

We believe that a combination of Canadian Pacific and Kansas City Southern would help us win in our markets. Canadian Pacific's strong track record of success providing superior service, intermodal capabilities, and safety, gives us confidence that a combined Canadian Pacific-Kansas City Southern would be best positioned to serve our needs. Additionally, Canadian Pacific's successful track record of combinations over the past 25+ years also provides assurance that Canadian Pacific will effectively and seamlessly be able to integrate and partner with Kansas City Southern.

The combined company would create network with enhanced end-to end single-owner, single-operator service which will result in a faster, safer, and more economical rail option for us. We are hopeful this transaction will be able to provide the seamless transportation and service that is not otherwise available.

For example:

- The combined company's single owner, single-operator service would enhance our ability to be competitive in the markets in which we operate, benefiting our shipments of FAK from Texas to E. Canada.

- Canadian Pacific has significant experience providing seamless intermodal service throughout their network and across borders.

Central to the Canadian Pacific's bid for Kansas City Southern is the establishment of voting trust that benefits Kansas City Southern shareholders. Transnet, Inc. unequivocally supports approval of Canadian Pacific's voting trust. Canadian Pacific proposes the same voting trust structure as Canadian Pacific, which the Board recently approved with a modification. For the reasons the STB provided in making its decision, we believe Canadian Pacific's voting trust should also receive approval. This outcome will allow Kansas City Southern's shareholders to make a fair and informed decision on combining with Canadian Pacific.

Transnet, Inc. is confident in and strongly supports Canadian Pacific's proposed acquisition of Kansas City Southern for all of the reasons as stated above. We hope to see the premier 21st century railway come to life.

Sincerely,

Jack Jardine
Controller
Transnet, Inc.

VINTELLIGENT

3540 W. SAHARA AVE, SUITE #E6-135,
LAS VEGAS, NV 89102
(800) 380-7438

VENDOR SUPPORT LETTER

Date: October 26, 2021

To whom it may concern,

My name is Stan Stukov and my business address is 3540 W. Sahara Ave, Suite #E6-135, Las Vegas, NV 89102. I am President of Vintelligent, Inc. In my role, I am responsible for overseeing the overall operations of the Company.

Vintelligent, Inc. provides technology products and services for the transportation industry including mission-critical business analysis, application design and development, system integration, 24x7 technical support, and data center application hosting services. These industry solutions provide KCS/KCSM with improved inventory management, operational efficiency, and increased profitability. Over the past decades Vintelligent, Inc. and KCS/KCSM developed a productive working relationship based on Vintelligent, Inc. providing quality services, innovative TOS products, and technological expertise.

Vintelligent, Inc. supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders. Vintelligent, Inc. has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

Vintelligent, Inc. currently provides technology and data services to both, KCS and CP in the USA, Canada and Mexico. The integration of these Railroads will enable better data integration and increased finished vehicles movements visibility across the USA and Canada networks. Increased operational efficiencies will reduce cost of moving vehicles across the railroads and this saving will be passed to consumers. This merger will enable Vintelligent to further expend to Canadian terminals and help to optimize the inventory management and achieve operational efficiencies at those locations.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets.
CPKS's new single-line haul offerings will expand market reach and offer new competitive transportation options for our shipments of finished vehicles across USA, Mexico and Canada.

We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

CPKS's new service offerings will improve operational consistency across terminals, which will reduce our technology deployment costs and improve our efficiency.

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the kind of seamless, single-line service we have come to expect from our transportation providers.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, Vintelligent, Inc. is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. Vintelligent, Inc. urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I, Stan Stukov, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on October 26, 2021.



[Signature]
Stan Stukov, Presideint

My name is Abraham Garza and my business address is Plan de Ayala 602 , Colonia Emiliano Zapata , Salinas Victoria Nuevo Leon. I am Director of ZAGA Reparaciones y Remolques S de RL de CV. In my role, I am responsible for of the general management of our M&R operations.

ZAGA Reparaciones y Remolques S de RL de CV is a M&R Company servicing Salinas Victoria , San Luis Potosi and Toluca Terminals .

ZAGA Reparaciones y Remolques S de RL de CV supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently. And, with the two railroads' strong focus on safety and their track record of operational excellence, I have no doubt that CPKC will be able to integrate their operations seamlessly to the benefit of rail customers and other stakeholders ZAGA Reparaciones y Remolques S de RL de CV has not often spoken favorably about railroad consolidation, but we see this transaction as uniquely beneficial, with none of the downsides that might result from another round of Class I consolidation.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. For example,

- We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.
- CPKS's new service offerings will improve transit times and reliability, which will reduce our equipment costs and improve our efficiency. Receiving more equipment with reliability will allow us to a better planification in terms of personnel , inventories .

KCS and CP have had a cooperative relationship in the past, and CP-KCS joint routes are among our transportation options, but as separate companies they have not been able to offer the

kind of seamless, single-line service we have come to expect from our transportation providers. This Transaction will improve our transportation options.

At the same time, the entirely complementary nature of CP's and KCS's networks – connecting only at Kansas City and not overlapping anywhere – means that the transaction will not have any adverse effects on competition. It will only make these carriers a better alternative relative to the other options that already exist, since CPKC will continue to interchange with all of their other existing interline partners.

We have been struck by the attention of CP and KCS to safety and operational effectiveness. Given the straightforward network connectivity between CP and KCS, and the fact that CP and KCS are the two smallest U.S. Class I railroads, we are confident that they will be able to implement their transaction without the service disruptions that have accompanied some past rail mergers.

For these reasons, ZAGA Reparaciones y Remolques S de RL de CV is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. ZAGA Reparaciones y Remolques S de RL de CV urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

VERIFICATION

I Abraham Garza, declare under penalty of perjury under the laws of the United States of Mexico, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to submit this letter.

Executed on 10/26/2021.



_____ [Signature]
Abraham Garza

BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED; CANADIAN PACIFIC RAILWAY COMPANY; SOO LINE RAILROAD COMPANY; CENTRAL MAINE & QUEBEC RAILWAY US INC.; DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION; AND DELAWARE AND HUDSON RAILWAY COMPANY, INC. – CONTROL – KANSAS CITY SOUTHERN, THE KANSAS CITY SOUTHERN RAILWAY COMPANY, GATEWAY EASTERN RAILWAY COMPANY, AND THE TEXAS MEXICAN RAILWAY COMPANY

RAILROAD CONTROL APPLICATION
VOLUME 4 OF 4

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Counsel for CP

Attorneys for Applicants

October 29, 2021

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BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL.*

EXHIBIT 2

AGREEMENTS
[SECTION 1180.6(a)(7)(ii)]

EXHIBIT 2.1

AGREEMENT AND PLAN OF MERGER
DATED SEPTEMBER 15, 2021

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

by and among

CANADIAN PACIFIC RAILWAY LIMITED,

CYGNUS MERGER SUB 1 CORPORATION,

CYGNUS MERGER SUB 2 CORPORATION

and

KANSAS CITY SOUTHERN

Dated as of September 15, 2021

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EXHIBIT

Exhibit A Form of Voting Trust Agreement

AGREEMENT AND PLAN OF MERGER, dated as of September 15, 2021 (this "Agreement"), by and among Canadian Pacific Railway Limited, a Canadian corporation ("Parent"), Cygnus Merger Sub 1 Corporation, a Delaware corporation and a direct wholly owned subsidiary of Parent ("Surviving Merger Sub"), Cygnus Merger Sub 2 Corporation, a Delaware corporation and a direct wholly owned subsidiary of Surviving Merger Sub ("First Merger Sub" and, together with Surviving Merger Sub, "Merger Subs") and Kansas City Southern, a Delaware corporation (the "Company").

W I T N E S S E T H:

WHEREAS, Parent desires to acquire the Company on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, in furtherance of such acquisition, and on the terms and subject to the conditions set forth in this Agreement and in accordance with the General Corporation Law of the State of Delaware (the "DGCL"), (a) First Merger Sub shall be merged with and into the Company (the "First Merger"), with the Company surviving the First Merger as a direct wholly owned Subsidiary of Surviving Merger Sub, and (b) immediately following the First Merger, the Company shall be merged with and into Surviving Merger Sub (the "Second Merger" and, together with the First Merger, the "Mergers"), with Surviving Merger Sub surviving the Second Merger as a direct, wholly owned subsidiary of Parent;

WHEREAS, the board of directors of the Company (the "Company Board") has unanimously (a) determined that it is in the best interests of the Company and its stockholders, and declared it advisable, to enter into this Agreement, (b) approved the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Mergers, and (c) resolved to recommend that the stockholders of the Company adopt this Agreement and directed that such matter be submitted for consideration of the stockholders of the Company at the Company Stockholder Meeting;

WHEREAS, the board of directors of Parent (the "Parent Board") has unanimously (a) determined that it is in the best interests of Parent to enter into this Agreement, (b) approved and declared advisable the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Mergers and the Debt Financing, and (c) resolved to recommend that the shareholders of Parent approve the issuance of Parent Common Shares in connection with the First Merger (the "Parent Share Issuance") and directed that such matter be submitted for consideration of the shareholders of Parent at the Parent Shareholder Meeting;

WHEREAS, the board of directors of Surviving Merger Sub has unanimously (a) determined that it is in the best interests of Surviving Merger Sub and its sole stockholder, and declared it advisable, to enter into this Agreement, (b) approved the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Mergers, and (c) resolved to recommend that the sole stockholder of Surviving Merger Sub adopt this Agreement and directed that such matter be submitted for consideration of the sole stockholder of Surviving Merger Sub;

WHEREAS, the board of directors of First Merger Sub has unanimously (a) determined that it is in the best interests of First Merger Sub and its sole stockholder, and declared it advisable, to enter into this Agreement, (b) approved the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Mergers, and (c) resolved to recommend that the sole stockholder of First Merger Sub approve this Agreement and directed that such matter be submitted for consideration of the sole stockholder of First Merger Sub;

WHEREAS, for U.S. federal income tax purposes, it is intended that (a) the Mergers, taken together, shall qualify (i) as a "reorganization" within the meaning of Section 368(a) of the Code and (ii) for an exception to the general rule of Section 367(a)(1) of the Code, and (b) this Agreement be, and is hereby adopted as, a "plan of reorganization" for purposes of Sections 354, 361 and 368 of the Code and the Treasury Regulations promulgated thereunder;

WHEREAS, pursuant to Decision No. 5 (Docket No. FD 36500) of the Surface Transportation Board (the "STB"), dated May 6, 2021, Parent has obtained the approval of the STB (the "STB Voting Trust Approval") to deposit or cause the deposit of all outstanding shares of the Second Surviving Corporation (as defined below) into an irrevocable voting trust (the "Voting Trust" and such deposit, the "Voting Trust Transaction"), subject to the voting trust agreement in the form attached hereto as Exhibit A (the "Voting Trust Agreement"); and

WHEREAS, Parent, Merger Subs and the Company desire to make certain representations, warranties, covenants and agreements specified herein in connection with this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, Parent, Merger Subs and the Company agree as follows:

ARTICLE 1

THE MERGERS

Section 1.1 The Mergers. On the terms and subject to the conditions set forth in this Agreement:

(a) at the First Effective Time and in accordance with the DGCL, First Merger Sub shall merge with and into the Company, the separate corporate existence of First Merger Sub shall cease and the Company shall continue its corporate existence under Delaware law as the surviving corporation in the First Merger (the "First Surviving Corporation") and a direct wholly owned Subsidiary of Surviving Merger Sub; and

(b) immediately following the First Merger, at the Second Effective Time, and in accordance with the DGCL, the First Surviving Corporation shall merge with and into Surviving Merger Sub, the separate corporate existence of the First Surviving Corporation shall cease and Surviving Merger Sub shall continue its corporate existence under Delaware law as the

surviving corporation in the Second Merger (the "Second Surviving Corporation") and a direct wholly owned Subsidiary of Parent.

Section 1.2 Closing. The closing of the Mergers (the "Closing") shall take place (a) at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, New York 10019, at 8:30 a.m., New York City time, on the second Business Day after the satisfaction or waiver (to the extent permitted by applicable Law) of the conditions set forth in Article 6 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions) or (b) at such other place, time and date as the Company and Parent may agree in writing. The date on which the Closing actually occurs is referred to as the "Closing Date."

Section 1.3 Effective Times. Subject to the provisions of this Agreement, at the Closing, (a) the Company shall cause a certificate of merger in connection with the First Merger (the "First Certificate of Merger") to be executed, acknowledged and filed with the Secretary of State of the State of Delaware in accordance with the applicable provisions of the DGCL and (b) immediately following the filing of the First Certificate of Merger, the First Surviving Corporation shall cause a certificate of merger in connection with the Second Merger (the "Second Certificate of Merger") to be executed, acknowledged and filed with the Secretary of State of the State of Delaware in accordance with the applicable provisions of the DGCL. The First Merger shall become effective at such time as the First Certificate of Merger has been duly filed with the Secretary of State of the State of Delaware or at such later time as may be agreed by the Company and First Merger Sub in writing and specified in the First Certificate of Merger in accordance with the DGCL (the effective time of the First Merger being herein referred to as the "First Effective Time") and the Second Merger shall become effective at such time as the Second Certificate of Merger has been duly filed with the Secretary of State of the State of Delaware or at such later time as may be agreed by the First Surviving Corporation and Surviving Merger Sub in writing and specified in the Second Certificate of Merger in accordance with the DGCL, but in any event immediately following the First Effective Time (the effective time of the Second Merger being herein referred to as the "Second Effective Time").

Section 1.4 Effects of the Mergers. The Mergers shall have the effects set forth in this Agreement and the applicable provisions of the DGCL.

Section 1.5 Organizational Documents of the First Surviving Corporation and the Second Surviving Corporation. Subject to Section 5.11:

(a) at the First Effective Time: (i) the certificate of incorporation of First Merger Sub as in effect immediately prior to the First Effective Time (amended so that the name of the First Surviving Corporation shall be "Kansas City Southern") shall be the certificate of incorporation of the First Surviving Corporation until thereafter amended in accordance with the DGCL and such certificate of incorporation; and (ii) the bylaws of First Merger Sub as in effect immediately prior to the First Effective Time (amended so that the name of the First Surviving Corporation shall be "Kansas City Southern") shall be the bylaws of the First Surviving Corporation until thereafter amended in accordance with the DGCL and such bylaws; and

(b) at the Second Effective Time: (i) the certificate of incorporation of Surviving Merger Sub as in effect immediately prior to the Second Effective Time (amended so that the name of the Second Surviving Corporation shall be "Kansas City Southern"), shall be the certificate of incorporation of the Second Surviving Corporation until thereafter amended in accordance with DGCL and such certificate of incorporation and (ii) the bylaws of Surviving Merger Sub as in effect immediately prior to the Second Effective Time (amended so that the name of the Second Surviving Corporation shall be "Kansas City Southern") shall be the bylaws of the Second Surviving Corporation.

Section 1.6 Directors and Officers of the First Surviving Corporation. (a) The directors of the Company as of immediately prior to the First Effective Time shall be the initial directors of the First Surviving Corporation as of the First Effective Time and shall hold office until their respective successors are duly elected and qualified, or their earlier death, resignation or removal and (b) the officers of the Company as of immediately prior to the First Effective Time shall be the initial officers of the First Surviving Corporation as of the First Effective Time and shall hold office until their respective successors are duly elected and qualified, or their earlier death, resignation or removal.

Section 1.7 Directors and Officers of the Second Surviving Corporation. (a) The directors the First Surviving Corporation as of immediately prior to the Second Effective Time shall be the initial directors of the Second Surviving Corporation as of the Second Effective Time and shall hold office until their respective successors are duly elected and qualified, or their earlier death, resignation or removal and (b) the officers of the First Surviving Corporation as of immediately prior to the Second Effective Time shall be the initial officers of the Second Surviving Corporation as of the Second Effective Time and shall hold office until their respective successors are duly elected and qualified, or their earlier death, resignation or removal.

Section 1.8 Post-Closing Contributions. Immediately following the Second Effective Time, Parent shall, or shall cause its Affiliates to, take all actions necessary to undertake the steps set forth in Section 1.8 of the Parent Disclosure Schedules (the "Post-Closing Contributions").

ARTICLE 2

CONVERSION OF SHARES; EXCHANGE OF CERTIFICATES

Section 2.1 Effect of the Mergers on Capital Stock.

(a) At the First Effective Time, by virtue of the First Merger and without any action on the part of the Company, Surviving Merger Sub or the holders of any securities of the Company or Surviving Merger Sub:

(i) Conversion of Company Common Stock. Each share of Company Common Stock that is outstanding immediately prior to the First Effective Time, but excluding Excluded Shares and Dissenting Shares, shall be converted automatically into the right to receive (A) a number of Parent Common Shares equal to the Exchange Ratio

(the "Share Consideration"), subject to Section 2.1(e) with respect to fractional Parent Common Shares, and (B) $90.00 in cash (the "Cash Consideration" and, together with the Share Consideration, the "Merger Consideration"). All shares of Company Common Stock that have been converted into the right to receive the Merger Consideration as provided in this Section 2.1(a) shall be automatically cancelled and cease to exist on the conversion thereof, and uncertificated shares of Company Common Stock represented by book-entry form ("Common Book-Entry Shares") and each certificate that, immediately prior to the First Effective Time, represented any such shares of Company Common Stock (each, a "Common Certificate") shall thereafter represent only the right to receive the Merger Consideration (including the right to receive, pursuant to Section 2.1(e), the Fractional Share Cash Amount) into which the shares of Company Common Stock represented by such Common Book-Entry Share or Common Certificate have been converted pursuant to this Section 2.1(a)(i).

(ii) Treatment of Excluded Shares. Each share of Company Common Stock or Company Preferred Stock that is directly owned by the Company (as treasury stock or otherwise), Parent or either Merger Sub immediately prior to the First Effective Time, other than shares held on behalf of third parties, shall be cancelled and shall cease to exist, and no consideration shall be delivered in exchange therefor (such shares, the "Cancelled Shares"). Each share of Company Common Stock that is owned by any wholly owned Subsidiary of the Company or Parent (other than either Merger Sub) immediately prior to the First Effective Time, other than shares held on behalf of third parties, shall automatically be converted into the right to receive such number of Parent Common Shares equal to (A) the Cash Consideration *divided by* the Parent Share Price *plus* (B) the Exchange Ratio (each such share, together with the Cancelled Shares, the "Excluded Shares").

(iii) Conversion of First Merger Sub Common Stock. Each share of common stock, par value $0.01 per share, of First Merger Sub outstanding immediately prior to the First Effective Time shall be converted into and become one validly issued, fully paid and nonassessable share of common stock, par value $0.01 per share, of the First Surviving Corporation with the same rights, powers and privileges as the shares so converted and shall constitute the only outstanding shares of capital stock of the First Surviving Corporation. From and after the First Effective Time, all certificates representing the common stock of First Merger Sub shall be deemed for all purposes to represent the number of shares of common stock of the First Surviving Corporation into which they were converted in accordance with the immediately preceding sentence.

(iv) Conversion of Company Preferred Stock. Each share of Company Preferred Stock that is outstanding immediately prior to the First Effective Time, but excluding Dissenting Shares and Cancelled Shares, shall be converted automatically into the right to receive $37.50 per share in cash (the "Preferred Merger Consideration"). All shares of Company Preferred Stock that have been converted into the right to receive the Preferred Merger Consideration as provided in this Section 2.1(a)(iv) shall be automatically cancelled on the conversion thereof and shall cease to exist, and uncertificated shares of Company Preferred Stock represented by book-entry form ("Preferred Book-Entry Shares") and each certificate that, immediately prior to the First

Effective Time, represented any such shares of Company Preferred Stock (each, a "Preferred Certificate") shall thereafter represent only the right to receive the Preferred Merger Consideration into which the shares of Company Preferred Stock represented by such Preferred Book-Entry Share or Preferred Certificate have been converted pursuant to this Section 2.1(a)(iv).

(b) At the Second Effective Time, by virtue of the Second Merger and without any action on the part of the Second Surviving Corporation, Surviving Merger Sub or the holders of any securities of the Second Surviving Corporation or Surviving Merger Sub, (i) each share of common stock, par value $0.01 per share, of Surviving Merger Sub issued and outstanding immediately prior to the Second Effective Time shall remain outstanding, all of which shares shall be held by Parent and which shall not be affected by the Second Merger and (ii) each share of common stock of the First Surviving Corporation issued and outstanding immediately prior to the Second Effective Time shall be cancelled and shall cease to exist, and no consideration shall be paid with respect thereto, such that, immediately following the Second Merger, the Second Surviving Corporation shall be a direct wholly owned Subsidiary of Parent.

(c) Dissenters' Rights. Any provision of this Agreement to the contrary notwithstanding, if required by the DGCL (but only to the extent required thereby), shares of Company Common Stock or Company Preferred Stock that are issued and outstanding immediately prior to the First Effective Time (other than the Cancelled Shares) and that are held by holders of such shares who have not voted in favor of the adoption of this Agreement or consented thereto in writing and who have properly exercised appraisal rights with respect thereto in accordance with, and who have complied with, Section 262 of the DGCL with respect to any such shares held by any such holder (the "Dissenting Shares") shall not be converted into the right to receive the Merger Consideration or the Preferred Merger Consideration, as applicable, and holders of such Dissenting Shares shall be entitled to receive payment of the fair value of such Dissenting Shares in accordance with the provisions of such Section 262, unless and until any such holder fails to perfect or effectively withdraws or loses its rights to appraisal and payment under the DGCL. If, after the First Effective Time, any such holder fails to perfect or effectively withdraws or loses such rights, such Dissenting Shares shall thereafter be no longer considered Dissenting Shares under this Agreement and shall be treated as if they had been converted into, at the First Effective Time, the right to receive the Merger Consideration or the Preferred Merger Consideration, as applicable, without any interest thereon, in accordance with Section 2.1(a). At the First Effective Time, any holder of Dissenting Shares shall cease to have any rights with respect thereto, except the rights provided in Section 262 of the DGCL and as provided in the previous sentence. The Company shall give Parent (i) prompt notice of any demands received by the Company for appraisals of shares of Company Common Stock or Company Preferred Stock under Section 262 of the DGCL and (ii) the opportunity to direct all negotiations and proceedings with respect to such demands. The Company shall not, except with the prior written consent of Parent (which consent shall not be unreasonably withheld, delayed or conditioned), make any payment with respect to any such demands for appraisal or settle, offer to settle or approve any withdrawal of any such demands.

(d) Certain Adjustments. If, between the date of this Agreement and the First Effective Time, the outstanding shares of Company Common Stock or Company Preferred Stock or the outstanding Parent Common Shares shall have been changed into a different number of

shares or a different class of shares by reason of any stock dividend, subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination or exchange of shares, the Merger Consideration and/or the Preferred Merger Consideration, as applicable, shall be equitably adjusted, without duplication, to proportionally reflect such change.

(e) No Fractional Shares.

(i) No fractional Parent Common Shares shall be issued in connection with the First Merger and no certificates or scrip representing fractional Parent Common Shares shall be delivered on the conversion of shares of Company Common Stock pursuant to Section 2.1(a)(i). Each holder of shares of Company Common Stock who would otherwise have been entitled to receive as a result of the First Merger a fraction of a Parent Common Share (after aggregating all shares represented by the Common Certificates and Common Book-Entry Shares delivered by such holder) shall receive, in lieu of such fractional Parent Common Share, cash (without interest) in an amount (rounded down to the nearest cent) representing such holder's proportionate interest in the net proceeds from the sale by the Exchange Agent, on behalf of all such holders, of the aggregated number of fractional Parent Common Shares that would otherwise have been issuable to such holders as part of the Merger Consideration (the "Fractional Share Cash Amount").

(ii) As soon as practicable after the First Effective Time, the Exchange Agent shall, on behalf of all such holders of fractional Parent Common Shares, effect the sale of all such Parent Common Shares that would otherwise have been issuable as part of the Merger Consideration at the then-prevailing prices on the NYSE through one or more member firms of the NYSE. After the proceeds of such sale have been received, the Exchange Agent shall determine the applicable Fractional Share Cash Amount payable to each applicable holder and shall make such amounts available to such holders in accordance with Section 2.2(b). The payment of cash in lieu of fractional Parent Common Shares to such holders is not a separately bargained-for consideration and solely represents a mechanical rounding-off of the fractions in the exchange.

(iii) No such holder shall be entitled to dividends, voting rights or any other rights in respect of any fractional Parent Common Share that would otherwise have been issuable as part of the Merger Consideration.

Section 2.2 Exchange of Certificates.

(a) Exchange Agent. Prior to the First Effective Time, Parent and Surviving Merger Sub shall designate Computershare Investor Services Inc. or a bank or trust company or similar institution selected by Parent to serve as exchange agent hereunder and approved in advance by the Company in writing (which approval shall not be unreasonably withheld, conditioned or delayed) (the "Exchange Agent"). Prior to the First Effective Time, Parent shall, on behalf of Surviving Merger Sub, deposit or shall cause to be deposited, with the Exchange Agent, in trust for the benefit of holders of shares of Company Common Stock and Company Preferred Stock, (i) cash in U.S. dollars sufficient to pay (A) the aggregate Cash Consideration payable pursuant to Section 2.1(a)(i) and (B) the aggregate Preferred Merger Consideration

payable pursuant to Section 2.1(a)(iv) and (ii) evidence of Parent Common Shares in book-entry form representing the number of Parent Common Shares sufficient to deliver the aggregate Share Consideration deliverable pursuant to Section 2.1(a)(i). Parent agrees to deposit, or cause to be deposited, with the Exchange Agent from time to time, as needed, cash sufficient to pay any dividends and other distributions pursuant to Section 2.2(c). Any such cash and book-entry shares deposited with the Exchange Agent shall be referred to as the "Exchange Fund."

(b) Payment Procedures.

(i) As soon as reasonably practicable after the First Effective Time and in any event not later than the third Business Day following the Closing Date, Parent shall cause the Exchange Agent to mail to each holder of record of shares of Company Common Stock or Company Preferred Stock whose shares were converted into the right to receive the Merger Consideration or the Preferred Merger Consideration, as applicable, pursuant to Section 2.1, (A) a letter of transmittal with respect to Book-Entry Shares (to the extent applicable) and Certificates (which shall specify that delivery shall be effected, and risk of loss and title to Certificates shall pass, only on delivery of Certificates (or effective affidavits of loss in lieu thereof) to the Exchange Agent and shall be in such form and have such other provisions as Parent and the Company may mutually reasonably agree), and (B) instructions for use in effecting the surrender of Book-Entry Shares (to the extent applicable) or Certificates (or effective affidavits of loss in lieu thereof) in exchange for the Merger Consideration or the Preferred Merger Consideration, as applicable.

(ii) On surrender of Certificates (or effective affidavits of loss in lieu thereof) or Book-Entry Shares to the Exchange Agent, together with such letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, or, in the case of Book-Entry Shares, receipt of an "agent's message" by the Exchange Agent, and such other documents as may customarily be required by the Exchange Agent, the holder of such Certificates (or effective affidavits of loss in lieu thereof) or Book-Entry Shares shall be entitled to receive in exchange therefor, and the Exchange Agent shall be required to promptly deliver to each such holder, the Merger Consideration or the Preferred Merger Consideration, as applicable, into which the shares represented by such Certificates or Book-Entry Shares have been converted pursuant to this Article 2 (together with any Fractional Share Cash Amount and any dividends or other distributions payable pursuant to Section 2.2(c)). No interest shall be paid or accrued on any amount payable on due surrender of Certificates (or effective affidavits of loss in lieu thereof) or Book-Entry Shares. If payment of the Merger Consideration or Preferred Merger Consideration, as applicable, is to be made to a Person other than the Person in whose name the surrendered Certificate is registered, it shall be a condition precedent of payment that (A) the Certificate so surrendered shall be properly endorsed or shall be otherwise in proper form for transfer and (B) the Person requesting such payment shall have paid any transfer and other similar Taxes required by reason of the payment of the Merger Consideration or Preferred Merger Consideration, as applicable, to a Person other than the registered holder of the Certificate surrendered or shall have established that such Tax either has been paid or is not required to be paid.

(iii) The Exchange Agent, the Company, Parent and each Merger Sub, as applicable, shall be entitled to deduct and withhold from any amounts otherwise payable to holders of Company Common Stock or Company Preferred Stock pursuant to this Article 2 such amounts as are required to be withheld or deducted under the Internal Revenue Code of 1986, as amended (the "Code"), or under any provision of state, local or foreign Tax Law with respect to the making of such payment; it being understood that, provided that the representation and warranty of the Company in Section 3.15(c) is true and correct as of the First Effective Time, no deduction or withholding shall be made under the Laws of Canada (or any province thereof) from any such amounts (other than, for greater certainty, (A) any dividend or other distribution referenced in Section 2.2(c), and (B) amounts referred to in Section 2.3 that are attributable to personal services performed by the applicable payee in Canada or any province thereof or by an applicable payee who is a resident, for income Tax purposes, of Canada) except to the extent that any such deduction or withholding shall be required by a change in Law after the date of this Agreement. To the extent that amounts are so deducted or withheld and timely paid over to the relevant Governmental Entity, such deducted or withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction or withholding was made.

(c) Treatment of Unexchanged Shares. No dividends or other distributions, if any, with a record date after the First Effective Time with respect to Parent Common Shares shall be paid to the holder of any unsurrendered shares of Company Common Stock to be converted into Parent Common Shares pursuant to Section 2.1(a)(i) until such holder shall surrender such shares of Company Common Stock in accordance with this Section 2.2. After the surrender in accordance with this Section 2.2 of a share of Company Common Stock to be converted into Parent Common Shares pursuant to Section 2.1(a)(i), the holder thereof shall be entitled to receive (in addition to the Merger Consideration and the Fractional Share Cash Amount payable to such holder pursuant to this Article 2) any such dividends or other distributions, without any interest thereon, which theretofore had become payable with respect to the Parent Common Shares represented by such share of Company Common Stock, less such withholding or deduction for any Taxes required by applicable Law.

(d) Closing of Transfer Books. At the First Effective Time, the stock transfer books of the Company shall be closed, and there shall be no further registration of transfers on the stock transfer books of the First Surviving Corporation of the shares of Company Common Stock or Company Preferred Stock that were outstanding immediately prior to the First Effective Time. If, after the First Effective Time, Certificates or Book-Entry Shares are presented to the Second Surviving Corporation, Parent or the Exchange Agent for transfer or any other reason, the holder of any such Certificates or Book-Entry Shares shall be given a copy of the letter of transmittal referred to in Section 2.2(b) and instructed to comply with the instructions in that letter of transmittal in order to receive the consideration to which such holder is entitled pursuant to this Article 2.

(e) Termination of Exchange Fund. Any portion of the Exchange Fund (including the proceeds of any investments thereof) that remains undistributed to the former holders of shares of Company Common Stock or Company Preferred Stock on the first anniversary of the First Effective Time shall thereafter be delivered, at the direction of Surviving

Merger Sub, to Parent on demand, and any former holders of shares of Company Common Stock or Company Preferred Stock who have not surrendered their shares in accordance with this Article 2 shall thereafter look only to Parent for payment of their claim for the Merger Consideration (together with the Fractional Share Cash Amount and any dividends or other distributions payable pursuant to Section 2.2(c)) or Preferred Merger Consideration, as applicable, without any interest thereon, on due surrender of their shares.

(f) No Liability. Anything herein to the contrary notwithstanding, none of the Company, Parent, either Merger Sub, the First Surviving Corporation, the Second Surviving Corporation, the Exchange Agent or any other Person shall be liable to any former holder of shares of Company Common Stock or Company Preferred Stock for any amount properly delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law. Any portion of the Exchange Fund that remains undistributed to the holders of Company Common Stock or Company Preferred Stock as of immediately prior to the date on which the Exchange Fund would otherwise escheat to, or become property of, any Governmental Entity shall cease to represent any claim of any kind or nature and shall be deemed to be surrendered for cancellation to Parent.

(g) Investment of Exchange Fund. The Exchange Agent shall invest all cash included in the Exchange Fund as reasonably directed by Parent; provided, that any investment of such cash shall be limited to direct short-term obligations of, or short-term obligations fully guaranteed as to principal and interest by, the U.S. government; provided, further, that no such investment or loss thereon shall affect the amounts payable to holders of Certificates (or effective affidavits of loss in lieu thereof) or Book-Entry Shares pursuant to this Article 2, and following any losses from any such investment, Parent shall promptly provide, on behalf of Surviving Merger Sub, additional funds to the Exchange Agent for the benefit of the holders of shares of Company Common Stock or Company Preferred Stock. Any interest and other income resulting from such investments shall be paid to or at the direction of Parent pursuant to Section 2.2(e).

(h) Lost Certificates. In the case of any Certificate that has been lost, stolen or destroyed, on the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by the Exchange Agent, the posting by such Person of a bond in customary amount as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent shall issue in exchange for such lost, stolen or destroyed Certificate the Merger Consideration (together with the Fractional Share Cash Amount and any dividends or other distributions deliverable pursuant to Section 2.2(c)) or the Preferred Merger Consideration, as applicable, payable in accordance with Section 2.1 with respect to the shares of Company Common Stock or Company Preferred Stock represented by such lost, stolen or destroyed Certificate.

Section 2.3 Treatment of Company Equity Awards.

(a) Each option to purchase shares of Company Common Stock (each, a "Company Option"), whether vested or unvested, that is outstanding as of immediately prior to the First Effective Time shall, at the First Effective Time, become fully vested and be converted into the right to receive an amount in cash equal to (i) the excess, if any of (A) the Merger Consideration Value over (B) the exercise price per share of Company Common Stock of such

Company Option *multiplied by* (ii) the total number of shares of Company Common Stock subject to such Company Option as of immediately prior to the First Effective Time. Parent shall or shall cause the Second Surviving Corporation or one of its Subsidiaries, as applicable, to deliver to the holders of Company Options the cash amounts described in the immediately preceding sentence, less such amounts as are required to be withheld or deducted under the Code or any provision of state, local or foreign Tax Law with respect to the making of such payment, promptly but no later than the next scheduled payroll of the Company that is at least four Business Days after the First Effective Time. For the avoidance of doubt, any Company Option that has an exercise price per share of Company Common Stock that is greater than or equal to the Merger Consideration Value shall be cancelled at the First Effective Time for no consideration or payment.

(b) Each award of shares of Company Common Stock granted subject to any vesting, forfeiture or other lapse restrictions (each, a "Company Restricted Share Award") that is outstanding as of immediately prior to the First Effective Time, shall, at the First Effective Time, become fully vested and be converted into the right to receive (i) the Merger Consideration in respect of each share of Company Common Stock subject to such Company Restricted Share Award as of immediately prior to the First Effective Time and (ii) the accrued but unpaid cash dividends corresponding to each share of Company Common Stock subject to such Company Restricted Share Award. Parent shall or shall cause the Second Surviving Corporation or one of its Subsidiaries, as applicable, to pay to the holders of Company Restricted Share Awards the cash amounts and Parent Common Shares described in the immediately preceding sentence, less such amounts as are required to be withheld or deducted under the Code or any provision of state, local or foreign Tax Law with respect to the making of such payment, promptly but no later than the next scheduled payroll of the Company that is at least four Business Days after the First Effective Time.

(c) Each award of performance shares that corresponds to shares of Company Common Stock (each, a "Company Performance Share Award") that is outstanding as of immediately prior to the First Effective Time, shall, at the First Effective Time, be converted into an award that entitles the holder thereof, upon vesting, to receive an amount in cash equal to the Merger Consideration Value in respect of each share of Company Common Stock subject to such Company Performance Share Award, with the number of shares of Company Common Stock subject to each such award equal to 200% of the target number of shares of Company Common Stock covered by each such award as of immediately prior to the First Effective Time. Except as otherwise provided in this Section 2.3(c), each cash-based award covered by this Section 2.3(c) shall have the same terms and conditions (including vesting terms and conditions) as applied to the corresponding Company Performance Share Award; provided, that the performance-based vesting conditions shall no longer apply, the award will be subject only to service-based vesting, and each such award shall vest in full upon a Qualifying Termination.

(d) Each share of director deferred stock (each, a "Director Deferred Share") that is outstanding as of immediately prior to the First Effective Time, shall, at the First Effective Time, be converted into the right to receive the Merger Consideration. Parent shall or shall cause the Second Surviving Corporation or one of its Subsidiaries, as applicable, to deliver to the holders of Director Deferred Shares the cash amounts and Parent Common Shares described in the immediately preceding sentence, less such amounts as are required to be withheld or

deducted under the Code or any provision of state, local or foreign Tax Law with respect to the making of such payment, promptly but no later than the next scheduled payroll of the Company that is at least four Business Days after the First Effective Time.

(e) Prior to the First Effective Time, the Company, through the Company Board or an appropriate committee thereof, shall adopt such resolutions as may reasonably be required in its discretion to effectuate the actions contemplated by this Section 2.3.

(f) Notwithstanding anything in Section 2.3(a), Section 2.3(b) or Section 2.3(c) to the contrary, but subject to Section 5.1(b), (i) to the extent the terms of any Company Option, Company Restricted Share Award or Company Performance Share Award granted on or after March 21, 2021 and not in violation of this Agreement expressly provide for treatment in connection with the occurrence of the First Effective Time that is different from the treatment prescribed by this Section 2.3, or (ii) as mutually agreed by the parties hereto and a holder of any Company Option, Company Restricted Share Award or Company Performance Share Award, then in each case, the terms of such Company Option, Company Restricted Share Award or Company Performance Share Award, as applicable, shall control (and the applicable provisions of this Section 2.3 shall not apply).

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as disclosed in the Company SEC Documents furnished or filed prior to the date of this Agreement (including any documents incorporated by reference therein and excluding any disclosures set forth in any "risk factors" section or in any "forward-looking statements" section to the extent they are forward-looking statements or cautionary, predictive or forward-looking in nature) or in the disclosure schedules delivered by the Company to Parent concurrently with the execution of this Agreement (the "Company Disclosure Schedules") (it being agreed that disclosure of any item in any section or subsection of the Company Disclosure Schedules shall be deemed disclosed with respect to any other section or subsection of this Agreement and the Company Disclosure Schedules to the extent that the relevance thereof is reasonably apparent on its face), the Company represents and warrants to Parent and each Merger Sub as follows as of the date of this Agreement and as of the Closing Date (other than such representations and warranties that are expressly made as of a certain date, which are made as of such date):

Section 3.1 Qualification, Organization, Subsidiaries.

(a) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the state of Delaware. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, each of the Company's Subsidiaries is a legal entity duly organized, validly existing and (where such concept is recognized) in good standing under the Laws of its respective jurisdiction of incorporation or organization, as applicable. Each of the Company and its Subsidiaries has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and is in

good standing as a foreign corporation in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except, in each case, as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. The Company has made available to Parent true, complete and correct copies of the Organizational Documents of the Company and each of its Significant Subsidiaries, each as amended prior to the date of this Agreement, and each as made available to Parent is in full force and effect.

(b) All of the outstanding shares of capital stock or voting securities of, or other equity interests in, each of the Company's Subsidiaries have been validly issued and are owned by the Company, by another Subsidiary of the Company or by the Company and another Subsidiary of the Company, free and clear of all Liens other than restrictions imposed by applicable securities Laws or the Organizational Documents of any such Subsidiary or any Permitted Liens.

Section 3.2 Capitalization.

(a) The authorized share capital of the Company consists of 400,000,000 shares of Company Common Stock, 840,000 shares of Preferred Stock, par value $25 per share (the "Company Preferred Stock") and 2,000,000 shares of New Series Preferred Stock, par value $1 per share (the "Company New Series Preferred Stock"). As of September 9, 2021, there were (i) 90,976,580 shares of Company Common Stock issued and outstanding (including 187,529 shares of Company Common Stock subject to Company Restricted Share Awards but no shares of Company Common Stock underlying outstanding Company Performance Share Awards and not including shares held in treasury), (ii) 32,375,605 shares of Company Common Stock held in treasury, (iii) 214,542 shares of Company Preferred Stock issued and outstanding (not including shares held in treasury), (iv) 435,194 shares of Company Preferred Stock held in treasury, (v) no shares of Company New Series Preferred Stock issued and outstanding, (vi) Company Options to purchase an aggregate of 571,189 shares of Company Common Stock issued and outstanding, (vii) 116,358 shares of Company Common Stock underlying outstanding Company Performance Share Awards if performance conditions are satisfied at the target level, and (viii) 10,082.6654 shares of Company Common Stock underlying outstanding Director Deferred Shares. All outstanding shares of Company Common Stock are, and all such shares that may be issued prior to the Effective Time will be when issued, duly authorized and validly issued as fully paid and nonassessable, and are not subject to and were not issued in violation of any preemptive or similar right, purchase option, call or right of first refusal or similar right. To the Knowledge of the Company, as of the date hereof, no Person is the beneficial owner of ten percent or more of the issued shares of the Company Common Stock. The Company ESPP was terminated effective as of June 30, 2021, and no participant has any purchase rights thereunder.

(b) Except as set forth in Section 3.2(a) or as required by the terms of the Company Benefit Plans, as of the date of this Agreement, (i) the Company does not have any shares of its capital stock issued or outstanding, other than shares of Company Common Stock that have become outstanding after September 9, 2021, which were reserved for issuance as of September 9, 2021 as set forth in Section 3.2(a), and (ii) there are no outstanding subscriptions, options, warrants, calls, convertible securities or other similar rights, agreements or commitments relating to the issuance of capital stock of the Company or any of the Company's

Subsidiaries to which the Company or any of the Company's Subsidiaries is a party obligating the Company or any of the Company's Subsidiaries to (A) issue, transfer or sell any shares of capital stock of the Company or any of the Company's Subsidiaries or securities convertible into, exercisable for or exchangeable for such shares, (B) grant, extend or enter into any such subscription, option, warrant, call, convertible securities or other similar right, agreement or arrangement, or (C) redeem or otherwise acquire any such shares of capital stock.

(c) Neither the Company nor any of its Subsidiaries has outstanding bonds, debentures, notes or other similar obligations, the holders of which have the right to vote (or which are convertible into, exercisable for or exchangeable for securities having the right to vote) with the stockholders of the Company on any matter. No Subsidiary of the Company owns any capital stock of the Company. Except for its interests (i) in its Subsidiaries and (ii) in any Person in connection with any joint venture, partnership or other similar arrangement with a third party, the Company does not own, directly or indirectly, any capital stock of, or other equity interests in any Person.

(d) Except for any voting trust agreement entered into in compliance with Section 5.8(c) of this Agreement, there are no voting trusts or other agreements or understandings to which the Company or any of its Subsidiaries is a party with respect to the voting of the capital stock of the Company or any of its Subsidiaries.

(e) Section 3.2(e) of the Company Disclosure Schedules lists each Subsidiary of the Company, its jurisdiction of organization and the percentage of its equity interests directly or indirectly held by the Company.

Section 3.3 Corporate Authority Relative to This Agreement; Consents and Approvals; No Violation.

(a) The Company has the requisite corporate power and authority to enter into this Agreement and, subject to receipt of the Company Stockholder Approval, to perform its obligations hereunder and to consummate the transactions contemplated hereby. Except for the Company Stockholder Approval and the filing of the First Certificate of Merger and the Second Certificate of Merger with the Secretary of State of the State of Delaware, no other corporate proceedings on the part of the Company are necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Company and, assuming this Agreement constitutes the valid and binding agreement of Parent and each Merger Sub, constitutes the valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, relating to creditors' rights generally and (ii) equitable remedies of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought (collectively, the "Enforceability Exceptions").

(b) The Company Board at a duly called and held meeting has unanimously (i) determined that it is in the best interests of the Company and its stockholders, and declared it

advisable, to enter into this Agreement, (ii) approved the execution, delivery and performance of this Agreement and the consummation of the Mergers and the other transactions contemplated hereby and (iii) resolved to recommend that the stockholders of the Company adopt this Agreement (the "Company Recommendation") and directed that such matter be submitted for consideration of the stockholders of the Company at the Company Stockholder Meeting.

(c) The execution, delivery and performance by the Company of this Agreement and the consummation of the Mergers and the other transactions contemplated hereby by the Company do not and will not require the Company or any of its Subsidiaries to procure, make or provide prior to the Closing Date any consent, approval, authorization or permit of, action by, filing with or notification to any United States or foreign, state, provincial, territorial or local governmental or regulatory agency, commission, court, body, entity or authority (each, a "Governmental Entity"), other than (i) the filing of the First Certificate of Merger and the Second Certificate of Merger, (ii) authorizations from, or such other actions as are required to be made with or obtained from, the STB, (iii) authorizations from, or such other actions as are required to be made with or obtained from, the Federal Communications Commission (the "FCC"), (iv) compliance with any applicable requirements of any Antitrust Laws, (v) authorizations from, or such other actions as are required to be made with or obtained from, the COFECE and the IFT, (vi) the filing of notices with the ARTF and the SCT, (vii) compliance with the applicable requirements of the Securities Act and the Exchange Act, including the filing with the SEC of the Form F-4 (including the Proxy Statement/Prospectus), (viii) compliance with the rules and regulations of the NYSE, (ix) compliance with any applicable foreign or state securities or blue sky laws and (x) the other consents and/or notices set forth on Section 3.3(c) of the Company Disclosure Schedules (clauses (i) through (x), collectively, the "Company Approvals"), and other than any consent, approval, authorization, permit, action, filing or notification the failure of which to make or obtain would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(d) Assuming compliance with the matters referenced in Section 3.3(c) and receipt of the Company Approvals and the Company Stockholder Approval, the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the Mergers and the other transactions contemplated hereby, do not and will not (i) contravene or conflict with the organizational or governing documents of the Company or any of its Subsidiaries, (ii) contravene or conflict with or constitute a violation of any provision of any Law binding on or applicable to the Company or any of its Subsidiaries or any of their respective properties or assets or (iii) result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to the loss of a benefit under any Contract, instrument, permit, concession, franchise, right or license binding on the Company or any of its Subsidiaries, other than, in the case of clauses (ii) and (iii), any such contravention, conflict, violation, default, termination, cancellation, acceleration, right or loss that would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.4 Reports and Financial Statements.

(a) The Company has filed or furnished, on a timely basis, all forms, statements, certifications, documents and reports required to be filed or furnished by it with the

SEC pursuant to the Exchange Act or the Securities Act since December 31, 2018 (the forms, statements, certifications, documents and reports so filed or furnished by the Company and those filed or furnished to the SEC subsequent to the date of this Agreement, including any amendments thereto, the "Company SEC Documents"), each of which, in each case as of its date, or, if amended, as finally amended prior to the date of this Agreement, complied, or if not yet filed or furnished, will comply in all material respects with the applicable requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act, as the case may be, and no Company SEC Document as of its date (or, if amended or superseded by a filing prior to the date of this Agreement, as of the date of such amended or superseding filing) contained, and no Company SEC Documents filed with or furnished to the SEC subsequent to the date of this Agreement will contain, any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) The Company is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of the NYSE. Except as permitted by the Exchange Act, including Sections 13(k)(2) and 13(k)(3) thereunder, or the rules and regulations promulgated by the SEC, since December 31, 2018, neither the Company nor any of its Affiliates has made, arranged or modified (in any material way) any extensions of credit in the form of a personal loan to any executive officer or director of the Company.

(c) The consolidated financial statements (including all related notes and schedules) of the Company included in the Company SEC Documents (or, if any such Company SEC Document is amended or superseded by a filing prior to the date of this Agreement, such amended or superseding Company SEC Document) fairly presented in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries, as at the respective dates thereof, and the consolidated results of their operations and their consolidated cash flows for the respective periods then ended (subject, in the case of the unaudited statements, to normal year-end audit adjustments and to any other adjustments described therein, including the notes thereto) and were prepared in all material respects in conformity with GAAP (except, in the case of the unaudited financial statements, as permitted by the SEC) applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto).

Section 3.5 Internal Controls and Procedures.

(a) The Company has established and maintains disclosure controls and procedures as required by Rule 13a-15 under the Exchange Act. Such disclosure controls and procedures are effective in providing reasonable assurance that all information required to be disclosed by the Company is recorded and reported on a timely basis to the individuals responsible for the preparation of the Company's filings with the SEC and other public disclosure documents.

(b) The Company maintains a system of internal controls over financial reporting (as defined in Rule 13a-15 under the Exchange Act) that is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes policies and

procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company in all material respects, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and to maintain accountability for assets, that access to assets is permitted only in accordance with authorizations of management and directors of the Company and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements. The records, systems, controls, data and information of the Company and its Subsidiaries that are used in the systems of disclosure controls and procedures and of financial reporting controls and procedures described above are recorded, stored, maintained and operated under means that are under the exclusive ownership and direct control of the Company or a wholly owned Subsidiary of the Company or its accountants, except as would not reasonably be expected to adversely affect or disrupt, in any material respect, the Company's systems of disclosure controls and procedures and of financial reporting controls and procedures or the reports generated thereby.

(c) The Company's management has completed an assessment of the effectiveness of the Company's internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act for the year ended December 31, 2020, and such assessment concluded that such controls were effective. The Company has disclosed, based on its most recent evaluation of its internal controls prior to the date of this Agreement, to the Company's auditors and the audit committee of the Company Board, (i) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in internal control over financial reporting. As of the date of its most recent audited financial statements, neither the Company nor its auditors had identified any significant deficiencies or material weaknesses in its internal controls over financial reporting and, as of the date of this Agreement, to the Knowledge of the Company, nothing has come to its attention that has caused it to believe that there are any material weaknesses or significant deficiencies in such internal controls. To the Knowledge of the Company, since December 31, 2018, no material complaints from any source regarding accounting, internal accounting controls or auditing matters, and no concerns from Company employees regarding questionable accounting or auditing matters, have been received by the Company. To the Knowledge of the Company, since December 31, 2018, no attorney representing the Company or any of its Subsidiaries, whether or not employed by the Company or any of its Subsidiaries, has reported evidence of a violation of securities Laws, breach of fiduciary duty or similar violation by the Company or any of its officers, directors, employees or agents to the Company's chief legal officer, audit committee (or other committee designated for the purpose) of the Company Board pursuant to the rules adopted pursuant to Section 307 of the Sarbanes-Oxley Act or any Company policy contemplating such reporting, including in instances not required by those rules.

Section 3.6 No Undisclosed Liabilities. Except (a) as disclosed, reflected or reserved against in the audited consolidated balance sheet of the Company and its Subsidiaries as

of December 31, 2020, and the footnotes to such consolidated balance sheet, in each case set forth in the Company's report on Form 10-K for the fiscal year ended December 31, 2020, (b) as expressly permitted or contemplated by this Agreement, (c) for liabilities or obligations that have been discharged or paid in full, (d) for liabilities arising in connection with obligations under any existing Contract (except to the extent such liabilities arose or resulted from a breach or a default of such Contract), (e) for liabilities and obligations incurred in the Ordinary Course of Business since December 31, 2020 (the "Company Balance Sheet Date"); or (f) as would not have, individually or in the aggregate, a Company Material Adverse Effect, neither the Company nor any Subsidiary of the Company has any liabilities or obligations that would be required by GAAP to be reflected on a consolidated balance sheet of the Company and its Subsidiaries.

Section 3.7 Compliance with Law; Permits.

(a) The Company and its Subsidiaries have been since December 31, 2018 in compliance with and not in default under or in violation of any federal, state, local or foreign law, statute, ordinance, rule, regulation, judgment, Order, injunction or decree of any Governmental Entity (collectively, "Laws" and each, a "Law") applicable to the Company and its Subsidiaries, except where such non-compliance, default or violation would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) The Company and its Subsidiaries are in possession of all franchises, grants, concessions, authorizations, licenses, permits, easements, variances, exceptions, consents, certificates, approvals, clearances, tariffs, qualifications, registrations and orders of any Governmental Entities ("Permits") necessary for the Company and the Company's Subsidiaries to own, lease and operate their properties and assets or to carry on their businesses as they are now being conducted (such Permits, the "Company Permits"), except where the failure to have any of the Company Permits would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. All Company Permits are in full force and effect and are not subject to any administrative or judicial proceeding that would reasonably be expected to result in modification, termination or revocation thereof, and the Company and each of its Subsidiaries is in compliance with the terms and requirements of such Company Permit, except where the failure to be in full force and effect or in compliance or where such proceeding would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) Neither the Company nor any of its Subsidiaries has received any written notice that the Company or its Subsidiaries is in violation of any Law applicable to the Company or any of its Subsidiaries or any Permit, except for such violations that would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. There are no Actions pending, threatened in writing or, to the Knowledge of the Company, otherwise threatened that would reasonably be expected to result in the revocation, withdrawal, suspension, non-renewal, termination, revocation, or adverse modification or limitation of any such Permit, except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.8 Anti-Corruption; Anti-Bribery; Anti-Money Laundering.

(a) The Company, its Subsidiaries and, to the Knowledge of the Company, each of their directors, officers, employees, agents and each other Person acting on behalf of the Company or its Subsidiaries are in all material respects in compliance with and for the past five years, have in all material respects complied with (a) the Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), and (b) the provisions of all anti-bribery, anti-corruption and anti-money laundering Laws of each jurisdiction in which the Company and its Subsidiaries operate or have operated and in which any agent thereof is conducting or has conducted business on behalf of the Company or any of its Subsidiaries ("Anti-Corruption Laws"). The Company and its Subsidiaries have since December 31, 2018 (i) instituted policies and procedures that are reasonably designed to ensure compliance in all material respects with the FCPA and other anti-bribery, anti-corruption and anti-money laundering Laws in each jurisdiction in which the Company or any of its Subsidiaries operate and (ii) maintained such policies and procedures in full force and effect in all material respects.

(b) None of the Company, its Subsidiaries or, to the Knowledge of the Company, any of their directors, officers and employees and each other Person acting on behalf of the Company or its Subsidiaries has, in the past five years, directly or indirectly, violated any, or been subject to actual or, to the Knowledge of the Company, pending or threatened Proceedings, settlements or enforcement actions alleging violations on the part of any of the foregoing Persons of the FCPA or Anti-Corruption Laws or any terrorism financing Law.

(c) None of the Company, its Subsidiaries or, to the Knowledge of the Company, any of their directors, officers and their employees or any other Person acting on behalf of the Company or its Subsidiaries has, in the past five years: (i) directly or indirectly, paid, offered or promised to pay, or authorized or ratified the payment of any monies, gifts or anything of value (A) which would violate any applicable Anti-Corruption Law, including the FCPA, applied for purposes hereof as it applies to domestic concerns, or (B) to any national, provincial, municipal or other Government Official or any political party or candidate for political office for the purpose of (x) influencing any act or decision of such official or of any Governmental Entity, (y) to obtain or retain business, or direct business to any Person or (z) to secure any other improper benefit or advantage; or (ii) aided, abetted, caused (directly or indirectly), participated in, or otherwise conspired with, any Person to violate the terms of any Order.

Section 3.9 Sanctions.

(a) For the past five years, the Company and each of its Subsidiaries has been, and currently is, in all material respects in compliance with relevant economic sanctions and export control Laws in jurisdictions in which the Company or any of its Subsidiaries do business or are otherwise subject to jurisdiction, including the United States International Traffic in Arms Regulations, the Export Administration Regulations, and United States sanctions Laws and regulations administered by the United States Department of the Treasury's Office of Foreign Assets Control or the United States Department of State (collectively "Export and Sanctions Regulations").

(b) None of the Company or any of its Subsidiaries, or, to the Knowledge of the Company, any director, officer, agent, employee or other Person acting on behalf of any of the Company or its Subsidiaries, in their capacity as such, is currently, or has in the past five years: (i) a Sanctioned Person or (ii) engaging in any dealings or transactions with, or for the benefit of, any Sanctioned Person or in any Sanctioned Country, to the extent such activities would cause the Company to violate applicable Export and Sanctions Regulations.

(c) For the past five years, the Company and its Subsidiaries have (i) instituted policies and procedures that are reasonably designed to ensure compliance in all material respects with the Export and Sanctions Regulations in each jurisdiction in which the Company and its Subsidiaries operate or are otherwise subject to jurisdiction and (ii) maintained such policies and procedures in full force and effect in all material respects.

(d) For the past five years, neither the Company nor any of its Subsidiaries (w) has been found in violation of, charged with or convicted of, any Export and Sanctions Regulations, (x) to the Knowledge of the Company, is under investigation by any Governmental Entity for possible violations of any Export and Sanctions Regulation, (y) has been assessed civil penalties under any Export and Sanctions Regulations or (z) has filed any voluntary disclosures with any Governmental Entity regarding possible violations of any Export and Sanctions Regulations.

Section 3.10 Environmental Laws and Regulations.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect: (i) the Company and its Subsidiaries have for the past five years conducted their respective businesses in compliance with all applicable Environmental Laws; (ii) for the past five years, neither the Company nor any of its Subsidiaries has received any written notices, demand letters or written requests for information from any Governmental Entity alleging that the Company or any of its Subsidiaries is in violation of or has liability under any Environmental Law and there are no legal, administrative, arbitral or other proceedings, claims or actions pending, or to the Knowledge of the Company threatened, against the Company or any of its Subsidiaries alleging any violation of or liability relating to any Environmental Law, in each case other than with respect to matters that have been fully resolved; (iii) to the Knowledge of the Company, there has been no treatment, storage or release of any Hazardous Substance in violation of or as could reasonably be expected to result in liability under any applicable Environmental Law from any properties currently or formerly owned or leased or held under concession by the Company or any of its Subsidiaries or any predecessor; and (iv) neither the Company nor any Subsidiary is subject to any agreement, order, judgment, decree or agreement by or with any Governmental Entity or other third party imposing any liability or obligation relating to any Environmental Law.

(b) The generality of any other representations and warranties in this Agreement notwithstanding, the representations and warranties in this Section 3.10 shall be deemed to be the Company's sole and exclusive representations and warranties in this Agreement with respect to Environmental Laws, Hazardous Substances and any other environmental matters.

Section 3.11 Employee Benefit Plans; Labor Matters.

(a) Section 3.11(a) of the Company Disclosure Schedules lists all material Company Benefit Plans.

(b) The Company has made available to Parent, with respect to each material Company Benefit Plan, each writing constituting a part of such Company Benefit Plan, including all amendments thereto.

(c) Except as would not have, individually or in the aggregate, a Company Material Adverse Effect: (i) each Company Benefit Plan (including any related trusts) has been maintained and administered in compliance with its terms and with applicable Law, including ERISA and the Code to the extent applicable thereto; (ii) each Company Benefit Plan intended to be "qualified" within the meaning of Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service or is entitled to rely on a favorable opinion issued by the Internal Revenue Service, (iii) no Company Benefit Plan is subject to Title IV of ERISA, (iv) no employee benefit plan of the Company or its Subsidiaries is a Multiemployer Plan or a plan subject to Title IV of ERISA that has two or more contributing sponsors, at least two of whom are not under common control, (v) all contributions or other amounts payable by the Company or any of its Subsidiaries with respect to each Company Benefit Plan in respect of current or prior plan years have been paid or accrued in accordance with GAAP and (vi) there are no pending, threatened or, to the Knowledge of the Company, anticipated claims (other than claims for benefits in accordance with the terms of the Company Benefit Plans) by, on behalf of or against any of the Company Benefit Plans or any trusts related thereto.

(d) With respect to any Multiemployer Plan contributed to by the Company or any ERISA Affiliate, neither the Company nor any ERISA Affiliate has incurred any withdrawal liability under Title IV of ERISA which remains unsatisfied as to an amount that would reasonably be expected to result in, individually or in the aggregate, material liability to the Company and its Subsidiaries, taken as a whole.

(e) Except as provided in this Agreement or required by applicable Law, the consummation of the transactions contemplated by this Agreement will not, either alone or in combination with another event, (i) entitle any current or former employee or director of the Company or any of its Subsidiaries to severance pay, or any other payment from the Company or its Subsidiaries, (ii) accelerate the time of payment or vesting, or increase the amount of, compensation due to any such employee or consultant, (iii) directly or indirectly cause the Company to transfer or set aside any assets to fund any material benefits under any Company Benefit Plan or (iv) limit or restrict the right to merge, materially amend, terminate or transfer the assets of any Company Benefit Plan on or following the First Effective Time.

(f) The execution and delivery of this Agreement, stockholder or other approval of this Agreement or the consummation of the transactions contemplated by this Agreement would not, either alone or in combination with another event, result in the payment of any "excess parachute payment" as defined Section 280G(b)(1) of the Code.

(g) The Company is not a party to nor does it have any obligation under any Company Benefit Plan to compensate, indemnify or reimburse any person for excise Taxes payable pursuant to Section 4999 of the Code or for additional Taxes payable pursuant to Section 409A of the Code.

(h) The Company and its Subsidiaries are in compliance with their obligations pursuant to all notification and bargaining obligations arising under any Company Labor Agreements, except as would not have, individually or in the aggregate, a Company Material Adverse Effect.

(i) Except as would not reasonably be expected to result in, individually or in the aggregate, material liability to the Company and its Subsidiaries, taken as a whole as of the date of this Agreement, (A) there are no strikes or lockouts with respect to any employees of the Company or any of its Subsidiaries; (B) to the Knowledge of the Company, there is no union organizing effort pending or threatened against the Company or any of its Subsidiaries; (C) there is no labor dispute or labor arbitration proceeding pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries (other than, in each case, routine grievances, including those brought by unions or other collectively represented employees, to be heard by the applicable Governmental Entity); and (D) there is no slowdown, or work stoppage in effect or, to the Knowledge of the Company, threatened with respect to employees of the Company or any of its Subsidiaries;.

(j) Except as would not have, individually or in the aggregate, a Company Material Adverse Effect, since December 31, 2018, the Company and its Subsidiaries have complied with all applicable Laws with respect to employment and employment practices (including all applicable Laws, rules and regulations regarding wage and hour requirements, employee and worker classification, immigration status, discrimination in employment, harassment, employee health and safety, and collective bargaining).

(k) The consent or consultation of, or the rendering of formal advice by, any labor or trade union, works council or similar organization is not required for the Company to enter into this Agreement or to consummate any of the transactions contemplated hereby other than any consent, consultation or formal advice, the failure of which to obtain or, in the case of consultation, engage in, would not delay or prevent the consummation of the transactions contemplated by this Agreement or otherwise reasonably be expected to result in, individually or in the aggregate, material liability to the Company and its Subsidiaries, taken as a whole as of the date of this Agreement.

Section 3.12 Absence of Certain Changes or Events.

(a) Since the Company Balance Sheet Date through the date of this Agreement, there has not been any event, change, occurrence or development that has had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) From the Company Balance Sheet Date through the date of this Agreement, the Company and its Subsidiaries have conducted their respective businesses in all material respects in the Ordinary Course of Business.

Section 3.13 Investigations; Litigation. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, as of the date of this Agreement: (a) to the Knowledge of the Company, there is no investigation or review pending or threatened by any Governmental Entity with respect to the Company or any of the Company's Subsidiaries; and (b) there are no Actions pending (or, to the Knowledge of the Company, threatened) against or affecting the Company or any of the Company's Subsidiaries, or any of their respective assets or properties at law or in equity before, and there are no Orders of, any Governmental Entity against or affecting the Company or any of the Company's Subsidiaries, or any of their respective assets or properties.

Section 3.14 Company Information. The information supplied or to be supplied by the Company for inclusion in (i) the proxy statement relating to the Company Stockholder Meeting, which will be used as a prospectus of Parent with respect to the Parent Common Shares issuable in connection with the First Merger (together with any amendments or supplements thereto, the "Proxy Statement/Prospectus"), (ii) the registration statement on Form F-4 pursuant to which the offer and sale of Parent Common Shares in connection with the First Merger will be registered pursuant to the Securities Act and in which the Proxy Statement/Prospectus will be included as a prospectus of Parent (together with any amendments or supplements thereto, the "Form F-4") or (iii) the management information circular relating to the Parent Shareholder Meeting (together with any amendments or supplements thereto, the "Management Information Circular") will not, at the time the Proxy Statement/Prospectus is first mailed to the Company's stockholders, at the time the Management Information Circular is first mailed to Parent's shareholders, at the time of the Company Stockholder Meeting and the Parent Shareholder Meeting or at the time the Form F-4 (and any amendment or supplement thereto) is declared effective, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, that no representation or warranty is made by the Company with respect to statements made therein based on information supplied by Parent or either Merger Sub for inclusion or incorporation by reference therein.

Section 3.15 Tax Matters.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect: (i) the Company and each of its Subsidiaries have prepared and timely filed (taking into account any extension of time within which to file) all Tax Returns required to be filed by any of them under applicable Law with the appropriate Governmental Entity and all such filed Tax Returns are complete and accurate; (ii) the Company and each of its Subsidiaries have paid all Taxes required to be paid under applicable Law to the appropriate Governmental Entity and have withheld all Taxes required to be withheld by any of them (including in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, stockholder or other third party), except, in the case of clauses (i) and (ii), with respect to matters contested in good faith or for which adequate reserves have been established in accordance with GAAP; (iii) as of the date of this Agreement, there are not

pending or, to the Knowledge of the Company, threatened in writing, any audits, examinations, investigations or other proceedings in respect of Taxes of the Company or any of its Subsidiaries, and neither the Company nor any of its Subsidiaries has received written notice within the past six years of any claim made by a Governmental Entity in a jurisdiction where the Company or any of its Subsidiaries, as applicable, does not file a Tax Return, that the Company or such Subsidiary is or may be subject to income taxation by, or have an obligation to file an income Tax Return in, that jurisdiction (and, solely in the case of the CRA, has not received such written notice within the past eight years); (iv) there are no liens for Taxes on any property of the Company or any of its Subsidiaries, except for Permitted Liens; (v) neither the Company nor any of its Subsidiaries has been a "controlled corporation" or a "distributing corporation" in any distribution occurring during the two-year period ending on the date of this Agreement that was purported or intended to be governed by Section 355 of the Code; (vi) neither the Company nor any of its Subsidiaries has participated in any "listed transaction" within the meaning of Treasury Regulations Section 1.6011-4(b)(2); (vii) neither the Company nor any of its Subsidiaries (A) is a party to or is bound by any Tax sharing, allocation or indemnification agreement or arrangement (other than such an agreement or arrangement (1) exclusively between or among the Company and/or its Subsidiaries or (2) not primarily related to Taxes and entered into in the Ordinary Course of Business), (B) has been a member of an affiliated, consolidated, unitary or combined group filing a consolidated federal income Tax Return (other than a group the common parent of which is or was the Company or any of its Subsidiaries), or (C) has any liability for the Taxes of any Person (other than the Company or any of its Subsidiaries) under Treasury Regulations Section 1.1502-6 (or any similar provision of federal, state, local or non-U.S. Law), as a transferee or successor; (viii) each Mexican Subsidiary of the Company has complied with all of its obligations to disclose reportable schemes within the meaning of Article 199 of the Federal Fiscal Code (*Código Fiscal de la Federación*); (ix) each Mexican Subsidiary of the Company has fulfilled all of its Mexican Income Tax and VAT Law obligations with respect to the labor structure that it has in place, including the 6% withholding tax obligation under Article 1-A, subsection IV of the VAT Law and the obligation to receive the information contained in Article 27, subsection V of the Mexican Income Tax Law in effect before 2020, and no Tax benefit has been claimed in respect of any Mexican Tax invoice issued in favor of any Mexican Subsidiaries of the Company by a Person included on the list published on the webpage of the Mexican Tax Authorities and/or in the Mexican Official Gazette (Diario Oficial de la Federación) in terms of article 69-B of the Mexican Federal Tax Code; and (x) neither the Company nor any of its Subsidiaries will be required to include any item of income in, or to exclude any item of deduction from, taxable income in any taxable period (or portion thereof) ending after the Closing Date as a result of (A) any closing agreement, installment sale, or open transaction disposition, (B) any accounting method change or agreement with any Governmental Entity or (C) any election pursuant to Section 965(h) of the Code, in each case, made prior to the Closing.

(b) Neither the Company nor any of its Subsidiaries has taken or agreed to take any action or knows of any fact, agreement, plan or other circumstance that is reasonably likely to (i) prevent or impede the Mergers, taken together, from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code, (ii) cause the stockholders (other than any Excepted Stockholder) of the Company to recognize gain pursuant to Section 367(a)(1) of the Code, (iii) cause Parent to be treated as a "domestic corporation" pursuant to Section 7874(b) of the Code as a result of the Mergers, or (iv) prevent or impede the Company from being able to

deliver the executed Company Tax Certificate at Closing. As of the date of this Agreement, the Company believes it will be able to provide the Company Tax Certificate at the Closing.

(c) At no time during the 60 months immediately preceding the First Effective Time will more than 50% of the fair market value of the Company's capital stock have been derived, directly or indirectly, from one or any combination of: real or immovable property situated in Canada, Canadian resources properties, timber resource properties and options in respect of, or interests in, any such property (whether or not such property exists), each within the meaning of the CITA.

(d) The generality of any other representations and warranties in this Agreement notwithstanding, the representations and warranties in this Section 3.15 and, to the extent applicable, Section 3.11 shall be deemed to be the Company's sole and exclusive representations and warranties in this Agreement with respect to Tax matters.

Section 3.16 Intellectual Property; IT Assets; Privacy.

(a) Section 3.16(a) of the Company Disclosure Schedule sets forth a true, correct and complete list as of the date hereof of all material Registered Company Intellectual Property. Each such material item of Registered Company Intellectual Property is, to the Knowledge of the Company, subsisting and not invalid or unenforceable. No such material Registered Company Intellectual Property (other than any applications for Registered Company Intellectual Property) has expired or been cancelled or abandoned, except in accordance with the expiration of the term of such rights, or in the Ordinary Course of Business based on a reasonable business judgement of the Company.

(b) The Company and its Subsidiaries (i) own or have a written, valid and enforceable right to use all material Intellectual Property used in or necessary for the operation of their respective businesses and (ii) own all right, title, and interest in all Company Intellectual Property, free and clear of all Liens (other than Permitted Liens), in each case, except as has not been and would not reasonably be expected to be, individually or in the aggregate, material to the business of the Company and its Subsidiaries, taken as a whole. To the Knowledge of the Company, no Company Intellectual Property material to any business of the Company and its Subsidiaries is subject to any Order or Contract materially and adversely affecting the Company's and its Subsidiaries' ownership or use of, or any rights in or to, any such Intellectual Property.

(c) Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, since December 31, 2018, to the Knowledge of the Company, the operation of the business of the Company and its Subsidiaries has not infringed, violated or otherwise misappropriated any Intellectual Property of any third Person. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) to the Knowledge of the Company, since December 31, 2018, no third Person has infringed, violated or otherwise misappropriated any Company Intellectual Property and (ii) to the Knowledge of the Company, there is, and there has been since December 31, 2018, no pending claim or asserted claim in writing asserting that the Company or any Subsidiary has infringed, violated or otherwise

misappropriated, or is infringing, violating or otherwise misappropriating, any Intellectual Property of any third Person.

(d) The Company and its Subsidiaries have received from each Person (including current and former employees and contractors) who has created or developed any material Intellectual Property for or on behalf of the Company or any of its Subsidiaries, a written, valid, enforceable, present assignment of such Intellectual Property to the Company or its applicable Subsidiary.

(e) The Company and its Subsidiaries own all right, title and interest in and to the Company IT Assets, free and clear of any Liens other than Permitted Liens, except as has not been and would not reasonably be expected to be, individually or in the aggregate, material to the business of the Company and its Subsidiaries, taken as a whole. To the Knowledge of the Company, the Company and its Subsidiaries own or have a written valid and enforceable right to use all IT Assets, except as has not been and would not reasonably be expected to be, individually or in the aggregate, material to the business of the Company and its Subsidiaries, taken as a whole. Except as has not been and would not reasonably be expected to be, individually or in the aggregate, material to the business of the Company and its Subsidiaries, taken as a whole, the Company and each of its Subsidiaries have taken reasonable steps and implemented reasonable safeguards, consistent with best industry practices, to protect the IT Assets from any unauthorized access, use or other security breach. The IT Assets: (i) operate and perform in all material respects as required by the Company and its Subsidiaries for the operation of their respective businesses, (ii) since December 31, 2018, except as, individually or in the aggregate, has not resulted in, and is not reasonably expected to result in, material liability to, or material disruption of the business operations of, the Company and its Subsidiaries, (A) have not malfunctioned or failed, suffered unscheduled downtime, or been subject to unauthorized access, use or other security breach, and (B) have been free from any viruses, Trojan horses, spyware or other malicious code.

(f) The Company and its Subsidiaries have taken commercially reasonable measures to protect the confidentiality of the material Trade Secrets owned by the Company and its Subsidiaries, and to the Knowledge of the Company, no such material Trade Secrets has been used or discovered by or disclosed to any Person except pursuant to written, valid and enforceable non-disclosure agreements protecting the confidentiality thereof, which agreements have not been breached in any material respect.

(g) Since December 31, 2018, the Company and its Subsidiaries have in all material respects complied with all Privacy Laws and with its and their privacy policies and other contractual commitments relating to privacy, security or processing of personal information or data. Except as has been and would not reasonably be expected to be, individually or in the aggregate, material to the business of the Company and its Subsidiaries, taken as a whole, since December 31, 2018, neither the Company nor any of its Subsidiaries has received any written threat, notice or claim alleging (i) non-compliance with any Privacy Laws or with such privacy policies or contractual commitments or (ii) a violation of any third Person's rights under Privacy Laws or such privacy policies or contractual commitments, including any third Person's rights with respect to Sensitive Data. Except as has not been and would not reasonably be expected to be, individually or in the aggregate, material to the business of the Company and its Subsidiaries,

taken as a whole, since December 31, 2018, to the Knowledge of the Company, there has been no unauthorized access, use, processing, transfer or disclosure, or any loss or theft, of Sensitive Data or other personal or personally identifiable information that are protected by Privacy Laws while such Sensitive Data or such other personal or personally identifiable information was in the possession or control of the Company, its Subsidiaries or third-party vendors or service providers.

Section 3.17 Title to Assets. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, the Company or one of its Subsidiaries has good and valid title to all tangible assets owned by the Company or any of its Subsidiaries as of the date of this Agreement, free and clear of all Liens other than Permitted Liens, or good and valid leasehold interests in all tangible assets leased or subleased by the Company or any of its Subsidiaries as of the date of this Agreement, or good and valid rights under the corresponding concession in all tangible assets held subject to such concession by the Company or any of its Subsidiaries as of the date of this Agreement.

Section 3.18 Title to Properties.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, each Contract under which the Company or any of its Subsidiaries is the landlord, sublandlord, tenant, subtenant or occupant (a "Company Real Property Lease") with respect to material real property leased, subleased, held under concession, licensed or otherwise occupied (whether as tenant, subtenant or pursuant to other occupancy arrangements) by the Company or any of its Subsidiaries (collectively, including the improvements thereon, "Company Leased Real Property") is valid and binding on the Company or the Subsidiary thereof party thereto, and, to the Knowledge of the Company, each other party thereto. Neither the Company nor any of its Subsidiaries is currently subleasing, licensing or otherwise granting any person the right to use or occupy a material portion of the Company Leased Real Property that would reasonably be expected to adversely affect the existing use of the remaining portion of the Company Leased Real Property by the Company or its Subsidiaries in the operation of their business thereon, except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, there is no uncured default by the Company or any of its Subsidiaries under any Company Real Property Lease or, to the Knowledge of the Company, by any other party thereto, and, to the Knowledge of the Company, no event has occurred that with the lapse of time or the giving of notice or both would reasonably be expected to constitute a default thereunder by the Company or any of its Subsidiaries or by any other party thereto. As of the date of this Agreement, neither the Company nor any of its Subsidiaries has received any written notice of termination or cancelation, and to the Knowledge of the Company, no termination or cancelation is threatened, under any material Company Real Property Lease.

(b) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, the Company or its Subsidiaries has good and valid title to all of the real property owned by the Company and its Subsidiaries (the "Owned Real Property").

(c) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, neither the Company nor any of its Subsidiaries has received written notice of any condemnation proceeding or proposed action or agreement for taking in lieu of condemnation, nor is any such proceeding, action or agreement pending before a Governmental Entity or, to the Knowledge of the Company, threatened, with respect to any portion of any Owned Real Property.

Section 3.19 Opinion of Financial Advisor. The Company Board has received the opinions of BofA Securities, Inc. and Morgan Stanley & Co. LLC, substantially to the effect that, as of the date of such opinions and subject to the assumptions, limitations, qualifications and other matters stated therein, the Merger Consideration to be received by the holders of Company Common Stock (other than the Excluded Shares and the Dissenting Shares) in the First Merger pursuant to this Agreement is fair, from a financial point of view, to such holders.

Section 3.20 Required Vote of the Company Stockholders. The affirmative vote of the holders of a majority of the outstanding shares of Company Voting Stock in favor of the adoption of this Agreement (the "Company Stockholder Approval") is the only vote of holders of securities of the Company that is required to approve this Agreement and the transactions contemplated hereby, including the Mergers.

Section 3.21 Material Contracts.

(a) Except for this Agreement, agreements filed as exhibits to the Company SEC Documents or as set forth in Section 3.21 of the Company Disclosure Schedules, as of the date of this Agreement, neither the Company nor any of its Subsidiaries is a party to or expressly bound by any Contract (excluding any Company Benefit Plan) that:

(i) would constitute a "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K of the Securities Act);

(ii) is a Company Real Property Lease pursuant to which the Company or any of its Subsidiaries leases real property that is material to the business of the Company and its Subsidiaries, taken as a whole;

(iii) contains restrictions on the right of the Company or any of its Subsidiaries to engage in activities competitive with any Person or to solicit customers or suppliers anywhere in the world, other than restrictions (A) pursuant to limitations on the use by the Company or its Subsidiaries of rail lines set forth in the agreements conveying those lines or granting rights to operate them, (B) that are part of the terms and conditions of any "requirements" or similar agreement under which the Company or any of its Subsidiaries has agreed to procure goods or services exclusively from any Person, or (C) that are not material to the business of the Company and its Subsidiaries, taken as a whole;

(iv) grants "most favored nation" status that, following the Mergers, would apply to Parent and its Subsidiaries, including the Company and its Subsidiaries;

(v) provides for the formation, creation, operation, management or control of any joint venture, partnership or other similar arrangement with a third party;

(vi) is an indenture, credit agreement, loan agreement, note, or other Contract providing for indebtedness for borrowed money of the Company or any if its Subsidiaries (other than indebtedness among the Company and/or any of its Subsidiaries) in excess of $50 million;

(vii) is a settlement, conciliation or similar Contract that would require the Company or any of its Subsidiaries to pay consideration of more than $20 million after the date of this Agreement or that contains material restrictions on the business and operations of the Company or any of its Subsidiaries;

(viii) provides for the acquisition or disposition by the Company or any of its Subsidiaries of any business (whether by merger, sale of stock, sale of assets or otherwise), or any real property, that would, in each case, reasonably be expected to result in the receipt or making by the Company or any Subsidiary of the Company of future payments in excess of $25 million;

(ix) is an acquisition agreement that contains material "earn-out" or other material contingent payment obligations;

(x) obligates the Company or any Subsidiary of the Company to make any future capital investment or capital expenditure outside the Ordinary Course of Business and in excess of $50 million;

(xi) provides for the procurement of services or supplies from a Company Top Supplier by the Company or any of its Subsidiaries, or provides for sales to a Company Top Customer by the Company or any of its Subsidiaries;

(xii) limits or restricts the ability of the Company or any of its Subsidiaries to declare or pay dividends or make distributions in respect of their capital stock, partner interests, membership interests or other equity interests;

(xiii) other than any sales and marketing Contracts entered into the Ordinary Course of Business, is a Contract pursuant to which the Company or any of its Subsidiaries is a party, or is otherwise bound, and the contracting counterparty of which (A) is a Governmental Entity or (B) to the Knowledge of the Company, has entered into such Contract in its capacity as a prime contractor or other subcontractor of any Contract with a Governmental Entity and such Contract imposes upon the Company obligations or other liabilities due to such Governmental Entity; or

(xiv) is a Contract pursuant to which (A) the Company or any of its Subsidiaries is granted any license or other right with respect to Intellectual Property of another Person, where such Contract is material to the business of the Company or any of its Subsidiaries (other than non-exclusive licenses for unmodified, commercially available "off-the-shelf" software that have been granted on standardized, generally

available terms); or (B) the Company or any of its Subsidiaries grants to another Person any license or other right with respect to any material Company Intellectual Property.

Each Contract of the type described in clauses (i) – (xiv) of this Section 3.21(a) is referred to herein as a "Company Material Contract."

(b) True, correct and complete copies of each Company Material Contract have been publicly filed with the SEC prior to the date of this Agreement or otherwise made available to Parent. Neither the Company nor any Subsidiary of the Company is in breach of or default under the terms of any Company Material Contract where such breach or default would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. To the Knowledge of the Company, as of the date of this Agreement, no other party to any Company Material Contract is in breach of or default under the terms of any Company Material Contract where such breach or default would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, as of the date of this Agreement, each Company Material Contract is a valid and binding obligation of the Company or the Subsidiary of the Company that is party thereto and, to the Knowledge of the Company, of each other party thereto, and is in full force and effect, subject to the Enforceability Exceptions.

Section 3.22 Suppliers and Customers.

(a) Section 3.22(a) of the Company Disclosure Schedules sets forth a correct and complete list of (i) the top 10 suppliers (each a "Company Top Supplier") and (ii) the top 10 customers (each a "Company Top Customer"), respectively, by the aggregate dollar amount of payments to or from, as applicable, such supplier or customer, during the calendar year 2020.

(b) Except as would not, individually or in the aggregate, reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, since December 31, 2019 through the date of this Agreement, (i) there has been no termination of or a failure to renew the business relationship of the Company or its Subsidiaries with any Company Top Supplier or any Company Top Customer and (ii) no Company Top Supplier or Company Top Customer has notified the Company or any of its Subsidiaries that it intends to terminate or not renew its business.

Section 3.23 Canadian Assets and Revenues. Neither the aggregate value of the assets in Canada of the Company, nor the gross revenues from sales in or from Canada generated from those assets, exceeds CDN $93 million as determined in accordance with Part IX of the Competition Act (Canada).

Section 3.24 Insurance Policies. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) the Company and its Subsidiaries maintain insurance coverage with reputable insurers in such amounts and covering such risks as the Company reasonably believes, based on past experience, is adequate for the businesses and operations of the Company and its Subsidiaries (taking into account the cost and availability of such insurance), (ii) each insurance policy maintained by the Company or

any of its Subsidiaries is in full force and effect, (iii) all premiums due by the Company or any of its Subsidiaries with respect to such insurance policies have been paid and (iv) the Company and its Subsidiaries are in compliance with all contractual requirements applicable thereto contained in such insurance policies. Neither the Company nor any of its Subsidiaries has received, as of the date of this Agreement, written notice of any pending or threatened cancellation with respect to any of its material insurance policies.

Section 3.25 Affiliate Party Transactions. Since December 31, 2018 through the date of this Agreement, there have been no material transactions, agreements, arrangements or understandings between the Company or any of its Subsidiaries, on the one hand, and any Person owning 5% or more of the Company Common Stock or any Affiliate of such Person or any director or executive officer of the Company or any of its Affiliates (or any relative thereof), on the other hand, or that would be required to be disclosed by the Company under Item 404 under Regulation S-K under the Securities Act and that have not been so disclosed in the Company SEC Documents, other than Ordinary Course of Business employment agreements and similar employee and indemnification arrangements otherwise set forth on the Company Disclosure Schedules.

Section 3.26 Finders or Brokers. Except for BofA Securities, Inc. and Morgan Stanley & Co. LLC, neither the Company nor any of its Subsidiaries has employed or engaged any investment banker, broker or finder in connection with the transactions contemplated by this Agreement who would be entitled to any fee or any commission in connection with or on consummation of the Mergers.

Section 3.27 Takeover Laws. Assuming the representations and warranties of Parent and each Merger Sub set forth in Section 4.22 are true and correct, as of the date of this Agreement, no "fair price," "moratorium," "control share acquisition," "business combination" or other form of anti-takeover statute or regulation or any anti-takeover provision in the certificate of incorporation or bylaws of the Company is, and the Company has no rights plan, "poison pill" or similar agreement that is, applicable to this Agreement, the Mergers or the other transactions contemplated hereby.

Section 3.28 CN Agreement. Concurrently with the execution of this Agreement, the Agreement and Plan of Merger, dated as of May 21, 2021, by and among Canadian National Railway Company ("CN"), Brooklyn Merger Sub, Inc. and the Company (the "CN Agreement"), was terminated by the Company in accordance with its terms, and the Company (i) has paid or caused to be paid to CN the "Company Termination Fee" (as defined in the CN Agreement) and (ii) will pay or cause to be paid to Brooklyn US Holding, Inc., a wholly-owned Subsidiary of CN, the CP Termination Fee Refund (as defined in the CN Agreement), each in accordance with the terms of the CN Agreement. There have not been any amendments or modifications to the CN Agreement prior to its termination. As of the date of this Agreement, the Company has not received notice of any breach of the CN Agreement.

Section 3.29 No Other Representations or Warranties; No Reliance. The Company acknowledges and agrees that, except for the representations and warranties contained in Article 4, none of Parent, either Merger Sub or any other Person acting on behalf of Parent or either Merger Sub has made or makes, and the Company has not relied on, any representation or

warranty, whether express or implied, with respect to Parent, either Merger Sub, their respective Subsidiaries or their respective businesses, affairs, assets, liabilities, financial condition, results of operations, future operating or financial results, estimates, projections, forecasts, plans or prospects (including the reasonableness of the assumptions underlying such estimates, projections, forecasts, plans or prospects) or with respect to the accuracy or completeness of any other information provided or made available to the Company or any of its representatives by or on behalf of Parent or either Merger Sub. The Company acknowledges and agrees that none of Parent, either Merger Sub or any other Person acting on behalf of Parent or either Merger Sub has made or makes, and the Company has not relied on, any representation or warranty, whether express or implied, with respect to any projections, forecasts, estimates or budgets made available to the Company or any of its representatives of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of Parent, either Merger Sub, or any of their respective Subsidiaries.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUBS

Except as disclosed in the Parent Public Documents furnished or filed prior to the date of this Agreement (including any documents incorporated by reference therein and excluding any disclosures set forth in any risk factor section or in any "forward-looking statements" section to the extent they are forward-looking statements or cautionary, predictive or forward-looking in nature) or in the disclosure schedules delivered by Parent to the Company concurrently with the execution of this Agreement (the "Parent Disclosure Schedules") (it being agreed that disclosure of any item in any section or subsection of the Parent Disclosure Schedules shall be deemed disclosed with respect to any other section or subsection of this Agreement and the Parent Disclosure Schedules to the extent that the relevance thereof is reasonably apparent on its face), Parent and each Merger Sub jointly and severally represent and warrant to the Company as follows as of the date of this Agreement and as of the Closing Date (other than such representations and warranties that are expressly made as of a certain date, which are made as of such date):

Section 4.1 Qualification, Organization, Subsidiaries.

(a) Each of Parent and the Merger Subs is a legal entity duly organized, validly existing and in good standing under the Laws of its respective jurisdiction of incorporation, organization or formation, as applicable. Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, each of Parent's Subsidiaries is a legal entity duly organized, validly existing and (where such concept is recognized) in good standing under the Laws of its respective jurisdiction of incorporation or organization, as applicable. Each of Parent and the Merger Subs and each of their respective Subsidiaries has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except, in each case, as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. Parent has made available to the Company

true, complete and correct copies of Parent and each Merger Sub's Organizational Documents, each as amended prior to the date of this Agreement, and each as made available to the Company is in full force and effect.

(b) All of the outstanding shares of capital stock or voting securities of, or other equity interests in, each of Parent's wholly owned Subsidiaries have been validly issued and are owned by Parent, by another Subsidiary of Parent or by Parent and another Subsidiary of Parent, free and clear of all Liens other than restrictions imposed by applicable securities Laws or the Organizational Documents of any such Subsidiary or any Permitted Liens.

Section 4.2 Capitalization.

(a) The authorized share capital of Parent consists of an unlimited number of Parent Common Shares, an unlimited number of First Preferred Shares (the "Parent First Preferred Shares") and an unlimited number of Second Preferred Shares (the "Parent Second Preferred Shares"). As of September 9, 2021, there were (i) 666,927,198 Parent Common Shares issued and outstanding, (ii) no Parent First Preferred Shares issued and outstanding, (iii) no Parent Second Preferred Shares issued and outstanding, (iv) £3,448,025 stated amount of Perpetual 4% Consolidated Debenture Stock of Parent denominated in pounds sterling issued and outstanding; (v) $30,270,800 stated amount of Perpetual 4% Consolidated Debenture Stock of Parent denominated in U.S. dollars issued and outstanding, (vi) Parent Options to purchase an aggregate of 7,518,954 Parent Common Shares issued and outstanding, (vii) 893,379 notional Parent Common Shares underlying outstanding Parent DSU Awards, (viii) 1,526,084 notional Parent Common Shares underlying outstanding Parent PSU Awards if performance conditions are satisfied at the target level, (ix) 60,854 notional Parent Common Shares underlying outstanding Parent RSU Awards and (x) 3,317,128 Parent Common Shares reserved for issuance under the Parent Share Plans. All outstanding Parent Common Shares are, and, when issued and delivered in accordance with the terms of this Agreement, the Parent Common Shares to be issued as part of the Merger Consideration will be, duly authorized and validly issued as fully paid and nonassessable, listed and posted for trading on the NYSE and the TSX, and not subject to or issued in violation of any preemptive or similar right, purchase option, call or right of first refusal or similar right. The Parent Common Shares to be issued as part of the Merger Consideration shall not be subject to any resale restrictions under applicable Canadian Securities Laws provided that the conditions set forth in subsection 2.6(3) (paragraphs 2 through 5) of National Instrument 45-102 – *Resale of Securities* of the Canadian Securities Administrators are satisfied in respect of any such trade.

(b) Except as set forth in Section 4.2(a) or as required by the terms of the Parent Benefit Plans, as of the date of this Agreement, (i) Parent does not have any shares of its capital stock issued or outstanding, other than Parent Common Shares that have become outstanding after September 9, 2021, which were reserved for issuance as of September 9, 2021 as set forth in Section 4.2(a), and (ii) there are no outstanding subscriptions, options, warrants, calls, convertible securities or other similar rights, agreements or commitments relating to the issuance of capital stock of Parent or any of Parent's Subsidiaries to which Parent or any of Parent's Subsidiaries is a party obligating Parent or any of Parent's Subsidiaries to (A) issue, transfer or sell any shares of capital stock of Parent or any of Parent's Subsidiaries or securities convertible into, exercisable for or exchangeable for such shares, (B) grant, extend or enter into

any such subscription, option, warrant, call, convertible securities or other similar right, agreement or arrangement, or (C) redeem or otherwise acquire any such shares of capital stock.

(c) Neither Parent nor any of its Subsidiaries has outstanding bonds, debentures, notes or other similar obligations, the holders of which have the right to vote (or which are convertible into, exercisable for or exchangeable for securities having the right to vote) with the shareholders of Parent on any matter.

(d) There are no voting trusts or other agreements or understandings to which Parent or any of its Subsidiaries is a party with respect to the voting of the Parent Common Shares or other capital stock of the Parent or, except for any voting trust agreement entered into in compliance with Section 5.8(c) of this Agreement, capital stock of any of Parent's Subsidiaries.

Section 4.3 Corporate Authority Relative to This Agreement; Consents and Approvals; No Violation.

(a) Each of Parent and the Merger Subs has all requisite power and authority to enter into this Agreement and, subject to receipt of the Parent Shareholder Approval, to perform its obligations hereunder and to consummate the transactions contemplated hereby. Except for (i) the Parent Shareholder Approval, (ii) the adoption of this Agreement by Parent, as the sole stockholder of Surviving Merger Sub (which such adoption shall occur immediately following the execution of this Agreement), (iii) the approval of this Agreement by Parent, as the sole stockholder of First Merger Sub (which such approval shall occur immediately following the execution of this Agreement) and (iv) the filing of the First Certificate of Merger and the Second Certificate of Merger with the Secretary of State of the State of Delaware, no other proceedings on the part of Parent or either Merger Sub are necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Parent and each Merger Sub and, assuming this Agreement constitutes the valid and binding agreement of the Company, this Agreement constitutes the valid and binding agreement of Parent and each Merger Sub, enforceable against each of Parent and each Merger Sub in accordance with its terms, subject to the Enforceability Exceptions.

(b) (i) The Parent Board at a duly called and held meeting has unanimously (A) determined that it is in the best interests of Parent to enter into this Agreement, (B) approved the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Mergers and the Debt Financing and (C) resolved to recommend that the holders of Parent Common Shares approve the Parent Share Issuance (the "Parent Recommendation") and directed that such matter be submitted for consideration of the shareholders of Parent at the Parent Shareholder Meeting; (ii) the board of directors of Surviving Merger Sub has unanimously (A) determined that it is in the best interests of Surviving Merger Sub and its sole stockholder, and declared it advisable, to enter into this Agreement, (B) approved the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Mergers, and (C) resolved to recommend that the sole stockholder of Surviving Merger Sub adopt this Agreement and directed that such matter be submitted for consideration of the sole stockholder of Surviving

Merger Sub; and (i) the board of directors of First Merger Sub has unanimously (A) determined that it is in the best interests of First Merger Sub and its sole stockholder, and declared it advisable, to enter into this Agreement, (B) approved the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Mergers and (C) resolved to recommend that the sole stockholder of First Merger Sub approve this Agreement and directed that such matter be submitted for consideration of the sole stockholder of First Merger Sub.

(c) The execution, delivery and performance by Parent and each Merger Sub of this Agreement and the consummation of the Mergers and the other transactions contemplated hereby by Parent and each Merger Sub do not and will not require Parent, either Merger Sub or any of their Subsidiaries to procure, make or provide prior to the Closing Date any consent, approval, authorization or permit of, action by, filing with or notification to any Governmental Entity or other third party, other than (i) the filing of the First Certificate of Merger and the Second Certificate of Merger, (ii) authorizations from, or such other actions as are required to be made with or obtained from, the STB, (iii) authorizations from, or such other actions as are required to be made with or obtained from, the FCC, (iv) compliance with any applicable requirements of any Antitrust Laws, (v) authorizations from, or such other actions as are required to be made with or obtained from, the COFECE and the IFT, (vi) the filing of notices with the ARTF and the SCT, (vii) compliance with the applicable requirements of the Securities Act, the Exchange Act and the Canadian Securities Laws, including the filing with the SEC of the Form F-4 (including the Proxy Statement/Prospectus) and the filing of the Management Information Circular with the Canadian Securities Administrators, (viii) compliance with the rules and regulations of the NYSE and the TSX, (ix) compliance with any applicable foreign or state securities or blue sky laws and (x) the other consents and/or notices set forth on Section 4.3(c) of the Parent Disclosure Schedules (clauses (i) through (x), collectively, the "Parent Approvals"), and other than any consent, approval, authorization, permit, action, filing or notification the failure of which to make or obtain would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(d) Assuming compliance with the matters referenced in Section 4.3(c) and receipt of the Parent Approvals and the Parent Shareholder Approval, the execution, delivery and performance by Parent and each Merger Sub of this Agreement and the consummation by Parent and each Merger Sub of the Mergers and the other transactions contemplated hereby, do not and will not (i) contravene or conflict with the organizational or governing documents of Parent or any of its Subsidiaries, (ii) contravene or conflict with or constitute a violation of any provision of any Law binding on or applicable to Parent or any of its Subsidiaries or any of their respective properties or assets, or (iii) result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to the loss of a benefit under any Contract, instrument, permit, concession, franchise, right or license binding on Parent or any of its Subsidiaries, other than, in the case of clauses (ii) and (iii), any such contravention, conflict, violation, default, termination, cancellation, acceleration, right, loss or Lien that would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.4 Reports and Financial Statements.

(a) Parent is a "reporting issuer" or the equivalent and not on the list of reporting issuers in default under applicable Canadian Securities Laws in each of the provinces and territories in Canada. Since December 31, 2018, (i) Parent has filed or furnished all forms, statements, certifications, documents and reports required to be filed or furnished by it with the SEC pursuant to the Exchange Act or the Securities Act since December 31, 2018 (the forms, statements, certifications, documents and reports so filed or furnished by Parent and those filed or furnished to the SEC subsequent to the date of this Agreement, including any amendments thereto, the "Parent SEC Documents") and (ii) Parent has filed or furnished all forms, documents and reports required to be filed or furnished by it with the Canadian Securities Administrators prior to the date of this Agreement (together with the Parent SEC Documents, the "Parent Public Documents"). Each of the Parent Public Documents, in each case as of its date, or, if amended, as finally amended prior to the date of this Agreement, complied, or if not yet filed or furnished, will comply in all material respects with the applicable requirements of the Securities Act, the Exchange Act, the Sarbanes-Oxley Act, the Canadian Securities Laws, as the case may be, and no Parent Public Document as of its date (or, if amended or superseded by a filing prior to the date of this Agreement, as of the date of such amended or superseding filing) contained, and no Parent Public Documents filed with or furnished to the SEC or the Canadian Securities Administrators subsequent to the date of this Agreement will contain, any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Parent has not filed any confidential material change report with any Canadian Securities Administrators that, as of the date of this Agreement, remains confidential.

(b) Parent is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of the NYSE and the TSX. Except as permitted by the Exchange Act, including Sections 13(k)(2) and 13(k)(3) thereunder, or the rules and regulations promulgated by the SEC, since December 31, 2018, neither Parent nor any of its Affiliates has made, arranged or modified (in any material way) any extensions of credit in the form of a personal loan to any executive officer or director of Parent.

(c) The consolidated financial statements (including all related notes and schedules) of Parent included in the Parent SEC Documents (or, if any such Parent SEC Document is amended or superseded by a filing prior to the date of this Agreement, such amended or superseding Parent SEC Document) fairly presented in all material respects the consolidated financial position of Parent and its consolidated Subsidiaries, as at the respective dates thereof, and the consolidated results of their operations and their consolidated cash flows for the respective periods then ended (subject, in the case of the unaudited statements, to normal year-end audit adjustments and to any other adjustments described therein, including the notes thereto) and were prepared in all material respects in conformity with GAAP (except, in the case of the unaudited financial statements, as permitted by the SEC) applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto).

Section 4.5 Internal Controls and Procedures.

(a) Parent has established and maintains disclosure controls and procedures as required by Rule 13a-15 under the Exchange Act. Such disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed by Parent is recorded and reported on a timely basis to the individuals responsible for the preparation of Parent's filings with the SEC and Canadian Securities Administrators and other public disclosure documents.

(b) Parent maintains a system of internal controls over financial reporting (as defined in Rule 13a-15 under the Exchange Act) that is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Parent in all material respects, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and to maintain accountability for assets, that access to assets is permitted only in accordance with authorizations of management and directors of Parent and that receipts and expenditures of Parent are being made only in accordance with authorizations of management and directors of Parent, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Parent's assets that could have a material effect on its financial statements. The records, systems, controls, data and information of Parent and its Subsidiaries that are used in the systems of disclosure controls and procedures and of financial reporting controls and procedures described above are recorded, stored, maintained and operated under means that are under the exclusive ownership and direct control of Parent or a wholly owned Subsidiary of Parent or its accountants, except as would not reasonably be expected to adversely affect or disrupt, in any material respect, the Company's systems of disclosure controls and procedures and of financial reporting controls and procedures or the reports generated thereby.

(c) Parent's management has completed an assessment of the effectiveness of Parent's internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act for the year ended December 31, 2020, and such assessment concluded that such controls were effective. Parent has disclosed, based on its most recent evaluation of its internal controls prior to the date of this Agreement, to the Parent's auditors and the audit committee of the Parent Board, (i) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting that are reasonably likely to adversely affect the Parent's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in internal control over financial reporting. As of the date of its most recent audited financial statements, neither Parent nor its auditors had identified any significant deficiencies or material weaknesses in its internal controls over financial reporting and, as of the date of this Agreement, to the Knowledge of Parent, nothing has come to its attention that has caused it to believe that there are any material weaknesses or significant deficiencies in such internal controls. To the Knowledge of Parent, since December 31, 2018, no material complaints from any source regarding accounting, internal accounting controls or auditing matters, and no concerns from Parent employees regarding questionable accounting or auditing matters, have

been received by Parent. To the Knowledge of Parent, since December 31, 2018, no attorney representing Parent or any of its Subsidiaries, whether or not employed by Parent or any of its Subsidiaries, has reported evidence of a violation of securities Laws, breach of fiduciary duty or similar violation by Parent or any of its officers, directors, employees or agents to the Parent's chief legal officer, audit committee (or other committee designated for the purpose) of the Parent Board pursuant to the rules adopted pursuant to Section 307 of the Sarbanes-Oxley Act or any Parent policy contemplating such reporting, including in instances not required by those rules.

Section 4.6 No Undisclosed Liabilities. Except (a) as disclosed, reflected or reserved against in the audited consolidated balance sheet of Parent and its Subsidiaries as of December 31, 2020, and the footnotes to such consolidated balance sheet, in each case set forth in Parent's report on Form 10-K for the fiscal year ended December 31, 2020, (b) as expressly permitted or contemplated by this Agreement, (c) for liabilities or obligations that have been discharged or paid in full, (d) for liabilities arising in connection with obligations under any existing Contract (except to the extent such liabilities arose or resulted from a breach or a default of such Contract), (e) for liabilities and obligations incurred in the Ordinary Course of Business since December 31, 2020 (the "Parent Balance Sheet Date"); or (f) as would not have, individually or in the aggregate, a Parent Material Adverse Effect, neither Parent nor any Subsidiary of Parent has any liabilities or obligations that would be required by GAAP to be reflected on a consolidated balance sheet of Parent and its Subsidiaries.

Section 4.7 Compliance with Law; Permits.

(a) Parent and its Subsidiaries have been since December 31, 2018 in compliance with and not in default under or in violation of any Law applicable to Parent and its Subsidiaries, except where such non-compliance, default or violation would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Parent and its Subsidiaries are in possession of all Permits necessary for Parent and Parent's Subsidiaries to own, lease and operate their properties and assets or to carry on their businesses as they are now being conducted (such Permits, the "Parent Permits"), except where the failure to have any of the Parent Permits would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. All Parent Permits are in full force and effect and are not subject to any administrative or judicial proceeding that would reasonably be expected to result in modification, termination or revocation thereof, and Parent and each of its Subsidiaries is in compliance with the terms and requirements of such Parent Permit, except where the failure to be in full force and effect or in compliance or where such proceeding would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(c) Neither Parent nor any of its Subsidiaries has received any written notice that Parent or its Subsidiaries is in violation of any Law applicable to Parent or any of its Subsidiaries or any Permit, except for such violations that would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. There are no Actions pending, threatened in writing or, to the Knowledge of Parent, otherwise threatened that would reasonably be expected to result in the revocation, withdrawal, suspension, non-renewal, termination, revocation, or adverse modification or limitation of any such Permit, except as

would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.8 Anti-Corruption; Anti-Bribery; Anti-Money Laundering.

(a) Parent, its Subsidiaries and, to the Knowledge of Parent, each of their directors, officers and employees and each other Person acting on behalf of Parent or its Subsidiaries are in all material respects in compliance with and for the past five years, have in all material respects complied with (a) the FCPA, and (b) the provisions of all Anti-Corruption Laws. Parent and its Subsidiaries have since December 31, 2018 (i) instituted policies and procedures that are reasonably designed to ensure compliance in all material respects with the FCPA and other anti-bribery, anti-corruption and anti-money laundering Laws in each jurisdiction in which Parent or any of its Subsidiaries operate and (ii) maintained such policies and procedures in full force and effect in all material respects.

(b) None of Parent, its Subsidiaries or, to the Knowledge of Parent, any of their directors, officers and employees and each other Person acting on behalf of Parent or its Subsidiaries has, in the past five years, directly or indirectly, violated any, or been subject to actual or, to the Knowledge of Parent, pending or threatened Proceedings, settlements or enforcement actions alleging violations on the part of any of the foregoing Persons of the FCPA or Anti-Corruption Laws or any terrorism financing Law.

(c) None of Parent, its Subsidiaries or, to the Knowledge of Parent, any of their directors, officers and their employees or any other Person acting on behalf of Parent or its Subsidiaries has, in the past five years: (i) directly or indirectly, paid, offered or promised to pay, or authorized or ratified the payment of any monies or anything of value (A) which would violate any applicable Anti-Corruption Law, including the FCPA, applied for purposes hereof as it applies to domestic concerns, or (B) to any national, provincial, municipal or other Government Official or any political party or candidate for political office for the purpose of (x) influencing any act or decision of such official or of any Governmental Entity, (y) to obtain or retain business, or direct business to any Person or (z) to secure any other improper benefit or advantage; or (ii) aided, abetted, caused (directly or indirectly), participated in, or otherwise conspired with, any Person to violate the terms of any Order.

Section 4.9 Sanctions.

(a) For the past five years, Parent and each of its Subsidiaries has been, and currently is, in all material respects in compliance with relevant Export and Sanctions Regulations.

(b) None of Parent or any of its Subsidiaries, or, to the Knowledge of the Parent, any director, officer, agent, employee or other Person acting on behalf of any of Parent or its Subsidiaries, in their capacity as such, is currently, or has been for the past five years: (i) a Sanctioned Person or (ii) engaging in any dealings or transactions with, or for the benefit of, any Sanctioned Person or in any Sanctioned Country, to the extent such activities would cause Parent to violate applicable Export and Sanctions Regulations.

(c) For the past five years, Parent and its Subsidiaries have (i) instituted policies and procedures that are reasonably designed to ensure compliance in all material respects with the Export and Sanctions Regulations in each jurisdiction in which Parent and its Subsidiaries operate or are otherwise subject to jurisdiction and (ii) maintained such policies and procedures in full force and effect in all material respects.

(d) For the past five years, neither Parent nor any of its Subsidiaries (w) has been found in violation of, charged with or convicted of, any Export and Sanctions Regulations, (x) to the Knowledge of Parent, is under investigation by any Governmental Entity for possible violations of any Export and Sanctions Regulation, (y) has been assessed civil penalties under any Export and Sanctions Regulations or (z) has filed any voluntary disclosures with any Governmental Entity regarding possible violations of any Export and Sanctions Regulations.

Section 4.10 Environmental Laws and Regulations.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect: (i) Parent and its Subsidiaries have for the past five years conducted their respective businesses in compliance with all applicable Environmental Laws; (ii) for the past five years, neither Parent nor any of its Subsidiaries has received any written notices, demand letters or written requests for information from any Governmental Entity alleging that Parent or any of its Subsidiaries is in violation of or has liability under any Environmental Law and there are no legal, administrative, arbitral or other proceedings, claims or actions pending, or to the Knowledge of Parent threatened, against Parent or any of its Subsidiaries alleging any violation of or liability relating to any Environmental Law, in each case other than with respect to matters that have been fully resolved; (iii) to the Knowledge of Parent, for the past five years, there has been no treatment, storage or release of any Hazardous Substance in violation of or as could reasonably be expected to result in liability under any applicable Environmental Law from any properties currently or formerly owned or leased or held under concession by Parent or any of its Subsidiaries or any predecessor; and (iv) neither Parent nor any Subsidiary is subject to any agreement, order, judgment, decree or agreement by or with any Governmental Entity or other third party imposing any liability or obligation relating to any Environmental Law.

(b) The generality of any other representations and warranties in this Agreement notwithstanding, the representations and warranties in this Section 4.10 shall be deemed to be Parent's sole and exclusive representations and warranties in this Agreement with respect to Environmental Laws, Hazardous Substances and any other environmental matters.

Section 4.11 Employee Benefit Plans; Labor Matters.

(a) Section 4.11(a) of the Parent Disclosure Schedules lists all material Parent Benefit Plans.

(b) Parent has made available to the Company, with respect to each material Parent Benefit Plan, each writing constituting a part of such Parent Benefit Plan, including all amendments thereto.

(c) Except as would not have, individually or in the aggregate, a Parent Material Adverse Effect: (i) each Parent Benefit Plan (including any related trusts) has been maintained and administered in compliance with its terms and with applicable Law, including ERISA and the Code to the extent applicable thereto; (ii) each Parent Benefit Plan intended to be "qualified" within the meaning of Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service or is entitled to rely on a favorable opinion issued by the Internal Revenue Service, (iii) no Parent Benefit Plan is subject to Title IV of ERISA, (iv) no employee benefit plan of Parent or its Subsidiaries is a Multiemployer Plan or a plan subject to Title IV of ERISA that has two or more contributing sponsors, at least two of whom are not under common control, (v) all contributions or other amounts payable by Parent or any of its Subsidiaries with respect to each Parent Benefit Plan in respect of current or prior plan years have been paid or accrued in accordance with GAAP and (vi) there are no pending, threatened or, to the Knowledge of Parent, anticipated claims (other than claims for benefits in accordance with the terms of the Parent Benefit Plans) by, on behalf of or against any of the Parent Benefit Plans or any trusts related thereto.

(d) With respect to any Multiemployer Plan contributed to by Parent or any ERISA Affiliate, neither Parent nor any ERISA Affiliate has incurred any withdrawal liability under Title IV of ERISA which remains unsatisfied as to an amount that would reasonably be expected to result in, individually or in the aggregate, material liability to Parent and its Subsidiaries, taken as a whole.

(e) Except as provided in this Agreement or required by applicable Law, the consummation of the transactions contemplated by this Agreement will not, either alone or in combination with another event, (i) entitle any current or former employee or director of Parent or any of its Subsidiaries to severance pay, or any other payment from Parent or its Subsidiaries, (ii) accelerate the time of payment or vesting, or increase the amount of, compensation due to any such employee or consultant, (iii) directly or indirectly cause Parent to transfer or set aside any assets to fund any material benefits under any Parent Benefit Plan or (iv) limit or restrict the right to merge, materially amend, terminate or transfer the assets of any Parent Benefit Plan on or following the First Effective Time.

(f) The execution and delivery of this Agreement, stockholder or other approval of this Agreement or the consummation of the transactions contemplated by this Agreement would not, either alone or in combination with another event, result in the payment of any "excess parachute payment" as defined Section 280G(b)(1) of the Code.

(g) Parent is not a party to nor does it have any obligation under any Parent Benefit Plan to compensate, indemnify or reimburse any person for excise Taxes payable pursuant to Section 4999 of the Code or for additional Taxes payable pursuant to Section 409A of the Code.

(h) Parent and its Subsidiaries are in compliance with their obligations pursuant to all notification and bargaining obligations arising under any Parent Labor Agreements, except as would not have, individually or in the aggregate, a Parent Material Adverse Effect.

(i) Except as would not reasonably be expected to result in, individually or in the aggregate, material liability to Parent and its Subsidiaries, taken as a whole as of the date of this Agreement, (A) there are no strikes or lockouts with respect to any employees of Parent or any of its Subsidiaries; (B) to the Knowledge of Parent, there is no union organizing effort pending or threatened against Parent or any of its Subsidiaries; (C) there is no labor dispute or labor arbitration proceeding pending or, to the Knowledge of Parent, threatened against Parent or any of its Subsidiaries (other than, in each case, routine grievances, including those brought by unions or other collectively represented employees, to be heard by the applicable Governmental Entity); and (D) there is no slowdown, or work stoppage in effect or, to the Knowledge of Parent, threatened with respect to employees of Parent or any of its Subsidiaries.

(j) Except as would not have, individually or in the aggregate, a Parent Material Adverse Effect, since December 31, 2018, Parent and its Subsidiaries have complied with all applicable Laws with respect to employment and employment practices (including all applicable Laws, rules and regulations regarding wage and hour requirements, employee and worker classification, immigration status, discrimination in employment, harassment, employee health and safety, and collective bargaining).

(k) The consent or consultation of, or the rendering of formal advice by, any labor or trade union, works council or similar organization is not required for Parent to enter into this Agreement or to consummate any of the transactions contemplated hereby other than any consent, consultation or formal advice, the failure of which to obtain or, in the case of consultation, engage in, would not delay or prevent the consummation of the transactions contemplated by this Agreement or otherwise reasonably be expected to result in, individually or in the aggregate, material liability to Parent and its Subsidiaries, taken as a whole as of the date of this Agreement.

Section 4.12 Absence of Certain Changes or Events.

(a) Since the Parent Balance Sheet Date through the date of this Agreement, there has not been any event, change, occurrence or development that has had or would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) From the Parent Balance Sheet Date through the date of this Agreement, Parent and its Subsidiaries have conducted their respective businesses in all material respects in the Ordinary Course of Business.

Section 4.13 Investigations; Litigation. Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, as of the date of this Agreement, (a) to the Knowledge of Parent, there is no investigation or review pending or threatened by any Governmental Entity with respect to Parent or any of its Subsidiaries; and (b) there are no Actions pending (or, to the Knowledge of Parent, threatened) against or affecting Parent or any of Parent's Subsidiaries or any of their respective assets or properties at law or in equity before, and there are no Orders of any Governmental Entity against or affecting Parent or any of Parent's Subsidiaries or any of their respective assets or properties.

Section 4.14 Parent Information. The information supplied or to be supplied by Parent for inclusion in (i) the Proxy Statement/Prospectus, the Form F-4 or the Management Information Circular will not, at the time the Proxy Statement/Prospectus is first mailed to the Company's stockholders and at the time the Management Information Circular is first mailed to Parent's shareholders, at the time of the Company Stockholder Meeting and the Parent Shareholder Meeting or at the time the Form F-4 (and any amendment or supplement thereto) is declared effective, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, that no representation or warranty is made by Parent with respect to statements made therein based on information supplied by the Company for inclusion or incorporation by reference therein.

Section 4.15 Tax Matters.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect: (i) Parent and each of its Subsidiaries have prepared and timely filed (taking into account any extension of time within which to file) all Tax Returns required to be filed by any of them under applicable Law with the appropriate Governmental Entity and all such filed Tax Returns are complete and accurate; (ii) Parent and each of its Subsidiaries have paid all Taxes required to be paid under applicable Law to the appropriate Governmental Entity and have withheld all Taxes required to be withheld by any of them (including in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, stockholder or other third party), except, in the case of clauses (i) and (ii), with respect to matters contested in good faith or for which adequate reserves have been established in accordance with GAAP; (iii) as of the date of this Agreement, there are not pending or, to the Knowledge of Parent, threatened in writing, any audits, examinations, investigations or other proceedings in respect of Taxes of Parent or any of its Subsidiaries, and neither Parent nor any of its Subsidiaries has received written notice within the past six years of any claim made by a Governmental Entity, in a jurisdiction where Parent or any of its Subsidiaries, as applicable, does not file a Tax Return, that Parent or such Subsidiary is or may be subject to income taxation by, or have an obligation to file an income Tax Return in, that jurisdiction; (iv) there are no liens for Taxes on any property of Parent or any of its Subsidiaries, except for Permitted Liens; (v) neither Parent nor any of its Subsidiaries has been a "controlled corporation" or a "distributing corporation" in any distribution occurring during the two-year period ending on the date of this Agreement that was purported or intended to be governed by Section 355 of the Code; (vi) neither Parent nor any of its Subsidiaries has participated in any "listed transaction" within the meaning of Treasury Regulations Section 1.6011-4(b)(2); (vii) neither Parent nor any of its Subsidiaries (A) is a party to or is bound by any Tax sharing, allocation or indemnification agreement or arrangement (other than such an agreement or arrangement (1) exclusively between or among Parent and/or its Subsidiaries or (2) not primarily related to Taxes and entered into in the Ordinary Course of Business), (B) has been a member of an affiliated, consolidated, unitary or combined group filing a consolidated federal income Tax Return (other than a group the common parent of which is or was Parent or any of its Subsidiaries), or (C) has any liability for the Taxes of any Person (other than Parent or any of its Subsidiaries) under Treasury Regulations Section 1.1502-6 (or any similar provision of federal, state, local or non-U.S. Law), as a transferee or successor; and (viii) neither Parent nor any of its Subsidiaries will be required to include any item of income in, or to exclude any item of

deduction from, taxable income in any taxable period (or portion thereof) ending after the Closing Date as a result of (A) any closing agreement, installment sale, or open transaction disposition, (B) any accounting method change or agreement with any Governmental Entity, or (C) any election pursuant to Section 965(h) of the Code, in each case, made prior to the Closing.

(b) Neither Parent nor any of its Subsidiaries has taken or agreed to take any action or knows of any fact, agreement, plan or other circumstance that is reasonably likely to (i) prevent or impede the Mergers, taken together, from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code, (ii) cause the stockholders (other than any Excepted Stockholder) of the Company to recognize gain pursuant to Section 367(a)(1) of the Code, (iii) cause Parent to be treated as a "domestic corporation" pursuant to Section 7874(b) of the Code as a result of the Mergers, or (iv) prevent or impede Parent from being able to deliver the executed Parent Tax Certificate at Closing. As of the date of this Agreement, Parent believes it will be able to provide the Parent Tax Certificate at the Closing.

(c) The generality of any other representations and warranties in this Agreement notwithstanding, the representations and warranties in this Section 4.15 and, to the extent applicable, Section 4.11 shall be deemed to be Parent's sole and exclusive representations and warranties in this Agreement with respect to Tax matters.

Section 4.16 Opinion of Financial Advisor. The Parent Board has received the separate oral opinion(s) of BMO Nesbitt Burns Inc., Evercore Group L.L.C. and Goldman Sachs Canada Inc., to be confirmed by delivery of their respective written opinions, that, as of the date of the respective opinion and based upon and subject to the assumptions, limitations, qualifications and other matters stated therein, the Merger Consideration to be paid to the holders of Company Common Stock in the First Merger pursuant to this Agreement is fair, from a financial point of view, to Parent.

Section 4.17 Financing.

(a) Parent has delivered to the Company true and complete copies as of the date of this Agreement of (i) fully executed debt commitment letters, dated as of the date of this Agreement (including all exhibits and schedules thereto, the "Debt Commitment Letters"), by and among inter alia Parent and the Financing Parties specified therein and (ii) the executed fee letter, dated the date of this Agreement, referenced therein, relating to fees and other terms with respect to the Debt Financing contemplated by such Debt Commitment Letters (with only fee amounts and customary "flex" terms redacted, none of which redacted provisions could affect the conditionality, enforceability, availability, or aggregate principal amount of the Debt Financing). Pursuant to the Debt Commitment Letters, and subject to the terms and conditions thereof, the Financing Parties party thereto have committed to provide Parent and/or its Subsidiary party thereto with the amounts set forth in the Debt Commitment Letters for the purposes set forth therein (the debt financing contemplated in the Debt Commitment Letters, together with any replacement debt financing, including any bank financing or debt securities issued in lieu thereof, the "Debt Financing").

(b) As of the date of this Agreement, the Debt Commitment Letters are in full force and effect and the respective commitments thereunder have not been withdrawn, rescinded,

reduced or terminated, or otherwise amended or modified in any respect and, to the Knowledge of Parent, no termination, reduction, withdrawal, rescission, amendment or modification is contemplated (other than as set forth therein with respect to "flex" rights and/or to add additional lenders, arrangers, bookrunners, syndication agents and similar entities who had not executed the Debt Commitment Letters as of the date of this Agreement), and the Debt Commitment Letters, in the form so delivered, constitute the legal, valid and binding obligations of, and are enforceable against, Parent, its Subsidiary party thereto and, to the Knowledge of Parent, each of the other non-affiliated parties thereto, subject, in each case, to the Enforceability Exceptions.

(c) Parent has fully paid (or caused to be paid) any and all commitment fees or other fees required by the Debt Commitment Letters to be paid on or before the date of this Agreement, and will pay in full any such amounts as and when due and payable on or before the Closing Date. Except as expressly set forth in the Debt Commitment Letters, there are no conditions precedent to the obligations of the Financing Parties party thereto to provide the Debt Financing or any contingencies that would permit the Financing Parties party thereto to reduce the aggregate principal amount of the Debt Financing. Assuming the satisfaction of the conditions set forth in Section 6.3(a) and (b), Parent does not have any reason to believe that it will be unable to satisfy on a timely basis all terms and conditions to be satisfied by it in any of the Debt Commitment Letters on or prior to the Closing Date, nor does Parent have knowledge as of the date of this Agreement that any Financing Party party thereto will not perform its obligations thereunder. Except for customary bond engagement letters and for the redacted fee letter provided to the Company in accordance with clause (a) above, as of the date of this Agreement, there are no contracts, agreements, "side letters" or other arrangements to which Parent or any of its Subsidiaries is a party relating to the Debt Commitment Letters or the Debt Financing.

(d) As of the date of this Agreement, no event has occurred which, with or without notice, lapse of time or both, constitutes, or would reasonably be expected to constitute, a default or breach by Parent or its Subsidiaries or, to the Knowledge of Parent, any other party thereto, of any term of the Debt Commitment Letters. The Debt Financing, when funded in accordance with the Debt Commitment Letters and giving effect to any "flex" provision in or related to the Debt Commitment Letters (including with respect to fees and original issue discount), together with cash and the other sources of immediately funds available to Parent on the Closing Date, shall provide Parent with cash proceeds on the Closing Date sufficient for the satisfaction of all of Parent's obligations under this Agreement and the Debt Commitment Letters, including the payment of the Cash Consideration, the Preferred Merger Consideration and any fees and expenses of or payable by Parent or Merger Subs or Parent's other Affiliates, and for any repayment or refinancing of any outstanding indebtedness of the Company and/or its Subsidiaries contemplated by, or required in connection with the transactions described in, this Agreement or the Debt Commitment Letters (such amounts, collectively, the "Financing Amounts").

(e) Parent and Merger Subs expressly acknowledge and agree that their obligations under this Agreement to consummate the Mergers or any of the other transactions contemplated by this Agreement, are not subject to, or conditioned on, the receipt or availability of any funds or the Debt Financing.

Section 4.18 Capitalization of Merger Subs. The authorized capital stock of (i) Surviving Merger Sub consists of 100 shares of common stock, par value $0.01 per share, all of which are validly issued and outstanding, and (ii) First Merger Sub consists of 100 shares of common stock, par value $0.01 per share, all of which are validly issued and outstanding. All of the issued and outstanding capital stock of Surviving Merger Sub is as of the date of this Agreement, and at all times through the Second Effective Time will be, owned directly by Parent; and all of the issued and outstanding capital stock of First Merger Sub is as of the date of this Agreement, and at all times until immediately prior to the First Effective Time will be, owned directly by Surviving Merger Sub. There is no outstanding option, warrant, right or any other agreement pursuant to which any Person other than Parent may acquire any equity securities of Surviving Merger Sub or First Merger Sub. Neither Surviving Merger Sub nor First Merger Sub has conducted any business prior to the date of this Agreement, and prior to the First Effective Time (in the case of Surviving Merger Sub) or the Second Effective Time (in the case of First Merger Sub) will have, no assets, liabilities or obligations of any nature other than those incident to its formation and pursuant to this Agreement and the Mergers and the other transactions contemplated by this Agreement.

Section 4.19 Required Vote of Parent Shareholders. The affirmative vote of a majority of the votes cast by the holders of outstanding Parent Common Shares represented in person or by proxy and entitled to vote on such matter in favor of the approval of the Parent Share Issuance at the Parent Shareholder Meeting, or any adjournment or postponement thereof, in accordance with the rules and policies of the TSX (the "Parent Shareholder Approval") is the only vote of holders of securities of Parent that is required to approve this Agreement and the transactions contemplated hereby, including the Mergers.

Section 4.20 Finders or Brokers. Except for BMO Nesbitt Burns Inc., Evercore Group L.L.C. and Goldman Sachs Canada Inc., neither Parent nor any Subsidiary of Parent (including each Merger Sub) has employed or engaged any investment banker, broker or finder in connection with the transactions contemplated by this Agreement who would be entitled to any fee or any commission in connection with or on consummation of the Mergers or the other transactions contemplated hereby.

Section 4.21 Certain Arrangements. Since December 31, 2018 through the date of this Agreement, there have been no contracts, undertakings, commitments, agreements, obligations or understandings, whether written or oral, or any material transactions, between Parent, either Merger Sub or any of their respective Affiliates, on the one hand, and any beneficial owner of five percent or more of the outstanding shares of Company Common Stock or any member of the Company's management or the Company Board, on the other hand, relating in any way to the Company, the transactions contemplated by this Agreement or to the operations of the Second Surviving Corporation after the Second Effective Time.

Section 4.22 Ownership of Common Stock. None of Parent, either Merger Sub or any of their respective Subsidiaries or Affiliates beneficially owns, directly or indirectly (including pursuant to a derivatives contract), any shares of Company Common Stock or other securities convertible into, exchangeable for or exercisable for shares of Company Common Stock or any securities of any Subsidiary of the Company, and none of Parent, either Merger Sub or any of their respective Subsidiaries or Affiliates has any rights to acquire, directly or

indirectly, any shares of Company Common Stock, except pursuant to this Agreement. None of Parent, either Merger Sub or any of their "affiliates" or "associates" is, or at any time during the last three years has been, an "interested stockholder" of the Company, in each case as defined in Section 203 of the DGCL.

Section 4.23 Solvency. Immediately after giving effect to the consummation of the transactions contemplated by this Agreement (including any financings being entered into in connection therewith):

(a) the Fair Value of the assets of Parent and its Subsidiaries, taken as a whole, shall be greater than the total amount of Parent's and its Subsidiaries' liabilities (including all liabilities, whether or not reflected in a balance sheet prepared in accordance with GAAP, and whether direct or indirect, fixed or contingent, secured or unsecured, disputed or undisputed), taken as a whole;

(b) Parent and its Subsidiaries, taken as a whole, shall be able to pay their debts and obligations in the Ordinary Course of Business as they become due; and

(c) Parent and its Subsidiaries, taken as a whole, shall have adequate capital to carry on their businesses and all businesses in which they are about to engage.

(d) For the purposes of this Section 4.23, "Fair Value" means the amount at which the assets (both tangible and intangible), in their entirety, of Parent and its Subsidiaries would change hands between a willing buyer and a willing seller, within a commercially reasonable period of time, each having reasonable knowledge of the relevant facts, with neither being under any compulsion to act.

Section 4.24 No Other Representations or Warranties; No Reliance. Each of Parent and the Merger Subs acknowledges and agrees that, except for the representations and warranties contained in Article 3, none of the Company or any other Person acting on behalf of the Company has made or makes, and neither Parent nor either Merger Sub has relied on, any representation or warranty, whether express or implied, with respect to the Company, its Subsidiaries or their respective businesses, affairs, assets, liabilities, financial condition, results of operations, future operating or financial results, estimates, projections, forecasts, plans or prospects (including the reasonableness of the assumptions underlying such estimates, projections, forecasts, plans or prospects) or with respect to the accuracy or completeness of any other information provided or made available to Parent, either Merger Sub or any of their respective representatives by or on behalf of the Company. Each of Parent and the Merger Subs acknowledges and agrees that neither the Company nor any other Person acting on behalf of the Company has made or makes, and neither Parent nor either Merger Sub has relied on, any representation or warranty, whether express or implied, with respect to any projections, forecasts, estimates or budgets made available to Parent, either Merger Sub or any of their respective representatives of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of the Company or any of its Subsidiaries. Each of Parent and the Merger Subs acknowledges and agrees that neither the Company nor any other Person acting on behalf of the Company has made or makes, and neither Parent nor either Merger Sub has relied on, any representation or warranty, whether express or

implied, with respect to the Company (except for the representations and warranties contained in Article 3).

ARTICLE 5

COVENANTS AND AGREEMENTS

Section 5.1 Conduct of Business by the Company.

(a) From and after the date of this Agreement and prior to earlier of the Control Date and the date, if any, on which this Agreement is earlier terminated pursuant to Section 7.1 (the "Termination Date"), except (i) as may be required by applicable Law, (ii) as may be agreed in writing by Parent (which consent shall not be unreasonably withheld, delayed or conditioned), (iii) as may be expressly contemplated, required or expressly permitted by this Agreement or (iv) as set forth in Section 5.1 of the Company Disclosure Schedules, the Company shall, and shall cause its Subsidiaries to, use its commercially reasonable efforts to (A) conduct its business in all material respects in the Ordinary Course of Business in accordance with the capital allocation policy set forth on Section 5.1(a) of the Company Disclosure Schedule (the "Company Capital Allocation Policy"), and (B) preserve intact in all material respects its business organization and maintain existing relationships and goodwill with Governmental Entities, customers, suppliers, licensors, licensees, creditors, lessors, distributors, employees, contractors and business associates; provided, that no action by the Company or its Subsidiaries with respect to matters specifically addressed by any provision of Section 5.1(b) shall be deemed a breach of this sentence unless such action would constitute a breach of such other provision.

(b) From and after the date of this Agreement and prior to the earlier of the First Effective Time and the Termination Date (other than with respect to the covenants set forth in Sections 5.1(b)(i), (ii), (iii), (iv), (v), (vi), (vii), (x), (xiii), (xv), (xvi), (xvii), (xviii) and (xxi), each of which shall apply from and after the date of this Agreement and prior to the earlier of the Control Date and the Termination Date), except (w) as may be required by applicable Law, (x) as may be agreed in writing by Parent (which consent shall not be unreasonably withheld, delayed or conditioned), (y) as may be expressly contemplated, required or expressly permitted by this Agreement or (z) as set forth in Section 5.1 of the Company Disclosure Schedules, the Company:

(i) shall not, and shall not permit any of its Subsidiaries that is not wholly owned to, authorize or pay any dividends on or make any distribution with respect to its outstanding shares of capital stock (whether in cash, assets, stock or other securities of the Company or its Subsidiaries), except (A) quarterly cash dividends paid by the Company on the outstanding shares of Company Common Stock consistent with the Company Capital Allocation Policy, appropriately adjusted to reflect any stock dividends, subdivisions, splits, combinations or other similar events relating to the shares Company Common Stock, (B) dividends paid by the Company on the outstanding shares of Company Preferred Stock in accordance with the terms thereof and (C) dividends and distributions paid by Subsidiaries of the Company to the Company or to any of the Company's other wholly owned Subsidiaries;

(ii) shall not, and shall not permit any of its Subsidiaries to, split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, except as may be permitted by Section 5.1(b)(vi), and except for any such transaction by a wholly owned Subsidiary of the Company that remains a wholly owned Subsidiary after consummation of such transaction;

(iii) shall not, and shall not permit any of its Subsidiaries to except in the Ordinary Course of Business, hire any employee or engage any independent contractor (who is a natural person) or terminate the employment of any employee of the Company or any of its Subsidiaries or increase the compensation or other benefits payable or provided to the Company's or any of its Subsidiaries' directors or employees, except that, notwithstanding the foregoing, except as required pursuant to the terms of any Company Benefit Plan in effect as of the date of this Agreement, the Company shall not, and shall not permit any of its Subsidiaries to (A) grant any transaction or retention bonuses, (B) grant any Company Equity Awards or other equity or long-term incentive compensation awards, or (C) enter into any employment, change of control, severance or retention agreement with any employee of the Company or any of its Subsidiaries (except (y) for severance agreements entered into with employees in the Ordinary Course of Business in connection with terminations of employment, providing for severance in accordance with the terms of the applicable Company Benefit Plan in effect as of the date of this Agreement or (z) for employment agreements terminable on no more than 90 days' notice without penalty);

(iv) shall not, and shall not permit any of its Subsidiaries to, materially change financial accounting policies or procedures or any of its methods of reporting income, deductions or other material items for financial accounting purposes, except as required by GAAP or SEC rule or policy;

(v) shall not adopt any amendments to the Organizational Documents of the Company or any of its Significant Subsidiaries, other than amendments solely to effect ministerial changes to such documents;

(vi) except for transactions among the Company and its wholly owned Subsidiaries or among the Company's wholly owned Subsidiaries, shall not, and shall not permit any of its Subsidiaries to, issue, sell, pledge, dispose of or encumber, or authorize the issuance, sale, pledge, disposition or encumbrance of, any shares of its capital stock or other ownership interests in the Company or any Subsidiaries of the Company or any securities convertible into, exercisable for or exchangeable for any such shares or ownership interests or take any action to cause to be vested any otherwise unvested Company Equity Award (except as otherwise provided by the terms of this Agreement or the express terms of any such Company Equity Award), other than (A) issuances of shares of Company Common Stock in respect of any exercise of or settlement of Company Equity Awards outstanding on the date of this Agreement or as may be granted after the date of this Agreement as permitted under this Section 5.1(b), (B) Permitted Liens and (C) pursuant to existing agreements in effect prior to the execution of this Agreement (or refinancings thereof permitted pursuant to Section 5.1(b)(viii)(B));

(vii) except for transactions among the Company and its Subsidiaries or among the Company's wholly owned Subsidiaries, shall not, and shall not permit any of its Subsidiaries to, purchase, redeem or otherwise acquire any shares of its capital stock or any rights, warrants or options to acquire any such shares, other than the acquisition of shares of Company Common Stock from a holder of Company Equity Awards in satisfaction of withholding obligations or in payment of the exercise price;

(viii) shall not, and shall not permit any of its Subsidiaries to, incur, assume, or guarantee, any indebtedness for borrowed money, other than in the Ordinary Course of Business, except for (A) any indebtedness among the Company and its wholly owned Subsidiaries or among the Company's wholly owned Subsidiaries, (B) any indebtedness incurred to replace, renew, extend, refinance or refund any existing indebtedness of the Company or its Subsidiaries (including indebtedness incurred to repay or refinance related fees, expenses, premiums and accrued interest), (C) guarantees or credit support provided by the Company or any of its Subsidiaries for indebtedness of the Company or any of its wholly owned Subsidiaries, to the extent such indebtedness is (1) in existence on the date of this Agreement or (2) incurred in compliance with this Section 5.1(b)(viii), (D) indebtedness incurred pursuant to agreements in effect prior to the execution of this Agreement (or replacements, renewals, extensions, or refinancings thereof) and (E) other indebtedness in an aggregate principal amount outstanding at any time incurred by the Company or any of its Subsidiaries that is consistent with the Company Capital Allocation Policy;

(ix) shall not, and shall not permit any of its Subsidiaries to make any loans, advances, guarantees or capital contributions to or investments in any Person (other than between the Company or any of its wholly owned Subsidiaries, on the one hand, and any of the Company's wholly owned Subsidiaries, on the other hand) in excess of $35 million individually or $50 million in the aggregate;

(x) shall not, and shall not permit any of its Subsidiaries to, sell, lease, license, transfer, exchange or swap, or subject to any Lien (other than Permitted Liens), or otherwise dispose of, any material portion of its businesses, properties or assets, including the capital stock of its Subsidiaries but excluding Intellectual Property, other than in the Ordinary Course of Business, and except (A) pursuant to existing agreements in effect prior to the execution of this Agreement (or refinancings thereof permitted pursuant to Section 5.1(b)(viii)(B)), (B) transactions among the Company and its Subsidiaries or among the Company's Subsidiaries or (C) for consideration not in excess of $25 million individually or $50 million in the aggregate;

(xi) shall not, and shall not permit any of its Subsidiaries to enter into any Contract with a term greater than two years, that may not be terminated by the Company or any of its Subsidiaries without cause, and would have been a Company Material Contract had it been entered into prior to this Agreement, terminate or modify, amend or waive any material rights under any Company Material Contract in any material respect in a manner that is adverse to the Company, in each case, other than in the Ordinary Course of Business or as otherwise contemplated by this Section 5.1(b);

(xii) shall not, and shall not permit any of its Subsidiaries to, acquire assets (other than pursuant to any capital expenditures permitted by Section 5.1(b)(xiv)) from any other Person with a fair market value or purchase price in excess of $25 million individually or $50 million in the aggregate in any transaction or series of related transactions, in each case, including any amounts or value reasonably expected to be paid in connection with a future earn-out, purchase price adjustment, release of "holdback" or similar contingent payment obligation, or that could reasonably be expected to prevent, materially delay or materially impair the ability of the Company to consummate the Merger and the other transactions contemplated by this Agreement, other than acquisitions of inventory or other goods in the Ordinary Course of Business;

(xiii) shall not, and shall not permit any of its Subsidiaries to, settle, pay, discharge or satisfy any Action, other than any Action that involves only the payment of monetary damages not in excess of $15 million for any individual Action or $25 million in the aggregate over the amount reflected or reserved against in the balance sheet (or the notes thereto) included in the Company SEC Documents relating to such Actions and would not result in (x) the imposition of any Order that would restrict the future activity or conduct of the Company or any of its Subsidiaries (excluding, for the avoidance of doubt, releases of claims, confidentiality and other *de minimis* obligations customarily included in monetary settlements) or (y) a finding or admission of a violation of Law;

(xiv) shall not, and shall not permit any of its Subsidiaries to, make or authorize any capital expenditures other than (A) capital expenditures not in excess of $700 million in the aggregate in any 12-month period or (B) other capital expenditures to the extent necessary to restore service to Company railroads, repair improvements on Company real estate or guarantee safety in the event of railroad accidents or incidents (natural or otherwise) affecting railroad operations or real estate;

(xv) shall not, and shall not permit any of its Subsidiaries to, terminate or permit any material Company Permit to lapse, other than in accordance with the terms and regular expiration thereof, or fail to apply on a timely basis for any renewal of any renewable material Company Permit (excluding, in each case, any Company Permit that the Company, in its reasonable judgment, no longer believes to be material or necessary to the conduct of its businesses);

(xvi) shall not, and shall not permit any of its Subsidiaries to, adopt or enter into a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of the Company or any of its Subsidiaries, except for any such transactions between or among the Company's Subsidiaries or between or among any of the Company's Subsidiaries and the Company;

(xvii) shall not, and shall not permit any of its Subsidiaries to, enter into any new line of business that is not reasonably related to the existing business lines of the Company and its Subsidiaries;

(xviii) shall not, and shall not permit any of its Subsidiaries to, reorganize, restructure or combine any railroads or railroad operations if any such action would result

in the Company's Subsidiaries other than The Kansas City Southern Railway Company being classified as a Class I railroad by the STB;

(xix) other than consistent with past practice, shall not (A) make (other than in the Ordinary Course of Business), change or revoke any material Tax election, (B) change any material method of Tax accounting or Tax accounting period, (C) file any amended Tax Return with respect to any material Tax, (D) settle or compromise any material Tax proceeding for an amount in excess of $10 million individually or $25 million in the aggregate over the amount reflected or reserved against in the balance sheet (or the notes thereto) included in the Company SEC Documents relating thereto or enter into any closing agreement relating to any material Tax, (E) surrender any right to claim a material Tax refund, or (F) agree to an extension or waiver of the statute of limitations with respect to the assessment of any material Tax without notifying Parent in writing reasonably promptly after entering any such agreement;

(xx) shall not, and shall not permit any of its Subsidiaries to become a party to, establish, adopt, materially amend, commence participation in or terminate any collective bargaining agreement or other agreement with a labor union, works council or similar organization;

(xxi) shall not, and shall not permit any of its Subsidiaries to enter into any consent decree or similar agreement that, individually or in the aggregate, is material to the Company and its Subsidiaries, taken as a whole;

(xxii) shall not, and shall not permit any of its Subsidiaries to terminate or fail to exercise renewal rights with respect to any insurance policies of the Company and its Subsidiaries in a manner that would (after taking into account any replacement insurance policies) materially and adversely affect the overall insurance coverage of the Company and its Subsidiaries, taken as a whole;

(xxiii) shall not, and shall not permit any of its Subsidiaries to, sell, transfer, lease, license, mortgage, pledge, surrender, encumber, divest, or otherwise dispose of any Company Intellectual Property (other than Permitted Liens) material to the business of the Company or any of its Subsidiaries, except in for non-exclusive licenses of Company Intellectual Property granted in the Ordinary Course of Business;

(xxiv) shall not, and shall not permit any of its Subsidiaries to abandon or otherwise allow to lapse or expire any material Registered Company Intellectual Property, other than lapses or expirations of any Registered Company Intellectual Property that is at the end of its maximum statutory term (with renewals); and

(xxv) shall not, and shall not permit any of its Subsidiaries to, agree, in writing or otherwise, to take any of the foregoing actions.

(c) Nothing contained in this Agreement shall give Parent or either Merger Sub, directly or indirectly, the right to control or direct the Company's or its Subsidiaries' operations prior to the Control Date. Prior to the Control Date, the Company shall exercise, consistent with the terms and conditions of this Agreement and the Voting Trust Agreement and

subject to applicable Law, complete control and supervision over its and its Subsidiaries' operations.

Section 5.2 Conduct of Business by Parent.

(a) From and after the date of this Agreement and prior to earlier of the First Effective Time and the Termination Date, except (i) as may be required by applicable Law, (ii) as may be agreed in writing by the Company (which consent shall not be unreasonably withheld, delayed or conditioned), (iii) as may be expressly contemplated, required or expressly permitted by this Agreement or (iv) as set forth in Section 5.2 of the Parent Disclosure Schedules, Parent shall, and shall cause its Subsidiaries to, use its commercially reasonable efforts to (A) conduct its business in all material respects in the Ordinary Course of Business and (B) preserve intact in all material respects its business organization and maintain existing relationships and goodwill with Governmental Entities, customers, suppliers, licensors, licensees, creditors, lessors, distributors, employees, contractors and business associates; provided, that no action by Parent or its Subsidiaries with respect to matters specifically addressed by any provision of Section 5.2(b) shall be deemed a breach of this sentence unless such action would constitute a breach of such other provision.

(b) From and after the date of this Agreement and prior to the earlier of the First Effective Time and the Termination Date, except (w) as may be required by applicable Law, (x) as may be agreed in writing by the Company (which consent shall not be unreasonably withheld, delayed or conditioned), (y) as may be expressly contemplated, required or expressly permitted by this Agreement or (z) as set forth in Section 5.2 of the Parent Disclosure Schedules, Parent:

(i) shall not, and shall not permit any of its Subsidiaries that is not wholly owned to, authorize or pay any dividends on or make any distribution with respect to its outstanding shares of capital stock (whether in cash, assets, stock or other securities of Parent or its Subsidiaries), except (A) regular quarterly cash dividends paid by Parent on the Parent Common Shares consistent with past practice, appropriately adjusted to reflect any stock dividends, subdivisions, splits, combinations or other similar events relating to the Parent Common Shares, (B) dividends paid by Parent on the outstanding shares of Perpetual 4% Consolidated Debenture Stock of Parent in accordance with the terms thereof and (C) dividends and distributions paid by Subsidiaries of Parent to Parent or to any of Parent's other wholly owned Subsidiaries;

(ii) shall not, and shall not permit any of its Subsidiaries to, split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, except for any such transaction by a wholly owned Subsidiary of Parent that remains a wholly owned Subsidiary after consummation of such transaction;

(iii) shall not, and shall not permit any of its Subsidiaries to, materially change financial accounting policies or procedures or any of its methods of reporting income, deductions or other material items for financial accounting purposes, except as

required by GAAP or rule or policy of the SEC or the Canadian Securities Administrators;

(iv) shall not adopt any amendments to the Organizational Documents of Parent, other than amendments solely to effect ministerial changes to such documents;

(v) except for transactions among Parent and its wholly owned Subsidiaries or among Parent's wholly owned Subsidiaries, shall not, and shall not permit any of its Subsidiaries to, issue, sell, pledge, dispose of or encumber, or authorize the issuance, sale, pledge, disposition or encumbrance of, any shares of its capital stock or other ownership interests in any Subsidiaries of Parent or any securities convertible into, exercisable for or exchangeable for any such shares or ownership interests or take any action to cause to be vested any otherwise unvested Parent Equity Award (except as otherwise provided by the terms of this Agreement or the express terms of any such Parent Equity Award), other than (A) issuances of Parent Common Shares (x) in respect of any exercise of or settlement of Parent Equity Awards outstanding on the date of this Agreement, (y) as permitted under the Debt Commitment Letters or (z) as may be granted after the date of this Agreement in the Ordinary Course of Business, (B) the grant of Parent Equity Awards or other equity compensation awards in the Ordinary Course of Business (and the issuance or transfer of any Parent Common Shares in connection therewith), (C) any Permitted Liens and (D) pursuant to existing agreements in effect prior to the execution of this Agreement;

(vi) shall not, and shall not permit any of its Subsidiaries to, sell, lease, license, transfer, exchange or swap, or subject to any Lien (other than Permitted Liens), or otherwise dispose of, any material portion of its businesses, properties or assets, including the capital stock of its Subsidiaries, other than in the Ordinary Course of Business, and except (A) pursuant to existing agreements in effect prior to the execution of this Agreement, (B) transactions among Parent and its Subsidiaries or among Parent's Subsidiaries or (C) for consideration not in excess of $50 million individually or $100 million in the aggregate;

(vii) shall not, and shall not permit any of its Subsidiaries to, adopt or enter into a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of Parent or any of its Subsidiaries, except for any such transactions between or among Parent's Subsidiaries; and

(viii) shall not, and shall not permit any of its Subsidiaries to, agree, in writing or otherwise, to take any of the foregoing actions.

(c) Anything to the contrary set forth in this Agreement notwithstanding, between the date of this Agreement and the earlier of the First Effective Time and the Termination Date, Parent shall not, and shall cause its Affiliates not to, directly or indirectly (whether by plan of arrangement, amalgamation, business combination, merger, consolidation or otherwise), acquire, purchase, lease or license or otherwise enter into a transaction with (or agree to acquire, purchase, lease or license or otherwise enter into a transaction with) any business, corporation, partnership, association or other business organization or division or part thereof, or

any securities or collection of assets, if doing so could reasonably be expected to: (i) impose any material delay in the obtaining of, or materially increase the risk of not obtaining, any Consent of any Governmental Entity necessary to consummate the Mergers or any of the other transactions contemplated hereby or the expiration or termination of any applicable waiting period; (ii) materially increase the risk of any Governmental Entity entering an Order prohibiting the consummation of the Mergers or any of the other transactions contemplated hereby; (iii) materially increase the risk of not being able to remove any such Order on appeal or otherwise; or (iv) otherwise prevent or materially delay the consummation of the Mergers or any of the other transactions contemplated hereby (including the Debt Financing).

Section 5.3 Access.

(a) Subject to compliance with applicable Laws, each of the Company and Parent shall (and each shall cause its Subsidiaries to): (i) afford to the other party and to its officers, employees, accountants, consultants, legal counsel, financial advisors and agents and other representatives (collectively, "Representatives") reasonable access, solely for purposes of furthering the Mergers and the other transactions contemplated hereby or integration planning relating thereto, during normal business hours, on reasonable advance notice of not less than two Business Days, throughout the period prior to the earlier of the First Effective Time and the Termination Date, to the other party's and its Subsidiaries' businesses, properties, personnel, agents, contracts, commitments, books and records, other than any such matters that relate to the negotiation and execution of this Agreement, including with respect to the consideration or valuation of the Mergers or any financial or strategic alternatives thereto, or any Company Alternative Proposal or Parent Alternative Proposal, as applicable, and (ii) promptly furnish the other party and its Representatives all other information concerning its business, properties and personnel as may reasonably be requested by the other party; provided, that the Company or Parent, as applicable, may provide such access by electronic means if physical access is not reasonably feasible or would not be permitted under applicable Law (including any COVID-19 Measures).

(b) Subject to compliance with applicable Laws, throughout the period from the First Effective Time until the Control Date (or, as may be applicable in accordance with Section 5.20, the completion of the Post-Closing Disposition), the Company shall (and shall cause its Subsidiaries to) (i) afford to Parent and its Representatives reasonable access, for purposes of furthering the transactions contemplated hereby or integration planning relating thereto, during normal business hours, on reasonable advance notice of not less than two Business Days, to the Company's and its Subsidiaries' businesses, properties, personnel, agents, contracts, commitments, books and records, and (ii) promptly furnish Parent and its Representatives (A) such financial and operating data and other information concerning the Company and its Subsidiaries as may be reasonably requested and is necessary or advisable in connection with any filings contemplated pursuant to Section 5.6 or any Post-Closing Disposition, (B) all reports or other information concerning the Company and its Subsidiaries provided to third parties pursuant to the terms of any outstanding indebtedness of the Company or any of its Subsidiaries and (C) all other information concerning the Company's business, properties and personnel as may reasonably be requested by the other party; provided, that the Company may provide such access by electronic means if physical access is not reasonably feasible or would not be permitted under applicable Law (including any COVID-19 Measures);

provided, further, that to the extent access to any information of the Company or any of its Subsidiaries requires the entry of a protective order by the STB, the Company or its applicable Subsidiary shall be required to grant such access only if such order is obtained, subject to the terms of such order.

(c) The foregoing provisions of this Section 5.3 notwithstanding, neither the Company nor Parent shall be required to afford such access or furnish such information if it would unreasonably disrupt the operations of such party or any of its Subsidiaries, would cause a violation of any agreement to which such party or any of its Subsidiaries is a party, would result in a loss of privilege or trade secret protection to such party or any of its Subsidiaries, would result in the disclosure of any information in connection with any litigation or similar dispute between the parties hereto, would constitute a violation of any applicable Law or result in the disclosure of any personal information that would expose the such party to the risk of liability. In the event that Parent or the Company objects to any request submitted pursuant to and in accordance with this Section 5.3 and withholds information on the basis of the foregoing sentence, the Company or Parent, as applicable, shall inform the other party as to the general nature of what is being withheld and the Company and Parent shall use reasonable best efforts to make appropriate substitute arrangements to permit reasonable disclosure that does not suffer from any of the foregoing impediments, including through the use of reasonable best efforts to (i) obtain the required consent or waiver of any third party required to provide such information and (ii) implement appropriate and mutually agreeable measures to permit the disclosure of such information in a manner to remove the basis for the objection, including by arrangement of appropriate clean room procedures (including as set forth in the Clean Team Agreement), if the parties determine that doing so would reasonably permit the disclosure of such information without violating applicable Law or jeopardizing such privilege.

(d) Each of the Company and Parent hereby agrees that all information provided to it or any of its Representatives in connection with this Agreement and the consummation of the transactions contemplated hereby shall be deemed to be "Confidential Information," as such term is used in, and shall be treated in accordance with, the confidentiality agreement, dated as of December 9, 2020, between the Company and Parent (the "Confidentiality Agreement") and, as applicable, the Clean Team Confidentiality Agreement, dated as of March 10, 2021, between the Company and Parent (the "Clean Team Agreement").

Section 5.4 No Solicitation by the Company.

(a) Subject to the provisions of this Section 5.4, from the date of this Agreement until the earlier of the First Effective Time and the Termination Date, the Company agrees that it shall not, and shall cause its Subsidiaries and its and their respective directors and officers not to, and shall use its reasonable best efforts to cause its other Representatives not to, directly or indirectly, (i) solicit, initiate or knowingly encourage or knowingly facilitate any inquiry regarding, or the making or submission of any proposal, offer or indication of intent that constitutes, or would reasonably be expected to lead to, or result in, a Company Alternative Proposal, (ii) engage in, continue or otherwise participate in any discussions or negotiations with any Person regarding a Company Alternative Proposal or any inquiry, proposal or offer that would reasonably be expected to lead to, or result in, a Company Alternative Proposal (except to notify such Person that the provisions of this Section 5.4 prohibit any such discussions or

negotiations), (iii) furnish any nonpublic information relating to the Company or its Subsidiaries in connection with or for the purpose of facilitating a Company Alternative Proposal or any inquiry, proposal or offer that would reasonably be expected to lead to, or result in, a Company Alternative Proposal; (iv) recommend or enter into any other letter of intent, memorandum of understandings, agreement in principle, option agreement, acquisition agreement, merger agreement, joint venture agreement, partnership agreement or other similar agreement with respect to a Company Alternative Proposal (except for confidentiality agreements permitted under Section 5.4(b)); or (v) approve, authorize or agree to do any of the foregoing or otherwise knowingly facilitate any effort or attempt to make a Company Alternative Proposal.

(b) Notwithstanding anything in this Section 5.4 to the contrary, at any time prior to, but not after, obtaining the Company Stockholder Approval, if the Company receives a *bona fide*, unsolicited Company Alternative Proposal that did not result from the Company's violation of this Section 5.4, the Company and its Representatives may contact the third party making such Company Alternative Proposal to clarify the terms and conditions thereof. If (i) such Company Alternative Proposal constitutes a Company Superior Proposal or (ii) the Company Board determines in good faith after consultation with outside legal and financial advisors that such Company Alternative Proposal could reasonably be expected to lead to a Company Superior Proposal, the Company may take the following actions: (A) furnish nonpublic information to the third party making such Company Alternative Proposal (including its Representatives and prospective equity and debt financing sources) in response to a request therefor, if, and only if, prior to so furnishing such information, the third party has executed a confidentiality agreement with the Company having confidentiality and use provisions that, in each case, are not less restrictive in the aggregate to such third party than the provisions in the Confidentiality Agreement are to Parent (it being understood that such confidentiality agreement need not contain any "standstill" or similar provisions or otherwise prohibit the making or amendment of any Company Alternative Proposal), provided, however, that if the third party making such Company Alternative Proposal is a known competitor of the Company, the Company shall not provide any commercially sensitive non-public information to such third party in connection with any actions permitted by this Section 5.4(b) other than in accordance with customary "clean room" or other similar procedures designed to limit the disclosure of competitively sensitive information, and (B) engage in discussions or negotiations with the third party (including its Representatives) with respect to the Company Alternative Proposal. The Company shall promptly (and in any event within 48 hours) notify Parent in writing if: (i) any inquiries, proposals or offers with respect to a Company Alternative Proposal are received by the Company or any of its Representatives or (ii) any information is requested from the Company or any of its Representatives that, to the Knowledge of the Company, has been or is reasonably likely to have been made in connection with any Company Alternative Proposal, which notice shall identify the material terms and conditions thereof (including the name of the applicable third party and, if applicable, complete copies of any written requests, proposals or offers and any other material documents, including proposed agreements). It is understood and agreed that any contacts, disclosures, discussions or negotiations permitted under this Section 5.4(b), including any public announcement that the Company or the Company Board has made any determination contemplated under this Section 5.4(b) to take or engage in any such actions, shall not constitute a Company Change of Recommendation or otherwise constitute a basis for Parent to terminate this Agreement pursuant to Section 7.1(c)(ii). The Company shall keep Parent reasonably informed on a reasonably current basis of any material developments regarding any

Company Alternative Proposals or any material change to the terms of any such Company Alternative Proposal and any material change to the status of any such discussions or negotiations with respect thereto.

(c) Except as set forth in this Section 5.4, the Company Board, including any committee thereof, shall not (i) withdraw, withhold, qualify or modify, or propose publicly to withdraw, withhold, qualify or modify, the Company Recommendation, (ii) fail to include the Company Recommendation in the Proxy Statement/Prospectus that is mailed by the Company to the stockholders of the Company; (iii) if any Company Alternative Proposal that is structured as a tender offer or exchange offer for the outstanding shares of Company Common Stock is commenced pursuant to Rule 14d-2 under the Exchange Act (other than by Parent or an Affiliate of Parent), fail to recommend, within ten Business Days after such commencement, against acceptance of such tender offer or exchange offer by its stockholders; (iv) approve, adopt, recommend or declare advisable any Company Alternative Proposal or publicly propose to approve, adopt or recommend, or declare advisable any Company Alternative Proposal; or (v) approve, adopt or recommend, or declare advisable or enter into, any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other agreement (other than a confidentiality agreement referred to in and entered into compliance with Section 5.4(b)) with respect to any Company Alternative Proposal (any such action set forth in the foregoing clauses (i) through (v), a "Company Change of Recommendation"). Anything to the contrary set forth in this Agreement notwithstanding, prior to obtaining the Company Stockholder Approval, the Company Board may, in response to a Company Superior Proposal, (x) make a Company Change of Recommendation and/or (y) cause the Company to terminate this Agreement pursuant to Section 7.1(c)(ii); provided, that the Company Board shall not be entitled to make such a Company Change of Recommendation or cause any termination of this Agreement pursuant to Section 7.1(c)(ii) (A) unless the Company shall have given Parent at least five Business Days' written notice (a "Company Superior Proposal Notice") advising Parent of its intention to make such a Company Change of Recommendation or terminate this Agreement, which Company Superior Proposal Notice shall include a description of the terms and conditions of the Company Superior Proposal that is the basis for the proposed action of the Company Board, the identity of the Person making the Company Superior Proposal and a copy of any proposed definitive agreement for such Company Superior Proposal, if any, and the Company shall have negotiated in good faith with Parent (to the extent Parent wishes to negotiate) to enable Parent to make such amendments to the terms of this Agreement as would permit the Company Board not to effect a Company Change of Recommendation or terminate this Agreement in connection with such Company Superior Proposal, and (B) unless, at the end of the five-Business Day period following the delivery of such Company Superior Proposal Notice (the "Company Superior Proposal Notice Period"), after taking into account any firm commitments made by Parent in writing to amend the terms of this Agreement and any other proposals or information offered by Parent during the Company Superior Proposal Notice Period, the Company Board concludes that the Company Superior Proposal giving rise to the Company Superior Proposal Notice continues to constitute a Company Superior Proposal if such amendments were to be given effect; provided, that any material modifications to the terms of the Company Superior Proposal (including any change in the amount or form of consideration) shall commence a new notice period pursuant clause (A) of three Business Days.

(d) Anything to the contrary set forth in this Agreement notwithstanding, prior to obtaining the Company Stockholder Approval, but not after, the Company Board may, in response to a Company Intervening Event, make a Company Change of Recommendation if the Company Board determines in good faith, after consultation with the Company's outside legal counsel, that the failure of the Company Board to take such action would be reasonably likely to be inconsistent with its fiduciary duties under applicable Law; provided, that the Company Board shall not be entitled to make such a Company Change of Recommendation unless (i) the Company shall have given Parent at least five Business Days' written notice (a "Company Intervening Event Notice") advising Parent of its intention to make such a Company Change of Recommendation, which Company Intervening Event Notice shall include a description of the applicable Company Intervening Event and (ii) unless, at the end of the five-Business Day period following the delivery of such Company Intervening Event Notice (the "Company Intervening Event Notice Period"), after taking into account any firm commitments made by Parent in writing to amend the terms of this Agreement and any other proposals or information offered by Parent during the Company Intervening Event Notice Period, the Company Board determines in good faith, after consultation with the Company's outside legal counsel, that the failure of the Company Board to make such Company Change of Recommendation would continue to be reasonably likely to be inconsistent with its fiduciary duties under applicable Law if such amendments were to be given effect.

(e) Nothing contained in this Agreement shall prohibit the Company or the Company Board or any committee thereof from (i) complying with its disclosure obligations under applicable Law or rules and policies of the NYSE, including taking and disclosing to its stockholders a position contemplated by Rule 14d-9 or Rule 14e-2(a) or Item 1012(a) of Regulation M-A under the Exchange Act (or any similar communication to stockholders) or from issuing a "stop, look and listen" statement pending disclosure of its position thereunder or (ii) making any disclosure to its stockholders if the Company Board determines in good faith, after consultation with the Company's outside legal counsel, that the failure of the Company Board to make such disclosure would be reasonably likely to be inconsistent with its fiduciary duties to the Company's stockholders under applicable Law.

(f) Further to Section 5.4(a), the Company shall (and shall cause its Subsidiaries and its and their respective directors and officers to, and shall use its reasonable best efforts to cause its other Representatives to) promptly terminate any existing discussions and negotiations conducted heretofore with any Person (other than Parent, the Company or any of their respective Affiliates or Representatives) with respect to any Company Alternative Proposal, or proposal or transaction that could reasonably be expected to lead to or result in a Company Alternative Proposal. Further, the Company shall promptly terminate all physical and electronic data access previously granted to such Persons and request that any such Persons promptly return or destroy all confidential information concerning the Company and any of its Subsidiaries and provide prompt written confirmation thereof.

(g) "Company Alternative Proposal" means any proposal, offer or indication of intent made by any Person or group of Persons (other than Parent, either Merger Sub or their respective Affiliates) relating to or concerning (i) a merger, reorganization, share exchange, consolidation, business combination, recapitalization or similar transaction involving the Company, in each case, as a result of which the stockholders of the Company immediately prior

to such transaction would cease to own at least 75% of the total voting power of the Company or the surviving entity (or any direct or indirect parent company thereof), as applicable, immediately following such transaction, (ii) the acquisition by any Person of more than 25% of the net revenues, net income or total assets of the Company and its Subsidiaries, on a consolidated basis, or (iii) the direct or indirect acquisition by any Person of more than 25% of the outstanding shares of Company Common Stock.

(h) "Company Superior Proposal" means an unsolicited, *bona fide* written Company Alternative Proposal, made after the date of this Agreement, substituting in the definition thereof "50%" for "25%" and for "75%" in each place each such phrase appears, made after the date of this Agreement, that the Company Board determines in good faith, after consultation with the Company's outside legal and financial advisors, and considering all legal, financial, financing and regulatory aspects of the proposal, the identity of the Person(s) making the proposal and the likelihood of the proposal being consummated in accordance with its terms, would, if consummated, result in a transaction (A) that is more favorable to the Company's stockholders from a financial point of view than the transactions contemplated by this Agreement and (B) that is reasonably likely to be completed, taking into account any regulatory, financing or approval requirements and any other aspects considered relevant by the Company Board.

(i) "Company Intervening Event" means any event, change, occurrence or development that is unknown and not reasonably foreseeable to the Company Board as of the date of this Agreement, or if known or reasonably foreseeable to the Company Board as of the date of this Agreement, the material consequences of which were not known or reasonably foreseeable to the Company Board as of the date of this Agreement; provided, that the receipt, existence or terms of a Company Alternative Proposal shall not be deemed to be a Company Intervening Event hereunder.

Section 5.5 No Solicitation by Parent.

(a) Subject to the provisions of this Section 5.5, from the date of this Agreement until the earlier of the First Effective Time and the Termination Date, Parent agrees that it shall not, and shall cause its Subsidiaries and its and their respective directors and officers not to, and shall use its reasonable best efforts to cause its other Representatives not to, directly or indirectly, (i) solicit, initiate or knowingly encourage or knowingly facilitate any inquiry regarding, or the making or submission of any proposal or offer that constitutes, or would reasonably be expected to lead to, or result in, a Parent Alternative Proposal, (ii) engage in, continue or otherwise participate in any discussions or negotiations with any Person regarding Parent Alternative Proposal or any inquiry, proposal or offer that would reasonably be expected to lead to, or result in, a Parent Alternative Proposal (except to notify such Person that the provisions of this Section 5.5 prohibit any such discussions or negotiations), (iii) furnish any nonpublic information relating to Parent or its Subsidiaries in connection with or for the purpose of facilitating a Parent Alternative Proposal or any inquiry, proposal, offer or indication of interest that would reasonably be expected to lead to, or result in, a Parent Alternative Proposal; (iv) recommend or enter into any other letter of intent, memorandum of understandings, agreement in principle, option agreement, acquisition agreement, merger agreement, arrangement agreement, amalgamation agreement, joint venture agreement, partnership

agreement or other similar agreement with respect to a Parent Alternative Proposal (except for confidentiality agreements permitted under Section 5.5(b)); or (v) approve, authorize or agree to do any of the foregoing or otherwise knowingly facilitate any effort or attempt to make a Parent Alternative Proposal.

(b) Notwithstanding anything in this Section 5.5 to the contrary, at any time prior to, but not after, obtaining the Parent Shareholder Approval, if Parent receives a bona fide, unsolicited Parent Alternative Proposal that did not result from the Parent's violation of this Section 5.5, Parent and its Representatives may contact the third party making such Parent Alternative Proposal to clarify the terms and conditions thereof. If (i) such Parent Alternative Proposal constitutes a Parent Superior Proposal or (ii) the Parent Board determines in good faith after consultation with outside legal and financial advisors that such Parent Alternative Proposal could reasonably be expected to lead to a Parent Superior Proposal, Parent may take the following actions: (A) furnish nonpublic information to the third party making such Parent Alternative Proposal (including its Representatives and prospective equity and debt financing sources) in response to a request therefor, if, and only if, prior to so furnishing such information, the third party has executed a confidentiality agreement with Parent having confidentiality and use provisions that, in each case, are not less restrictive in the aggregate to such third party than the provisions in the Confidentiality Agreement are to the Company (it being understood that such confidentiality agreement need not contain any "standstill" or similar provisions or otherwise prohibit the making or amendment of any Parent Alternative Proposal), provided, however, that if the third party making such Parent Alternative Proposal is a known competitor of Parent, Parent shall not provide any commercially sensitive non-public information to such third party in connection with any actions permitted by this Section 5.5(b) other than in accordance with customary "clean room" or other similar procedures designed to limit the disclosure of competitively sensitive information, and (B) engage in discussions or negotiations with the third party (including its Representatives) with respect to the Parent Alternative Proposal. Parent shall promptly (and in any event within 24 hours) notify the Company in writing if: (i) any inquiries, proposals or offers with respect to a Parent Alternative Proposal are received by Parent or any of its Representatives or (ii) any information is requested from Parent or any of its Representatives that, to the Knowledge of Parent, has been or is reasonably likely to have been made in connection with any Company Alternative Proposal, which notice shall identify the material terms and conditions thereof (including the name of the applicable third party and, if applicable, complete copies of any written requests, proposals or offers and any other material documents, including proposed agreements). It is understood and agreed that any contacts, disclosures, discussions or negotiations permitted under this Section 5.5(b), including any public announcement that Parent or the Parent Board has made any determination contemplated under this Section 5.5(b) to take or engage in any such actions, shall not constitute a Parent Change of Recommendation or otherwise constitute a basis for the Company to terminate this Agreement pursuant to Section 7.1. Parent shall keep the Company reasonably informed on a reasonably current basis of any material developments regarding any Parent Alternative Proposals or any material change to the terms of any such Parent Alternative Proposal and any material change to the status of any such discussions or negotiations with respect thereto.

(c) Except as set forth in this Section 5.5, the Parent Board, including any committee thereof, shall not (i) withdraw, withhold, qualify or modify, or propose publicly to

withdraw, withhold, qualify or modify, the Parent Recommendation; (ii) fail to include the Parent Recommendation in the Management Information Circular that is mailed by the Parent to the shareholders of the Parent; (iii) if any Parent Alternative Proposal that is structured as a tender offer or exchange offer for the outstanding Parent Common Shares is commenced pursuant to Rule 14d-2 under the Exchange Act (other than by the Company or an Affiliate of the Company), fail to recommend, within ten Business Days after such commencement, against acceptance of such tender offer or exchange offer by its shareholders; (iv) approve, adopt, recommend or declare advisable any Parent Alternative Proposal or publicly propose to approve, adopt or recommend, or declare advisable any Parent Alternative Proposal; or (v) approve, adopt or recommend, or declare advisable or enter into, any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other agreement (other than a confidentiality agreement referred to in and entered into compliance with Section 5.5(b)) with respect to any Parent Alternative Proposal (any such action set forth in the foregoing clauses (i) through (v), a "Parent Change of Recommendation"). Anything to the contrary set forth in this Agreement notwithstanding, prior to obtaining the Parent Shareholder Approval, the Parent Board may, in response to a Parent Superior Proposal, make a Parent Change of Recommendation; provided, that the Parent Board shall not be entitled to make such a Parent Change of Recommendation (A) unless Parent shall have given the Company at least five Business Days' written notice (a "Parent Superior Proposal Notice") advising the Company of its intention to make such a Parent Change of Recommendation, which Parent Superior Proposal Notice shall include a description of the terms and conditions of the Parent Superior Proposal that is the basis for the proposed action of the Parent Board, the identity of the Person making the Parent Superior Proposal and a copy of any proposed definitive agreement for such Parent Superior Proposal, if any, and Parent shall have negotiated in good faith with the Company (to the extent the Company wishes to negotiate) to enable the Company to make such amendments to the terms of this Agreement as would permit the Parent Board not to effect a Parent Change of Recommendation or terminate this Agreement in connection with such Parent Superior Proposal, and (B) unless, at the end of the five-Business Day period following the delivery of such Parent Superior Proposal Notice (the "Parent Superior Proposal Notice Period"), after taking into account any firm commitments made by the Company in writing to amend the terms of this Agreement and any other proposals or information offered by the Company during the Parent Superior Proposal Notice Period, the Parent Board concludes that the Parent Superior Proposal giving rise to the Parent Superior Proposal Notice continues to constitute a Parent Superior Proposal if such amendments were to be given effect; provided, that any material modifications to the terms of the Parent Superior Proposal (including any change in the amount of consideration) shall commence a new notice period pursuant clause (A) of three Business Days.

(d) Anything to the contrary set forth in this Agreement notwithstanding, prior to obtaining the Parent Shareholder Approval, but not after, the Parent Board may, in response to a Parent Intervening Event, make a Parent Change of Recommendation if the Parent Board determines in good faith, after consultation with Parent's outside legal counsel, that the failure of the Parent Board to take such action would be reasonably likely be inconsistent with its fiduciary duties under applicable Law; provided, that the Parent Board shall not be entitled to make such a Parent Change of Recommendation unless (i) Parent shall have given the Company at least five Business Days' written notice (a "Parent Intervening Event Notice") advising the Company of its intention to make such a Parent Change of Recommendation, which Parent Intervening Event

Notice shall include a description of the applicable Parent Intervening Event and (ii) unless, at the end of the five-Business Day period following the delivery of such Parent Intervening Event Notice (the "Parent Intervening Event Notice Period"), after taking into account any firm commitments made by the Company in writing to amend the terms of this Agreement and any other proposals or information offered by the Company during the Parent Intervening Event Notice Period, the Parent Board determines in good faith, after consultation with Parent's outside legal counsel, that the failure of the Parent Board to make such Parent Change of Recommendation would continue to be reasonably likely be inconsistent with its fiduciary duties under applicable Law if such amendments were to be given effect.

(e) Nothing contained in this Agreement shall prohibit Parent or the Parent Board or any committee thereof from (i) complying with its disclosure obligations under applicable Law or rules and policies of the NYSE or the TSX, including taking and disclosing to its shareholders a position contemplated by Rule 14d-9 or Rule 14e-2(a) or Item 1012(a) of Regulation M-A under the Exchange Act (or any similar communication to shareholders) or from issuing a "stop, look and listen" statement pending disclosure of its position thereunder, (ii) complying with Part 2 – Division 3 of National Instrument 62-104 – *Take-Over Bids and Issuer Bids* of the Canadian Securities Administrators and similar provisions under Canadian Securities Laws relating to the provision of directors' circulars in respect of a Parent Alternative Proposal or (iii) making any disclosure to its shareholders if the Parent Board determines in good faith, after consultation with Parent's outside legal counsel, that the failure of the Parent Board to make such disclosure would be reasonably likely be inconsistent with its fiduciary duties to Parent's shareholders under applicable Law.

(f) Further to Section 5.5(a), Parent shall (and shall cause its Subsidiaries and its and their respective directors and officers to, and shall use its reasonable best efforts to cause its other Representatives to) promptly terminate any existing discussions and negotiations conducted heretofore with any Person (other than the Company, Parent or any of their respective Affiliates or Representatives) with respect to any Parent Alternative Proposal, or proposal or transaction that could reasonably be expected to lead to or result in a Parent Alternative Proposal. Further, Parent shall promptly terminate all physical and electronic data access previously granted to such Persons and request that any such Persons promptly return or destroy all confidential information concerning Parent and any of its Subsidiaries and provide prompt written confirmation thereof.

(g) "Parent Alternative Proposal" means any proposal, offer or indication of intent made by any Person or group of Persons (other than the Company or its Affiliates) relating to or concerning (i) a plan of arrangement, amalgamation, merger, reorganization, share exchange, consolidation, business combination, recapitalization or similar transaction involving Parent, in each case, as a result of which the shareholders of Parent immediately prior to such transaction would cease to own at least 75% of the total voting power of Parent or the surviving entity (or any direct or indirect parent company thereof), as applicable, immediately following such transaction, (ii) the acquisition by any Person of more than 25% of the net revenues, net income or total assets of Parent and its Subsidiaries, on a consolidated basis, or (iii) the direct or indirect acquisition by any Person of more than 25% of the outstanding Parent Common Shares.

(h) "Parent Superior Proposal" means an unsolicited, bona fide written Parent Alternative Proposal, made after the date of this Agreement, substituting in the definition thereof "50%" for "25%" and for "75%" in each place each such phrase appears, made after the date of this Agreement, that the Parent Board determines in good faith, after consultation with Parent's outside legal and financial advisors, and considering all legal, financial, financing and regulatory aspects of the proposal, the identity of the Person(s) making the proposal and the likelihood of the proposal being consummated in accordance with its terms, would, if consummated, result in a transaction (A) that is more favorable to Parent's shareholders from a financial point of view than the transactions contemplated by this Agreement and (B) that is reasonably likely to be completed, taking into account any regulatory, financing or approval requirements and any other aspects considered relevant by the Parent Board.

(i) "Parent Intervening Event" means any event, change, occurrence or development that is unknown and not reasonably foreseeable to the Parent Board as of the date of this Agreement, or if known or reasonably foreseeable to the Parent Board as of the date of this Agreement, the material consequences of which were not known or reasonably foreseeable to the Parent Board as of the date of this Agreement; provided, that the receipt, existence or terms of a Parent Alternative Proposal shall not be deemed to be a Parent Intervening Event hereunder.

Section 5.6 Filings; Other Actions.

(a) As promptly as reasonably practicable after the date of this Agreement, (i) the Company and Parent shall prepare and file with the SEC the preliminary Proxy Statement/Prospectus and (ii) Parent shall prepare and file with the SEC and the Canadian Securities Administrators the Form F-4 with respect to the Parent Common Shares to be issued in connection with the First Merger, which shall include the Proxy Statement/Prospectus; provided, that if the SEC determines that Parent is not eligible to file a registration statement on Form F-4, Parent shall instead prepare and file a registration statement on Form S-4 with respect to the Parent Common Shares to be issued in connection with the First Merger, which shall include the Proxy Statement/Prospectus, and all references herein to the Form F-4 shall be deemed instead to refer to such registration statement on Form S-4. Parent shall prepare concurrently with the Proxy Statement/Prospectus the Management Information Circular. Each of the Company and Parent shall use its reasonable best efforts to (A) have the Form F-4 declared effective under the Securities Act as promptly as practicable after such filing and (B) keep the Form F-4 effective for so long as necessary to complete the Mergers. Each of the Company and Parent shall furnish all information concerning itself, its Affiliates and the holders of its shares to the other and provide such other assistance as may be reasonably requested in connection with the preparation, filing and distribution of the Proxy Statement/Prospectus, Management Information Circular and the Form F-4. Each of the Company and Parent shall provide the other party with a reasonable period of time to review the Proxy Statement/Prospectus and any amendments thereto prior to filing and shall reasonably consider any comments from the other party. Subject to applicable Law, the information contained in the Management Information Circular shall be consistent in all material respects with the substantive information contained in the Proxy Statement/Prospectus. Each of the Company and Parent shall respond promptly to any comments from the SEC or the staff of the SEC or the TSX, as applicable. Each of the Company and Parent shall notify the other party promptly of the receipt

of any comments (whether written or oral) from the SEC or the staff of the SEC or the TSX and of any request by the SEC or the staff of the SEC or the TSX for amendments or supplements to the Proxy Statement/Prospectus, Management Information Circular or Form F-4 or for additional information and shall supply the other party with copies of all correspondence between it and any of its Representatives, on the one hand, and the SEC or the staff of the SEC or the TSX, on the other hand, with respect to the Proxy Statement/Prospectus, Management Information Circular or Form F-4 or the transactions contemplated by this Agreement within 24 hours of the receipt thereof. The Proxy Statement/Prospectus, Management Information Circular and Form F-4 shall comply as to form in all material respects with the applicable requirements of the Exchange Act, the Securities Act and applicable Canadian Securities Laws and, without limiting the foregoing, Parent shall ensure that the Management Information Circular shall provide shareholders of Parent with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Parent Shareholder Meeting. The Management Information Circular shall comply in all material respects with applicable Laws and the rules of the TSX. If at any time prior to the Company Stockholder Meeting or the Parent Shareholder Meeting (or any adjournment or postponement of the Company Stockholder Meeting or the Parent Shareholder Meeting) any information relating to Parent or the Company, or any of their respective Affiliates, officers or directors, is discovered by Parent or the Company that should be set forth in an amendment or supplement to the Proxy Statement/Prospectus, Management Information Circular and/or Form F-4, so that the Proxy Statement/Prospectus, Management Information Circular and/or Form F-4 would not include a misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the party that discovers such information shall promptly notify the other parties hereto and an appropriate amendment or supplement describing such information shall be promptly filed by the Company and/or Parent with the SEC and/or the Canadian Securities Administrators, as applicable, and, to the extent required by applicable Law, disseminated to the stockholders of the Company and the shareholders of Parent. The Company shall cause the Proxy Statement/Prospectus and Form F-4 to be mailed to the Company's stockholders as promptly as reasonably practicable after the Form F-4 is declared effective under the Securities Act (such date, the "Clearance Date"). Promptly (and in any event within seven days of the mailing of the Proxy Statement/Prospectus to the stockholders of the Company), Parent shall file the Management Information Circular with the Canadian Securities Administrators and mail the Management Information Circular to the shareholders of Parent.

(b) Each of Parent and the Company shall provide the other party and its legal counsel with a reasonable opportunity to review and comment on drafts of the Proxy Statement/Prospectus, Management Information Circular, Form F-4 and other documents related to the Company Stockholder Meeting, the Parent Shareholder Meeting or the issuance of the Parent Common Shares (and any amendments thereto) in connection with the First Merger, prior to filing such documents with the applicable Governmental Entity and mailing such documents to the Company's stockholders or Parent's shareholders, as applicable. Each party hereto shall consider in good faith in the Proxy Statement/Prospectus, Management Information Circular, Form F-4 and such other documents related to the Company Stockholder Meeting, the Parent Shareholder Meeting or the issuance of Parent Common Shares in connection with the First Merger, all comments reasonably and promptly proposed by the other party or its legal counsel.

(c) Subject to Section 5.4 and Section 5.6(d), the Company shall take all action necessary in accordance with applicable Law and the certificate of incorporation and bylaws of the Company to set a record date for, duly give notice of, convene and hold a meeting of its stockholders following the mailing of the Proxy Statement/Prospectus for the purpose of obtaining the Company Stockholder Approval (the "Company Stockholder Meeting") as soon as reasonably practicable following the Clearance Date. Unless the Company shall have made a Company Change of Recommendation in compliance with Section 5.4, the Company shall include the Company Recommendation in the Proxy Statement/Prospectus and shall solicit, and use its reasonable best efforts to obtain, the Company Stockholder Approval at the Company Stockholder Meeting (including by soliciting proxies in favor of the adoption of this Agreement) as soon as reasonably practicable.

(d) The Company shall cooperate with and keep Parent informed on a reasonably current basis regarding its solicitation efforts and voting results following the dissemination of the Proxy Statement/Prospectus to its shareholders. The Company may adjourn or postpone the Company Stockholder Meeting (i) to allow time for the filing and dissemination of any supplemental or amended disclosure document that the Company Board has determined in good faith (after consultation with its outside legal counsel) is required to be filed and disseminated under applicable Law, (ii) if as of the time that the Company Stockholder Meeting is originally scheduled (as set forth in the Proxy Statement/Prospectus) there are insufficient shares of Company Common Stock represented (either in person or by proxy) to constitute a quorum necessary to conduct the business of the Company Stockholder Meeting, (iii) to allow reasonable additional time to solicit additional proxies necessary to obtain the Company Stockholder Approval, (iv) to comply with applicable Law or (v) with the prior written consent of Parent (which shall not be unreasonably withheld, conditioned or delayed). Without the prior written consent of Parent (which shall not be unreasonably withheld, conditioned or delayed), the adoption of this Agreement shall be the only matter (other than matters of procedure and matters required by applicable Law to be voted on by the Company's stockholders in connection with the adoption of this Agreement) that the Company shall propose to be acted on by the shareholders of the Company at the Company Stockholder Meeting.

(e) Subject to Section 5.5 and Section 5.6(f), Parent shall take all action necessary in accordance with applicable Law and the articles of incorporation and by-laws of Parent to set a record date for, duly give notice of, convene and hold a meeting of its shareholders following the mailing of the Management Information Circular for the purpose of obtaining the Parent Shareholder Approval (the "Parent Shareholder Meeting") as soon as reasonably practicable following the Clearance Date. Unless Parent shall have made a Parent Change of Recommendation in compliance with Section 5.5, Parent shall include the Parent Recommendation in the Management Information Circular and shall solicit, and use its reasonable best efforts to obtain, the Parent Shareholder Approval at the Parent Shareholder Meeting (including by soliciting proxies in favor of the approval of the Parent Share Issuance) as soon as reasonably practicable.

(f) Parent shall cooperate with and keep the Company informed on a reasonably current basis regarding its solicitation efforts and voting results following the dissemination of the Management Information Circular to its shareholders. Parent may adjourn or postpone the Parent Shareholder Meeting (i) to allow time for the filing and dissemination of

any supplemental or amended disclosure document that the Parent Board has determined in good faith (after consultation with its outside legal counsel) is required to be filed and disseminated under applicable Law, (ii) if as of the time that the Parent Shareholder Meeting is originally scheduled (as set forth in the Management Information Circular) there are insufficient Parent Common Shares represented (either in person or by proxy) to constitute a quorum necessary to conduct the business of the Parent Shareholder Meeting, (iii) to allow reasonable additional time to solicit additional proxies necessary to obtain the Parent Shareholder Approval, (iv) to comply with applicable Law or (v) with the prior written consent of the Company (which shall not be unreasonably withheld, conditioned or delayed). Without the prior written consent of the Company (which shall not be unreasonably withheld, conditioned or delayed), the approval of the Parent Share Issuance shall be the only matter (other than matters of procedure and matters required by applicable Law to be voted on by Parent's shareholders in connection with the adoption of this Agreement) that Parent shall propose to be acted on by the shareholders of Parent at the Parent Shareholder Meeting.

(g) It is the intention of the parties hereto that, and each of the parties shall reasonably cooperate and use their commercially reasonable efforts to cause, the date and time of the Company Stockholder Meeting and the Parent Shareholder Meeting be coordinated such that they occur on the same calendar day (and in any event as close in time as possible).

(h) Without limiting the generality of the foregoing, the Company agrees that its obligations to hold the Company Stockholder Meeting pursuant to this Section 5.6 shall not be affected solely by the making of a Company Change of Recommendation, and Parent agrees that its obligations to hold the Parent Shareholder Meeting pursuant to this Section 5.6 shall not be affected solely by the making of a Parent Change of Recommendation. The Company agrees that its obligations pursuant to this Section 5.6 shall not be affected solely by the commencement of or announcement or disclosure of or communication to Parent of any Company Alternative Proposal, and further, that it shall not terminate this Agreement on the grounds that such Company Alternative Proposal is a Company Superior Proposal, unless the Company may terminate this Agreement pursuant to and in accordance with Section 7.1. Parent agrees that its obligations pursuant to this Section 5.6 shall not be affected solely by the commencement of or announcement or disclosure of or communication to the Company of any Parent Alternative Proposal, and further, that it shall not take action to terminate this Agreement on the grounds that such Parent Alternative Proposal is a Parent Superior Proposal.

Section 5.7 Employee Matters.

(a) From and after the First Effective Time, the Company shall, and to the extent within its control, Parent shall cause the Company to, honor all Company Benefit Plans in accordance with their terms as in effect immediately before the First Effective Time. For a period of one year following the Control Date, Parent shall provide, or shall cause to be provided, to each current employee of the Company and its Subsidiaries ("Company Employees") (i) base compensation and cash and equity target incentive opportunities that, in each case, are no less favorable than were provided to the Company Employee immediately before the First Effective Time (it being understood that in lieu of equity compensation awards, Parent may provide Company Employees who, as of immediately prior to the First Effective Time were eligible to receive Company equity compensation awards, long-term incentive awards

that are settled in cash in an amount sufficient to replace the grant date value of the Company Employee's equity compensation opportunity immediately prior to the First Effective Time, provided, that, except as set forth in this Section 5.7(a), such long-term incentive awards shall have the same terms and conditions as those applicable to the equity awards granted by Parent to its similarly situated employees), and (ii) employee benefits that are no less favorable in the aggregate than the employee benefits provided to the Company Employee immediately before the First Effective Time. Without limiting the generality of the foregoing, (A) Parent shall or shall cause the Second Surviving Corporation to provide to each Company Employee whose employment terminates during the one-year period following the Control Date under circumstances that would give rise to severance benefits under the Company Benefit Plans set forth on Section 5.7(a) of the Company Disclosure Schedules (the "Company Severance Plans"), severance benefits in accordance with the terms of the applicable Company Severance Plan in which such Company Employee is eligible to participate immediately prior to the First Effective Time and (B) during such one-year period following the Control Date, severance benefits offered to each Company Employee shall be determined taking into account all service with the Company, its Subsidiaries (and including, on and after the First Effective Time, the Second Surviving Corporation and any of its Affiliates) and without taking into account any reduction after the First Effective Time in compensation paid or benefits provided to such Company Employee.

(b) If the Control Date occurs before February 1, 2022, then no later than March 15, 2022, Parent shall, or shall cause the Second Surviving Corporation to, pay to each Company Employee who participates in a Company annual bonus plan (or any successor plan of Parent and its Subsidiaries) an annual bonus payment in respect of calendar year 2021 in an amount that is based on the achievement of the applicable performance goals at the greater of (i) target performance and (ii) 130% of actual performance, but in no event greater than 200% of target. If the Control Date occurs on or after February 1, 2022 but before February 1, 2023, then no later than March 15, 2023, Parent shall, or shall cause the Second Surviving Corporation to, pay to each Company Employee who participates in a Company annual bonus plan (or any successor plan of Parent and its Subsidiaries) an annual bonus payment in respect of calendar year 2022 in an amount that is based on the achievement of the applicable performance goals at the greater of (A) target performance and (B) 130% of actual performance, but in no event greater than 200% of target.

(c) For all purposes (including for purposes of vesting, eligibility to participate and level of benefits) under the employee benefit plans of Parent and its Subsidiaries providing benefits to any Company Employees after the Control Date (the "New Plans"), each Company Employee shall be credited with his or her years of service with the Company and its Subsidiaries and their respective predecessors before the Control Date, to the same extent as such Company Employee was entitled, before the Control Date, to credit for such service under any similar Company Benefit Plan in which such Company Employee participated or was eligible to participate immediately prior to the Control Date; provided that the foregoing shall not apply (x) for benefit accrual under defined benefit pension plans, (y) for purposes of qualifying for subsidized early retirement benefits or (z) to the extent that its application would result in a duplication of benefits. In addition, and without limiting the generality of the foregoing, (i) each Company Employee shall be immediately eligible to participate, without any waiting time, in any New Plans to the extent coverage under such New Plan is comparable to a Company Benefit

Plan in which such Company Employee participated immediately before the Control Date (such plans, collectively, the "Old Plans"), and (ii) for purposes of each New Plan providing medical, dental, pharmaceutical, vision and any other insurance benefits to any Company Employee, Parent shall cause all preexisting condition exclusions and actively-at-work requirements of such New Plan to be waived for such employee and his or her covered dependents, unless such conditions would not have been waived under the comparable plans of the Company or its Subsidiaries in which such employee participated immediately prior to the Control Date, and Parent shall cause any eligible expenses incurred by such employee and his or her covered dependents during the portion of the plan year of the Old Plans ending on the date such employee's participation in the corresponding New Plan begins to be taken into account under such New Plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such New Plan.

(d) Parent hereby acknowledges that a "change in control" (or similar phrase) within the meaning of the Company Benefit Plans will occur at the First Effective Time, as applicable.

(e) Without limiting the generality of Section 8.10, the provisions of this Section 5.7 are solely for the benefit of the parties to this Agreement, and no current or former director, employee or consultant or any other person shall be a third-party beneficiary of this Agreement, and nothing herein shall be construed as an amendment to any Company Benefit Plan or other compensation or benefit plan or arrangement for any purpose or otherwise shall prevent Parent, the Second Surviving Corporation or any of their Affiliates from terminating the employment of any Company Employee.

Section 5.8 Efforts.

(a) Subject to the terms and conditions set forth in this Agreement, each of the parties hereto shall (and shall cause each of their respective Affiliates to) promptly take, or cause to be taken, all actions, and to promptly do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable under applicable Laws to cause the conditions to Closing set forth in Article 6 of this Agreement to be satisfied and to consummate and make effective the Mergers and the other transactions contemplated by this Agreement as promptly as practicable after the date of this Agreement and in any event prior to the End Date, including (i) the obtaining of all necessary actions or nonactions, authorizations, permits, waivers, consents, clearances, approvals and expirations or terminations of waiting periods (collectively, "Consents"), including the Company Approvals and the Parent Approvals, from Governmental Entities and the making of all necessary registrations, notices, notifications, petitions, applications, reports and other and filings and the taking of all steps as may be necessary, proper or advisable to obtain an approval, clearance or waiver from, or to avoid an action or proceeding by, any Governmental Entity, (ii) the obtaining of all necessary Consents from third parties, (iii) the defending of any Actions, lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the Mergers and the other transactions contemplated by this Agreement (including the Voting Trust), or seeking to prohibit or delay the Closing and (iv) the execution and delivery of any additional instruments necessary, proper or advisable to consummate, and to fully carry out the purposes of

the transactions contemplated by this Agreement; provided, that in no event shall either the Company or Parent or any of their respective Subsidiaries be required to pay prior to the First Effective Time any fee, penalty or other consideration to any third party for any Consent required for or triggered by the consummation of the transactions contemplated by this Agreement under any contract or agreement or otherwise.

(b) Subject to the terms and conditions herein provided and without limiting the foregoing, the Company, Parent and each Merger Sub shall (i) promptly, but in no event later than 30 Business Days after the date of this Agreement, file any and all notification and report forms to the COFECE and the IFT required under applicable Law with respect to the Mergers and the other transactions contemplated by this Agreement, and take all other actions necessary to cause the expiration or termination of any applicable waiting periods under applicable Law as soon as practicable after the date of this Agreement, (ii) take all actions with CFIUS as may be advisable under applicable Law to obtain Completion of the CFIUS Process with respect to the transactions contemplated by this Agreement, including (A) promptly, but in no event later than 10 Business Days after the date of this Agreement, jointly providing notification to CFIUS of the execution of this Agreement, (B) promptly, and in no event later than 10 Business Days after the Closing, submitting a draft CFIUS Joint Voluntary Notification to CFIUS, (C) submitting a final Joint Notice to CFIUS after promptly resolving all comments to the draft CFIUS Joint Voluntary Notification from CFIUS and (D) in the case of a CFIUS Declaration, submitting a CFIUS Joint Voluntary Notification if CFIUS so requests or informs the parties that it is not able to conclude action under Section 721 with respect to the Mergers and the other transactions contemplated by this Agreement on the basis of such CFIUS Declaration, (iii) cooperate with each other in (A) determining whether any other filings are required to be made with, or Consents are required to be obtained from, or with respect to, any third parties or Governmental Entities, including under other applicable Antitrust Laws and/or in connection with the Company Approvals and Parent Approvals, in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and (B) promptly making all such filings and timely obtaining all such Consents, (iv) supply to any Governmental Entity as promptly as practicable any additional information or documents that may be requested pursuant to any Law or by such Governmental Entity, including responding to any request for information from CFIUS in the applicable timeframe set forth in 31 C.F.R. Part 800, subject to any extensions of such time that may be granted by CFIUS staff upon request of a party to the Joint Notice, and (v) other than with respect to the STB Final Approval, which is discussed in Section 5.8(c), take, or cause to be taken, all other actions and do, or cause to be done, all other things necessary, proper or advisable to consummate and make effective the transactions contemplated hereby, including taking all such further action as may be necessary to resolve such objections, if any, as any state antitrust enforcement authorities, CFIUS, or any other Governmental Entity or other Person may assert under any Law (including in connection with the Company Approvals and Parent Approvals) with respect to the transactions contemplated hereby, and to avoid or eliminate each and every impediment under any Law that may be asserted by any Governmental Entity with respect to the Mergers so as to enable the Closing to occur as promptly as practicable after the date of this Agreement, including (A) proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, the sale, divestiture, license, hold separate or disposition of any and all of the share capital or other equity interest, assets (whether tangible or intangible), products or businesses of Parent and its Subsidiaries or of the Company and its Subsidiaries, and (B) otherwise taking or committing to take any actions that after the

Closing Date would limit Parent's or its Subsidiaries' (including the Second Surviving Corporation's) freedom of action with respect to, or their ability to retain, one or more of their Subsidiaries' (including the Second Surviving Corporation's) assets (whether tangible or intangible), products, or businesses, in each case as may be required in order to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order that would otherwise have the effect of preventing or delaying the Closing; provided, that neither the Company nor any of its Subsidiaries shall be required to become subject to, or consent or agree to or otherwise take any action with respect to, any requirement, condition, understanding, agreement or order to sell, divest, license, hold separate or otherwise dispose of, or to conduct, restrict, operate, invest or otherwise change the assets, operations or business of the Company or any of its Subsidiaries, unless such requirement, condition, understanding, agreement or order is binding on or otherwise applicable to the Company or its Subsidiaries only from and after the First Effective Time in the event that the Closing occurs. Notwithstanding the foregoing, other than with respect to the STB Final Approval, which is discussed in Section 5.8(c), nothing in this Section 5.8 shall be deemed to require Parent or any of its Affiliates to take any action, or commit to take any action, or agree to any condition or restriction in connection with obtaining any Parent Approvals that would reasonably be expected to have a Parent Material Adverse Effect with respect to Parent and its Subsidiaries, taken as a whole, after giving effect to the Mergers (measured on a scale relative to the Company and its Subsidiaries, taken as a whole). Except as otherwise permitted under this Agreement (including pursuant to the authority granted to Parent under Section 5.8(e)), the Company, Parent and each Merger Sub shall not (and shall cause their Subsidiaries not to) take or agree to take any action that would be reasonably likely to prevent or materially delay the Closing. In the event that any information in the filings submitted pursuant to this Section 5.8(b) or any such supplemental information furnished in connection therewith is deemed confidential by either party, the parties shall maintain the confidentiality of the same, and the parties shall seek authorization from the applicable Governmental Entity to withhold such information from public view.

(c) In furtherance and not in limitation of the other covenants of the parties contained in this Section 5.8:

(i) each of Parent and the Company shall, as promptly as practicable, file the appropriate and necessary documentation for the approval of the Mergers and the transactions contemplated hereby (the "STB Approval Application") with the STB, and shall use its reasonable best efforts to (x) make such filing within thirty (30) days after the date of this Agreement and (y) obtain, as promptly as practicable, the final and non-appealable approval or exemption by the STB of the Mergers and the other transactions contemplated hereby pursuant to 49 U.S.C. § 11323 *et seq.* (the "STB Final Approval");

(ii) each of Parent and the Company shall use their reasonable best efforts to (A) prosecute all such filings and other presentations made, and promptly make any subsequent filings or presentations, with the STB with diligence, (B) diligently oppose any third party's objections to, appeals from or petitions to reconsider or reopen any approval, opinion, exemption or other authorization obtained from the STB, and (C) take all such further action as in the reasonable judgment of Parent and the Company may facilitate obtaining the STB Final Approval; and

(iii) each of Parent and Company shall promptly furnish any information requested by CFIUS prior to filing of the draft CFIUS Joint Voluntary Notification and/or Joint Notice with CFIUS, including information relating to the Voting Trust Transaction.

(d) The Company, Parent and each Merger Sub shall cooperate and consult with each other in connection with the making of all registrations, filings, notifications, communications, submissions and any other actions pursuant to this Section 5.8(d), and, subject to applicable legal limitations and the instructions of any Governmental Entity, the Company, on the one hand, and Parent and each Merger Sub, on the other hand, shall keep each other apprised of the status of matters relating to the completion of the transactions contemplated thereby, including promptly informing and furnishing the other with copies of notices or other communications received or given by the Company or Parent, as the case may be, or any of their respective Subsidiaries, from or to any third party and/or any Governmental Entity with respect to such transactions. Subject to applicable Law relating to the exchange of information, the Company, on the one hand, and Parent and each Merger Sub, on the other hand, shall permit counsel for the other party reasonable opportunity to review in advance, and consider in good faith the views of the other party in connection with, any proposed notifications or filings and any written communications or submissions, and with respect to any such notification, filing, written communication or submission, any documents submitted therewith to any Governmental Entity (except for any exhibits to such communications providing the personal identifying information required by 31 C.F.R. Section 800.502(c)(5)(vi) or that otherwise is requested by any Governmental Entity to remain confidential from the other parties); provided, that materials may be redacted (i) to remove references concerning the valuation of the businesses of the Company and its Subsidiaries, or proposals from third parties with respect thereto, (ii) as necessary to comply with contractual agreements and (iii) as necessary to address reasonable privilege or confidentiality concerns. The parties shall take reasonable efforts to share information protected from disclosure under the attorney-client privilege, work product doctrine, joint defense privilege or any other privilege pursuant to this Section 5.8 in a manner so as to preserve the applicable privilege. Each of the Company, Parent and the Merger Subs agrees not to initiate or agree to participate in any meeting or discussion, either in person or by telephone or videoconference, with any Governmental Entity in connection with the proposed transactions unless it consults with the other party in advance and, to the extent not prohibited by such Governmental Entity, gives the other party the opportunity to attend and participate.

(e) Subject to the obligations of this Section 5.8, Parent shall, acting reasonably, devise and implement the strategy and timing for obtaining any Consents required under any applicable Law in connection with the transactions contemplated by this Agreement and Parent shall, for the avoidance of doubt, have the final authority over the development, presentation and conduct of the STB case. Parent shall take the lead in all meetings and communications with any Governmental Entity in connection with obtaining such Consents; provided, that Parent shall consult in advance with the Company and in good faith take the Company's views into account regarding the overall strategy and timing. The Company and its Subsidiaries shall not initiate any such discussions or proceedings with any Governmental Entity, or take or agree to take any actions, restrictions or conditions with respect to obtaining any Consents in connection with the Mergers and the other transactions contemplated by this Agreement without the prior written consent of Parent.

(f) Subject to Section 5.17(a), applicable Law and to the rules, regulations and practices of the STB, the Voting Trust Agreement may be modified or amended at any time by Parent in its sole discretion, including to reflect changes requested by the STB or CFIUS; provided, that (i) prior to the First Effective Time, the Voting Trust Agreement may not be modified or amended without the prior written consent of the Company unless such modification or amendment is not inconsistent with this Agreement and is not adverse to the Company or its stockholders and would not reasonably be expected to have a material and adverse effect on the STB Voting Trust Approval, and (ii) whether prior to or after the First Effective Time, the Voting Trust Agreement may not be modified or amended without the prior written consent of the Company if such modification or amendment would reasonably be expected to materially increase the liability exposure of the board of directors of the Second Surviving Corporation under applicable Law. No power of the Second Surviving Corporation, Parent or any of its Affiliates provided for in the Voting Trust Agreement may be exercised in a manner which violates this Agreement.

(g) In furtherance and not in limitation of the other covenants of the parties contained in this Section 5.8, if any administrative or judicial action or proceeding, including any proceeding by a private party, is instituted (or threatened to be instituted) challenging any transaction contemplated by this Agreement as violative of any Law, each of the Company, Parent and the Merger Subs shall cooperate in all respects with each other and shall contest and resist any such Action or proceeding and to have vacated, lifted, reversed or overturned any Action, decree, judgment, injunction or other Order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the Mergers and the other transactions contemplated by this Agreement.

Section 5.9 Takeover Statute. If any "fair price," "moratorium," "control share acquisition" or other form of anti-takeover statute or regulation shall become applicable to the transactions contemplated hereby, each of the Company, Parent and Merger Subs and the members of their respective boards of directors shall grant such approvals and take such actions as are reasonably necessary so that the transactions contemplated hereby may be consummated as promptly as practicable on the terms contemplated hereby and otherwise act to eliminate or minimize the effects of such statute or regulation on the transactions contemplated hereby.

Section 5.10 Public Announcements. The Company, on the one hand, and Parent and the Merger Subs, on the other hand, shall consult with and provide each other a reasonable opportunity to review and comment on, and consider in good faith any reasonable comments by the other party on, any press release or other public statement or comment prior to the issuance of such press release or other public statement or comment relating to this Agreement or the transactions contemplated hereby and shall not issue any such press release or other public statement or comment prior to such consultation, except as may be required by applicable Law or by obligations pursuant to any listing agreement with any national securities exchange or as may be requested by a Governmental Entity; provided, that the restrictions in this Section 5.10 shall not apply (a) to any Company communication regarding a Company Alternative Proposal or from and after a Company Change of Recommendation or the Company or Parent response thereto, (b) to any Parent communication regarding a Parent Alternative Proposal or the Company or Parent response thereto, (c) in connection with any dispute between the parties regarding this Agreement, the Mergers or the other transactions contemplated hereby

or (d) to any statements made by the Company or Parent in response to questions by the press, analysts, investors or those participating in investor calls or industry conferences, so long as such statements are consistent with information previously disclosed in previous press releases, public disclosures or public statements made by the Company and/or Parent in compliance with this Section 5.10. Parent and the Company agree to issue a joint press release as the first public disclosure of this Agreement.

Section 5.11 Indemnification and Insurance.

(a) Parent, each Merger Sub and the Company agree that all rights to exculpation, indemnification and advancement of expenses now existing in favor of the current or former directors, officers or employees, as the case may be, of the Company or its Subsidiaries as provided in their respective certificates of incorporation or bylaws or other organizational documents or in any agreement shall survive the Mergers and shall continue at and after the First Effective Time in full force and effect. For a period of six years after the First Effective Time, Parent and the Second Surviving Corporation shall maintain in effect the exculpation, indemnification and advancement of expenses provisions of the Company's and any Company Subsidiary's certificates of incorporation and bylaws or similar organizational documents as in effect immediately prior to the First Effective Time or in any indemnification agreements of the Company or any of its Subsidiaries with any of their respective directors, officers or employees as in effect immediately prior to the First Effective Time, and shall not amend, repeal or otherwise modify any such provisions in any manner that would adversely affect the rights thereunder of any individuals who at the First Effective Time were current or former directors, officers or employees of the Company or any of its Subsidiaries; provided, that all rights to indemnification in respect of any Proceeding (as defined below) pending or asserted or any claim made within such period shall continue until the final disposition of such Proceeding or resolution of such claim, even if beyond such six-year period. From and after the Control Date, Parent shall assume, be jointly and severally liable for, and honor, guarantee and stand surety for, and shall cause the Second Surviving Corporation and its Subsidiaries to honor, in accordance with their respective terms, each of the covenants contained in this Section 5.11.

(b) Each of Parent and the Second Surviving Corporation shall, to the fullest extent permitted under applicable Law, indemnify and hold harmless (and advance funds in respect of each of the foregoing or any related expenses) each current and former director, officer or employee of the Company or any of its Subsidiaries and each Person who served as a director, officer, member, trustee or fiduciary of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise at the request of or for the benefit of the Company or its Subsidiaries (each, together with such Person's heirs, executors or administrators, and successors and assigns, an "Indemnified Party") against any costs or expenses (including advancing attorneys' fees and expenses in advance of the final disposition of any Proceeding to each Indemnified Party to the fullest extent permitted by Law), judgments, fines, losses, claims, damages, obligations, costs, liabilities and amounts paid in settlement in connection with any actual or threatened claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative (a "Proceeding"), arising out of, relating to or in connection with any action or omission occurring or alleged to have occurred at or prior to the First Effective Time (including acts or omissions in connection with such Persons serving as an officer, director, employee or other fiduciary of any entity if such service was at the request or

for the benefit of the Company or its Subsidiaries), whether asserted or claimed prior to, at or after the First Effective Time. In the event of any such Proceeding, Parent and the Second Surviving Corporation shall cooperate with the Indemnified Party in the defense of any such Proceeding.

(c) For a period of six years from the First Effective Time, Parent and the Second Surviving Corporation shall cause to be maintained in effect the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by the Company and its Subsidiaries with respect to matters arising on or before the First Effective Time; provided, that after the First Effective Time, Parent and the Second Surviving Corporation shall not be required to pay annual premiums in excess of 300% of the last aggregate annual premium paid by the Company prior to the date of this Agreement in respect of the coverage required to be obtained pursuant hereto, but in such case shall purchase as much coverage as reasonably practicable for such amount. The Company shall purchase, prior to the First Effective Time, a six-year prepaid "tail" policy on terms and conditions providing substantially equivalent benefits as the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by the Company and its Subsidiaries with respect to matters arising on or before the First Effective Time, covering without limitation the transactions contemplated hereby, and the purchase of such "tail" policy shall be deemed to discharge and satisfy the obligations of Parent and the Second Surviving Corporation pursuant to the immediately preceding sentence; provided, that the Company shall not commit or spend on such "tail" policy, in the aggregate, more than 300% of the last aggregate annual premium paid by the Company prior to the date of this Agreement for the Company's current policies of directors' and officers' liability insurance and fiduciary liability insurance, and if the cost of such "tail" policy would otherwise exceed such limit, the Company shall be permitted to purchase as much coverage as reasonably practicable for up to such limit. Parent and the Second Surviving Corporation shall cause such policy to be maintained in full force and effect, for its full term, and cause all obligations thereunder to be honored by the Second Surviving Corporation, and no other party shall have any further obligation to purchase or pay for insurance hereunder.

(d) Parent shall pay all reasonable expenses, including reasonable attorneys' fees, that may be incurred by any Indemnified Party in enforcing the indemnity and other obligations provided in this Section 5.11.

(e) The rights of each Indemnified Party hereunder shall be in addition to, and not in limitation of, any other rights such Indemnified Party may have under the certificates of incorporation or bylaws or other organizational documents of the Company or any of its Subsidiaries or the Second Surviving Corporation, any other indemnification arrangement, the DGCL or otherwise. The provisions of this Section 5.11 shall survive the consummation of the Mergers and expressly are intended to benefit, and are enforceable by, each of the Indemnified Parties.

(f) In the event that Parent, the Second Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity in such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, and in either such case, proper provision shall be made so that the successors and assigns of Parent or the

Second Surviving Corporation, as the case may be, shall assume the obligations set forth in this Section 5.11.

Section 5.12 Financing Cooperation.

(a) The Company shall use its reasonable best efforts, and shall cause each of its Subsidiaries to use its reasonable best efforts, and each of them shall use their reasonable best efforts to cause their respective Representatives to use their reasonable best efforts, to provide customary cooperation, to the extent reasonably requested by Parent in writing, in connection with the offering, arrangement, syndication, consummation, issuance or sale of any Debt Financing or Alternative Financing obtained in accordance with Section 5.13 (provided, that such requested cooperation does not unreasonably interfere with the ongoing operations of the Company or any of its Affiliates), including, to the extent so requested, using reasonable best efforts to:

(i) furnish promptly to Parent the Financing Information, and such other financial information regarding the Company and its Subsidiaries as is reasonably requested by Parent in connection with the Debt Financing;

(ii) assist Parent in its preparation of the pro forma financial information identified in clause (c) of paragraph 2 of Annex B of the Debt Commitment Letters with respect to the Parent;

(iii) provide reasonable and customary assistance to Parent and the Financing Parties in the preparation of (A) customary offering documents, offering memoranda, offering circulars, private placement memoranda, registration statements, prospectuses, syndication documents and other syndication materials, including information memoranda, lender and investor presentations, bank books and other marketing documents, and similar documents for any portion of the Debt Financing and (B) materials for rating agency presentations;

(iv) make senior management of the Company available, at reasonable times and locations and upon reasonable prior notice, to participate in meetings (including one-on-one conference or virtual calls with Financing Parties and potential Financing Parties), drafting sessions, presentations, road shows, rating agency presentations and due diligence sessions and other customary syndication activities, provided, at the Company's option in consultation with Parent, any such meeting or communication may be conducted virtually by videoconference or other media;

(v) cause the Company's independent registered accounting firm to provide customary assistance, including by using reasonable best efforts to cause the Company's independent registered accounting firm to provide customary comfort letters (including "negative assurance" comfort, if customary and appropriate) in connection with any capital markets transaction comprising a part of the Debt Financing to the applicable Financing Parties and to participate in a reasonable number of due diligence sessions; provided, at the Company's option, any such session may be conducted virtually by videoconference or other media, and including by using reasonable best

efforts to provide customary representation letters to the extent required by such independent registered accounting firm in connection with the foregoing;

(vi) provide customary authorization letters authorizing the distribution of Company information to prospective lenders in connection with a syndicated bank financing;

(vii) assist in obtaining or updating corporate and facility credit ratings;

(viii) assist in the negotiation and preparation of any credit agreement, indenture, note, purchase agreement, underwriting agreement, guarantees and customary closing certificates, as may be reasonably requested by Parent, in each case as contemplated in connection with the Debt Financing;

(ix) make introductions of Parent to the Company's existing lenders and facilitate relevant coordination between Parent and such lenders;

(x) cooperate with internal and external counsel of Parent in connection with providing customary back-up certificates and factual information regarding any legal opinion that such counsel may be required to deliver in connection with the Debt Financing;

(xi) deliver, at least three Business Days prior to Closing, to the extent reasonably requested in writing at least nine Business Days prior to Closing, all documentation and other information regarding the Company and its Subsidiaries that any Financing Party reasonably determines is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act of 2001, and, to the extent required by any Financing Party, a beneficial ownership certificate (substantially similar in form and substance to the form of Certification Regarding Beneficial Owners of Legal Entity Customers published jointly, in May 2018, by the Loan Syndications and Trading Association and Securities Industry and Financial Markets Association) in respect of any of the Company or any of its Subsidiaries that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation (31 C.F.R. § 1010.230);

(xii) at Parent's written request, cooperate with and use reasonable best efforts to provide all reasonable assistance to Parent in connection with any steps Parent may determine are necessary or desirable to take to (A) obtain consent for the Change of Control under and as defined in the Company Credit Agreement arising from consummation of the transactions contemplated by this Agreement, including facilitating and participating in communications with lenders under the Company Credit Agreement in relation to a Change of Control amendment request substantially in the form attached to the Debt Commitment Letters; provided that any such documentation prepared by the Company, its Subsidiaries and Representatives in connection with the foregoing shall be reasonably acceptable to Parent, and/or (B) prepay some or all amounts outstanding under the Company Credit Agreement, including (1) using reasonable best efforts to prepare and submit customary notices in respect of any such prepayment provided that

such prepayment shall be contingent upon the occurrence of the Closing unless otherwise agreed in writing by the Company, and (2) using reasonable best efforts to obtain from the Company Credit Agreement agent a customary payoff letter in respect of the Company Credit Agreement;

(xiii) at Parent's written request, cooperate with and use reasonable best efforts to provide all reasonable assistance to Parent in connection with any amendments to (A) the Financing Agreement, dated as of February 21, 2012, between The Kansas City Southern Railway Company and the United States of America, represented by the Secretary of Transportation acting through the Administrator of the Federal Railroad Administration and (B) the Financing Agreement, dated as of June 28, 2005, between Texas Mexican Railway Company and the United States of America, represented by the Secretary of Transportation acting through Administrator of the Federal Railroad Administration;

(xiv) on the Closing Date but immediately following the Closing, at Parent's request (which may be prior to the Closing Date), execute such documentation as is reasonably requested so that the Company can assume the Debt Commitment Letter in respect of the Company Credit Agreement (to the extent the debt commitments thereunder have not been terminated at Closing in accordance with their terms); and

(xv) consent to the use of its and its Subsidiaries' logos in connection with the Debt Financing; provided that such logos are used solely in a manner that is not intended to, nor reasonably likely to, harm or disparage the Company or its Subsidiaries or the Company's or its Subsidiaries' reputation or goodwill.

(b) The foregoing notwithstanding, none of the Company nor any of its Affiliates shall be required to take or permit the taking of any action pursuant to this Section 5.12 that would: (i) require the Company or its Subsidiaries or any of their respective Affiliates or any persons who are officers or directors of such entities to pass resolutions or consents to approve or authorize the execution of the Debt Financing or enter into, execute or deliver any certificate, document, instrument or agreement or agree to any change or modification of any existing certificate, document, instrument or agreement (except for the authorization letters contemplated by Section 5.12(a)(vi)), (ii) cause any representation or warranty in this Agreement to be breached by the Company or any of its Affiliates, (iii) require the Company or any of its Affiliates to (x) pay any commitment or other similar fee or (y) incur any other expense, liability or obligation which expense, liability or obligation is not reimbursed or indemnified hereunder in connection with the Debt Financing prior to the Closing, or (z) have any obligation of the Company or any of its Affiliates under any agreement, certificate, document or instrument be effective until the Closing, (iv) cause any director, officer, employee or stockholder of the Company or any of its Affiliates to incur any personal liability, (v) conflict with the Organizational Documents of the Company or any of its Affiliates or any Laws, (vi) reasonably be expected to result in a material violation or material breach of, or a default (with or without notice, lapse of time, or both) under, any Contract to which the Company or any of its Affiliates is a party (other than the Change of Control under and as defined in the Company Credit Agreement resulting from the consummation of the Mergers), (vii) provide access to or disclose information that the Company or any of its Affiliates determines would jeopardize any attorney-

client privilege or other applicable privilege or protection of the Company or any of its Affiliates, (viii) require the Company to prepare any financial statements or information (other than the Financing Information) that are not available to it and prepared in the ordinary course of its financial reporting practice, or (ix) require the Company to prepare or deliver any Excluded Information. Nothing contained in this Section 5.12 or otherwise shall require the Company or any of its Affiliates, prior to the Closing, to be an issuer or other obligor with respect to the Debt Financing. Parent shall, promptly on request by the Company, reimburse the Company or any of its Affiliates for all reasonable out-of-pocket costs incurred by them or their respective representatives in connection with such cooperation and shall indemnify and hold harmless the Company and its Affiliates and their respective representatives from and against any and all losses suffered or incurred by them in connection with the arrangement of the Debt Financing, any action taken by them at the request of Parent or its representatives pursuant to this Section 5.12 and any information used in connection therewith.

(c) The parties hereto acknowledge and agree that the provisions contained in this Section 5.12 represent the sole obligation of the Company and its Subsidiaries with respect to cooperation in connection with the arrangement of any financing (including the Debt Financing) to be obtained by Parent with respect to the transactions contemplated by this Agreement, and no other provision of this Agreement (including the Exhibits and Schedules hereto) shall be deemed to expand or modify such obligations. In no event shall the receipt or availability of any funds or financing (including the Debt Financing) by Parent any of its Affiliates or any other financing or other transactions be a condition to any of Parent's obligations under this Agreement. Notwithstanding anything to the contrary in this Agreement, the Company's breach of any of the covenants required to be performed by it under this Section 5.12 shall not be considered in determining the satisfaction of the condition set forth in Section 6.3(b), unless such breach is the primary cause of Parent being unable to obtain the proceeds of the Debt Financing at the Closing.

(d) All non-public or otherwise confidential information regarding the Company or any of its Affiliates obtained by Parent or its representatives pursuant to this Section 5.12 shall be kept confidential in accordance with the Confidentiality Agreement; provided, that Parent shall be permitted to disclose such information to (i) the Financing Parties subject to their confidentiality obligations under the Debt Commitment Letters and the definitive documentation evidencing the Debt Financing and (ii) otherwise to the extent necessary and consistent with customary practices in connection with the Debt Financing subject to customary confidentiality arrangements reasonably satisfactory to the Company.

Section 5.13 Debt Financing.

(a) Parent shall use its reasonable best efforts, and shall cause each of its Subsidiaries to use its reasonable best efforts, to take, or cause to be taken, all actions, and do, or cause to be done, all things necessary, proper or advisable to obtain funds sufficient to fund the Financing Amounts, including using reasonable best efforts to take, or cause to be taken, all actions and do, or cause to be done, all things necessary, proper or advisable to obtain the proceeds of the Debt Financing on the terms and subject only to the conditions described in the Debt Commitment Letters, including by (i) maintaining in effect the Debt Commitment Letters, (ii) negotiating and entering into definitive agreements with respect to the Debt Financing (the

"Definitive Agreements") consistent with the terms and conditions contained therein (including, as necessary, the "flex" provisions contained in any related fee letter) on or prior to the Closing Date, (iii) satisfying on a timely basis all conditions in the Debt Commitment Letters and the Definitive Agreements within Parent's control and complying with its obligations thereunder and (iv) enforcing its rights under the Debt Commitment Letters, in each case in a timely and diligent manner.

(b) In the event any portion of the Debt Financing contemplated by the Debt Commitment Letters becomes unavailable regardless of the reason therefor, (A) Parent shall promptly notify the Company in writing of such unavailability and the reason therefor and (B) Parent shall use its reasonable best efforts, and shall cause each of its Subsidiaries to use their reasonable best efforts, to obtain as promptly as practicable following the occurrence of such event, alternative debt financing for any such portion from alternative sources (the "Alternative Financing") in an amount sufficient, when taken together with cash and the other sources of immediately funds available to Parent at the Closing to pay the Financing Amounts and that do not include any conditions to the consummation of such alternative debt financing that are more onerous than the conditions set forth in the Debt Financing. To the extent requested in writing by the Company from time to time, Parent shall keep the Company informed on a reasonably current basis of the status of its efforts to arrange and consummate the Debt Financing. Without limiting the generality of the foregoing, Parent shall promptly notify the Company in writing if there exists any actual or threatened material breach, default, repudiation, cancellation or termination by any party to the Debt Commitment Letters or any Definitive Agreement and a copy of any written notice or other written communication from any Financing Party with respect to any actual material breach, default, repudiation, cancellation or termination by any party to the Debt Commitment Letters or any Definitive Agreement of any provision thereof. The foregoing notwithstanding, compliance by the Parent with this Section 5.13 shall not relieve Parent of its obligations to consummate the transactions contemplated by this Agreement whether or not the Debt Financing is available.

(c) None of Parent nor any of its Subsidiaries shall (without the prior written consent of the Company, such consent not to be unreasonably withheld, delayed or conditioned) consent or agree to any amendment, replacement, supplement, termination or modification to, or any waiver of any provision under, the Debt Commitment Letters or the Definitive Agreements if such amendment, replacement, supplement, modification or waiver (1) decreases the aggregate amount of the Debt Financing to an amount that would be less than an amount that would be required, when taken together with cash or cash equivalents held by the Parent and the Company on the Closing Date and the other sources of funds available to Parent on the Closing Date, to pay the Cash Consideration, the Preferred Merger Consideration and all other cash amounts payable pursuant to this Agreement by Parent at the Closing, (2) could reasonably be expected to prevent, materially delay or materially impede the consummation of the transactions contemplated by this Agreement, (3) adversely impacts the ability of Parent to enforce its rights against the other parties to the Debt Commitment Letters or the Definitive Agreements as so amended, replaced, supplemented or otherwise modified, or (4) adds new (or adversely modifies any existing) conditions to the consummation of all or any portion of the Debt Financing; provided, that Parent may amend, replace, supplement and/or modify any of the Debt Commitment Letters to add lenders, lead arrangers, bookrunners, syndication agents or similar entities as parties thereto who had not executed such Debt Commitment Letters as of the date of

this Agreement, provided that (i) the addition of such parties would not be reasonably expected to delay or prevent Closing and (ii) such amendments do not (A) reduce the aggregate amount of the Debt Financing (including by changing the amount of fees to be paid or any original issue discount of the Debt Financing (or payment of fees having similar effect)) or (B) impose new or additional conditions, or otherwise amend, modify or expand any conditions, to the receipt of the Debt Financing in a manner that would reasonably be expected to delay or prevent Closing; provided, that, for the avoidance of doubt, Parent may amend, replace, supplement and/or modify any of the Debt Commitment Letters to increase the amount of commitments under the Debt Commitment Letters. Upon any amendment, supplement or modification of the Debt Commitment Letters, Parent shall provide a copy thereof to the Company (with only fee amounts and other customary terms redacted, none of which redacted provisions would adversely affect the conditionality or enforceability of the debt financing contemplated by the Debt Commitment Letters as so amended, supplemented or modified to the knowledge of the Parent) and, to the extent such amendment, supplement or modification has been made in compliance with this Section 5.13(c), the term "Debt Commitment Letters" shall mean the applicable Debt Commitment Letters as so amended, replaced, supplemented or modified. Notwithstanding the foregoing, compliance by Parent with this Section 5.13(c) shall not relieve Parent of its obligation to consummate the transactions contemplated by this Agreement whether or not the Debt Financing is available. To the extent Parent obtains Alternative Financing pursuant to Section 5.13(b), or amends, replaces, supplements, modifies or waives any of the Debt Financing pursuant to this Section 5.13(c), references to the "Debt Financing," "Financing Parties" and "Debt Commitment Letters" (and other like terms in this Agreement) shall be deemed to refer to such Alternative Financing, the commitments thereunder and the agreements with respect thereto, or the Debt Financing as so amended, replaced, supplemented, modified or waived.

Section 5.14 Stock Exchange De-listing; 1934 Act Deregistration Stock Exchange Listing.

(a) The Company shall cooperate with Parent and use its reasonable best efforts to take, or cause to be taken, all actions reasonably necessary, proper or advisable on its part under applicable Laws and rules and policies of the NYSE and the SEC to enable the delisting by the Second Surviving Corporation of the Company Common Stock from the NYSE and the deregistration of the Company Common Stock under the Exchange Act as promptly as practicable after the First Effective Time.

(b) Parent shall use its reasonable best efforts to cause the Parent Common Shares to be issued in the First Merger to be approved for listing on the NYSE, subject to official notice of issuance, and the TSX, subject to customary listing conditions prior to the First Effective Time.

Section 5.15 Rule 16b-3. Prior to the First Effective Time, the Company and Parent, and the Company Board and the Parent Board (or duly formed committees thereof consisting of non-employee directors (as such term is defined for the purposes of Rule 16b-3 promulgated under the Exchange Act)), shall take such actions as may be reasonably necessary or advisable to cause any dispositions of Company equity securities and any acquisition of Parent equity securities (in each case including derivative securities) pursuant to the transactions contemplated by this Agreement by each individual who is subject to the reporting requirements

of Section 16(a) of the Exchange Act with respect to the Company or Parent to be exempt under Rule 16b-3 promulgated under the Exchange Act.

Section 5.16 Stockholder Litigation. Each of the Company and Parent shall keep the other reasonably informed of, and cooperate with such party in connection with, any stockholder litigation or claim against such party and/or its directors or officers relating to the Mergers or the other transactions contemplated by this Agreement. Without limiting the foregoing, the Company shall give Parent a reasonable opportunity to participate in the defense or settlement of any such litigation or claim and the Company shall not compromise or settle, or agree to compromise or settle, any stockholder litigation or claim arising or resulting from the transactions contemplated by this Agreement without the prior written consent of Parent (which shall not be unreasonably withheld, conditioned or delayed).

Section 5.17 Certain Tax Matters.

(a) Each of Parent and the Company (i) shall use its reasonable best efforts to cause the Mergers, taken together, to qualify (A) as a "reorganization" within the meaning of Section 368(a) of the Code and (B) for an exception to the general rule of Section 367(a)(1) of the Code and (ii) shall not take or knowingly fail to take (and shall cause its Affiliates not to take or knowingly fail to take) any action that could reasonably be expected to (A) prevent or impede the Mergers, taken together, from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code, (B) cause stockholders of the Company (other than any Excepted Stockholder) to recognize gain pursuant to Section 367(a)(1) of the Code, (C) prevent or impede the Company from being able to deliver an executed Company Tax Certificate at Closing, or (D) prevent or impede Parent from being able to deliver an executed Parent Tax Certificate at Closing.

(b) Each of Parent and the Company shall use its reasonable best efforts and shall cooperate with one another to obtain the opinion of counsel referred to in Section 6.2(e) and any similar opinions required to be delivered in connection with the effectiveness of the Form F-4. In connection with the foregoing, Parent shall use its reasonable best efforts to deliver to Company Tax Counsel, a representation letter dated as of the Closing Date (and, if requested, dated as of the date the Form F-4 shall have been declared effective by the SEC or such other date(s) as determined necessary by counsel in connection with the filing of the Form F-4 or its exhibits) and signed by an officer of Parent, substantially in the form set forth in Section 5.17(b) of the Parent Disclosure Schedule (with such modifications as are reasonably required to address any changes in facts or Law after the date hereof) (the "Parent Tax Certificate"), and the Company shall use its reasonable best efforts to deliver to Company Tax Counsel a representation letter dated as of the Closing Date (and, if requested, dated as of the date the Form F-4 shall have been declared effective by the SEC or such other date(s) as determined necessary by counsel in connection with the filing of the Form F-4 or its exhibits) and signed by an officer of the Company, substantially in the form set forth in Section 5.17(b) of the Company Disclosure Schedule (with such modifications as are reasonably required to address any changes in facts or Law after the date hereof) (the "Company Tax Certificate").

(c) Parent shall, and shall cause the Second Surviving Corporation to, (i) comply with the reporting requirements of Treasury Regulations Section 1.367(a)-3(c)(6), and

(ii) reasonably cooperate with any "five-percent transferee shareholder" of Parent within the meaning of Treasury Regulations Section 1.367(a)-3(c)(5)(ii), who certifies to Parent in writing that it is such a shareholder and furnishes to Parent documentation reasonably satisfactory to Parent supporting such certification, to enable such Person to enter into a valid gain recognition agreement under Treasury Regulations Section 1.367(a)-8.

(d) From the date hereof until the First Effective Time, the Company shall reasonably cooperate with Parent to enable Parent to determine whether the Company is (or at any time during the five-year period ending on the Closing Date has been) a "United States real property holding corporation" within the meaning of Section 897(c)(2) of the Code, and the Company shall provide Parent with such information in the Company's possession as Parent may reasonably request for purposes of making such determination.

(e) Notwithstanding any other provision of this Agreement or any other agreement among the parties, Parent and its Affiliates shall be permitted to apply to the CRA for one or more "advance income tax rulings" and to engage with the CRA in the "pre-ruling consultation" process, both as described in CRA Information Circular IC70-6R10 Advance Income Tax Rulings and Technical Interpretations dated September 29, 2020 (or successor publication thereto), in respect of certain Canadian federal income Tax implications of the implementation of certain transactions, including the transactions contemplated by this Agreement; provided, that (i) except for information in the public domain or as disclosed in this Agreement (other than the Company Disclosure Schedules), neither Parent nor its Affiliates shall disclose any confidential information relating to the Company or any of its Subsidiaries to the CRA without the Company's prior written consent, and (ii) the receipt of any such advance income tax ruling or completion of pre-ruling consultation shall not be a condition to Closing.

Section 5.18 Dividends. The Company shall coordinate with Parent the declaration, setting of record dates and payment dates of dividends on shares of Company Common Stock, subject to applicable Law and the approval of the Company Board and the Parent Board, as applicable, so that holders of shares of Company Common Stock do not receive dividends both on shares of Company Common Stock and Parent Common Shares received in the Mergers in respect of any calendar quarter or fail to receive a dividend on one of either shares of Company Common Stock or Parent Common Shares received in the Mergers for any calendar quarter.

Section 5.19 Surviving Merger Sub and First Merger Sub Stockholder Approvals. Promptly following the execution of this Agreement, each of Parent (in its capacity as sole stockholder of Surviving Merger Sub) and Surviving Merger Sub (in its capacity as sole stockholder of First Merger Sub) shall execute and deliver, in accordance with applicable Law and its certificate of incorporation and by-laws a written consent approving and adopting this Agreement and the transactions contemplated thereby.

Section 5.20 Post-Closing Cooperation. Following the Closing, in the event of a STB Denial or failure to obtain Completion of the CFIUS Process, or as may be required in connection with obtaining STB Final Approval, Parent shall, consistently with the terms of the Voting Trust Agreement, devise and implement the process and strategy to sell or otherwise dispose of, whether directly or indirectly, the shares or assets of the Second Surviving

Corporation (the "Post-Closing Disposition"), subject to any jurisdiction of the STB to oversee the Post-Closing Disposition. Following the Closing, the Company and its successors shall cooperate with Parent and shall (and shall cause each of its Subsidiaries to) use its reasonable best efforts to take all actions reasonably requested by Parent and do or cause to be done all things necessary, proper or advisable on its part to assist Parent in its process to effect the Post-Closing Disposition. Such reasonable best efforts following the Closing shall include the Company and its Subsidiaries using reasonable best efforts to (i) make senior management available at reasonable times and locations and upon reasonable prior notice, to participate in meetings, drafting sessions, presentations, road shows, rating agency presentations and due diligence sessions; (ii) assist Parent in the preparation and filing of any offering documents, offering memoranda, offering circulars, private placement memoranda, registration statements, prospectuses, information memoranda, lender and investor presentations, bank books and other marketing documents, and similar documents, and any customary financial statements and other information required to be provided therein; (iii) cause the Company's independent registered accounting firm and internal and external counsel of the Company to provide assistance to Parent, including delivery of any required comfort letters and customary backup certificates; (iv) cooperate with any marketing efforts of Parent, including, to the extent applicable, obtaining representation and authorization letters and arranging for customary auditor consents for use of financial data in any marketing and offering documentation; (v) assist in the preparation and negotiation of, and executing and delivering, any credit agreement, indenture, note, purchase agreement, underwriting agreement, guarantees, hedging agreement, pay-off letters, customary closing certificates and any other certificates, exhibits, schedules, letters and documents as may be reasonably requested by Parent; and (vi) furnish all non-privileged information concerning the Company and its Subsidiaries that is required by applicable Law to be included in any filings with the SEC or the Canadian Securities Administrators; provided, that to the extent any of the foregoing requires the entry of a protective order by the STB, the Company and its successors shall be required to take such action only if such order is obtained, subject to the terms of such order.

Section 5.21 Governance and Other Matters.

(a) The parties shall take all actions necessary to designate and appoint four of the directors of the Company as of immediately prior to the First Effective Time to serve as directors on the Parent Board as of the Control Date, in each case until such director's successor is elected and qualified or such director's earlier death, resignation or removal, in each case in accordance with Parent's Organizational Documents. In the event that after the First Effective Time any of such four directors indicates that he or she plans to step down as a director of the Company and is willing to become a director of Parent, Parent shall seek the approval of the STB to allow such director to be appointed as a director of Parent as soon as practicable and prior to the Control Date.

(b) As promptly as practicable following the Control Date, in conjunction with its integration plan, Parent shall (i) change the name of Parent to "Canadian Pacific Kansas City" and (ii) recognize Kansas City, Missouri as the location of the headquarters of Parent's United States business and operations.

ARTICLE 6

CONDITIONS TO THE MERGERS

Section 6.1 Conditions to Obligation of Each Party to Effect the Mergers. The respective obligations of each party to effect the Mergers shall be subject to the satisfaction (or waiver by Parent and the Company to the extent permitted by applicable Law) at or prior to the Closing of the following conditions:

(a) The Company Stockholder Approval shall have been obtained.

(b) The Parent Shareholder Approval shall have been obtained.

(c) The Form F-4 shall have become effective in accordance with the provisions of the Securities Act and no stop order suspending the effectiveness of the Form F-4 shall have been issued by the SEC and remain in effect and no proceeding to that effect shall have been commenced.

(d) No injunction or similar Order by any court or other Governmental Entity of competent jurisdiction shall have been entered and shall continue to be in effect that prohibits or makes illegal the consummation of the Mergers or the Voting Trust Transaction.

(e) [Reserved.]

(f) The authorizations required to be obtained from the COFECE and the IFT with respect to the Mergers and the other transactions contemplated by this Agreement shall have been obtained.

(g) The Parent Common Shares to be issued in the First Merger shall have been approved for listing on the NYSE, subject to official notice of issuance, and the TSX, subject to customary listing requirements.

Section 6.2 Conditions to Obligation of the Company to Effect the Mergers. The obligation of the Company to effect the Mergers is further subject to the satisfaction (or waiver by the Company to the extent permitted by applicable Law) of the following conditions:

(a) The representations and warranties of Parent and each Merger Sub set forth in Section 4.2(a), Section 4.12(a) and Section 4.18 shall be true and correct, at and as of the date of this Agreement and at and as of the Closing, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), in each case, except for de minimis inaccuracies; (ii) the representations and warranties of Parent and each Merger Sub set forth in the first sentence of Section 4.1(a), Section 4.2(b), Section 4.3(a), Section 4.3(b) and Section 4.20 shall be true and correct in all material respects, at and as of the date of this Agreement and at and as of Closing, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date); (iii) the representations and warranties of Parent and each Merger Sub set forth in Article 4 that are qualified by a "Parent Material Adverse Effect" qualification shall be true and correct in all respects as so qualified at and as of the date of this Agreement and at and as of Closing, as if

made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date); and (iv) the other representations and warranties of Parent and each Merger Sub set forth in Article 4 shall be true and correct at and as of the date of this Agreement and at and as of the Closing, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except with respect to this clause (iv) where the failure of such representations and warranties to be so true and correct would not have or would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Parent and each Merger Sub shall have performed in all material respects all obligations and complied in all material respects with all covenants required by this Agreement to be performed or complied with by them prior to the Closing.

(c) Since the date of this Agreement, there shall not have occurred any event, change, occurrence, effect or development that has had, or is reasonably likely to have, a Parent Material Adverse Effect.

(d) Parent shall have delivered to the Company a certificate, dated as of the Closing Date and signed by its Chief Executive Officer or another senior officer, certifying to the effect that the conditions set forth in Section 6.2(a), Section 6.2(b) and Section 6.2(c) have been satisfied.

(e) The Company shall have received the opinion of Wachtell, Lipton, Rosen & Katz, or, if Wachtell, Lipton, Rosen & Katz is unable to provide such opinion, another nationally recognized Tax counsel reasonably satisfactory to the Company ("Company Tax Counsel"), dated as of the Closing Date, in form and substance reasonably satisfactory to the Company, to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, (i) the Mergers, taken together, will qualify as a "reorganization" within the meaning of Section 368(a) of the Code and (ii) the Mergers will not result in gain recognition pursuant to Section 367(a)(1) of the Code by Persons who are stockholders of the Company immediately prior to the First Effective Time (other than any such stockholder who would be a "five-percent transferee shareholder" (within the meaning of Treasury Regulations Section 1.367(a)-3(c)(5)(ii)) of Parent that does not enter into a five-year gain recognition agreement in the form provided in Treasury Regulations Section 1.367(a)-8(c) and comply with the requirements of that agreement and Treasury Regulations Section 1.367(a)-8 for avoiding the recognition of gain). In connection with rendering such opinion, Company Tax Counsel shall be entitled to receive and may rely on the Parent Tax Certificate and the Company Tax Certificate.

Section 6.3 Conditions to Obligations of Parent and Merger Subs to Effect the Mergers. The obligations of Parent and each Merger Sub to effect the Mergers are further subject to the satisfaction (or waiver by Parent to the extent permitted by applicable Law) of the following conditions:

(a) (i) The representations and warranties of the Company set forth in Section 3.2(a) (other than the last sentence thereof) and Section 3.12(a) shall be true and correct, at and as of the date of this Agreement and at and as of Closing, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), in each

case, except for *de minimis* inaccuracies; (ii) the representations and warranties of the Company set forth in the first sentence of Section 3.1(a), Section 3.2(b), Section 3.3(a), Section 3.3(b) and Section 3.26 shall be true and correct in all material respects, at and as of the date of this Agreement and at and as of Closing, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date); (iii) the representations and warranties of the Company set forth in Article 3 that are qualified by a "Company Material Adverse Effect" qualification shall be true and correct in all respects as so qualified at and as of the Closing, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date); and (iv) the other representations and warranties of the Company set forth in Article 3 shall be true and correct at and as of the date of this Agreement and at and as of Closing, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except with respect to this clause (iv) where the failure of such representations and warranties to be so true and correct would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) The Company shall have performed in all material respects all obligations and complied in all material respects with all covenants required by this Agreement to be performed or complied with by it prior to the Closing.

(c) Since the date of this Agreement, there shall not have occurred any event, change, occurrence, effect or development that has had, or is reasonably likely to have, a Company Material Adverse Effect.

(d) The Company shall have delivered to Parent a certificate, dated as of the Closing Date and signed by its Chief Executive Officer or another senior officer, certifying to the effect that the conditions set forth in Section 6.3(a), Section 6.3(b) and Section 6.3(c) have been satisfied.

Section 6.4 Frustration of Closing Conditions. No party hereto may rely, either as a basis for not consummating the Mergers or terminating this Agreement and abandoning the Mergers, on the failure of any condition set forth in Section 6.1, Section 6.2 or Section 6.3, as the case may be, to be satisfied if such failure was caused by such party's material breach of any covenant or agreement of this Agreement.

ARTICLE 7

TERMINATION

Section 7.1 Termination or Abandonment. This Agreement may be terminated and abandoned prior to the First Effective Time, whether before or after any approval by the stockholders of the Company or the shareholders of Parent of the matters presented in connection with the Mergers:

(a) by the mutual written consent of the Company and Parent;

(b) by either the Company or Parent, if:

(i) (A) the First Effective Time shall not have occurred on or before February 21, 2022 (the "End Date") and (B) the party seeking to terminate this Agreement pursuant to this Section 7.1(b)(i) shall not have breached in any material respect its obligations under this Agreement in any manner that has been the primary cause of the failure to consummate the Mergers on or before such date; provided, that to the extent the condition to Closing set forth in Section 6.1(f) has not been satisfied or waived on or prior to February 21, 2022, but all other conditions to Closing set forth in Article 6 have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the Closing), the End Date shall be automatically extended to May 21, 2022;

(ii) any court or other Governmental Entity of competent jurisdiction shall have issued or entered an injunction or similar Order that prohibits or makes illegal the consummation of the Mergers or the Voting Trust Transaction, and such injunction or Order shall have become final and non-appealable; provided, that the party seeking to terminate this Agreement pursuant to this Section 7.1(b)(ii) shall not have breached in any material respect its obligations under this Agreement in any manner that has been the primary cause of such injunction or Order;

(iii) if the Company Stockholder Meeting (including any adjournments or postponements thereof) shall have been held and been concluded and the Company Stockholder Approval shall not have been obtained; or

(iv) if the Parent Shareholder Meeting (including any adjournments or postponements thereof) shall have been held and been concluded and the Parent Shareholder Approval shall not have been obtained;

(c) by the Company:

(i) if Parent or either Merger Sub shall have breached or failed to perform in any material respect any of their representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (A) would result in a failure of a condition set forth in Section 6.1 or Section 6.2 and (B) cannot be cured by the End Date or, if curable, is not cured within 45 Business Days following the Company's delivery of written notice to Parent stating the Company's intention to terminate this Agreement pursuant to this Section 7.1(c)(i) and the basis for such termination; provided, that the Company shall not have a right to terminate this Agreement pursuant to this Section 7.1(c)(i) if the Company is then in material breach of any representation, warranty, agreement or covenant contained in this Agreement;

(ii) prior to receipt of the Company Stockholder Approval, in order to enter into a definitive agreement providing for a Company Superior Proposal; or

(iii) prior to receipt of the Parent Shareholder Approval, if the Parent Board shall have effected a Parent Change of Recommendation.

(d) by Parent:

(i) if the Company shall have breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (A) would result in a failure of a condition set forth in Section 6.1 or Section 6.3 and (B) cannot be cured by the End Date or, if curable, is not cured within 45 Business Days following Parent's delivery of written notice to the Company stating Parent's intention to terminate this Agreement pursuant to this Section 7.1(d)(i) and the basis for such termination; provided, that Parent shall not have a right to terminate this Agreement pursuant to this Section 7.1(d)(i) if Parent or either Merger Sub is then in material breach of any representation, warranty, agreement or covenant contained in this Agreement; or

(ii) prior to receipt of the Company Stockholder Approval, if the Company Board shall have effected a Company Change of Recommendation.

Section 7.2 Effect of Termination. In the event of a valid termination of this Agreement pursuant to Section 7.1, the terminating party shall forthwith give written notice thereof to the other party or parties and this Agreement shall terminate, and the transactions contemplated hereby shall be abandoned, without further action by any of the parties hereto. In the event of a valid termination of this Agreement pursuant to Section 7.1, this Agreement shall forthwith become null and void and there shall be no liability or obligation on the part of the Company, Parent, either Merger Sub or their respective Subsidiaries or Affiliates, except that: (i) no such termination shall relieve any party of its obligation to pay the Company Termination Fee, the Parent Termination Fee or the Regulatory Termination Fee or the CN Termination Amount Refund, as applicable, if, as and when required pursuant to Section 7.3 or any of its other obligations under Section 7.3 expressly contemplated to survive the termination of this Agreement pursuant to Section 7.3; (ii) no such termination shall relieve any party for liability for such party's fraud or willful and material breach of any covenant or obligation contained in this Agreement prior to its termination; and (iii) the Confidentiality Agreement, the provisions of the last sentence of Section 5.12(b) and the provisions of Section 5.3(d), Section 5.12(d), this Section 7.2, Section 7.3 and Article 8 shall survive the termination hereof.

Section 7.3 Termination Fees.

(a) Company Termination Fee.

(i) If (A) this Agreement is terminated by the Company pursuant to Section 7.1(c)(ii), (B) this Agreement is terminated by Parent pursuant to Section 7.1(d)(ii), or (C) (x) after the date of this Agreement, a Company Alternative Proposal (substituting in the definition thereof "50%" for "25%" and for "75%" in each place each such phrase appears) is publicly proposed or publicly disclosed prior to, and not publicly withdrawn at least two Business Days prior to, the Company Stockholder Meeting (a "Company Qualifying Transaction"), (y) this Agreement is terminated by (1) the Company or Parent pursuant to Section 7.1(b)(i) prior to the receipt of the Company Stockholder Approval or pursuant to Section 7.1(b)(iii) or (2) Parent pursuant to Section 7.1(d)(i), and (z) concurrently with or within 12 months after such termination, the

Company (1) consummates a Company Qualifying Transaction or (2) enters into a definitive agreement providing for a Company Qualifying Transaction and later consummates such Company Qualifying Transaction, then the Company shall pay to Parent in consideration of the Parent disposing of its rights hereunder (other than those rights set out in Section 7.2), by wire transfer of immediately available funds to an account designated in writing by Parent, a fee of $700,000,000 in cash (the "Company Termination Fee"), free and clear and without withholding or deduction for Taxes unless such withholding or deduction is required by Law, such payment to be made concurrently with such termination in the case of clause (A) above, within three Business Days after such termination in the case of clause (B) above, or within three Business Days after the consummation of such Company Qualifying Transaction in the case of clause (C) above; it being understood that in no event shall the Company be required to pay the Company Termination Fee on more than one occasion.

(ii) If the Company is required to withhold or deduct any amount for or on account of U.S. federal income Taxes under Section 1442 or 1445 of the Code from the Company Termination Fee, the Company shall remit the full amount so withheld and deducted to the applicable Governmental Entity and the Company shall pay additional amounts to Parent ("Parent Additional Amounts") (such additional amounts to constitute additional proceeds for the disposition by the Parent of its rights under this Agreement) as may be necessary so that the net amount received by Parent (including the Parent Additional Amounts) after such withholding or deduction is not less than the amount Parent would have received if the Taxes had not been so withheld or deducted; provided, that the Company's obligation to pay such Parent Additional Amounts shall not apply to the extent that the obligation to withhold or deduct any amount from the Company Termination Fee arises solely as the result of Parent's failure to deliver to the Company, prior to the payment of the Company Termination Fee, a properly completed and executed IRS Form W-8BEN-E establishing an exemption from withholding under the U.S.-Canada Income Tax Treaty or IRS Form W-8ECI. Furthermore, without duplication of the foregoing sentence, the Company shall indemnify and hold harmless Parent from the full amount of any Taxes imposed on Parent under Section 881(a) the Code (together with any interest and penalties and expenses paid or payable by Parent with respect thereto) with respect to the receipt of the Company Termination Fee other than Taxes in respect of which amounts have been fully deducted and remitted and Parent Additional Amounts have been paid. The parties shall cooperate to minimize any Taxes required to be deducted or withheld in respect of the Company Termination Fee. At the Company's reasonable request and expense, Parent shall use commercially reasonable efforts to obtain a refund from the applicable U.S. Governmental Entity of any Taxes in respect of which the Company has paid a Parent Additional Amount or indemnified Parent (or, if such refund cannot be obtained, to claim a credit for such Taxes). Parent shall promptly pay the amount of any such refund or credit obtained to the Company, net of any costs, Taxes and expenses borne by Parent with respect to such refund or credit; provided that Parent shall not be obligated to make any payment otherwise required pursuant to this sentence to the extent making such payment would place Parent in a less favorable net after-Tax position than it would have been in if the Tax subject to indemnification or Parent Additional Amount and giving rise to such refund or credit had not been deducted, withheld or otherwise imposed and the indemnification payments or

Parent Additional Amount with respect to such Tax had never been paid. Parent and the Company agree: (i) to treat, for U.S. federal income Tax purposes, payment of the Company Termination Fee and any Parent Additional Amounts as giving rise to gain or loss attributable to the cancellation, lapse, expiration or other termination of a right or obligation with respect to property which is (or on acquisition would be) a capital asset in the hands of Parent within the meaning of Section 1234A(1) of the Code, and (ii) not to take any position inconsistent with such treatment, in each case, except to the extent otherwise required by applicable Law. The obligations described in this paragraph shall survive any termination, defeasance or discharge of this Agreement. Except as otherwise set forth in Section 7.2 or this Section 7.3(a), on the payment by the Company of the Company Termination Fee, the CN Termination Amount Refund and the Parent Additional Amounts as and when required by this Section 7.3(a), neither the Company nor any of its former, current or future officers, directors, partners, stockholders, managers, members, Affiliates and Representatives shall have any further liability with respect to this Agreement or the transactions contemplated hereby to Parent or its Affiliates or Representatives.

(b) Parent Termination Fees.

(i) If this Agreement is terminated by the Company or Parent pursuant to (A) Section 7.1(b)(i), and at the time of such termination, (1) the conditions set forth in Section 6.1(d) (solely as a result of an injunction or Order entered or issued by a Governmental Entity pursuant to any Railroad Law or Section 721) has not been satisfied or waived and (2) all of the other conditions set forth in Section 6.1 and Section 6.3 have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the Closing; provided, that such conditions were then capable of being satisfied if the Closing had taken place) and no breach by the Company of its obligations under Section 5.8 has contributed materially and substantially to the failure of the condition set forth in the preceding clause (1) to be satisfied or (B) Section 7.1(b)(ii) (solely as the result of a final and non-appealable Order entered or issued by a Governmental Entity pursuant to any Railroad Law or Section 721), then Parent shall pay or cause to be paid to the Company in consideration of the Company disposing of its rights hereunder (other than those rights set out in Section 7.2), by wire transfer of immediately available funds to an account designated in writing by the Company, a fee of $1,000,000,000 in cash (the "Regulatory Termination Fee"), free and clear and without withholding or deduction for Taxes unless such withholding or deduction is required by Law, with such payment to be made within three Business Days of such termination.

(ii) If (A) this Agreement is terminated by the Company pursuant to Section 7.1(c)(iii), or (B) (x) after the date of this Agreement, a Parent Alternative Proposal (substituting in the definition thereof "50%" for "25%" and for "75%" in each place each such phrase appears) is publicly proposed or publicly disclosed prior to, and not publicly withdrawn at least two Business Days prior to, the Parent Shareholder Meeting (a "Parent Qualifying Transaction"), (y) this Agreement is terminated by (1) the Company or Parent pursuant to Section 7.1(b)(i) prior to the receipt of the Parent Shareholder Approval or pursuant to Section 7.1(b)(iv) or (2) the Company pursuant to Section 7.1(c)(i) and (z) concurrently with or within 12 months after such termination

Parent (1) consummates a Parent Qualifying Transaction or (2) enters into a definitive agreement providing for a Parent Qualifying Transaction and later consummates such Parent Qualifying Transaction, then Parent shall pay or cause to be paid to the Company in consideration of the Company disposing of its rights hereunder (other than those rights set out in Section 7.2), a fee of $700,000,000 in cash (the "Parent Termination Fee"), free and clear and without withholding or deduction for Taxes unless such withholding or deduction is required by Law, such payment to be made within three Business Days after such termination in the case of clause (A) above, or within three Business Days after the consummation of such Parent Qualifying Transaction in the case of clause (B) above; it being understood that in no event shall Parent be required to pay both the Parent Termination Fee and the Regulatory Termination Fee or either of the Parent Termination Fee or the Regulatory Termination Fee on more than one occasion.

(iii) If Parent is required, pursuant to the provisions of Part XIII of the CITA, to withhold or deduct any amount for or on account of Taxes from the Regulatory Termination Fee or Parent Termination Fee, Parent shall remit the full amount so withheld and deducted to the applicable Governmental Entity and Parent shall pay additional amounts to the Company ("Company Additional Amounts") (such additional amounts to constitute additional proceeds for the disposition by the Company of its rights under this Agreement) as may be necessary so that the net amount received by the Company (including the Company Additional Amounts) after such withholding or deduction is not less than the amount the Company would have received if the Taxes had not been so withheld or deducted. Furthermore, without duplication of the foregoing sentence, Parent shall indemnify and hold harmless the Company from the full amount of any Taxes imposed on the Company under Part XIII of the CITA (together with any interest and penalties and expenses paid or payable by the Company with respect thereto) with respect to the receipt of the Regulatory Termination Fee or Parent Termination Fee, as applicable, and Company Additional Amounts, other than Taxes in respect of which amounts have been fully deducted and remitted. The parties shall cooperate to minimize any Taxes required to be deducted or withheld in respect of the Parent Termination Fee or Regulatory Termination Fee, including that the Company shall provide any information reasonably requested by Parent to determine whether the Company is a "resident of the United States" and a "qualifying person" and/or whether it carries on business in Canada through a "permanent establishment," in each case, for the purposes of the U.S. – Canada Income Tax Treaty and the CITA. At Parent's reasonable request and expense, the Company shall use commercially reasonable efforts to obtain a refund from the applicable Canadian Governmental Entity of any Taxes in respect of which Parent has paid a Company Additional Amount or indemnified the Company (or, if such refund cannot be obtained, to claim a credit from the applicable Canadian or U.S. Governmental Entity for such Taxes). The Company shall promptly pay the amount of any such refund or credit obtained to Parent, net of any costs, Taxes and expenses borne by the Company with respect to such refund or credit; provided that the Company shall not be obligated to make any payment otherwise required pursuant to this sentence to the extent making such payment would place the Company in a less favorable net after-Tax position than it would have been in if the Tax subject to indemnification or Company Additional Amount and giving rise to such refund or credit had not been deducted, withheld or otherwise imposed and the indemnification payments or Company Additional

Amount with respect to such Tax had never been paid. Parent and the Company agree: (i) to treat, for Canadian federal income Tax purposes, the payment of the Regulatory Termination Fee and/or the Parent Termination Fee and any Company Additional Amounts as being proceeds of disposition for the disposition by the Company of property consisting of its rights under this Agreement, and (ii) not to take any position inconsistent with such treatment, in each case, except to the extent otherwise required by applicable Law. The obligations described in this paragraph will survive any termination, defeasance or discharge of this Agreement. Except as otherwise set forth in Section 7.2 or this Section 7.3(b), on the payment by Parent of the Regulatory Termination Fee or Parent Termination Fee, as applicable, and the Company Additional Amounts as and when required by this Section 7.3(b), none of Parent, either Merger Sub or any of their respective former, current or future officers, directors, partners, stockholders, managers, members, Affiliates and Representatives shall have any further liability with respect to this Agreement or the transactions contemplated hereby to the Company or its Affiliates or Representatives.

(c) Refund of CN Agreement Termination Amount. If this Agreement is terminated (i) by the Company pursuant to Section 7.1(c)(ii) or (ii) by Parent pursuant to Section 7.1(d)(i) or Section 7.1(d)(ii), then the Company shall pay to Parent, in return of $700,000,000 remitted to the Company by Parent in respect of the Company's payment to CN of the "Company Termination Fee" (as defined in the CN Agreement) in connection with the termination of the CN Agreement and the execution of this Agreement pursuant to that certain offer letter, dated as of September 12, 2021, from Parent to the Company, by wire transfer of immediately available funds to an account designated in writing by Parent, an amount equal to $700,000,000 in cash (the "CN Termination Amount Refund"), free and clear and without withholding or deduction for Taxes, unless (A) Parent or the applicable Affiliate has failed to deliver to the Company a properly completed and duly executed IRS Form W-8BEN-E or other applicable form, in each case, establishing that the CN Termination Amount Refund is exempt from withholding or (B) such withholding or deduction is required by a change in Law after the date hereof (in which case the parties shall reasonably cooperate to minimize any such required withholding or deduction), with such payment to be made within three Business Days of such termination; it being understood that in no event shall the Company be required to pay the CN Termination Amount Refund on more than one occasion.

(d) Acknowledgements. Each party acknowledges that the agreements contained in this Section 7.3 are an integral part of this Agreement and that, without Section 7.3(a), Parent would not have entered into this Agreement and that, without Section 7.3(b), the Company would not have entered into this Agreement. Accordingly, if the Company or Parent fails to promptly pay any amount due pursuant to this Section 7.3, the Company or Parent, as applicable, shall pay to Parent or the Company, respectively, all fees, costs and expenses of enforcement (including attorneys' fees as well as expenses incurred in connection with any action initiated seeking such payment), together with interest on the amount of the Company Termination Fee, the Parent Termination Fee or the Regulatory Termination Fee, as applicable, at the prime lending rate as published in the *Wall Street Journal*, in effect on the date such payment is required to be made. Notwithstanding anything to the contrary in this Agreement, the parties hereby acknowledge that in the event that the Company Termination Fee, the CN Termination Amount Refund, the Parent Termination Fee or the Regulatory Termination Fee

becomes payable by, and is paid by, the Company to Parent or Parent to the Company, as applicable, such Company Termination Fee and/or CN Termination Amount Refund, as applicable with respect to Parent, or such Parent Termination Fee or Regulatory Termination Fee, as applicable with respect to the Company, shall be the receiving party's sole and exclusive remedy pursuant to this Agreement. The parties further acknowledge that none of the Company Termination Fee, the Parent Termination Fee or the Regulatory Termination Fee shall constitute a penalty but is in consideration for a disposition of the rights of the recipient under this Agreement and represents liquidated damages, in a reasonable amount that will compensate Parent or the Company, as applicable, in the circumstances (which do not involve fraud or willful and material breach by the other party of this Agreement) in which the Company Termination Fee, the Parent Termination Fee or the Regulatory Termination Fee, as applicable, is payable for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the Mergers, which amount would otherwise be impossible to calculate with precision. The parties further acknowledge that the CN Termination Amount Refund shall not constitute a penalty, but is a refund and return of amounts previously remitted or caused to be remitted by Parent to the Company, and is payable as a consequence of the disposition of the rights of the recipient under this Agreement. The parties further acknowledge that the right to receive the Company Termination Fee, the CN Termination Amount Refund, the Parent Termination Fee or the Regulatory Termination Fee, as applicable, shall not limit or otherwise affect any such party's right to specific performance as provided in Section 8.5.

ARTICLE 8

MISCELLANEOUS

Section 8.1 No Survival of Representations and Warranties. None of the representations, warranties, covenants and agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the consummation of the Mergers, except for covenants and agreements that contemplate performance after the First Effective Time or otherwise expressly by their terms survive the First Effective Time.

Section 8.2 Expenses. Except as set forth in Section 5.11, Section 5.12 or Section 7.3, whether or not the Mergers are consummated, all costs and expenses incurred in connection with the Mergers, this Agreement and the transactions contemplated hereby shall be paid by the party incurring or required to incur such expenses, except that all filing fees paid by any party in respect of any regulatory filing (including any and all filings under the Antitrust Laws and/or in respect of the Company Approvals or Parent Approvals) shall be borne by Parent. Except as otherwise provided in Section 2.2(b)(ii), all transfer, documentary, sales, use, stamp, registration and other similar Taxes and fees imposed with respect to, or as a result of, the Mergers shall be borne by Parent, the First Surviving Corporation or the Second Surviving Corporation, and expressly shall not be a liability of holders of Company Common Stock or Company Preferred Stock.

Section 8.3 Counterparts; Effectiveness. This Agreement may be executed in counterparts (including by facsimile, by electronic mail in "portable document format" (.pdf) form, or by any other electronic means intended to preserve the original graphic and pictorial

appearance of a document), each of which shall be an original, with the same effect as if the signatures thereto and hereto were on the same instrument. This Agreement shall become effective when one or more counterparts have been signed by each of the parties and delivered (by telecopy, facsimile, electronic mail or otherwise as authorized by the prior sentence) to the other parties.

Section 8.4 Governing Law; Jurisdiction. This Agreement shall be deemed to be made in and in all respects shall be governed by, interpreted and construed in accordance with the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. In addition, each of the parties hereto irrevocably agrees that any legal action or proceeding with respect to this Agreement and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Agreement and the rights and obligations arising hereunder brought by the other party hereto or its successors or assigns, shall be brought and determined exclusively in the Delaware Court of Chancery or (and only if) such court finds it lacks subject matter jurisdiction, the Superior Court of the State of Delaware (Complex Commercial Division) provided that if the subject matter over the matter is the subject of the action or proceeding is vested exclusively in the United States federal courts, such action or proceeding shall be heard in the United States District Court for the District of Delaware (the "Chosen Courts"). Each of the parties hereto hereby irrevocably submits with regard to any such action or proceeding for itself and in respect of its property, generally and unconditionally, to the personal jurisdiction of the Chosen Courts and agrees that it shall not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the Chosen Courts. Each of the parties hereto hereby irrevocably waives, and agrees not to assert as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the Chosen Courts, (b) any claim that it or its property is exempt or immune from the jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) to the fullest extent permitted by the applicable Law, any claim that (i) the Action in such court is brought in an inconvenient forum, (ii) the venue of such Action is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Each party hereto irrevocably consents to service of process inside or outside the territorial jurisdiction of the courts referred to in this Section 8.4 in the manner provided for notices in Section 8.7. Nothing in this Agreement shall affect the right of any party hereto to serve process in any other manner permitted by applicable Law.

Section 8.5 Specific Enforcement.

(a) The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Each party agrees that, in the event of any breach or threatened breach by any other party of any covenant or obligation contained in this Agreement, the non-breaching party shall be entitled (in addition to any other remedy that may be available to it whether in law or equity, including monetary damages) to obtain (i) a decree or order of

specific performance to enforce the observance and performance of such covenant or obligation and (ii) an injunction restraining such breach or threatened breach.

(b) In circumstances where Parent is obligated to consummate the Mergers and the Mergers have not been consummated, Parent and each Merger Sub expressly acknowledge and agree that the Company and its stockholders shall have suffered irreparable harm, that monetary damages will be inadequate to compensate the Company and its stockholders, and that the Company on behalf of itself and its stockholders shall be entitled (in addition to any other remedy that may be available to it whether in law or equity, including monetary damages) to enforce specifically Parent's and each Merger Sub's obligations to consummate the Mergers.

(c) Each party further agrees that no other party or any other Person shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 8.5, and each party irrevocably waives any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument.

Section 8.6 WAIVER OF JURY TRIAL. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS CONTAINED IN THIS SECTION 8.6.

Section 8.7 Notices. Any notice required to be given hereunder shall be sufficient if in writing, and sent by email by reliable overnight delivery service (with proof of service), hand delivery or certified or registered mail (return receipt requested and first-class postage prepaid), addressed as follows:

To Parent, Surviving Merger Sub or First Merger Sub:

Canadian Pacific Railway Limited / Canadian Pacific Railway Company
7550 Ogden Dale Road S.E.
Calgary, Alberta, Canada, T2C 4X9
Attention: James Clements, Senior Vice-President, Strategic Planning & Technology Transformation
E-mail: James_Clements@cpr.ca

with a copy (which shall not constitute notice) to:

Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004
Attention: Frank J. Aquila
C. Andrew Gerlach
Telephone: (212) 558-4000

E-mail: aquilaf@sullcrom.com
gerlacha@sullcrom.com

And a copy (which shall not constitute notice) to:

Bennett Jones LLP
100 King St. W, Suite 3400
Toronto, Ontario, M5X 1A4
Attention: Jeffrey Kerbel
Telephone: (416) 777-5772
E-mail: kerbelj@bennettjones.com

To the Company:

Kansas City Southern
427 West 12th Street
Kansas City, MO 64105
Attention: Chief Legal Officer & Corporate Secretary
E-mail: agodderz@kcsouthern.com

with a copy (which shall not constitute notice) to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Steven A. Rosenblum
Elina Tetelbaum
Email: SARosenblum@wlrk.com
ETetelbaum@wlrk.com

or to such other address as a party shall specify by written notice so given, and such notice shall be deemed to have been delivered (a) when received when sent by email; provided, that the recipient confirms in writing its receipt thereof, (b) on proof of service when sent by reliable overnight delivery service, (c) on personal delivery in the case of hand delivery or (d) on receipt of the return receipt when sent by certified or registered mail. Any party to this Agreement may notify any other party of any changes to the address or any of the other details specified in this Section 8.7; provided, that such notification shall only be effective on the date specified in such notice or two Business Days after the notice is given, whichever is later. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice as of the date of such rejection, refusal or inability to deliver.

Section 8.8 Assignment; Binding Effect. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties. Subject to the preceding sentence, this Agreement shall be binding on and shall inure to the benefit of the parties hereto and their respective successors and assigns.

Section 8.9 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the sole extent of such invalidity or unenforceability without rendering invalid or unenforceable the remainder of such term or provision or the remaining terms and provisions of this Agreement in any jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

Section 8.10 Entire Agreement; No Third-Party Beneficiaries. This Agreement (including the exhibits and schedules hereto), the Confidentiality Agreement and the Clean Team Agreement constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the parties, or any of them, with respect to the subject matter hereof and thereof Except for the provisions of Article 2 (which, from and after the First Effective Time, shall be for the benefit of holders of the Company Common Stock (including Company Equity Awards) as of immediately prior to the First Effective Time), Section 5.11 (which, from and after the First Effective Time, shall be for the benefit of the Indemnified Parties), and the provisions of the last sentence of Section 5.12(b) (which shall be for the benefit of the express beneficiaries thereof), this Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein is intended to and shall not confer on any Person other than the parties hereto any rights or remedies hereunder. The representations and warranties in this Agreement are the product of negotiations among the parties. Any inaccuracies in such representations and warranties are subject to waiver by the parties in accordance with Section 8.11 without notice or liability to any other Person. In some instances, the representations and warranties in this Agreement may represent an allocation among the parties of risks associated with particular matters regardless of the knowledge of any of the parties. Consequently, Persons other than the parties may not rely upon the representations and warranties in this Agreement as characterizations of actual facts or circumstances as of the date of this Agreement or as of any other date.

Section 8.11 Amendments; Waivers. At any time prior to the First Effective Time, whether before or after receipt of the Company Stockholder Approval and the Parent Shareholder Approval, any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Company, Parent and each Merger Sub, or in the case of a waiver, by the party against whom the waiver is to be effective; provided, that (a) after receipt of the Company Stockholder Approval, if any such amendment or waiver shall by applicable Law or in accordance with the rules and regulations of the NYSE require further approval of the stockholders of the Company, the effectiveness of such amendment or waiver shall be subject to the approval of the stockholders of the Company and (b) after receipt of the Parent Shareholder Approval, if any such amendment or waiver shall by applicable Law or in accordance with the rules and regulations of the NYSE or the TSX require further approval of the shareholders of Parent, the effectiveness of such amendment or waiver shall be subject to the approval of the shareholders of Parent. The foregoing notwithstanding, no failure or delay by any party in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right hereunder. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

Section 8.12 Headings. Headings of the Articles and Sections of this Agreement are for convenience of the parties only and shall be given no substantive or interpretive effect whatsoever. The table of contents to this Agreement is for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 8.13 Financing Provisions. Notwithstanding anything in this Agreement to the contrary (including any other provisions of this Article 8): the Company, on behalf of itself, its Subsidiaries and each of its controlled Affiliates, and each other party hereto, on behalf of itself, its Subsidiaries and each of its controlled Affiliates, hereby: (a) agrees that any legal action, whether in law or in equity, whether in contract or in tort or otherwise, involving the Financing Parties, arising out of or relating to, this Agreement, the Debt Financing or any of the agreements entered into in connection with the Debt Financing (including the Debt Commitment Letters) or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, shall be subject to the exclusive jurisdiction of any federal or state court in the Borough of Manhattan, New York, New York, and any appellate court thereof and each party hereto irrevocably submits itself and its property with respect to any such legal action to the exclusive jurisdiction of such court, and agrees not to bring or support any such legal action against any Financing Party in any forum other than such courts, (b) agrees that any such legal action shall be governed by the laws of the State of New York (without giving effect to any conflicts of law principles that would result in the application of the laws of another state), except as otherwise provided in any agreement relating to the Debt Financing, (c) knowingly, intentionally and voluntarily waives to the fullest extent permitted by applicable law trial by jury in any such legal action brought against the Financing Parties in any way arising out of or relating to, this Agreement or the Debt Financing, (d) agrees that none of the Financing Parties shall have any liability to the Company or any of its subsidiaries or any of their respective controlled affiliates or representatives relating to or arising out of this Agreement, the Debt Commitment Letters or the Debt Financing, (e) agrees that only Parent (including its permitted successors and assigns under the Debt Commitment Letters) shall be permitted to bring any claim (including any claim for specific performance) against a Financing Party for failing to satisfy any obligation to fund the Debt Financing pursuant to the terms of the Debt Commitment Letter and that neither the Company nor any of its Subsidiaries or controlled Affiliates shall be entitled to seek the remedy of specific performance with respect to Parent's rights under the Debt Commitment Letter against the Financing Parties party thereto, (f) agrees in no event will any Financing Party be liable for consequential, special, exemplary, punitive or indirect damages (including any loss of profits, business, or anticipated savings), or damages of a tortious nature in connection with the Debt Financing, and (g) agrees that the Financing Parties are express third party beneficiaries of, and may enforce, any of the provisions of this Section 8.13 and that this Section 8.13 may not be amended, modified or waived without the written consent of the Financing Entities; provided, that the foregoing shall not limit the Company's rights or recourse under the Debt Commitment Letter in respect of the Company Credit Agreement after the Company has assumed the same pursuant to the Commitment Assignment (as defined in such Debt Commitment Letter) on the Closing Date. Notwithstanding the foregoing, nothing in this Section 8.13 shall in any way limit or modify the rights and obligations of Parent under this Agreement or any Financing Party's obligations to Parent under the Debt Commitment Letters.

Section 8.14 Interpretation. When a reference is made in this Agreement to an Article or Section, such reference shall be to an Article or Section of this Agreement unless

otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all references herein to "$" or "dollars" shall be to U.S. dollars. Except as otherwise indicated, all references herein to the Subsidiaries of a Person shall be deemed to include all direct and indirect Subsidiaries of such Person unless otherwise indicated or the context otherwise requires. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant thereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms. Any agreement defined or referred to herein or in any schedule that is referred to herein means such agreement as from time to time amended, modified or supplemented, including by waiver or consent, together with any addenda, schedules or exhibits to, any purchase orders or statements of work governed by, and any "terms of services" or similar conditions applicable to, such agreement. Any specific law defined or referred to herein or in any schedule that is referred to herein means such law as from time to time amended and to any rules or regulations promulgated thereunder. Each of the parties has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if it is drafted by all the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authorship of any of the provisions of this Agreement.

Section 8.15 Obligations of Merger Subs and Subsidiaries. Whenever this Agreement requires either Merger Sub or any other Subsidiary of Parent to take any action, such requirement shall be deemed to include an undertaking on the part of Parent to cause such Merger Sub or such Subsidiary, as applicable, to take such action. Whenever this Agreement requires a Subsidiary of the Company to take any action, such requirement shall be deemed to include an undertaking on the part of the Company to cause such Subsidiary to take such action, and after the First Effective Time, on the part of the First Surviving Corporation or the Second Surviving Corporation, as applicable, to cause such Subsidiary to take such action.

Section 8.16 Definitions. For purposes of this Agreement, the following terms (as capitalized below) shall have the following meanings when used herein:

"Action" means a claim, action, suit, or proceeding, whether civil, criminal, or administrative.

"Affiliates" means, with respect to any Person, any other Person that, directly or indirectly, controls, or is controlled by, or is under common control with, such Person. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a Person, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise.

"Antitrust Laws" means the Sherman Antitrust Act of 1890, the Clayton Antitrust Act of 1914, the HSR Act, the Federal Trade Commission Act of 1914, and all other applicable

supranational, national, federal, state, county, local or foreign antitrust, competition or trade statutes, rules, regulation, Orders, decrees, administrative and judicial doctrines and other Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening competition through merger or acquisition, regulate foreign investments.

"ARTF" means the Mexican Agencia Reguladora del Transporte Ferroviario (the Regulatory Agency of Rail Transportation of Mexico).

"beneficial owner" means, with respect to any securities, any Person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares (a) voting power, which includes the power to vote, or to direct the voting of, such security; and/or (b) investment power, which includes the power to dispose, or to direct the disposition, of such security; and shall otherwise be interpreted in accordance with the term "beneficial owner" as defined in Rule 13d-3 adopted by the SEC under the Exchange Act. The terms "beneficial ownership," "beneficially own" and "beneficially owned" shall have a correlative meaning.

"Book-Entry Shares" means, collectively, the Common Book-Entry Shares and the Preferred Book-Entry Shares.

"Business Day" means any day other than a Saturday, Sunday or a day on which the banks in New York, New York or Calgary, Canada, are authorized by law or executive order to be closed.

"Canadian Securities Administrators" means the Alberta Securities Commission and any other applicable securities commission or securities regulatory authority of a province or territory of Canada.

"Canadian Securities Laws" means the Securities Act (Alberta) and all other applicable securities Laws, rules and regulations and published policies thereunder or under the securities laws of any other province or territory of Canada, and the rules and policies of the TSX.

"Cause" means (a) for any individual with an agreement with the Company or any of the Company's Subsidiaries that defines "Cause," Cause as defined in such agreement and (b) for any other individual, the definition of "Cause" as set forth in the Company's 2017 Equity Incentive Plan.

"Certificates" means, collectively, the Common Certificates and the Preferred Certificates.

"CFIUS" means the Committee on Foreign Investment in the United States.

"CFIUS Declaration" means a declaration submitted to CFIUS pursuant to either 31 C.F.R. Section 800.401 or 31 C.F.R. 800.402.

"CFIUS Joint Voluntary Notification" means a voluntary notification submitted to CFIUS pursuant to 31 C.F.R. Section 800.501.

"CITA" means the *Income Tax Act* (Canada).

"COFECE" means the Comisión Federal de Competencia Económica (the Mexican Antitrust Commission).

"Company Benefit Plans" means all employee or director compensation and/or pension or other benefit plans, programs, policies, agreements or other arrangements, including any "employee welfare plan" within the meaning of Section 3(1) of ERISA, any "employee pension benefit plan" within the meaning of Section 3(2) of ERISA (whether or not such plan is subject to ERISA), and any bonus, incentive, deferred compensation, vacation, stock purchase, stock option, severance, employment, change of control or fringe benefit plan, program or agreement (other than any Multiemployer Plan), in each case that are sponsored, maintained or contributed to by the Company or any of its Subsidiaries for the benefit of current or former employees or directors of the Company or its Subsidiaries and are not otherwise required to be sponsored, maintained or contributed to by applicable Law.

"Company Common Stock" means the common stock, par value $0.01 per share, of the Company.

"Company Credit Agreement" means that certain Credit Agreement, dated as of March 8, 2019, among the Company, as borrower, the guarantors from time to time party thereto, the lenders and issuing banks from time to time party thereto and Bank of America, N.A., as administrative agent.

"Company Equity Awards" means Company Options, Company Restricted Share Awards, Company Performance Share Awards and Director Deferred Shares.

"Company ESPP" means the Company's 2009 Employee Stock Purchase Plan.

"Company Intellectual Property" means all Intellectual Property owned or purported to be owned by the Company or any of its Subsidiaries.

"Company IT Assets" means all IT Assets owned or purported to be owned by the Company or any of its Subsidiaries.

"Company Labor Agreement" means any collective bargaining agreement or other agreement with a labor or trade union, works council or like organization that the Company or any of its Subsidiaries is a party to or otherwise bound by.

"Company Material Adverse Effect" means an event, change, occurrence, effect or development that has (x) a material adverse effect on the business, operations or financial condition of the Company and its Subsidiaries, taken as a whole, or (y) would prevent, materially delay or materially impair the ability of the Company to consummate the transactions contemplated by this Agreement (including the Mergers), but, solely in the case of clause (x), shall not include events, changes, occurrences, effects or developments relating to or resulting

from (a) changes in general economic or political conditions or the securities, equity, credit or financial markets in general, or changes in or affecting domestic or foreign interest or exchange rates, (b) any decline in the market price or trading volume of the Company Common Stock or the Company Preferred Stock or any change in the credit rating of the Company or any of its securities (provided, that the facts and circumstances underlying any such decline or change may be taken into account in determining whether a Company Material Adverse Effect has occurred to the extent not otherwise excluded by the definition thereof), (c) changes or developments in the industries in which the Company or its Subsidiaries operate, (d) changes in Law or the interpretation or enforcement thereof after the date of this Agreement, (e) the execution, delivery or performance of this Agreement or the public announcement or pendency or consummation of the Mergers or other transactions contemplated hereby, including the impact thereof on the relationships, contractual or otherwise, of the Company or any of its Subsidiaries with employees, partnerships, customers or suppliers or Governmental Entities, (f) the identity of Parent or any of its Affiliates as the acquiror of the Company, (g) compliance with the terms of, or the taking or omission of any action required by, this Agreement or consented to (after disclosure to Parent of all material and relevant facts and information) or requested by Parent in writing, (h) any act of civil unrest, civil disobedience, war, terrorism, cyberterrorism, military activity, sabotage or cybercrime, including an outbreak or escalation of hostilities involving the United States or any other Governmental Entity or the declaration by the United States or any other Governmental Entity of a national emergency or war, or any worsening or escalation of any such conditions threatened or existing on the date of this Agreement, (i) any hurricane, tornado, flood, earthquake, natural disasters, acts of God or other comparable events, (j) any pandemic, epidemic or disease outbreak (including COVID-19) or other comparable events, (k) changes in generally accepted accounting principles or the interpretation or enforcement thereof after the date of this Agreement, (1) any litigation relating to or resulting from this Agreement or the transactions contemplated hereby or (m) any failure to meet internal or published projections, forecasts, guidance or revenue or earning predictions (provided, that the facts and circumstances underlying any such failure may be taken into account in determining whether a Company Material Adverse Effect has occurred to the extent not otherwise excluded by the definition thereof); except, with respect to clauses (a), (c), (h), (i), (j) and (k), if the impact thereof is materially and disproportionately adverse to the Company and its Subsidiaries, taken as a whole, relative to the impact thereof on the operations in the railroad industry of other participants in such industry, the incremental material disproportionate impact may be taken into account in determining whether there has been a Company Material Adverse Effect.

"Company Voting Stock" means, collectively, the Company Common Stock and the Company Preferred Stock.

"Completion of the CFIUS Process" means that any of the following shall have occurred: (a) CFIUS shall have determined that there are no unresolved national security concerns with respect to the transactions contemplated by this Agreement, and the Company and Parent shall have received written notice from CFIUS that action under Section 721 has been concluded; (b) the Company and Parent shall have received written notice from CFIUS that the transactions contemplated by this Agreement are not "covered transactions" pursuant to Section 721; or (c) CFIUS shall have sent a report to the President of the United States requesting the decision of the President of the United States on the Joint Notice and (i) the period under Section 721 during which the President may announce his decision to take action to

suspend, prohibit or place any limitations on the transactions contemplated by this Agreement shall have expired without any such action being threatened, announced or taken or (ii) the President of the United States shall have announced a decision not to, or otherwise declined to, take any action to suspend or prohibit the transactions contemplated by this Agreement.

"Contract" means any legally binding, written or oral contract, note, bond, mortgage, indenture, deed of trust, lease, commitment, agreement, concession, arrangement or other obligation; provided, that "Contracts" shall not include any Company Benefit Plan or Parent Benefit Plan.

"Control Date" means the date on which Parent is lawfully permitted to assume control over the Company's railroad operations pursuant to STB Final Approval and following Completion of the CFIUS Process.

"COVID-19" means SARS-CoV-2 or COVID-19, and any evolutions or variants thereof or related or associated epidemics, pandemic or disease outbreaks.

"COVID-19 Measures" means any quarantine, "shelter in place," "stay at home," workforce reduction, social distancing, shut down, closure, sequester or any other Law, decree, judgment, injunction or other Order, directive, guidelines or recommendations by any Governmental Entity or industry group in connection with or in response to COVID-19, including the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

"Environmental Law" means any Law relating to (a) the protection, preservation or restoration of the environment (including air, water vapor, surface water, groundwater, drinking water supply, surface land, subsurface land, plant and animal life or any other natural resource) or (b) the exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release, discharge or disposal of Hazardous Substances, in each case as in effect at the date of this Agreement.

"CRA" means the Canada Revenue Agency, or any successor Canadian taxing authority thereto.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means all employers (whether or not incorporated) that would be treated together with the Company or Parent or any of their respective Subsidiaries, as applicable, as a "single employer" within the meaning of Section 414 of the Code.

"Excepted Stockholder" means any stockholder of the Company that would be a "five percent transferee shareholder" of Parent within the meaning of Treasury Regulations Section 1.367(a)-3(c)(5)(ii) following the Mergers that does not enter into a five-year gain recognition agreement in the form provided in Treasury Regulations Section 1.367(a)-8(c).

"Exchange Act" means the Securities Exchange Act of 1934.

"Exchange Ratio" means 2.884.

"Financing Information" shall mean: (a) audited consolidated balance sheets of the Company and its Subsidiaries and the related audited consolidated statements of income, cash flows and changes in equity of the Company and its Subsidiaries for the three most recent fiscal years ended at least 60 days prior to the Closing Date (which Parent hereby acknowledges receiving for the fiscal years ended December 31, 2018, December 31, 2019 and December 31, 2020) and the unqualified audit report of the Company's independent auditors related thereto (which Parent hereby acknowledges receiving for the three fiscal years ended December 31, 2020), (b) an unaudited consolidated balance sheet and related consolidated statements of income, cash flows and changes in equity of the Company and its Subsidiaries for any subsequent fiscal quarter (other than, in each case, the fourth quarter of any fiscal year) ended at least 40 days prior to the Closing Date and for the comparable period of the prior fiscal year, reviewed by the Company's independent auditor, in the case of each of clauses (a) and (b), prepared in accordance with GAAP and in compliance with Regulation S-X (subject to the limitations set forth in the definition of Excluded Information), (c) other information as otherwise reasonably necessary in order to assist in receiving customary "comfort" (including as to "negative assurance" and change period comfort) from the Company's independent accountants, and (d) all other historical financial information regarding the Company required by Parent to permit Parent to prepare pro forma financial statements required by clause (c) of paragraph 2 of Annex B of the Debt Commitment Letters; provided, that notwithstanding anything to the contrary in this definition or otherwise, nothing herein shall require the Company or its Affiliates to provide (or be deemed to require the Company or its Affiliates to prepare) any (i) description of all or any portion of the Debt Financing, including any "description of notes," "plan of distribution" and information customarily provided by investment banks or their counsel or advisors in the preparation of a prospectus for registered offerings or an offering memorandum for private placements of non-convertible bonds pursuant to Rule 144A, as the case may be, (ii) risk factors relating to, or any description of, all or any component of the financing contemplated thereby, (iii) any compensation discussion and analysis or other information required by Item 10, Item 402 and Item 601 of Regulation S-K; or any information regarding executive compensation or related persons related to SEC Release Nos. 33-8732A, 34-54302A and IC-27444A, (iv) consolidating financial statements, separate Subsidiary financial statements, related party disclosures, or any segment information, in each case which are prepared on a basis not consistent with the Company's reporting practices for the periods presented pursuant to clauses (a) and (b) above, (v) financial statements or other financial data (including selected financial data) for any period earlier than the year ended December 31, 2018, (vi) financial information that the Company or its Affiliates does not maintain in the ordinary course of business or (vii) information not reasonably available to the Company or its Affiliates under their respective current reporting systems, in the case of clauses (vi) and (vii), unless any such information would be required in order for the Financing Information provided to Parent by the Company in accordance with this definition to not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made in such Financing Information, in the light of the circumstances under which they were made, not misleading. In addition, for the avoidance of doubt, "Financing Information" shall not include (x) pro forma financial information or (y) projections. For purposes of this Agreement, the information described in clauses (i)-(vii) of this definition, and in clauses (x) and (y) of the penultimate sentence of this paragraph, is collectively be referred to as the "Excluded Information."

If the Company shall in good faith reasonably believe that the Financing Information has been delivered to Parent, the Company may deliver to Parent a written notice to that effect (stating when it believes the delivery of the Financing Information to Parent was completed), in which case the Company shall be deemed to have complied with such obligation to furnish the Financing Information and Parent shall be deemed to have received the Financing Information, unless Parent in good faith reasonably believes that the Company has not completed delivery of the Financing Information and not later than 5:00 p.m. (New York City time) two Business Days after the delivery of such notice by the Company, delivers a written notice to the Company to that effect (stating with specificity which such Financing Information the Company has not delivered); provided, that notwithstanding the foregoing, the delivery of the Financing Information shall be satisfied at any time which (and so long as) Parent shall have actually received the Financing Information, regardless of whether or when any such notice is delivered by the Company.

The Company's or its Affiliates' filing with the SEC pursuant to the Securities Act of 1933, the Securities Exchange Act of 1934 and the rules and regulations of the SEC promulgated thereunder of any required audited financial statements with respect to it that is publicly available on Form 10-K or required unaudited financial statements with respect to it that is publicly available on Form 10-Q, in each case, will satisfy the requirements under clauses (a) or (b), as applicable, of this definition.

"Financing Parties" means each debt provider (including each agent and arranger) that commits to provide Debt Financing to Parent or any of its Subsidiaries (the "Financing Entities") pursuant to the Debt Commitment Letters, as may be amended, supplemented or replaced, and their respective Representatives and other Affiliates; provided, that neither Parent nor any Affiliate thereof shall be a Financing Party.

"GAAP" means United States generally accepted accounting principles.

"Good Reason" means, for an individual who is a party to an agreement with the Company that defines Good Reason, Good Reason as defined in such agreement, or, for any other individual, the occurrence of any of the following events without the individual's prior written consent: (a) a material reduction in base salary (other than a general reduction that affects all similarly situated executives in substantially the same proportion due to a material deterioration in the financial condition of the Company) or (b) a relocation of the individual's principal place of employment by more than 50 miles, if such change increases the individual's commute from the individual's principal residence by more than 50 miles. An individual may not terminate employment for Good Reason unless the individual has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within 90 days of the initial existence of such grounds and the Company has had at least 30 days from the date on which such notice is provided to cure such circumstances. If the individual does not terminate employment for Good Reason within 60 days of providing the Company written notice of the circumstances providing grounds for termination for Good Reasons, then the individual will be deemed to have waived the right to terminate for Good Reason with respect to such grounds.

"Government Official" means any official, officer, employee, or representative of, or any Person acting in an official capacity for or on behalf of, any Governmental Entity.

"Hazardous Substance" means any substance presently listed, defined, regulated, designated or classified as hazardous, toxic, radioactive or dangerous under any Environmental Law, including any substance to which exposure is regulated by any Governmental Entity or any Environmental Law, including any toxic waste, pollutant, contaminant, hazardous substance, toxic substance, hazardous waste, special waste, industrial substance or petroleum or any derivative or byproduct thereof, radon, radioactive material, asbestos or asbestos-containing material, urea formaldehyde, foam insulation or polychlorinated biphenyls.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

"IFT," means the Instituto Federal de Telecomunicaciones, the Mexican Federal Telecommunications Institute.

"Intellectual Property" means all intellectual property rights or other proprietary rights arising under the Laws of any jurisdiction or existing anywhere in the world associated with: (a) patents and patent applications and industrial design registrations and applications, and all continuations, divisionals, continuations-in-part, reissues or reexaminations and patents issuing thereon; (b) trademarks, service marks, trade dress, logos, corporate names, trade names, symbols, Internet domain names, and other similar identifiers of origin, in each case, whether or not registered and any and all applications and registrations therefor and the good will associated therewith and symbolized thereby; (c) copyrights, copyright registrations and applications, published and unpublished works of authorship, whether or not copyrightable, copyrights in and to the foregoing, together with all common law rights and moral rights therein, and any applications and registrations therefor; (d) domain names, uniform resource locators, Internet Protocol addresses, social media accounts or user names (including handles), and other names, identifiers and locators associated with any of the foregoing or other Internet addresses, sites and services; and (e) trade secrets, know-how, industrial secrets, inventions (whether or not patentable), data and confidential or proprietary business or technical information ("Trade Secrets").

"IT Assets" means all of the technology devices, computers, computer systems, software and software platforms, databases, websites, servers, routers, hubs, switches, circuits, networks, data communications lines and all other information technology infrastructure and equipment used by the Company and its Subsidiaries in connection with the operation of the business of the Company and its Subsidiaries and all data stored therein or processed thereby and all associated documentation.

"Joint Notice" means a CFIUS Declaration or a CFIUS Joint Voluntary Notification.

"Knowledge" means (a) with respect to Parent, the actual knowledge of the individuals listed on Section 8.16(a) of the Parent Disclosure Schedule and (b) with respect to the Company, the actual knowledge of the individuals listed on Section 8.16(b) of the Company Disclosure Schedules, in each of case (a) and (b); provided, however, that each such individual

charged with responsibility for the aspect of the business relevant or related to the matter at issue shall be deemed to have knowledge of a particular matter if, in the prudent exercise of his or her duties and responsibilities in the ordinary course of business, such individual should have known of such matter.

"Liabilities" means all debts, liabilities, guarantees, assurances, commitments and obligations of any kind, whether fixed, contingent or absolute, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including whether arising out of any Contract or tort based on negligence or strict liability).

"Lien" means a lien, mortgage, pledge, security interest, charge, title defect, adverse claims and interests, option to purchase or other encumbrance of any kind or nature whatsoever, but excluding any license of Intellectual Property or any transfer restrictions of general applicability as may be provided under the Securities Act, the "blue sky" Laws of the various States of the United States or similar Law of other applicable jurisdictions.

"made available to Parent" means provided by the Company or its Representatives to Parent or its Representatives (A) in the virtual data room maintained by Donnelley Financial Solutions Venue prior to the date of this Agreement (including in any "clean room" or as otherwise provided on an "outside counsel" only basis), (B) via electronic mail or in person prior to the date of this Agreement (including materials provided to outside counsel), or (C) filed or furnished with the SEC prior to the date of this Agreement, except where reference is made to an item being made available to Parent prior to Closing in which case, the term means provided by the Company or its Representatives to Parent or its Representatives prior to Closing.

"Merger Consideration Value" means (a) the Cash Consideration plus (b) (i) the Parent Share Price *multiplied by* (ii) the Exchange Ratio.

"Multiemployer Plan" means any "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA.

"NYSE" means the New York Stock Exchange.

"Order" means any order, writ, decree, judgment, award, injunction, ruling, settlement, notice or stipulation issued, promulgated, made, rendered or entered into by or with any Governmental Entity.

"Ordinary Course of Business" means, with respect to an action taken by any Person, that such action is consistent with the ordinary course of business of such Person, acting in its own interest as an independent enterprise, taking into account any changes to such practices as may have occurred prior to the date of this Agreement as a result of the outbreak of COVID-19, including compliance with any COVID-19 Measures, and any actions reasonably taken or not taken in response to exigent circumstances.

"Organizational Documents" means (i) with respect to any Person that is a corporation, its articles or certificate of incorporation, memorandum and articles of association, as applicable, and bylaws, or comparable documents, (ii) with respect to any Person that is a

partnership, its certificate of partnership and partnership agreement, or comparable documents, (iii) with respect to any Person that is a limited liability company, its certificate of formation and limited liability company or operating agreement, or comparable documents, (iv) with respect to any Person that is a trust or other entity, its declaration or agreement of trust or other constituent document or comparable documents and (v) with respect to any other Person that is not an individual, its comparable organizational documents.

"Parent Benefit Plans" means all employee or director compensation and/or pension or other benefit plans, programs, policies, agreements or other arrangements, including any "employee welfare plan" within the meaning of Section 3(1) of ERISA, any "employee pension benefit plan" within the meaning of Section 3(2) of ERISA (whether or not such plan is subject to ERISA), and any bonus, incentive, deferred compensation, vacation, stock purchase, stock option, severance, employment, change of control or fringe benefit plan, program or agreement (other than any Multiemployer Plan), in each case that are sponsored, maintained or contributed to by Parent or any of its Subsidiaries for the benefit of current or former employees or directors of Parent or its Subsidiaries and are not otherwise required to be sponsored, maintained or contributed to by applicable Law.

"Parent Common Shares" means the common shares of Parent.

"Parent DSU Award" means a deferred share unit award in respect of Parent Common Shares.

"Parent Equity Awards" means Parent Options, Parent DSU Awards and Parent PSU Awards.

"Parent Labor Agreement" means any collective bargaining agreement or other agreement with a labor or trade union, works council or like organization that Parent or any of its Subsidiaries is a party to or otherwise bound by.

"Parent Material Adverse Effect" means an event, change, occurrence, effect or development that (x) has a material adverse effect on the business, operations or financial condition of Parent and its Subsidiaries, taken as a whole, or (y) would prevent, materially delay or materially impair the ability of Parent or either Merger Sub to consummate the transactions contemplated by this Agreement (including the Mergers and the Parent Share Issuance) or to obtain the Debt Financing, but, solely in the case of clause (x), shall not include events, changes, occurrences, effects or developments relating to or resulting from (a) changes in general economic or political conditions or the securities, equity, credit or financial markets in general, or changes in or affecting domestic or foreign interest or exchange rates, (b) any decline in the market price or trading volume of the Parent Common Shares or any change in the credit rating of Parent or any of its securities (provided, that the facts and circumstances underlying any such decline or change may be taken into account in determining whether a Parent Material Adverse Effect has occurred to the extent not otherwise excluded by the definition thereof), (c) changes or developments in the industries in which Parent or its Subsidiaries operate, (d) changes in Law or the interpretation or enforcement thereof after the date of this Agreement, (e) the execution, delivery or performance of this Agreement or the public announcement or pendency or consummation of the Mergers or other transactions contemplated hereby, including the impact

thereof on the relationships, contractual or otherwise, of Parent or any of its Subsidiaries with employees, partnerships, customers or suppliers or Governmental Entities, (f) compliance with the terms of, or the taking or omission of any action required by, this Agreement or consented to (after disclosure to the Company of all material and relevant facts and information) or requested by the Company in writing, (h) any act of civil unrest, civil disobedience, war, terrorism, cyberterrorism, military activity, sabotage or cybercrime, including an outbreak or escalation of hostilities involving Canada or any other Governmental Entity or the declaration by Canada or any other Governmental Entity of a national emergency or war, or any worsening or escalation of any such conditions threatened or existing on the date of this Agreement, (i) any hurricane, tornado, flood, earthquake, natural disasters, acts of God or other comparable events, (j) any pandemic, epidemic or disease outbreak (including COVID-19) or other comparable events, (k) changes in generally accepted accounting principles or the interpretation or enforcement thereof after the date of this Agreement, (l) any litigation relating to or resulting from this Agreement or the transactions contemplated hereby or (m) any failure to meet internal or published projections, forecasts, guidance or revenue or earning predictions (provided, that the facts and circumstances underlying any such failure may be taken into account in determining whether a Parent Material Adverse Effect has occurred to the extent not otherwise excluded by the definition thereof); except, with respect to clauses (a), (c), (h), (i), (j) and (k), if the impact thereof is materially and disproportionately adverse to Parent and its Subsidiaries, taken as a whole, relative to the impact thereof on the operations in the railroad industry of other participants in such industry, the incremental material disproportionate impact may be taken into account in determining whether there has been a Parent Material Adverse Effect.

"Parent Option" means a compensatory option to purchase Parent Common Shares.

"Parent PSU Award" means a performance-based restricted share unit award in respect of Parent Common Shares.

"Parent RSU Award" means a restricted share unit award in respect of Parent Common Shares.

"Parent Share Plan" means any Parent Benefit Plan providing for equity or equity-based compensation.

"Parent Share Price" means the average of the volume weighted averages of the trading prices of Parent Common Shares on NYSE (as reported by Bloomberg L.P. or, if not reported therein, in another authoritative source mutually selected by Parent and the Company in good faith) on each of the 20 consecutive trading days ending on (and including) the trading day that is two trading days prior to the Closing Date.

"Permitted Lien" means (a) any Lien for Taxes or governmental assessments, charges or claims of payment not yet due or payable, being contested in good faith or for which adequate accruals or reserves have been established, (b) any Lien that is a carriers', warehousemen's, mechanics', materialmen's, repairmen's or other similar lien arising in the Ordinary Course of Business that do not materially detract from the value of or materially interfere with the use of any of the assets, (c) any Lien that is a zoning, entitlement or other land

use or environmental regulation by any Governmental Entity, (d) any Lien that is disclosed on the most recent consolidated balance sheet of the Company or Parent, as applicable, or the notes thereto (or securing liabilities reflected on such balance sheet), (e) any Lien that secures indebtedness (i) in existence on the date of this Agreement or (ii) in the case of the Company, not prohibited by Section 5.1(b)(viii), (f) any Lien that is a statutory or common law Lien to secure landlords, lessors or renters under leases or rental agreements, including any purchase money Lien or other Lien securing rental payments under capital lease arrangements, (g) any Lien that is imposed on the underlying fee interest in real property subject to a real property lease, (h) any Lien that was incurred in the Ordinary Course of Business since the date of the most recent consolidated balance sheet of the Company or Parent, as applicable, (i) any Lien that will be released in connection with the Closing, (j) any Lien that is an easement, declaration, covenant, condition, reservation, restriction, other charge, instrument or encumbrance or any other rights-of-way affecting title to real estate (other than those constituting Liens for the payment of indebtedness), (k) any Lien arising in the Ordinary Course of Business under worker's compensation, unemployment insurance, social security, retirement and similar legislation, (l) any condition that is a matter of public record or that would be disclosed by a current, accurate survey, a railroad valuation map or physical inspection of the assets to which such condition relates, (m) any Lien created under federal, state or foreign securities Laws, (n) any Lien that is deemed to be created by this Agreement or any other document executed in connection herewith or (o) any other Lien that does not materially impair the existing use of the assets or property of the Company or Parent, as applicable, or any of its Subsidiaries affected by such Lien.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity, group (as such term is used in Section 13 of the Exchange Act) or organization, including a Governmental Entity, and any permitted successors and assigns of such person.

"Privacy Laws" means all Laws concerning the privacy, security or processing of personal information or data, and all rules and regulations promulgated thereunder, including, the Federal Trade Commission Act, the Privacy Act of 1974, the CAN-SPAM Act, the Telephone Consumer Protection Act, the Telemarketing and Consumer Fraud and Abuse Prevention Act, data breach notification Laws, the California Consumer Privacy Act, and the European General Data Protection Regulation.

"Qualifying Termination" means (a) a termination by Parent, the Company or any of their respective Subsidiaries, without Cause, other than as a result of death or disability, or (b) a termination of employment for Good Reason, in each case during the period commencing on the date of the First Effective Time and ending on the second anniversary of the Control Date.

"Railroad Law" means the Interstate Commerce Commission Termination Act of 1995, the Surface Transportation Board Reauthorization Act of 2015 or any other Law relating to the regulation of the railroad industry.

"Registered" means, with respect to Intellectual Property, issued by, registered with or the subject of a pending application before any Governmental Entity or Internet domain name registrar.

"Sanctioned Country" means any country or region that is the target of a comprehensive embargo under Export and Sanctions Regulations (as of the date hereof, Cuba, Iran, North Korea, Syria, and the Crimea region of Ukraine).

"Sanctioned Person" means any Person that is the target of sanctions or restrictions under Export and Sanctions Regulations, including: (i) any Person listed on any applicable U.S. or non-U.S. sanctions- or export-related restricted party list, including OFAC's Specially Designated Nationals and Blocked Persons List or (ii) any Person that is, in the aggregate, 50 percent or greater owned, directly or indirectly, or otherwise controlled by, or acting for the benefit or on behalf of, a Person or Persons described in clause (i).

"Sarbanes-Oxley Act" means the Sarbanes-Oxley Act of 2002.

"SCT" means the Secretaría de Comunicaciones y Transportes (the Secretary of Communications and Transportation of Mexico).

"SEC" means the Securities and Exchange Commission.

"Section 721" means Section 721 of the United States Defense Production Act of 1950 (codified at 50 U.S.C. § 4565), and the regulations promulgated thereunder (31 C.F.R. Parts 800-802).

"Securities Act" means the Securities Act of 1933.

"Sensitive Data" means cardholder data and sensitive authentication data that must be protected in accordance with the requirements of the Payment Card Industry Data Security Standard.

"Significant Subsidiary" means, with respect to any Person, a Subsidiary of such Person that would constitute a "significant subsidiary" of such Person within the meaning of Rule 1-02(w) of Regulation S-X as promulgated by the SEC.

"STB Denial" means (i) STB Final Approval shall not have been obtained by December 31, 2023, or (ii) the STB shall have, by an Order which shall have become final and non-appealable, refused to provide STB Final Approval.

"Subsidiaries" means, with respect to any Person, any corporation, limited liability company, partnership or other organization, whether incorporated or unincorporated, of which (a) at least a majority of the outstanding shares of capital stock of, or other equity interests, having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation, limited liability company, partnership or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries, or (b) with respect to a partnership, such Person or any other Subsidiary of such Person is a general partner of such partnership.

"Tax Return" means any return, report or similar filing made or required to be made with respect to Taxes, including any information return, claim for refund, amended return or declaration of estimated Taxes.

"Taxes" means any and all federal, state, provincial or local (in each case, whether U.S. or non-U.S.) taxes of any kind (together with any and all interest, penalties, additions to tax, inflationary adjustment, and additional amounts imposed with respect thereto) imposed by any Governmental Entity, including income, branch, capital gains, franchise, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, unemployment, social security, workers' compensation, net worth, excise, withholding, ad valorem, value added and goods and services taxes, whether imposed directly or through a collection or withholding mechanism.

"TSX" means the Toronto Stock Exchange.

"U.S.-Canada Income Tax Treaty" means the Convention Between the United States of America and Canada with Respect to Taxes on Income and Capital, dated as of September 26, 1980, as amended.

"willful and material breach" means a material breach that is a consequence of an act undertaken by the breaching party or the failure by the breaching party to take an act it is required to take under this Agreement, with knowledge that the taking of or failure to take such act would, or would reasonably be expected to, result in, constitute or cause a breach of this Agreement.

Section 8.17 Certain Defined Terms. The following terms are defined elsewhere in this Agreement, as indicated below:

Term	**Section**
Agreement	Preamble
Alternative Financing	5.13(b)
Anti-Corruption Laws	3.8(a)
Cancelled Shares	2.1(a)(ii)
Cash Consideration	2.1(a)(i)
Chosen Courts	8.4
Clean Team Agreement	5.3(d)
Clearance Date	5.6(a)
Closing	1.2
Closing Date	1.2
CN	3.28
CN Agreement	3.28
CN Termination Amount Refund	7.3(c)
Code	2.2(b)(iii)
Common Book-Entry Shares	2.1(a)(i)
Common Certificate	2.1(a)(i)
Company Preamble Company Additional Amounts	7.3(b)(iii)
Company Alternative Proposal	5.4(g)

Company Approvals ..... 3.3(c)
Company Balance Sheet Date 3.6
Company Board ..... Recitals
Company Capital Allocation Policy ..... 5.1(b)(i)
Company Change of Recommendation ..... 5.4(c)
Company Disclosure Schedules ..... Article 3
Company Employees ..... 5.7(a)
Company Intervening Event ..... 5.4(i)
Company Intervening Event Notice ..... 5.4(d)
Company Intervening Event Notice Period ..... 5.4(d)
Company Leased Real Property ..... 3.18(a)
Company Material Contract ..... 3.21(a)
Company New Series Preferred Stock ..... 3.2(a)
Company Option ..... 2.3(a)
Company Performance Share Award ..... 2.3(c)
Company Permits ..... 3.7(b)
Company Preferred Stock ..... 3.2(a)
Company Qualifying Transaction ..... 7.3(a)(i)
Company Real Property Lease ..... 3.18(a)
Company Recommendation ..... 3.3(b)
Company Restricted Share Award ..... 2.3(b)
Company SEC Documents ..... 3.4(a)
Company Severance Plans ..... 5.7(a)
Company Stockholder Approval 3.20
Company Stockholder Meeting ..... 5.6(c)
Company Superior Proposal ..... 5.4(h)
Company Superior Proposal Notice ..... 5.4(c)
Company Superior Proposal Notice Period ..... 5.4(c)
Company Tax Certificate ..... Section 5.17(b)
Company Tax Counsel ..... Section 6.2(e)
Company Termination Fee ..... 7.3(a)(i)
Company Top Customer ..... 3.22(a)
Company Top Supplier ..... 3.22(a)
Confidentiality Agreement ..... 5.3(d)
Consents ..... 5.8(a)
Debt Commitment Letters ..... 4.17(a)
Debt Financing ..... 4.17(a)
Definitive Agreements ..... 5.13(a)
DGCL Recitals Director Deferred Share ..... 2.3(d)
Dissenting Shares ..... 2.1(c)
End Date ..... 7.1(b)(i)
Enforceability Exceptions ..... 3.3(a)
Exchange Agent ..... 2.2(a)
Exchange Fund ..... 2.2(a)
Excluded Shares ..... 2.1(a)(ii)
Export and Sanctions Regulations ..... 3.9(a)

Fair Value....4.23(d)
FCC....3.3(c)
FCPA....3.8(a)
Financing Amounts....4.17(d)
First Certificate of Merger....Section 1.3
First Effective Time....Section 1.3
First Merger....Recitals
First Merger Sub....Preamble
First Surviving Corporation....Section 1.1(a)
Form F-4....3.14
Fractional Share Cash Amount....2.1(e)(i)
Governmental Entity....3.3(c)
Indemnified Party....5.11(b)
Law....3.7(a)
Laws....3.7(a)
Management Information Circular....3.14
Merger Consideration....2.1(a)(i)
Merger Subs....Preamble
Mergers....Recitals
New Plans....5.7(a)
Old Plans....5.7(a)
Owned Real Property....3.18(b)
Parent....Preamble
Parent Additional Amounts....7.3 (a)(ii)
Parent Alternative Proposal....5.5(g)
Parent Approvals....4.3(c)(x)
Parent Balance Sheet Date....4.6
Parent Board....Recitals
Parent Change of Recommendation....5.5(c)
Parent Disclosure Schedules....Article 4
Parent First Preferred Shares....4.2(a)
Parent Intervening Event....5.5(i)
Parent Intervening Event Notice....5.5(d)
Parent Intervening Event Notice Period....5.5(d)
Parent Permits....4.7(b)
Parent Public Documents....4.4(a)
Parent Qualifying Transaction....7.3(b)(ii)
Parent Recommendation....4.3(b)(i)(C)
Parent SEC Documents....4.4(a)
Parent Second Preferred Shares....4.2(a)
Parent Share Issuance....Recitals
Parent Shareholder Approval....4.19
Parent Shareholder Meeting....5.6(e)
Parent Superior Proposal....5.5(h)
Parent Superior Proposal Notice....5.5(c)
Parent Superior Proposal Notice Period....5.5(c)

Parent Tax Certificate ..... Section 5.17(b)
Parent Termination Fee ..... 7.3(b)(ii)
Permits ..... 3.7(b)
Post-Closing Contributions ..... Section 1.8
Post-Closing Disposition 5.20
Preferred Book-Entry Shares ..... 2.1(a)(iv)
Preferred Certificate ..... 2.1(a)(iv)
Preferred Merger Consideration ..... 2.1(a)(iv)
Proceeding ..... 5.11(b)
Proxy Statement/Prospectus 3.14
Regulatory Termination Fee ..... 7.3(b)(i)
Representatives ..... 5.3(a)
Second Certificate of Merger ..... Section 1.3
Second Effective Time ..... Section 1.3
Second Merger ..... Recitals
Second Surviving Corporation ..... Section 1.1(b)
Share Consideration ..... 2.1(a)(i)
STB ..... Recitals
STB Approval Application ..... 5.8(c)(i)
STB Final Approval ..... 5.8(c)(i)
STB Voting Trust Approval ..... Recitals
Surviving Merger Sub ..... Preamble
Termination Date ..... 5.1(a)
Voting Trust ..... Recitals
Voting Trust Agreement ..... Recitals
Voting Trust Transaction ..... Recitals

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

CANADIAN PACIFIC RAILWAY LIMITED

By: _____
Name: Keith Creel
Title: President and Chief Executive Officer

CYGNUS MERGER SUB 1 CORPORATION

By: _____
Name: Keith Creel
Title: President

CYGNUS MERGER SUB 2 CORPORATION

By: _____
Name: Keith Creel
Title: President

[Signature pages to Agreement and Plan of Merger]

KANSAS CITY SOUTHERN

By: _____

Name: Patrick Ottensmeyer

Title: President and CEO

[Signature pages to Agreement and Plan of Merger]

EXHIBIT 2.2

VOTING TRUST AGREEMENT

This VOTING TRUST AGREEMENT ("**Trust Agreement**"), dated as of [•], 2021, by and among Canadian Pacific Railway Limited, a Canadian corporation ("**Parent**"), Cygnus Holding Corp., a Delaware corporation and an indirect wholly owned subsidiary of Parent ("**Holdco**") and David L. Starling ("**Trustee**" and, together with the Parent and Holdco, the "**Parties**" and each, a "**Party**").

W I T N E S S E T H :

WHEREAS, it is intended that pursuant to, and upon the terms and conditions set forth in, the Agreement and Plan of Merger, dated as of [•], 2021 (the "**Merger Agreement**") (a copy of which is attached hereto as Exhibit A), by and among Parent, Cygnus Merger Sub 1 Corporation, a Delaware corporation and direct wholly owned subsidiary of Parent ("**Merger Sub 1**") , Cygnus Merger Sub 2 Corporation, a Delaware corporation and a direct wholly owned subsidiary of Merger Sub 1 ("**Merger Sub 2**") and Kansas City Southern, a Delaware corporation ("**KCS**"), (i) Merger Sub 2 will merge with and into KCS (the "**First Merger**"), (ii) immediately following the First Merger, KCS will merge with and into Merger Sub 1 (the "**Second Merger**"), with the entity surviving the Second Merger being referred to herein as the "**Company**" and (iii) immediately following the consummation of the Second Merger, Parent will cause the contribution of all of the outstanding common shares of the Company to Holdco in accordance with the steps set forth in Section 1.8 of the Merger Agreement (such contribution, the "**Contribution**", and, together with the First Merger and the Second Merger, the "**Merger**"), as a result of which the Company will be a direct wholly owned subsidiary of Holdco;

WHEREAS, it is intended that the consummation of the Merger will occur prior to any issuance by the Surface Transportation Board (the "**STB**") of any required approval for, or exemption of, Parent's control of the Company;

WHEREAS, Parent intends, contemporaneously with the consummation of the Merger, to cause the deposit of all of the outstanding common shares of the Company in an independent, irrevocable voting trust (the "**Trust**") pursuant to 49 C.F.R. Part 1013 and STB precedent, in order to avoid any allegation or assertion that Parent or any affiliate of Parent is controlling or has the power to control the Company prior to the receipt of any required STB approval or exemption;

WHEREAS, the deposit of all of the outstanding common shares of the Company with the Trust is for the purpose of providing assurance that each of Holdco and the Parent will satisfy its absolute or contingent obligation under ICCTA and STB rules and precedents to avoid premature control of the Company pending STB review and approval of such control;

WHEREAS, pursuant to Decision No. 5 (Docket No. FD 36500) of the STB, dated May 6, 2021, Parent has obtained the approval of the STB to deposit all outstanding shares of the Company into the Trust;

WHEREAS, neither the Trustee nor any of its affiliates has any officers or board members in common or any direct or indirect business arrangements or dealings (as described in Paragraph 10 hereof) with Parent, Holdco, the Company or any of their affiliates;

WHEREAS, the Trustee is willing to act as voting trustee pursuant to the terms of this Trust Agreement and the rules of the STB; and

WHEREAS, Parent, Holdco and the Trustee intend that the Trust formed herein be a trust described in subsection 248(25.2) of the *Income Tax Act* (Canada).

NOW, THEREFORE, the Parties hereto agree as follows:

1. **Appointment of Trustee**. Parent and Holdco hereby appoint David L. Starling as Trustee hereunder, and David L. Starling hereby accepts said appointment and agrees to act as Trustee under this Trust Agreement as provided herein.

2. **Deposit of Company Trust Stock**.

(a) Immediately upon the completion of the Merger, Parent and Holdco agree that Holdco will deposit with the Trustee the certificate or certificates for all outstanding common shares of the Company ("**Shares**"). All such certificates shall be duly endorsed or accompanied by proper instruments duly executed for transfer thereof to the Trustee, and shall be exchanged for one or more Voting Trust Certificates substantially in the form attached hereto as Attachment B (the "**Trust Certificates**"), with the blanks therein appropriately filled and showing Holdco as the registered holder of the Trust Certificates. All Shares at any time delivered to the Trustee hereunder are hereinafter called the "**Trust Stock**." The Trustee shall present to the Company all certificates representing Trust Stock for surrender and cancellation of such certificates and for the issuance and delivery to the Trustee of new certificates registered in the name of the Trustee or its nominee. Parent, Holdco and the Trustee agree that the deposit of the Trust Stock with the Trustee pursuant to this Section 2 shall not result in a change in the beneficial ownership of the Shares and shall not result in a sale, disposition, lease or exchange with the Trustee of the Trust Stock.

(b) The Parties agree (i) to treat, for U.S. federal income tax purposes, each beneficial owner of Trust Certificates as the beneficial owner of the underlying Trust Stock, (ii) not to take any position inconsistent with the treatment described in (i) on any tax return, in any tax proceeding or otherwise except to the extent required by a "determination" within the meaning of Section 1313(a) of the Internal Revenue Code of 1986, as amended; and (iii) to treat, for Canadian federal income tax purposes, the trust created by this Trust Agreement as a trust described in subsection 248(25.2) of the *Income Tax Act* (Canada) and to not take any position inconsistent with such treatment on any tax return, in any tax proceeding or otherwise.

3. **Acquisition of Additional Shares or Securities**. Parent agrees that immediately upon receipt, acquisition or purchase by it or any of its affiliates of any additional Shares, or any other voting securities of the Company, it will deposit or cause to be deposited to the Trustee the certificate or certificates representing such additional Shares or securities.

4. **The Trustee's Powers**.

(a) The Trustee shall be present, in person or represented by proxy, at all annual and special meetings of shareholders of the Company so that all Trust Stock may be counted for the purposes of determining the presence of a quorum at such meetings. The Trustee shall be entitled and it shall be its duty to exercise any and all voting rights in respect of the Trust Stock

either in person or by proxy or consent, as hereinafter provided, unless otherwise directed by an order of the STB or a court of competent jurisdiction. Parent and Holdco agree, and the Trustee acknowledges, that the Trustee shall not participate in or interfere with the management of the Company and shall take no other actions with respect to the Company except in accordance with the terms hereof, the terms of the Merger Agreement, the certificate of incorporation and bylaws of the Company or any orders of the STB. The Trustee shall exercise all voting rights in respect of the Trust Stock in favor of any proposal or action necessary or desirable to effect, or consistent with the effectuation of, the acquisition of the Company by Parent pursuant to the Merger Agreement. In exercising the Trustee's voting rights with respect to the Trust Stock, the Trustee shall vote in accordance with, and to maintain in effect, the terms and intent of the Merger Agreement and the certificate of incorporation and bylaws of the Company, including, but not limited to, the following: the Trustee shall not sell, lease, assign, transfer, alienate, pledge, encumber or hypothecate the Trust Stock or any major assets of the Company or any right or interest therein, whether voluntarily or by operation of law or by gift or otherwise, nor shall the Trustee cause the Company to merge or consolidate with or into any other entity, without the prior written authorization of Parent (other than in connection with a disposition pursuant to Paragraph 9). In addition, until the STB has issued a final order approving the merger and common control of the Company by Parent, the Trustee shall vote all shares of Trust Stock to cause any other proposed merger, business combination or similar transaction (including, without limitation, any consolidation, sale of all or substantially all the assets, reorganization, recapitalization, liquidation or winding up of or by the Company) involving the Company, but not involving Parent or one of its affiliates (other than in connection with a disposition pursuant to Paragraph 9), not to be effected. The Trustee shall vote all shares of Trust Stock in favor of any proposal or action necessary or desirable to dispose of Trust Stock in accordance with Paragraph 9 hereof.

(b) Except as otherwise expressly provided herein, the Trustee shall vote all shares of Trust Stock with respect to all matters, including, without limitation, the election or removal of directors, voted on by the stockholders of the Company (whether at a regular or special meeting or pursuant to a unanimous written consent) in the Trustee's sole discretion, having due regard for the interests of the holders of the Trust Certificates as investors in the Company, determined without reference to such holders' interests in railroads other than the Company or its subsidiaries; provided that the Trustee shall not vote the Trust Stock in favor of taking or doing any act which would violate any provision of the Merger Agreement (or impede the Company's performance thereunder) or violate any provision of the certificate of incorporation and by-laws of the Company, or which if taken or done prior to the consummation of the Merger would have been a violation of the Merger Agreement or the certificate of incorporation and by-laws of KCS. Notwithstanding the foregoing provisions of this Paragraph 4 or any other provision of this Agreement, the registered holder of a Trust Certificate may at any time — but only with the prior written approval of the STB — instruct the Trustee in writing to vote the Trust Stock represented by such Trust Certificate in any manner, in which case the Trustee shall vote such shares in accordance with such instructions. In exercising its voting rights in accordance with this Paragraph 4, the Trustee shall take such actions at all annual, special or other meetings of stockholders of the Company or in connection with any action by consent in lieu of a meeting.

5. **Irrevocable Trust**. This Agreement and the nomination of the Trustee during the term of the trust shall be irrevocable by Parent and its affiliates and shall terminate only in accordance with the provisions of Paragraphs 9 and 15 hereof.

6. Subject to Paragraphs 4(a) and 4(b), the Trustee shall not exercise the voting powers of the Trust Stock in any way so as to create any dependence or intercorporate relationship between (i) Parent and its affiliates, on the one hand, and (ii) the Company or its affiliates, on the other hand. The term "affiliate" or "affiliates" wherever used in this Trust Agreement shall have the meaning specified in Section 11323(c) of Title 49 of the United States Code, as amended. The Trustee shall not, without the prior approval of the STB, vote the Trust Stock to elect any officer, director, nominee or representative of Parent or any of its affiliates as an officer or director of the Company or of any affiliate of the Company. The Trustee shall be kept informed with respect to the business operations of the Company by means of the financial statements prepared by the Company and any reports and other information when and as the Company would be required to file with the SEC by Sections 13(a) or 15(d) under the Securities Exchange Act of 1934, as amended, if the Company were subject thereto, any other information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act of 1933, as amended and other public disclosure documents periodically filed by the Company and affiliates of the Company with the STB, copies of which shall be promptly furnished to the Trustee by the Company, and such other periodic reports as the Trustee may request from time to time, and the Trustee shall be fully protected in relying upon such information. The Trustee shall not be liable for any mistakes of fact or law or any error of judgment, or for any act or omission, except as a result of the Trustee's willful misconduct or gross negligence.

7. **Transfer of Trust Certificates**. All Trust Certificates shall be transferable on the books of the Trustee by the registered holder upon the surrender thereof properly assigned, in accordance with rules from time to time established for the purpose by the Trustee. Until so transferred, the Trustee may treat the registered holder as owner of the applicable Trust Certificates for all purposes. Each transferee of a Trust Certificate issued hereunder shall, by acceptance thereof, assent to and become a party to this Trust Agreement, and shall assume all attendant rights and obligations.

8. **Dividends and Distributions**. Pending the termination of this Trust as hereinafter provided, the Trustee shall, immediately following the receipt of each cash dividend or cash distribution as may be declared and paid upon the Trust Stock, pay the same over to or as directed the registered holder(s) of Trust Certificates hereunder as then known to the Trustee. The Trustee shall receive and hold dividends and distributions other than cash upon the same terms and conditions as the Trust Stock and shall issue Trust Certificates representing any new or additional securities that may be paid as dividends upon the Trust Stock or otherwise distributed upon the Trust Stock to the registered holder(s) of Trust Certificates in proportion to their respective interests.

9. **Disposition of Trust Stock; Termination of Trust**.

(a) This Trust is accepted by the Trustee subject to the right hereby reserved in Parent at any time to cause Holdco to sell or make any other disposition of the whole or any part of the Trust Stock, whether or not an event described in subparagraph (b) below has occurred. The Trustee shall take all actions reasonably requested by Holdco with respect to (including, without limitation, exercising all voting rights in respect of Trust Stock in favor of any proposal or action necessary or desirable to effect, or consistent with the effectuation of) any proposed direct or indirect sale or other disposition of the whole or any part of the Trust Stock by Holdco. The

Trustee shall at any time upon the receipt of a direction from Parent signed by its President and Chief Executive Officer or one of its authorized officers designating the person or entity to whom Parent has directly or indirectly sold or otherwise disposed of the whole or any part of the Trust Stock and certifying that such person or entity is not an affiliate of Parent and has all necessary regulatory authority, if any be required, to purchase the Trust Stock (upon which certification the Trustee shall be entitled to rely), immediately transfer to the person or entity therein named all the Trustee's right, title and interest in such amount of the Trust Stock as may be set forth in said direction. If any regulatory authority or approval, including STB approval, is required for such transfer, Parent will not give any such direction unless and until such regulatory authority or approval is obtained. If the foregoing direction shall specify all of the Trust Stock, then following transfer of the Trustee's right, title and interest therein, and in the event of a sale thereof, upon delivery to or upon the order of the registered holder(s) of the Trust Certificates of the proceeds of such sale, this Trust shall cease and come to an end. If the foregoing direction is as to only a part of the Trust Stock, then this Trust shall cease as to said part upon such transfer, and distribution of the net proceeds therefrom in the event of sale, but shall remain in full force and effect as to the remaining part of the Trust Stock. In the event of a direct or indirect sale of Trust Stock by Parent, the Trustee shall, to the extent the consideration therefor is payable to or controllable by the Trustee, promptly pay, or cause to be paid upon the order of Parent the net proceeds of such sale on a pro rata basis to the registered holder(s) of the Trust Certificates. It is the intention of this paragraph that no violations of 49 U.S.C. Section 11323 will result from a termination of this Trust.

(b) In the event the STB Approval (as defined below) shall have been granted, then immediately upon the direction of Parent and the delivery of a certified copy of such order of the STB or other governmental authority with respect thereof, or, in the event that Subtitle IV of Title 49 of the United States Code, or other controlling law, is amended to allow Parent or its affiliates to acquire control of the Company without obtaining STB or other governmental approval, upon delivery of an opinion of independent counsel selected by the Trustee that no order of the STB or other governmental authority is required, the Trustee shall transfer to or upon the order of the registered holder(s) of Trust Certificates hereunder as then known to the Trustee, its right, title and interest in and to all of the Trust Stock then held by it in accordance with the terms, conditions and agreements of this Trust Agreement and not theretofore transferred by it as provided in subparagraph (a) hereof, and upon such transfer this Trust shall cease and come to an end.

(c) In the event that there shall have been an STB Denial (as defined below), Parent shall use its reasonable best efforts to, directly or indirectly, (i) sell the Trust Stock to one or more eligible purchasers, or (ii) otherwise dispose of the Trust Stock, during a period of two years after such STB Denial or such extension of that period as the STB shall approve. Any such disposition shall be subject to any jurisdiction of the STB to oversee Parent's direct or indirect divestiture of Trust Stock. At all times, the Trustee shall continue to perform its duties under this Trust Agreement and, should Parent be unsuccessful in its efforts to directly or indirectly sell or distribute the Trust Stock during the period referred to, the Trustee shall as soon as practicable sell the Trust Stock for cash to one or more eligible purchasers in such manner and for such price as the Trustee in its discretion shall deem reasonable after consultation with the Parent. (An "**eligible purchaser**" hereunder shall be a person or entity that is not affiliated with the Parent and which has all necessary regulatory authority, if any be required, to purchase the Trust Stock.) Parent agrees to cooperate with the Trustee in effecting such disposition, and the Trustee agrees to act in

accordance with any direction made by Parent as to any specific terms or method of disposition, to the extent not inconsistent with the requirements of the terms of any STB or court order. The proceeds of the sale shall be distributed on a pro rata basis to or upon the order of the registered holder(s) of the Trust Certificates hereunder as then known to the Trustee. The Trustee may, in its reasonable discretion, require the surrender to it of the Trust Certificates hereunder before paying to the holder its share of the proceeds. Upon disposition of the Trust Stock pursuant to this Paragraph 9(c), this Trust shall cease and come to an end.

(d) Unless sooner terminated pursuant to any other provision herein contained, this Trust Agreement shall terminate on December 31, 2025, and may be extended by the Parties hereto, so long as no violation of 49 U.S.C. Sections 11323 will result from such termination or extension. All Trust Stock and any other property held by the Trustee hereunder upon such termination shall be distributed on a pro rata basis to or upon the order of the registered holder(s) of Trust Certificates hereunder as then known to the Trustee. The Trustee may, in its reasonable discretion, require the surrender to it of the Trust Certificates hereunder before the release or transfer of the stock interests evidenced thereby.

(e) The Trustee shall promptly inform the STB of any transfer or disposition of Trust Stock pursuant to this Paragraph 9.

(f) Except as provided in this Paragraph 9, the Trustee shall not dispose of, or in any way encumber, the Trust Stock.

(g) Notwithstanding the foregoing, if the STB issues a declaratory order that the termination of the Trust will not cause Parent or its affiliates to have control of the Company, the Trustee shall transfer on a pro rata basis to or upon the order of the registered holder(s) of Trust Certificates hereunder as then known to the Trustee, its right, title and interest in and to all of the Trust Stock then held by it in accordance with the terms and conditions of this Trust Agreement and not theretofore transferred by it as provided in subparagraph (a) hereof, and this Trust shall cease and come to an end. The Trustee may, in its reasonable discretion, require the surrender to it of the Trust Certificates hereunder before the release or transfer of the Trust Stock evidenced thereby.

(h) As used in this Paragraph 9, the terms "STB Approval" and "STB Denial" shall have the following meanings:

(i) "STB Approval" means the issuance by the STB of a decision, which decision shall become effective and which decision shall not have been stayed or enjoined, that (A) constitutes a final agency action approving, exempting or otherwise authorizing the acquisition of control over the Company's railroad operations by Parent and its affiliates, without the imposition of conditions that Parent, by written notice to the Trustee, has deemed to be unacceptable, and (B) does not require any change in the consideration paid or to be paid pursuant to the Merger Agreement or other material provisions thereof, or any change to the certificate of incorporation or by-laws of the Company, unless Parent, by written notice to the Trustee, has determined any such change to be acceptable to Parent.

(ii) "STB Denial" means (A) STB Approval shall not have been obtained by December 31, 2023, or (B) the STB shall have, by an order which shall have become final and no longer subject to review by the courts, refused to approve the control referred to in clause (A) of the definition of STB Approval.

10. **Independence of Trustee**. Neither the Trustee nor any affiliate of the Trustee may have (a) any officers, or members of their respective boards or directors, in common with Parent or any of its affiliates, or (b) any direct or indirect business arrangements or dealings, financial or otherwise, with Parent or any of its affiliates, other than dealings pertaining to establishment and carrying out of this Trust. The Trustee hereby agrees that during the term of the Trust, the Trustee shall not own any stock or securities of Parent or any of its affiliates; provided, that, for the avoidance of doubt, the foregoing shall not prohibit the Trustee from owning any interest in any independently-managed diversified mutual fund that owns stock or securities of Parent and/or any of its affiliates. Neither Parent nor its affiliates shall purchase the stock or securities of the Trustee or any affiliate of the Trustee.

11. **Compensation for Trustee**. The Trustee shall be entitled to receive reasonable and customary compensation for all services rendered by it as Trustee under the terms hereof, and said compensation to the Trustee, together with all counsel fees, taxes, or other expenses reasonably incurred hereunder, shall be promptly paid by Parent.

12. **Trustee May Act Through Agents**. The Trustee may at any time or from time to time appoint an agent or agents and may delegate to such agent or agents the performance of any administrative duty of the Trustee and be entitled to reimbursement for the fees and expenses of such agents.

13. **Responsibilities and Indemnification of the Trustee**. The Trustee shall not be answerable for the default or misconduct of any agent or attorney appointed by it in pursuance hereof if such agent or attorney shall have been selected with reasonable care. The duties and responsibilities of the Trustee shall be limited to those expressly set forth in this Trust Agreement. The Trustee shall be fully protected by acting in reliance upon any notice, advice, direction or other document or signature reasonably believed by the Trustee to be genuine. The Trustee shall not be responsible for the sufficiency or accuracy of the form, execution, validity or genuineness of the Trust Stock, or of any other documents, or of any endorsement thereon, or for any lack of endorsement thereon, or for any description therein, nor shall the Trustee be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any such Trust Stock or other document or endorsement or this Trust Agreement, except for the execution and delivery of this Trust Agreement by this Trustee. Parent agrees that it will at all times protect, indemnify and save harmless the Trustee from any loss, damages, liability, cost or expense of any kind or character whatsoever in connection with this Trust, except those, if any, resulting from the gross negligence or willful misconduct of the Trustee, and will at all times undertake, assume full responsibility for, and pay on a current basis, but at least quarterly, all cost and expense of any suit or litigation of any character, whether or not involving a third party, including any proceedings before the STB, with respect to the Trust Stock or this Trust Agreement, and if the Trustee shall be made a party thereto, or be the subject of any investigation or proceeding (whether formal or informal), the Parent will pay all costs, damages and expenses, including reasonable counsel fees, to which the Trustee may be subject by reason

thereof; provided, however, that Parent shall not be responsible for the cost and expense of any suit that the Trustee shall settle without first obtaining Parent's written consent. The indemnification obligations of Parent shall survive any termination of this Trust Agreement or the removal, resignation or other replacement of the Trustee. The Trustee may consult with counsel selected by it and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or omitted or suffered by the Trustee hereunder in good faith and in accordance with such opinion.

14. **Trustee to Give Account to Holders**. To the extent requested to do so by Parent, Holdco or any other registered holder of a Trust Certificate, the Trustee shall furnish to the Party making such request full information with respect to (a) all property theretofore delivered to it as Trustee, (b) all property then held by it as Trustee, and (c) all action theretofore taken by it as Trustee.

15. **Resignation, Succession, Disqualification of Trustee**. The Trustee, or any trustee hereafter appointed, may at any time resign by giving sixty days' written notice of resignation to Parent, Holdco and the STB. Parent shall at least fifteen days prior to the effective date of such notice appoint a successor trustee which shall satisfy the requirements of Paragraph 10 hereof. If no successor trustee shall have been appointed and shall have accepted appointment at least fifteen days prior to the effective date of such notice of resignation, the resigning Trustee may petition any authority or court of competent jurisdiction for the appointment of a successor trustee. Upon written assumption by the successor trustee of the Trustee's powers and duties hereunder a copy of the assumption shall be delivered by the Trustee to Parent and to Holdco, and the STB and all registered holders of Trust Certificates shall be notified of such assumption, whereupon the Trustee shall be discharged of its powers and duties hereunder and the successor trustee shall become vested therewith. In the event of any material violation by the Trustee of the terms and conditions of this Trust Agreement, the Trustee shall become disqualified from acting as trustee hereunder as soon as a successor trustee shall have been selected in the manner provided by this paragraph.

16. **Amendment**. This Trust Agreement may from time to time be modified or amended by agreement executed by the Trustee, Parent, Holdco and any other registered holder(s) of the Trust Certificates (a) pursuant to an order of the STB, (b) with the prior approval of the STB, (c) in order to comply with any order of the STB, or (d) upon receipt of an opinion of counsel satisfactory to the Trustee and the registered holder(s) of Trust Certificates that an order of the STB approving such modification or amendment is not required and that the amendment is authorized under the Merger Agreement and is consistent with the regulations of the STB regarding voting trusts.

17. **Governing Law; Powers of the STB**.

(a) THIS AGREEMENT SHALL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAW OF THE STATE OF DELAWARE WITHOUT REGARD TO THE CONFLICT OF LAW PRINCIPLES THEREOF (OR ANY OTHER JURISDICTION) TO THE EXTENT THAT SUCH PRINCIPLES WOULD DIRECT A MATTER TO ANOTHER JURISDICTION, except that, to the extent any provision hereof may be found inconsistent with the ICC Termination Act of 1995, as amended, (the "**Act**") or regulation or decisions promulgated

thereunder by the STB, such Act, decisions, and regulations shall control and such provision hereof shall be given effect only to the extent permitted by such Act and regulations. In the event that the STB shall, at any time hereafter by final order, find that compliance with law requires any other or different action by the Trustee than is provided herein, the Trustee shall act in accordance with such final order instead of the provisions of this Trust Agreement.

(b) Unless provided otherwise in the Act, each of the Parties agrees that: (i) it shall bring any action or proceeding in respect of any action or proceeding in respect of any claim arising out of or otherwise relating to this Agreement or the transactions contemplated hereby (the "**Transactions**") exclusively in the Court of Chancery of the State of Delaware, or (and only if) such court finds it lacks subject matter jurisdiction, the Superior Court of the State of Delaware (Complex Commercial Division); provided that if the subject matter over the matter is the subject of the proceeding is vested exclusively in the United States federal courts, such proceeding shall be heard in the United States District Court for the District of Delaware (the "**Chosen Courts**") and (ii) solely in connection with such proceedings, such Party (A) irrevocably and unconditionally submits to the exclusive jurisdiction of the Chosen Courts, (B) waives any objection to the laying of venue in any such action or proceeding in the Chosen Courts, (C) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any Party, (D) consents to mailing of process or other papers in connection with any such action or proceeding in the manner provided in Paragraph 22 or in such other manner as may be permitted by applicable law shall be valid and sufficient service thereof and (E) shall not assert as a defense, any matter or claim waived by the foregoing clauses (A) through (D) of this Section 17(b) or that any order issued by the Chosen Courts may not be enforced in or by the Chosen Courts.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY BE IN CONNECTION WITH, ARISE OUT OF OR OTHERWISE RELATE TO THIS AGREEMENT, ANY INSTRUMENT OR OTHER DOCUMENT DELIVERED PURSUANT TO THIS AGREEMENT OR OTHER DOCUMENT DELIVERED PURSUANT TO THIS AGREEMENT OR THE TRANSACTIONS, IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY PROCEEDING DIRECTLY OR INDIRECTLY, IN CONNECTION WITH, ARISING OUT OF OR OTHERWISE RELATING TO THIS AGREEMENT, ANY INSTRUMENT OR OTHER DOCUMENT DELIVERED PURSUANT TO THIS AGREEMENT OR THE TRANSACTIONS. EACH PARTY HEREBY ACKNOWLEDGES AND CERTIFIES (i) THAT NO REPRESENTATIVE OF THE OTHER PARTIES HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTIES WOULD NOT, IN THE EVENT OF ANY ACTION OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) IT MAKES THIS WAIVER VOLUNTARILY AND (iv) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS, ACKNOWLEDGMENTS AND CERTIFICATIONS CONTAINED IN THIS PARAGRAPH 17(c).

18. **Counterparts**. This Trust Agreement is executed in three counterparts, each of which shall constitute an original, and one of which shall be retained by Parent, one by Holdco, and the other by the Trustee.

19. **Filing with the STB**. A copy of this Agreement and any amendments or modifications thereto shall be filed with the STB by Parent.

20. **Successors and Assigns**. This Trust Agreement shall be binding upon the successors and assigns to the Parties hereto, including without limitation successors to Parent by merger, consolidation or otherwise.

21. **Successions of Functions**. For purposes of this Trust Agreement, the term "Surface Transportation Board" or "STB," includes any successor agency or governmental department that is authorized to carry out the responsibilities now carried out by the STB with respect to voting trusts and control of common carriers.

22. **Notices**. All notices, requests, instructions, consents, claims, demands, waivers, approvals and other communications to be given or made hereunder by one or more Parties to one or more of the other Parties shall be in writing and shall be deemed to have been duly given or made on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day, as defined in the Merger Agreement (or otherwise on the next succeeding Business Day) if (a) served by personal delivery or by a nationally recognized overnight courier service upon the Party or Parties for whom it is intended, (b) delivered by registered or certified mail, return receipt requested or (c) sent by email; provided that the email transmission is promptly confirmed by telephone or otherwise. Such communications shall be sent to the respective Parties at the following street addresses or email addresses or at such other street address, facsimile number or email address for a Party as shall be specified for such purpose in a notice given in accordance with this Paragraph 22:

If to Parent or Holdco:

Canadian Pacific Railway Limited
7550 Ogden Dale Road S.E., Calgary, Alberta, Canada, T2C 4X9
Attention: Jeffrey J. Ellis
Telephone: 403-319-7000
E-mail: Jeff_Ellis@cpr.ca

With a copy (which shall not constitute notice) to:

Law Office of David L. Meyer
1105 S Street NW
Washington D.C. 20009
Attention: David Meyer
Telephone: 202-294-1399
E-mail: David@MeyerLawDC.com

And a copy (which shall not constitute notice) to:

Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004
Attention: Frank J. Aquila
C. Andrew Gerlach
Telephone: 212-558-4000
E-mail: aquilaf@sullcrom.com
gerlacha@sullcrom.com

If to the Trustee:

[*Trustee*]
[*Address*]
Attention: [●]
Telephone: [●]
E-mail: [●]

With a copy (which shall not constitute notice) to:

[*Legal Counsel*]
[*Address Line 1*]
[*Address Line 2*]
Attention: [●]
Telephone: [●]
Email: [●]

23. **Specific Performance**. Each of the Parties acknowledges and agrees that the rights of each Party to consummate the Merger and the other Transactions are special, unique and of extraordinary character and that if for any reason any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached, immediate and irreparable harm or damage would be caused for which money damages would not be an adequate remedy. Accordingly, each Party agrees that, in addition to any other available remedies a Party may have in equity or at law, each Party shall be entitled to enforce specifically the terms and provisions of this Agreement and to obtain an injunction restraining any breach or violation or threatened breach or violation of the provisions of this Agreement in the Court of Chancery of the State of Delaware without necessity of posting a bond or other form of security. In the event that any action or proceeding should be brought in equity to enforce the provisions of this Agreement, no Party shall allege, and each Party hereby waives the defense, that there is an adequate remedy at law.

IN WITNESS WHEREOF, Canadian Pacific Railway Limited and Cygnus Holding Corp. have caused this Trust Agreement to be executed by their respective authorized officers, and their corporate seals to be affixed, attested by their respective Corporate Secretaries or Assistant Corporate Secretaries, and David L. Starling has caused this Trust Agreement to be executed by one of its duly authorized corporate officers and its corporate seal to be affixed, attested to by its Corporate Secretary or one of its Assistant Corporate Secretaries, all as of the day and year first above written.

Attest:

– _____

Canadian Pacific Railway Limited

By /s/_____
[Name]
[Title]

Attest:

– _____

Cygnus Holding Corp.

By /s/_____
[Name]
[Title]

Attest:

– _____

David L. Starling

By /s/_____
[Name]
[Title]

[*Signature Page of Voting Trust Agreement*]

EXHIBIT A
TO VOTING TRUST AGREEMENT

Merger Agreement

ATTACHMENT B
TO VOTING TRUST AGREEMENT

No. Shares

VOTING TRUST CERTIFICATE

for

COMMON STOCK

$[0.01] PER SHARE PAR VALUE

of

KANSAS CITY SOUTHERN

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

THIS IS TO CERTIFY that _____ will be entitled to receive, on the surrender of this Certificate, on the termination of the Voting Trust Agreement hereinafter referred to, or otherwise as provided in Paragraph 9 of said Voting Trust Agreement, (i) a certificate or certificates, as the case may be, for [●] shares of the Common Stock, $[0.01] per share par value, of the Company (as defined in said Voting Trust Agreement). This Certificate is issued pursuant to, and the rights of the holder hereof are subject to and limited by, the terms of a Voting Trust Agreement, dated as of [●], 2021, executed by Canadian Pacific Railway Limited, a Canadian corporation, Cygnus Holding Corp., a Delaware corporation ("**Holdco**") and [Trustee], as trustee (the "**Voting Trustee**"), a copy of which Voting Trust Agreement is on file in the registered office of the Company at [●], and open to inspection of any stockholder of the Company and the holder hereof. The Voting Trust Agreement, unless earlier terminated (or extended) pursuant to the terms thereof, will terminate on December 31, 2025, so long as no violation of 49 U.S.C. Sections 11323 will result from such termination.

The holder of this Certificate shall be entitled to the benefits of said Voting Trust Agreement, including the right to receive payment equal to the cash dividends, if any, paid by the Company with respect to the [number of shares] represented by this Certificate.

This Certificate shall be transferable only on the books of the undersigned Voting Trustee or any successor, to be kept by it, on surrender hereof by the registered holder in person or by attorney duly authorized in accordance with the provisions of said Voting Trust Agreement, and until so transferred, the Voting Trustee may treat the registered holder as the owner of this Voting Trust Certificate for all purposes whatsoever, unaffected by any notice to the contrary.

By accepting this Certificate, the holder hereof assents to all the provisions of, and becomes a party to, said Voting Trust Agreement.

IN WITNESS WHEREOF, the Voting Trustee has caused this Certificate to be signed by its officer duly authorized.

Dated:

By _____
Authorized Officer

ATTACHMENT B
TO VOTING TRUST AGREEMENT

[FORM OF BACK OF VOTING TRUST CERTIFICATE]

FOR VALUE RECEIVED _____ hereby sells, assigns, and transfers unto _____ the within Voting Trust Certificate and all rights and interests represented thereby, and does hereby irrevocably constitute and appoint _____ Attorney to transfer said Voting Trust Certificate on the books of the within mentioned Voting Trust Certificate on the books of the within mentioned Voting Trustee, with full power of substitution in the premises.

_____

Dated:

In the Presence of:

_____

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL.* – CONTROL – KANSAS CITY SOUTHERN, *ET AL.*

EXHIBIT 6

FORM 10-KS
[SECTION 1180.6(b)(1)]

EXHIBIT 6.1

CANADIAN PACIFIC RAILWAY LIMITED FORM 10-K FOR FISCAL YEAR ENDED DECEMBER 31, 2020 (FEB. 18, 2021)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark one)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**

For fiscal year ended December 31, 2020
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission File Number 001-01342

Canadian Pacific Railway Limited

(Exact name of registrant as specified in its charter)

Canada	**98-0355078**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
7550 Ogden Dale Road S.E. Calgary AB	**T2C 4X9**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: (403) 319-7000
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on which Registered
Common Shares, without par value, of Canadian Pacific Railway Limited	**CP**	**New York Stock Exchange** **Toronto Stock Exchange**
Perpetual 4% Consolidated Debenture Stock of Canadian Pacific Railway Company	**CP/40** **BC87**	**New York Stock Exchange** **London Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☑ No ☐
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.
Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of June 30, 2020, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the voting stock held by non-affiliates of the registrant, in U.S. dollars, was $34,600,245,541, based on the closing sales price per share as reported by the New York Stock Exchange on such date.

As of the close of business on February 17, 2021, there were 133,297,236 shares of the registrant's common shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Not applicable.

EXPLANATORY NOTE

Canadian Pacific Railway Limited ("CPRL" or the "Company"), a corporation incorporated under the *Canada Business Corporations Act*, qualifies as a foreign private issuer in the U.S. for purposes of *the Securities Exchange Act of 1934*, as amended (the “Exchange Act”). Although as a foreign private issuer the Company is no longer required to do so, the Company currently continues to file annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K with the Securities and Exchange Commission (“SEC”) instead of filing reports on forms available to foreign private issuers.

CPRL prepares and files a management information circular and related material under Canadian requirements. As the Company’s management information circular is not filed pursuant to Regulation 14A, the Company may not incorporate by reference information required by Part III of this Form 10-K from its management information circular. Accordingly, in reliance upon and as permitted by Instruction G(3) to Form 10-K, the Company will be filing an amendment to this Form 10-K containing the Part III information no later than 120 days after the end of the fiscal year covered by this Form 10-K. All references to our websites contained herein do not constitute incorporation by reference of information contained on such websites and such information should not be considered part of this document.

CANADIAN PACIFIC RAILWAY LIMITED
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PART I

ITEM 1. BUSINESS

Company Overview

Canadian Pacific Railway Limited (“CPRL”), together with its subsidiaries (“CP” or the “Company”), owns and operates a transcontinental freight railway in Canada and the United States (“U.S.”). CP provides rail and intermodal transportation services over a network of approximately 13,000 miles, directly serving the principal business centres of Canada from Montréal, Québec, to Vancouver, British Columbia ("B.C."), and the U.S. Northeast and Midwest regions. CP’s railway network feeds directly into the U.S. heartland from the East and West coasts. Agreements with other carriers extend the Company's market reach in Canada, through the U.S. and into Mexico. CP transports bulk commodities, merchandise freight and intermodal traffic. For additional information regarding CP's network and geographical locations, refer to Item 2. Properties.

CPRL was incorporated on June 22, 2001, under the *Canada Business Corporations Act* and controls and owns all of the Common Shares of Canadian Pacific Railway Company (“CPRC”), which was incorporated in 1881 by Letters Patent pursuant to an Act of the Parliament of Canada. CPRL's registered, executive and corporate head office is located at 7550 Ogden Dale Road S.E., Calgary, Alberta T2C 4X9. CPRL's Common Shares (the "Common Shares") are listed on the Toronto Stock Exchange (“TSX”) and the New York Stock Exchange (“NYSE”) under the symbol “CP”.

For purposes of this annual report, all references herein to “CP”, “the Company”, “we”, “our” and “us” refer to CPRL, CPRL and its subsidiaries, CPRL and one or more of its subsidiaries, or one or more of CPRL's subsidiaries, as the context may require. All references to currency amounts included in this annual report, including the Consolidated Financial Statements, are in Canadian dollars unless specifically noted otherwise.

Strategy

CP is continuing the journey to become the best railway in North America, with a culture of responsibility and accountability focused on five key foundations:

- **Provide Service:** Providing efficient and consistent transportation solutions for the Company’s customers. “Doing what we say we are going to do” is what drives CP in providing a reliable product with a lower cost operating model. Centralized planning aligned with local execution is bringing the Company closer to the customer and accelerating decision-making.
- **Control Costs:** Controlling and removing unnecessary costs from the organization, eliminating bureaucracy and continuing to identify productivity enhancements are the keys to success.
- **Optimize Assets:** Through longer and heavier trains, and improved asset utilization, the Company is moving increased volumes with fewer locomotives and cars while unlocking capacity for future growth potential.
- **Operate Safely:** Each year, CP safely moves millions of carloads of freight across North America while ensuring the safety of our people and the communities through which we operate. Safety is never to be compromised. CP strives for continuous implementation of state-of-the-art safety technology, safety management systems, and safety culture with our employees to ensure safe, efficient operations across our network.
- **Develop People:** CP recognizes that none of the other foundations can be achieved without its people. Every CP employee is a railroader and the Company has established a culture focused on our values of accountability, diversity and pride, in everything we do. Coaching and mentoring all employees into becoming leaders will continue to drive CP forward.

Starting in 2012, CP transformed its operations by investing in the network and executing a precision scheduled railroading model that lowers costs, optimizes assets, and provides better, more competitive service.

Today, we continue to apply our long-term strategy: leverage our lower cost base, network strengths and improved service to drive sustainable, profitable growth. While the accomplishments during the turnaround were tremendous, CP’s journey to become North America’s best-performing rail carrier is far from over. As a Company, we will remain focused on our next level of service, productivity, and innovation to continue to generate sustainable value for our customers and results for our shareholders.

Business Developments

COVID-19 pandemic

The effects of the COVID-19 pandemic on consumer demand resulted in lower volumes in the following lines of business: Energy, chemicals and plastics, Metals, minerals and consumer products, and Automotive.

As COVID-19 continued to spread throughout Canada and the United States during 2020, CP conducted business as usual, to the greatest extent possible in the circumstances, while continuing to apply the principles of precision scheduled railroading to respond to changes in demand. The Company is continuing to take a variety of measures to ensure the availability of its transportation services throughout our network, promote the safety and security of our

employees, and support the communities in which we operate. Certain modifications the Company has made in response to the COVID-19 pandemic include but are not limited to: implementing periods of working at home for certain office employees; restricting employee business travel; implementing post-travel employee screening; strengthening clean workplace practices; reinforcing socially responsible sick leave recommendations; limiting visitor and third-party access to Company facilities; launching internal COVID-19 resources for employees; creating a pandemic response team comprised of employees and members of senior management; and encouraging telephonic and video conference-based meetings along with other hygiene and social distancing practices recommended by health authorities including Health Canada, the U.S. Centers for Disease Control and Prevention, and the World Health Organization. CP supported employees by working with labour unions to shorten recall times to be prepared for demand increases while supplementing employment insurance payments and maintaining health benefit coverage for employees during that period. CP also awarded a bonus for our frontline employees who worked or were laid off in 2020 due to the COVID-19 pandemic. CP is responding to this crisis through measures designed to protect our workforce and prevent disruptions to the central role the Company's operations provide to the North American economy. CP's service is deemed essential as part of the transportation industry. We believe that we remain well positioned to adjust to market conditions to assist our customers as they work to manage their supply chain and inventories.

Preventative measures that serve to minimize the risk of exposure to COVID-19 remain in effect, including modifying our workspace to implement physical distancing measures, and continuously reevaluating our efforts with safety as a top priority.

In addition to the above, we have also observed many other companies, including companies in our industry, taking precautionary and preemptive actions to address the COVID-19 pandemic, and companies may take further actions that alter their normal business operations. We will continue to actively monitor the situation and may take further actions that could materially alter our business operations as may be required or recommended by federal, provincial, state or local authorities, or that we determine are in the best interests of our employees, customers, shareholders, partners, suppliers, and other stakeholders.

Additional information concerning the impact COVID-19 may have to our future business and results of operations is provided in Part I, Item 1A. Risk Factors.

Other current business developments
On January 27, 2021, CP announced its Board of Directors will seek shareholder and regulatory approval for the implementation of a five-for-one share split of CP's issued and outstanding common shares. The share split is subject to the approval of shareholders at the Annual and Special Meeting of Shareholders scheduled to be held on April 21, 2021 and to the requirements of the Toronto Stock Exchange ("TSX") and New York Stock Exchange ("NYSE"). CP also announced a normal course issuer bid ("NCIB") commencing January 29, 2021, to purchase up to 3.33 million Common Shares in the open market for cancellation before January 28, 2022.

On December 22, 2020, CP acquired full ownership of the Detroit River Tunnel Partnership ("DRTP"), which owns a 1.6-mile rail tunnel linking Windsor, Ontario, and Detroit, Michigan. The purchase price for the transaction was approximately $398 million, net of cash acquired. CP previously owned a 16.5 percent interest in the partnership and was its designated operator. The acquisition will reduce CP's operating costs related to movements through the tunnel while further integrating the eastern part of our network. For additional information regarding this acquisition, refer to Item 8. Financial Statements and Supplementary Data, Note 10 Business combination.

In the fourth quarter of 2020, CP announced its plan to develop North America's first line-haul hydrogen-powered locomotive. CP's Hydrogen Locomotive Program will retrofit a line-haul locomotive with hydrogen fuel cells and battery technology to drive the locomotive's electric traction motors. Once operational, CP will conduct rail service trials and qualification testing to evaluate the technology's readiness for the freight-rail sector. The work builds on CP's prior experience with testing low-emitting locomotive technologies, including biofuels, compressed natural gas and battery-powered solutions. This project aligns with CP's focus on finding innovative solutions to support a sustainable future.

In the fourth quarter of 2020, CP received a leadership level score of A- from CDP for its 2020 climate change disclosure. This accomplishment represented a significant milestone in CP's journey to integrate climate-related risks and opportunities into the company's sustainability programs and reporting practices. CDP is an internationally recognized non-profit organization that runs a global environmental disclosure platform assessing companies on their climate-related performance and transparency.

In the fourth quarter of 2020, CP was added to the 2020 Dow Jones Sustainability Index North America. The index measures corporate sustainability leaders' performance through a comprehensive assessment of economic, environmental and social criteria. The top companies were selected from a record number of participants.

In the third quarter of 2020, CP released its first public statement on climate change, acknowledging the effects of rising global temperatures and our commitment to ongoing efforts to mitigate the impacts. The statement supports the goals of the Paris Agreement and the Pan-Canadian Framework on Clean Growth and Climate Change, which seek to limit global temperature rise to well below 2°C above pre-industrial levels. In support of this initiative, we plan to establish a science-based emissions reduction target to guide our climate action.

On July 21, 2020, CP increased its quarterly dividend to $0.95 per share on the outstanding Common Shares, from $0.83 per share from the prior quarter.

In the second quarter of 2020, CP completed its previously announced acquisition of Central Maine and Québec Railway U.S. Inc. ("CMQ U.S."). Together with the December 30, 2019 completion of the acquisition of Central Maine & Québec Railway Canada Inc. ("CMQ Canada"), the acquisition of CMQ U.S. completed CP's purchase of the entire Central Maine & Québec Railway ("CMQ") network originally announced on November 20, 2019, for approximately $174 million (U.S. $133 million). CMQ U.S. and CMQ Canada will continue to operate in the U.S. and in Canada respectively as subsidiaries of CP. CMQ owns rail lines primarily in Québec and Maine, stretching approximately 481 miles, and primarily moving forest products, refined petroleum products, chemicals and plastics. This acquisition provides CP with strategic access into the U.S. Northeast and Atlantic Canada. The transaction provides CP customers with seamless, safe and efficient access to ports at Searsport, Maine, and to Saint John, New Brunswick, via Eastern Maine Railway Company and New Brunswick Southern Railway. With the CMQ acquisition, CP is now a 13,000-mile rail network connecting the Atlantic coast to the Pacific coast across six Canadian provinces and 11 U.S. states. For additional information regarding this acquisition, refer to Item 8. Financial Statements and Supplementary Data, Note 10 Business combination.

On April 21, 2020, the Company held its annual meeting of shareholders, which was conducted via a virtual only format by live webcast online for the first time. All 11 director nominees were elected.

Prior Developments

On December 17, 2019, the Company announced an NCIB, commencing December 20, 2019, to purchase up to 4.80 million Common Shares in the open market for cancellation before December 19, 2020.

During the first quarter of 2019, the Company experienced severe winter operating conditions and an increase in the frequency and severity of casualty incidents and derailments. As a result, the Company incurred significant costs to manage severe weather conditions, as well as direct casualty costs, and higher operating costs. During this period and the subsequent network recovery the Company also experienced losses and deferrals of potential revenues.

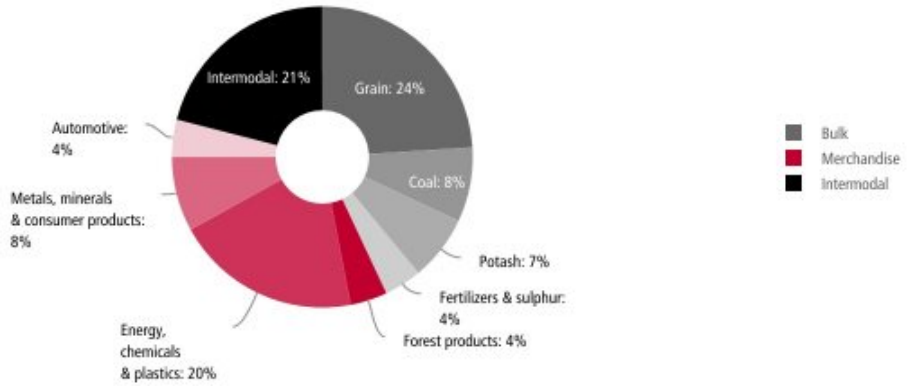
Operations

The Company operates in only one operating segment: rail transportation. Although the Company provides a breakdown of revenue by business line, the overall financial and operational performance of the Company is analyzed as one segment due to the integrated nature of the rail network. Additional information regarding the Company's business and operations, including revenue and financial information, and information by geographic location is presented in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and Item 8. Financial Statements and Supplementary Data, Note 27 Segmented and geographic information.

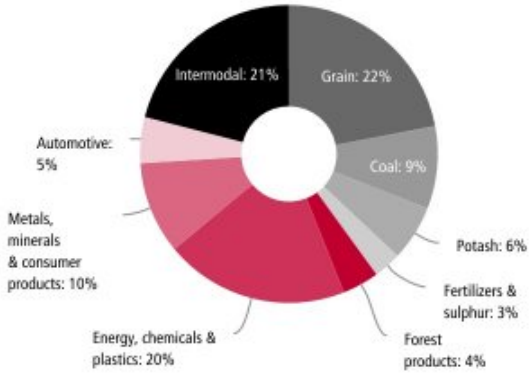
Lines of Business

The Company transports bulk commodities, merchandise freight, and intermodal traffic. Bulk commodities, which typically move in large volumes across long distances, include Grain, Coal, Potash, and Fertilizers and sulphur. Merchandise freight consists of industrial and consumer products, such as Energy, chemicals and plastics, Metals, minerals and consumer products, Forest products, and Automotive. Intermodal traffic consists largely of retail goods in overseas containers that can be transported by train, ship and truck, and in domestic containers and trailers that can be moved by train and truck.

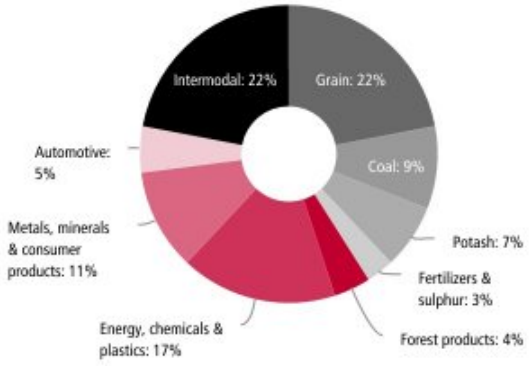
The Company's revenues are primarily derived from transporting freight. The following chart shows the Company's Freight revenue by each line of business in 2020, 2019 and 2018:



2020 Freight Revenues

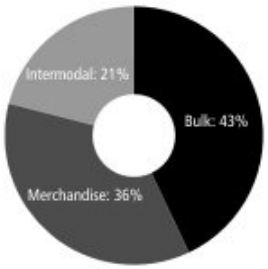


2019 Freight Revenues

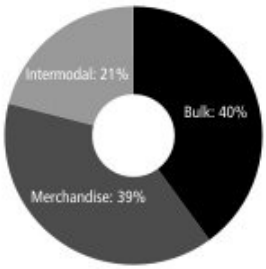


2018 Freight Revenues

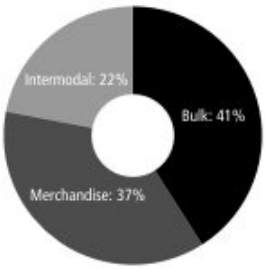
In 2020, the Company generated Freight revenues totalling $7,541 million ($7,613 million in 2019 and $7,152 million in 2018). The following charts compare the percentage of the Company's total Freight revenues derived from each of the three major business lines in 2020, 2019 and 2018:



2020 Freight Revenues



2019 Freight Revenues

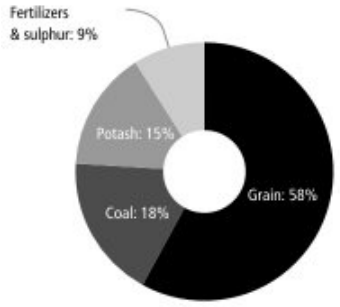


2018 Freight Revenues

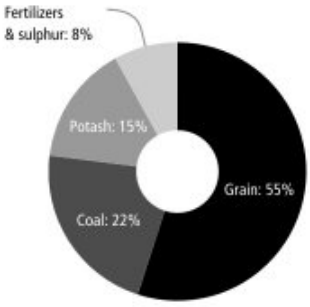
BULK

The Company's Bulk business represented approximately 43% of total Freight revenues in 2020.

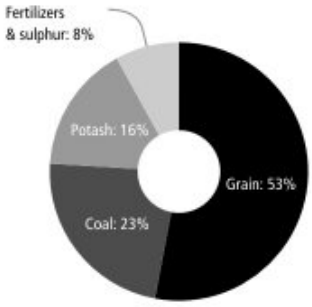
The following charts compare the percentage of the Company's Bulk freight revenues by commodity business in 2020, 2019 and 2018:



2020 Bulk Revenues
(43% of Freight Revenues)



2019 Bulk Revenues
(40% of Freight Revenues)

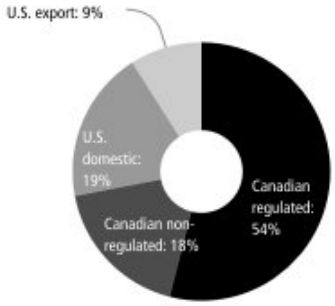


2018 Bulk Revenues
(41% of Freight Revenues)

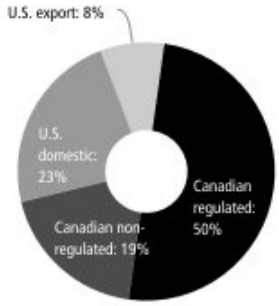
Grain

The Company's Grain business represented approximately 58% of Bulk revenues, and was 24% of total Freight revenues in 2020.

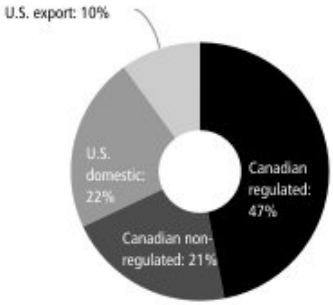
The following charts compare the percentage of the Company's Grain freight revenues generated from Canadian and U.S. shipments in 2020, 2019 and 2018:



2020 Grain Revenues
(58% of Bulk Revenues; 24% of Freight Revenues)



2019 Grain Revenues
(55% of Bulk Revenues; 22% of Freight Revenues)



2018 Grain Revenues
(53% of Bulk Revenues; 22% of Freight Revenues)

CP's Grain network is unique among railways in North America as it is strategically positioned in the heart of grain-producing regions of western Canada and the Northern Plains of the U.S. Canadian grain transported by CP consists of both whole grains, such as wheat, canola, durum, pulses, and barley, and processed products such as oils, meals, and malt. This business is centred in the Canadian Prairies (Saskatchewan, Alberta, and Manitoba), with grain shipped primarily west to the Port of Vancouver, and east to the Port of Thunder Bay for export. Grain is also shipped to the U.S., to eastern Canada, and to Mexico for domestic consumption.

Canadian grain includes a division of business that is regulated by the Canadian government through the *Canada Transportation Act* ("CTA"). This regulated business is subject to a maximum revenue entitlement ("MRE"). Under the CTA, railways can set their own rates for individual movements. However, the MRE governs aggregate revenue earned by the railway based on a formula that factors in the total volumes, length of haul, average revenue per ton, and inflationary adjustments. The regulation applies to western Canadian export grain shipments to the ports of Vancouver and Thunder Bay.

U.S. grain transported by CP consists of both whole grains, such as wheat, soybeans, corn and durum, and processed products such as feed, meals and flour. This business is centred in the states of Minnesota, North Dakota, and Iowa. Grain destined for domestic consumption moves east via Chicago, to the U.S. Northeast or is interchanged with other carriers to the U.S. Pacific Northwest and U.S. Southeast. In partnership with other railways, CP also moves grain to export terminals in the U.S. Pacific Northwest and the Gulf of Mexico. Export grain traffic is also shipped to ports at Superior and Duluth.

Coal

The Company's Coal business represented approximately 18% of Bulk revenues, and was 8% of total Freight revenues in 2020.

The following charts compare the percentage of the Company's Coal freight revenues generated from Canadian and U.S. shipments in 2020, 2019 and 2018:



2020 Coal Revenues
(18% of Bulk Revenues; 8% of Freight Revenues)



2019 Coal Revenues
(22% of Bulk Revenues; 9% of Freight Revenues)



2018 Coal Revenues
(23% of Bulk Revenues; 9% of Freight Revenues)

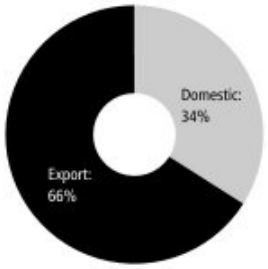
In Canada, CP handles mostly metallurgical coal destined for export for use in the steelmaking process. CP's Canadian coal traffic originates mainly from Teck Resources Limited's mines in southeastern B.C. CP moves coal west from these mines to port terminals for export to world markets (Pacific Rim, Europe and South America), and east for the U.S. Midwest markets.

In the U.S., CP moves primarily thermal coal from connecting railways, serving the thermal coal fields in the Powder River Basin in Montana and Wyoming, which is delivered to power-generating facilities in the U.S. Midwest.

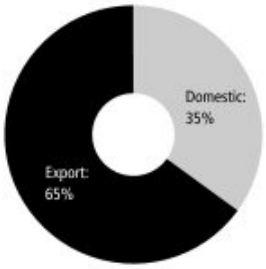
Potash

The Company's Potash business represented approximately 15% of Bulk revenues, and was 7% of total Freight revenues in 2020.

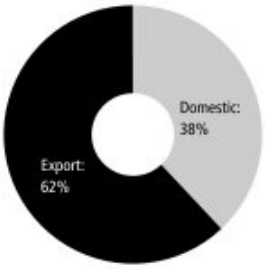
The following charts compare the percentage of the Company's Potash freight revenues generated from export and domestic potash shipments in 2020, 2019 and 2018:



2020 Potash Revenues
(15% of Bulk Revenues; 7% of Freight Revenues)



2019 Potash Revenues
(15% of Bulk Revenues; 6% of Freight Revenues)



2018 Potash Revenues
(16% of Bulk Revenues; 7% of Freight Revenues)

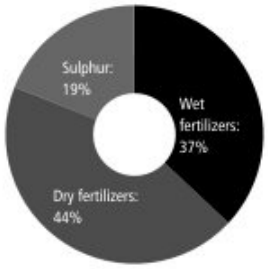
The Company's Potash traffic moves mainly from Saskatchewan to offshore markets through the ports of Vancouver, Portland, and Thunder Bay, and to markets in the U.S. All potash shipments for export beyond Canada and the U.S. are marketed by Canpotex Limited and K+S Potash Canada. Canpotex is an

export company owned in equal shares by Nutrien Ltd. and The Mosaic Company. Independently, these producers move domestic potash with CP primarily to the U.S. Midwest for local application.

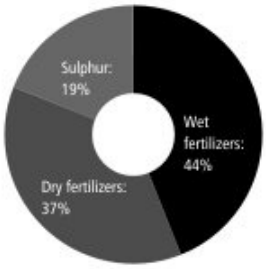
Fertilizers and Sulphur

The Company's Fertilizers and sulphur business represented approximately 9% of Bulk revenues, and was 4% of total Freight revenues in 2020.

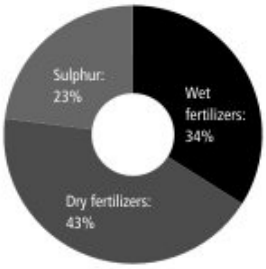
The following charts compare the percentage of the Company's Fertilizers and sulphur freight revenues generated from dry fertilizers, wet fertilizers and sulphur transportation in 2020, 2019 and 2018:



2020 Fertilizers & Sulphur Revenues
(9% of Bulk Revenues; 4% of Freight Revenues)



2019 Fertilizers & Sulphur Revenues
(8% of Bulk Revenues; 3% of Freight Revenues)



2018 Fertilizers & Sulphur Revenues
(8% of Bulk Revenues; 3% of Freight Revenues)

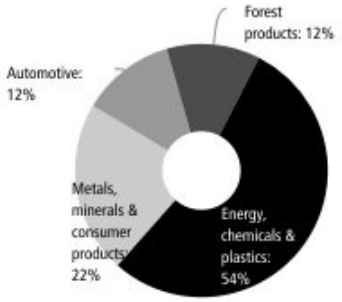
Dry fertilizers include: phosphate, urea, ammonium sulphate, and nitrate. Wet fertilizers are primarily anhydrous ammonia. More than half of CP's fertilizer shipments originate from production facilities in Alberta, where abundant sources of natural gas and other chemicals provide feedstock for fertilizer production.

Most sulphur is produced in Alberta as a byproduct of processing sour natural gas, refining crude oil, and upgrading bitumen produced in the Alberta oil sands. Sulphur is a raw material used primarily in the manufacturing of sulphuric acid, which is used most extensively in the production of phosphate fertilizers.

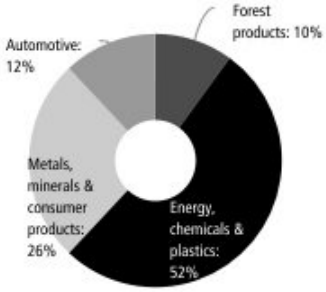
MERCHANDISE

The Company’s Merchandise business represented approximately 36% of total Freight revenues in 2020.

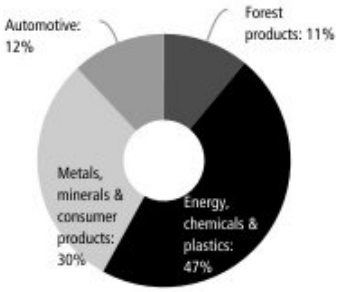
The following charts compare the percentage of the Company's Merchandise freight revenue by commodity business in 2020, 2019 and 2018:



2020 Merchandise Revenues
(36% of Freight Revenues)



2019 Merchandise Revenues
(39% of Freight Revenues)



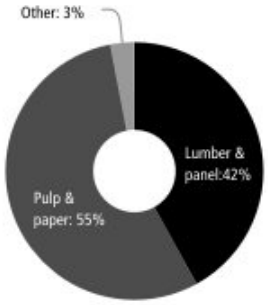
2018 Merchandise Revenues
(37% of Freight Revenues)

Merchandise products move in both mixed freight and unit trains, in a variety of car types. Service involves delivering products to many different customers and destinations. In addition to traditional rail service, CP moves merchandise traffic through a network of truck-rail transload facilities, expanding the reach of CP's network to non-rail served facilities.

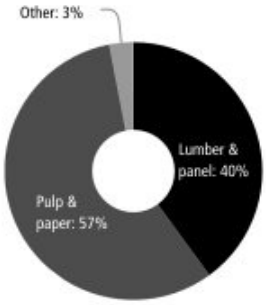
Forest Products

The Company's Forest products business represented approximately 12% of Merchandise revenues, and was 4% of total Freight revenues in 2020.

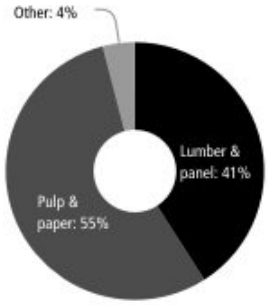
The following charts compare the percentage of the Company's Forest products freight revenues generated from pulp and paper (wood pulp, paperboard, newsprint, and paper), lumber and panel, and other shipments in 2020, 2019 and 2018:



2020 Forest Products Revenues
(12% of Merchandise Revenues; 4% of Freight Revenues)



2019 Forest Products Revenues
(10% of Merchandise Revenues; 4% of Freight Revenues)



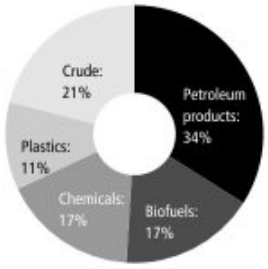
2018 Forest Products Revenues
(11% of Merchandise Revenues; 4% of Freight Revenues)

Forest products traffic includes pulp and paper, and lumber and panel shipped from key producing areas in B.C., Ontario, Québec, Alberta, and New Brunswick, to destinations throughout North America, including Vancouver and Montreal to export markets.

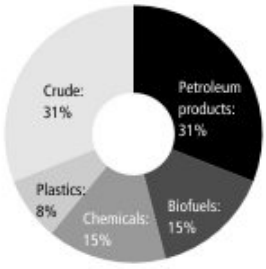
Energy, Chemicals and Plastics

The Company's Energy, chemicals and plastics business represented approximately 54% of Merchandise revenues, and was 20% of total Freight revenues in 2020.

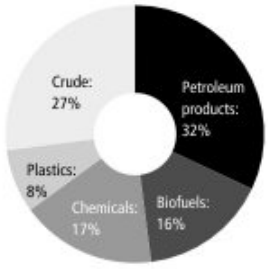
The following charts compare the percentage of the Company's Energy, chemicals and plastics freight revenues generated from petroleum products, crude, chemicals, biofuels, and plastics shipments in 2020, 2019 and 2018:



2020 Energy, Chemicals & Plastics Revenues
(54% of Merchandise Revenues; 20% of Freight Revenues)



2019 Energy, Chemicals & Plastics Revenues
(52% of Merchandise Revenues; 20% of Freight Revenues)



2018 Energy, Chemicals & Plastics Revenues
(47% of Merchandise Revenues; 17% of Freight Revenues)

Petroleum products consist of commodities such as liquefied petroleum gas ("LPG"), fuel oil, asphalt, gasoline, condensate (diluent), and lubricant oils. The majority of the Company's western Canadian energy traffic originates in the Alberta Industrial Heartland, Canada's largest hydrocarbon processing region, and Saskatchewan. The Bakken formation region in Saskatchewan and North Dakota is another source of condensate, LPG, and other refined petroleum. Interchanges with several rail interline partners give the Company access to destination and export markets in the U.S. West Coast, the U.S. Midwest, and Mexico, as well as the Texas and Louisiana petrochemical corridor and port connections.

Crude moves from production facilities throughout Alberta, North Dakota, and Saskatchewan. CP provides efficient routes to refining markets in the Gulf Coast, the U.S. Northeast, and the West Coast through connections with our railway partners.

The Company's chemical traffic includes products such as ethylene glycol, caustic soda, sulphuric acid, methanol, styrene, and soda ash. These shipments originate from western Canada, the Gulf of Mexico, the U.S. Midwest, and eastern Canada, and move to end markets in Canada, the U.S. and overseas.

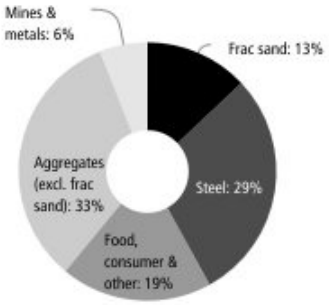
CP's biofuels traffic originates mainly from facilities in the U.S. Midwest, shipping primarily to destinations in the U.S. Northeast.

The most commonly shipped plastics products are polyethylene and polypropylene. Approximately half of the Company's plastics traffic originates in central and northern Alberta and moves to various North American destinations.

Metals, Minerals and Consumer Products

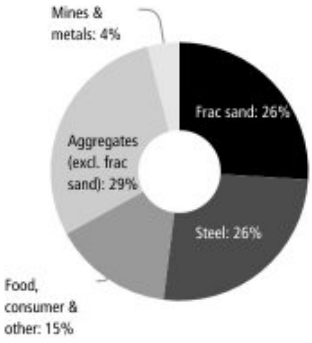
The Company's Metals, minerals and consumer products business represented approximately 22% of Merchandise revenues, and was 8% of total Freight revenues in 2020.

The following charts compare the percentage of the Company's Metals, minerals and consumer products freight revenues generated from aggregates (excluding frac sand), steel, frac sand, food and consumer products, and non-ferrous metals transportation in 2020, 2019 and 2018:



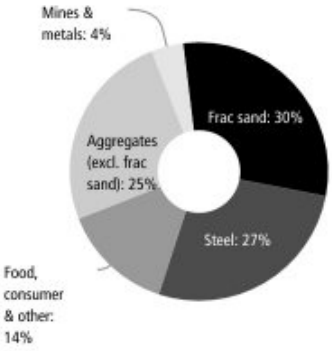
2020 Metals, Minerals & Consumer Products Revenues

(22% of Merchandise Revenues; 8% of Freight Revenues)



2019 Metals, Minerals & Consumer Products Revenues

(26% of Merchandise Revenues; 10% of Freight Revenues)



2018 Metals, Minerals & Consumer Products Revenues

(30% of Merchandise Revenues; 11% of Freight Revenues)

Aggregate products include coarse particulate and composite materials such as cement, limestone, clay, and gypsum. Cement is the leading commodity within aggregates, and is shipped directly from production facilities in Alberta, Québec, and Ontario to energy and construction projects in the U.S. Midwest, Canadian Prairies, and the U.S. Pacific Northwest.

The majority of frac sand originates at mines located along the Company's network in Wisconsin and moves to the Bakken, Marcellus Shale, Permian Basin, and other shale formations across North America.

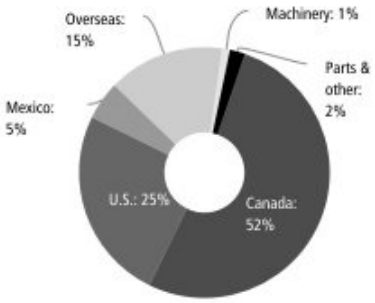
CP transports steel in various forms from mills in the U.S. Midwest, Ontario, and Saskatchewan to a variety of industrial users. The Company carries base metals such as aluminum, zinc, and lead. CP also moves ores from mines to smelters and refineries for processing, and the processed metal to automobile and consumer products manufacturers.

Food, consumer, and other products traffic consists of a diverse mix of goods, including food products, railway equipment, building materials, and waste products.

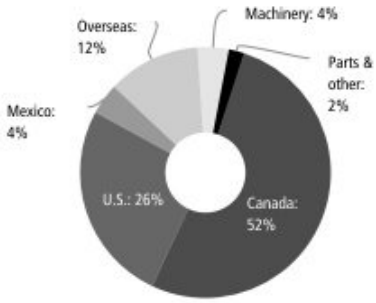
Automotive

The Company's Automotive business represented approximately 12% of Merchandise revenues, and was 4% of total Freight revenues in 2020.

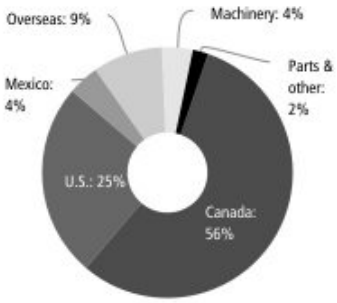
The following charts compare the percentage of the Company's Automotive freight revenues generated by movements of finished vehicles from Canadian, U.S., overseas, and Mexican origins, machinery, and parts and other in 2020, 2019 and 2018:



2020 Automotive Revenues
(12% of Merchandise Revenues; 4% of Freight Revenues)



2019 Automotive Revenues
(12% of Merchandise Revenues; 5% of Freight Revenues)



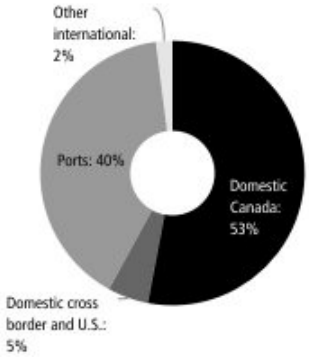
2018 Automotive Revenues
(12% of Merchandise Revenues; 5% of Freight Revenues)

CP's Automotive portfolio consists of four finished vehicle traffic components: Canadian-produced vehicles that ship to the U.S. from Ontario production facilities; U.S.-produced vehicles that ship within the U.S. as well as cross border shipments to Canadian markets; vehicles from overseas that move through the Port of Vancouver to eastern Canadian markets; and Mexican-produced vehicles that ship to the U.S. and Canada. In addition to finished vehicles, CP ships machinery, pre-owned vehicles, and automotive parts. A comprehensive network of automotive compounds is utilized to facilitate final delivery of vehicles to dealers throughout Canada and in the U.S.

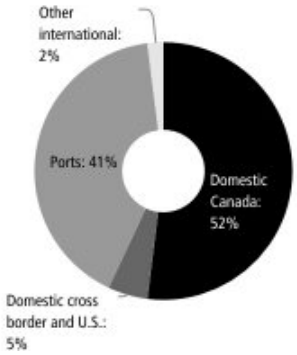
INTERMODAL

The Company's Intermodal business represented approximately 21% of total Freight revenues in 2020.

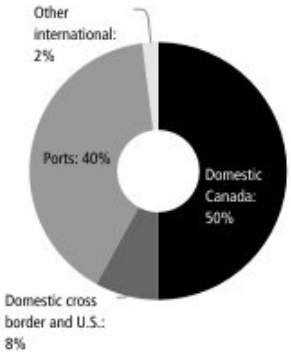
The following charts compare the percentage of the Company's Intermodal freight revenues generated from Canada, ports, cross border transportation, other international, and U.S. in 2020, 2019 and 2018:



2020 Intermodal Revenues
(21% of Freight Revenues)



2019 Intermodal Revenues
(21% of Freight Revenues)



2018 Intermodal Revenues
(22% of Freight Revenues)

Domestic intermodal freight consists primarily of manufactured consumer products that are predominantly moved in 53-foot containers within North America. International intermodal freight moves in marine containers to and from ports and North American inland markets.

CP's domestic intermodal business moves goods from a broad spectrum of industries including wholesale, retail, food, forest products, and various other commodities. Key service factors in domestic intermodal include consistent on-time delivery, the ability to provide door-to-door service, and the availability of value-added services. The majority of the Company's domestic intermodal business originates in Canada, where CP markets its services directly to retailers and manufacturers, providing complete door-to-door service and maintaining direct relationships with its customers. In the U.S., the Company's service is delivered mainly through intermodal marketing companies.

CP's international intermodal business consists primarily of containerized traffic moving between the ports of Vancouver, Montréal, Saint John, and inland points across Canada and the U.S. Import traffic from the Port of Vancouver is mainly long-haul business destined for eastern Canada and the U.S. Midwest and Northeast. CP works closely with the Port of Montréal, a major year-round East Coast gateway to Europe, to serve markets primarily in the U.S. Midwest and Canada. CP's access to the Port of Saint John provides the fastest rail service from the east coast to the Canadian and U.S. Midwest markets for import and export cargo from Europe, South America, and Asia.

Fuel Cost Adjustment Program

The short-term volatility in fuel prices may adversely or positively impact revenues. CP employs a fuel cost adjustment program designed to respond to fluctuations in fuel prices and help reduce volatility to changing fuel prices. Fuel surcharge revenues are earned on individual shipments and are based primarily on the price of On-Highway Diesel. As such, fuel surcharge revenues are a function of freight volumes and fuel prices. Fuel surcharge revenues accounted for approximately 4% of the Company's Freight revenues in 2020. The Company is also subject to carbon taxation systems and levies in some jurisdictions in which it operates, the costs of which are passed on to the shipper. As such, fuel surcharge revenue includes carbon taxes and levy recoveries.

Freight revenues included fuel surcharge revenues of $297 million in 2020, a decrease of $167 million, or 36%, from $464 million in the same period of 2019. This decrease was primarily due to lower fuel prices. This decrease was partially offset by the timing of recoveries from CP's fuel cost adjustment program and increased carbon tax recoveries.

Non-freight Revenues

Non-freight revenues accounted for approximately 2% of the Company's Total revenues in 2020. Non-freight revenues are generated from leasing certain assets; other arrangements, including logistical services and contracts with passenger service operators; and switching fees.

Significant Customers

For each of the years ended December 31, 2020, 2019 and 2018, the company's revenues and operations were not dependent on any major customers.

Competition

The Company is in the ground transportation and logistics business. The Company sees competition in this segment from other railways, motor carriers, ship and barge operators, and pipelines. Depending on the specific market, competing railways, motor carriers, and other competitors may exert pressure on price and service levels. The Company continually evaluates the market needs and the competition. The Company responds as it deems appropriate to provide competitive services to the market. This includes developing new offerings such as transload facilities, new train services, and other logistics services.

Seasonality

Volumes and revenues from certain goods are stronger during different periods of the year. First-quarter revenues are typically lower mainly due to winter weather conditions, closure of the Port of Thunder Bay, and reduced transportation of retail goods. Second and third quarter revenues generally improve compared to the first quarter, as fertilizer volumes are typically highest during the second quarter and demand for construction-related goods is generally highest in the third quarter. Revenues are typically strongest in the fourth quarter, primarily as a result of the transportation of grain after the harvest, fall fertilizer programs, and increased demand for retail goods moved by rail. Operating income is also affected by seasonal fluctuations. Operating income is typically lowest in the first quarter, due to lower freight revenue and higher operating costs associated with winter conditions.

Government Regulation

The Company's railway operations are subject to extensive federal laws, regulations, and rules in both Canada and the U.S., which directly affect how operations and business activities are managed.

Economic Regulation - Canada

The Company's rail operations in Canada are subject to economic regulation by the Canadian Transportation Agency (the "Agency") as delegated by the *Canada Transportation Act*. The *Canada Transportation Act* indirectly regulates rates by providing remedies for freight rates, including ancillary charges, remedies for level of service, long-haul interswitching rates, and regulated interswitching rates in Canada. The CTA regulates the MRE for the movement of export grain, construction and abandonment of railways, commuter and passenger access, and noise and vibration-related disputes.

In 2018, the *Transportation Modernization Act* became law. The legislation amended the *Canada Transportation Act* and the *Railway Safety Act* ("RSA"), among other Acts, to (1) replace the previous 160 kilometre extended interswitching limit and the competitive line rate provisions with a new long-haul interswitching regime; (2) modify the existing Level of Service remedy for shippers by instructing the Agency to determine, upon receipt of a complaint, if a railway company is fulfilling its common carrier obligation to the "highest level of service that is reasonable in the circumstances"; (3) allow the existing Service Level Agreement arbitration remedy to include the consideration of reciprocal financial penalties; (4) increase the threshold for summary Final Offer Arbitration from $750,000 to $2 million; (5) bifurcate the Volume-Related Composite Price Index component of the annual MRE determination for transportation of regulated grain, to encourage hopper car investment by CP and Canadian National Railway ("CN"); (6) mandate the installation of locomotive voice and video recorders ("LVVRs"), with statutory permission for random access by railway companies and Transport Canada ("TC") to the LVVR data in order to proactively strengthen railway safety in Canada; and (7) compel railways to provide additional data to the federal government.

Economic Regulation - U.S.

The Company's U.S. rail operations are subject to economic regulation by the Surface Transportation Board (the "STB"). The STB provides economic regulatory oversight and administers *Title 49 of the United States Code* and related *Code of Federal Regulations*. The STB has jurisdiction over railroad rate and service issues and proposed railroad mergers and other transactions.

The *STB Reauthorization Act of 2015* resulted in numerous changes to the structure and composition of the STB, removing it from under the Department of Transport and establishing the STB as an independent U.S. agency, as well as increasing STB Board membership from three to five members. Notably, the law vests in the STB certain limited enforcement powers, by authorizing it to investigate rail carrier violations on the STB Board's own initiative. The law also requires the STB to establish a voluntary binding arbitration process to resolve rail rate and practice disputes.

Safety Regulation - Canada

The Company's operations in Canada are subject to safety regulatory oversight by TC pursuant to the RSA. The RSA regulates safety-related aspects of railway operations in Canada, including the delegation of inspection, investigation and enforcement powers to TC. TC is also responsible for overseeing the transportation of dangerous goods as set out under the *Transportation of Dangerous Goods Act* ("TDGA").

After the tragic accident in Lac-Mégantic, Québec, in July 2013 involving a non-related short-line railway company, the Government of Canada implemented several measures pursuant to the RSA and the TDGA. These modifications implemented changes with respect to rules associated with securing unattended trains; the classification of crude being imported, handled, offered for transport, or transported; and the provision of information to municipalities through which dangerous goods are transported by rail. The U.S. federal government has taken similar actions. These changes did not have a material impact on CP's operating practices.

In 2015, *An Act to amend the Canada Transportation Act and the Railway Safety Act* became law. The legislation sets out minimum insurance requirements for federally regulated railways based on amounts of crude and toxic inhalation hazards ("TIH") or poisonous inhalation hazards moved. It also imposes strict liability; limits railway liability to the minimum insurance level; mandates the creation of a fund paid for by levies on crude shipments, to be utilized for damages beyond a railway's liability; allows railways and insurers to maintain rights to pursue other parties (subrogation); and prevents shifting liability to shippers from railways except through written agreement.

The Company is allocating resources, including working with public and private rail crossing owners, to meet the *Grade Crossings Regulations*, under the RSA, which came into force in 2014. The regulations require existing crossings to meet specified safety standards by November 2021.

On November 25, 2020, the Minister of Transport announced updated *Duty and Rest Period Rules for Railway Operating Employees*. The new rules, founded on modern-day fatigue management principles, reduce the length of a duty period and increase the length of the minimum rest period between shifts. The rules establish limits on the total number of duty hours, 60 hours in a seven-day period and 192 hours in a 28-day period. These requirements will be phased in 30 months from the date of the announcement. The new rules also require federally regulated railways, including the Company, to complete a Fatigue Management Plan by November 25, 2021, and implement the Fitness for Duty provisions by November 25, 2022.

Safety Regulation - U.S.

The Company's U.S. operations are subject to safety regulations enforced by the Federal Railroad Administration ("FRA"), and the Pipelines and Hazardous Materials Safety Administration ("PHMSA"). The FRA regulates safety-related aspects of the Company's railway operations in the U.S. under the Federal Railroad Safety Act, as well as rail portions of other safety statutes. The PHMSA regulates the safe transportation of all hazardous materials by rail.

On October 29, 2015, the *Surface Transportation Extension Act of 2015* ("STEA") was signed into law. The law extends, by three years, the deadline for the U.S. rail industry to implement Positive Train Control ("PTC"), a set of highly advanced technologies designed to prevent train-to-train collisions, speed-related derailments, and other accidents caused by human error by determining the precise location, direction and speed of trains, warning train operators of potential problems, and taking immediate action if an operator does not respond. Legislation passed by the U.S. Congress in 2008 mandated that PTC systems be operable by the end of 2015 on rail lines used to transport passengers or toxic-by-inhalation materials. The STEA extended the deadline to install and activate PTC to December 31, 2018, with an optional two-year extension (December 31, 2020) under certain circumstances. The Company received the two-year extension to ensure safe and effective implementation of PTC on its rail network. CP successfully implemented PTC and was PTC compliant as of December 1, 2020.

For further details on the capital expenditures associated with compliance with the PTC regulatory mandate, refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources.

Various other regulators directly and indirectly affect the Company's operations in areas such as health, safety, security, environmental, and other matters.

Environmental Laws and Regulations

The Company's operations and real estate assets are subject to extensive federal, provincial, state, and local environmental laws and regulations governing emissions to the air, management and remediation of historical contaminant sites, discharges to waters and the handling, storage, transportation, and disposal of waste and other materials. If the Company is found to have violated such laws or regulations, it could have a material adverse effect on the Company's business, financial condition, or operating results. In addition, in operating a railway, it is possible that releases of hazardous materials during derailments or other accidents may occur that could cause harm to human health or to the environment. Costs of remediation, damages and changes in regulations could materially affect the Company's operating results, financial condition, and reputation.

The Company has implemented an Environmental Management System to facilitate the reduction of environmental risk. Specific environmental programs are in place to address areas such as air emissions, wastewater, management of vegetation, chemicals and waste, storage tanks, and fueling facilities. CP has also undertaken environmental impact assessments and risk assessments to identify, prevent, and mitigate environmental risks. There is continued focus on preventing spills and other incidents that have a negative impact on the environment. There is an established strategic emergency response contractor network, and spill equipment kits are located across Canada and the U.S. to ensure a rapid and efficient response in the event of an environmental incident. In addition, emergency preparedness and response plans are regularly updated and tested. In 2020, updates to CP's comprehensive oil spill response plan were made in accordance with the changes in the PHMSA regulations.

The Company has developed an environmental audit program that comprehensively, systematically, and regularly assesses the Company's facilities for compliance with legal requirements and the Company's policies for conformance to accepted industry standards. Included in this is a corrective action follow-up process and semi-annual review by senior management.

CP focuses on key strategies, identifying tactics and actions to support and operationalize our environmental commitments. The Company's strategies include:

- Implementing measures to minimize or prevent environmental impacts from our operations and facilities, and to ensure compliance with applicable environmental laws and regulations;
- Maintaining an Environmental Management System to provide consistent, effective guidance and resources to CP employees in regard to the management of air emissions, dangerous goods and waste materials, emergency preparedness and response, petroleum products management, and water and wastewater systems;
- Reducing environmental and safety risk through business processes to identify and mitigate potential environmental impacts related to all CP operations and activities;
- Ensuring that new or altered operations and other business activities are evaluated, planned, permitted in accordance with applicable regulations, and executed to mitigate environmental risk;
- Engaging with relevant stakeholders to consider and discuss CP's environmental management practices and environmental issues and concerns associated with our operations;
- Employing best practices, proven technologies, and safe operating standards for activities involving elevated environmental risk; and
- Planning and preparing for emergency responses to ensure all appropriate steps are taken in the event of a derailment, spill, or other incident involving a release to the environment.

Security

CP is subject to statutory and regulatory directives in Canada and the U.S. that address security concerns. CP plays a critical role in the North American transportation system. Rail lines, facilities and equipment, including railcars carrying hazardous materials, could be direct targets or indirect casualties of terrorist attacks, actions by criminal and non-criminal organizations, and activities by individuals. Regulations by the U.S. Department of Transportation and the Department of Homeland Security in the U.S. include speed restrictions, chain of custody and security measures, which can impact service and increase costs for the transportation of hazardous materials, especially TIH materials. New regulations published by TC under the TDGA have added requirements for railway companies to take actions to mitigate security risks of transporting dangerous goods by rail. In addition, insurance premiums for some or all of the Company's current coverage could increase significantly, or certain coverage may not be available to the Company in the future. While CP will continue to work closely with Canadian and U.S. government agencies, future decisions by these agencies on security matters or decisions by the industry in response to security threats to the North American rail network could have a material adverse effect on the Company's business, financial condition, or operating results.

CP takes the following security measures:

- CP employs its own police service that works closely with communities and other law enforcement and government agencies to promote railway safety and infrastructure security. As a railway law enforcement agency, CP Police Services is headquartered in Calgary, with police officers assigned to over 25 field offices responsible for railway police operations in six Canadian provinces and 14 U.S. states. CP Police Services operates on the CP rail network as well as in areas where CP has non-railway operations;
- CP's Police Communication Centre ("PCC") operates 24 hours a day. PCC receives reports of emergencies, dangerous or potentially dangerous conditions, and other safety and security issues from our employees, the public, and law enforcement and other government officials. PCC ensures that proper emergency responders are notified as well as governing bodies;
- CP's Security Management Plan is a comprehensive, risk-based plan modelled on and developed in conjunction with the security plan prepared by the Association of American Railroads post-September 11, 2001. Under this plan, CP routinely examines and prioritizes railway assets, physical and cyber vulnerabilities, and threats, as well as tests and revises measures to provide essential railway security. To address cyber security risks, CP implements mitigation programs that evolve with the changing technology threat environment. The Company has also worked diligently to establish backup sites to ensure a seamless transition in the event that the Company's operating systems are the target of a cyber-attack. By doing so, CP is able to maintain network fluidity; and
- CP security efforts consist of a wide variety of measures including employee training, periodic security assessments, engagement with our customers, and training of emergency responders.

Human Capital Management

CP is focused on attracting, developing, and retaining a resilient, high performing workforce that delivers on providing service for our customers. CP's culture is guided by three core values: Accountability, Diversity, and Pride. These values drive our actions. Everything we do is grounded in precision scheduled railroading and our five foundations of Provide Service, Control Costs, Optimize Assets, Operate Safely, and Develop People.

At CP, our approximately 12,000-strong team of railroaders across North America underpin CP's success and bring value to our customers and shareholders. Accordingly, Develop People is one foundation of how we do business, illustrating our focus and energy towards empowering our people, providing an engaging culture and cultivating an industry leading team.

Total Employees and Workforce

An employee is defined by the Company as an individual currently engaged in full-time, part-time, or seasonal employment with CP. The total number of employees as of December 31, 2020, was 11,890, a decrease of 804, or 6%, compared to 12,694 as at December 31, 2019, due to reduced workload as measured in GTMs and more efficient resource planning.

Workforce is defined as total employees plus contractors and consultants. The total workforce as at December 31, 2020 was 11,904, a decrease of 828, or 7%, compared to 12,732 as at December 31, 2019, due to more efficient resource planning. .

Unionized Workforce

Class I railways are party to collective bargaining agreements with various labour unions. The majority of CP's employees belong to labour unions and are subject to these agreements. CP manages collaborative relationships with union members in both Canada and the U.S.

CP employs approximately 12,000 active employees across North America with three-quarters based in Canada and the remainder in the United States. Unionized employees represent nearly 72% of our workforce and are represented by 36 active bargaining units.

Canada

Within Canada there are eight bargaining units representing approximately 6,600 Canadian unionized active employees. From time to time, we negotiate to renew collective agreements with various unionized groups of employees. In such cases, the collective agreements remain in effect until the bargaining process has been exhausted (pursuant to the *Canada Labour Code*). One agreement is pending ratification and one other remains open for renewal and is

under negotiation as of December 31, 2020. Agreements are in place with the other six bargaining units in Canada, two are effective until December 31, 2021, and four are effective until 2022.

U.S.

In the U.S., there are currently 28 active bargaining units on three subsidiary railroads representing nearly 1,900 unionized active employees. Nine agreements are open for amendment and are under negotiation at this time. 15 agreements will become amendable in 2021 and one in 2022. Negotiations have been concluded with respect to the remaining three agreements which will expire beyond 2022.

Health and Safety

CP is an industry leader in rail safety and we are committed to protecting our employees, our communities, our environment, and our customers' goods. This is CP's 15th consecutive year as industry leader in train accident statistics. Operate Safely is one of our five foundations of successful railroading and it starts with knowing and following the rules. Aside from running trains, many of our employees work in yards, terminals, and shops across our network with machinery and heavy equipment, or in extreme weather conditions. Their safety and security is of utmost importance to CP and is foundational to the way we view employee safety education and training. CP HomeSafe™ is an initiative designed to improve our safety culture by tapping into the human side of safety and promoting both safety engagement and feedback. HomeSafe™ puts everyone on the same level and empowers all employees to begin a safety conversation, no matter the rank or position. Safety performance is disclosed publicly on a quarterly basis using standardized metrics set out by the FRA. Additional information on FRA safety measures is included in Performance Indicators in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Talent Management

CP's approach for talent management begins with our Human Resources department, which oversees recruitment, hiring, development, engagement, and retention with the current and future workforce and leadership of CP.

The Management Resources and Compensation Committee of the Board of Directors reviews and informs CP's compensation plan and programming, and makes recommendations to the Board on succession planning for senior management and processes to identify, develop, and retain executive talent. Additionally, as part of CP's succession planning program, senior leaders are actively engaged in building the pool of future leaders, and present their development plans to the Board.

CP maintains a number of internal policies related to recruitment, relocation, compensation, employment equity, and diversity and inclusion. The effective implementation of these policies alongside our ongoing workforce initiatives ensures CP's attraction and recruitment, employee development, succession, engagement, and diversity and inclusion practices are consistent and aligned with CP's commitments, foundations and values.

Attraction and Recruitment

With a rail network spanning Canada and the U.S., we employ a number of recruitment and retention tactics to attract the best and diverse talent across North America. CP offers many rewarding career opportunities in a variety of roles within the organization in both operating and support functions. We base our recruitment strategy on workforce planning needs, and our focus is on ensuring that we have a diverse candidate pool to fill our open positions.

CP recognizes the valuable skills and experience that veterans have gained from serving their country. Our veteran program was recognized as part of Canada's Best Diversity Employers® of 2020 and we were named part of the top 10 Military Friendly® employers in the U.S. for 2021.

CP tracks recruitment performance and success rates to better understand which tactics, benefits, and strategic partnerships are most successful in bringing in and retaining new talent.

Talent Development & Succession

As part of our core foundation and commitment to Develop People, we encourage all employees to take an active role in their career planning and development. We believe that investing in our employees leads to improved workplace morale and fosters a supportive working environment.

Training and Development

CP offers a variety of training courses through our Learning Management System that provides online and technical training, including mandatory, role-specific and voluntary courses. This enables our employees to succeed in their current roles and prepares them for career advancement opportunities.

Non-union employees also complete annual performance management and development action plans with their supervisors to set individual goals and track progress against Company expectations as well as long-term career goals.

CP offers key development programs for current and emerging leaders. For our Operations groups, CP's Leadership Management Trainee program provides internal and external candidates with comprehensive training on the critical skills necessary for railway operations and people leadership. Upon successful completion of the six to seven month program, participants qualify for a variety of operations frontline leader roles.

Leadership skills are long considered a core trait of CP employees. We encourage staff to develop leadership expertise as part of ongoing training and development through regular performance reviews and CP-specific skill development programs. Our Consequence Leadership training program focuses on creating a high-performance culture and feedback-rich environment at CP. The online learning module and interactive workshops introduce a practical set of tools and thought processes for instilling communications skills and management capabilities in our leaders and our employees. The goal is to create a constructive environment that improves bottom-line results and enables employees to perform at their best. To complement the Consequence Leadership training program, CP has developed in-house training to enhance leadership capabilities among leaders across the organization to ensure a long-term focus on our foundation to Develop People. For employees interested in further developing their leadership skills, CP also offers on-demand learning through Harvard ManageMentor.

Succession Management

CP undergoes extensive succession planning for both executive and management level positions. We measure the retention of our most critical positions and develop potential successors to be ready to fill critical roles as soon as positions become available. Looking ahead, CP is developing succession and development goals for the many high-potential successors for all critical positions, and will begin to measure the success rate of placing emerging leaders in those key positions.

Retention & Engagement

CP's career development programs and diverse and inclusive workplace culture help drive employee retention and engagement. In addition, we have adopted a performance-based culture, and reward employees for dedication and hard work. CP's competitive compensation and benefits packages are benchmarked yearly to ensure they reflect changes in the market. CP offers employees a wellness and fitness subsidy program. Along with our community investment programs, CP's employee programs and resources illustrate our dedication to our employees' well-being and satisfaction with their careers at CP.

CP periodically administers non-union surveys to measure employee perspectives and engagement. In 2019, we administered a new Employee Perspective survey to continue gathering actionable data regarding employee satisfaction and engagement, and to gain insight into what motivates and inspires our employees. These surveys help CP to better tailor our development and retention efforts.

Employee recognition programs are in place to celebrate wins and highlight the great work of our employees. CP's CEO on the Spot awards, Annual Safety Awards and Broken Wheel Awards recognize good performance, heroic acts, milestones, and safety excellence with cash rewards. In addition, CP's annual CEO Awards of Excellence and gala recognizes employees who have gone above and beyond the call of duty to exemplify CP's five foundations and support our focus on providing superior service to our customers and driving value for our shareholders.

Diversity and Inclusion

Diversity is one of our core values at CP. We believe that different backgrounds, experiences, and perspectives enhance creativity and innovation and encourage diversity of thought in the workplace. Fostering an inclusive environment where all employees feel empowered to strive for and achieve success supports our high-performance culture and is integral to our growth and success as an organization.

CP recognizes the importance of Board member diversity as a critical component of objective oversight and continuous improvement. As of December 31, 2020, women represented 46% of CP's 2020 Board Membership.

CP has regulatory requirements to report on workforce diversity representation in Canada (Employment Equity Act) and the U.S. (Equal Employment Opportunity Commission). CP currently collects diversity data on the following categories: women, persons with disabilities, minorities (visible minorities), and Indigenous peoples (Canada) from employees through voluntary self-disclosure. CP continues to focus our efforts on attracting, recruiting, and developing a diverse workforce. This data is shared in various disclosures and government reporting, internally with employees and leaders as well as our Board of Directors.

Year over Year Diversity Representation

Canada and U.S. Diversity Percentages[1]	2020	2019	2018
Women	**10 %**	10 %	10 %
Persons with disabilities	**3 %**	3 %	2 %
Minorities (visible minorities)[2]	**13 %**	13 %	13 %
Indigenous peoples (Canada only)	**3 %**	4 %	3 %

[1] Percentages are based on total workforce (total number of active employees) at year-end.

[2] Minority is a term used in the U.S., Visible Minority is a term used in Canada.

CP continues to work collaboratively with our employees, communities along our network, and partner organizations in Canada and the U.S. to progress and support CP's commitment toward a more representative and inclusive workplace. Some of our initiatives include:

- Establishing three diversity councils (Indigenous, Gender and Racial). Each council is chaired by a CP executive and represents a diverse group of employees. The councils work to ensure we consider diversity and inclusion when we make decisions, provide feedback on corporate directions and promote initiatives that relate to each council's area of focus;
- Continuing our existing partnerships with associations and organizations that attract, recruit, and support skilled immigrants, transitioning veterans, persons with disabilities, and women;
- Working with Indigenous groups to develop relationships that are more meaningful, create targeted outreach programs and employment opportunities, and better understand their history, culture, and opportunities for collaboration.
- Supporting the development and advancement of women at CP; and
- Increasing employee awareness regarding CP's workplace diversity and inclusion practices through communications, education, and training.

Further, CP recently published a Diversity Commitment. This commitment re-enforces the efforts we have made, and will continue to make, in our journey to becoming a more diverse and inclusive company, one that we and those we do business with are proud to be a part.

We pride ourselves on offering a diverse workplace with a variety of careers in both our corporate and field locations. We recruit and hire talent based on relevant skills and experience, and seek to attract the highest quality candidates regardless of gender, age, cultural heritage, or ethnic origin. One of our primary objectives is attracting, recruiting, retaining, and developing a workforce representative of the communities in which we operate.

Available Information

CP makes available on or through its website www.cpr.ca free of charge, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such reports are filed with or furnished to the U.S. Securities and Exchange Commission ("SEC"). Our website also contains charters for each of the committees of our Board of Directors, our corporate governance guidelines and our Code of Business Ethics. This Form 10-K and other SEC filings made by CP are also accessible through the SEC's website at www.sec.gov.

The Company has included the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") certifications regarding the Company's public disclosure required by Section 302 of the *Sarbanes-Oxley Act of 2002* and applicable securities laws in Canada as Exhibits to this annual report.

All references to our websites contained herein do not constitute incorporation by reference of information contained on such websites and such information should not be considered part of this document.

ITEM 1A. RISK FACTORS

The risks set forth in the following risk factors could have a materially adverse effect on the Company's business, financial condition, results of operations, and liquidity, and could cause those results to differ materially from those expressed or implied in the Company's forward-looking statements and forward-looking information (collectively, "forward-looking statements").

The information set forth in this Item 1A. Risk Factors should be read in conjunction with the rest of the information included in this annual report, including Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8. Financial Statements and Supplementary Data.

Business Risks

The COVID-19 pandemic has negatively affected and may continue to negatively affect the Company's business and operating results. The effects of the COVID-19 pandemic on consumer demand resulted in lower volumes in several of the Company's lines of business, including Energy, chemicals and plastics, Metals, minerals and consumer products, and Automotive. The future impacts of COVID-19 on the Company's business or operating and financial results are unpredictable and cannot be identified or assessed with certainty at this time. The COVID-19 pandemic has adversely affected the global economy and resulted in a widespread economic downturn which has adversely impacted and could continue to adversely impact demand for our services and otherwise cause interruptions, including fluctuations to commodity prices, disruptions or restrictions on the ability to transport freight in the ordinary course, temporary closures of facilities and ports, or the facilities and ports of our customers, partners, suppliers or other third-party service providers, and/or changes to export/import restrictions. The pandemic caused by COVID-19 has impacted and may continue to impact the seasonal trends that typically characterize our revenues and operating income. There is no assurance that the outbreak will not continue to have a material and adverse impact on our business or results of operations. Additionally, our operations could be further negatively affected if a significant number of our employees are unable to perform their normal duties, including because of contracting COVID-19 or based on further direction from governments, public health authorities or regulatory agencies. The extent of the impact, if any, will depend on developments, many of which are beyond our control, including actions taken by governments, financial institutions, monetary policy authorities, and public health authorities to contain and respond to public health concerns and general economic conditions as a result of the pandemic. The COVID-19 pandemic may also result in continued substantial market volatility and declines, which could adversely impact future net periodic benefit costs and funding requirements of CP's pension plans. Furthermore, certain impacts of the COVID-19 pandemic, including demand for our services and to economic conditions generally, could continue following the pandemic or the expiration or termination of government actions in respect of the pandemic.

We will continue to actively monitor the situation and may take further actions that alter our business operations as may be required or recommended by federal, provincial, state or local authorities, or that we determine are in the best interests of our employees, customers, partners, suppliers, shareholders and other stakeholders. We cannot be certain of potential effects that any such alterations or modifications may have on our business or operating and financial results in future fiscal periods.

To the extent COVID-19 adversely affects our business or operating and financial results, it may also have the effect of heightening many of the other risks described above and below.

As a common carrier, the Company is required by law to transport dangerous goods and hazardous materials, which could expose the Company to significant costs and claims. Railways, including CP, are legally required to transport dangerous goods and hazardous materials as part of their common carrier obligations regardless of risk or potential exposure to loss. CP transports dangerous goods and hazardous materials, including but not limited to crude oil, ethanol and TIH materials such as chlorine gas and anhydrous ammonia. A train accident involving hazardous materials could result in significant claims against CP arising from personal injury, property or natural resource damage, environmental penalties and remediation obligations. Such claims, if insured, could exceed the existing insurance coverage commercially available to CP, which could have a material adverse effect on CP's financial condition, operating results, and liquidity. CP is also required to comply with rules and regulations regarding the handling of dangerous goods and hazardous materials in Canada and the U.S. Noncompliance with these rules and regulations can subject the Company to significant penalties and could factor in litigation arising out of a train accident. Changes to these rules and regulations could also increase operating costs, reduce operating efficiencies and impact service delivery.

The Company is subject to significant governmental legislation and regulation over commercial, operating and environmental matters. The Company's railway operations are subject to extensive federal laws, regulations and rules in both Canada and the U.S. Operations are subject to economic and safety regulations in Canada primarily by the Agency and TC. The Company's U.S. operations are subject to economic and safety regulation by the STB and the FRA. Various other regulators directly and indirectly affect the Company's operations in areas such as health, safety, security, environmental and other matters. Additional economic regulation of the rail industry by these regulators or the Canadian and U.S. federal and state or provincial legislative bodies, whether under new or existing laws, could have a significant negative impact on the Company's ability to determine prices for rail services and result in a material adverse effect in the future on the Company's business, financial position, results of operations, and liquidity in a particular year or quarter. This potential material adverse effect could also result in reduced capital spending on the Company's rail network or in abandonment of lines.

The Company's compliance with safety and security regulations may result in increased capital expenditures and operating costs. For example, compliance with the *Rail Safety Improvement Act of 2008* has resulted in additional capital expenditures associated with the statutorily mandated implementation of PTC. In addition to increased capital expenditures, implementation of such regulations may result in reduced operational efficiency and service levels, as well as increased operating expenses.

The Company's operations are subject to extensive federal, state, provincial and local environmental laws concerning, among other matters, emissions to the air, land and water and the handling of hazardous materials and wastes. Violation of these laws and regulations can result in significant fines and penalties, as well as other potential impacts on CP's operations. These laws can impose strict, and in some circumstances, joint and several liability on both current and former owners, and on operators of facilities. Such environmental liabilities may also be raised by adjacent landowners or third parties. In addition, in operating a railway, it is possible that releases of hazardous materials during derailments or other accidents may occur that could cause harm to human health or to the environment. Costs of remediation, damages and changes in regulations could materially affect the Company's operating results and reputation. The Company has been, and may in the future be, subject to allegations or findings to the effect that it has violated, or is strictly liable under, environmental laws or regulations. The Company currently has obligations at existing sites for investigation, remediation and monitoring, and will likely have obligations at other sites in the future. The actual costs associated with both current and long-term liabilities may vary from the Company's estimates due to a number of factors including, but not limited to changes in: the content or interpretation of environmental laws and regulations; required remedial actions; technology associated with site investigation or remediation; and the involvement and financial viability of other parties that may be responsible for portions of those liabilities.

The Company faces competition from other transportation providers and failure to compete effectively could adversely affect financial results. The Company faces significant competition for freight transportation in Canada and the U.S., including competition from other railways, motor carriers, ship and barge operators, and pipelines. Competition is based mainly on quality of service, freight rates and access to markets. Other transportation modes generally use public rights-of-way that are built and maintained by government entities, while CP and other railways must use internal resources to build and maintain their rail networks. Competition with the trucking industry is generally based on freight rates, flexibility of service and transit time performance. Any future improvements or expenditures materially increasing the quality or reducing the cost of alternative modes of transportation, or legislation that eliminates or significantly reduces the burden of the size or weight limitations currently applicable to trucking carriers, could have a material adverse effect on CP's financial results.

The operations of carriers with which the Company interchanges may adversely affect operations. The Company's ability to provide rail services to customers in Canada and the U.S. also depends upon its ability to maintain cooperative relationships with connecting carriers with respect to, among other matters, revenue division, car supply and locomotive availability, data exchange and communications, reciprocal switching, interchange, and trackage rights. Deterioration in the operations or services provided by connecting carriers, or in the Company's relationship with those connecting carriers, could result in CP's inability to meet customers' demands or require the Company to use alternate train routes, which could result in significant additional costs and network inefficiencies and adversely affect our business, operating results, and financial condition.

The Company may be subject to litigation and other claims that could result in significant expenditures. By nature of its operations, the Company is exposed to potential for litigation and other claims, including personal injury claims, labour and employment disputes, commercial and contract disputes, environmental liability, freight claims and property damage claims. Accruals are made in accordance with applicable accounting standards and based on an ongoing assessment of the likelihood of success of the claim together with an evaluation of the damages or other monetary relief sought. Material changes to litigation trends, a catastrophic rail incident or series of incidents involving freight loss, property damage, personal injury, environmental liability, or other claims, and other significant matters could have a material adverse impact to the Company's results of operations, financial position and liquidity, in each case, to the extent not covered by insurance.

The Company may be affected by acts of terrorism, war, or risk of war. CP plays a critical role in the North American transportation system and therefore could become the target for acts of terrorism or war. CP is also involved in the transportation of hazardous materials, which could result in CP's equipment or infrastructure being direct targets or indirect casualties of terrorist attacks. Acts of terrorism, or other similar events, any government response thereto, and war or risk of war could cause significant business interruption to CP and may adversely affect the Company's results of operations, financial condition and liquidity.

Severe weather or natural disasters could result in significant business interruptions and costs to the Company. CP is exposed to severe weather conditions and natural disasters including earthquakes, hurricanes, floods, fires, avalanches, mudslides, extreme temperatures and significant precipitation that may cause business interruptions that can adversely affect the Company's entire rail network. This could result in increased costs, increased liabilities and decreased revenues, which could have a material adverse effect on the Company's results of operations, financial condition, and liquidity. Insurance maintained by the Company to protect against loss of business and other related consequences resulting from these natural occurrences is subject to coverage limitations, depending on the nature of the risk insured. This insurance may not be sufficient to cover all of the Company's damages or damages to others, and may not continue to be available at commercially reasonable rates. Even with insurance, if any natural occurrence leads to a catastrophic interruption of services, the Company may not be able to restore services without a significant interruption in operations.

Human Capital Risks

The availability of qualified personnel could adversely affect the Company's operations. Changes in employee demographics, training requirements and the availability of qualified personnel, particularly locomotive engineers and trainpersons, could negatively impact the Company's ability to meet demand for rail services. Unpredictable increases in the demand for rail services may increase the risk of having insufficient numbers of trained personnel, which could have a material adverse effect on the Company's results of operations, financial condition and liquidity. In addition, changes in operations and other technology improvements may significantly impact the number of employees required to meet the demand for rail services.

Strikes or work stoppages could adversely affect the Company's operations. Class I railways are party to collective bargaining agreements with various labour unions. The majority of CP's employees belong to labour unions and are subject to these agreements. Disputes with regard to the terms of these agreements or the Company's potential inability to negotiate acceptable contracts with these unions could result in, among other things, strikes, work stoppages, slowdowns or lockouts, which could cause a significant disruption of the Company's operations and have a material adverse effect on the Company's results of operations, financial condition and liquidity. Additionally, future national labour agreements, or provisions of labour agreements related to health care, could significantly increase the Company's costs for health and welfare benefits, which could have a material adverse impact on its financial condition and liquidity.

Volatility Risks

The Company may be affected by fluctuating fuel prices. Fuel expense constitutes a significant portion of the Company's operating costs. Fuel prices can be subject to dramatic fluctuations, and significant price increases could have a material adverse effect on the Company's results of operations. The Company currently employs a fuel cost adjustment program to help reduce volatility in changing fuel prices, but the Company cannot be certain that it will always be able to fully mitigate rising or elevated fuel costs through this program. Factors affecting fuel prices include worldwide oil demand, international politics, weather, refinery capacity, supplier and upstream outages, unplanned infrastructure failures, environmental and sustainability policies, and labour and political instability.

Technology Risks

The Company relies on technology and technological improvements to operate its business. Information technology is critical to all aspects of CP's business. If the Company were to experience a significant disruption or failure of one or more of its information technology or communications systems (either as a result of an intentional cyber or malicious act, or an unintentional error) it could result in service interruptions or other failures, misappropriation of confidential information and deficiencies, which could have a material adverse effect on the Company's results of operations, financial condition, and liquidity. If CP is unable to acquire or implement new technology, the Company may suffer a competitive disadvantage, which could also have an adverse effect on its results of operations, financial condition, and liquidity.

Supply Chain Risks

Disruptions within the supply chain could negatively affect the Company's operational efficiencies and increase costs. The North American transportation system is integrated. CP's operations and service may be negatively impacted by service disruptions of other transportation links, such as ports, handling facilities, customer facilities and other railways. A prolonged service disruption at one of these entities could have a material adverse effect on the Company's results of operations, financial condition, and liquidity.

The Company is dependent on certain key suppliers of core railway equipment and materials that could result in increased price volatility or significant shortages of materials, which could adversely affect results of operations, financial condition, and liquidity. Due to the complexity and specialized nature of core railway equipment and infrastructure (including rolling stock equipment, locomotives, rail and ties), there can be a limited number of suppliers of rail equipment and materials available. Should these specialized suppliers cease production or experience capacity or supply shortages, this concentration of suppliers could result in CP experiencing cost increases or difficulty in obtaining rail equipment and materials, which could have a material adverse effect on the Company's results of operations, financial condition and liquidity. Additionally, CP's operations are dependent on the availability of diesel fuel. A significant fuel supply shortage arising from production decreases, increased demand in existing or emerging foreign markets, disruption of oil imports, disruption of domestic refinery production, damage to refinery or pipeline infrastructure, political unrest, war or other factors could have a material adverse effect on the Company's results of operations, financial position and liquidity in a particular year or quarter.

General Risk Factors

Global Risks

Global economic conditions could negatively affect demand for commodities and other freight transported by the Company. A decline or disruption in domestic, cross border or global economic conditions that affect the supply or demand for the commodities that CP transports may decrease CP's freight volumes and may result in a material adverse effect on CP's financial or operating results and liquidity. Economic conditions resulting in bankruptcies of one or more large customers could have a significant impact on CP's financial position, results of operations, and liquidity in a particular year or quarter.

The Company may be directly and indirectly affected by the impacts of global climate change. There is potential for significant impacts to CP's business and rail infrastructure due to changes in global climate conditions. Increasing frequency, intensity and duration of extreme weather events such as

flooding, storms and forest fires may result in substantial costs to respond during the event, to recover from the event and possibly to modify existing or implementing new infrastructure to prevent recurrence. The Company is currently subject to emerging regulatory programs that place a price on carbon emissions associated with railway operations in Canada. Government bodies at the provincial and federal level are imposing carbon taxation systems and cap and trade market mechanisms in the Canadian jurisdictions in which CP operates. As a significant consumer of diesel fuel, an escalating price on carbon emissions will lead to a corresponding increase of the Company's business costs. Programs that place a price on carbon emissions or other government restrictions on certain market sectors may further impact current and potential customers including thermal coal, petroleum crude oil and renewable fuel sectors. Introduction of, or changes to, regulations by government bodies in response to these anticipated impacts could result in a significant increase in expenses and could adversely affect our business performance, results of operations, financial position, and liquidity.

Liquidity Risks

The state of capital markets could adversely affect the Company's liquidity. Weakness in the capital and credit markets could negatively impact the Company's access to capital. From time to time, the Company relies on the capital markets to provide some of its capital requirements, including the issuance of long-term debt instruments and commercial paper. Significant instability or disruptions of the capital markets and the credit markets, or deterioration of the Company's financial condition due to internal or external factors could restrict or eliminate the Company's access to, and/or significantly increase the cost of, various financing sources, including bank credit facilities and issuance of corporate bonds. Instability or disruptions of the capital markets and deterioration of the Company's financial condition, alone or in combination, could also result in a reduction in the Company's credit rating to below investment grade, which could also further prohibit or restrict the Company from accessing external sources of short-term and long-term debt financing, and/or significantly increase the associated costs.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Network Geography

The Company's network in Canada extends from the Port of Vancouver on Canada's Pacific Coast to the Port of Montréal and eastern Québec up into the Port of Saint John, New Brunswick via haulage, and to the U.S. industrial centres of Chicago, Illinois; Detroit, Michigan; Buffalo and Albany, New York; Kansas City, Missouri; and Minneapolis, Minnesota.



The Company's network is composed of three primary corridors: Western, Central and Eastern.

The Western Corridor: Vancouver to Thunder Bay

Overview – The Western Corridor links Vancouver with Thunder Bay, which is the Western Canadian terminus of the Company's Eastern Corridor. With service through Calgary, the Western Corridor is an important part of the Company's routes between Vancouver and the U.S. Midwest, and between Vancouver and eastern Canada. The Western Corridor provides access to the Port of Thunder Bay, Canada's primary Great Lakes bulk terminal.

Products – The Western Corridor is the Company's primary route for bulk and resource products traffic from western Canada to the Port of Vancouver for export. CP also handles significant volumes of international intermodal containers and domestic general merchandise traffic.

Feeder Lines – CP supports its Western Corridor with four significant feeder lines: the "Coal Route", which links southeastern B.C. coal deposits to the Western Corridor and to coal terminals at the Port of Vancouver; the "Edmonton-Calgary Route", which provides rail access to Alberta's Industrial Heartland (north of Edmonton, Alberta) in addition to the petrochemical facilities in central Alberta; the "Pacific CanAm Route", which connects Calgary and Medicine Hat in Alberta with Pacific Northwest rail routes at Kingsgate, B.C. via the Crowsnest Pass in Alberta; and the "North Main Line Route" that provides rail service to customers between Portage la Prairie, Manitoba, and Wetaskiwin, Alberta, including intermediate stations at Yorkton and Saskatoon in Saskatchewan. This line is an important collector of Canadian grain and fertilizer, serving the potash mines located east and west of Saskatoon and many high-throughput grain elevators and processing facilities. In addition, this line provides direct access to refining and upgrading facilities at Lloydminster, Alberta, and western Canada's largest pipeline terminal at Hardisty, Alberta.

Connections – The Company's Western Corridor connects with the Union Pacific Railroad ("UP") at Kingsgate and with Burlington Northern Santa Fe Railway ("BNSF") at Coutts, Alberta, and at New Westminster and Huntingdon in B.C. This corridor also connects with CN at many locations including Thunder Bay, Winnipeg, Manitoba, Regina and Saskatoon in Saskatchewan, Red Deer, Camrose, Calgary and Edmonton in Alberta, Kamloops and several locations in the Greater Vancouver area in B.C.

Yards and Repair Facilities – CP supports rail operations on the Western Corridor with main rail yards at Vancouver, Calgary, Edmonton, Moose Jaw in Saskatchewan, Winnipeg and Thunder Bay. The Company has locomotive and railcar repair facilities at Golden in B.C., Vancouver, Calgary, Moose Jaw and Winnipeg. CP also has major intermodal terminals at Vancouver, Calgary, Edmonton, Regina and Winnipeg.

The Central Corridor: Moose Jaw and Winnipeg to Chicago and Kansas City

Overview – The Central Corridor connects with the Western Corridor at Moose Jaw and Winnipeg. By running south to Chicago and Kansas City, through the Twin Cities of Minneapolis and St. Paul, Minnesota, and through Milwaukee, Wisconsin, CP provides a direct, single-carrier route between western Canada and the U.S. Midwest, providing access to Great Lakes and Mississippi River ports. From La Crosse, Wisconsin, the Central Corridor continues south towards Kansas City via the Quad Cities (Davenport and Bettendorf in Iowa, and Rock Island and Moline in Illinois), providing an efficient route for traffic destined for southern U.S. and Mexican markets. CP's Kansas City line also has a direct connection into Chicago and by extension to points east on CP's network such as Toronto, Ontario and the Port of Montréal in Québec.

Products – Traffic transported on the Central Corridor includes intermodal containers from the Port of Vancouver, fertilizers, chemicals, crude, frac sand, Automotive, and Grain and other agricultural products.

Feeder Lines – The Company has operating rights over BNSF tracks between Minneapolis and St. Paul along with connectivity to the twin ports of Duluth, Minnesota and Superior, Wisconsin. CP maintains its own yard facilities that provide an outlet for grain from the U.S. Midwest to the grain terminals at these ports. This is a strategic entry point for large dimensional shipments that can be routed via CP's network to locations such as Alberta's Industrial Heartland to serve the needs of the oil sands and energy industry. CP's route from Winona, Minnesota, to Tracy, Minnesota, provides access to key agricultural and industrial commodities. CP's feeder line between Drake and New Town in North Dakota is geographically situated in a highly strategic region for Bakken oil production. CP also owns two significant feeder lines in North Dakota and western Minnesota operated by the Dakota Missouri Valley and Western Railroad and the Northern Plains Railroad, respectively. Both of these short lines are also active in providing service to agricultural and Bakken-oil-related customers.

Connections – The Company's Central Corridor connects with all major railways at Chicago. Outside of Chicago, CP has major connections with BNSF at Minneapolis, Minot, North Dakota, and the Duluth-Superior Terminal and with UP at St. Paul and Mankato, Minnesota. CP connects with CN at Milwaukee and Chicago. At Kansas City, CP connects with Kansas City Southern ("KCS"), BNSF, Norfolk Southern Railway ("NS") and UP. CP's Central Corridor also links to several short-line railways that primarily serve grain and coal producing areas in the U.S., and extend CP's market reach in the rich agricultural areas of the U.S. Midwest. A haulage arrangement with Genesee & Wyoming Inc., provides Intermodal service to Jeffersonville, Ohio.

Yards and Repair Facilities – The Company supports rail operations on the Central Corridor with main rail yards in Chicago, Milwaukee, St. Paul and Glenwood in Minnesota, and Mason City and Davenport in Iowa. In addition, CP has a major locomotive repair facility at St. Paul and car repair facilities at St. Paul and Chicago. CP shares a yard with KCS in Kansas City. CP owns 49% of the Indiana Harbor Belt Railroad, a switching railway serving Greater Chicago and northwest Indiana. CP is also part owner of the Belt Railway Company of Chicago, which is the largest intermediate switching terminal railroad in the U.S. CP has major intermodal terminals in Minneapolis and Chicago as well as a dried distillers' grains transload facility that complements the service offering in Chicago.

The Eastern Corridor: Thunder Bay to Eastern Québec, Detroit and Albany

Overview – The Eastern Corridor extends from Thunder Bay through to the Port of Montréal, Searsport, Maine and the Port of Saint John, via haulage agreement, and from Toronto to Chicago via Detroit or Buffalo. The Company's Eastern Corridor provides shippers direct rail service from Toronto, Montréal, and Saint John to Calgary and Vancouver via the Company's Western Corridor and to the U.S. via the Central Corridor. This is a key element of the Company's transcontinental intermodal service. The corridor also supports the Company's market position at the Port of Montréal by providing one of the shortest rail routes for European cargo destined to the U.S. Midwest, using the CP-owned route between Montréal and Detroit, coupled with a trackage rights arrangement on NS tracks between Detroit and Chicago or the CP-owned route between Montréal and Buffalo coupled with a haulage arrangement on CSX Corporation ("CSX") tracks between Buffalo and Chicago. CP's 2019 acquisition of CMQ Canada and the 2020 acquisition of CMQ U.S. extends access through southern and eastern Québec to Saint John, New Brunswick and the U.S. Northeast including Searsport, Maine. In 2020, CP acquired full ownership of the DRTP. The 1.6-mile tunnel linking Windsor and Detroit will continue to be operated by CP.

Products – Major traffic categories transported in the Eastern Corridor include Forest products, chemicals and plastics, crude, ethanol, Metals, minerals and consumer products, Intermodal, automotive products and general merchandise.

Feeder Lines – A major feeder line serves the steel industry at Hamilton, Ontario and provides connections with both CSX and NS at Buffalo. The Delaware & Hudson Railway Company, Inc. ("D&H") feeder line extends from Montréal to Albany.

Connections – The Eastern Corridor connects with a number of short-line railways including routes from Montréal to Québec City, Québec and Brownsville Junction, Maine to Saint John, New Brunswick. Connections are also made with PanAm Southern at Mechanicville, New York, for service to the Boston and New England areas, the Vermont Railway at Whitehall, New York, and at Northern Main Junction. Through haulage arrangements, CP has service to Fresh Pond, New York, to connect with New York & Atlantic Railway as well as direct access to the Bronx and Queens, New York. CP can also access Philadelphia as well as a number of short-lines in Pennsylvania. Connections are also made with CN at a number of locations, including Sudbury, North Bay, Windsor, London, Hamilton and Toronto in Ontario, and Montréal in Québec. CP also connects in New York with the two eastern Class I railways; NS and CSX at Buffalo, NS at Schenectady and CSX at Albany.

Yards and Repair Facilities – CP supports its rail operations in the Eastern Corridor with major rail yards at Sudbury, Toronto, London and Montréal. The Company has locomotive repair facilities at Montréal and Toronto and car repair facilities at Thunder Bay, Toronto and Montréal. The Company's largest intermodal facility is located in the northern Toronto suburb of Vaughan and serves the Greater Toronto and southwestern Ontario areas. CP also operates intermodal terminals at Montréal and Detroit. CP also has transload facilities in Agincourt, Milton, and Hamilton, Ontario and in Montréal, Québec to meet a variety of commodity needs in these areas.

Right-of-Way

The Company's rail network is standard gauge, which is used by all major railways in Canada, the U.S. and Mexico. Continuous welded rail is used on the core main line rail network.

CP uses different train control systems on portions of the Company's owned track, depending on the volume of rail traffic. Remotely controlled centralized traffic control signals are used in various corridors to authorize the movement of trains. CP has implemented PTC on 2,117 miles of its U.S. network.

In other corridors, train movements are directed by written instructions transmitted electronically and by radio from rail traffic controllers to train crews. In some specific areas of intermediate traffic density, CP uses an automatic block signalling system in conjunction with written instructions from rail traffic controllers.

Network Investment

The Company continually assesses its network to ensure appropriate capacity to meet market demand. As part of CP's annual capital program, the Company has made substantial investments to support current and future volumes, including upgrading the network to handle longer and heavier trains, such as extending sidings to accommodate new train lengths. The Company's operating metrics, such as average train speed, length, and weight, demonstrate efficient utilization of network capacity, discussed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Performance Indicators.

Track and Infrastructure

CP operates on a network of approximately 13,000 miles of track, of which 2,300 miles CP accesses under trackage rights. The Company's owned track miles include leases with wholly owned subsidiaries where the term of the lease exceeds 99 years. CP's track network represents the size of the Company's operations that connects markets, customers and other railways. Of the total mileage operated, approximately 5,400 miles are located in western Canada, 2,500 miles in eastern Canada (including CMQ Canada), 4,500 miles in the U.S. Midwest and 700 miles in the U.S. Northeast. CP's network accesses the U.S. markets directly through four wholly owned subsidiaries: Soo Line Railroad Company ("Soo Line"), a Class I railway operating in the U.S. Midwest; the Dakota, Minnesota & Eastern Railroad ("DM&E"), which operates in the U.S. Midwest; the D&H, which operates between eastern Canada and the U.S. Northeast; and the CMQ U.S., which operates in the U.S. Northeast.

At December 31, 2020, the breakdown of CP operated track miles is as follows:

	Total
First main track	13,046
Second and other main track	1,051
Passing sidings and yard track	4,261
Industrial and way track	878
Total track miles	**19,236**

Rail Facilities

CP operates numerous facilities including: terminals for intermodal, transload, automotive and other freight; classification rail yards for train-building and switching, storage-in-transit and other activities; offices to administer and manage operations; dispatch centres to direct traffic on the rail network; crew quarters to house train crews along the rail line; shops and other facilities for fuelling; maintenance and repairs of locomotives; and facilities for maintenance of freight cars and other equipment. The Company continues to invest in terminal upgrades and new facilities to accommodate incremental growth in volumes, such as creating additional capacity with the redesign of the classification yard at Alyth in Calgary. The Company's average terminal dwell is an indicator of efficient utilization of yard capacity, discussed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Performance Indicators. Typically in all of our major yards, CP Police Services has offices to ensure the safety and security of the yards and operations.

The following table includes the major yards, terminals and transload facilities on CP's network:

Classification Yards	Intermodal Terminals	Transload Facilities
Vancouver, British Columbia	Vancouver, British Columbia	Vancouver, British Columbia
Calgary, Alberta	Calgary, Alberta	Toronto, Ontario
Edmonton, Alberta	Edmonton, Alberta	Hamilton, Ontario
Moose Jaw, Saskatchewan	Regina, Saskatchewan	Côte Saint-Luc, Québec
Winnipeg, Manitoba	Winnipeg, Manitoba	
Toronto, Ontario	Vaughan, Ontario	
Montréal, Québec	Lachine, Québec	
Chicago, Illinois	Chicago, Illinois	
St. Paul, Minnesota	Minneapolis, Minnesota	

Equipment

CP's equipment includes: owned and leased locomotives and railcars; heavy maintenance equipment and machinery; other equipment and tools in our shops, offices and facilities; and vehicles for maintenance, transportation of crews, and other activities. In this section, owned equipment includes units acquired by CP, equipment leased to third parties, and units held under finance leases, and leased equipment includes units under a short-term or long-term operating lease.

The Company's locomotive fleet is composed of largely high-adhesion alternating current locomotives that are more fuel efficient and reliable and have superior hauling capacity as compared with standard direct current locomotives. The Company is continuing a modernization program on several of the oldest locomotives in the fleet in order to improve reliability and availability, as well as to introduce new technology to the fleet. CP's locomotive productivity, defined as the daily average GTMs divided by daily average operating horsepower, for the years ended December 31, 2020, 2019, and 2018, was 207, 202, and 198 GTMs per Operating horsepower, respectively. Operating horsepower excludes units offline, tied up or in storage, or in use on other railways, and includes foreign units online. As of December 31, 2020, the Company had 310 locomotives in storage. As of December 31, 2020, CP owned or leased the following locomotive units:

Locomotives	Owned	Leased	Total	Average Age (in years)
Line haul	770	62	832	14
Road switcher	566	14	580	30
Total locomotives	**1,336**	**76**	**1,412**	**20**

CP's average in-service utilization percentage for freight cars, for the years ended December 31, 2020, 2019, and 2018, was 81%, 81%, and 84%, respectively. Average in-service utilization is defined as average active fleet for the year divided by total cars, excluding company service cars and tank cars as these are utilized only as required for non-revenue movements. As of December 31, 2020, CP owned and leased the following units of freight cars:

Freight cars	Owned	Leased	Total	Average Age (in years)
Box car	2,502	545	3,047	31
Covered hopper	8,623	7,693	16,316	21
Flat car	1,436	998	2,434	26
Gondola	3,623	1,595	5,218	22
Intermodal	1,315	150	1,465	16
Multi-level autorack	2,800	1,017	3,817	26
Company service car	2,413	176	2,589	45
Open top hopper	113	—	113	34
Tank car	33	32	65	14
Total freight cars	**22,858**	**12,206**	**35,064**	**24**

As of December 31, 2020, CP owned and leased the following units of intermodal equipment:

Intermodal equipment	Owned	Leased	Total	Average Age (in years)
Containers	8,150	—	8,150	7
Chassis	6,374	109	6,483	12
Total intermodal equipment	**14,524**	**109**	**14,633**	**9**

Headquarters Office Building

CP owns and operates a multi-building campus in Calgary encompassing the head office building, a data centre, training facility and other office and operational buildings.

The Company's main dispatch centre is located in Calgary, and is the primary dispatching facility in Canada. Rail traffic controllers coordinate and dispatch crews, and manage the day-to-day locomotive management along the network, 24 hours a day, and seven days a week. The operations centre has a complete backup system in the event of any power disruption.

In addition to fully operational redundant systems, CP has a fully integrated Business Continuity Centre, should CP's operations centre be affected by any natural disaster, fire, cyber-attack or hostile threat.

CP also maintains a secondary dispatch centre located in Minneapolis, where a facility similar to the one in Calgary exists. It services the dispatching needs of locomotives and train crews working in the U.S.

Capital Expenditures

The Company incurs expenditures to expand and enhance its rail network, rolling stock and other infrastructure. These expenditures are aimed at improving efficiency and safety of our operations. Such investments are also an integral part of the Company's multi-year capital program and support growth initiatives. For further details, refer to Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources.

Encumbrances

Refer to Item 8. Financial Statements and Supplementary Data, Note 16 Debt, for information on the Company's finance lease obligations and assets held as collateral under these agreements.

ITEM 3. LEGAL PROCEEDINGS

For further details, refer to Item 8. Financial Statements and Supplementary Data, Note 25 Commitments and contingencies.

SEC regulations require the disclosure of any proceeding under environmental laws to which a government authority is a party unless the registrant reasonably believes it will not result in sanctions over a certain threshold. The Company uses a threshold of U.S. $1 million for the purposes of determining proceedings requiring disclosure.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Our executive officers are appointed by the Board of Directors and they hold office until their successors are appointed, subject to resignation, retirement or removal by the Board of Directors. There are no family relationships among our officers, nor any arrangement or understanding between any officer and any other person pursuant to which the officer was selected. As of the date of this filing, the executive officers' names, ages and business experience are:

Name, Age and Position	Business Experience
Keith Creel, 52 President and Chief Executive Officer	Mr. Creel became President and CEO of CP on January 31, 2017. Previously, he was President and Chief Operating Officer ("COO") from February 5, 2013, to January 30, 2017. Prior to joining CP, Mr. Creel was Executive Vice-President and COO at CN from January 2010 to February 2013. During his time at CN, Mr. Creel held various positions including Executive Vice-President, Operations, Senior Vice-President Eastern Region, Senior Vice-President Western Region, and Vice-President of the Prairie Division. Mr. Creel began his railroad career at Burlington Northern Railway in 1992 as an intermodal ramp manager in Birmingham, Alabama. He also spent part of his career at Grand Trunk Western Railroad as a superintendent and general manager, and at Illinois Central Railroad as a trainmaster and director of corridor operations, prior to its merger with CN in 1999.
Mark Redd, 50 Executive Vice-President, Operations	Mr. Redd has been Executive Vice-President Operations since September 1, 2019. Before this appointment, he was Senior Vice-President Operations Western Region from February 2, 2017, to August 31, 2019, and Vice-President Operations Western Region from April 20, 2016, to February 1, 2017. Previous to these roles, he was General Manager Operations U.S. West and General Manager Operations Central Division. He was named CP's 2016 Railroader of the Year. Prior to joining CP in October 2013, Mr. Redd worked for over 20 years at Kansas City Southern Railway where he held a variety of leadership positions in network and field operations. Mr. Redd holds bachelor and Master of Business Administration ("MBA") degrees from the University of Missouri – Kansas City.
Nadeem Velani, 48 Executive Vice-President and Chief Financial Officer	Mr. Velani has been Executive Vice-President and CFO of CP since October 17, 2017. Previous to this appointment, he was the Vice-President and CFO of CP from October 19, 2016, to October 16, 2017, Vice-President, Investor Relations from October 28, 2015, and Assistant Vice-President, Investor Relations from March 11, 2013. Prior to joining CP, Mr. Velani spent 15 years at CN where he worked in a variety of positions in Strategic and Financial Planning, Investor Relations, Sales and Marketing, and the Office of the President and CEO. Mr. Velani holds a Bachelor of Economics degree from Western University and an MBA in Finance/International Business from McGill University.
John Brooks, 50 Executive Vice-President and Chief Marketing Officer	Mr. Brooks has been Executive Vice-President and Chief Marketing Officer ("CMO") of CP since February 14, 2019. Previous to this appointment, he was the Senior Vice-President and CMO of CP from February 14, 2017, to February 13, 2019. He has worked in senior marketing roles at CP since he joined the Company in 2007, most recently as Vice-President, Marketing – Bulk and Intermodal. Mr. Brooks began his railroading career with UP and later helped start I&M Rail Link, LLC, which was purchased by DM&E in 2002. Mr. Brooks was Vice-President, Marketing at DM&E prior to it being acquired by CP in 2007. With more than 20 years in the railroading business, Mr. Brooks brings a breadth of experience to the CMO role that is pivotal to CP's continued and future success.

Laird Pitz, 76 Senior Vice-President and Chief Risk Officer	Mr. Pitz has been Senior Vice-President and Chief Risk Officer ("CRO") of CP since October 17, 2017. Previously, he was the Vice-President and CRO of CP from October 29, 2014, to October 16, 2017, and the Vice-President, Security and Risk Management of CP from April 2014 to October 2014. Prior to joining CP, Mr. Pitz was retired from March 2012 to April 2014, and Vice-President, Risk Mitigation of CN from September 2003 to March 2012. Mr. Pitz, a Vietnam War veteran and former Federal Bureau of Investigation special agent, is a 40-year career professional who has directed strategic and operational risk mitigation, security and crisis management functions for companies operating in a wide range of fields, including defence, logistics and transportation.
James Clements, 51 Senior Vice-President, Strategic Planning and Technology Transformation	Mr. Clements has been Senior Vice-President, Strategic Planning and Technology Transformation since September 1, 2019. Before this appointment, he was the Vice-President, Strategic Planning and Transportation Services of CP from 2014. Mr. Clements has responsibilities that include strategic network issues, Network Service Centre operations and Information Services. In addition, he has responsibility for all of CP's facilities and real estate across North America. Mr. Clements has been at CP for 26 years and his previous experience covers a wide range of areas of CP's business, including car management, finance, joint facilities agreements, logistics, grain marketing and sales in both Canada and the U.S., as well as marketing and sales responsibility for various other lines of business at CP. He has an MBA in Finance/International Business from McGill University and a Bachelor of Science in Computer Science and Mathematics from McMaster University.
Jeffrey Ellis, 53 Chief Legal Officer and Corporate Secretary	Mr. Ellis has been Chief Legal Officer and Corporate Secretary of CP since November 23, 2015. Mr. Ellis is accountable for the overall strategic leadership, oversight and performance of the legal, corporate secretarial, government relations and public affairs functions of CP in Canada and the U.S. Prior to joining CP in 2015, Mr. Ellis was the U.S. General Counsel at BMO Financial Group ("BMO"). Before joining BMO in 2006, Mr. Ellis was with the law firm of Borden Ladner Gervais LLP in Toronto, Ontario. Mr. Ellis has Bachelor of Arts and Master of Arts degrees from the University of Toronto, Juris Doctor and Master of Laws degrees from Osgoode Hall Law School, and an MBA from the Richard Ivey School of Business, Western University. Mr. Ellis is a member of the bars of New York, Illinois, Ontario and Alberta.
Mike Foran, 47 Vice-President, Market Strategy and Asset Management	Mr. Foran has been Vice-President, Market Strategy and Asset Management of CP since February 14, 2017. His prior roles with CP include Vice-President Network Transportation from 2014 to 2017, Assistant Vice-President Network Transportation from 2013 to 2014, and General Manager – Asset Management from 2012 to 2013. In over 20 years at CP, Mr. Foran has worked in operations, business development, marketing and general management. Mr. Foran holds an Executive MBA from the Ivey School of Business at Western University and a Bachelor of Commerce from the University of Calgary.
Michael Redeker, 60 Vice-President and Chief Information Officer	Mr. Redeker has been Vice-President and Chief Information Officer ("CIO") of CP since October 15, 2012. Prior to joining CP, Mr. Redeker was Vice-President and CIO of Alberta Treasury Branch from May 2007 to September 2012. He also spent 11 years at IBM Canada, where he focused on delivering quality information technology services within the financial services industry.
Chad Rolstad, 44 Vice-President, Human Resources and Chief Culture Officer	Mr. Rolstad has been Vice-President, Human Resources since February 14, 2019, and the Chief Culture Officer since September 1, 2019. Previous to this appointment, he was Assistant Vice-President, Human Resources of CP from August 1, 2018, to February 13, 2019, and Assistant Vice-President, Strategic Procurement of CP from April 10, 2017, to July 31, 2018. Prior to joining CP, Mr. Rolstad held various leadership positions at BNSF Railway in marketing and operations. Mr. Rolstad has a Bachelor of Science from the Colorado School of Mines and an MBA from Duke University.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Share Information

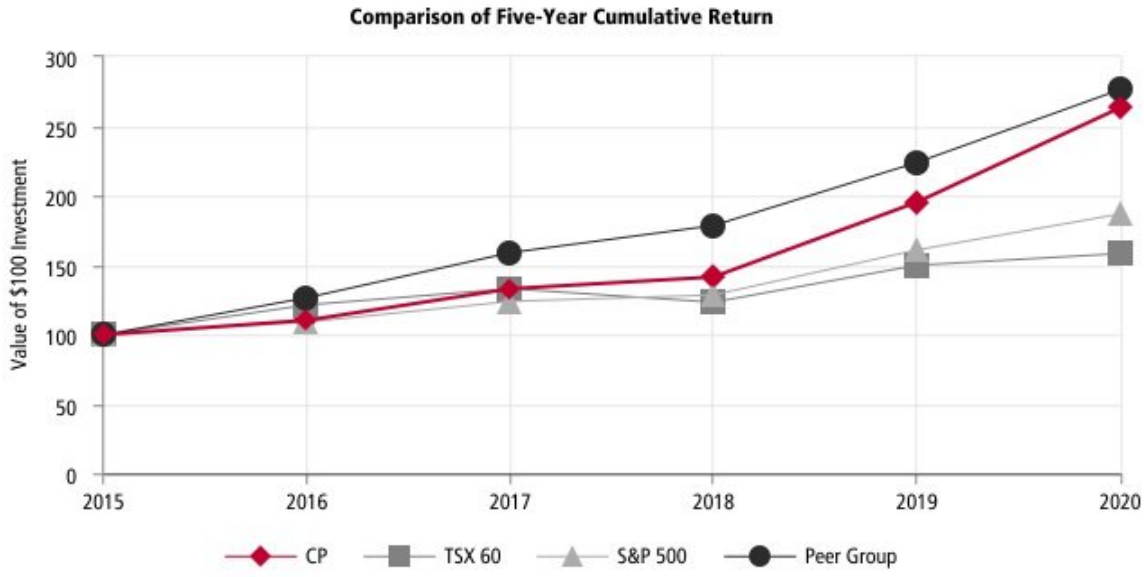
The Common Shares are listed on the TSX and on the NYSE under the symbol "CP".

Share Capital

At February 17, 2021, the latest practicable date prior to the date of this Annual Report on Form 10-K, there were 133,297,236 Common Shares and no preferred shares issued and outstanding, which consists of 13,779 holders of record of the Common Shares. In addition, CP has a Management Stock Option Incentive Plan ("MSOIP"), under which key officers and employees are granted options to purchase the Common Shares. Each option granted can be exercised for one Common Share. At February 17, 2021, 1,521,584 options were outstanding under the MSOIP and stand-alone option agreements entered into with Mr. Keith Creel. There are 733,836 options available to be issued by the Company's MSOIP in the future. CP has a Director's Stock Option Plan ("DSOP"), under which directors are granted options to purchase Common Shares. There are no outstanding options under the DSOP, which has 340,000 options available to be issued in the future.

Stock Performance Graph

The following graph provides an indicator of cumulative total shareholder return on the Common Shares, of an assumed investment of $100, as compared to the TSX 60 Index ("TSX 60"), the Standard & Poor's 500 Stock Index ("S&P 500"), and the peer group index (comprising CN, KCS, UP, NS and CSX) on December 31 for each of the years indicated. The values for the assumed investments depicted on the graph and in the table have been calculated assuming that any dividends are reinvested.



Issuer Purchase of Equity Securities

CP has established a share repurchase program which is further described in Item 8. Financial Statements and Supplementary Data, Note 20 Shareholders' equity. The following table presents the number of Common Shares repurchased during each month of the fourth quarter of 2020 and the average price paid by CP for the repurchase of such Common Shares.

2020	Total number of shares purchased[1]	Average price paid per share[2]	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
October 1 to October 31	230,195	$ 407.28	230,195	1,620,676
November 1 to November 30	451,299	425.89	451,299	1,169,377
December 1 to December 31	640,000	429.23	640,000	nil[3]
Ending Balance	**1,321,494**	**$ 424.26**	**1,321,494**	**N/A**

[1] Includes shares repurchased but not yet cancelled at quarter end.
[2] Includes brokerage fees.
[3] The Company's NCIB expired on December 19, 2020. At the time of expiration, 529,377 Common Shares authorized for repurchase had not yet been purchased by the Company.

ITEM 6. SELECTED FINANCIAL DATA

The following table presents as of, and for the years ended, December 31, selected financial data related to the Company's financial results for the last five fiscal years. The selected financial data should be read in conjunction with Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8. Financial Statements and Supplementary Data.

For information regarding historical exchange rates, please see Impact of Foreign Exchange on Earnings in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(in millions, except per share data, percentage and ratios)	2020	2019	2018	2017	2016
Financial Performance and Liquidity					
Total revenues	**$ 7,710**	$ 7,792	$ 7,316	$ 6,554	$ 6,232
Operating income	**3,311**	3,124	2,831	2,519	2,411
Adjusted operating income[1]	**3,311**	3,124	2,831	2,468	2,411
Net income	**2,444**	2,440	1,951	2,405	1,599
Adjusted income[1]	**2,403**	2,290	2,080	1,666	1,549
Basic earnings per share ("EPS")	**18.05**	17.58	13.65	16.49	10.69
Diluted EPS	**17.97**	17.52	13.61	16.44	10.63
Adjusted diluted EPS[1]	**17.67**	16.44	14.51	11.39	10.29
Dividends declared per share	**3.5600**	3.1400	2.5125	2.1875	1.8500
Cash provided by operating activities	**2,802**	2,990	2,712	2,182	2,089
Cash used in investing activities	**(2,030)**	(1,803)	(1,458)	(1,295)	(1,069)
Cash used in financing activities	**(764)**	(1,111)	(1,542)	(700)	(1,493)
Free cash[1]	**1,157**	1,357	1,289	874	1,007
Financial Position					
Total assets	**$ 23,640**	$ 22,367	$ 21,254	$ 20,135	$ 19,221
Total long-term debt, including current portion	**9,771**	8,757	8,696	8,159	8,684
Total shareholders' equity	**7,319**	7,069	6,636	6,437	4,626
Financial Ratios					
Operating ratio[2]	**57.1 %**	59.9 %	61.3 %	61.6 %	61.3 %
Adjusted operating ratio[1]	**57.1 %**	59.9 %	61.3 %	62.4 %	61.3 %
Return on average shareholders' equity[3]	**34.0 %**	35.6 %	29.8 %	43.4 %	33.9 %
Adjusted return on invested capital ("Adjusted ROIC")[1]	**16.7 %**	16.9 %	16.2 %	14.7 %	14.0 %
Dividend payout ratio[4]	**19.8 %**	17.9 %	18.5 %	13.3 %	17.4 %
Adjusted dividend payout ratio[1]	**20.1 %**	19.1 %	17.3 %	19.2 %	18.0 %
Long-term debt to Net income ratio[5]	**4.0**	3.6	4.5	3.4	5.4
Adjusted net debt to adjusted EBITDA ratio[1]	**2.5**	2.4	2.6	2.6	2.9

[1] These measures have no standardized meanings prescribed by accounting principles generally accepted in the United States of America ("GAAP") and, therefore, may not be comparable to similar measures presented by other companies. These measures are defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

[2] Operating ratio is defined as operating expenses divided by revenues, further discussed in Results of Operations of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

[3] Return on average shareholders' equity is defined as Net income divided by average shareholders' equity, averaged between the beginning and ending balance over a rolling 12-month period, further discussed in Results of Operations of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

[4] Dividend payout ratio is defined as dividends declared per share divided by Diluted EPS, further discussed in Liquidity and Capital Resources of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

[5] Long-term debt to Net income ratio is defined as long-term debt, including long-term debt maturing within one year, divided by Net income, further discussed in Liquidity and Capital Resources of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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The following discussion and analysis should be read in conjunction with the Company's Consolidated Financial Statements and the related notes in Item 8. Financial Statements and Supplementary Data, and other information in this annual report. Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars.

Executive Summary

2020 Results

- **Financial performance** – In 2020, CP reported Diluted earnings per share ("EPS") of $17.97, a 3% increase from $17.52 in 2019. Adjusted diluted EPS increased to $17.67, a 7% increase compared to $16.44 in 2019. CP's commitment to service and operational efficiency produced an Operating ratio of 57.1%. Adjusted diluted EPS is defined and reconciled in Non-GAAP Measures and discussed further in Results of Operations of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

- **Total revenues** – CP's Total revenues decreased by 1% to $7,710 million in 2020 from $7,792 million in 2019, driven primarily by the unfavourable impact of lower fuel surcharge revenue as a result of lower fuel prices, and lower volumes as measured by revenue ton-miles ("RTMs") primarily due to the impacts of COVID-19. This decrease was partially offset by higher liquidated damages, including customer volume commitments, and higher freight rates.

- **Operating performance** – Average train weight increased by 6% to 9,707 tons and average train length increased by 7% to 7,929 feet due to improvements in operating plan efficiency, in each case compared to 2019. These metrics are discussed further in Performance Indicators of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following table compares 2020 outlook to actual results:

	RTM growth	Adjusted diluted EPS[(1)]	Capital expenditures
Outlook	Mid-single-digit growth Revised quarterly and updated at the end of the third quarter to low single-digit decrease	High single-digit to low double-digit growth Revised quarterly and updated at the end of the third quarter to at least mid-single-digit Adjusted diluted EPS growth from full-year 2019 Adjusted diluted EPS of $16.44.	Approximately $1.60 billion
Actual outcomes	RTMs decreased by 2,487 million, or 2%	Adjusted diluted EPS growth of 7% to $17.67	$1.67 billion

(1) Adjusted diluted EPS is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. As described in the 2021 Outlook section below, CP had not calculated an outlook for Diluted EPS in 2020.

The updates in RTM growth and Adjusted diluted EPS expectations were based on the impacts of the COVID-19 pandemic on consumer demand in the following lines of business: Energy, chemicals and plastics, Metals, minerals and consumer products, and Automotive. CP revised its outlook quarterly given the evolving nature of impacts from the COVID-19 pandemic.

2021 Outlook

With a 2021 plan that encompasses profitable sustainable growth, CP expects high single-digit RTM growth and double-digit Adjusted diluted EPS growth. CP's expectations for Adjusted diluted EPS growth in 2021 are based on Adjusted diluted EPS of $17.67 in 2020. For the purposes of this outlook, CP assumes an effective tax rate of 24.6 percent. CP estimates other components of net periodic benefit recovery to increase by approximately $40 million versus 2020. As CP continues to invest in service, productivity and safety, the Company plans to invest approximately $1.55 billion in capital programs in 2021. Capital programs are defined and discussed further in Liquidity and Capital Resources of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Adjusted diluted EPS is defined and discussed further in Non-GAAP Measures and in Forward-Looking Statements of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. Although CP has provided a forward-looking Non-GAAP measure (Adjusted diluted EPS), management is unable to reconcile, without unreasonable efforts, the forward-looking Adjusted diluted EPS to the most comparable GAAP measure, due to unknown variables and uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value. In recent years, CP has recognized changes in income tax rates and a change to an uncertain tax item. These or other similar, large unforeseen transactions affect diluted EPS but may be excluded from CP's Adjusted diluted EPS. Additionally, the Canadian dollar-to-U.S. exchange rate is unpredictable and can have a significant impact on CP's reported results but may be excluded from CP's Adjusted diluted EPS. In particular, CP excludes the foreign exchange ("FX")

impact of translating the Company's debt and lease liabilities from Adjusted diluted EPS. Please see Forward-Looking Statements of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion.

Performance Indicators

The following table lists the key measures of the Company's operating performance:

For the year ended December 31	2020	2019	2018	% Change 2020 vs. 2019	% Change 2019 vs. 2018
Operations Performance					
Gross ton-miles ("GTMs") (millions)	**272,360**	280,724	275,362	(3)	2
Train miles (thousands)	**30,324**	32,924	32,312	(8)	2
Average train weight – excluding local traffic (tons)	**9,707**	9,129	9,100	6	—
Average train length – excluding local traffic (feet)	**7,929**	7,388	7,313	7	1
Average terminal dwell (hours)	**6.5**	6.4	6.8	2	(6)
Average train speed (miles per hour, or "mph")	**22.0**	22.2	21.5	(1)	3
Locomotive productivity (GTMs / operating horsepower, or "GTMs/OHP")	**207**	202	198	2	2
Fuel efficiency (U.S. gallons of locomotive fuel consumed /1,000 GTMs)	**0.942**	0.955	0.953	(1)	—
Total Employees and Workforce					
Total employees (average)	**12,168**	13,103	12,756	(7)	3
Total employees (end of period)	**11,890**	12,694	12,840	(6)	(1)
Workforce (end of period)	**11,904**	12,732	12,866	(7)	(1)
Safety Indicators[1]					
FRA personal injuries per 200,000 employee-hours	**1.11**	1.42	1.47	(22)	(3)
FRA train accidents per million train-miles	**0.96**	1.06	1.10	(9)	(4)

[1] FRA personal injuries per 200,000 employee-hours for the year ended December 31, 2018, previously reported as 1.48, was restated to 1.47 in this report. This restatement reflects new information available within specified periods stipulated by the FRA but that exceed the Company's financial reporting timeline.

Operations Performance

These key measures are used by management as comparisons to historical operating results and in the planning process to facilitate decisions that continue to drive further productivity improvements in the Company's operations. Results of these key measures reflect how effective CP's management is at controlling costs and executing the Company's operating plan and strategy. Continued monitoring of these key measures ensures that the Company can take appropriate actions to ensure the delivery of superior service and be able to grow its business at low incremental cost.

A **GTM** is defined as the movement of one ton of train weight over one mile. GTMs are calculated by multiplying total train weight by the distance the train moved. Total train weight comprises the weight of the freight cars, their contents, and any inactive locomotives. An increase in GTMs indicates additional workload. GTMs for 2020 were 272,360 million, a 3% decrease compared with 280,724 million in 2019. This decrease was primarily driven by decreased volumes of crude, Coal, and frac sand. This decrease was partially offset by increased volumes of Grain, Potash, and Fertilizers and sulphur.

GTMs in 2019 were 280,724 million, a 2% increase compared with 275,362 million in 2018. This increase was primarily driven by increased volumes of Energy, chemicals and plastics and Intermodal. This increase was partially offset by decreased volumes of Potash, frac sand, and Coal.

Train miles are defined as the sum of the distance moved by all trains operated on the network. Train miles provide a measure of the productive utilization of our network. A smaller increase in train miles relative to increases in volumes, as measured by RTMs, and/or workload, as measured by GTMs, indicates improved train productivity. Train miles for 2020 were 30,324 thousands, a decrease of 8% compared with 32,924 thousands in 2019. This decrease reflects the impact of a 3% decrease in workload (GTMs), as well as a 6% increase in average train weights.

Train miles in 2019 were 32,924, an increase of 2% compared with 32,312 thousands in 2018. This reflects the impact of higher GTMs in 2019.

Average train weight is defined as the average gross weight of CP trains, both loaded and empty. This excludes trains in short-haul service, work trains used to move CP's track equipment and materials, and the haulage of other railways' trains on CP's network. An increase in average train weight indicates improved asset utilization and may also be the result of moving heavier commodities. Average train weight of 9,707 tons in 2020 increased by 578 tons, or 6% compared with 9,129 tons in 2019. This increase was a result of improvements in operating plan efficiency, continued improvements in operational efficiency due to moving longer and heavier export potash and Grain trains, and improved winter operating conditions in the first quarter of 2020. This increase was partially offset by moving lower volumes of heavier commodities such as Canadian coal and crude. Improvements for Grain trains were driven by the High Efficiency Product ("HEP") train model, which is an 8,500-foot train model that features the new high-capacity grain hopper cars and increased grain carrying capacity.

Average train weight of 9,129 tons in 2019 increased by 29 tons from 9,100 tons in 2018. This slight increase was a result of improvements in operating plan efficiency. This increase was partially offset by the implementation of CP's winter contingency plan in the first quarter of 2019 resulting in shorter and lighter trains within the operating plan.

Average train length is defined as the average total length of CP trains, both loaded and empty. This includes all cars and locomotives on the train and is calculated as the sum of each car or locomotive's length multiplied by the distance travelled, divided by train miles. This excludes trains in short-haul service, work trains used to move CP's track equipment and materials, and the haulage of other railroads' trains on CP's network. An increase in average train length indicates improved asset utilization. Average train length of 7,929 feet in 2020 increased by 541 feet, or 7%, compared with 7,388 feet in 2019. This increase was a result of improvements in operating plan efficiency and continued improvements in operational efficiency due to moving longer Grain and export potash trains. This increase was partially offset by moving lower volumes of commodities such as Canadian coal, which move in longer trains. Improvements for Grain trains were driven by the 8,500-foot HEP train model.

Average train length of 7,388 feet in 2019 increased by 75 feet, or 1%, from 7,313 feet in 2018. This was a result of improvements in operating plan efficiency and increased Intermodal volumes which move on longer trains. This increase was partially offset by the implementation of CP's winter contingency plan in the first quarter of 2019 resulting in shorter and lighter trains within the operating plan.

Average terminal dwell is defined as the average time a freight car resides within terminal boundaries expressed in hours. The timing starts with a train arriving at the terminal, a customer releasing the car to the Company, or a car arriving at interchange from another railroad. The timing ends when the train leaves, a customer receives the car from CP, or the freight car is transferred to another railroad. Freight cars are excluded if they are being stored at the terminal or used in track repairs. A decrease in average terminal dwell indicates improved terminal performance resulting in faster cycle times and improved railcar utilization. Average terminal dwell of 6.5 hours in 2020 increased by 2% from 6.4 hours in 2019. This unfavourable increase was a result of aligning the operating plan to demand in order to maintain network efficiencies in the last three quarters of 2020. Aligning the operating plan to demand resulted in increased average train weight, average train length, and increased locomotive productivity.

Average terminal dwell of 6.4 hours in 2019 favourably decreased by 6% from 6.8 hours in 2018. This favourable decrease was due to improved network fluidity.

Average train speed is defined as a measure of the line-haul movement from origin to destination including terminal dwell hours. It is calculated by dividing the total train miles travelled by the total train hours operated. This calculation does not include delay time related to customers or foreign railways and excludes the time and distance travelled by: i) trains used in or around CP's yards; ii) passenger trains; and iii) trains used for repairing track. An increase in average train speed indicates improved on-time performance resulting in improved asset utilization. Average train speed was 22.0 mph in 2020, a decrease of 1%, from 22.2 mph in 2019. This decrease in speed was a result of aligning the operating plan to demand in order to maintain network efficiencies in the last three quarters of 2020, partially offset by improved winter operating conditions in the first quarter of 2020. Aligning the operating plan to demand resulted in increased average train weight, average train length, and increased locomotive productivity.

Average train speed in 2019 was 22.2 mph, an increase of 3%, from 21.5 mph in 2018. This increase in speed was due to the completion of network infrastructure projects, partially offset by the impact of harsh winter operating conditions and network disruptions in the first quarter of 2019.

Locomotive productivity is defined as the daily average GTMs divided by daily average operating horsepower. Operating horsepower excludes units offline, tied up or in storage, or in use on other railways, and includes foreign units online. An increase in locomotive productivity indicates more efficient locomotive utilization and may also be the result of moving heavier commodities. Locomotive productivity was 207 GTMs/OHP in 2020, an increase of 5 GTMs/OHP, or 2%, compared to 202 GTMs/OHP in 2019. This increase was primarily due to improvements in operating plan efficiency as a result of aligning the operating plan to demand.

Locomotive productivity was 202 GTMs/OHP in 2019, an increase of 4 GTMs/OHP, or 2%, compared to 198 GTMs/OHP in 2018. This increase was primarily due to improvements in operating plan efficiency as a result of aligning the operating plan to demand.

Fuel efficiency is defined as U.S. gallons of locomotive fuel consumed per 1,000 GTMs. Fuel consumed includes gallons from freight, yard and commuter service but excludes fuel used in capital projects and other non-freight activities. An improvement in fuel efficiency indicates operational cost savings and

CP's commitment to corporate sustainability through a reduction of greenhouse gas emissions intensity. Fuel efficiency for 2020 was 0.942 U.S. gallons/1,000 GTMs, an improvement of 1% compared to 2019. This improvement was primarily due to improved winter operating conditions in the first quarter of 2020. Fuel efficiency for 2019 of 0.955 U.S. gallons/1,000 GTMs was flat compared to 2018.

Total Employees and Workforce

An **employee** is defined as an individual currently engaged in full-time, part-time, or seasonal employment with CP while **workforce** is defined as total employees plus contractors and consultants. The Company monitors employment and workforce levels in order to efficiently meet service and strategic requirements. The number of employees is a key driver to total compensation and benefits costs.

The average number of total employees for 2020 decreased by 935, or 7%, compared with 2019. This decrease was primarily due to more efficient resource planning, including furloughs associated with the economic downturn caused by COVID-19, partially offset by the addition of CMQ employees. The total number of employees as at December 31, 2020 was 11,890, a decrease of 804, or 6%, compared to 12,694 as at December 31, 2019, due to reduced workload as measured in GTMs and more efficient resource planning.

The average number of total employees for 2019 increased by 347, or 3%, compared to 2018. This increase was primarily due to growth in workload as measured in GTMs. The total number of employees as at December 31, 2019 was 12,694, a decrease of 146, or 1%, compared to 12,840 as at December 31, 2018, due to more efficient resource planning and reduced workload in the fourth quarter, partially offset by the addition of CMQ Canada employees.

The total workforce as at December 31, 2020 was 11,904, a decrease of 828, or 7%, compared to 12,732 as at December 31, 2019, due to more efficient resource planning.

The total workforce as at December 31, 2019 was 12,732, a decrease of 134, or 1%, compared to 12,866 as at December 31, 2018, due to more efficient resource planning.

Safety Indicators

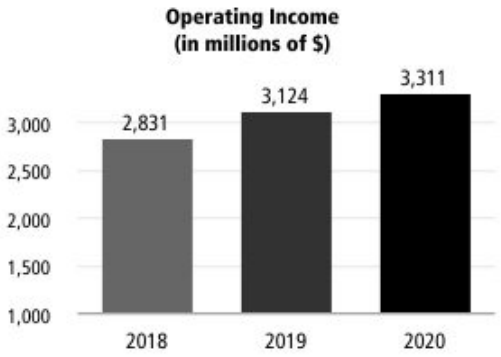
Safety is a key priority and core strategy for CP’s management, employees, and Board of Directors. Personal injuries and train accidents are indicators of the effectiveness of the Company's safety systems, and are used by management to evaluate and, as necessary, alter the Company's safety systems, procedures, and protocols. Each measure follows U.S Federal Railroad Administration ("FRA") reporting guidelines, which can result in restatement after initial publication to reflect new information available within specified periods stipulated by the FRA but that exceed the Company's financial reporting timeline.

The **FRA personal injuries per 200,000 employee-hours** frequency is the number of personal injuries, multiplied by 200,000 and divided by total employee hours. Personal injuries are defined as injuries that require employees to lose time away from work, modify their normal duties or obtain medical treatment beyond minor first aid. FRA employee-hours are the total hours worked, excluding vacation and sick time, by all employees, excluding contractors. The FRA personal injuries per 200,000 employee-hours frequency for CP was 1.11 in 2020, compared with 1.42 in 2019 and 1.47 in 2018.

The **FRA train accidents per million train-miles** frequency is the number of train accidents, multiplied by 1,000,000 and divided by total train miles. Train accidents included in this metric meet or exceed the FRA reporting threshold of U.S. $10,700 in damage. The FRA train accidents per million train-miles frequency for CP was 0.96 in 2020 , compared with 1.06 in 2019 and 1.10 in 2018.

Results of Operations

Income

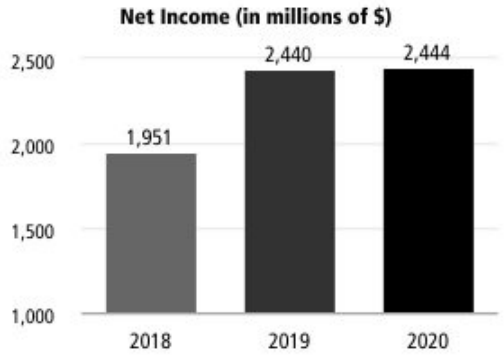


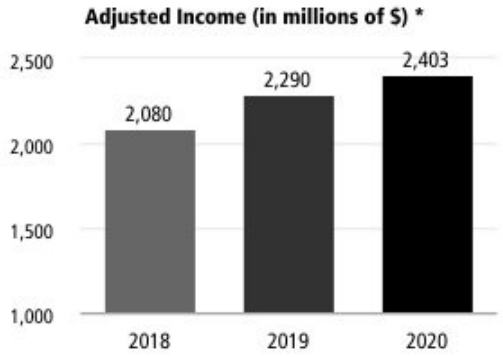
Operating income was $3,311 million in 2020, an increase of $187 million, or 6%, from $3,124 million in 2019. This increase was primarily due to:
- liquidated damages, including customer volume commitments, and higher freight rates;
- the efficiencies generated from improved operating performance and asset utilization;
- a gain of $68 million as a result of the remeasurement to fair value of the previously held equity investment in the Detroit River Tunnel Partnership ("DRTP");
- the impact of harsher winter operating conditions in 2019; and
- decreased operating expense associated with lower casualty costs incurred in 2020.

This increase was partially offset by:
- lower volumes as measured by RTMs;
- higher depreciation and amortization of $71 million (excluding FX);
- cost inflation; and
- higher stock-based compensation of $37 million primarily driven by an increase in stock price.

Operating income was $3,124 million in 2019, an increase of $293 million, or 10%, from $2,831 million in 2018. This increase was primarily due to:
- higher freight rates;
- the efficiencies generated from improved operating performance and asset utilization;
- the favourable impact of change in FX of $39 million; and
- the favourable impact from changes in fuel prices of $38 million.

This increase was partially offset by:
- increased operating expense associated with higher casualty costs in 2019 of $76 million (excluding FX);
- higher stock-based compensation of $58 million;
- cost inflation; and
- increased weather related costs as a result of harsh winter operating conditions in the first quarter of 2019.





*Adjusted income is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Net income was $2,444 million in 2020, an increase of $4 million, from $2,440 million in 2019. This increase was primarily due to:
- higher Operating income;
- a deferred tax recovery relating to a tax return filing election for the state of North Dakota; and
- a provision for an uncertain tax item of a prior period in 2019.

This increase was partially offset by:
- an income tax recovery associated with changes in tax rates in 2019;
- lower FX translation gain on U.S. dollar-denominated debt and lease liabilities compared to 2019; and
- lower other components of net periodic benefit recovery.

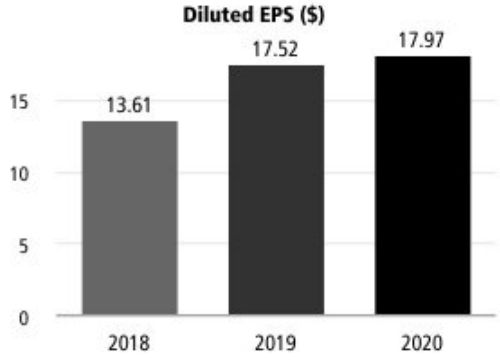
Net income was $2,440 million in 2019, an increase of $489 million, or 25%, from $1,951 million in 2018. This increase was primarily due to:
- higher Operating income;
- FX translation gains on debt and lease liabilities in 2019 compared to FX translation losses on debt in 2018; and
- a higher income tax recovery associated with changes in tax rates.

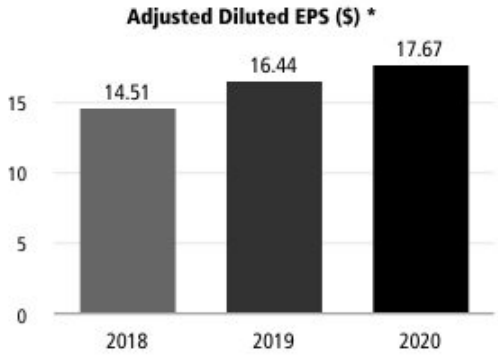
This increase was partially offset by higher income taxes due to higher taxable income and a provision for an uncertain tax item of a prior period.

Adjusted income, defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, was $2,403 million in 2020, an increase of $113 million, or 5%, from $2,290 million in 2019. This increase was primarily due to higher Operating income, partially offset by lower other components of net periodic benefit recovery.

Adjusted income was $2,290 million in 2019, an increase of $210 million, or 10%, from $2,080 million in 2018. This increase was due to the same factors discussed above for the increase in Net income, except that Adjusted income excludes FX translation gains and losses on debt and lease liabilities, income tax recoveries associated with changes in tax rates, and a provision for an uncertain tax item of a prior period.

Diluted Earnings per Share





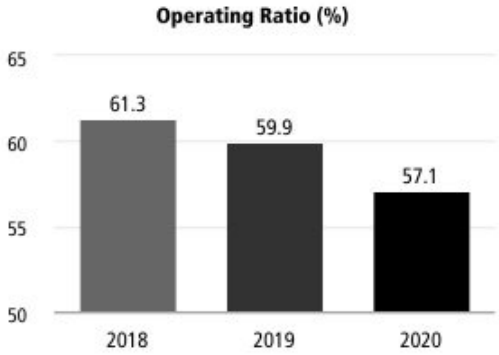
*Adjusted diluted EPS is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Diluted EPS was $17.97 in 2020, an increase of $0.45, or 3%, from $17.52 in 2019. This increase was due to a lower average number of outstanding Common Shares due to the Company's share repurchase program, and higher Net income.

Diluted EPS was $17.52 in 2019, an increase of $3.91, or 29%, from $13.61 in 2018. This increase was due to higher Net income and lower average number of outstanding Common Shares due to the Company's share repurchase program.

Adjusted diluted EPS, defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, was $17.67 in 2020, an increase of $1.23, or 7%, from $16.44 in 2019. Adjusted diluted EPS was $16.44 in 2019, an increase of $1.93, or 13%, from $14.51 in 2018. These increases were due to higher Adjusted income and lower average number of outstanding Common Shares due to the Company's share repurchase program.

Operating Ratio



The Operating ratio provides the percentage of revenues used to operate the railway. A lower percentage normally indicates higher efficiency in the operation of the railway. The Company's Operating ratio was 57.1% in 2020, a 280 basis point improvement from 59.9% in 2019. This improvement was primarily due to:

- liquidated damages, including customer volume commitments, and higher freight rates;
- the favourable impact of changes in fuel prices;

- the efficiencies generated from improved operating performance and asset utilization; and
- a gain as a result of the remeasurement to fair value of the previously held equity investment in DRTP.

This improvement was partially offset by:
- higher depreciation and amortization;
- cost inflation; and
- higher stock-based compensation.

The Company's Operating ratio was 59.9% in 2019, a 140 basis point improvement from 61.3% in 2018. This improvement was primarily due to:
- higher freight rates;
- the favourable impact of changes in fuel prices; and
- the efficiencies generated from improved operating performance and asset utilization.

This improvement was partially offset by:
- increased operating expense associated with higher casualty costs in 2019;
- higher stock-based compensation; and
- cost inflation.

Return on Average Shareholders' Equity and Adjusted Return on Invested Capital

Return on average shareholders' equity and Adjusted return on invested capital ("Adjusted ROIC") are measures used by management to determine how productively the Company uses its long-term capital investments, representing critical indicators of good operating and investment decisions. Adjusted ROIC is also an important performance criteria in determining certain elements of the Company's long-term incentive plan.

Return on average shareholders' equity was 34.0% in 2020, a 160 basis point decrease compared to 35.6% in 2019. This decrease was due to higher average shareholders' equity due to accumulated Net income, partially offset by the impact of the Company's share repurchase program.

Return on average shareholders' equity was 35.6% in 2019, a 580 basis point increase compared to 29.8% in 2018. This increase was due to higher Net income. This increase was partially offset by higher average shareholders' equity due to accumulated Net income, partially offset by the impact of the Company's share repurchase program.

Adjusted ROIC was 16.7% in 2020, a 20 basis point decrease compared to 16.9% in 2019. This decrease was primarily due to higher average long-term debt, partially offset by higher Operating income.

Adjusted ROIC was 16.9% in 2019, a 70 basis point increase compared to 16.2% in 2018. This increase was primarily due to higher Operating income. This increase was partially offset by the increase in adjusted average invested capital primarily due to higher Adjusted income, partially offset by lower Common Shares due to the Company's share repurchase program.

Adjusted ROIC is a Non-GAAP measure, which is defined and reconciled from Return on average shareholders' equity, the most comparable measure calculated in accordance with GAAP, in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Impact of Foreign Exchange on Earnings

Fluctuations in FX affect the Company's results because U.S. dollar-denominated revenues and expenses are translated into Canadian dollars. U.S. dollar-denominated revenues and expenses increase (decrease) when the Canadian dollar weakens (strengthens) in relation to the U.S. dollar.

On February 12, 2021, the noon buying rate certified for customs purposes by the U.S. Federal Reserve Bank of New York was U.S. $1.00 = $1.27 Canadian dollars.

The following tables set forth, for the periods indicated, the average exchange rate between the Canadian dollar and the U.S. dollar expressed in the Canadian dollar equivalent of one U.S. dollar, the period end exchange rates, and the high and low exchange rates for the periods indicated. Average exchange rates are calculated by using the exchange rates on the last day of each full month during the relevant period. These rates are based on the noon buying rate certified for customs purposes by the U.S. Federal Reserve Bank of New York set forth in the H.10 statistical release of the Federal Reserve Board.

Average exchange rates (Canadian/U.S. dollar)		**2020**	2019	2018	2017	2016
For the year ended – December 31	**$**	**1.34** $	1.33 $	1.30 $	1.30 $	1.33
For the three months ended – December 31	**$**	**1.30** $	1.32 $	1.32 $	1.27 $	1.33

Exchange rates (Canadian/U.S. dollar)		2020	2019	2018	2017	2016
Beginning of year – January 1	$	1.30	$ 1.36	$ 1.25	$ 1.34	$ 1.38
Beginning of quarter – April 1	$	1.41	$ 1.33	$ 1.29	$ 1.33	$ 1.30
Beginning of quarter – July 1	$	1.36	$ 1.31	$ 1.32	$ 1.30	$ 1.29
Beginning of quarter – October 1	$	1.33	$ 1.32	$ 1.29	$ 1.25	$ 1.31
End of year – December 31	$	1.28	$ 1.30	$ 1.36	$ 1.25	$ 1.34

High/Low exchange rates (Canadian/U.S. dollar)		2020	2019	2018	2017	2016
High	$	1.45	$ 1.36	$ 1.37	$ 1.37	$ 1.46
Low	$	1.27	$ 1.30	$ 1.23	$ 1.21	$ 1.25

In 2020, the impact of a stronger U.S. dollar resulted in an increase in total revenues of $33 million, an increase in total operating expenses of $23 million and an increase in net interest expense of $4 million. In 2019, the impact of a stronger U.S. dollar resulted in an increase in total revenues of $87 million, an increase in total operating expenses of $48 million and an increase in net interest expense of $10 million.

The impact of fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar on the Company's results is discussed further in Item 7A. Quantitative and Qualitative Disclosures About Market Risk, Foreign Exchange Risk.

Impact of Fuel Price on Earnings

Fluctuations in fuel prices affect the Company's results because fuel expense constitutes a significant portion of CP's operating costs. As fuel prices fluctuate, there will be a timing impact on earnings, as discussed further in Item 1. Business, Operations, Fuel Cost Adjustment Program and Item 1A. Risk Factors, Volatility Risks.

Average Fuel Price (U.S. dollars per U.S. gallon)		2020	2019	2018
For the year ended – December 31	$	1.90	$ 2.49	$ 2.72
For the three months ended – December 31	$	1.91	$ 2.53	$ 2.71

The impact of fuel price on earnings includes the impacts of provincial and federal carbon taxes and levies recovered and paid, on revenues and expenses, respectively.

In 2020, the favourable impact of fuel prices on Operating income was $25 million. Lower fuel prices resulted in a decrease in total operating expenses of $195 million. Lower fuel prices, partially offset by the timing of recoveries from CP's fuel cost adjustment program and increased carbon tax recoveries, resulted in a decrease in total revenues of $170 million from 2019. In 2019, the impact of lower fuel prices resulted in a decrease in Total revenues of $39 million and a decrease in Total operating expenses of $77 million.

Impact of Share Price on Earnings

Fluctuations in the Common Share price affect the Company's operating expenses because share-based liabilities are measured at fair value. The Company's Common Shares are listed on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE") with ticker symbol "CP". The following tables indicate the opening and closing Common Share price on the TSX and the NYSE for each quarter and the change in the price of the Common Shares on the TSX and the NYSE for the years ended December 31, 2020, 2019 and 2018:

Toronto Stock Exchange (in Canadian dollars)		2020	2019	2018
Opening Common Share price, as at January 1	$	331.03	$ 242.24	$ 229.66
Ending Common Share price, as at March 31	$	310.55	$ 275.34	$ 227.20
Ending Common Share price, as at June 30	$	345.32	$ 308.43	$ 240.92
Ending Common Share price, as at September 30	$	405.05	$ 294.42	$ 273.23
Ending Common Share price, as at December 31	$	441.53	$ 331.03	$ 242.24
Change in Common Share price for the year ended December 31	$	110.50	$ 88.79	$ 12.58

New York Stock Exchange (in U.S. dollars)		2020		2019		2018
Opening Common Share price, as at January 1	$	**254.95**	$	177.62	$	182.76
Ending Common Share price, as at March 31	$	**219.59**	$	206.03	$	176.50
Ending Common Share price, as at June 30	$	**255.34**	$	235.24	$	183.02
Ending Common Share price, as at September 30	$	**304.43**	$	222.46	$	211.94
Ending Common Share price, as at December 31	$	**346.69**	$	254.95	$	177.62
Change in Common Share price for the year ended December 31	$	**91.74**	$	77.33	$	(5.14)

In 2020, the impact of the change in Common Share prices resulted in an increase in stock-based compensation expense of $58 million compared to $42 million in 2019, and $2 million in 2018.

The impact of share price on stock-based compensation is discussed further in Item 7A. Quantitative and Qualitative Disclosures About Market Risk, Share Price Impact on Stock-Based Compensation.

Operating Revenues

				2020 vs. 2019			2019 vs. 2018		
For the year ended December 31	**2020**	2019	2018	Total Change	% Change	FX Adjusted % Change[2]	Total Change	% Change	FX Adjusted % Change[2]
Freight revenues (in millions)[1]	$ **7,541**	$ 7,613	$ 7,152	$ (72)	(1)	(1)	$ 461	6	5
Non-freight revenues (in millions)	**169**	179	164	(10)	(6)	(6)	15	9	8
Total revenues (in millions)	$ **7,710**	$ 7,792	$ 7,316	$ (82)	(1)	(1)	$ 476	7	5
Carloads (in thousands)	**2,708.4**	2,766.4	2,739.8	(58.0)	(2)	N/A	26.6	1	N/A
Revenue ton-miles (in millions)	**151,891**	154,378	154,207	(2,487)	(2)	N/A	171	—	N/A
Freight revenue per carload (in dollars)	$ **2,784**	$ 2,752	$ 2,611	$ 32	1	1	$ 141	5	4
Freight revenue per revenue ton-mile (in cents)	**4.96**	4.93	4.64	0.03	1	—	0.29	6	5

[1] Freight revenues include fuel surcharge revenues of $297 million in 2020, $464 million in 2019 and $492 million in 2018. Fuel surcharge revenues include recoveries of carbon taxes, levies, and obligations under cap-and-trade programs.

[2] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company's revenues are primarily derived from transporting freight. Changes in freight volumes generally contribute to corresponding changes in freight revenues and certain variable expenses, such as fuel, crew costs, and equipment rents. Non-freight revenue is generated from other arrangements, including contracts with passenger service operators and logistical services; leasing of certain assets; and switching fees.

Freight Revenues

Freight revenues were $7,541 million in 2020, a decrease of $72 million, or 1%, from $7,613 million in 2019. This decrease was primarily due to lower volumes as measured by RTMs. This decrease was partially offset by higher freight revenue per revenue ton-mile.

Freight revenues were $7,613 million in 2019, an increase of $461 million, or 6%, from $7,152 million in 2018. This increase was primarily due to higher freight revenue per revenue ton-mile.

RTMs

RTMs are defined as the movement of one revenue-producing ton of freight over a distance of one mile. RTMs measure the relative weight and distance of rail freight moved by the Company. RTMs for 2020 were 151,891 million, a decrease of 2,487 million, compared with 154,378 million in 2019. This decrease was mainly attributable to lower volumes of crude, Coal and frac sand. This decrease was partially offset by higher volumes of Grain, Potash and Fertilizers and sulphur.

RTMs for 2019 were 154,378 million, an increase of 171 million compared with 154,207 million in 2018. This increase was mainly attributable to increased shipments of Energy, chemicals and plastics and Intermodal, partially offset by decreased shipments of Potash, frac sand and Coal.

Freight revenue per revenue ton-mile

Freight revenue per revenue ton-mile is defined as freight revenue per revenue-producing ton of freight over a distance of one mile. This is an indicator of yield. Freight revenue per revenue ton-mile was 4.96 cents in 2020, an increase of 0.03 cents, or 1%, from 4.93 cents in 2019. This increase was primarily due to higher liquidated damages, including customer volume commitments, higher freight rates, and the favourable impact of the change in FX of $33 million. This increase was partially offset by the unfavourable impact of lower fuel surcharge revenue, as a result of lower fuel prices of $170 million and moving lower volumes of Automotive, which has a higher freight revenue per revenue ton-mile compared to the corporate average.

Freight revenue per revenue ton-mile was 4.93 cents in 2019, an increase of 0.29 cents, or 6%, from 4.64 cents in 2018. This increase was primarily due to higher liquidated damages, including customer volume commitments, higher freight rates, and the favourable impact of the change in FX of $86 million. This increase was partially offset by the unfavourable impact of lower fuel surcharge revenue, as a result of lower fuel prices of $39 million.

Carloads

Carloads are defined as revenue-generating shipments of containers and freight cars. Carloads were 2,708.4 thousand in 2020, a decrease of 58.0 thousand, or 2%, from 2,766.4 thousand in 2019. This decrease was primarily due to lower volumes of crude, Coal, and frac sand. This decrease was partially offset by higher volumes of Grain and Potash.

Carloads were 2,766.4 thousand in 2019, an increase of 26.6 thousand, or 1%, from 2,739.8 thousand in 2018. This increase was mainly attributable to increased shipments of Energy, chemicals and plastics and Intermodal, partially offset by decreased shipments of frac sand and Potash.

Freight revenue per carload

Freight revenue per carload is defined as freight revenue per revenue-generating shipment of containers or freight cars. This is an indicator of yield. Freight revenue per carload was $2,784 in 2020, an increase of $32, or 1%, from $2,752 in 2019. This increase was primarily due to higher liquidated damages, including customer volume commitments, higher freight rates, and the favourable impact of the change in FX of $33 million. This increase was partially offset by the unfavourable impact of lower fuel surcharge revenue, as a result of lower fuel prices of $170 million.

Freight revenue per carload was $2,752 in 2019, an increase of $141, or 5%, from $2,611 in 2018. This increase was primarily due to liquidated damages, including customer volume commitments, higher freight rates, and the favourable impact of the change in FX of $86 million. This increase was partially offset by the unfavourable impact of lower fuel surcharge revenue, as a result of lower fuel prices of $39 million.

Non-freight Revenues

Non-freight revenues were $169 million in 2020, a decrease of $10 million, or 6%, from $179 million in 2019. This decrease was primarily due to lower revenue from passenger service operators.

Non-freight revenues were $179 million in 2019, an increase of $15 million, or 9%, from $164 million in 2018. This increase was primarily due to higher switching fees and logistical services revenue.

Lines of Business

Grain

				2020 vs. 2019			2019 vs. 2018		
For the year ended December 31	**2020**	2019	2018	Total Change	% Change	FX Adjusted % Change[1]	Total Change	% Change	FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 1,829**	$ 1,684	$ 1,566	$ 145	9	8	$ 118	8	6
Carloads (in thousands)	**480.1**	431.4	429.4	48.7	11	N/A	2.0	—	N/A
Revenue ton-miles (in millions)	**41,747**	36,941	36,856	4,806	13	N/A	85	—	N/A
Freight revenue per carload (in dollars)	**$ 3,810**	$ 3,904	$ 3,645	$ (94)	(2)	(3)	$ 259	7	6
Freight revenue per revenue ton-mile (in cents)	**4.38**	4.56	4.25	(0.18)	(4)	(4)	0.31	7	6

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Grain revenue was $1,829 million in 2020, an increase of $145 million, or 9%, from $1,684 million in 2019. This increase was primarily due to moving record volumes of Canadian grain, primarily to Vancouver and Thunder Bay, higher volumes of U.S. soybeans and corn to the U.S. Pacific Northwest, higher freight rates, and the favourable impact of the change in FX. This increase was partially offset by decreased freight revenue per ton-mile. Freight revenue per

revenue ton-mile decreased due to moving proportionately higher volumes of long haul soybeans and corn to U.S. Pacific Northwest, which also caused RTMs to increase more than carloads, and lower fuel surcharge revenue as a result of lower fuel prices.

Grain revenue was $1,684 million in 2019, an increase of $118 million, or 8%, from $1,566 million in 2018. This increase was primarily due to increased freight revenue per revenue ton-mile, higher volumes of regulated Canadian grain, and the favourable impact of the change in FX. This increase was partially offset by lower volumes of U.S. grain, primarily corn, to the U.S. Pacific Northwest. Freight revenue per revenue ton-mile increased due to higher freight rates, primarily for regulated Canadian grain.

Coal

				2020 vs. 2019			2019 vs. 2018		
For the year ended December 31	**2020**	2019	2018	Total Change	% Change	FX Adjusted % Change[1]	Total Change	% Change	FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 566**	$ 682	$ 673	$ (116)	(17)	(17)	$ 9	1	1
Carloads (in thousands)	**260.4**	304.3	304.3	(43.9)	(14)	N/A	—	—	N/A
Revenue ton-miles (in millions)	**18,510**	21,820	22,443	(3,310)	(15)	N/A	(623)	(3)	N/A
Freight revenue per carload (in dollars)	**$ 2,174**	$ 2,241	$ 2,211	$ (67)	(3)	(3)	$ 30	1	1
Freight revenue per revenue ton-mile (in cents)	**3.06**	3.13	3.00	(0.07)	(2)	(2)	0.13	4	4

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Coal revenue was $566 million in 2020, a decrease of $116 million, or 17%, from $682 million in 2019. This decrease was primarily due to lower volumes of Canadian coal primarily to Vancouver, driven by supply chain challenges at both the mines and the ports, lower volumes of U.S. coal to Wisconsin, and decreased freight revenue per revenue ton-mile. Freight revenue per revenue ton-mile decreased due to the unfavourable impact of lower fuel surcharge revenue as a result of lower fuel prices.

Coal revenue was $682 million in 2019, an increase of $9 million, or 1%, from $673 million in 2018. This increase was primarily due to higher freight revenue per revenue ton-mile. This increase was partially offset by lower volumes of Canadian coal, driven by supply chain challenges at both the mines and the ports. Freight revenue per revenue ton-mile increased due to higher freight rates. RTMs decreased while carloads remained flat due to moving proportionately higher volumes of short haul U.S. coal.

Potash

				2020 vs. 2019			2019 vs. 2018		
For the year ended December 31	**2020**	2019	2018	Total Change	% Change	FX Adjusted % Change[1]	Total Change	% Change	FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 493**	$ 462	$ 486	$ 31	7	6	$ (24)	(5)	(6)
Carloads (in thousands)	**162.9**	149.3	158.4	13.6	9	N/A	(9.1)	(6)	N/A
Revenue ton-miles (in millions)	**18,784**	17,297	18,371	1,487	9	N/A	(1,074)	(6)	N/A
Freight revenue per carload (in dollars)	**$ 3,026**	$ 3,094	$ 3,071	$ (68)	(2)	(3)	$ 23	1	—
Freight revenue per revenue ton-mile (in cents)	**2.62**	2.67	2.65	(0.05)	(2)	(2)	0.02	1	—

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Potash revenue was $493 million in 2020, an increase of $31 million, or 7%, from $462 million in 2019. This increase was primarily due to higher volumes of export potash following resolved international contract negotiations, higher freight rates, and the favourable impact of the change in FX. This increase was partially offset by decreased freight revenue per revenue ton-mile due to lower fuel surcharge revenue as a result of lower fuel prices.

Potash revenue was $462 million in 2019, a decrease of $24 million, or 5%, from $486 million in 2018. This decrease was primarily due to lower volumes of domestic potash driven by poor weather affecting the application seasons, and lower volumes of export potash driven by unresolved international contract negotiations. This decrease was partially offset by the favourable impact of the change in FX.

Fertilizers and Sulphur

				2020 vs. 2019			2019 vs. 2018		
For the year ended December 31	**2020**	2019	2018	Total Change	% Change	FX Adjusted % Change[1]	Total Change	% Change	FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 290**	$ 250	$ 243	$ 40	16	15	$ 7	3	1
Carloads (in thousands)	**61.6**	57.0	58.1	4.6	8	N/A	(1.1)	(2)	N/A
Revenue ton-miles (in millions)	**4,683**	3,846	4,051	837	22	N/A	(205)	(5)	N/A
Freight revenue per carload (in dollars)	**$ 4,708**	$ 4,386	$ 4,186	$ 322	7	6	$ 200	5	3
Freight revenue per revenue ton-mile (in cents)	**6.19**	6.50	6.00	(0.31)	(5)	(5)	0.50	8	7

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Fertilizers and sulphur revenue was $290 million in 2020, an increase of $40 million, or 16%, from $250 million in 2019. This increase was primarily due to higher volumes of dry fertilizers, sulphur, and wet fertilizers, as well as the favourable impact of the change in FX. This increase was partially offset by decreased freight revenue per revenue ton-mile due to lower fuel surcharge revenue as a result of lower fuel prices. RTMs increased more than carloads due to moving lower volumes of wet and dry fertilizers within Alberta, which has a shorter length of haul.

Fertilizers and sulphur revenue was $250 million in 2019, an increase of $7 million, or 3%, from $243 million in 2018. This increase was primarily due to higher freight revenue per revenue ton-mile, the favourable impact of the change in FX, and higher volumes of wet fertilizer. This increase was partially offset by lower volumes of sulphur and dry fertilizer. Freight revenue per revenue ton-mile increased due to higher freight rates. RTMs decreased more than carloads due to moving proportionately less wet fertilizer to the U.S. Midwest, which has a longer length of haul.

Forest Products

				2020 vs. 2019			2019 vs. 2018		
For the year ended December 31	**2020**	2019	2018	Total Change	% Change	FX Adjusted % Change[1]	Total Change	% Change	FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 328**	$ 304	$ 284	$ 24	8	7	$ 20	7	5
Carloads (in thousands)	**71.6**	71.5	68.6	0.1	—	N/A	2.9	4	N/A
Revenue ton-miles (in millions)	**5,491**	4,974	4,763	517	10	N/A	211	4	N/A
Freight revenue per carload (in dollars)	**$ 4,581**	$ 4,252	$ 4,139	$ 329	8	7	$ 113	3	1
Freight revenue per revenue ton-mile (in cents)	**5.97**	6.11	5.96	(0.14)	(2)	(3)	0.15	3	1

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forest products revenue was $328 million in 2020, an increase of $24 million, or 8%, from $304 million in 2019. This increase was primarily due to higher volumes of lumber and wood pulp, higher freight rates, and the favourable impact of the change in FX. This increase was partially offset by decreased freight revenue per revenue ton-mile due to lower fuel surcharge revenue as a result of lower fuel prices. RTMs increased more than carloads due to moving higher volumes of panel products and wood pulp from Canada to the U.S., which has a longer length of haul.

Forest products revenue was $304 million in 2019, an increase of $20 million, or 7%, from $284 million in 2018. This increase was primarily due to higher volumes of wood pulp, newsprint, and lumber, increased freight revenue per revenue ton-mile, and the favourable impact of the change in FX. Freight revenue per revenue ton-mile increased due to higher freight rates.

Energy, Chemicals and Plastics

For the year ended December 31	2020	2019	2018	2020 vs. 2019 Total Change	2020 vs. 2019 % Change	2020 vs. 2019 FX Adjusted % Change[1]	2019 vs. 2018 Total Change	2019 vs. 2018 % Change	2019 vs. 2018 FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 1,519**	$ 1,534	$ 1,243	$ (15)	(1)	(1)	$ 291	23	22
Carloads (in thousands)	**308.8**	358.1	334.6	(49.3)	(14)	N/A	23.5	7	N/A
Revenue ton-miles (in millions)	**24,172**	29,356	27,830	(5,184)	(18)	N/A	1,526	5	N/A
Freight revenue per carload (in dollars)	**$ 4,919**	$ 4,284	$ 3,715	$ 635	15	15	$ 569	15	14
Freight revenue per revenue ton-mile (in cents)	**6.28**	5.23	4.47	1.05	20	20	0.76	17	15

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Energy, chemicals and plastics revenue was $1,519 million in 2020, a decrease of $15 million, or 1%, from $1,534 million in 2019. This decrease was primarily due to lower volumes of crude, liquefied petroleum gas ("LPG"), and biofuels as a result of the COVID-19 pandemic and lower fuel surcharge revenue as a result of lower fuel prices. The decrease was partially offset by increased freight revenue per revenue ton-mile and higher volumes of plastics. Freight revenue per revenue ton-mile increased primarily due to higher liquidated damages, including customer volume commitments, and higher freight rates. RTMs decreased more than carloads due to moving lower volumes of crude, which has a longer length of haul.

Energy, chemicals and plastics revenue was $1,534 million in 2019, an increase of $291 million, or 23%, from $1,243 million in 2018. This increase was primarily due to increased freight revenue per revenue ton-mile, higher volumes of crude, LPG, fuel oil, and other refined products, and the favourable impact of the change in FX. Freight revenue per revenue ton-mile increased primarily due to liquidated damages, including customer volume commitments, and higher freight rates. Carloads increased more than RTMs due to moving proportionately less long haul crude to Kansas City, Missouri, and proportionately more short haul crude to Chicago, Illinois and Noyes, Minnesota.

Metals, Minerals and Consumer Products

For the year ended December 31	2020	2019	2018	2020 vs. 2019 Total Change	2020 vs. 2019 % Change	2020 vs. 2019 FX Adjusted % Change[1]	2019 vs. 2018 Total Change	2019 vs. 2018 % Change	2019 vs. 2018 FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 629**	$ 752	$ 797	$ (123)	(16)	(17)	$ (45)	(6)	(8)
Carloads (in thousands)	**207.3**	234.3	252.2	(27.0)	(12)	N/A	(17.9)	(7)	N/A
Revenue ton-miles (in millions)	**9,325**	10,684	11,858	(1,359)	(13)	N/A	(1,174)	(10)	N/A
Freight revenue per carload (in dollars)	**$ 3,034**	$ 3,210	$ 3,161	$ (176)	(5)	(6)	$ 49	2	—
Freight revenue per revenue ton-mile (in cents)	**6.75**	7.04	6.72	(0.29)	(4)	(5)	0.32	5	3

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Metals, minerals and consumer products revenue was $629 million in 2020, a decrease of $123 million, or 16%, from $752 million in 2019. This decrease was primarily due to moving lower volumes of frac sand as a result of the COVID-19 pandemic and decreased freight revenue per revenue ton-mile. This decrease was partially offset by the favourable impact of the change in FX. Freight revenue per revenue ton-mile decreased due to lower fuel surcharge revenue as a result of lower fuel prices.

Metals, minerals and consumer products revenue was $752 million in 2019, a decrease of $45 million, or 6%, from $797 million in 2018. This decrease was primarily due to lower volumes of frac sand and steel. This decrease was partially offset by increased freight revenue per revenue ton-mile, and the favourable impact of the change in FX. Freight revenue per revenue ton-mile increased due to higher freight rates. Carloads decreased less than RTMs due to increased volumes of short haul metallic ore.

Automotive

For the year ended December 31	2020	2019	2018	2020 vs. 2019 Total Change	2020 vs. 2019 % Change	2020 vs. 2019 FX Adjusted % Change[1]	2019 vs. 2018 Total Change	2019 vs. 2018 % Change	2019 vs. 2018 FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 324**	$ 352	$ 322	$ (28)	(8)	(9)	$ 30	9	7
Carloads (in thousands)	**106.1**	114.4	108.3	(8.3)	(7)	N/A	6.1	6	N/A
Revenue ton-miles (in millions)	**1,321**	1,427	1,347	(106)	(7)	N/A	80	6	N/A
Freight revenue per carload (in dollars)	**$ 3,054**	$ 3,077	$ 2,975	$ (23)	(1)	(2)	$ 102	3	1
Freight revenue per revenue ton-mile (in cents)	**24.53**	24.67	23.92	(0.14)	(1)	(1)	0.75	3	1

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Automotive revenue was $324 million in 2020, a decrease of $28 million, or 8%, from $352 million in 2019. This decrease was primarily due to lower volumes caused by manufacturing plant shutdowns in the second quarter of 2020 across North America as a result of the COVID-19 pandemic, and decreased freight revenue per revenue-ton mile. Freight revenue per revenue ton-mile decreased due to lower fuel surcharge revenue as a result of lower fuel prices. This decrease was partially offset by the onboarding of customers moving to and from Vancouver, higher freight rates, and the favourable impact of the change in FX.

Automotive revenue was $352 million in 2019, an increase of $30 million, or 9% from $322 million in 2018. This increase was primarily due to higher volumes from Vancouver to eastern Canada, higher volumes from the U.S. to CP's new Vancouver Automotive Compound, increased freight revenue per revenue ton-mile, and the favourable impact of the change in FX. Freight revenue per revenue ton-mile increased due to higher freight rates.

Intermodal

For the year ended December 31	2020	2019	2018	2020 vs. 2019 Total Change	2020 vs. 2019 % Change	2020 vs. 2019 FX Adjusted % Change[1]	2019 vs. 2018 Total Change	2019 vs. 2018 % Change	2019 vs. 2018 FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 1,563**	$ 1,593	$ 1,538	$ (30)	(2)	(2)	$ 55	4	3
Carloads (in thousands)	**1,049.6**	1,046.1	1,025.9	3.5	—	N/A	20.2	2	N/A
Revenue ton-miles (in millions)	**27,858**	28,033	26,688	(175)	(1)	N/A	1,345	5	N/A
Freight revenue per carload (in dollars)	**$ 1,489**	$ 1,523	$ 1,499	$ (34)	(2)	(2)	$ 24	2	1
Freight revenue per revenue ton-mile (in cents)	**5.61**	5.68	5.76	(0.07)	(1)	(2)	(0.08)	(1)	(2)

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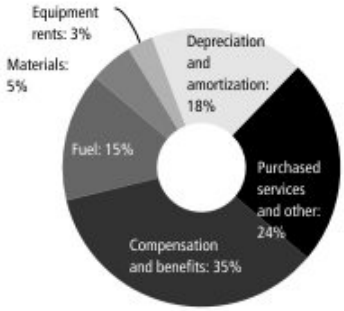
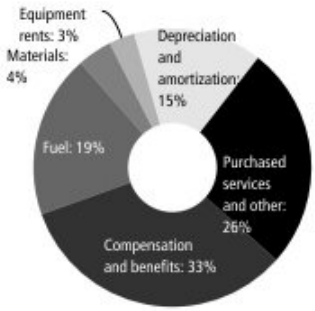
Intermodal revenue was $1,563 million in 2020, a decrease of $30 million, or 2%, from $1,593 million in 2019. This decrease was primarily due to decreased freight revenue per revenue ton-mile and lower volumes of international intermodal driven by the completion of a customer contract. This decrease was partially offset by the onboarding of a new international intermodal customer, higher freight rates, and the favourable impact of the change in FX. Freight revenue per revenue ton-mile decreased due to lower fuel surcharge revenues as a result of lower fuel prices.

Intermodal revenue was $1,593 million in 2019, an increase of $55 million, or 4%, from $1,538 million in 2018. This increase was primarily due to higher international volumes through the Port of Vancouver, the onboarding of a new domestic retail customer, and the favourable impact of the change in FX. This increase was partially offset by a decrease in freight revenue per revenue ton-mile. RTMs increased more than carloads due to discontinuing expressway service in the second quarter of 2018, which had a shorter length of haul. Freight revenue per revenue ton-mile decreased due to lower fuel surcharge revenue as a result of lower fuel prices.

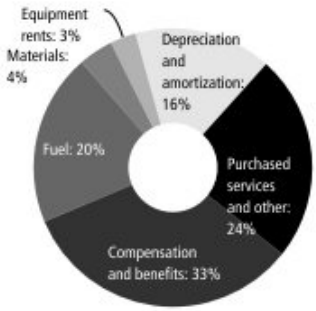
Operating Expenses



2020 Operating Expenses



2019 Operating Expenses



2018 Operating Expenses

For the year ended December 31 (in millions of Canadian dollars)	2020	2019	2018	2020 vs. 2019 Total Change	2020 vs. 2019 % Change	2020 vs. 2019 FX Adjusted % Change[1]	2019 vs. 2018 Total Change	2019 vs. 2018 % Change	2019 vs. 2018 FX Adjusted % Change[1]
Compensation and benefits	**$ 1,560**	$ 1,540	$ 1,468	$ 20	1	1	$ 72	5	4
Fuel	**652**	882	918	(230)	(26)	(27)	(36)	(4)	(6)
Materials	**216**	210	201	6	3	3	9	4	4
Equipment rents	**142**	137	130	5	4	2	7	5	3
Depreciation and amortization	**779**	706	696	73	10	10	10	1	1
Purchased services and other	**1,050**	1,193	1,072	(143)	(12)	(12)	121	11	10
Total operating expenses	**$ 4,399**	$ 4,668	$ 4,485	$ (269)	(6)	(6)	$ 183	4	3

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Operating expenses were $4,399 million in 2020, a decrease of $269 million, or 6%, from $4,668 million in 2019. This decrease was primarily due to:
- the favourable impact of $195 million from lower fuel prices;
- efficiencies generated from improved operating performance and asset utilization;
- a gain of $68 million as a result of the remeasurement to fair value of the previously held equity investment in DRTP;
- reduced variable expenses from lower volumes;
- the impact of harsher winter operating conditions in 2019; and
- lower casualty costs incurred in 2020.

This decrease was partially offset by:
- higher depreciation and amortization of $71 million (excluding FX);
- cost inflation;
- higher stock-based compensation of $37 million primarily driven by an increase in stock price; and
- the unfavourable impact of the change in FX of $23 million.

Operating expenses were $4,668 million in 2019, an increase of $183 million, or 4%, from $4,485 million in 2018. This increase was primarily due to:
- increased operating expense associated with higher casualty costs incurred in 2019 of $76 million (excluding FX);
- higher stock-based compensation of $58 million primarily driven by an increase in stock price;
- cost inflation;
- the unfavourable impact of the change in FX of $48 million;
- increased weather related costs as a result of harsh winter operating conditions in the first quarter of 2019; and
- increased variable expenses from higher volumes.

This increase was partially offset by the favourable impact from changes in fuel prices of $77 million and the efficiencies generated from improved operating performance and asset utilization.

Compensation and Benefits

Compensation and benefits expense includes employee wages, salaries, fringe benefits, and stock-based compensation. Compensation and benefits expense was $1,560 million in 2020, an increase of $20 million, or 1%, from $1,540 million in 2019. This increase was primarily due to:

- the impact of wage and benefit inflation;
- increased stock-based compensation of $37 million primarily driven by the impact of changes in share price;
- higher defined benefit ("DB") pension and post-retirement benefits current service cost of $33 million;
- a bonus paid to frontline employees of $17 million; and
- unfavourable impact of the change in FX of $5 million.

This increase was partially offset by:

- labour efficiencies generated from improved operating performance and asset utilization;
- reduced training costs;
- lower volume variable expense as a result of decreased workload as measured by GTMs; and
- the impact of weather related costs as a result of harsh winter operating conditions in the first quarter of 2019.

Compensation and benefits expense was $1,540 million in 2019, an increase of $72 million, or 5% from $1,468 million in 2018. This increase was primarily due to:

- higher stock-based compensation of $58 million primarily driven by an increase in stock price;
- the impact of wage and benefit inflation;
- the impact of harsher winter operating conditions driven by operational inefficiencies and increased track labour and overtime;
- the unfavourable impact of the change in FX of $11 million; and
- higher volume variable expenses as a result of an increase in workload as measured by GTMs.

This increase was partially offset by:

- lower incentive compensation;
- lower DB pension and post-retirement benefits current service costs of $14 million; and
- labour efficiencies.

Fuel

Fuel expense consists mainly of fuel used by locomotives and includes provincial, state, and federal fuel taxes. Fuel expense was $652 million in 2020, a decrease of $230 million, or 26%, from $882 million in 2019. This decrease was primarily due to:

- the favourable impact of lower fuel prices of $195 million;
- a decrease in workload, as measured by GTMs; and
- an improvement in fuel efficiency of 1% from improved winter operating conditions in the first quarter of 2020.

This decrease was partially offset by the unfavourable impact of the change in FX of $8 million.

Fuel expense was $882 million in 2019, a decrease of $36 million, or 4%, from $918 million in 2018. This decrease was primarily due to the favourable impact from lower fuel prices of $77 million.

This decrease was partially offset by an increase in workload, as measured by GTMs, and the unfavourable impact of the change in FX of $18 million.

Materials

Materials expense includes the cost of material used for maintenance of track, locomotives, freight cars, and buildings as well as software sustainment. Materials expense was $216 million in 2020, an increase of $6 million, or 3%, from $210 million in 2019. This increase was primarily due to higher spending on locomotive maintenance and overhauls, and track maintenance.

Materials expense was $210 million in 2019, an increase of $9 million, or 4%, from $201 million in 2018. This increase was primarily due to higher locomotive maintenance and higher non-locomotive fuel costs.

Equipment Rents

Equipment rents expense includes the cost associated with using other companies' freight cars, intermodal equipment, and locomotives, net of rental income received from other railways for the use of CP's equipment. Equipment rents expense was $142 million in 2020, an increase of $5 million, or 4%, from $137 million in 2019. This increase was primarily due to lower receipts for CP freight cars used by other railways and the unfavourable impact of the change in FX of $2 million, partially offset by lower usage of pooled freight cars as a result of lower volumes.

Equipment rents expense was $137 million in 2019, an increase of $7 million, or 5%, from $130 million in 2018. This increase was primarily due to greater usage of pooled freight cars and the unfavourable impact of the change in FX of $3 million.

Depreciation and Amortization

Depreciation and amortization expense represents the charge associated with the use of track and roadway, buildings, rolling stock, information systems, and other depreciable assets. Depreciation and amortization expense was $779 million for 2020, an increase of $73 million, or 10%, from $706 million in 2019. This increase was primarily due to:

- a higher asset base, as a result of the capital program spending in 2020;
- the impact of depreciation studies and other adjustments made in 2019; and
- the unfavourable impact of the change in FX of $2 million.

Depreciation and amortization expense was $706 million for 2019, an increase of $10 million, or 1%, from $696 million in 2018. This increase was primarily due to a higher asset base, as a result of the capital program spending in 2019, and the unfavourable impact of the change in FX of $4 million, partially offset by the impact of depreciation studies and other adjustments.

Purchased Services and Other

For the year ended December 31 (in millions of Canadian dollars)	2020	2019	2018	2020 vs. 2019 Total Change	2020 vs. 2019 % Change	2019 vs. 2018 Total Change	2019 vs. 2018 % Change
Support and facilities	**$ 271**	$ 278	$ 264	$ (7)	(3)	$ 14	5
Track and operations	**282**	278	268	4	1	10	4
Intermodal	**209**	222	221	(13)	(6)	1	—
Equipment	**113**	125	143	(12)	(10)	(18)	(13)
Casualty	**116**	149	73	(33)	(22)	76	104
Property taxes	**126**	133	124	(7)	(5)	9	7
Other	**(57)**	29	20	(86)	(297)	9	45
Land sales	**(10)**	(21)	(41)	11	(52)	20	(49)
Total Purchased services and other	**$ 1,050**	$ 1,193	$ 1,072	$ (143)	(12)	$ 121	11

Purchased services and other expense encompasses a wide range of third-party costs, including contractor and consulting fees, locomotive and freight car repairs performed by third parties, property and other taxes, intermodal pickup and delivery services, casualty expense, expenses for joint facilities, and gains on land sales. Purchased services and other expense was $1,050 million in 2020, a decrease of $143 million, or 12%, from $1,193 million in 2019. This decrease was primarily due to:

- a gain of $68 million as a result of the remeasurement to fair value of the previously held equity investment in DRTP, reported in Other.
- lower expenses primarily due to reduced number and severity of casualty incidents, reported in Casualty;
- reduced business travel and event cost due to COVID-19, reported in primarily Support and facilities and Track and operations;
- a decrease in charges associated with contingencies of $10 million, reported in Other; and
- reduced variable expenses from lower volumes, reported in Intermodal and Equipment.

This decrease was partially offset by lower gains on land sales of $11 million in 2020, reported in Land sales and the unfavourable impact of the change in FX of $6 million.

Purchased services and other expense was $1,193 million in 2019, an increase of $121 million, or 11%, from $1,072 million in 2018. This increase was primarily due to:

- an increase in number and severity of casualty incidents of $73 million (excluding FX), which were the result of difficult operating conditions due to weather in the first half of 2019, reported in Casualty;
- lower gains on land sales of $20 million mainly as a result of the sale of the Bass Lake railway line in 2018;
- the unfavourable impact of the change in FX of $11 million;
- an increase in legal fees, reported in Support and facilities;

- higher snow removal and other weather related costs; and
- higher property taxes due to higher tax rates.

This increase was partially offset by:
- a decrease in charges associated with contingencies of $10 million, reported in Other;
- a decrease in costs for locomotive warranty service agreements due to the insourcing of maintenance of certain locomotives in the company's fleet, reported in Equipment; and
- costs related to labour disruptions in the second quarter of 2018, reported in Track and operations.

Other Income Statement Items

Other (Income) Expense

Other (income) expense consists of gains and losses from the change in FX on debt and lease liabilities and working capital, costs related to financing, shareholder costs, equity income, and other non-operating expenditures. Other income was $7 million in 2020, a decrease of $82 million, or 92%, from $89 million in the same period of 2019. This decrease was primarily due to a lower FX translation gain on U.S. dollar-denominated debt and lease liabilities of $80 million.

Other income was $89 million in 2019, a change of $263 million, or 151%, compared to an expense of $174 million in 2018. This change was primarily due to an FX translation gain on U.S. dollar-denominated debt and lease liabilities of $94 million, compared to an FX translation loss on U.S. dollar-denominated debt of $168 million in 2018.

FX translation gains and losses on debt and lease liabilities are discussed further in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Other Components of Net Periodic Benefit Recovery

Other components of net periodic benefit recovery were $342 million in 2020, a decrease of $39 million, or 10%, from $381 million in 2019. This decrease was primarily due to an increase in the recognized net actuarial loss resulting from a reduction in discount rate.

Other components of net periodic benefit recovery were $381 million in 2019, a decrease of $3 million or 1%, from $384 million in 2018. This decrease was primarily due to higher interest cost on the benefit obligation.

Net Interest Expense

Net interest expense includes interest on long-term debt and finance leases. Net interest expense was $458 million in 2020, an increase of $10 million, or 2%, from $448 million in 2019. This increase was primarily due to the unfavourable impacts of an increase in debt levels of $34 million and the change in FX of $4 million. This increase was partially offset by a reduction in interest related to long-term debt of $29 million as the result of a lower effective interest rate following the Company's debt refinancing completed in 2019 and 2020.

Net interest expense was $448 million in 2019, a decrease of $5 million, or 1%, from $453 million in 2018. This was primarily due to a net reduction in interest related to long-term debt of $21 million as the result of a lower effective interest rate following the Company's debt refinancing completed in 2018 and 2019, partially offset by the unfavourable impact of the change in FX of $10 million and an increase in commercial paper interest of $6 million.

Income Tax Expense

Income tax expense was $758 million in 2020, an increase of $52 million, or 7%, from $706 million in 2019. The increase was primarily due to higher taxable earnings and lower net income tax recoveries in 2020. In 2020, a tax filing election lowered the North Dakota rate resulting in net income tax recoveries of $29 million compared to 2019 when net income tax recoveries were $88 million as a result of an Alberta corporate tax rate decrease, partially offset by a 2019 tax expense for an unrecognized tax benefit of $24 million.

Income tax expense was $706 million in 2019, an increase of $69 million, or 11%, from $637 million in 2018. The increase was due to:
- higher taxable earnings;
- an increase in unrecognized tax benefits of $24 million; and
- net income tax recoveries in 2018 of $21 million as a result of the Iowa and Missouri corporate tax rate decreases.

This increase was partially offset by net income tax recoveries in 2019 of $88 million as a result of an Alberta corporate tax rate decrease.

The effective income tax rate for 2020 was 23.66% on reported income and 24.61% on Adjusted income. The effective income tax rate for 2019 was 22.43% on reported income and 24.96% on Adjusted income. The effective income tax rate for 2018 was 24.64% on reported income and 24.55% on

Adjusted income. Adjusted income is a Non-GAAP measure, which is discussed further in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company expects a 2021 effective tax rate of 24.60%. The Company's 2021 outlook for its effective tax rate is based on certain assumptions about events and developments that may or may not materialize, or that may be offset entirely or partially by new events and developments. These assumptions are discussed further in Item 1A. Risk Factors.

Liquidity and Capital Resources

The Company believes adequate amounts of Cash and cash equivalents are available in the normal course of business to provide for ongoing operations, including the obligations identified in the tables in Contractual Commitments of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. The Company is not aware of any trends or expected fluctuations in the Company's liquidity that would create any deficiencies. The Company's primary sources of liquidity include its Cash and cash equivalents, its commercial paper program, its bilateral letter of credit facilities, and its revolving credit facility.

As at December 31, 2020, the Company had $147 million of Cash and cash equivalents compared to $133 million at December 31, 2019.

As at December 31, 2020, the Company's revolving credit facility was undrawn (December 31, 2019 – undrawn), from a total available amount of U.S. $1.3 billion. The agreement requires the Company to maintain a financial covenant in conjunction with the facility. As at December 31, 2020, the Company was in compliance with all terms and conditions of the credit facility arrangements and satisfied the financial covenant.

The Company has a commercial paper program that enables it to issue commercial paper up to a maximum aggregate principal amount of U.S. $1.0 billion in the form of unsecured promissory notes. This commercial paper program is backed by the revolving credit facility. As at December 31, 2020, total commercial paper borrowings were U.S. $644 million (December 31, 2019 – $397 million).

As at December 31, 2020, under its bilateral letter of credit facilities, the Company had letters of credit drawn of $59 million from a total available amount of $300 million (December 31, 2019 - $80 million). Under the bilateral letter of credit facilities, the Company has the option to post collateral in the form of Cash or cash equivalents, equal at least to the face value of the letter of credit issued. As at December 31, 2020, the Company did not have any collateral posted on its bilateral letter of credit facilities (December 31, 2019 – $nil).

The following discussion of operating, investing, and financing activities describes the Company's indicators of liquidity and capital resources.

Operating Activities

Cash provided by operating activities was $2,802 million in 2020, a decrease of $188 million, or 6%, compared to $2,990 million in 2019. This decrease was primarily due to lower receipts from customers in advance of performing services, compared to 2019.

Cash provided by operating activities was $2,990 million in 2019, an increase of $278 million, or 10%, compared to $2,712 million in 2018. This increase was primarily due to advance receipts of consideration for service under freight contracts as well as higher cash generating income, compared to 2018.

Investing Activities

Cash used in investing activities was $2,030 million in 2020, an increase of $227 million, or 13%, from $1,803 million in 2019. This increase was primarily due to the acquisition of DRTP in 2020, compared to the acquisition of CMQ in 2019.

Cash used in investing activities was $1,803 million in 2019, an increase of $345 million, or 24%, from $1,458 million in 2018. This increase was primarily due to:

- the acquisition of CMQ;
- higher additions to properties; and
- lower proceeds from the sale of properties and other assets.

Capital Programs

For the year ended December 31 (in millions of Canadian dollars, except for track miles and crossties)		2020	2019	2018
Additions to capital				
Track and roadway	**$**	**1,161**	$ 1,004	$ 965
Rolling stock [1]		**253**	393	318
Information systems software [2]		**45**	55	53
Buildings [3]		**103**	58	54
Other [3]		**126**	154	184
Total – accrued additions to capital		**1,688**	1,664	1,574
Less:				
Non-cash transactions		**17**	17	23
Cash invested in additions to properties (per Consolidated Statements of Cash Flows)	**$**	**1,671**	$ 1,647	$ 1,551
Track installation capital programs				
Track miles of rail laid (miles)		**301**	246	281
Track miles of rail capacity expansion (miles)		**28**	11	4
Crossties installed (thousands)		**1,417**	1,122	1,015

[1] Previously reported as Rolling Stock and containers. Containers of approximately $3 million in 2020 (2019 - $33 million; 2018 - $83 million) included in Other.
[2] Previously reported as Information Systems including hardware and software. Hardware of approximately $17 million in 2020 (2019 - $15 million; 2018 - $33 million) included in Other.
[3] Previously reported as Buildings and other, now separated.

Track and roadway expenditures include the replacement and enhancement of the Company's track infrastructure. Of the $1,161 million additions in 2020 (2019 – $1,004 million), approximately $1,008 million (2019 – $918 million) was invested in the renewal of depleted assets, namely rail, ties, ballast, signals, and bridges. Approximately $25 million (2019 – $27 million) was spent on PTC compliance requirements and $128 million (2019 – $59 million) was invested in network improvements and growth initiatives.

Rolling stock investments encompass locomotives and railcars. In 2020, expenditures on locomotives were approximately $126 million (2019 – $174 million) and were focused on the continued re-investment in CP's existing locomotive fleet. Railcar investment of approximately $127 million (2019 – $219 million) was largely focused on renewal of depleted assets, including the acquisition of covered hoppers for grain transportation.

In 2020, CP invested approximately $45 million (2019 – $55 million) in information systems software primarily focused on rationalizing and enhancing business systems and providing real-time data. Investments in buildings were approximately $103 million (2019 - $58 million) included items such as facility upgrades, renovations and shop equipment. Other items were $126 million (2019 – $154 million) and included investments in modernizing core information systems hardware, containers, and vehicles.

For 2021, CP expects to invest approximately $1.55 billion in its capital programs, which will be financed with cash generated from operations. Approximately 60% to 65% of the planned capital programs is for track and roadway. Approximately 20% is expected to be allocated to rolling stock, including railcars and locomotive improvements. Approximately 5% is expected to be allocated to information services, and 10% to 15% is expected to be allocated to buildings and other.

Free Cash

CP generated positive Free cash of $1,157 million in 2020, a decrease of $200 million, or 15%, from $1,357 million in 2019. This decrease was primarily due to a decrease in cash provided by operating activities.

CP generated positive Free cash of $1,357 million in 2019, an increase of $68 million, or 5%, from $1,289 million in 2018. This increase was primarily due to an increase in cash provided by operating activities, partially offset by higher additions to properties and lower proceeds from the sale of properties and other assets during 2019.

Free cash is affected by seasonal fluctuations and by other factors including the size of the Company's capital programs. The 2020 capital programs are discussed above. Free cash is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Financing Activities

Cash used in financing activities was $764 million in 2020, a decrease of $347 million, or 31%, from $1,111 million in 2019. This decrease was primarily due to the issuances of U.S. $500 million 2.050% notes due March 5, 2030 and $300 million 3.050% notes due March 9, 2050 in 2020, compared to the issuance of $400 million 3.150% notes due March 13, 2029 in 2019, as well as the principal repayment of U.S. $350 million of the Company's 7.250% notes at maturity in May 2019. This was partially offset by higher payments to buy back shares under the Company's share repurchase program, lower net issuances of commercial paper during 2020, and higher dividends paid during 2020.

Cash used in financing activities was $1,111 million in 2019, a decrease of $431 million, or 28%, from $1,542 million in 2018. This decrease was primarily due to the net issuance of commercial paper in 2019 and a lower principal repayment of U.S. $350 million of the Company's 7.250% notes maturing May 2019, compared to the principal repayments in 2018 of U.S. $275 million of the Company's 6.500% notes maturing May 2018 and $375 million of the Company's 6.250% medium term notes maturing June 2018. This was partially offset by the issuance of $400 million 3.150% notes due March 13, 2029 in 2019 compared to the issuance of U.S. $500 million 4.000% notes due June 1, 2028 in 2018, and higher dividends paid during 2019.

Credit Measures

Credit ratings provide information relating to the Company's operations and liquidity, and affect the Company's ability to obtain short-term and long-term financing and/or the cost of such financing.

A mid-investment grade credit rating is an important measure in assessing the Company's ability to maintain access to public financing and to minimize the cost of capital. It also affects the ability of the Company to engage in certain collateralized business activities on a cost-effective basis.

Credit ratings and outlooks are based on the rating agencies' methodologies and can change from time to time to reflect their views of CP. Their views are affected by numerous factors including, but not limited to, the Company's financial position and liquidity along with external factors beyond the Company's control.

As at December 31, 2020, CP's credit ratings from Standard & Poor's Rating Services ("Standard & Poor's") and Moody's Investor Service ("Moody's") remain unchanged from December 31, 2019.

Credit ratings as at December 31, 2020[1]

Long-term debt			Outlook
Standard & Poor's			
	Long-term corporate credit	**BBB+**	stable
	Senior secured debt	**A**	stable
	Senior unsecured debt	**BBB+**	stable
Moody's			
	Senior unsecured debt	**Baa1**	stable
Commercial paper program			
Standard & Poor's		**A-2**	N/A
Moody's		**P-2**	N/A

[1] Credit ratings are not recommendations to purchase, hold, or sell securities and do not address the market price or suitability of a specific security for a particular investor. Credit ratings are based on the rating agencies' methodologies and may be subject to revision or withdrawal at any time by the rating agencies.

Financial Ratios

The Long-term debt to Net income ratio was 4.0 in 2020, compared with 3.6 in 2019 and 4.5 in 2018. The increase in the ratio from 2019 to 2020 was primarily due to higher debt. The decrease in the ratio from 2018 to 2019 was due to higher Net income, partially offset by higher debt.

The Adjusted net debt to Adjusted earnings before interest, tax, depreciation, and amortization ("EBITDA") ratio was 2.5 in 2020, compared with 2.4 in 2019 and 2.6 in 2018. The increase in the ratio from 2019 to 2020 was primarily due to a higher debt balance, partially offset by an increase in Adjusted EBITDA. The decrease from 2018 to 2019 was primarily due to an increase in Adjusted EBITDA. Adjusted net debt to Adjusted EBITDA ratio is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. Over the long term, CP targets an Adjusted net debt to Adjusted EBITDA ratio of 2.0 to 2.5.

Although CP has provided a target Non-GAAP measure (Adjusted net debt to Adjusted EBITDA ratio), management is unable to reconcile, without unreasonable efforts, the target Adjusted net debt to Adjusted EBITDA ratio to the most comparable GAAP measure (Long-term debt to Net income ratio), due to unknown variables and uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value. In recent years, CP has recognized changes in income tax rates and a change to an uncertain tax item. These or other similar, large unforeseen transactions affect Net income but may be excluded from CP's Adjusted EBITDA. Additionally, the U.S.-to-Canada dollar exchange rate is unpredictable and can have a significant impact on CP's reported results but may be excluded from CP's Adjusted EBITDA. In particular, CP excludes the FX impact of translating the Company's debt and lease liabilities, interest and taxes from Adjusted EBITDA. Please see Forward-Looking Statements in this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion.

Dividend Payout Ratio

The dividend payout ratio was 19.8% in 2020, compared with 17.9% in 2019 and 18.5% in 2018. The increase in the ratio from 2019 to 2020 was due to higher dividends declared per share, partially offset by higher diluted EPS. The decrease in the ratio from 2018 to 2019 was due to higher diluted EPS, partially offset by higher dividends declared per share.

The Adjusted dividend payout ratio was 20.1% in 2020, compared with 19.1% in 2019 and 17.3% in 2018. These increases were due to higher dividends declared per share, partially offset by higher Adjusted diluted EPS. Adjusted dividend payout ratio is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. Over the long term, CP targets an Adjusted dividend payout ratio of 25.0% to 30.0%.

Although CP has provided a target Non-GAAP measure (Adjusted dividend payout ratio), management is unable to reconcile, without unreasonable efforts, the target Adjusted dividend payout ratio to the most comparable GAAP measure (Dividend payout ratio), due to unknown variables and uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value. In recent years, CP has recognized changes in income tax rates and a change to an uncertain tax item. These or other similar, large unforeseen transactions affect Diluted EPS but may be excluded from CP's Adjusted diluted EPS. Additionally, the U.S.-to-Canada dollar exchange rate is unpredictable and can have a significant impact on CP's reported results but may be excluded from CP's Adjusted diluted EPS. In particular, CP excludes the FX impact of translating the Company's debt and lease liabilities from Adjusted diluted EPS. Please see Forward-Looking Statements in this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion.

Supplemental Guarantor Financial Information

Canadian Pacific Railway Company ("CPRC"), a 100%-owned subsidiary of Canadian Pacific Railway Limited ("CPRL"), is the issuer of certain securities which are fully and unconditionally guaranteed by CPRL on an unsecured basis. The other subsidiaries of CPRC do not guarantee the securities and are referred to below as the "Non-Guarantor Subsidiaries". The following is a description of the terms and conditions of the guarantees with respect to securities for which CPRC is the issuer and CPRL provides a full and unconditional guarantee.

As of December 31, 2020, CPRC has $7,448 million principal amount of debt securities outstanding due through 2115, and $45 million in perpetual 4% consolidated debenture stock, for all of which CPRL is the guarantor.

CPRL fully and unconditionally guarantees the payment of the principal (and premium, if any) and interest on the debt securities and consolidated debenture stock issued by CPRC, any sinking fund or analogous payments payable with respect to such securities, and any additional amounts payable when they become due, whether at maturity or otherwise. The guarantee is CPRL's unsubordinated and unsecured obligation and ranks equally with all of CPRL's other unsecured, unsubordinated obligations.

CPRL will be released and relieved of its obligations under the guarantees after obligations to the holders are satisfied in accordance with the terms of the respective instruments.

Pursuant to Rule 13-01 of the SEC's Regulation S-X, the Company provides summarized financial and non-financial information of CPRC in lieu of providing separate financial statements of CPRC.

More information on the securities under this guarantee structure can be found in Exhibit 22.1 List of Issuers and Guarantor Subsidiaries of this annual report.

Summarized Financial Information

The following tables present summarized financial information for CPRC (Subsidiary Issuer) and CPRL (Parent Guarantor) on a combined basis after elimination of (i) intercompany transactions and balances among CPRC and CPRL; (ii) equity in earnings from and investments in the Non-Guarantor Subsidiaries; and (iii) intercompany dividend income.

Statements of Income

	CPRC (Subsidiary Issuer) and CPRL (Parent Guarantor)	
(in millions of Canadian dollars)	**For the year ended December 31, 2020**	For the year ended December 31, 2019
Total revenues	**$ 5,797**	$ 5,662
Total operating expenses	**3,263**	3,446
Operating Income [1]	**2,534**	2,216
Less: Other [2]	**127**	(13)
Income before income tax expense	**2,407**	2,229
Net Income	**$ 1,792**	$ 1,704

[1] Includes net lease costs incurred from non-guarantor subsidiaries for the year ended December 31, 2020 and 2019 of $435 million and $320 million, respectively.
[2] Includes Other income, Other components of net periodic benefit recovery, and Net interest expense.

Balance Sheets

	CPRC (Subsidiary Issuer) and CPRL (Parent Guarantor)	
(in millions of Canadian dollars)	**As at December 31, 2020**	As at December 31, 2019
Assets		
Current Assets	**$ 907**	$ 842
Properties	**10,865**	10,287
Other non-current assets	**1,151**	1,208
Liabilities		
Current liabilities	**$ 2,290**	$ 1,833
Long-term debt	**8,585**	8,145
Other non-current liabilities	**2,981**	2,711

Excluded from the Income Statements and Balance Sheets above are the following significant intercompany transactions and balances that CPRC and CPRL have with the Non-Guarantor Subsidiaries:

Cash Transactions with Non-Guarantor Subsidiaries

	CPRC (Subsidiary Issuer) and CPRL (Parent Guarantor)	
(in millions of Canadian dollars)	**For the year ended December 31, 2020**	For the year ended December 31, 2019
Dividend income from non-guarantor subsidiaries	**$ 163**	$ 158
Capital contributions to non-guarantor subsidiaries	**—**	(125)
Return of capital from non-guarantor subsidiaries	**198**	1,345

Balances with Non-Guarantor Subsidiaries

	CPRC (Subsidiary Issuer) and CPRL (Parent Guarantor)	
(in millions of Canadian dollars)	**As at December 31, 2020**	As at December 31, 2019
Assets		
Accounts Receivable, intercompany	**$ 327**	$ 318
Short-term advances to affiliates	**20**	14
Long-term advances to affiliates	**9**	7
Liabilities		
Accounts payable, intercompany	**$ 179**	$ 249
Short-term advances from affiliates	**3,658**	3,700
Long-term advances from affiliates	**82**	84

Share Capital

At February 17, 2021, the latest practicable date prior to the date of this Annual Report on Form 10-K, there were 133,297,236 Common Shares and no preferred shares issued and outstanding, which consists of 13,779 holders of record of the Common Shares. In addition, CP has a Management Stock Option Incentive Plan ("MSOIP"), under which key officers and employees are granted options to purchase the Common Shares. Each option granted can be exercised for one Common Share. At February 17, 2021, 1,521,584 options were outstanding under the MSOIP and stand-alone option agreements entered into with Mr. Keith Creel. There are 733,836 options available to be issued by the Company's MSOIP in the future. CP has a Director's Stock Option Plan ("DSOP"), under which directors are granted options to purchase Common Shares. There are no outstanding options under the DSOP, which has 340,000 options available to be issued in the future.

Non-GAAP Measures

The Company presents Non-GAAP measures to provide a basis for evaluating underlying earnings and liquidity trends in the Company's business that can be compared with the results of operations in prior periods. In addition, these Non-GAAP measures facilitate a multi-period assessment of long-term profitability, allowing management and other external users of the Company's consolidated financial information to compare profitability on a long-term basis, including assessing future profitability, with that of the Company's peers.

These Non-GAAP measures have no standardized meaning and are not defined by GAAP and, therefore, may not be comparable to similar measures presented by other companies. The presentation of these Non-GAAP measures is not intended to be considered in isolation from, as a substitute for, or as superior to the financial information presented in accordance with GAAP.

Non-GAAP Performance Measures

The Company uses adjusted earnings results including Adjusted income, Adjusted diluted earnings per share, Adjusted operating income, and Adjusted operating ratio to evaluate the Company's operating performance and for planning and forecasting future business operations and future profitability. These Non-GAAP measures are presented in Item 6. Selected Financial Data and discussed further in other sections of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. These Non-GAAP measures provide meaningful supplemental information regarding operating results because they exclude certain significant items that are not considered indicative of future financial trends either by nature or amount. As a result, these items are excluded for management assessment of operational performance, allocation of resources, and preparation of annual budgets. These significant items may include, but are not limited to, restructuring and asset impairment charges, individually significant gains and losses from sales of assets, the FX impact of translating the Company's debt and lease liabilities (including borrowings under the credit facility), discrete tax items, changes in income tax rates, changes to an uncertain tax item, and certain items outside the control of management. These items may not be non-recurring. However, excluding these significant items from GAAP results allows for a consistent understanding of the Company's consolidated financial performance when performing a multi-period assessment including assessing the likelihood of future results. Accordingly, these Non-GAAP financial measures may provide insight to investors and other external users of the Company's consolidated financial information.

In 2020, there were two significant items included in Net income as follows:

- in the fourth quarter, a deferred tax recovery of $29 million due to a change relating to a tax return filing election for the state of North Dakota that favourably impacted Diluted EPS by 22 cents; and
- during the course of the year, a net non-cash gain of $14 million ($12 million after deferred tax) due to FX translation of debt and lease liabilities that favourably impacted Diluted EPS by 9 cents as follows:
  - in the fourth quarter, a $103 million gain ($90 million after deferred tax) that favourably impacted Diluted EPS by 67 cents;

  - in the third quarter, a $40 million gain ($38 million after deferred tax) that favourably impacted Diluted EPS by 29 cents;
  - in the second quarter, an $86 million gain ($82 million after deferred tax) that favourably impacted Diluted EPS by 59 cents; and
  - in the first quarter, a $215 million loss ($198 million after deferred tax) that unfavourably impacted Diluted EPS by $1.44.

In 2019, there were three significant items included in Net income as follows:

- in the fourth quarter, a deferred tax expense of $24 million as a result of a provision for an uncertain tax item of a prior period that unfavourably impacted Diluted EPS by 17 cents;
- in the second quarter, a deferred tax recovery of $88 million due to the change in the Alberta provincial corporate income tax rate that favourably impacted Diluted EPS by 63 cents; and
- during the course of the year, a net non-cash gain of $94 million ($86 million after deferred tax) due to FX translation of debt and lease liabilities that favourably impacted Diluted EPS by 62 cents as follows:
  - in the fourth quarter, a $37 million gain ($32 million after deferred tax) that favourably impacted Diluted EPS by 22 cents;
  - in the third quarter, a $25 million loss ($22 million after deferred tax) that unfavourably impacted Diluted EPS by 15 cents;
  - in the second quarter, a $37 million gain ($34 million after deferred tax) that favourably impacted Diluted EPS by 24 cents; and
  - in the first quarter, a $45 million gain ($42 million after deferred tax) that favourably impacted Diluted EPS by 30 cents.

In 2018, there were two significant items included in Net income as follows:

- in the second quarter, a deferred tax recovery of $21 million due to reductions in the Missouri and Iowa state tax rates that favourably impacted Diluted EPS by 15 cents; and
- during the course of the year, a net non-cash loss of $168 million ($150 million after deferred tax) due to FX translation of debt that unfavourably impacted Diluted EPS by $1.05 as follows:
  - in the fourth quarter, a $113 million loss ($103 million after deferred tax) that unfavourably impacted Diluted EPS by 72 cents;
  - in the third quarter, a $38 million gain ($33 million after deferred tax) that favourably impacted Diluted EPS by 23 cents;
  - in the second quarter, a $44 million loss ($38 million after deferred tax) that unfavourably impacted Diluted EPS by 27 cents; and
  - in the first quarter, a $49 million loss ($42 million after deferred tax) that unfavourably impacted Diluted EPS by 29 cents.

In 2017, there were five significant items included in Net income as follows:

- in the second quarter, a charge on hedge roll and de-designation of $13 million ($10 million after deferred tax) that unfavourably impacted Diluted EPS by 7 cents;
- in the second quarter, an insurance recovery of a legal settlement of $10 million ($7 million after current tax) that favourably impacted Diluted EPS by 5 cents;
- in the first quarter, a management transition recovery of $51 million related to the retirement of Mr. E. Hunter Harrison as CEO of CP ($39 million after deferred tax) that favourably impacted Diluted EPS by 27 cents;
- during the course of the year, a net deferred tax recovery of $541 million as a result of changes in income tax rates as follows:
  - in the fourth quarter, a deferred tax recovery of $527 million, primarily due to the U.S. tax reform, that favourably impacted Diluted EPS by $3.63;
  - in the third quarter, a deferred tax expense of $3 million as a result of the change in the Illinois state corporate income tax rate change that unfavourably impacted Diluted EPS by 2 cents;
  - in the second quarter, a deferred tax recovery of $17 million as a result of the change in the Saskatchewan provincial corporate income tax rate that favourably impacted Diluted EPS by 12 cents; and
- during the course of the year, a net non-cash gain of $186 million ($162 million after deferred tax) due to FX translation of debt that favourably impacted Diluted EPS by $1.10 as follows:
  - in the fourth quarter, a $14 million loss ($12 million after deferred tax) that unfavourably impacted Diluted EPS by 8 cents;
  - in the third quarter, a $105 million gain ($91 million after deferred tax) that favourably impacted Diluted EPS by 62 cents;
  - in the second quarter, a $67 million gain ($59 million after deferred tax) that favourably impacted Diluted EPS by 40 cents; and
  - in the first quarter, a $28 million gain ($24 million after deferred tax) that favourably impacted Diluted EPS by 16 cents.

In 2016, there were two significant items included in Net income as follows:

- in the third quarter, a $25 million expense ($18 million after current tax) related to a legal settlement that unfavourably impacted Diluted EPS by 12 cents; and
- during the course of the year, a net non-cash gain of $79 million ($68 million after deferred tax) due to FX translation of debt that favourably impacted Diluted EPS by 46 cents as follows:
  - in the fourth quarter, a $74 million loss ($64 million after deferred tax) that unfavourably impacted Diluted EPS by 43 cents;
  - in the third quarter, a $46 million loss ($40 million after deferred tax) that unfavourably impacted Diluted EPS by 27 cents;
  - in the second quarter, an $18 million gain ($16 million after deferred tax) that favourably impacted Diluted EPS by 10 cents; and
  - in the first quarter, a $181 million gain ($156 million after deferred tax) that favourably impacted Diluted EPS by $1.01.

Reconciliation of GAAP Performance Measures to Non-GAAP Performance Measures

The following tables reconcile the most directly comparable measures presented in accordance with GAAP to the Non-GAAP measures presented in Item 6. Selected Financial Data and discussed further in other sections of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations:

Adjusted income is calculated as Net income reported on a GAAP basis adjusted for significant items.

	For the year ended December 31				
(in millions of Canadian dollars)	**2020**	2019	2018	2017	2016
Net income as reported	**$ 2,444**	$ 2,440	$ 1,951	$ 2,405	$ 1,599
Less significant items (pre-tax):					
Legal settlement charge	**—**	—	—	—	(25)
Insurance recovery of legal settlement	**—**	—	—	10	—
Charge on hedge roll and de-designation	**—**	—	—	(13)	—
Management transition recovery	**—**	—	—	51	—
Impact of FX translation gain (loss) on debt and lease liabilities	**14**	94	(168)	186	79
Add:					
Tax effect of adjustments[1]	**2**	8	(18)	36	4
Income tax rate changes	**(29)**	(88)	(21)	(541)	—
Provision for uncertain tax item	**—**	24	—	—	—
Adjusted income	**$ 2,403**	$ 2,290	$ 2,080	$ 1,666	$ 1,549

[1] The tax effect of adjustments was calculated as the pre-tax effect of the adjustments multiplied by the applicable tax rate for the above items of 13.58%, 8.55%, 10.64%, 15.27% and 7.17% for the years presented, respectively. The applicable tax rates reflect the taxable jurisdictions and nature, being on account of capital or income, of the significant items.

Adjusted diluted earnings per share is calculated using Adjusted income, as defined above, divided by the weighted-average diluted number of Common Shares outstanding during the period as determined in accordance with GAAP.

	For the year ended December 31				
	2020	2019	2018	2017	2016
Diluted earnings per share as reported	**$ 17.97**	$ 17.52	$ 13.61	$ 16.44	$ 10.63
Less significant items (pre-tax):					
Legal settlement charge	**—**	—	—	—	(0.17)
Insurance recovery of legal settlement	**—**	—	—	0.07	—
Charge on hedge roll and de-designation	**—**	—	—	(0.09)	—
Management transition recovery	**—**	—	—	0.35	—
Impact of FX translation gain (loss) on debt and lease liabilities	**0.10**	0.67	(1.17)	1.27	0.53
Add:					
Tax effect of adjustments[1]	**0.01**	0.05	(0.12)	0.25	0.02
Income tax rate changes	**(0.21)**	(0.63)	(0.15)	(3.70)	—
Provision for uncertain tax item	**—**	0.17	—	—	—
Adjusted diluted earnings per share	**$ 17.67**	$ 16.44	$ 14.51	$ 11.39	$ 10.29

[1] The tax effect of adjustments was calculated as the pre-tax effect of the adjustments multiplied by the applicable tax rate for the above items of 13.58%, 8.55%, 10.64%, 15.27% and 7.17% for the years presented, respectively. The applicable tax rates reflect the taxable jurisdictions and nature, being on account of capital or income, of the significant items.

Adjusted operating income is calculated as Operating income reported on a GAAP basis less significant items.

	For the year ended December 31				
(in millions of Canadian dollars)	**2020**	2019	2018	2017	2016
Operating income as reported	**$ 3,311**	$ 3,124	$ 2,831	$ 2,519	$ 2,411
Less significant item:					
Management transition recovery	**—**	—	—	51	—
Adjusted operating income	**$ 3,311**	$ 3,124	$ 2,831	$ 2,468	$ 2,411

Adjusted operating ratio excludes those significant items that are reported within Operating income.

	For the year ended December 31				
	2020	2019	2018	2017	2016
Operating ratio as reported	**57.1 %**	59.9 %	61.3 %	61.6 %	61.3 %
Less significant item:					
Management transition recovery	**—**	—	—	(0.8)	—
Adjusted operating ratio	**57.1 %**	59.9 %	61.3 %	62.4 %	61.3 %

Adjusted ROIC

Adjusted ROIC is calculated as Adjusted return divided by Adjusted average invested capital. Adjusted return is defined as Net income adjusted for interest expense, tax effected at the Company's adjusted annualized effective tax rate, and significant items in the Company's Consolidated Financial Statements, tax effected at the applicable tax rate. Adjusted average invested capital is defined as the sum of total Shareholders' equity, Long-term debt, and Long-term debt maturing within one year, as presented in the Company's Consolidated Financial Statements, each averaged between the beginning and ending balance over a rolling 12-month period, adjusted for the impact of significant items, tax effected at the applicable tax rate, on closing balances as part of this average. Adjusted ROIC excludes significant items reported in the Company's Consolidated Financial Statements, as these significant items are not considered indicative of future financial trends either by nature or amount, and excludes interest expense, net of tax, to incorporate returns on the Company's overall capitalization. Adjusted ROIC is a performance measure that measures how productively the Company uses its long-term capital investments, representing critical indicators of good operating and investment decisions made by management, and is an important performance criteria in determining certain elements of the Company's long-term incentive plan. Adjusted ROIC, which is reconciled below from Return on average shareholders' equity, the most comparable measure calculated in accordance with GAAP, is also presented in Item 6. Selected Financial Data and discussed further in Results of Operations of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Beginning in the first quarter of 2020, CP aligned the reconciliation sequence for Adjusted ROIC to start with Net income, with no change to the calculated Adjusted return.

Calculation of Return on average shareholders' equity

	For the year ended December 31				
(in millions of Canadian dollars, except for percentages)	**2020**	2019	2018	2017	2016
Net income as reported	**$ 2,444**	$ 2,440	$ 1,951	$ 2,405	$ 1,599
Average shareholders' equity	**$ 7,194**	$ 6,853	$ 6,537	$ 5,539	$ 4,711
Return on average shareholders' equity	**34.0 %**	35.6 %	29.8 %	43.4 %	33.9 %

Reconciliation of Net Income to Adjusted Return

(in millions of Canadian dollars)	For the year ended December 31				
	2020	2019	2018	2017	2016
Net income as reported	**$ 2,444**	$ 2,440	$ 1,951	$ 2,405	$ 1,599
Add:					
Net interest expense	**458**	448	453	473	471
Tax on interest[1]	**(113)**	(112)	(112)	(126)	(124)
Significant items (pre-tax):					
Legal settlement charge	**—**	—	—	—	25
Insurance recovery of legal settlement	**—**	—	—	(10)	—
Charge on hedge roll and de-designation	**—**	—	—	13	—
Management transition recovery	**—**	—	—	(51)	—
Impact of FX translation (gain) loss on debt and lease liabilities	**(14)**	(94)	168	(186)	(79)
Tax on significant items[2]	**2**	8	(18)	36	4
Income tax rate changes	**(29)**	(88)	(21)	(541)	—
Provision for uncertain tax item	**—**	24	—	—	—
Adjusted return	**$ 2,748**	$ 2,626	$ 2,421	$ 2,013	$ 1,896

[1] Tax was calculated at the adjusted annualized effective tax rate of 24.61%, 24.96%, 24.55%, 26.42%, and 26.20% for each of the above items for the years presented, respectively.
[2] Tax was calculated as the pre-tax effect of the adjustments multiplied by the applicable tax rate of 13.58%, 8.55%, 10.64%, 15.27%, and 7.17% for each of the above items for the years presented, respectively. The applicable tax rates reflect the taxable jurisdictions and nature, being on account of capital or income, of the significant items.

Reconciliation of Average shareholders' equity to Adjusted average invested capital

(in millions of Canadian dollars)	For the year ended December 31				
	2020	2019	2018	2017	2016
Average shareholders' equity	**$ 7,194**	$ 6,853	$ 6,537	$ 5,539	$ 4,711
Average Long-term debt, including long-term debt maturing within one year	**9,264**	8,726	8,427	8,422	8,821
	$ 16,458	$ 15,579	$ 14,964	$ 13,961	$ 13,532
Less:					
Significant items (pre-tax):					
Legal settlement charge	**—**	—	—	—	(13)
Insurance recovery of legal settlement	**—**	—	—	5	—
Charge on hedge roll and de-designation	**—**	—	—	(7)	—
Management transition recovery	**—**	—	—	26	—
Tax on significant items[1]	**—**	—	—	(5)	4
Income tax rate changes	**15**	44	11	270	—
Provision for uncertain tax item	**—**	(12)	—	—	—
Adjusted average invested capital	**$ 16,443**	$ 15,547	$ 14,953	$ 13,672	$ 13,541

[1] Tax was calculated as the pre-tax effect of the adjustments multiplied by the applicable tax rate of 15.27% and 7.17% for 2017 and 2016, respectively. The applicable tax rates reflect the taxable jurisdictions and nature, being on account of capital or income, of the significant items.

Calculation of Adjusted ROIC

(in millions of Canadian dollars, except for percentages)	For the year ended December 31				
	2020	2019	2018	2017	2016
Adjusted return	**$ 2,748**	$ 2,626	$ 2,421	$ 2,013	$ 1,896
Adjusted average invested capital	**$ 16,443**	$ 15,547	$ 14,953	$ 13,672	$ 13,541
Adjusted ROIC	**16.7 %**	16.9 %	16.2 %	14.7 %	14.0 %

Free Cash

Free cash is calculated as Cash provided by operating activities, less Cash used in investing activities, adjusted for changes in cash and cash equivalents balances resulting from FX fluctuations, and the acquisitions of CMQ and DRTP. Free cash is a measure that management considers to be a valuable indicator of liquidity. Free cash is useful to investors and other external users of the Company's Consolidated Financial Statements as it assists with the evaluation of the Company's ability to generate cash to satisfy debt obligations and discretionary activities such as dividends, share repurchase programs, and other strategic opportunities. The acquisitions of CMQ and DRTP are not indicative of investment trends and have also been excluded from Free cash. Free cash should be considered in addition to, rather than as a substitute for, Cash provided by operating activities. Free cash is presented in Item 6. Selected Financial Data and discussed further in Liquidity and Capital Resources of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Reconciliation of Cash Provided by Operating Activities to Free Cash

(in millions of Canadian dollars)	For the year ended December 31				
	2020	2019	2018	2017	2016
Cash provided by operating activities	**$ 2,802**	$ 2,990	$ 2,712	$ 2,182	$ 2,089
Cash used in investing activities	**(2,030)**	(1,803)	(1,458)	(1,295)	(1,069)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	**6**	(4)	11	(13)	(13)
Less:					
Settlement of forward starting swaps on debt issuance	**—**	—	(24)	—	—
Investment in Central Maine & Québec Railway	**19**	(174)	—	—	—
Investment in Detroit River Tunnel Partnership	**(398)**	—	—	—	—
Free cash	**$ 1,157**	$ 1,357	$ 1,289	$ 874	$ 1,007

Foreign Exchange Adjusted % Change

FX adjusted % change allows certain financial results to be viewed without the impact of fluctuations in foreign currency exchange rates, thereby facilitating period-to-period comparisons in the analysis of trends in business performance. Financial result variances at constant currency are obtained by translating the comparable period of the prior year results denominated in U.S. dollars at the foreign exchange rates of the current period.

FX adjusted % changes in revenues are further used in calculating FX adjusted % change in freight revenue per carload and RTM. These items are presented in Operating Revenues of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(in millions of Canadian dollars)	Reported 2020	Reported 2019	Reported 2018	2020 vs. 2019 Variance due to FX	2020 vs. 2019 FX Adjusted 2019	2020 vs. 2019 FX Adj. % Change	2019 vs. 2018 Variance due to FX	2019 vs. 2018 FX Adjusted 2018	2019 vs. 2018 FX Adj. % Change
Freight revenues by line of business									
Grain	**$ 1,829**	$ 1,684	$ 1,566	$ 8	$ 1,692	8	$ 19	$ 1,585	6
Coal	**566**	682	673	1	683	(17)	2	675	1
Potash	**493**	462	486	2	464	6	6	492	(6)
Fertilizers and sulphur	**290**	250	243	2	252	15	4	247	1
Forest products	**328**	304	284	3	307	7	5	289	5
Energy, chemicals and plastics	**1,519**	1,534	1,243	3	1,537	(1)	17	1,260	22
Metals, minerals, and consumer products	**629**	752	797	7	759	(17)	16	813	(8)
Automotive	**324**	352	322	3	355	(9)	7	329	7
Intermodal	**1,563**	1,593	1,538	4	1,597	(2)	10	1,548	3
Freight revenues	**7,541**	7,613	7,152	33	7,646	(1)	86	7,238	5
Non-freight revenues	**169**	179	164	—	179	(6)	1	165	8
Total revenues	**$ 7,710**	$ 7,792	$ 7,316	$ 33	$ 7,825	(1)	$ 87	$ 7,403	5

FX adjusted % changes in operating expenses are discussed in Operating Expenses of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(in millions of Canadian dollars)	Reported 2020	Reported 2019	Reported 2018	2020 vs. 2019 Variance due to FX	2020 vs. 2019 FX Adjusted 2019	2020 vs. 2019 FX Adj. % Change	2019 vs. 2018 Variance due to FX	2019 vs. 2018 FX Adjusted 2018	2019 vs. 2018 FX Adj. % Change
Compensation and benefits	**$ 1,560**	$ 1,540	$ 1,468	$ 5	$ 1,545	1	$ 11	$ 1,479	4
Fuel	**652**	882	918	8	890	(27)	18	936	(6)
Materials	**216**	210	201	—	210	3	1	202	4
Equipment rents	**142**	137	130	2	139	2	3	133	3
Depreciation and amortization	**779**	706	696	2	708	10	4	700	1
Purchased services and other	**1,050**	1,193	1,072	6	1,199	(12)	11	1,083	10
Total operating expenses	**$ 4,399**	$ 4,668	$ 4,485	$ 23	$ 4,691	(6)	$ 48	$ 4,533	3

Dividend Payout Ratio and Adjusted Dividend Payout Ratio

Dividend payout ratio is calculated as dividends declared per share divided by Diluted EPS. Adjusted dividend payout ratio is calculated as dividends declared per share divided by Adjusted diluted EPS, as defined above. These ratios are measures of shareholder return and provide information on the Company's ability to declare dividends on an ongoing basis. Dividend payout ratio and Adjusted dividend payout ratio are presented in Item 6. Selected Financial Data and discussed further in Liquidity and Capital Resources of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Calculation of Dividend Payout Ratio

(in dollars, except for percentages)	For the year ended December 31 2020	2019	2018	2017	2016
Dividends declared per share	**$ 3.5600**	$ 3.1400	$ 2.5125	$ 2.1875	$ 1.8500
Diluted EPS	**17.97**	17.52	13.61	16.44	10.63
Dividend payout ratio	**19.8 %**	17.9 %	18.5 %	13.3 %	17.4 %

Calculation of Adjusted Dividend Payout Ratio

	For the year ended December 31				
(in dollars, except for percentages)	**2020**	2019	2018	2017	2016
Dividends declared per share	**$ 3.5600**	$ 3.1400	$ 2.5125	$ 2.1875	$ 1.8500
Adjusted diluted EPS	**17.67**	16.44	14.51	11.39	10.29
Adjusted dividend payout ratio	**20.1 %**	19.1 %	17.3 %	19.2 %	18.0 %

Adjusted Net Debt to Adjusted EBITDA Ratio

Adjusted net debt to Adjusted earnings before interest, tax, depreciation and amortization ("EBITDA") ratio is calculated as Adjusted net debt divided by Adjusted EBITDA. The Adjusted net debt to Adjusted EBITDA ratio is a key credit measure used to assess the Company's financial capacity. The ratio provides information on the Company's ability to service its debt and other long-term obligations. The Adjusted net debt to Adjusted EBITDA ratio, which is reconciled below from the Long-term debt to Net income ratio, the most comparable measure calculated in accordance with GAAP, is also presented in Item 6. Selected Financial Data and discussed further in Liquidity and Capital Resources of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Calculation of Long-term Debt to Net Income Ratio

(in millions of Canadian dollars, except for ratios)	**2020**	2019	2018	2017	2016
Long-term debt including long-term debt maturing within one year as at December 31	**$ 9,771**	$ 8,757	$ 8,696	$ 8,159	$ 8,684
Net income for the year ended December 31	**2,444**	2,440	1,951	2,405	1,599
Long-term debt to Net income ratio	**4.0**	3.6	4.5	3.4	5.4

Reconciliation of Long-term Debt to Adjusted Net Debt

Adjusted net debt is defined as Long-term debt, Long-term debt maturing within one year and Short-term borrowing as reported on the Company's Consolidated Balance Sheets adjusted for pension plans deficit, operating lease liabilities recognized on the Company's Consolidated Balance Sheets, and Cash and cash equivalents.

(in millions of Canadian dollars)	**2020**	2019	2018	2017	2016
Long-term debt including long-term debt maturing within one year as at December 31	**$ 9,771**	$ 8,757	$ 8,696	$ 8,159	$ 8,684
Add:					
Pension plans deficit[1]	**328**	294	266	278	273
Operating lease liabilities	**311**	354	387	281	361
Less:					
Cash and cash equivalents	**147**	133	61	338	164
Adjusted net debt as at December 31	**$ 10,263**	$ 9,272	$ 9,288	$ 8,380	$ 9,154

[1] Pension plans deficit is the total funded status of the Pension plans in deficit only.

Reconciliation of Net Income to EBIT, Adjusted EBIT and Adjusted EBITDA

Earnings before interest and tax ("EBIT") is calculated as Net income before Net interest expense and Income tax expense. Adjusted EBIT excludes significant items reported in both Operating income and Other (income) expense. Adjusted EBITDA is calculated as Adjusted EBIT plus operating lease expense and Depreciation and amortization, less Other components of net periodic benefit recovery.

	For the year ended December 31				
(in millions of Canadian dollars)	**2020**	2019	2018	2017	2016
Net income as reported	**$ 2,444**	$ 2,440	$ 1,951	$ 2,405	$ 1,599
Add:					
Net interest expense	**458**	448	453	473	471
Income tax expense	**758**	706	637	93	553
EBIT	**3,660**	3,594	3,041	2,971	2,623
Less significant items (pre-tax):					
Legal settlement charge	**—**	—	—	—	(25)
Insurance recovery of legal settlement	**—**	—	—	10	—
Charge on hedge roll and de-designation	**—**	—	—	(13)	—
Management transition recovery	**—**	—	—	51	—
Impact of FX translation gain (loss) on debt and lease liabilities	**14**	94	(168)	186	79
Adjusted EBIT	**3,646**	3,500	3,209	2,737	2,569
Add:					
Operating lease expense	**78**	83	97	104	111
Depreciation and amortization	**779**	706	696	661	640
Less:					
Other components of net periodic benefit recovery	**342**	381	384	274	167
Adjusted EBITDA	**$ 4,161**	$ 3,908	$ 3,618	$ 3,228	$ 3,153

Calculation of Adjusted Net Debt to Adjusted EBITDA Ratio

(in millions of Canadian dollars, except for ratios)	**2020**	2019	2018	2017	2016
Adjusted net debt as at December 31	**$ 10,263**	$ 9,272	$ 9,288	$ 8,380	$ 9,154
Adjusted EBITDA for the year ended December 31	**4,161**	3,908	3,618	3,228	3,153
Adjusted net debt to Adjusted EBITDA ratio	**2.5**	2.4	2.6	2.6	2.9

Off-Balance Sheet Arrangements

Guarantees

Refer to Item 8. Financial Statements and Supplementary Data, Note 26 Guarantees for details.

Contractual Commitments

The accompanying table indicates the Company's obligations and commitments to make future payments for contracts such as debt, leases, and commercial arrangements as at December 31, 2020.

Payments due by period (in millions of Canadian dollars)		Total	2021	2022 & 2023	2024 & 2025	Thereafter
Interest on long-term debt and finance leases	$	**10,883**	$ 441	$ 762	$ 693	$ 8,987
Long-term debt		**9,717**	1,178	946	974	6,619
Finance leases		**143**	8	111	14	10
Operating leases[1]		**347**	71	112	76	88
Supplier purchase		**1,743**	528	930	97	188
Other long-term liabilities[2]		**494**	54	102	98	240
Total contractual commitments	**$**	**23,327**	$ 2,280	$ 2,963	$ 1,952	$ 16,132

[1] Residual value guarantees on certain leased equipment with a maximum exposure of $1 million are not included in the minimum payments shown above, as management believes that CP will not be required to make payments under these residual guarantees.

[2] Includes expected cash payments for environmental remediation, post-retirement benefits, workers' compensation benefits, long-term disability benefits, pension benefit payments for the Company's non-registered supplemental pension plan, and certain other long-term liabilities. Projected payments for post-retirement benefits, workers' compensation benefits, and long-term disability benefits include the anticipated payments for years 2021 to 2030. Pension contributions for the Company's registered pension plans are not included due to the volatility in calculating them. Pension payments are discussed further in Critical Accounting Estimates of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Certain Other Financial Commitments

In addition to the financial commitments mentioned above, the Company is party to certain other financial commitments discussed below.

Letters of Credit

Letters of credit are obtained mainly to provide security to third parties under the terms of various agreements, including the supplemental pension plan. CP is liable for these contractual amounts in the case of non-performance under these agreements. Letters of credit are accommodated through a revolving credit facility and the Company's bilateral letter of credit facilities.

Capital Commitments

The Company remains committed to maintaining the current high level of quality of our capital assets in pursuing sustainable growth. As part of this commitment, CP has entered into contracts with suppliers to make various capital purchases related to track and rolling stock programs. Payments for these commitments are due in 2021 through 2032. These expenditures are expected to be financed by cash generated from operations or by issuing new debt.

The accompanying table indicates the Company's commitments to make future payments for letters of credit and capital expenditures as at December 31, 2020.

Payments due by period (in millions of Canadian dollars)		Total	2021	2022 & 2023	2024 & 2025	Thereafter
Letters of credit	$	**59**	$ 59	$ —	$ —	—
Capital commitments		**547**	369	79	41	58
Total certain other financial commitments	**$**	**606**	$ 428	$ 79	$ 41	58

Critical Accounting Estimates

To prepare the Consolidated Financial Statements that conform with GAAP, the Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reported periods. Using the most current information available, the Company reviews estimates on an ongoing basis, including those related to environmental liabilities, pensions and other benefits, property, plant and equipment, deferred income taxes, and personal injury and other claims liabilities.

The development, selection and disclosure of these estimates, and this Management's Discussion and Analysis of Financial Condition and Results of Operations, have been reviewed by the Board of Directors' Audit and Finance Committee, which is composed entirely of independent directors.

Environmental Liabilities

Environmental remediation accruals cover site-specific remediation programs. CP estimates of the probable costs to be incurred in the remediation of properties contaminated by past railway activities reflect the nature of contamination at individual sites according to typical activities and scale of operations conducted. The Company screens and classifies sites according to typical activities and scale of operations conducted. CP has developed remediation strategies for each property based on the nature and extent of the contamination, as well as the location of the property and surrounding areas that may be adversely affected by the presence of contaminants. CP also considers available technologies, treatment and disposal facilities and the acceptability of site-specific plans based on the local regulatory environment. Site-specific plans range from containment and risk management of the contaminants through to the removal and treatment of the contaminants and affected soils and groundwater. The details of the estimates reflect the environmental liability at each property. The Company is committed to fully meeting regulatory and legal obligations with respect to environmental matters.

Some sites include remediation activities that are projected beyond the 10-year period, which CP is unable to reasonably estimate and determine. Therefore, CP's accruals of the environmental liabilities is based on an estimate of costs for a rolling 10-year period covered by the environmental program. Payments are expected to be made over 10 years to 2030. A limited portion of the environmental accruals, the stable Perpetual Care for the environmental program, are fixed and reliably determined. This portion of the environmental liabilities is discounted using a risk-free rate, adjusted by inflation and productivity improvements.

Provisions for environmental remediation costs are recorded in “Other long-term liabilities” (refer to Item 8. Financial Statements and Supplementary Data, Note 18 Other long-term liabilities), except for the current portion which is recorded in “Accounts payable and accrued liabilities” (refer to Item 8. Financial Statements and Supplementary Data, Note 15 Accounts payable and accrued liabilities). The accruals for environmental remediation represent CP’s best estimate of its probable future obligations and include both asserted and unasserted claims, without reduction for anticipated recoveries from third parties. Although the recorded accruals include CP’s best estimate of all probable costs, CP’s total environmental remediation costs cannot be predicted with certainty. Accruals for environmental remediation may change from time to time as new information about previously untested sites becomes known, environmental laws and regulations evolve and advances are made in environmental remediation technology. The accruals may also vary as the courts decide legal proceedings against outside parties responsible for contamination. These potential charges, which cannot be quantified at this time, are not expected to be material to the Company’s financial position, but may materially affect income in the period in which a charge is recognized.

The environmental liabilities are also sensitive to the increase in cost of materials which would be reflected as increases to "Other long-term liabilities" and "Accounts payable and accrued liabilities" on the Company’s Consolidated Balance Sheets and to "Purchased services and other" within Operating expenses on the Company's Consolidated Statements of Income. CP's cash payments for environmental initiatives are estimated to be approximately $9 million in 2021, $10 million in 2022, $9 million in 2023 and a total of approximately $53 million over the remaining years through 2030. All payments will be funded from general operations.

Pensions and Other Benefits

CP has defined benefit and defined contribution pension plans. Other benefits include post-retirement medical and life insurance for pensioners, and some post-employment workers’ compensation and long-term disability benefits in Canada. Workers’ compensation and long-term disability benefits are discussed in the Personal Injury and Other Claims Liabilities section below. Pension and post-retirement benefits liabilities are subject to various external influences and uncertainties.

Information concerning the measurement of costs for pensions and other benefits is discussed in Item 8. Financial Statements and Supplementary Data, Note 1 Summary of significant accounting policies and Note 22 Pensions and other benefits.

Net Periodic Benefit Costs

The Company reports the current service cost component of net periodic benefit cost in "Compensation and benefits" for pensions and post-retirement benefits and in "Purchased services and other" for self-insured workers' compensation and long-term disability benefits on the Company's Consolidated Statements of Income. The Other components of net periodic benefit recovery are reported as a separate line item outside of Operating income on the Company's Consolidated Statements of Income. Components of the net periodic benefit costs (credits) are as follows:

(in millions of Canadian dollars)	2020 Current service cost	2020 Other components	2020 Total	2019 Current service cost	2019 Other components	2019 Total
Defined benefit pensions	**$ 140**	**$ (363)**	**$ (223)**	$ 107	$ (414)	$ (307)
Defined contribution pensions	**12**	**—**	**12**	11	—	11
Post-retirement benefits	**4**	**17**	**21**	4	16	20
Self-insured workers' compensation and long-term disability benefits	**8**	**4**	**12**	7	17	24
All plans	**$ 164**	**$ (342)**	**$ (178)**	$ 129	$ (381)	$ (252)

CP estimates net periodic benefit credits for defined benefit pensions to be approximately $230 million in 2021 ($171 million in current service cost and $401 million in other components of net periodic recovery), and net periodic benefit costs for defined contribution pensions to be approximately $12 million in 2021. Net periodic benefit costs for post-retirement benefits in 2021 are not expected to differ materially from the 2020 costs. Total net periodic benefit credits for all plans are estimated to be approximately $185 million in 2021 (2020 – $178 million), comprising $196 million (2020 – $164 million) in current service cost and $381 million (2020 – $342 million) in other components of net periodic recovery. The expected rate of return on the market-related asset value used to compute the net periodic benefit credit was 7.50% in 2019 and 7.25% in 2020. For computing the net periodic benefit credit in 2021, the Company is reducing this rate to 6.90% to reflect CP's current view of future long-term investment returns. Net periodic benefit costs and credits are discussed further in Item 8. Financial Statements and Supplementary Data, Note 22 Pensions and other benefits.

Pension Plan Contributions

The Company made contributions of $27 million to the defined benefit pension plans in 2020, compared with $53 million in 2019. The Company's main Canadian defined benefit pension plan accounts for nearly all of CP's pension obligation and can produce significant volatility in pension funding requirements, given the pension fund's size, the many factors that drive the pension plan's funded status, and Canadian statutory pension funding requirements. The Company made voluntary prepayments of $600 million in 2011, $650 million in 2010, and $500 million in 2009 to the Company's main Canadian defined benefit pension plan. CP has applied $1,324 million of these voluntary prepayments to reduce its pension funding requirements in 2012–2020, leaving $426 million of the voluntary prepayments still available at December 31, 2020 to reduce CP's pension funding requirements in 2021 and future years. CP continues to have significant flexibility with respect to the rate at which the remaining voluntary prepayments are applied to reduce future years' pension contribution requirements, which allows CP to manage the volatility of future pension funding requirements. At this time, CP estimates it will not apply any of the remaining voluntary prepayments against its 2021 pension funding requirements.

CP estimates its aggregate pension contributions, including its defined benefit and defined contribution plans, to be in the range of $30 million to $40 million in 2021, and in the range of $30 million to $50 million per year from 2022 to 2024. These estimates reflect the Company's current intentions with respect to the rate at which CP will apply the remaining voluntary prepayments against contribution requirements in the next few years.

Future pension contributions will be highly dependent on the Company's actual experience with such variables as investment returns, interest rate fluctuations, and demographic changes, on the rate at which previous years' voluntary prepayments are applied against pension contribution requirements, and on any changes in the regulatory environment. CP will continue to make contributions to the pension plans that, at a minimum, meet pension legislative requirements.

Pension Plan Risks

Fluctuations in the liability and net periodic benefit costs for pensions result from favourable or unfavourable investment returns and changes in long-term interest rates. The impact of favourable or unfavourable investment returns is moderated by the use of a market-related asset value for the main Canadian defined benefit pension plan's public equity securities and absolute return strategies. The impact of changes in long-term interest rates on pension obligations is partially offset by their impact on the pension funds' investments in fixed income assets.

The plans' investment policy provides a target allocation of approximately 45% of the plans' assets to be invested in public equity securities. As a result, stock market performance is a key driver in determining the pension funds' asset performance. If the rate of investment return on the plans' public equity securities in 2020 had been 10% higher (or lower) than the actual 2020 rate of investment return on such securities, 2021 net periodic benefit costs for pensions would be lower (or higher) by approximately $24 million.

Changes in bond yields can result in changes to discount rates and to changes in the value of fixed income assets. If the discount rate as at December 31, 2020 had been higher (or lower) by 0.1% with no related changes in the value of the pension funds' investment in fixed income assets, 2021 net periodic benefit costs for pensions would be lower (or higher) by approximately $15 million and 2021 current service costs for pensions would be lower (or higher) by approximately $6 million. However, a change in bond yields would also lead to a change in the value of the pension funds' investment in fixed income assets, and this change would partially offset the impact on net periodic benefit costs noted above.

The Company estimates that an increase in the discount rate of 0.1% would decrease the defined benefit pension plans' projected benefit obligations by approximately $203 million, and that a decrease in the discount rate of 0.1% would increase the defined benefit pension plans' projected benefit obligations by approximately $212 million. Similarly, for every 0.1% the actual return on assets varies above (or below) the estimated return for the year, the value of the defined benefit pension plans' assets would increase (or decrease) by approximately $14 million.

Adverse experience with respect to these factors could eventually increase funding and pension expense significantly, while favourable experience with respect to these factors could eventually decrease funding and pension expense significantly.

Fluctuations in the post-retirement benefit obligation also can result from changes in the discount rate used. A 0.1% increase (decrease) in the discount rate would decrease (increase) the obligation by approximately $6 million.

CP reviews its pensioner mortality experience to ensure that the mortality assumption continues to be appropriate, or to determine what changes to the assumption are needed.

Property, Plant and Equipment

The Company follows the group depreciation method under which a single depreciation rate is applied to the total cost in a particular class of property, despite differences in the service life or salvage value of individual properties within the same class. CP performs depreciation studies of each property asset class approximately every three years to update depreciation rates. The studies are conducted with assistance from third-party specialists and analyzed and reviewed by the Company's management. Depreciation studies for U.S. assets are reviewed and approved by the Surface Transportation Board ("STB"). Depreciation studies for Canadian assets are provided to the Canadian Transportation Agency (the "Agency"), but the Agency does not approve depreciation rates. In determining appropriate depreciation rates, management is required to make judgments and assumptions about a variety of key factors that are subject to future variability due to inherent uncertainties. These include the following:

Key Assumptions	Assessments
• Whole and remaining asset lives	• Statistical analysis of historical retirement patterns; • Evaluation of management strategy and its impact on operations and the future use of specific property assets; • Assessment of technological advances; • Engineering estimates of changes in current operations and analysis of historic, current and projected future usage; • Additional factors considered for track assets: density of traffic and whether rail is new or has been re-laid in a subsequent position; • Assessment of policies and practices for the management of assets including maintenance; and • Comparison with industry data.
• Salvage values	• Analysis of historical, current and estimated future salvage values.

CP depreciates the cost of properties, net of salvage, on a straight-line basis over the estimated useful life of the class of property. The estimates of economic lives are uncertain and can vary due to changes in any of the assessed factors noted in the table above for whole and remaining asset lives. Additionally, the depreciation rates are updated to reflect the change in residual values of the assets in the class.

It is anticipated that there will be changes in the estimates of weighted-average useful lives and net salvage for each property asset class as assets are acquired, used and retired. Substantial changes in either the useful lives of properties or the salvage assumptions could result in significant changes to depreciation expense. For example, if the estimated average life of track assets, including rail, ties, ballast and other track material, increased (or decreased) by one year, annual depreciation expense would decrease (or increase) by approximately $18 million.

Due to the capital intensive nature of the railway industry, depreciation represents a significant part of operating expenses. The estimated useful lives of properties have a direct impact on the amount of depreciation recorded as a component of "Properties" on the Company's Consolidated Balance Sheets. At December 31, 2020 and 2019, accumulated depreciation was $8,629 million and $8,099 million, respectively.

Deferred Income Taxes

CP accounts for deferred income taxes based on the liability method. This method focuses on the Company's balance sheet and the temporary differences otherwise calculated from the comparison of book versus tax values. The provision for deferred income taxes arises from temporary differences in the carrying values of assets and liabilities for financial statement and income tax purposes and the effect of loss carry forwards. It is assumed that such temporary differences will be settled in the deferred income tax assets and liabilities at the balance sheet date.

In determining deferred income taxes, the Company makes estimates and assumptions regarding deferred tax matters, including estimating the timing of the realization and settlement of deferred income tax assets (including the benefit of tax losses) and liabilities, and estimating unrecognized tax benefits for uncertain tax positions. Deferred income taxes are calculated using enacted federal, provincial, and state future income tax rates, which may differ in future periods.

Deferred income tax expense is included in "Income tax expense" on the Company's Consolidated Statements of Income. Additional disclosures are provided in Item 8. Financial Statements and Supplementary Data, Note 6 Income taxes.

Personal Injury and Other Claims Liabilities

CP estimates the potential liability arising from incidents, claims and pending litigations relating to personal injury claims by employees, third-party claims, certain occupation-related claims and property damage claims.

Personal Injury

In Canada, employee occupational injuries are governed by provincial workers' compensation legislation. Occupational injury claims in the provinces of Québec, Ontario, Manitoba and B.C. are self-insured and administered through each Worker's Compensation Board ("WCB"). The future costs related to occupation-related injuries are actuarially determined based on past experience and assumptions associated with the injury, compensation, income replacement, health care and administrative costs. In the four provinces where the Company is self-insured, a discount rate is applied to the future estimated costs based on market rates for investment grade corporate bonds to determine the liability. An actuarial study is performed on an annual basis. In the provinces of Saskatchewan and Alberta, the Company is assessed an annual WCB contribution on a premium basis and this amount is not subject to estimation by management. At December 31, 2020 and 2019, respectively, the WCB liability was $84 million and $85 million in "Pension and other benefit liabilities"; $11 million and $11 million in "Accounts payable and accrued liabilities", offset by deposits paid to WCB of $1 million and $1 million in "Other assets" on the Company's Consolidated Balance Sheets.

U.S. railway employees are covered by federal law under the Federal Employers' Liability Act ("FELA") rather than workers' compensation programs. Accruals are set for individual cases based on facts, legal opinion and statistical analysis. U.S. accruals are also set and include alleged occupational exposure or injury.

Other Claims

A provision for litigation matters, equipment damages or other claims will be accrued according to applicable accounting standards and any such accrual will be based on an ongoing assessment of the strengths and weaknesses of the litigation or claim and its likelihood of success, together with an evaluation of the damages or other monetary relief sought. CP accrues for probable claims when the facts of an incident become known and investigation results provide a reasonable basis for estimating the liability. The lower end of the range is accrued if the facts and circumstances permit only a range of reasonable estimates and no single amount in that range is a better estimate than any other. Facts and circumstances related to asserted claims can change, and a process is in place to monitor accruals for changes in accounting estimates.

Forward-Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations and Annual Report on Form 10-K contains certain forward-looking statements within the meaning of the *United States Private Securities Litigation Reform Act of 1995* and forward-looking information within the meaning of other relevant securities legislation, including applicable securities laws in Canada (collectively referred to herein as "forward-looking statements"). Forward-looking statements typically include words such as “financial expectations”, “key assumptions”, “anticipate”, “believe”, “expect”, “plan”, “will”, “outlook”, “should” or similar words suggesting future outcomes. To the extent that CP has provided forecasts or targets using Non-GAAP financial measures, the Company may not be able to provide a reconciliation to a GAAP measure without unreasonable efforts, due to unknown variables and uncertainty related to future results.

This Management's Discussion and Analysis of Financial Condition and Results of Operations and Annual Report on Form 10-K includes forward-looking statements relating, but not limited to statements concerning the Company’s defined benefit pension expectations for 2021 and through 2024, our expectations for 2021 financial and operational performance, including our full-year guidance for expected RTM and adjusted diluted EPS growth, planned capital expenditures (including how such capital expenditures are expected to be financed), expected impacts resulting from changes in the U.S.-to-Canadian dollar exchange rate, and the effective tax rate, as well as statements concerning the Company’s operations, anticipated financial performance, business prospects and strategies, including statements concerning the anticipation that cash flow from operations and various sources of financing will be sufficient to meet debt repayments and obligations in the foreseeable future and concerning anticipated capital programs, and statements regarding future payments including income taxes and pension contributions. The purpose of the 2021 Adjusted diluted EPS growth projection is to assist readers in understanding our expected and targeted financial results, and this information may not be appropriate for other purposes.

The forward-looking statements contained in this Management’s Discussion and Analysis of Financial Condition and Results of Operations and Annual Report on Form 10-K are based on current expectations, estimates, projections and assumptions, having regard to the Company's experience and its perception of historical trends, and includes, but is not limited to, expectations, estimates, projections and assumptions relating to: North American and

global economic growth; commodity demand growth; sustainable industrial and agricultural production; commodity prices and interest rates; foreign exchange rates (as specified herein); effective tax rates (as specified herein); performance of our assets and equipment; sufficiency of our budgeted capital expenditures in carrying out our business plan; geopolitical conditions; applicable laws, regulations and government policies; the availability and cost of labour, services and infrastructure; the satisfaction by third parties of their obligations to the Company; and the anticipated impacts of the COVID-19 pandemic on the Company's business, operating results, cash flows and/or financial condition. Although the Company believes the expectations, estimates, projections and assumptions reflected in the forward-looking statements presented herein are reasonable as of the date hereof, there can be no assurance that they will prove to be correct. Current conditions, economic and otherwise, render assumptions, although reasonable when made, subject to greater uncertainty.

Undue reliance should not be placed on forward-looking statements as actual results may differ materially from those expressed or implied by forward-looking statements. By their nature, forward-looking statements involve numerous inherent risks and uncertainties that could cause actual results to differ materially from the forward-looking statements, including but not limited to the following factors: changes in business strategies; general North American and global economic, credit and business conditions; risks associated with agricultural production such as weather conditions and insect populations; the availability and price of energy commodities; the effects of competition and pricing pressures; industry capacity; shifts in market demand; changes in commodity prices; uncertainty surrounding timing and volumes of commodities being shipped via CP; inflation; geopolitical instability; changes in laws, regulations and government policies, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; changes in fuel prices; uncertainties of investigations, proceedings or other types of claims and litigation; labour disputes; risks and liabilities arising from derailments; transportation of dangerous goods; timing of completion of capital and maintenance projects; currency and interest rate fluctuations; effects of changes in market conditions and discount rates on the financial position of pension plans and investments; trade restrictions or other changes to international trade arrangements; climate change; various events that could disrupt operations, including severe weather, such as droughts, floods, avalanches and earthquakes, and cybersecurity attacks, as well as security threats and governmental response to them, and technological changes; and the pandemic created by the outbreak of COVID-19 and resulting effects on economic conditions, the demand environment for logistics requirements and energy prices, restrictions imposed by public health authorities or governments, fiscal and monetary policy responses by governments and financial institutions, and disruptions to global supply chains. The foregoing list of factors is not exhaustive.

There are more specific factors that could cause actual results to differ materially from those described in the forward-looking statements contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations and Annual Report on Form 10-K. These more specific factors are identified and discussed in Item 1A. Risk Factors. Other risks are detailed from time to time in reports filed by CP with securities regulators in Canada and the United States.

The forward-looking statements contained in this Management’s Discussion and Analysis of Financial Condition and Results of Operations and Annual Report on Form 10-K are made as of the date hereof. Except as required by law, CP undertakes no obligation to update publicly or otherwise revise any forward-looking statements, or the foregoing assumptions and risks affecting such forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

Although CP conducts business primarily in Canada, a significant portion of its revenues, expenses, assets and liabilities including debt are denominated in U.S. dollars. The value of the Canadian dollar is affected by a number of domestic and international factors, including, without limitation, economic performance, and Canadian, U.S. and international monetary policies. Consequently, the Company's results are affected by fluctuations in the exchange rate between these currencies. In 2021, CP expects that every $0.01 weakening (or strengthening) of the Canadian dollar relative to the U.S. dollar, positively (or negatively) impacts Total revenues by approximately $27 million (2019 – approximately $30 million), negatively (or positively) impacts Operating expenses by approximately $14 million (2019 – approximately $15 million), and negatively (or positively) impacts Net interest expense by approximately $3 million (2019 – approximately $3 million) on an annualized basis.

CP uses U.S. dollar-denominated debt to hedge its net investment in U.S. operations. As at December 31, 2020, the net investment in U.S. operations is less than the total U.S. denominated debt. Consequently, FX translation on the Company's undesignated debt and lease liabilities causes additional impacts on earnings in Other income.

To manage its exposure to fluctuations in exchange rates between Canadian and U.S. dollars, CP may sell or purchase U.S. dollar forwards at fixed rates in future periods. In addition, changes in the exchange rate between the Canadian dollar and other currencies (including the U.S. dollar) make the goods transported by the Company more or less competitive in the world marketplace and may in turn positively or negatively affect revenues.

Share Price Impact on Stock-Based Compensation

Based on information available at December 31, 2020 and expectations for 2021 grants, for every $1.00 change in share price, stock-based compensation expense has a corresponding change of approximately $0.4 million to $0.6 million (2019 – approximately $0.4 million to $0.6 million). This excludes the impact of changes in share price relative to the S&P/TSX 60 Index, the S&P/TSX Capped Industrial Index, the S&P 1500 Road and Rail Index, and to Class I railways, which may trigger different performance share unit payouts. Stock-based compensation may also be impacted by non-market performance conditions.

Additional information concerning stock-based compensation is included in Item 8. Financial Statements and Supplementary Data, Note 23 Stock-based compensation.

Interest Rate Risk

Debt financing forms part of the Company's capital structure. The debt agreements entered into expose CP to increased interest costs on future fixed debt instruments and existing variable rate debt instruments, should market rates increase. In addition, the present value of the Company's assets and liabilities will also vary with interest rate changes. To manage interest rate exposure, CP may enter into forward rate agreements such as treasury rate locks or bond forwards that lock in rates for a future date, thereby protecting against interest rate increases. CP may also enter into swap agreements whereby one party agrees to pay a fixed rate of interest while the other party pays a floating rate. Contingent on the direction of interest rates, the Company may incur higher costs depending on the contracted rate.

As at December 31, 2020, CP did not have any floating rate debt obligations outstanding, and therefore fluctuations in interest rates would not have an impact on the Company's financial condition, results of operations, or liquidity.

The fair value of the Company's fixed rate debt may fluctuate with changes in market interest rates. A hypothetical one percent decrease in interest rates as of December 31, 2020 would result in an increase of approximately $1.5 billion to the fair value of our debt as at December 31, 2020 (December 31, 2019 - approximately $1.2 billion). Fair values of CP's fixed rate debt are estimated by considering the impact of the hypothetical interest rates on quoted market prices and current borrowing rates, but do not consider other factors that could impact actual results.

Information concerning market risks is supplemented in Item 8. Financial Statements and Supplementary Data, Note 17 Financial instruments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Canadian Pacific Railway Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Canadian Pacific Railway Limited and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, cash flows, and changes in shareholders' equity, for each of the three years in the period ended December 31, 2020, and the related notes and the financial statement schedule listed in the Index at Item 8 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 18, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Properties – Direct Costs that are Capitalized to Self-constructed Assets – Refer to Notes 1, 12 and 19 to the Financial Statements

Critical Audit Matter Description

The Company recognizes direct costs as capitalized additions to self-constructed assets, within properties, based on expenditures necessary to make an asset ready for its intended use. The capitalization of self-constructed assets requires management to make significant estimates and assumptions related to the capitalization of direct cost additions to self-constructed assets based on whether the expenditures meet capitalization criteria under US GAAP.

We identified the capitalization of direct cost additions to self-constructed assets as a critical audit matter because the judgments and assumptions management makes could have a significant impact on the capitalization of direct cost additions. As such auditing the capitalization of direct cost additions involves a high degree of auditor judgment.

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures related to the capitalization of direct cost additions to self-constructed assets included the following, among others:

- Evaluated the effectiveness of controls over self-constructed assets, including those over the capitalization of direct cost additions to self-constructed assets.
- Selected a sample of direct costs and obtained evidence to support the capitalized additions to self-constructed assets and assessed whether these expenditures met the capitalization criteria under US GAAP.

Defined Benefit Pension – Refer to Notes 1 and 22 to the Financial Statements

Critical Audit Matter Description

The Company's accounting of its defined benefit pension plans involves the measurement of the projected benefit obligation and fair value of fund assets. The measurement of the projected-benefit obligation requires management to make significant estimates and assumptions in the determination of the discount rate, which is based on blended market interest rates of high-quality corporate debt instruments with matching cash flows. The measurement of the fair value of fund assets requires management to make significant estimates and assumptions in the determination of the expected return on fund assets, which is calculated using the market-related value of assets.

We identified the determination of the discount rate (for the projected benefit obligation), and the determination of the expected return on fund assets (for the determination of the net period benefit cost) as the critical audit matters because of the significant estimates and assumptions management makes could have a significant impact on the projected benefit obligation and the fair value of fund assets. As such auditing the determination of the discount rate and the expected return on fund assets involves a high degree of auditor judgment as the estimates and assumptions made by management contains significant measurement uncertainty and resulted in an increased extent of effort, which included the need to involve an actuarial specialist.

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures related to the determination of the discount rate (for the projected benefit obligation), and the expected return on fund assets (for the determination of the fair value of fund assets) included the following, among others:

- Evaluated the effectiveness of controls over defined benefit pension plans, including those over the determination of the discount rate and the expected return on fund assets.
- With the assistance of an actuarial specialist, we evaluated the reasonableness of the discount rate by:
  - Assessing the methodology used in management's determination of the discount rate,
  - Testing the underlying source information, and
  - Developing a range of independent estimates and comparing those to the discount rate selected by management.
- With the assistance of an actuarial specialist, we evaluated the reasonableness of the expected return on fund assets by:
  - Assessing the methodology used in management's determination of the expected return on fund assets,
  - Testing the underlying source information, and
  - Comparing management's assumptions to historical data and available market trends.
- Evaluated management's ability to accurately forecast the discount rate and expected return on fund assets by comparing actual results to management's historical forecasts.

/s/ Deloitte LLP

Chartered Professional Accountants
Calgary, Canada
February 18, 2021

We have served as the Company's auditor since 2011.

CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31 (in millions of Canadian dollars, except share and per share data)		2020	2019	2018
Revenues (Note 3)				
Freight	$	**7,541**	$ 7,613	$ 7,152
Non-freight		**169**	179	164
Total revenues		**7,710**	7,792	7,316
Operating expenses				
Compensation and benefits (Note 22, 23)		**1,560**	1,540	1,468
Fuel		**652**	882	918
Materials		**216**	210	201
Equipment rents		**142**	137	130
Depreciation and amortization		**779**	706	696
Purchased services and other (Note 10)		**1,050**	1,193	1,072
Total operating expenses		**4,399**	4,668	4,485
Operating income		**3,311**	3,124	2,831
Less:				
Other (income) expense (Note 4)		**(7)**	(89)	174
Other components of net periodic benefit recovery (Note 22)		**(342)**	(381)	(384)
Net interest expense (Note 5)		**458**	448	453
Income before income tax expense		**3,202**	3,146	2,588
Income tax expense (Note 6)		**758**	706	637
Net income	$	**2,444**	$ 2,440	$ 1,951
Earnings per share (Note 7)				
Basic earnings per share	$	**18.05**	$ 17.58	$ 13.65
Diluted earnings per share	$	**17.97**	$ 17.52	$ 13.61
Weighted-average number of shares (millions) (Note 7)				
Basic		**135.5**	138.8	142.9
Diluted		**136.0**	139.3	143.3

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended December 31 (in millions of Canadian dollars)		2020	2019	2018
Net income	$	**2,444**	$ 2,440	$ 1,951
Net gain (loss) in foreign currency translation adjustments, net of hedging activities		**18**	37	(60)
Change in derivatives designated as cash flow hedges		**9**	10	38
Change in pension and post-retirement defined benefit plans		**(407)**	(661)	(449)
Other comprehensive loss before income taxes		**(380)**	(614)	(471)
Income tax recovery on above items		**88**	135	169
Other comprehensive loss (Note 8)		**(292)**	(479)	(302)
Comprehensive income	$	**2,152**	$ 1,961	$ 1,649

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

As at December 31 (in millions of Canadian dollars, except Common Shares)		2020		2019
Assets				
Current assets				
Cash and cash equivalents	**$**	**147**	$	133
Accounts receivable, net (Note 9)		**825**		805
Materials and supplies		**208**		182
Other current assets		**141**		90
		1,321		1,210
Investments (Note 11)		**199**		341
Properties (Note 12, 19)		**20,422**		19,156
Goodwill and intangible assets (Note 10, 13)		**366**		206
Pension asset (Note 22)		**894**		1,003
Other assets (Note 14, 19)		**438**		451
Total assets	**$**	**23,640**	$	22,367
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities (Note 15, 19)	**$**	**1,467**	$	1,693
Long-term debt maturing within one year (Note 16, 17, 19)		**1,186**		599
		2,653		2,292
Pension and other benefit liabilities (Note 22)		**832**		785
Other long-term liabilities (Note 18, 19)		**585**		562
Long-term debt (Note 16, 17, 19)		**8,585**		8,158
Deferred income taxes (Note 6)		**3,666**		3,501
Total liabilities		**16,321**		15,298
Shareholders' equity				
Share capital (Note 20) Authorized unlimited Common Shares without par value. Issued and outstanding are 133.3 million and 137.0 million as at December 31, 2020 and 2019, respectively.		**1,983**		1,993
Authorized unlimited number of first and second preferred shares; none outstanding.				
Additional paid-in capital		**55**		48
Accumulated other comprehensive loss (Note 8)		**(2,814)**		(2,522)
Retained earnings		**8,095**		7,550
		7,319		7,069
Total liabilities and shareholders' equity	**$**	**23,640**	$	22,367

See Commitments and contingencies (Note 25).

See Notes to Consolidated Financial Statements.

Approved on behalf of the Board:

/s/ ISABELLE COURVILLE
Isabelle Courville, Director,
Chair of the Board

/s/ JANE L. PEVERETT
Jane L. Peverett, Director,
Chair of the Audit and Finance Committee

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31 (in millions of Canadian dollars)	2020	2019	2018
Operating activities			
Net income	**$ 2,444**	$ 2,440	$ 1,951
Reconciliation of net income to cash provided by operating activities:			
Depreciation and amortization	**779**	706	696
Deferred income tax expense (Note 6)	**221**	181	256
Pension recovery and funding (Note 22)	**(250)**	(360)	(321)
Foreign exchange (gain) loss on debt and lease liabilities (Note 4)	**(14)**	(94)	168
Settlement of forward starting swaps on debt issuance (Note 17)	**—**	—	(24)
Other operating activities, net	**11**	143	(79)
Change in non-cash working capital balances related to operations (Note 21)	**(389)**	(26)	65
Cash provided by operating activities	**2,802**	2,990	2,712
Investing activities			
Additions to properties	**(1,671)**	(1,647)	(1,551)
Investment in Detroit River Tunnel Partnership (Note 10)	**(398)**	—	—
Investment in Central Maine & Québec Railway (Note 10)	**19**	(174)	—
Proceeds from sale of properties and other assets	**22**	26	78
Other	**(2)**	(8)	15
Cash used in investing activities	**(2,030)**	(1,803)	(1,458)
Financing activities			
Dividends paid	**(467)**	(412)	(348)
Issuance of CP Common Shares (Note 23)	**52**	26	24
Purchase of CP Common shares (Note 20)	**(1,509)**	(1,134)	(1,103)
Issuance of long-term debt, excluding commercial paper (Note 16)	**958**	397	638
Repayment of long-term debt, excluding commercial paper (Note 16)	**(84)**	(500)	(753)
Net issuance of commercial paper (Note 16)	**270**	524	—
Net increase in short-term borrowings (Note 16)	**5**	—	—
Other	**11**	(12)	—
Cash used in financing activities	**(764)**	(1,111)	(1,542)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	**6**	(4)	11
Cash position			
Increase (decrease) in cash and cash equivalents	**14**	72	(277)
Cash and cash equivalents at beginning of year	**133**	61	338
Cash and cash equivalents at end of year	**$ 147**	$ 133	$ 61
Supplemental disclosures of cash flow information:			
Income taxes paid	**$ 582**	$ 506	$ 318
Interest paid	**$ 443**	$ 444	$ 463

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of Canadian dollars, except per share data)	Share capital	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
Balance at December 31, 2017	$ 2,032	$ 43	$ (1,741)	$ 6,103	$ 6,437
Net income	—	—	—	1,951	1,951
Other comprehensive loss (Note 8)	—	—	(302)	—	(302)
Dividends declared ($2.5125 per share)	—	—	—	(358)	(358)
Effect of stock-based compensation expense	—	11	—	—	11
CP Common Shares repurchased (Note 20)	(66)	—	—	(1,061)	(1,127)
Shares issued under stock option plan (Note 20)	36	(12)	—	—	24
Balance at December 31, 2018	2,002	42	(2,043)	6,635	6,636
Impact of accounting change	—	—	—	(5)	(5)
Balance at January 1, 2019, as restated	2,002	42	(2,043)	6,630	6,631
Net income	—	—	—	2,440	2,440
Other comprehensive loss (Note 8)	—	—	(479)	—	(479)
Dividends declared ($3.1400 per share)	—	—	—	(434)	(434)
Effect of stock-based compensation expense	—	15	—	—	15
CP Common Shares repurchased (Note 20)	(54)	—	—	(1,086)	(1,140)
Shares issued under stock option plan (Note 20)	45	(9)	—	—	36
Balance at December 31, 2019	1,993	48	(2,522)	7,550	7,069
Impact of accounting change (Note 2)	—	—	—	(1)	(1)
Balance at January 1, 2020, as restated	1,993	48	(2,522)	7,549	7,068
Net income	—	—	—	2,444	2,444
Other comprehensive loss (Note 8)	—	—	(292)	—	(292)
Dividends declared ($3.5600 per share)	—	—	—	(479)	(479)
Effect of stock-based compensation expense	—	17	—	—	17
CP Common Shares repurchased (Note 20)	(58)	—	—	(1,419)	(1,477)
Shares issued under stock option plan (Note 20)	48	(10)	—	—	38
Balance at December 31, 2020	**$ 1,983**	**$ 55**	**$ (2,814)**	**$ 8,095**	**$ 7,319**

See Notes to Consolidated Financial Statements.

CANADIAN PACIFIC RAILWAY LIMITED
Notes to Consolidated Financial Statements
December 31, 2020

Canadian Pacific Railway Limited (“CPRL”), through its subsidiaries (collectively referred to as “CP” or “the Company”), operates a transcontinental railway in Canada and the United States ("U.S."). CP provides rail and intermodal transportation services over a network of approximately 13,000 miles, serving the principal business centres of Canada from Montréal, Québec, to Vancouver, British Columbia, and the U.S. Northeast and Midwest regions. CP’s railway network feeds directly into the U.S. heartland from the East and West coasts. Agreements with other carriers extend the Company’s market reach in Canada, throughout the U.S. and into Mexico. CP transports bulk commodities, merchandise freight and intermodal traffic. Bulk commodities include grain, coal, fertilizers and sulphur. Merchandise freight consists of finished vehicles and automotive parts, as well as forest, industrial and consumer products. Intermodal traffic consists largely of retail goods in overseas containers that can be transported by train, ship and truck, and in domestic containers and trailers that can be moved by train and truck.

1. Summary of significant accounting policies

Accounting principles generally accepted in the United States of America (“GAAP”)

These Consolidated Financial Statements are expressed in Canadian dollars and have been prepared in accordance with GAAP.

Principles of consolidation

These Consolidated Financial Statements include the accounts of CP and all its subsidiaries. The Company’s investments in which it has significant influence are accounted for using the equity method. Distributions received from equity method investees are classified using the nature of the distribution approach for cash flow presentation purposes, whereby distributions received are classified based on the nature of the activity or activities of the investee that generated the distribution as either a return on investment (classified as a cash inflow from operating activities) or a return of investment (classified as a cash inflow from investing activities). All intercompany accounts and transactions have been eliminated.

Use of estimates

The preparation of these Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the year, the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. Management regularly reviews its estimates, including those related to environmental liabilities, pensions and other benefits, depreciable lives of properties, deferred income tax assets and liabilities, as well as legal and personal injury liabilities based upon currently available information. Actual results could differ from these estimates.

Revenue recognition

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for providing services. Government imposed taxes that the Company collects concurrent with revenue generating activities are excluded from revenue. In the normal course of business, the Company does not generate any material revenue through acting as an agent for other entities.

The Company provides rail freight transportation services to a wide variety of customers and transports bulk commodities, merchandise freight and intermodal traffic. The Company signs master service agreements with customers that dictate future services the Company is to perform for a customer at the time a bill of lading or service request is received. Each bill of lading or service request represents a separate distinct performance obligation that the Company is obligated to satisfy. The transaction price is generally in the form of a fixed fee determined at the inception of the bill of lading or service request. The Company allocates the transaction price to each distinct performance obligation based on the estimated standalone selling price for each performance obligation. As each bill of lading or service request represents a separate distinct performance obligation, the estimated standalone selling price is assessed at an observable price which is fair market value. Certain customer agreements include variable consideration in the form of rebates, discounts, or incentives. The expected value method is used to estimate variable consideration and is allocated to the applicable performance obligation and is recognized when the related performance obligation is satisfied. Additionally, the Company offers published rates for services through public tariff agreements in which a customer can request service, triggering a performance obligation the Company must satisfy. Railway freight revenues are recognized over time as services are provided based on the percentage of completed service method. Volume rebates to customers are accrued as a reduction of freight revenues based on estimated volumes and contract terms as freight service is provided. Freight revenues also include certain ancillary and other services provided in association with the performance of rail freight movements. Revenues from these activities are not material and therefore have been aggregated with the freight revenues from customer contracts with which they are associated.

Non-freight revenues, including revenues earned from passenger service operators, switching fees, and revenues from logistics services, are recognized at the point in time the services are provided or when the performance obligations are satisfied. Non-freight revenues also include leasing revenues.

Payment by customers is due upon satisfaction of performance obligations. Payment terms are such that amounts outstanding at the period end are expected to be collected within one reporting period. The Company invoices customers at the time the bill of lading or service request is processed and therefore the Company has no material unbilled receivables and no contract assets. All performance obligations not fully satisfied at period end are expected to be satisfied within the reporting period immediately following. Contracted customer incentives are amortized to income over the term of the related revenue contract.

Income taxes

The Company follows the liability method of accounting for income taxes. Deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The effect of a change in income tax rates on deferred income tax assets and liabilities is recognized in income in the period during which the change occurs.

When appropriate, the Company records a valuation allowance against deferred tax assets to reflect that these tax assets may not be realized. In determining whether a valuation allowance is appropriate, CP considers whether it is more likely than not that all or some portion of CP's deferred tax assets will not be realized, based on management's judgment using available evidence about future events.

At times, tax benefit claims may be challenged by a tax authority. Tax benefits are recognized only for tax positions that are more likely than not sustainable upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely to be realized upon settlement. A liability for "unrecognized tax benefits" is recorded for any tax benefits claimed in CP's tax returns that do not meet these recognition and measurement standards.

Investment and other similar tax credits are deferred on the Company's Consolidated Balance Sheets and amortized to "Income tax expense" as the related asset is recognized in income. Income tax recovery or expense on items in "Accumulated other comprehensive loss" are recognized in "Income tax expense" as the related item is recognized in income.

Earnings per share

Basic earnings per share are calculated using the weighted-average number of the Company's Common Shares ("Common Shares") outstanding during the year. Diluted earnings per share are calculated using the treasury stock method for determining the dilutive effect of options.

Foreign currency translation

Assets and liabilities denominated in foreign currencies, other than those held through foreign subsidiaries, are translated into Canadian dollars at the year-end exchange rate for monetary items and at the historical exchange rates for non-monetary items. Foreign currency revenues and expenses are translated at the exchange rates in effect on the dates of the related transactions. Foreign exchange ("FX") gains and losses, other than those arising from the translation of the Company's net investment in foreign subsidiaries, are included in income.

The accounts of the Company's foreign subsidiaries are translated into Canadian dollars using the year-end exchange rate for assets and liabilities and the average exchange rates during the year for revenues, expenses, gains, and losses. FX gains and losses arising from the translation of the foreign subsidiaries' assets and liabilities are included in "Other comprehensive loss". A portion of U.S. dollar-denominated long-term debt has been designated as a hedge of the net investment in foreign subsidiaries. As a result, unrealized FX gains and losses on U.S. dollar-denominated long-term debt, designated as a hedge, are offset against FX gains and losses arising from the translation of foreign subsidiaries' accounts in "Other comprehensive loss".

Cash and cash equivalents

Cash and cash equivalents include highly liquid short-term investments that are readily convertible to cash with original maturities of three months or less, but excludes cash and cash equivalents subject to restrictions.

Accounts receivable

Accounts receivable from customers are recognized initially at fair value and subsequently measured at amortized cost less allowance for expected credit losses. Losses on accounts receivable are estimated based on historical credit loss experience of receivables with similar risk characteristics. Historical loss experience is adjusted to reflect any management expectations that current or future conditions will differ from conditions that existed for the period over which historical information is evaluated.

To determine expected credit losses, receivables are disaggregated by credit characteristics, type of customer service, customer line of business, and receivable aging. Receivables are considered to be in default and are written off against the allowance for credit losses when it is probable that all remaining contractual payments due will not be collected in accordance with the terms of the customer contracts. Subsequent recoveries of amounts previously written off are credited to earnings in the period recovered.

Materials and supplies

Materials and supplies are carried at the lower of average cost or market value and consist primarily of fuel and parts used in the repair and maintenance of track structures, equipment, locomotives and freight cars.

Properties

Fixed asset additions and major renewals are recorded at cost, including direct costs, attributable indirect costs and carrying costs, less accumulated depreciation and any impairment. When there is a legal obligation associated with the retirement of property, a liability, when reliably estimable, is initially recognized at its fair value and a corresponding asset retirement cost is added to the gross book value of the related asset and amortized to expense over the estimated term to retirement. The Company reviews the carrying amounts of its properties whenever changes in circumstances indicate that such carrying amounts may not be recoverable based on future undiscounted cash flows. When such properties are determined to be impaired, recorded asset values are revised to their fair value and an impairment loss is recognized.

The Company recognizes expenditures as additions to properties or operating expenses based on whether the expenditures increase the output or service capacity, lower the associated operating costs or extend the useful life of the properties and whether the expenditures exceed minimum physical and financial thresholds.

Much of the additions to properties, both new and replacement properties, are self-constructed. These are initially recorded at cost, including direct costs and attributable indirect costs, overheads and carrying costs. Direct costs include, among other things, labour costs, purchased services, equipment costs and material costs. Attributable indirect costs and overheads include incremental long-term variable costs resulting from the execution of capital projects. Indirect costs mainly include work trains, material distribution, highway vehicles and work equipment. Overheads primarily include a portion of the engineering department's costs, which plans, designs and administers these capital projects. These costs are allocated to projects by applying a measure consistent with the nature of the cost, based on cost studies. For replacement properties, the project costs are allocated to dismantling and installation based on cost studies. Dismantling work, which is expensed, is performed concurrently with the installation.

Ballast programs including undercutting, shoulder ballasting and renewal programs that form part of the annual track program are capitalized as this work, and the related added ballast material, significantly improves drainage, which in turn extends the life of ties and other track materials. These costs are tracked separately from the underlying assets and depreciated over the period to the next estimated similar ballast program. Spot replacement of ballast is considered a repair which is expensed as incurred.

The costs of large refurbishments are capitalized and locomotive overhauls are expensed as incurred, except where overhauls represent a betterment of the locomotive in which case costs are capitalized.

The Company capitalizes development costs for major new computer systems.

The Company follows group depreciation, which groups assets which are similar in nature and have similar economic lives. The property groups are depreciated on a straight-line basis reflecting their expected economic lives determined by depreciation studies. Depreciation studies are regular reviews of asset service lives, salvage values, accumulated depreciation and other related factors. Depreciation rates are established through these studies. Actual use and retirement of assets may vary from current estimates, and would be identified in the next study. These changes in expected economic lives would impact the amount of depreciation expense recognized in future periods. All track assets are depreciated using a straight-line method which recognizes the value of the asset consumed as a percentage of the whole life of the asset.

When depreciable property is retired or otherwise disposed of in the normal course of business, the book value, less net salvage proceeds, is charged to accumulated depreciation and if different than the assumptions under the depreciation study could potentially result in adjusted depreciation expense over a period of years. However, when removal costs exceed the salvage value on assets and the Company has no legal obligation to remove the assets, the removal costs incurred are charged to income in the period in which the assets are removed and are not charged to accumulated depreciation.

For certain asset classes, the historical cost of the asset is separately recorded in the Company's property records. This amount is retired from the property records upon retirement of the asset. For assets for which the historical cost cannot be separately identified the amount of the gross book value to be retired is estimated using either an indexation methodology, whereby the current replacement cost of the asset is indexed to the estimated year of installation for the asset, or a first-in, first-out approach, or statistical analysis is used to determine the age of the retired asset. CP uses indices that closely correlate to the principal costs of the assets.

There are a number of estimates inherent in the depreciation and retirement processes and as it is not possible to precisely estimate each of these variables until a group of property is completely retired, CP regularly monitors the estimated service lives of assets and the associated accumulated depreciation for each asset class to ensure depreciation rates are appropriate. If the recorded amounts of accumulated depreciation are greater or less than the amounts indicated by the depreciation studies, then the excess or deficit is amortized as a component of depreciation expense over the remaining service lives of the applicable asset classes.

For the sale or retirement of larger groups of depreciable assets that are unusual and were not considered in the Company's depreciation studies, CP records a gain or loss for the difference between net proceeds and net book value of the assets sold or retired. The accumulated depreciation to be retired includes asset-specific accumulated depreciation, when known, and an appropriate portion of the accumulated depreciation recorded for the relevant asset class as a whole, calculated using a cost-based allocation.

Revisions to the estimated useful lives and net salvage projections constitute a change in accounting estimate and are addressed prospectively by amending depreciation rates.

Equipment under finance lease is included in Properties and depreciated over the period of expected use.

Leases

The Company has leases for rolling stock, buildings, vehicles, railway equipment, roadway machines, and information systems hardware. CP has entered into rolling stock and roadway machine leases that are fully variable or contain both fixed and variable components. Variable components are dependent on the hours and miles that the underlying equipment has been used. Fixed term, short-term, and variable operating lease costs are recorded in "Equipment rents" and "Purchased services and other" on the Company's Consolidated Statements of Income. Components of finance lease costs are recorded in "Depreciation and amortization" and "Net interest expense" on the Company's Consolidated Statements of Income.

The Company determines lease existence and classification at the lease inception date. Leases are identified when an agreement conveys the right to control identified property for a period of time in exchange for consideration. The Company recognizes both an operating lease liability and right-of-use ("ROU") asset for operating leases with fixed terms and in-substance fixed terms. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease payments include fixed and variable payments that are based on an index or a rate. If the Company's leases do not provide a readily determinable implicit interest rate, the Company uses internal incremental secured borrowing rates for comparable tenor in the same currency at the commencement date in determining the present value of lease payments. Operating and finance lease ROU assets also include lease prepayments and initial direct costs, but are reduced by lease incentives. The lease term may include periods associated with options to extend or exclude periods associated with options to terminate the lease when it is reasonably certain that the Company will exercise these options.

The Company has short-term operating leases with terms of 12 months or less, some of which include options to purchase that the Company is not reasonably certain to exercise. The Company has elected to apply the recognition exemption and, as such, accounts for leases with a term of 12 months or less off-balance sheet. Therefore, lease payments on these short-term operating leases are not included in operating lease ROU assets and liabilities, but are recognized as an expense in the Company's Consolidated Statements of Income on a straight-line basis over the term of the lease. Further, the Company has elected to combine lease and non-lease components for all leases, except for leases of roadway machines and information systems hardware.

Assets held for sale

Assets to be disposed that meet the held for sale criteria are reported in "Other assets" at the lower of their carrying amount and fair value, less costs to sell, and are no longer depreciated.

Goodwill and intangible assets

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets upon acquisition of a business. Goodwill is assigned to the reporting units that are expected to benefit from the business acquisition which, after integration of operations with the railway network, may be different than the acquired business.

The carrying value of goodwill, which is not amortized, is assessed for impairment annually in the fourth quarter of each year as at October 1st, or more frequently as economic events dictate. The Company has the option of performing an assessment of certain qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying value or proceeding directly to a quantitative impairment test. Qualitative factors include but are not limited to, economic, market and industry conditions, cost factors and overall financial performance of the reporting unit. If the assessment of qualitative factors indicates that the carrying value is less than the fair value, then performing the quantitative goodwill impairment test is unnecessary. The quantitative assessment compares the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit is less than its carrying value, goodwill is impaired. The impairment charge that would be recognized is the excess of the carrying value over the fair value of the reporting unit, limited to the total amount of goodwill allocated to the reporting unit.

Intangible assets with finite lives are amortized on a straight-line basis over the estimated useful lives of the respective assets. Favourable leases, customer relationships and interline contracts have amortization periods ranging from 15 to 20 years. When there is a change in the estimated useful life of an intangible asset with a finite life, amortization is adjusted prospectively.

Pensions and other benefits

Pension costs are actuarially determined using the projected-benefit method pro-rated over the credited service periods of employees. This method incorporates management's best estimates of expected plan investment performance, salary escalation and retirement ages of employees. The expected return on fund assets is calculated using market-related asset values developed from a five-year average of market values for the fund's public equity securities and absolute return strategies (with each prior year's market value adjusted to the current date for assumed investment income during the intervening period) plus the market value of the fund's fixed income, real estate, infrastructure and private debt securities, subject to the market-related asset value not being greater than 120% of the market value nor being less than 80% of the market value. The discount rate used to determine the projected-benefit obligation is based on blended market interest rates on high-quality debt instruments with matching cash flows. Unrecognized actuarial gains and losses in excess of 10% of the greater of the benefit obligation and the market-related value of plan assets are amortized over the expected average remaining service period of active employees expected to receive benefits under the plan (approximately 12 years). Prior service costs arising from collectively bargained amendments to pension plan benefit provisions are amortized over the term of the applicable union agreement. Prior service costs arising from all other sources are amortized over the expected average remaining service period of active employees who are expected to receive benefits under the plan at the date of amendment.

Costs for post-retirement and post-employment benefits other than pensions, including post-retirement health care and life insurance and some workers' compensation and long-term disability benefits in Canada, are actuarially determined on a basis similar to pension costs.

The over or under funded status of defined benefit pension and other post-retirement benefit plans are measured as the difference between the fair value of the plan assets and the benefit obligation, and are recognized on the balance sheets. In addition, any unrecognized actuarial gains and losses and prior service costs and credits that arise during the period are recognized as a component of "Other comprehensive loss", net of tax.

Gains and losses on post-employment benefits that do not vest or accumulate, including some workers' compensation and long-term disability benefits in Canada, are included immediately on the Company's Consolidated Statements of Income as "Other components of net periodic benefit cost or recovery".

The current service cost component of net periodic benefit cost is reported in "Compensation and benefits" for pensions and post-retirement benefits, and in "Purchased services and other" for self-insured workers' compensation and long-term disability benefits on the Company's Consolidated Statements of Income. Other components of net periodic benefit cost or recovery are reported in "Other components of net periodic benefit cost or recovery" outside of Operating income on the Company's Consolidated Statements of Income.

Capitalization of pension costs, when applicable, is restricted to the current service cost component of net periodic benefit cost.

Financial instruments

Financial instruments are contracts that give rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial instruments are recognized initially at fair value, which is the amount of consideration that would be agreed upon in an arm's-length transaction between willing parties.

Subsequent measurement depends on how the financial instruments have been classified. Accounts receivable and other investments, classified as loans and receivables, are measured at amortized cost, using the effective interest method. Cash and cash equivalents and derivatives are classified as held for trading and are measured at fair value. Accounts payable, accrued liabilities, short-term borrowings, other long-term liabilities, and long-term debt are also measured at amortized cost.

Derivative financial instruments

Derivative financial and commodity instruments may be used from time to time by the Company to manage its exposure to risks relating to foreign currency exchange rates, stock-based compensation, interest rates, and fuel prices. When CP utilizes derivative instruments in hedging relationships, CP identifies, designates, and documents those hedging transactions and regularly tests the transactions to demonstrate effectiveness in order to continue hedge accounting.

All derivative instruments are classified as held for trading and recorded at fair value. Any change in the fair value of derivatives that are not designated as hedges is recognized in the period in which the change occurs in the Company's Consolidated Statements of Income in the line item to which the derivative instrument is related.

For fair value hedges, the periodic changes in value are recognized in income, on the same line as the changes in value of the hedged items are also recorded. For an effective cash flow hedge, the entire change in value of the hedging instrument is recognized in "Other comprehensive loss". The change in value of the effective cash flow hedge remains in "Accumulated other comprehensive loss" until the related hedged item settles, at which time amounts recognized in "Accumulated other comprehensive loss" are reclassified to the same income or balance sheet account that records the hedged item.

Cash flows relating to derivative instruments designated as hedges are included in the same line as the related hedged items on the Company's Consolidated Statements of Cash Flows.

Environmental remediation

Environmental remediation accruals, recorded on an undiscounted basis unless a reliably determinable estimate as to amount and timing of costs can be established, cover site-specific remediation programs. The accruals are recorded when the costs to remediate are probable and reasonably estimable. Certain future costs to monitor sites are discounted at an adjusted risk-free rate. Provisions for environmental remediation costs are recorded in “Other long-term liabilities”, except for the current portion, which is recorded in “Accounts payable and accrued liabilities”.

Stock-based compensation

CP follows the fair value based approach to account for stock options. Compensation expense and an increase in “Additional paid-in capital” are recognized for stock options over their vesting period or over the period from the grant date to the date employees become eligible to retire, when this is shorter than the vesting period, based on their fair values on the grant date as determined using the Black-Scholes option-pricing model. Forfeitures are estimated at issuance and monitored on a periodic basis. Any consideration paid by employees on exercise of stock options is credited to “Share capital” when the option is exercised and the recorded fair value of the option is removed from “Additional paid-in capital" and credited to “Share capital”.

Compensation expense is also recognized for performance share units (“PSUs”), performance deferred share units ("PDSUs"), deferred share units ("DSUs"), and restricted share units (“RSUs”) that settle in cash using the fair value method. Compensation expense is recognized over the vesting period or over the period from the grant date to the date employees become eligible to retire, when this is shorter than the vesting period where applicable. Forfeitures are estimated at issuance and monitored on a periodic basis.

The employee share purchase plan gives rise to compensation expense that is recognized using the issue price by amortizing the cost over the vesting period.

2. Accounting changes

Implemented in 2020

Financial Instruments - Credit Losses

On January 1, 2020, the Company adopted the new Accounting Standards Update ("ASU") 2016-13, issued by the Financial Accounting Standards Board ("FASB"), and all related amendments under FASB Accounting Standards Codification ("ASC") Topic 326, Financial Instruments - Credit Losses. Using a modified retrospective approach, the Company recognized a cumulative-effect adjustment to its opening retained earnings balance in the period of adoption. Accordingly, comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods.

The impact of the adoption of ASC 326 as at January 1, 2020 was an increase in the allowance for credit losses of $1 million, with the offsets to "Deferred income taxes" and "Retained earnings" on the Company's Consolidated Balance Sheet. See Note 9 for further discussion of the current period credit loss.

Simplification of Financial Disclosures about Guarantors

During the second quarter of 2020, the Company early adopted the Securities and Exchange Commission amendments to the financial disclosure requirements for guarantors and issuers of guaranteed securities, as specified in Rule 3-10 of Regulation S-X. The amendments simplify disclosure requirements by replacing condensed consolidating financial information (“CCFI”) with summarized financial information and expanded qualitative non-financial disclosures about the guarantees, issuers, and guarantors. This disclosure can be found in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources.

3. Revenues

The following table disaggregates the Company's revenues from contracts with customers by major source:

(in millions of Canadian dollars)	2020	2019	2018
Freight			
Grain	**$ 1,829**	$ 1,684	$ 1,566
Coal	**566**	682	673
Potash	**493**	462	486
Fertilizers and sulphur	**290**	250	243
Forest products	**328**	304	284
Energy, chemicals and plastics	**1,519**	1,534	1,243
Metals, minerals and consumer products	**629**	752	797
Automotive	**324**	352	322
Intermodal	**1,563**	1,593	1,538
Total freight revenues	**7,541**	7,613	7,152
Non-freight excluding leasing revenues	**107**	116	102
Revenues from contracts with customers	**7,648**	7,729	7,254
Leasing revenues	**62**	63	62
Total revenues	**$ 7,710**	$ 7,792	$ 7,316

Contract liabilities

Contract liabilities represent payments received for performance obligations not yet satisfied and relate to deferred revenue and are presented as components of "Accounts payable and accrued liabilities" and "Other long-term liabilities" on the Company's Consolidated Balance Sheets.

The following table summarizes the changes in contract liabilities for the years ended December 31, 2020 and 2019:

(in millions of Canadian dollars)	2020	2019
Opening balance	**$ 146**	$ 2
Revenue recognized that was included in the contract liability balance at the beginning of the period	**(100)**	(2)
Increase due to consideration received, net of revenue recognized during the period	**15**	146
Closing balance	**$ 61**	$ 146

4. Other (income) expense

(in millions of Canadian dollars)	2020	2019	2018
Foreign exchange (gain) loss on debt and lease liabilities	**$ (14)**	$ (94)	$ 168
Other foreign exchange (gains) losses	**(1)**	(4)	3
Other	**8**	9	3
Other (income) expense	**$ (7)**	$ (89)	$ 174

5. Net interest expense

(in millions of Canadian dollars)		2020	2019	2018
Interest cost	$	**478**	$ 471	$ 475
Interest capitalized to Properties		**(16)**	(17)	(20)
Interest expense		**462**	454	455
Interest income		**(4)**	(6)	(2)
Net interest expense	$	**458**	$ 448	$ 453

Interest expense includes interest on finance leases of $11 million for the year ended December 31, 2020 (2019 – $11 million; 2018 – $11 million).

6. Income taxes

The following is a summary of the major components of the Company's income tax expense:

(in millions of Canadian dollars)		2020	2019	2018
Current income tax expense	$	**537**	$ 525	$ 381
Deferred income tax expense				
Origination and reversal of temporary differences		**277**	316	214
Effect of tax rate decrease		**(32)**	(95)	(21)
Effect of hedge of net investment in foreign subsidiaries		**(18)**	(38)	64
Other		**(6)**	(2)	(1)
Total deferred income tax expense		**221**	181	256
Total income taxes	$	**758**	$ 706	$ 637
Income before income tax expense				
Canada	$	**2,518**	$ 2,392	$ 1,788
Foreign		**684**	754	800
Total income before income tax expense	$	**3,202**	$ 3,146	$ 2,588
Income tax expense				
Current				
Canada	$	**412**	$ 410	$ 336
Foreign		**125**	115	45
Total current income tax expense		**537**	525	381
Deferred				
Canada		**231**	141	174
Foreign		**(10)**	40	82
Total deferred income tax expense		**221**	181	256
Total income taxes	$	**758**	$ 706	$ 637

The provision for deferred income taxes arises from temporary differences in the carrying values of assets and liabilities for financial statement and income tax purposes and the effect of loss carry forwards. The items comprising the deferred income tax assets and liabilities are as follows:

(in millions of Canadian dollars)	2020	2019
Deferred income tax assets		
Amount related to tax losses carried forward	**$ 17**	$ 6
Liabilities carrying value in excess of tax basis	**131**	139
Unrealized foreign exchange losses	**4**	26
Environmental remediation costs	**22**	22
Other	**4**	4
Total net deferred income tax assets	**178**	197
Deferred income tax liabilities		
Properties carrying value in excess of tax basis	**3,708**	3,524
Pensions carrying value in excess of tax basis	**43**	83
Other	**93**	91
Total deferred income tax liabilities	**3,844**	3,698
Total net deferred income tax liabilities	**$ 3,666**	$ 3,501

The Company's consolidated effective income tax rate differs from the expected Canadian statutory tax rates. Expected income tax expense at statutory rates is reconciled to income tax expense as follows:

(in millions of Canadian dollars, except percentage)	2020	2019	2018
Statutory federal and provincial income tax rate (Canada)	**26.31 %**	26.77 %	26.86 %
Expected income tax expense at Canadian enacted statutory tax rates	**$ 842**	$ 842	$ 695
(Decrease) increase in taxes resulting from:			
(Gains) losses not subject to tax	**(23)**	(19)	8
Canadian tax rate differentials	**(3)**	—	—
Foreign tax rate differentials	**(32)**	(33)	(55)
Effect of tax rate decrease	**(32)**	(95)	(21)
Valuation allowance	**—**	(5)	5
Unrecognized tax benefits	**(7)**	33	—
Other	**13**	(17)	5
Income tax expense	**$ 758**	$ 706	$ 637

In 2020, the Company revalued its deferred income tax balances as a result of a tax filing election for the state of North Dakota resulting in a lower corporate income tax rate and a net recovery of $29 million.

In 2019, the Company revalued its deferred income tax balances as a result of a corporate income tax rate decrease in the province of Alberta, resulting in a net recovery of $88 million.

In 2018, the Company revalued its deferred income tax balances as a result of corporate income tax rate decreases in the states of Iowa and Missouri, resulting in a net recovery of $21 million.

The Company has not provided a deferred liability for the income taxes, if any, which might become payable on any temporary difference associated with its foreign investments because the Company intends to indefinitely reinvest in its foreign investments and has no intention to realize this difference by a sale of its interest in foreign investments. It is not practical to calculate the amount of the deferred tax liability.

It is more likely than not that the Company will realize the majority of its deferred income tax assets from the generation of future taxable income, as the payments for provisions, reserves and accruals are made and losses and tax credits carried forward are utilized.

At December 31, 2020, the Company had tax effected operating losses carried forward of $15 million (2019 – $4 million), which have been recognized as a deferred tax asset. The losses carried forward will begin to expire in 2031. The Company expects to fully utilize these tax effected operating losses before their expiry. The Company did not have any minimum tax credits or investment tax credits carried forward.

At December 31, 2020, the Company had $2 million (2019 – $2 million) in tax effected capital losses carried forward recognized as a deferred tax asset. The Company has no unrecognized tax benefits from capital losses at December 31, 2020 and 2019.

The following table provides a reconciliation of uncertain tax positions in relation to unrecognized tax benefits for Canada and the U.S. for the year ended December 31:

(in millions of Canadian dollars)		**2020**	2019	2018
Unrecognized tax benefits at January 1	**$**	**52**	$ 13	$ 13
Increase in unrecognized:				
Tax benefits related to the current year		**—**	9	1
Tax benefits related to prior years		**10**	34	—
Dispositions:				
Gross uncertain tax benefits related to prior years		**(9)**	—	(1)
Settlements with taxing authorities		**2**	(4)	—
Unrecognized tax benefits at December 31	**$**	**55**	$ 52	$ 13

If these uncertain tax positions were recognized, all of the amount of unrecognized tax positions as at December 31, 2020 would impact the Company's effective tax rate.

During the fourth quarter of 2019, a tax authority proposed an adjustment for a prior tax year without assessing taxes. Although the Company had commenced action to have the proposal removed, an increase in uncertain tax position was recorded on deferred income tax liability and expense in the amount of $24 million. While the proposed adjustment was withdrawn during 2020, the ultimate resolution of this matter may give rise to further favourable or unfavourable adjustments to deferred tax, the timing and amount of which are not determinable at this time.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of "Income tax expense" in the Company's Consolidated Statements of Income. The net amount of accrued interest and penalties in 2020 was a $1 million recovery (2019 – $1 million recovery; 2018 – $nil). The total amount of accrued interest and penalties associated with unrecognized tax benefits at December 31, 2020 was $9 million (2019 – $10 million; 2018 – $11 million).

The Company and its subsidiaries are subject to either Canadian federal and provincial income tax, U.S. federal, state and local income tax, or the relevant income tax in other international jurisdictions. The Company has substantially concluded all Canadian federal and provincial income tax matters for the years through 2014. The federal and provincial income tax returns filed for 2015 and subsequent years remain subject to examination by the Canadian taxation authorities. The Internal Revenue Service ("IRS") audit for 2012 and 2013 has been settled. The income tax returns for 2016 and subsequent years continue to remain subject to examination by the IRS and U.S. state tax jurisdictions. The Company believes that it has recorded sufficient income tax reserves at December 31, 2020 with respect to these income tax examinations.

7. Earnings per share

Basic earnings per share has been calculated using Net income for the year divided by the weighted-average number of shares outstanding during the year.

Diluted earnings per share has been calculated using the treasury stock method which assumes that any proceeds received from the exercise of in-the-money options would be used to purchase CP Common Shares at the average market price for the period. For purposes of this calculation, at December 31, 2020, there were 1.4 million dilutive options outstanding (2019 – 1.6 million; 2018 – 1.3 million).

The number of shares used in the earnings per share calculations are reconciled as follows:

(in millions of Canadian dollars, except per share data)		**2020**	2019	2018
Net income	**$**	**2,444**	$ 2,440	$ 1,951
Weighted-average basic shares outstanding (millions)		**135.5**	138.8	142.9
Dilutive effect of stock options (millions)		**0.5**	0.5	0.4
Weighted-average diluted shares outstanding (millions)		**136.0**	139.3	143.3
Earnings per share – basic	**$**	**18.05**	$ 17.58	$ 13.65
Earnings per share – diluted	**$**	**17.97**	$ 17.52	$ 13.61

In 2020, there were no options excluded from the computation of diluted earnings per share (2019 – nil; 2018 – 0.2 million).

8. Other comprehensive loss and accumulated other comprehensive loss

The components of Other comprehensive loss and the related tax effects are as follows:

(in millions of Canadian dollars)	Before tax amount	Income tax (expense) recovery	Net of tax amount
For the year ended December 31, 2020			
Unrealized foreign exchange (loss) gain on:			
Translation of the net investment in U.S. subsidiaries	**$ (118)**	**$ —**	**$ (118)**
Translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries (Note 17)	**136**	**(18)**	**118**
Realized loss on derivatives designated as cash flow hedges recognized in income	**9**	**(3)**	**6**
Change in pension and other benefits actuarial gains and losses	**(403)**	**108**	**(295)**
Change in prior service pension and other benefit costs	**(4)**	**1**	**(3)**
Other comprehensive loss	**$ (380)**	**$ 88**	**$ (292)**
For the year ended December 31, 2019			
Unrealized foreign exchange (loss) gain on:			
Translation of the net investment in U.S. subsidiaries	$ (251)	$ —	$ (251)
Translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries (Note 17)	288	(38)	250
Realized loss on derivatives designated as cash flow hedges recognized in income	10	(2)	8
Change in pension and other benefits actuarial gains and losses	(661)	175	(486)
Other comprehensive loss	$ (614)	$ 135	$ (479)
For the year ended December 31, 2018			
Unrealized foreign exchange gain (loss) on:			
Translation of the net investment in U.S. subsidiaries	$ 419	$ —	$ 419
Translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries (Note 17)	(479)	64	(415)
Change in derivatives designated as cash flow hedges:			
Realized loss on cash flow hedges recognized in income	10	(3)	7
Unrealized gain on cash flow hedges and other	28	(8)	20
Change in pension and other benefits actuarial gains and losses	(447)	115	(332)
Change in prior service pension and other benefit costs	(2)	1	(1)
Other comprehensive loss	$ (471)	$ 169	$ (302)

The components of Accumulated other comprehensive loss, net of tax, are as follows:

(in millions of Canadian dollars)	2020	2019
Unrealized foreign exchange gain on translation of the net investment in U.S. subsidiaries	**$ 493**	$ 611
Unrealized foreign exchange loss on translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries	**(381)**	(499)
Net deferred losses on derivatives and other	**(48)**	(54)
Amounts for defined benefit pension and other post-retirement plans not recognized in income (Note 22)	**(2,878)**	(2,580)
Accumulated other comprehensive loss	**$ (2,814)**	$ (2,522)

Changes in Accumulated other comprehensive loss by component are as follows:

(in millions of Canadian dollars)	Foreign currency net of hedging activities[1]	Derivatives and other[1]	Pension and post-retirement defined benefit plans[1]	Total[1]
Opening balance, January 1, 2020	**$ 112**	**$ (54)**	**$ (2,580)**	**$ (2,522)**
Other comprehensive loss before reclassifications	**—**	**(2)**	**(430)**	**(432)**
Amounts reclassified from accumulated other comprehensive loss	**—**	**8**	**132**	**140**
Net other comprehensive income (loss)	**—**	**6**	**(298)**	**(292)**
Closing balance, December 31, 2020	**$ 112**	**$ (48)**	**$ (2,878)**	**$ (2,814)**
Opening balance, January 1, 2019	$ 113	$ (62)	$ (2,094)	$ (2,043)
Other comprehensive loss before reclassifications	(1)	—	(550)	(551)
Amounts reclassified from accumulated other comprehensive loss	—	8	64	72
Net other comprehensive (loss) income	(1)	8	(486)	(479)
Closing balance, December 31, 2019	$ 112	$ (54)	$ (2,580)	$ (2,522)

[1] Amounts are presented net of tax.

Amounts in Pension and post-retirement defined benefit plans reclassified from Accumulated other comprehensive loss are as follows:

(in millions of Canadian dollars)	**2020**	2019
Amortization of prior service costs[1]	**$ (1)**	$ —
Recognition of net actuarial loss[1]	**180**	84
Total before income tax	**179**	84
Income tax recovery	**(47)**	(20)
Total net of income tax	**$ 132**	$ 64

[1] Impacts "Other components of net periodic benefit recovery" on the Consolidated Statements of Income.

9. Accounts receivable, net

	As at December 31, 2020			As at December 31, 2019[1]		
(in millions of Canadian dollars)	**Freight**	**Non-Freight**	**Total**	Freight	Non-Freight	Total
Total accounts receivable	**$ 662**	**$ 203**	**$ 865**	$ 637	$ 210	$ 847
Allowance for credit losses	**(25)**	**(15)**	**(40)**	(26)	(16)	(42)
Total accounts receivable, net	**$ 637**	**$ 188**	**$ 825**	$ 611	$ 194	$ 805

[1] Prior year amounts have not been adjusted under the modified retrospective method (Note 2).

	For the twelve months ended December 31, 2020		
(in millions of Canadian dollars)	**Freight**	**Non-Freight**	**Total**
Allowance for credit losses, opening balance[1]	$ (27)	$ (16)	$ (43)
Current period credit loss provision, net	2	1	3
Allowance for credit losses, closing balance	$ (25)	$ (15)	$ (40)

[1] Opening balance at January 1, 2020 was restated as described in Note 2.

10. Business combinations

DRTP

On December 22, 2020, CP completed its acquisition of the 83.5% ownership of the Detroit River Tunnel Partnership ("DRTP") held by OMERS Infrastructure Management Inc. ("OMERS") for cash, net of cash acquired, of $398 million. The purchase price is subject to customary closing adjustments, including any final adjustment for closing working capital and certain closing costs. With this acquisition CP obtained 100% ownership of DRTP. The acquisition of DRTP will reduce CP's operating costs related to movements through the tunnel which amounted to approximately $34 million in 2020, and better integrate the eastern part of the network. DRTP owns a 1.6-mile rail tunnel linking Windsor, Ontario, and Detroit, Michigan and additional, separate lands in both cities. The acquisition was funded with cash from operations and CP's commercial paper program.

The acquisition of DRTP has been accounted for as a business combination under the acquisition method of accounting. The acquired assets and assumed liabilities are recorded at their estimated fair values at the date of acquisition. The fair values were estimated by applying an income approach using the discounted cash flow method of future cash flows, appraised land values reflecting a corridor enhancement factor where appropriate, and depreciated replacement cost for depreciable assets including the tunnel, track, signaling systems, and other railway related infrastructure assets.

Prior to the close of the transaction, CP owned a 16.5% interest in DRTP, which was accounted for as an equity method investment. The previously held equity investment was remeasured to fair value which was determined from the negotiated purchase price that reflected a market value established in a competitive bid process. As a result of the acquisition, the Company recognized a before-tax gain of $68 million on the remeasurement to fair value of its equity interest within "Purchased services and other", calculated as the difference between the fair value of CP's 16.5% interest in DRTP of $81 million and the book value of the interest of $13 million.

The purchase price allocation was prepared on a preliminary basis and is subject to change as additional information becomes available concerning the fair value and tax bases of the net assets acquired. Any adjustments to the purchase price allocation will be made as soon as practicable but no later than one year from the date of acquisition.

The following summarizes the estimated fair values of the acquired assets and liabilities of DRTP:

(in millions of Canadian dollars)		December 22, 2020
Fair value of net assets acquired:		
Accounts receivable, net	$	5
Properties		436
Intangible assets (Note 13)		4
Accounts payable and accrued liabilities		(1)
Deferred taxes		(55)
Total identifiable assets and liabilities	$	389
Goodwill (Note 13)		90
	$	**479**
Consideration:		
Cash, net of cash acquired	$	398
Fair value of previously held equity method investment		81
Total consideration	**$**	**479**

The goodwill of $90 million relates primarily to the contract that DRTP has for CP's use of the tunnel and deferred taxes recognized as a result of the purchase price allocation. The goodwill recognized is not deductible for tax purposes.

Prior to the acquisition of DRTP, CP had pre-existing agreements to use the tunnel and to operate and manage the tunnel on behalf of DRTP. On acquisition, no gain or loss was recognized in respect of the effective settlement of these pre-existing relationships as they were determined to be at fair market value based on an assessment of current market conditions and market participants.

Acquired cash and cash equivalents of $6 million is presented as a reduction of cash used in investing activities in the Company's Consolidated Statements of Cash Flows.

CP has not provided pro forma information relating to the pre-acquisition period as it is not material.

CMQ

On December 30, 2019, CP purchased 100% of Central Maine & Québec Railway Canada Inc. (“CMQ Canada”) and Central Maine & Québec Railway U.S. Inc. (“CMQ U.S.”) (together “CMQ”) for cash consideration of $174 million. CMQ owns 237 miles of rail lines in Québec and 244 miles of rail lines in Maine and Vermont.

CMQ U.S.

The acquisition of CMQ U.S. was subject to approval from the United States Surface Transportation Board ("STB"). From the December 30, 2019 date of purchase, all purchased shares of CMQ U.S. were held in an independent voting trust (the "Trust") pending the STB's approval of CP's application for control of CMQ U.S. Approval was granted with an effective date of June 3, 2020. Between December 30, 2019 and June 3, 2020, CP accounted for its acquisition of CMQ U.S. as an equity method investment. During this time, CP paid additional consideration for CMQ of $3 million, representing changes from the finalization of previously estimated closing date working capital.

On June 3, 2020 the Trust was dissolved and CP assumed control of CMQ U.S. At this time, CP accounted for its acquisition in CMQ U.S. as a business combination using the acquisition method of accounting. Accordingly, the acquired tangible and intangible assets and assumed liabilities were recorded at their estimated fair values as at June 3, 2020 and results from operations and cash flows were consolidated prospectively. There was no material change in the acquisition-date fair value of the equity interest held by the Company in CMQ U.S. immediately before the acquisition date. Fair values were determined primarily through the use of an income approach.

After a measurement period adjustment of $1 million to increase Other long-term liabilities and goodwill resulting from the finalization of acquisition date deferred tax, the final allocation of total consideration to the fair values of the acquired assets and liabilities of CMQ U.S. is summarized as follows:

(in millions of Canadian dollars)		June 3, 2020
Fair value of net assets acquired:		
Cash and cash equivalents	$	22
Accounts receivable, net		2
Properties		54
Intangible assets (Note 13)		27
Accounts payable and accrued liabilities		(13)
Other long-term liabilities		(6)
Total identifiable assets and liabilities	$	86
Goodwill (Note 13)		52
	$	**138**
Consideration:		
Fair value of previously held equity method investment	**$**	**138**

Goodwill of $52 million relates primarily to expected operating business synergies between the Company and CMQ U.S. The factors that contribute to the goodwill are revenue growth from customers which are currently not served by CP, access to new routes, and an assembled workforce. Goodwill recognized is not deductible for tax purposes.

Intangible assets of $27 million reflect customer lists acquired in the purchase of CMQ U.S., and have amortization periods of 20 years.

Acquired cash and cash equivalents of $22 million is presented as a reduction of cash used in investing activities on the Company's Consolidated Statement of Cash Flows, and is presented net of finalized closing working capital adjustments for CMQ of $3 million as described above.

CP has not provided pro forma information relating to the pre-acquisition period as it is not material.

CMQ Canada

The acquisition of CMQ Canada was accounted for as a business combination under the acquisition method of accounting. The acquired tangible and intangible assets and assumed liabilities are recorded at their estimated fair values at the date of acquisition.

There have been no adjustments to the preliminary purchase price allocation. The final purchase price and allocation of the total consideration to the fair values of assets and liabilities acquired for CMQ Canada is summarized as follows:

(in millions of Canadian dollars)	December 30, 2019
Fair value of net assets acquired:	
Accounts receivable, net	$ 7
Properties	42
Intangible assets (Note 13)	5
Accounts payable and accrued liabilities	(2)
Long-term debt maturing within one year (Note 16)	(11)
Other long-term liabilities	(4)
Total identifiable assets and liabilities	37
Goodwill (Note 13)	10
	$ 47
Consideration:	
Cash, net of cash acquired	$ 47

The goodwill of $10 million relates primarily to expected operating business synergies. The factors that contribute to the goodwill are revenue growth from customers which are currently not served by CP, access to new routes and an assembled workforce. The goodwill recognized is not deductible for tax purposes.

CP has not provided pro forma information relating to the pre-acquisition period as it is not material.

11. Investments

(in millions of Canadian dollars)	2020	2019
Investment in CMQ U.S. accounted for on an equity basis (Note 10)	**$ —**	$ 127
Other rail investments accounted for on an equity basis	**150**	166
Other investments	**49**	48
Total investments	**$ 199**	$ 341

12. Properties

(in millions of Canadian dollars except percentages)	2020 Weighted-average annual depreciation rate	2020 Cost	2020 Accumulated depreciation	2020 Net book value	2019 Cost	2019 Accumulated depreciation	2019 Net book value
Track and roadway	2.8 %	**$ 20,676**	**$ 5,859**	**$ 14,817**	$ 19,299	$ 5,522	$ 13,777
Buildings	2.9 %	**937**	**259**	**678**	833	237	596
Rolling stock	2.8 %	**4,702**	**1,498**	**3,204**	4,529	1,445	3,084
Information systems software[1]	9.3 %	**569**	**253**	**316**	527	215	312
Other	5.2 %	**2,167**	**760**	**1,407**	2,067	680	1,387
Total		**$ 29,051**	**$ 8,629**	**$ 20,422**	$ 27,255	$ 8,099	$ 19,156

[1] During 2020, CP capitalized costs attributable to the design and development of internal-use software in the amount of $45 million (2019 – $55 million; 2018 – $53 million). Current year depreciation expense related to internal use software was $42 million (2019 – $44 million; 2018 – $49 million).

Finance leases included in properties

(in millions of Canadian dollars)	2020 Cost	2020 Accumulated depreciation	2020 Net book value	2019 Cost	2019 Accumulated depreciation	2019 Net book value
Rolling stock	**302**	**138**	**164**	303	130	173
Other	**8**	**1**	**7**	4	—	4
Total assets held under finance lease	**$ 310**	**$ 139**	**$ 171**	$ 307	$ 130	$ 177

13. Goodwill and intangible assets

(in millions of Canadian dollars)	Goodwill Net carrying amount	Intangible assets Cost	Intangible assets Accumulated amortization	Intangible assets Net carrying amount	Total goodwill and intangible assets
Balance at December 31, 2018	$ 194	$ 22	$ (14)	$ 8	$ 202
Additions (Note 10)	10	5	—	5	15
Amortization	—	—	(1)	(1)	(1)
Foreign exchange impact	(10)	—	—	—	(10)
Balance at December 31, 2019	194	27	(15)	12	206
Additions (Note 10)	142	31	—	31	173
Amortization	—	—	(3)	(3)	(3)
Foreign exchange impact	(7)	(3)	—	(3)	(10)
Balance at December 31, 2020	**$ 329**	**$ 55**	**$ (18)**	**$ 37**	**$ 366**

14. Other assets

(in millions of Canadian dollars)	2020	2019
Operating lease ROU assets (Note 19)	**$ 316**	$ 358
Contracted customer incentives	**60**	32
Long-term materials	**37**	41
Other	**25**	20
Total other assets	**$ 438**	$ 451

15. Accounts payable and accrued liabilities

(in millions of Canadian dollars)		2020		2019
Trade payables	$	**401**	$	453
Accrued charges		**294**		348
Accrued interest		**134**		131
Dividends payable		**127**		114
Stock-based compensation liabilities		**121**		85
Income and other taxes payable		**115**		139
Payroll-related accruals		**68**		78
Operating lease liabilities (Note 19)		**63**		69
Accrued vacation		**59**		60
Personal injury and other claims provision		**37**		55
Deferred revenue (Note 3)		**27**		142
Deferred real estate lease and license revenue[1]		**11**		10
Provision for environmental remediation (Note 18)		**9**		7
Other[1]		**1**		2
Total accounts payable and accrued liabilities	$	**1,467**	$	1,693

[1] 2019 comparative figures have been reclassified to conform with current presentation.

16. Debt

Long-term debt includes debt instruments and finance lease obligations. The following table outlines the Company's outstanding long-term debt as at December 31, 2020:

(in millions of Canadian dollars except percentages)			Maturity	Currency in which payable	2020	2019
9.450%	30-year Debentures	(A)	Aug 2021	U.S.$	**318**	325
5.100%	10-year Medium Term Notes	(A)	Jan 2022	CDN$	**125**	125
4.500%	10-year Notes	(A)	Jan 2022	U.S.$	**318**	324
4.450%	12.5-year Notes	(A)	Mar 2023	U.S.$	**445**	454
2.900%	10-year Notes	(A)	Feb 2025	U.S.$	**891**	909
3.700%	10.5-year Notes	(A)	Feb 2026	U.S.$	**318**	324
4.000%	10-year Notes	(A)	Jun 2028	U.S.$	**636**	649
3.150%	10-year Notes	(A)	Mar 2029	CDN$	**399**	399
2.050%	10-year Notes	(A)	Mar 2030	U.S.$	**636**	—
7.125%	30-year Debentures	(A)	Oct 2031	U.S.$	**446**	454
5.750%	30-year Debentures	(A)	Mar 2033	U.S.$	**312**	318
4.800%	20-year Notes	(A)	Sep 2035	U.S.$	**381**	388
5.950%	30-year Notes	(A)	May 2037	U.S.$	**567**	578
6.450%	30-year Notes	(A)	Nov 2039	CDN$	**400**	400
5.750%	30-year Notes	(A)	Jan 2042	U.S.$	**313**	319
4.800%	30-year Notes	(A)	Aug 2045	U.S.$	**698**	712
3.050%	30-year Notes	(A)	Mar 2050	CDN$	**298**	—
6.125%	100-year Notes	(A)	Sep 2115	U.S.$	**1,146**	1,169
8.000%	5-year Promissory Notes	(B)	up to Jun 2020	U.S.$	**—**	11
5.41%	Senior Secured Notes	(C)	Mar 2024	U.S.$	**89**	100
6.91%	Secured Equipment Notes	(D)	Oct 2024	CDN$	**75**	91
7.49%	Equipment Trust Certificates	(E)	Jan 2021	U.S.$	**14**	55
Obligations under finance leases						
1.99% -2.97%		(F)	2021 - 2023	CDN$/U.S.$	**4**	3
6.99%		(F)	Mar 2022	U.S.$	**97**	99
6.57%		(F)	Dec 2026	U.S.$	**38**	45
12.77%		(F)	Jan 2031	CDN$	**4**	4
Commercial Paper			up to Feb 2021	U.S.$	**820**	516
					9,788	8,771
Perpetual 4% Consolidated Debenture Stock		(G)		U.S.$	**39**	39
Perpetual 4% Consolidated Debenture Stock		(G)		G.B.£	**6**	6
					9,833	8,816
Unamortized fees on long-term debt					**(62)**	(59)
					9,771	8,757
Less: Long-term debt maturing within one year					**1,186**	599
				$	**8,585**	$ 8,158

At December 31, 2020, the gross amount of long-term debt denominated in U.S. dollars was U.S. $6,713 million (2019 – U.S. $6,016 million).

Annual maturities and principal repayment requirements, excluding those pertaining to finance leases, for each of the five years following 2020 are (in millions): 2021 – $1,178; 2022 – $471; 2023 – $475; 2024 – $83; 2025 – $891.

Fees on long-term debt are amortized to income over the term of the related debt.

A. These debentures and notes are presented net of unamortized discounts, pay interest semi-annually, and are unsecured but carry a negative pledge.

In 2020, the Company issued U.S $500 million 2.050% 10-year Notes due March 5, 2030 for net proceeds of U.S. $495 million ($662 million) and $300 million 3.050% 30-year Notes due March 9, 2050 for net proceeds of $296 million.

In 2019, the Company repaid U.S. $350 million 7.250% 10-year Notes at maturity for a total of U.S. $350 million ($471 million). The Company also issued $400 million 3.150% 10-year Notes due March 13, 2029 for net proceeds of $397 million.

B. On December 30, 2019, through its business combination with CMQ Canada, the Company assumed CMQ Canada's obligations under the 8.00% 5-year Promissory Notes totalling U.S. $8 million ($11 million) owing to CMQ U.S (see Note 10). In 2020, these notes were settled.

C. The 5.41% Senior Secured Notes are collateralized by specific locomotive units with a carrying value of $97 million at December 31, 2020. The Company pays equal blended semi-annual payments of principal and interest. Final repayment of the remaining principal of U.S. $44 million is due in March 2024.

D. The 6.91% Secured Equipment Notes are full recourse obligations of the Company collateralized by a first charge on specific locomotive units with a carrying value of $54 million at December 31, 2020. The Company pays equal blended semi-annual payments of principal and interest. Final repayment of the remaining principal of $11 million is due in October 2024.

E. The 7.49% Equipment Trust Certificates are secured by specific locomotive units with a carrying value of $91 million at December 31, 2020. The Company makes semi-annual payments that vary in amount and are interest-only payments or blended principal and interest payments. Final repayment of the remaining principal of U.S. $11 million is due in January 2021.

F. The carrying value of the assets collateralizing finance lease obligations was $171 million at December 31, 2020.

G. The Consolidated Debenture Stock, authorized by an *Act of Parliament of 1889*, constitutes a first charge upon and over the whole of the undertaking, railways, works, rolling stock, plant, property and effects of the Company, with certain exceptions.

Credit facility

CP has a revolving credit facility (the “facility”) agreement with 14 highly rated financial institutions for a commitment amount of U.S. $1.3 billion, which consists of a U.S. $1.0 billion tranche maturing September 27, 2024 and a U.S. $300 million tranche maturing September 27, 2021. The facility can accommodate draws of cash and/or letters of credit at market competitive pricing. The agreement requires the Company to maintain a financial covenant in conjunction with the facility. As at December 31, 2020 and 2019, the Company was in compliance with all terms and conditions of the credit facility arrangements and satisfied the financial covenant. During the year ended December 31, 2020, the Company drew and fully repaid U.S. $100 million from the U.S. $300 million tranche of its revolving credit facility. As at December 31, 2020 and 2019, the facility was undrawn.

The Company also has a commercial paper program which enables it to issue commercial paper up to a maximum aggregate principal amount of U.S. $1.0 billion in the form of unsecured promissory notes. This commercial paper program is backed by the revolving credit facility. As at December 31, 2020, the Company had total commercial paper borrowings of U.S. $644 million ($820 million), included in "Long-term debt maturing within one year" on the Company's Consolidated Balance Sheets (December 31, 2019 – $516 million). The weighted-average interest rate on these borrowings was 0.27% (December 31, 2019 - 2.03%). The Company presents issuances and repayments of commercial paper, all of which have a maturity of less than 90 days, in the Company's Consolidated Statements of Cash Flows on a net basis.

CP has bilateral letter of credit facilities with six highly rated financial institutions to support its requirement to post letters of credit in the ordinary course of business. Under these agreements, the Company has the option to post collateral in the form of cash or cash equivalents, equal at least to the face value of the letter of credit issued. These agreements permit CP to withdraw amounts posted as collateral at any time; therefore, the amounts posted as collateral are presented as “Cash and cash equivalents” on the Company’s Consolidated Balance Sheets. As at December 31, 2020 and 2019, the Company did not have any collateral posted on its bilateral letter of credit facilities but had letters of credit drawn of $59 million (December 31, 2019 – $80 million) from a total available amount of $300 million (December 31, 2019 – $300 million).

17. Financial instruments

A. Fair values of financial instruments

The Company categorizes its financial assets and liabilities measured at fair value into a three-level hierarchy established by GAAP that prioritizes those inputs to valuation techniques used to measure fair value based on the degree to which they are observable. The three levels of the fair value hierarchy are as follows: Level 1 inputs are quoted prices in active markets for identical assets and liabilities; Level 2 inputs, other than quoted prices included within Level 1, are observable for the asset or liability either directly or indirectly; and Level 3 inputs are not observable in the market.

The Company's short-term financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and short-term borrowings including commercial paper. The carrying value of short-term financial instruments approximate their fair values.

The carrying value of the Company's long-term debt does not approximate its fair value. The estimated fair value has been determined based on market information where available, or by discounting future payments of principal and interest at estimated interest rates expected to be available to the Company at period end. All measurements are classified as Level 2. The Company's long-term debt, including current maturities, with a carrying value of $8,951 million at December 31, 2020 (December 31, 2019 - $8,241 million), had a fair value of $11,597 million (December 31, 2019 - $10,149 million).

B. Financial risk management

Derivative financial instruments

Derivative financial instruments may be used to selectively reduce volatility associated with fluctuations in interest rates, FX rates, the price of fuel, and stock-based compensation expense. Where derivatives are designated as hedging instruments, the relationship between the hedging instruments and their associated hedged items is documented, as well as the risk management objective and strategy for the use of the hedging instruments. This documentation includes linking the derivatives that are designated as fair value or cash flow hedges to specific assets or liabilities on the Company's Consolidated Balance Sheets, commitments, or forecasted transactions. At the time a derivative contract is entered into and at least quarterly thereafter, an assessment is made as to whether the derivative item is effective in offsetting the changes in fair value or cash flows of the hedged items. The derivative qualifies for hedge accounting treatment if it is effective in substantially mitigating the risk it was designed to address.

It is not the Company's intent to use financial derivatives or commodity instruments for trading or speculative purposes.

Credit risk management

Credit risk refers to the possibility that a customer or counterparty will fail to fulfill its obligations under a contract and as a result create a financial loss for the Company.

The railway industry predominantly serves financially established customers, and the Company has experienced limited financial losses with respect to credit risk. The credit worthiness of customers is assessed using credit scores supplied by a third party and through direct monitoring of their financial well-being on a continual basis. The Company establishes guidelines for customer credit limits and should thresholds in these areas be reached, appropriate precautions are taken to improve collectability.

Counterparties to financial instruments expose the Company to credit losses in the event of non-performance. Counterparties for derivative and cash transactions are limited to high credit quality financial institutions, which are monitored on an ongoing basis. Counterparty credit assessments are based on the financial health of the institutions and their credit ratings from external agencies. The Company does not anticipate non-performance that would materially impact the Company's financial statements. In addition, the Company believes there are no significant concentrations of credit risk.

FX management

The Company conducts business transactions and owns assets in both Canada and the United States. As a result, the Company is exposed to fluctuations in the value of financial commitments, assets, liabilities, income, or cash flows due to changes in FX rates. The Company may enter into FX risk management transactions primarily to manage fluctuations in the exchange rate between Canadian and U.S. currencies. FX exposure is primarily mitigated through natural offsets created by revenues, expenditures, and balance sheet positions incurred in the same currency. Where appropriate, the Company may negotiate with customers and suppliers to reduce the net exposure.

Net investment hedge

The FX gains and losses on long-term debt are mainly unrealized and can only be realized when U.S. dollar-denominated long-term debt matures or is settled. The Company also has long-term FX exposure on its investment in foreign subsidiaries with a U.S. dollar functional currency. The majority of the Company's U.S. dollar-denominated long-term debt has been designated as a hedge of the net investment in these foreign subsidiaries. This designation has the effect of mitigating volatility on Net income by offsetting long-term FX gains and losses on U.S. dollar-denominated long-term debt and gains and losses on its net investment. The effect of the net investment hedge recognized in "Other comprehensive loss" in 2020 was an FX gain of $136 million, the majority of which was unrealized (2019 – unrealized gain of $288 million; 2018 – unrealized loss of $479 million) (see Note 8).

Interest rate management

The Company is exposed to interest rate risk, which is the risk that the fair value or future cash flows of a financial instrument will vary as a result of changes in market interest rates. In order to manage funding needs or capital structure goals, the Company enters into debt or finance lease agreements that are subject to either fixed market interest rates set at the time of issue or floating rates determined by ongoing market conditions. Debt subject to variable interest rates exposes the Company to variability in interest expense, while debt subject to fixed interest rates exposes the Company to variability in the fair value of debt.

To manage interest rate exposure, the Company accesses diverse sources of financing and manages borrowings in line with a targeted range of capital structure, debt ratings, liquidity needs, maturity schedule, and currency and interest rate profiles. In anticipation of future debt issuances, the Company may enter into forward rate agreements, that are designated as cash flow hedges, to substantially lock in all or a portion of the effective future interest expense. The Company may also enter into swap agreements, designated as fair value hedges, to manage the mix of fixed and floating rate debt.

Forward starting swaps

During the second quarter of 2018, the Company settled a notional amount of U.S. $500 million of forward starting swaps related to the U.S. $500 million 4.000% 10-year Notes issued in the same period. The fair value of these derivative instruments at the time of settlement was a loss of U.S. $19 million ($24 million). The Company no longer has any active forward starting swaps.

For the year ended December 31, 2020, a net loss of $9 million related to previously settled forward starting swap hedges has been amortized to “Net interest expense” (2019 – loss of $9 million; 2018 – loss of $10 million). The Company expects that during the next 12 months, $9 million of net losses will be amortized to “Net interest expense”.

Treasury rate locks

At December 31, 2020, the Company had net unamortized losses related to interest rate locks, which are accounted for as cash flow hedges, settled in previous years totalling $17 million (December 31, 2019 – $18 million). This amount is composed of various unamortized gains and losses related to specific debts which are reflected in “Accumulated other comprehensive loss” and are amortized to “Net interest expense” in the period that interest on the related debt is charged. The amortization of these gains and losses resulted in a $1 million increase to “Net interest expense” and “Other comprehensive loss” in 2020 (2019 – $1 million; 2018 – $1 million). The Company expects that during the next 12 months, a net loss of $1 million related to these previously settled derivatives will be reclassified to “Net interest expense”.

18. Other long-term liabilities

(in millions of Canadian dollars)		2020	2019
Operating lease liabilities, net of current portion (Note 19)	$	**248**	$ 285
Stock-based compensation liabilities, net of current portion		**146**	111
Provision for environmental remediation, net of current portion[1]		**71**	70
Deferred revenue, net of current portion (Note 3)[2]		**34**	4
Deferred real estate lease and license revenue, net of current portion[3]		**18**	20
Deferred gains on sale leaseback transactions[3]		**5**	6
Other, net of current portion [2]		**63**	66
Total other long-term liabilities	$	**585**	$ 562

[1] As at December 31, 2020, the aggregate provision for environmental remediation, including the current portion was $80 million (2019 – $77 million).
[2] 2019 comparative figures have been reclassified to conform with current presentation.
[3] The deferred real estate lease and license revenue and deferred gains on sale leaseback transactions are being amortized to income on a straight-line basis over the related lease terms.

Environmental remediation accruals

Environmental remediation accruals cover site-specific remediation programs. The estimate of the probable costs to be incurred in the remediation of properties contaminated by past railway activities reflects the nature of contamination at individual sites according to typical activities and scale of operations conducted. CP has developed remediation strategies for each property based on the nature and extent of the contamination, as well as the location of the property and surrounding areas that may be adversely affected by the presence of contaminants, considering available technologies, treatment and disposal facilities and the acceptability of site-specific plans based on the local regulatory environment. Site-specific plans range from containment and risk management of the contaminants through to the removal and treatment of the contaminants and affected soils and groundwater. The details of the estimates reflect the environmental liability at each property. Provisions for environmental remediation costs are recorded in “Other long-term liabilities”, except for the current portion which is recorded in “Accounts payable and accrued liabilities” (see Note 15). Payments are expected to be made over 10 years to 2030.

The accruals for environmental remediation represent CP's best estimate of its probable future obligation and include both asserted and unasserted claims, without reduction for anticipated recoveries from third parties. Although the recorded accruals include CP's best estimate of all probable costs, CP's total environmental remediation costs cannot be predicted with certainty. Accruals for environmental remediation may change from time to time as new information about previously untested sites becomes known, environmental laws and regulations evolve and advances are made in environmental remediation technology. The accruals may also vary as the courts decide legal proceedings against outside parties responsible for contamination. These potential charges, which cannot be quantified at this time, may materially affect income in the particular period in which a charge is recognized. Costs related to existing, but as yet unknown, or future contamination will be accrued in the period in which they become probable and reasonably estimable. Changes to costs are reflected as changes to "Other long-term liabilities" or "Accounts payable and accrued liabilities" on the Company's Consolidated Balance Sheets and to "Purchased services and other" within operating expenses on the Company's Consolidated Statements of Income. The amount charged to income in 2020 was $10 million (2019 – $6 million; 2018 – $6 million).

19. Leases

The Company's leases have remaining terms of less than one year to 14 years, some include options to extend up to an additional 10 years, and some include options to terminate within one year.

Residual value guarantees are provided on certain vehicle operating leases. Cumulatively, these guarantees are limited to $1 million and are not included in lease liabilities as it is not currently probable that any amounts will be owed.

Components of lease expense for the year ended December 31 are as follows:

(in millions of Canadian dollars)		2020	2019
Operating lease cost	$	83	$ 89
Short-term lease cost		10	10
Variable lease cost		13	13
Sublease income		(3)	(3)
Finance Lease Cost			
Amortization of right-of-use assets		9	9
Interest on lease liabilities		11	11
Total lease costs	**$**	**123**	**$ 129**

Supplemental balance sheet information related to leases is as follows:

(in millions of Canadian dollars)	**Classification**		2020	2019
Assets				
Operating	Other assets	$	316	$ 358
Finance	Properties, net book value		171	177
Liabilities				
Current				
Operating	Accounts payable and accrued liabilities		63	69
Finance	Long-term debt maturing within one year		8	7
Long-term				
Operating	Other long-term liabilities		248	285
Finance	Long-term debt		135	144

The following table provides the Company's weighted-average remaining lease terms and discount rates:

	2020	2019
Weighted-Average Remaining Lease Term		
Operating leases	7 years	7 years
Finance leases	3 years	4 years
Weighted-Average Discount Rate		
Operating leases	3.32 %	3.45 %
Finance leases	7.06 %	7.07 %

Supplemental information related to leases is as follows:

(in millions of Canadian dollars)	2020	2019
Cash paid for amounts included in measurement of lease liabilities		
Operating cash outflows from operating leases	$ 74	$ 82
Operating cash outflows from finance leases	10	10
Financing cash outflows from finance leases	8	6
Right-of-use assets obtained in exchange for lease liabilities		
Operating leases	34	38
Finance leases	4	4

The following table provides the maturities of lease liabilities for the next five years and thereafter as at December 31, 2020:

(in millions of Canadian dollars)	Finance Leases	Operating Leases
2021	$ 11	$ 71
2022	107	59
2023	9	53
2024	8	42
2025	8	34
Thereafter	12	88
Total lease payments	**155**	**347**
Imputed interest	(12)	(36)
Present value of lease payments	**$ 143**	**$ 311**

20. Shareholders' equity

Authorized and issued share capital

The Company is authorized to issue an unlimited number of Common Shares, an unlimited number of First Preferred Shares, and an unlimited number of Second Preferred Shares. At December 31, 2020, no First or Second Preferred Shares had been issued.

The following table summarizes information related to Common Share balances as at December 31:

(number of shares in millions)	2020	2019	2018
Share capital, January 1	**137.0**	140.5	144.9
CP Common Shares repurchased	**(4.0)**	(3.8)	(4.6)
Shares issued under stock option plan	**0.3**	0.3	0.2
Share capital, December 31	**133.3**	137.0	140.5

The change in the “Share capital” balance includes $10 million of stock-based compensation transferred from “Additional paid-in capital” (2019 – $7 million; 2018 – $12 million).

Share repurchases

On December 17, 2019, the Company announced a normal course issuer bid ("NCIB"), commencing December 20, 2019, to purchase up to 4.80 million Common Shares in the open market for cancellation on or before December 19, 2020. Upon expiry of this NCIB, the Company had purchased 4.27 million Common Shares for $1,577 million.

On October 19, 2018, the Company announced a NCIB, commencing October 24, 2018, to purchase up to 5.68 million Common Shares for cancellation on or before October 23, 2019. The Company completed this NCIB on October 23, 2019.

On May 10, 2017, the Company announced a NCIB, commencing May 15, 2017, to purchase up to 4.38 million Common Shares in the open market for cancellation on or before May 14, 2018. The Company completed this NCIB on May 10, 2018.

All purchases were made in accordance with the respective NCIB at prevailing market prices plus brokerage fees, or such other prices that were permitted by the Toronto Stock Exchange ("TSX"), with consideration allocated to "Share capital" up to the average carrying amount of the shares and any excess allocated to "Retained earnings".

The following table provides activities under the share repurchase programs for each of the years ended December 31:

	2020	2019	2018
Number of Common Shares repurchased[1]	**3,973,076**	3,794,149	4,683,162
Weighted-average price per share[2]	**$ 371.74**	$ 300.65	$ 240.68
Amount of repurchase (in millions)[2]	**$ 1,477**	$ 1,141	$ 1,127

[1] Includes shares repurchased but not yet cancelled at year end.
[2] Includes brokerage fees.

On January 27, 2021, the Company announced that the TSX has accepted its notice to implement a new NCIB, commencing January 29, 2021, to purchase up to approximately 3.33 million Common Shares for cancellation on or before January 28, 2022.

21. Change in non-cash working capital balances related to operations

(in millions of Canadian dollars)	2020	2019	2018
(Use) source of cash:			
Accounts receivable, net	**$ (61)**	$ 27	$ (107)
Materials and supplies	**(15)**	(8)	(11)
Other current assets	**(5)**	(24)	30
Accounts payable and accrued liabilities	**(308)**	(21)	153
Change in non-cash working capital	**$ (389)**	$ (26)	$ 65

22. Pensions and other benefits

The Company has both defined benefit (“DB”) and defined contribution (“DC”) pension plans. At December 31, 2020, the Canadian pension plans represent nearly all of total combined pension plan assets and nearly all of total combined pension plan obligations.

The DB plans provide for pensions based principally on years of service and compensation rates near retirement. Pensions for Canadian pensioners are partially indexed to inflation. Annual employer contributions to the DB plans, which are actuarially determined, are made on the basis of being not less than the minimum amounts required by federal pension supervisory authorities.

The Company has other benefit plans including post-retirement health and life insurance for pensioners, and post-employment long-term disability and workers' compensation benefits, which are based on Company-specific claims. At December 31, 2020, the Canadian other benefits plans represent nearly all of total combined other plan obligations.

The Audit and Finance Committee of the Board of Directors has approved an investment policy that establishes long-term asset mix targets which take into account the Company's expected risk tolerances. Pension plan assets are managed by a suite of independent investment managers, with the allocation by manager reflecting these asset mix targets. Most of the assets are actively managed with the objective of outperforming applicable benchmarks. In accordance with the investment policy, derivative instruments may be used by investment managers to hedge or adjust existing or anticipated exposures.

To develop the expected long-term rate of return assumption used in the calculation of net periodic benefit cost applicable to the market-related value of plan assets, the Company considers the expected composition of the plans' assets, past experience, and future estimates of long-term investment returns. Future estimates of investment returns reflect the long-term return expectation for fixed income, public equity, real estate, infrastructure, private debt, and absolute return investments, and the expected added value (relative to applicable benchmark indices) from active management of pension fund assets.

The Company has elected to use a market-related value of assets for the purpose of calculating net periodic benefit cost, developed from a five year average of market values for the plans' public equity and absolute return investments (with each prior year's market value adjusted to the current date for assumed investment income during the intervening period) plus the market value of the plans' fixed income, real estate, infrastructure, and private debt securities.

The benefit obligation is discounted using a discount rate that is a blended yield to maturity for a hypothetical portfolio of high-quality debt instruments with cash flows matching projected benefit payments. The discount rate is determined by management.

Net periodic benefit cost

The elements of net periodic benefit cost for DB pension plans and other benefits recognized in the year include the following components:

	Pensions			Other benefits		
(in millions of Canadian dollars)	**2020**	2019	2018	**2020**	2019	2018
Current service cost (benefits earned by employees)	**$ 140**	$ 107	$ 120	**$ 12**	$ 11	$ 12
Other components of net periodic benefit cost (recovery):						
Interest cost on benefit obligation	**406**	450	438	**17**	20	19
Expected return on fund assets	**(945)**	(947)	(955)	**—**	—	—
Recognized net actuarial loss	**177**	84	114	**4**	12	2
Amortization of prior service costs	**(1)**	(1)	(2)	**—**	1	—
Total other components of net periodic benefit (recovery) cost	**(363)**	(414)	(405)	**21**	33	21
Net periodic benefit (recovery) cost	**$ (223)**	$ (307)	$ (285)	**$ 33**	$ 44	$ 33

Projected benefit obligation, fund assets, and funded status

Information about the Company's DB pension plans and other benefits, in aggregate, is as follows:

	Pensions		Other benefits	
(in millions of Canadian dollars)	**2020**	2019	**2020**	2019
Change in projected benefit obligation:				
Benefit obligation at January 1	**$ 12,610**	$ 11,372	**$ 541**	$ 501
Current service cost	**140**	107	**12**	11
Interest cost	**406**	450	**17**	20
Employee contributions	**42**	41	**—**	—
Benefits paid	**(653)**	(646)	**(34)**	(34)
Foreign currency changes	**(5)**	(10)	**—**	—
Plan amendments and other	**3**	—	**—**	—
Actuarial loss	**1,256**	1,296	**17**	43
Projected benefit obligation at December 31	**$ 13,799**	$ 12,610	**$ 553**	$ 541

The net actuarial losses for Pensions and Other benefits in 2020 were primarily due to the decrease in discount rate from 3.25% to 2.58%. The net actuarial losses for Pensions and Other benefits in 2019 were primarily due to the decrease in discount rate from 4.01% to 3.25%.

	Pensions		Other benefits	
(in millions of Canadian dollars)	**2020**	2019	**2020**	2019
Change in fund assets:				
Fair value of fund assets at January 1	**$ 13,319**	$ 12,349	**$ 5**	$ 4
Actual return on fund assets	**1,634**	1,528	**—**	1
Employer contributions	**27**	53	**34**	34
Employee contributions	**42**	41	**—**	—
Benefits paid	**(653)**	(646)	**(34)**	(34)
Foreign currency changes	**(4)**	(6)	**—**	—
Fair value of fund assets at December 31	**$ 14,365**	$ 13,319	**$ 5**	$ 5
Funded status – plan surplus (deficit)	**$ 566**	$ 709	**$ (548)**	$ (536)

The table below shows the aggregate pension projected benefit obligation and aggregate fair value of plan assets for pension plans with fair value of plan assets in excess of projected benefit obligations (i.e. surplus), and for pension plans with projected benefit obligations in excess of fair value of plan assets (i.e. deficit):

	2020		2019	
(in millions of Canadian dollars)	**Pension plans in surplus**	**Pension plans in deficit**	Pension plans in surplus	Pension plans in deficit
Projected benefit obligation at December 31	**$ (13,220)**	**$ (579)**	$ (12,076)	$ (534)
Fair value of fund assets at December 31	**14,114**	**251**	13,079	240
Funded Status	**$ 894**	**$ (328)**	$ 1,003	$ (294)

The DB pension plans' accumulated benefit obligation as at December 31, 2020 was $13,528 million (2019 – $12,201 million). The accumulated benefit obligation is calculated on a basis similar to the projected benefit obligation, except no future salary increases are assumed in the projection of future benefits. For pension plans with accumulated benefit obligations in excess of fair value of plan assets (i.e. deficit), the aggregate pension accumulated benefit obligation as at December 31, 2020 was $443 million (2019 – $419 million) and the aggregate fair value of plan assets as at December 31, 2020 was $187 million (2019 – $186 million).

All Other benefits plans were in a deficit position at December 31, 2020 and 2019.

Pension asset and liabilities in the Company's Consolidated Balance Sheets

Amounts recognized in the Company's Consolidated Balance Sheets are as follows:

	Pensions		Other benefits	
(in millions of Canadian dollars)	**2020**	2019	**2020**	2019
Pension asset	**$ 894**	$ 1,003	**$ —**	$ —
Accounts payable and accrued liabilities	**(11)**	(11)	**(33)**	(34)
Pension and other benefit liabilities	**(317)**	(283)	**(515)**	(502)
Total amount recognized	**$ 566**	$ 709	**$ (548)**	$ (536)

The measurement date used to determine the plan assets and the accrued benefit obligation is December 31. The most recent actuarial valuation for pension funding purposes for the Company's main Canadian pension plan was performed as at January 1, 2020. During 2021, the Company expects to file with the pension regulator a new valuation performed as at January 1, 2021.

Accumulated other comprehensive loss

Amounts recognized in accumulated other comprehensive loss are as follows:

	Pensions		Other benefits	
(in millions of Canadian dollars)	**2020**	2019	**2020**	2019
Net actuarial loss:				
Other than deferred investment gains	**$ 3,960**	$ 3,434	**$ 104**	$ 91
Deferred investment gains	**(95)**	41	**—**	—
Prior service cost	**5**	1	**1**	1
Deferred income tax	**(1,070)**	(964)	**(27)**	(24)
Total (Note 8)	**$ 2,800**	$ 2,512	**$ 78**	$ 68

Actuarial assumptions

Weighted-average actuarial assumptions used were approximately:

(percentages)	**2020**	2019	2018
Benefit obligation at December 31:			
Discount rate	**2.58**	3.25	4.01
Projected future salary increases	**2.75**	2.75	2.75
Health care cost trend rate	**5.00** [1]	5.50 [1]	6.00 [1]
Benefit cost for year ended December 31:			
Discount rate	**3.25**	4.01	3.80
Expected rate of return on fund assets [3]	**7.25**	7.50	7.75
Projected future salary increases	**2.75**	2.75	2.75
Health care cost trend rate	**5.50** [1]	6.00 [1]	7.00 [2]

[1] The health care cost trend rate was assumed to be 6.00% in 2019 and 5.50% in 2020 and is assumed to be 5.00% per year in 2021 and thereafter.
[2] The health care cost trend rate was previously assumed to be 7.00% in 2018, and then decreasing by 0.50% per year to an ultimate rate of 5.00% per year in 2022 and thereafter.
[3] The expected rate of return on fund assets that will be used to compute the 2021 net periodic benefit credit is 6.90%.

Plan assets

Plan assets are recorded at fair value. The major asset categories are public equity securities, fixed income securities, real estate, infrastructure, absolute return investments, and private debt. The fair values of the public equity and fixed income securities are primarily based on quoted market prices. Real estate and infrastructure values are based on the value of each fund's assets as calculated by the fund manager, generally using third party appraisals or discounted cash flow analysis and taking into account current market conditions and recent sales transactions where practical and appropriate. Private debt values are

based on the value of each fund's assets as calculated by the fund manager taking into account current market conditions and reviewed annually by external parties. Absolute return investments are a portfolio of units of externally managed hedge funds and are valued by the fund administrators.

The Company's pension plan asset allocation, the weighted-average asset allocation targets, and the weighted average policy range for each major asset class at year end were as follows:

			Percentage of plan assets at December 31	
Asset allocation (percentage)	Asset allocation target	Policy range	**2020**	2019
Cash and cash equivalents	**1.2**	**0 – 10**	**2.0**	0.9
Fixed income	**24.1**	**20 – 40**	**28.1**	24.6
Public equity	**45.1**	**35 – 55**	**49.3**	54.5
Real estate and infrastructure	**9.8**	**4 – 13**	**6.3**	6.8
Private debt	**9.8**	**4 – 13**	**3.3**	2.4
Absolute return	**10.0**	**4 – 13**	**11.0**	10.8
Total	**100.0**		**100.0**	100.0

Summary of the assets of the Company's DB pension plans

The following is a summary of the assets of the Company's DB pension plans at December 31, 2020 and 2019. As of December 31, 2020 and 2019, there were no plan assets classified as Level 3 valued investments.

	Assets Measured at Fair Value			
(in millions of Canadian dollars)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Investments measured at NAV[1]	Total Plan Assets
December 31, 2020				
Cash and cash equivalents	$ 219	$ —	$ —	$ 219
Fixed income				
Government bonds[2]	284	1,699	—	1,983
Corporate bonds[2]	691	1,144	—	1,835
Mortgages[3]	220	5	—	225
Public equities				
Canada	1,183	—	—	1,183
U.S. and international	5,871	28	—	5,899
Real estate[4]	—	—	704	704
Infrastructure[5]	—	—	199	199
Private debt[6]	—	—	465	465
Derivative instruments[7]	—	71	—	71
Absolute return[8]				
Funds of hedge funds	—	—	1,560	1,560
Multi-strategy funds	—	—	22	22
	$ 8,468	**$ 2,947**	**$ 2,950**	**$ 14,365**
December 31, 2019				
Cash and cash equivalents	$ 112	$ —	$ —	$ 112
Fixed income				
Government bonds[2]	233	1,857	—	2,090
Corporate bonds[2]	273	819	—	1,092
Mortgages[3]	159	5	—	164
Public equities				
Canada	1,351	—	—	1,351
U.S. and international	5,883	22	—	5,905
Real estate[4]	—	—	724	724
Infrastructure[5]	—	—	187	187
Private debt[6]	—	—	313	313
Derivative instruments[7]	—	(59)	—	(59)
Absolute return[8]				
Funds of hedge funds	—	—	1,418	1,418
Multi-strategy funds	—	—	22	22
	$ 8,011	$ 2,644	$ 2,664	$ 13,319

(1) Investments measured at net asset value ("NAV"):

Amounts are comprised of certain investments measured using NAV (or its equivalent) as a practical expedient. These investments have not been classified in the fair value hierarchy.

(2) Government & Corporate Bonds:

Fair values for bonds are based on market prices supplied by independent sources as of the last trading day.

(3) Mortgages:

The fair values of mortgages are based on current market yields of financial instruments of similar maturity, coupon and risk factors.

(4) Real estate:

Real estate fund values are based on the NAV of the funds that invest directly in real estate investments. The values of the investments have been estimated using the capital accounts representing the plan's ownership interest in the funds. Of the total, $580 million is subject to redemption frequencies ranging from monthly to annually and a redemption notice period of 90 days (2019 – $606 million). The remaining $124 million is not subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying real estate investments (2019 – $118 million). As at December 31, 2020, there are $32 million of unfunded commitments for real estate investments (December 31, 2019 – $35 million).

(5) Infrastructure:

Infrastructure fund values are based on the NAV of the funds that invest directly in infrastructure investments. The values of the investments have been estimated using the capital accounts representing the plans' ownership interest in the funds. Of the total, $112 million is subject to redemption frequencies ranging from monthly to annually and a redemption notice period of 90 days (2019 – $119 million). The remaining $87 million is not subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying infrastructure investments (2019 – $68 million). As at December 31, 2020, there are $491 million of unfunded commitments for infrastructure investments (December 31, 2019 – $286 million).

(6) Private debt:

Private debt fund values are based on the NAV of the funds that invest directly in private debt investments. The values of the investments have been estimated using the capital accounts representing the plans' ownership interest in the funds. Of the total, $154 million is subject to redemption frequencies ranging from monthly to annually and a redemption notice period of 90 days (2019 – $154 million). The remaining $311 million is not subject to redemption and is normally returned through distributions as a result of the repayment of the underlying loans (2019 - $159 million). As at December 31, 2020, there are $533 million of unfunded commitments for private debt investments (December 31, 2019 – $392 million).

(7) Derivatives:

The investment managers may utilize the following derivative instruments: equity futures to replicate equity index returns (Level 2); currency forwards to partially hedge foreign currency exposures (Level 2); bond forwards to reduce asset/liability interest rate risk exposures (Level 2); interest rate swaps to manage duration and interest rate risk (Level 2); credit default swaps to manage credit risk (Level 2); and options to manage interest rate risk and volatility (Level 2). The Company may utilize derivatives directly, but only for the purpose of hedging foreign currency exposures. As at December 31, 2020, there are currency forwards with a notional value of $1,041 million (December 31, 2019 – $334 million) and a fair value of $73 million (December 31, 2019 – $13 million). The fixed income investment manager utilizes a portfolio of bond forwards for the purpose of reducing asset/liability interest rate exposure. As at December 31, 2020, there are bond forwards with a notional value of $3,540 million (December 31, 2019 – $3,269 million) and a negative fair value of $2 million (December 31, 2019 – $(72) million).

(8) Absolute return:

The value of absolute return fund investments is based on the NAV reported by the fund administrators. The funds have different redemption policies with redemption notice periods varying from 60 to 95 days and frequencies ranging from monthly to triennially.

Additional plan assets information

The Company's primary investment objective for pension plan assets is to achieve a long–term return, net of all fees and expenses, that is sufficient for the plan's assets to satisfy the current and future obligations to plan beneficiaries, while minimizing the financial impact on the Company. In identifying the asset allocation ranges, consideration was given to the long-term nature of the underlying plan liabilities, the solvency and going-concern financial position of the plan, long-term return expectations, and the risks associated with key asset classes as well as the relationships of returns on key asset classes with each other, inflation, and interest rates. When advantageous and with due consideration, derivative instruments may be utilized by investment managers, provided the total value of the underlying assets represented by financial derivatives (excluding currency forwards, liability hedging derivatives in fixed income portfolios, and derivatives held by absolute return funds) is limited to 30% of the market value of the fund.

The funded status of the plans is exposed to fluctuations in interest rates, which affects the relative values of the plans' liabilities and assets. In order to mitigate interest rate risk, the Company's main Canadian defined benefit pension plan utilizes a liability driven investment strategy in its fixed income portfolio, which uses a combination of long duration bonds and derivatives to hedge interest rate risk, managed by the investment manager. At December 31, 2020, the plan's solvency funded position was 47% hedged against interest rate risk (2019 – 45%).

When investing in foreign securities, the plans are exposed to foreign currency risk; the effect of which is included in the valuation of the foreign securities. At December 31, 2020, the plans were 33% exposed to the U.S. dollar net of currency forwards (40% excluding the currency forwards), 6% exposed to the Euro, and 14% exposed to various other currencies. At December 31, 2019, the plans were 39% exposed to the U.S. dollar net of currency forwards (41% excluding the currency forwards), 6% exposed to the Euro, and 14% exposed to various other currencies.

At December 31, 2020, fund assets included 109,008 of the Common Shares of the Company (2019 – 119,758) at a market value of $48 million (2019 – $40 million).

Estimated future benefit payments

The estimated future DB pension and other benefit payments to be paid by the plans for each of the next five years and the subsequent five-year period are as follows:

(in millions of Canadian dollars)	Pensions	Other benefits
2021	$ 632	$ 33
2022	629	31
2023	631	31
2024	633	30
2025	635	30
2026-2030	3,203	142

The benefit payments from the Canadian registered and U.S. qualified DB pension plans are payable from their respective pension funds. Benefit payments from the supplemental pension plan and from the other benefits plans are payable directly from the Company.

Defined contribution plan

Canadian non-unionized employees hired prior to July 1, 2010 had the option to participate in the Canadian DC plan. All Canadian non-unionized employees hired after such date must participate in this plan. Employee contributions are based on a percentage of salary. The Company matches employee contributions to a maximum percentage each year.

Effective July 1, 2010, a new U.S. DC plan was established. All U.S. non-unionized employees hired after such date must participate in this plan. Employees do not contribute to the plan. The Company annually contributes a percentage of salary.

The DC plans provide a pension based on total employee, where appropriate, and employer contributions plus investment income earned on those contributions.

In 2020, the net cost of the DC plans, which generally equals the employer's required contribution, was $12 million (2019 – $11 million; 2018 – $10 million).

Contributions to multi-employer plans

Some of the Company's unionized employees in the U.S. are members of a U.S. national multi-employer benefit plan. Contributions made by the Company to this plan in 2020 in respect of post-retirement medical benefits were $3 million (2019 – $3 million; 2018 – $3 million).

23. Stock-based compensation

At December 31, 2020, the Company had several stock-based compensation plans including stock option plans, various cash-settled liability plans, and an employee share purchase plan. These plans resulted in an expense of $170 million in 2020 (2019 – $133 million; 2018 – $75 million).

A. Stock option plan

The following table summarizes the Company's stock option plan as at December 31, 2020:

	Options outstanding		Non-vested options	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average grant date fair value
Outstanding, January 1, 2020	1,416,346	$ 199.12	761,784	$ 53.54
Granted	217,240	$ 344.04	217,240	$ 69.00
Exercised	(232,034)	$ 162.87	N/A	N/A
Vested	N/A	N/A	(188,108)	$ 50.91
Forfeited	(13,839)	$ 271.75	(13,839)	$ 58.29
Expired	(347)	$ 168.84	N/A	N/A
Outstanding, December 31, 2020	1,387,366	$ 225.20	777,077	$ 58.40
Vested or expected to vest at December 31, 2020[1]	1,366,649	$ 223.98	N/A	N/A
Exercisable, December 31, 2020	610,289	$ 177.65	N/A	N/A

[1] As at December 31, 2020, the weighted-average remaining term of vested or expected to vest options was 4.5 years with an aggregate intrinsic value of $297 million.

The following table provides the number of stock options outstanding and exercisable as at December 31, 2020 by range of exercise price and their related intrinsic aggregate value, and for options outstanding, the weighted-average years to expiration. The table also provides the aggregate intrinsic value for in-the-money stock options, which represents the amount that would have been received by option holders had they exercised their options on December 31, 2020 at the Company's closing stock price of $441.53.

	Options outstanding				Options exercisable		
Range of exercise prices	Number of options	Weighted-average years to expiration	Weighted-average exercise price	Aggregate intrinsic value (millions)	Number of options	Weighted-average exercise price	Aggregate intrinsic value (millions)
$65.06 - $188.78	342,773	3.4	$ 141.26	$ 103	342,773	$ 141.26	$ 103
$188.79 - $214.58	327,811	3.1	$ 196.82	$ 80	109,375	$ 203.83	$ 26
$214.59 - $261.88	394,953	4.4	$ 244.17	$ 78	134,845	$ 232.54	$ 28
$261.89 - $411.37	321,829	5.8	$ 320.21	$ 39	23,296	$ 272.56	$ 4
Total[1]	1,387,366	4.2	$ 225.20	$ 300	610,289	$ 177.65	$ 161

[1] As at December 31, 2020, the total number of in-the-money stock options outstanding was 1,387,366 with a weighted-average exercise price of $225.20. The weighted-average years to expiration of exercisable stock options is 3.6 years.

Pursuant to the employee plan, options may be exercised upon vesting, which is between 12 months and 48 months after the grant date, and will expire after seven years. Certain stock options granted in 2019 and 2018 vest upon the achievement of specific performance criteria. Under the fair value method, the fair value of the stock options at grant date was approximately $15 million for options issued in 2020 (2019 – $14 million; 2018 – $16 million). The weighted-average fair value assumptions were approximately:

	2020	2019	2018
Expected option life (years)[1]	**4.75**	5.00	5.00
Risk-free interest rate[2]	**1.28 %**	2.22 %	2.22 %
Expected stock price volatility[3]	**23.14 %**	25.04 %	24.81 %
Expected annual dividends per share[4]	**$ 3.3200**	$ 2.6191	$ 2.3854
Expected forfeiture rate[5]	**4.41 %**	6.05 %	4.70 %
Weighted-average grant date fair value of options granted during the year	**$ 69.00**	$ 63.69	$ 55.63

[1] Represents the period of time that awards are expected to be outstanding. Historical data on exercise behaviour or, when available, specific expectations regarding future exercise behaviour were used to estimate the expected life of the option.

(2) Based on the implied yield available on zero-coupon government issues with an equivalent term commensurate with the expected term of the option.
(3) Based on the historical volatility of the Company's stock price over a period commensurate with the expected term of the option.
(4) Determined by the current annual dividend at the time of grant. The Company does not employ different dividend yields throughout the contractual term of the option. On July 21, 2020, the Company announced an increase in its quarterly dividend to $0.9500 per share, representing $3.8000 on an annual basis.
(5) The Company estimates forfeitures based on past experience. The rate is monitored on a periodic basis.

In 2020, the expense for stock options (regular and performance) was $16 million (2019 – $14 million; 2018 – $10 million). At December 31, 2020, there was $12 million of total unrecognized compensation related to stock options which is expected to be recognized over a weighted-average period of approximately 1.1 years.

The total fair value of shares vested for the stock option plan during 2020 was $10 million (2019 – $8 million; 2018 – $11 million).

The following table provides information related to all options exercised in the stock option plan during the years ended December 31:

(in millions of Canadian dollars)		**2020**	2019	2018
Total intrinsic value	**$**	**52**	$ 63	$ 17
Cash received by the Company upon exercise of options		**52**	26	24

B. Other share-based plans

Performance share unit plans

During 2020, the Company issued 97,998 PSUs with a grant date fair value of approximately $34 million and 10,029 PDSUs with a grant date fair value, including value of expected future matching units, of approximately $4 million. PSUs and PDSUs attract dividend equivalents in the form of additional units, based on dividends paid on the Company's Common Shares, and vest approximately three years after the grant date contingent upon CP's performance ("performance factor"). The fair value of these PSUs and PDSUs is measured periodically until settlement using closing share price on the date of measurement. The fair value of units that are probable of vesting based on forecasted performance factors over the three-year performance period is recognized as expense in the Consolidated Statements of Income. Vested PSUs are settled in cash. Vested PDSUs are settled in cash pursuant to the DSU plan and are eligible for a 25% match if the holder has not exceeded their share ownership requirements, and are paid out only when the holder ceases their employment with CP.

The performance period for PSUs and PDSUs issued in 2020 is January 1, 2020 to December 31, 2022, and the performance factors are Return on Invested Capital ("ROIC"), Total Shareholder Return ("TSR") compared to the S&P/TSX 60 Index, and TSR compared to Class I railways.

The performance period for 133,681 PSUs issued in 2019 is January 1, 2019 to December 31, 2021, and the performance factors for these PSUs are ROIC, TSR compared to the S&P/TSX 60 Index, and TSR compared to Class I railways. The performance factors for the remaining 579 PSUs are annual revenue for the fiscal year 2020, diluted earnings per share for the fiscal year 2020, and share price appreciation.

The performance period for 125,280 PSUs issued in 2018 is January 1, 2018 to December 31, 2020, and the performance factors for these PSUs were ROIC, TSR compared to the S&P/TSX Capped Industrial Index, and TSR compared to the S&P 1500 Road and Rail Index. The resulting estimated payout on these awards was 200% on 113,769 total outstanding awards representing a total fair value of $98 million at December 31, 2020, calculated using the Company's average share price of the last 30 trading days preceding December 31, 2020. The performance factors for the remaining 36,975 PSUs were annual revenue for the fiscal year 2020, diluted earnings per share for the fiscal year 2020, and share price appreciation.

The performance period for PSUs issued in 2017 was January 1, 2017 to December 31, 2019, and the performance factors for these PSUs were ROIC, TSR compared to the S&P/TSX Capped Industrial Index, and TSR compared to the S&P 1500 Road and Rail Index. The resulting payout was 193% of the outstanding units multiplied by the Company's average share price calculated using the last 30 trading days preceding December 31, 2019. In the first quarter of 2020, payouts occurred on the total outstanding awards, including dividends reinvested, totalling $76 million on 121,225 outstanding awards.

The following table summarizes information related to the Company's PSUs and PDSUs as at December 31:

	2020	2019
Outstanding, January 1	**403,136**	395,048
Granted	**108,027**	134,260
Units, in lieu of dividends	**3,843**	4,032
Settled	**(121,225)**	(117,228)
Forfeited	**(11,912)**	(12,976)
Outstanding, December 31	**381,869**	403,136

In 2020, the expense for PSUs and PDSUs was $121 million (2019 – $89 million; 2018 – $54 million). At December 31, 2020, there was $51 million of total unrecognized compensation related to these awards which is expected to be recognized over a weighted-average period of approximately 1.4 years.

Deferred share unit plan

The Company established the DSU plan as a means to compensate and assist in attaining share ownership targets set for certain key employees and Directors. A DSU entitles the holder to receive, upon redemption, a cash payment equivalent to the Company's average share price using the 10 trading days prior to redemption. DSUs vest over various periods of up to 36 months and are only redeemable for a specified period after employment is terminated.

Senior managers may elect to receive DSUs in lieu of annual bonus cash payments in the bonus deferral program. In addition, senior managers will be granted a 25% company match of DSUs when deferring cash to DSUs to meet ownership targets. The election to receive eligible payments in DSUs is no longer available to a participant when the value of the participant's DSUs is sufficient to meet the Company's stock ownership guidelines. Senior managers have five years to meet their ownership targets.

The expense for DSUs is recognized over the vesting period for both the initial subscription price and the change in value between reporting periods.

The following table summarizes information related to the DSUs as at December 31:

	2020	2019
Outstanding, January 1	**161,219**	152,760
Granted	**19,041**	19,912
Units, in lieu of dividends	**1,511**	1,608
Settled	**(26,788)**	(12,110)
Forfeited	**(172)**	(951)
Outstanding, December 31	**154,811**	161,219

During 2020, the Company granted 19,041 DSUs with a grant date fair value of approximately $7 million. In 2020, the expense for DSUs was $21 million (2019 – $20 million expense; 2018 – $4 million expense). At December 31, 2020, there was $1 million of total unrecognized compensation related to DSUs which is expected to be recognized over a weighted-average period of approximately 1.3 years.

Summary of share-based liabilities paid

The following table summarizes the total share-based liabilities paid for each of the years ended December 31:

(in millions of Canadian dollars)	2020	2019	2018
Plan			
PSUs	**$ 76**	$ 54	$ 30
DSUs	**9**	4	6
Other	**1**	—	1
Total	**$ 86**	$ 58	$ 37

C. Employee share purchase plan

The Company has an employee share purchase plan whereby both employee and the Company contributions are used to purchase shares on the open market for employees. The Company's contributions are expensed over the one year vesting period. Under the plan, the Company matches $1 for every $3 contributed by employees up to a maximum employee contribution of 6% of annual salary.

The total number of shares purchased in 2020 on behalf of participants, including the Company's contributions, was 115,344 (2019 – 137,942; 2018 – 118,865). In 2020, the Company's contributions totalled $9 million (2019 – $8 million; 2018 – $6 million) and the related expense was $7 million (2019 – $6 million; 2018 – $5 million).

24. Variable interest entities

The Company leases equipment from certain trusts, which have been determined to be variable interest entities financed by a combination of debt and equity provided by unrelated third parties. The lease agreements, which are classified as operating leases, have fixed price purchase options which create the Company's variable interests and result in the trusts being considered variable interest entities.

Maintaining and operating the leased assets according to specific contractual obligations outlined in the terms of the lease agreements and industry standards is the Company's responsibility. The rigour of the contractual terms of the lease agreements and industry standards are such that the Company has limited discretion over the maintenance activities associated with these assets. As such, the Company concluded these terms do not provide the Company with the power to direct the activities of the variable interest entities in a way that has a significant impact on the entities' economic performance.

The financial exposure to the Company as a result of its involvement with the variable interest entities is equal to the fixed lease payments due to the trusts. In 2020, lease payments after tax were $14 million. Future minimum lease payments, before tax, of $126 million will be payable over the next 10 years. The Company does not guarantee the residual value of the assets to the lessor; however, it must deliver to the lessor the assets in good operating condition, subject to normal wear and tear, at the end of the lease term.

As the Company's actions and decisions do not significantly affect the variable interest entities' performance, and the Company's fixed price purchase option is not considered to be potentially significant to the variable interest entities, the Company is not considered to be the primary beneficiary, and does not consolidate these variable interest entities.

25. Commitments and contingencies

In the normal course of its operations, the Company becomes involved in various legal actions, including claims relating to injuries and damage to property. The Company maintains provisions it considers to be adequate for such actions. While the final outcome with respect to actions outstanding or pending at December 31, 2020 cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the Company's business, financial position, or results of operations. However, an unexpected adverse resolution of one or more of these legal actions could have a material adverse effect on the Company's business, financial position, results of operations, or liquidity in a particular quarter or fiscal year.

Commitments

At December 31, 2020, the Company had committed to total future capital expenditures amounting to $547 million and operating expenditures relating to supplier purchase obligations, such as bulk fuel purchase agreements, locomotive maintenance and overhaul agreements, as well as agreements to purchase other goods and services amounting to approximately $1.7 billion for the years 2021–2032, of which CP estimates approximately $1.6 billion will be incurred in the next five years.

Commitments related to leases, including minimum annual payments for the next five years and thereafter, are included in Note 19.

Legal proceedings related to Lac-Mégantic rail accident

On July 6, 2013, a train carrying petroleum crude oil operated by Montréal Maine and Atlantic Railway ("MMAR") or a subsidiary, Montréal Maine & Atlantic Canada Co. ("MMAC" and collectively the "MMA Group"), derailed in Lac-Mégantic, Québec. The derailment occurred on a section of railway owned and operated by the MMA Group and while the MMA Group exclusively controlled the train.

Following the derailment, MMAC sought court protection in Canada under the *Companies' Creditors Arrangement Act* and MMAR filed for bankruptcy in the U.S. Plans of arrangement were approved in both Canada and the U.S. (the "Plans"), providing for the distribution of approximately $440 million amongst those claiming derailment damages.

A number of legal proceedings, set out below, were commenced in Canada and the U.S. against CP and others:

(1) Québec's Minister of Sustainable Development, Environment, Wildlife and Parks ordered various parties, including CP, to remediate the derailment site (the "Cleanup Order") and served CP with a Notice of Claim for $95 million for those costs. CP appealed the Cleanup Order and contested the Notice

of Claim with the Administrative Tribunal of Québec. These proceedings are stayed pending determination of the Attorney General of Québec ("AGQ") action (paragraph 2 below).

(2) The AGQ sued CP in the Québec Superior Court claiming $409 million in damages, which was amended and reduced to $315 million (the "AGQ Action"). The AGQ Action alleges that: (i) CP was responsible for the petroleum crude oil from its point of origin until its delivery to Irving Oil Ltd.; and (ii) CP is vicariously liable for the acts and omissions of the MMA Group.

(3) A class action in the Québec Superior Court on behalf of persons and entities residing in, owning or leasing property in, operating a business in, or physically present in Lac-Mégantic at the time of the derailment was certified against CP on May 8, 2015 (the "Class Action"). Other defendants including MMAC and Mr. Thomas Harding ("Harding") were added to the Class Action on January 25, 2017. The Class Action seeks unquantified damages, including for wrongful death, personal injury, property damage, and economic loss.

(4) Eight subrogated insurers sued CP in the Québec Superior Court claiming approximately $16 million in damages, which was amended and reduced to approximately $15 million (the "Promutuel Action"), and two additional subrogated insurers sued CP claiming approximately $3 million in damages (the "Royal Action"). Both actions contain similar allegations as the AGQ Action. The actions do not identify the subrogated parties. As such, the extent of any overlap between the damages claimed in these actions and under the Plans is unclear. The Royal Action is stayed pending determination of the consolidated proceedings described below.

On December 11, 2017, the AGQ Action, the Class Action and the Promutuel Action were consolidated. These consolidated claims are currently scheduled for a joint liability trial commencing on or around September 13, 2021, followed by a damages trial, if necessary.

(5) Forty-eight plaintiffs (all individual claims joined in one action) sued CP, MMAC, and Harding in the Québec Superior Court claiming approximately $5 million in damages for economic loss and pain and suffering, and asserting similar allegations as in the Class Action and the AGQ Action. The majority of the plaintiffs opted-out of the Class Action and all but two are also plaintiffs in litigation against CP, described in paragraph 7 below. This action is stayed pending determination of the consolidated claims described above.

(6) The MMAR U.S. bankruptcy estate representative commenced an action against CP in November 2014 in the Maine Bankruptcy Court claiming that CP failed to abide by certain regulations and seeking approximately U.S. $30 million in damages for MMAR's loss in business value according to a recent report. This action asserts that CP knew or ought to have known that the shipper misclassified the petroleum crude oil and therefore should have refused to transport it.

(7) The class and mass tort action commenced against CP in June 2015 in Texas (on behalf of Lac-Mégantic residents and wrongful death representatives) and the wrongful death and personal injury actions commenced against CP in June 2015 in Illinois and Maine, were all transferred and consolidated in Federal District Court in Maine (the "Maine Actions"). The Maine Actions allege that CP negligently misclassified and improperly packaged the petroleum crude oil. On CP's motion, the Maine Actions were dismissed. The plaintiffs are appealing the dismissal decision, which is pending.

(8) The trustee for the wrongful death trust commenced Carmack Amendment claims against CP in North Dakota Federal Court, seeking to recover approximately U.S. $6 million for damaged rail cars and lost crude and reimbursement for the settlement paid by the consignor and the consignee under the Plans (alleged to be U.S. $110 million and U.S. $60 million, respectively). The Court issued an Order on August 6, 2020 granting and denying in parts the parties' summary judgment motions which has been reviewed and confirmed following motions by the parties for clarification and reconsideration. This action is scheduled for trial on September 21, 2021.

At this stage of the proceedings, any potential responsibility and the quantum of potential losses cannot be determined. Nevertheless, CP denies liability and is vigorously defending these proceedings.

26. Guarantees

In the normal course of operating the railway, the Company enters into contractual arrangements that involve providing certain guarantees, which extend over the term of the contracts. These guarantees include, but are not limited to:

- guarantees to pay other parties in the event of the occurrence of specified events, including damage to equipment, in relation to assets used in the operation of the railway through operating leases, rental agreements, easements, trackage, and interline agreements; and
- indemnifications of certain tax-related payments incurred by lessors and lenders.

The maximum amount that could be payable under these guarantees, excluding residual value guarantees, cannot be reasonably estimated due to the nature of certain of these guarantees. All or a portion of amounts paid under guarantees to other parties in the event of the occurrence of specified events could be recoverable from other parties or through insurance. The Company has accrued for all guarantees that it expects to pay. At December 31, 2020, these accruals amounted to $18 million (2019 – $10 million), and are recorded in "Accounts payable and accrued liabilities".

Indemnifications

Pursuant to a trust and custodial services agreement with the trustee of the Canadian Pacific Railway Company Pension Plan, the Company has undertaken to indemnify and save harmless the trustee, to the extent not paid by the fund, from any and all taxes, claims, liabilities, damages, costs, and expenses arising out of the performance of the trustee's obligations under the agreement, except as a result of misconduct by the trustee. The indemnity includes liabilities, costs, or expenses relating to any legal reporting or notification obligations of the trustee with respect to the defined benefit and defined contribution options of the pension plans, or otherwise with respect to the assets of the pension plans that are not part of the fund. The indemnity survives the termination or expiry of the agreement with respect to claims and liabilities arising prior to the termination or expiry. At December 31, 2020, the Company had not recorded a liability associated with this indemnification as it does not expect to make any payments pertaining to it.

27. Segmented and geographic information

Operating segment

The Company operates in only one operating segment: rail transportation. Operating results by geographic areas, railway corridors, or other lower-level components or units of operation are not reviewed by the Company's chief operating decision-maker to make decisions about the allocation of resources to, or the assessment of performance of, such geographic areas, corridors, components, or units of operation.

In the years ended December 31, 2020, 2019, and 2018, no one customer comprised more than 10% of total revenues and accounts receivable.

Geographic information

All of the company's revenue and long-lived assets excluding financial instruments are held within Canada and the United States.

(in millions of Canadian dollars)	Canada	United States	Total
2020			
Revenues	**$ 5,829**	**$ 1,881**	**$ 7,710**
Long-term assets excluding financial instruments and pension assets	**14,258**	**7,165**	**21,423**
2019			
Revenues	5,675	2,117	7,792
Long-term assets excluding financial instruments and pension assets	13,131	7,020	20,151
2018			
Revenues	5,232	2,084	7,316
Long-term assets excluding financial instruments and pension assets	12,133	6,759	18,892

28. Selected quarterly data (unaudited)

For the quarter ended	2020				2019			
(in millions of Canadian dollars, except per share data)	**Dec. 31**	**Sep. 30**	**Jun. 30**	**Mar. 31**	Dec. 31	Sep. 30	Jun. 30	Mar. 31
Total revenues	**$ 2,012**	**$ 1,863**	**$ 1,792**	**$ 2,043**	$ 2,069	$ 1,979	$ 1,977	$ 1,767
Operating income	**928**	**779**	**770**	**834**	890	869	822	543
Net income	**802**	**598**	**635**	**409**	664	618	724	434
Basic earnings per share[1]	**$ 5.97**	**$ 4.42**	**$ 4.68**	**$ 2.99**	$ 4.84	$ 4.47	$ 5.19	$ 3.10
Diluted earnings per share[1]	**$ 5.95**	**$ 4.41**	**$ 4.66**	**$ 2.98**	$ 4.82	$ 4.46	$ 5.17	$ 3.09

[1] Earnings per share for the four quarters combined may not equal earnings per share for the year due to rounding.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of December 31, 2020, an evaluation was carried out under the supervision of and with the participation of CP's management, including CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the *Exchange Act*. Based on that evaluation, the CEO and CFO concluded that these disclosure controls and procedures were effective as of December 31, 2020, to ensure that information required to be disclosed by the Company in reports that they file or submit under the *Exchange Act* is (i) recorded, processed, summarized and reported within the time periods specified by the SEC rules and forms and (ii) accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Management is responsible for the financial statements and for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rules 13a-15(f) and 15d-15(f) of the *Exchange Act*. The Corporation's internal control system was designed to provide reasonable assurance to the Corporation's management and Board of Directors regarding the preparation and fair presentation of published financial statements. Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of the Company's internal control over financial reporting in accordance with the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework (2013)*. Based on this assessment, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2020. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the reliability of financial reporting and preparation of financial statements in accordance with generally accepted accounting principles.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2020 has been audited by Deloitte LLP, the Company's independent registered public accounting firm who audited the Company's Consolidated Financial Statements included in this Form 10-K, as stated in their report, which is included herein.

Changes in Internal Control over Financial Reporting

During the three months ended December 31, 2020, the Company has not identified any changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Canadian Pacific Railway Limited

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Canadian Pacific Railway Limited and subsidiaries (the "Company") as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2020, of the Company and our report dated February 18, 2021, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte LLP

Chartered Professional Accountants
Calgary, Canada
February 18, 2021

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors of Registrant

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2020. This information will also be contained in the management proxy circular that we prepare in accordance with applicable Canadian corporate and securities law requirements.

Executive Officers of Registrant

The information regarding executive officers is included in Part I of this annual report under Information about our Executive Officers, following Item 4. Mine Safety Disclosures.

Compliance with Section 16(a) of the Exchange Act

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2020.

Code of Ethics for Chief Executive Officer and Senior Financial Officers

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2020.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2020. This information will also be contained in the management proxy circular that we prepare in accordance with applicable Canadian corporate and securities law requirements.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2020.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2020. This information will also be contained in the management proxy circular that we prepare in accordance with applicable Canadian corporate and securities law requirements.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2020. This information will also be contained in the management proxy circular that we prepare in accordance with applicable Canadian corporate and securities law requirements.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE

The following documents are filed as part of this annual report:

(a) Financial Statements

The financial statements filed as part of this filing are listed on the Index to Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data.

(b) Financial Statement Schedule

Schedule II – Valuation and Qualifying Accounts

(in millions of Canadian dollars)	Beginning balance at January 1	Additions charged to expenses	Payments and other reductions	Impact of FX	Ending balance at December 31
Accruals for personal injury and other claims provision[1]					
2018	$ 118	$ 93	$ (60)	$ 1	$ 152
2019	$ 152	$ 142	$ (152)	$ (1)	$ 141
2020	**$ 141**	**$ 105**	**$ (119)**	**$ (1)**	**$ 126**
Environmental liabilities					
2018	$ 78	$ 6	$ (7)	$ 5	$ 82
2019	$ 82	$ 6	$ (8)	$ (3)	$ 77
2020	**$ 77**	**$ 10**	**$ (6)**	**$ (1)**	**$ 80**

[1] Includes WCB, FELA, occupational, damage, and other.

(c) Exhibits

Exhibits are listed in the exhibit index below. The exhibits include management contracts, compensatory plans and arrangements required to be filed as exhibits to the Form 10-K by Item 601 (10) (iii) of Regulation S-K.

Exhibit	Description
3	***Articles of Incorporation and Bylaws:***
3.1	Restated Certificate and Articles of Incorporation of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 99.2 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on October 22, 2015, File No. 001-01342).
3.2	By-law No. 1, as amended, of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 1 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on May 22, 2009, File No. 001-01342).
3.3	By-law No. 2 of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 99.1 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on March 13, 2015, File No. 001-01342).
3.4	General By-law, as amended, of Canadian Pacific Railway Company, a wholly owned subsidiary of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 2 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on May 22, 2009, File No. 001-01342).
4	***Instruments Defining the Rights of Security Holders, Including Indentures:***
4.1	Indenture dated as of May 8, 2007 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.1 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.2	First Supplemental Indenture dated as of May 8, 2007 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.2 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.3	Second Supplemental Indenture dated as of May 20, 2008 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.3 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).

4.4	Third Supplemental Indenture dated as of May 15, 2009 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.4 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.5	Fourth Supplemental Indenture dated as of September 23, 2010 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.5 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.6	Fifth Supplemental Indenture dated as of December 1, 2011 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.6 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.7	Sixth Supplemental Indenture dated as of February 2, 2015 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.7 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.8	Seventh Supplemental Indenture dated as of August 3, 2015 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.8 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.9	Eighth Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.9 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.10	Indenture dated as of October 30, 2001 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.10 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.11	First Supplemental Indenture dated as of April 23, 2004 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.11 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.12	Second Supplemental Indenture dated as of October 12, 2011 between Canadian Pacific Railway Limited and The Bank of New York Mellon (incorporated by reference to Exhibit 4.12 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.13	Third Supplemental Indenture dated as of October 13, 2011 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.13 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.14	Fourth Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.14 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.15	Indenture dated as of July 15, 1991 between Canadian Pacific Railway Company and Harris Trust and Savings Bank (incorporated by reference to Exhibit 4.15 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.16	First Supplemental Indenture dated as of July 1, 1996 between Canadian Pacific Railway Company and Harris Trust and Savings Bank (incorporated by reference to Exhibit 4.16 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.17	Second Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon (as successor in interest to Harris Trust and Savings Bank) (incorporated by reference to Exhibit 4.17 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.18	Indenture dated as of May 23, 2008 between Canadian Pacific Railway Company and Computershare Trust Company of Canada (incorporated by reference to Exhibit 4.18 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.19	First Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and Computershare Trust Company of Canada (incorporated by reference to Exhibit 4.19 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.20	Indenture dated as of September 11, 2015, from Canadian Pacific Railway Company to Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 99.1 to Canadian Pacific Railway Limited's Registration Statement on Form 6-K filed with the Securities and Exchange Commission on September 14, 2015, File No. 001-01342).
4.21	First Supplemental Indenture dated as of September 11, 2015 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.21 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.22	Second Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.22 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).

4.23	Guarantee of Canadian Pacific Railway Company's Perpetual 4% Consolidated Debenture Stock dated as of December 18, 2015, between Canadian Pacific Railway Limited and Canadian Pacific Railway Company (incorporated by reference to Exhibit 4.23 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.24	Third Supplemental Indenture dated as of May 16, 2018 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and Wells Fargo Bank (incorporated by reference to Exhibit 4.2 to Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 16, 2018, File No. 001-01342).
4.25	Officers' Certificate of Canadian Pacific Railway Company dated March 13, 2019 (incorporated by reference to Exhibit 4.1 to Canadian Pacific Railway Limited's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on April 24, 2019, File No. 001-01342).
4.26	Description of Securities – Equity Securities (incorporated by reference to Exhibit 4.26 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 20, 2020, File No. 001-01342).
4.27	Form of 2.050% Note due 2030 (incorporated by reference to Exhibit 4.1 to Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 6, 2020, File No. 001-01342).
4.28	Fourth Supplemental Indenture, dated as of March 5, 2020, by and among Canadian Pacific Railway Company, as issuer, Canadian Pacific Railway Limited, as guarantor, and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.2 to Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 6, 2020, File No. 001-01342).
4.29	Second Supplemental Indenture, dated as of March 9, 2020, by and among Canadian Pacific Railway Company, as issuer, Canadian Pacific Railway Limited, as guarantor, and Computershare Trust Company of Canada, as trustee (incorporated by reference to Exhibit 4.3 to Canadian Pacific Railway Limited's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on April 21, 2020, File No. 001-01342).
10	***Material Contracts:***
10.1*	Compensation letter dated February 14, 2017, between the Company and Nadeem Velani (incorporated by reference to Exhibit 10.1 Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 21, 2017, File No. 001-01342).
10.2	Fourth Amending Agreement, dated as of June 23, 2017, amending the Credit Agreement, dated September 26, 2014, between Canadian Pacific Railway Company, as Borrower, Canadian Pacific Railway Limited, as Covenantor, Royal Bank of Canada, as Administrative Agent, and the various Lenders party thereto (incorporated by reference to Exhibit 10.1 Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 27, 2017, File No. 001-01342).
10.3*	Amendment dated as of January 31, 2017 to the Executive Employment Agreement dated July 23, 2016 and effective as of July 1, 2017 between Keith Creel and Canadian Pacific Railway Company (incorporated by reference to Exhibit 10.1 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 16, 2017, File No. 001-01342).
10.4*	Offer of Employment Letter to Nadeem Velani dated October 18, 2016 (incorporated by reference to Exhibit 10.3 Canadian Pacific Railway Limited's Registration Statement on Form 8-K filed with the Securities and Exchange Commission on October 24, 2016, File No. 001-01342).
10.5*	Executive Employment Agreement, between the Canadian Pacific Railway Limited and Keith Creel effective July 1, 2017 (incorporated by reference to Exhibit 10.2 to Canadian Pacific Railway Limited's Registration Statement on Form 8-K filed with the Securities and Exchange Commission on July 26, 2016, File No. 001-01342).
10.6	Third Amending Agreement, dated as of June 28, 2016, amending the Credit Agreement, dated September 26, 2014, between Canadian Pacific Railway Company, as Borrower, Canadian Pacific Railway Limited, as Covenantor, Royal Bank of Canada, as Administrative Agent, and the various Lenders party thereto (incorporated by reference to Exhibit 10.1 to Canadian Pacific Railway Limited's Registration Statement on Form 8-K filed with the Securities and Exchange Commission on June 29, 2016, File No. 001-01342).
10.7*	CP 401(k) Savings Plan, as amended and restated effective October 27, 2014 (incorporated by reference to Exhibit 4.5 to Canadian Pacific Railway Limited's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on December 21, 2015, File No. 333-208647).
10.8*	Stand-Alone Option Agreement dated February 4, 2013 between the Registrant and Keith Creel (incorporated by reference to Exhibit 4.2 to Canadian Pacific Railway Limited's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on May 24, 2013, File No. 333-188827).
10.9*	Performance Share Unit Plan for Eligible Employees of Canadian Pacific Railway Limited, adopted with effect from February 17, 2009, as amended February 22, 2013, April 30, 2014 and February 18, 2015 (incorporated by reference to Exhibit 10.3 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.10*	Canadian Pacific Railway Limited Amended and Restated Management Stock Option Incentive Plan, as amended and restated effective November 19, 2015 (incorporated by reference to Exhibit 10.4 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).

10.11*	Canadian Pacific Railway Limited Employee Share Purchase Plan (U.S.) dated July 1, 2006 ("ESPP (U.S.)"), and Amendment to the ESPP (U.S.) effective January 1, 2015, and Amendment to the ESPP (U.S.) January 1, 2016 (incorporated by reference to Exhibit 10.5 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.12*	Directors' Stock Option Plan, effective October 1, 2001 (incorporated by reference to Exhibit 10.7 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.13*	Directors' Deferred Share Unit Plan, as amended effective July 1, 2013 (incorporated by reference to Exhibit 10.8 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.14*	Senior Executives' Deferred Share Unit Plan, effective as of January 1, 2001, as amended September 6, 2012 (incorporated by reference to Exhibit 10.9 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.15*	Canadian Pacific Railway Limited Employee Share Purchase Plan (Canada) dated July 1, 2006 ("ESPP (Canada)"), and Amendment to the ESPP (Canada) effective January 1, 2013, and Amendment to the ESPP (Canada) effective November 5, 2013, and Amendment to the ESPP (Canada) effective July 17, 2014 (incorporated by reference to Exhibit 10.10 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.16*	Canadian Pacific U.S. Salaried Retirement Income Plan, as restated effective January 1, 2015 (incorporated by reference to Exhibit 10.11 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.17*	Canadian Pacific U.S. Supplemental Executive Retirement Plan, effective January 1, 2013 ("CPUSERP"), and First Amendment to the CPUSERP effective November 14, 2013, and Second Amendment to the CPUSERP effective January 1, 2014 (incorporated by reference to Exhibit 10.12 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.18*	Restricted Share Unit Plan for Eligible Employees of Canadian Pacific Railway Limited, effective August 2, 2011, as amended February 21, 2013 (incorporated by reference to Exhibit 10.13 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.19*	Short Term Incentive Plan for Non-Unionized Employees (Canada) and US Salaried Employees, effective January 1, 2014 (incorporated by reference to Exhibit 10.14 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.20*	Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.15 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.21*	Amendment Number 1, effective July 1, 2010, to the Defined Contribution Provisions (Appendix B) of the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.16 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.22*	Amendment Number 2, effective April 1, 2011, to the Defined Contribution Provisions (Appendix B) of the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.17 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.23*	Amendment Number 3, effective January 1, 2013, to the Defined Contribution Provisions (Appendix B) of the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.18 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.24*	Amendment Number 1 to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009, approved by the Board of Directors on December 16, 2009 (incorporated by reference to Exhibit 10.19 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.25*	Amendment Number 2, effective January 1, 2010, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.20 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.26*	Amendment Number 3, effective January 1, 2010, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.21 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.27*	Amendment Number 4, effective January 1, 2011, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.22 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).

10.28*	Amendment Number 5, effective January 1, 2011, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.23 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.29*	Amendment Number 6, effective October 1, 2012, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.24 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.30*	Amendment Number 7, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.25 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.31*	Amendment Number 8, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.26 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.32*	Amendment Number 9, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.27 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.33*	Amendment Number 10, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.28 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.34*	Amendment Number 11, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.29 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.35*	Amendment Number 12, effective January 1, 2015, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.30 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.36*	Amendment Number 13, effective January 1, 2015, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.31 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.37*	Canadian Pacific Railway Company Secondary Pension Plan (Pension Plan Rules), effective June 1, 2013 (incorporated by reference to Exhibit 10.32 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.38*	Amendment Number 1, effective June 1, 2013, to the Canadian Pacific Railway Company Secondary Pension Plan (Pension Plan Rules), effective June 1, 2013 (incorporated by reference to Exhibit 10.33 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.39*	Amendment Number 2, effective January 1, 2015, to the Canadian Pacific Railway Company Secondary Pension Plan (Pension Plan Rules) effective January 1, 2015 (incorporated by reference to Exhibit 10.34 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.40*	Canadian Pacific Supplemental Executive Retirement Plan, effective January 1, 2011 (incorporated by reference to Exhibit 10.35 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.41*	Executive Employment Agreement between Canadian Pacific Railway Company, Soo Line Railroad Company and Keith Creel, effective as of February 5, 2013 (incorporated by reference to Exhibit 10.38 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.42*	Amendment dated August 10, 2015, to the Executive Employment Agreement between Canadian Pacific Railway Company, Soo Line Railroad Company and Keith Creel, effective as of February 5, 2013 (incorporated by reference to Exhibit 10.39 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.43	Credit Agreement dated as of September 26, 2014 among Canadian Pacific Railway Company and CPR Securities Limited, as borrowers, Canadian Pacific Railway Limited, as covenantor, the Financial Institutions that are signatories to the Credit Agreement, as Lenders, the Royal Bank of Canada, as Administrative Agent, RBC Capital Markets, J.P. Morgan Securities LLC, TD Securities, Morgan Stanley MUFG Loan Partners, LLC and Citibank, N.A., Canadian Branch, as Co-Lead Arrangers, RBC Capital Markets and J.P. Morgan Securities LLC, as Joint Bookrunners, J.P. Morgan Chase Bank, N.A., as Syndication Agent, The Toronto-Dominion Bank, Morgan Stanley MUFG Loan Partners, LLC and Citibank, N.A., Canadian Branch, as Co-Documentation Agents (incorporated by reference to Exhibit 10.45 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.44	First Amending Agreement dated as of June 15, 2015, to the Credit Agreement dated September 26, 2014, among Canadian Pacific Railway Company and CPR Securities Limited, as borrowers, Canadian Pacific Railway Limited, as covenantor, the signatories to this First Amending Agreement to the Credit Agreement, as Lenders, the Royal Bank of Canada, as Administrative Agent (incorporated by reference to Exhibit 10.46 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).

10.45	Second Amending Agreement dated as of September 17, 2015, to the Credit Agreement dated September 26, 2014, among Canadian Pacific Railway Company and CPR Securities Limited, as borrowers, Canadian Pacific Railway Limited, as covenantor, the signatories to the Second Amending Agreement to this Credit Agreement, as Lenders, the Royal Bank of Canada, as Administrative Agent (incorporated by reference to Exhibit 10.47 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.46	Fifth Amending Agreement, dated as of June 8, 2018, amending the Credit Agreement, dated September 26, 2014, between Canadian Pacific Railway Company, as Borrower, Canadian Pacific Railway Limited, as Covenantor, Royal Bank of Canada, as Administrative Agent, and the various Lenders party thereto (incorporated by reference to Exhibit 10.1 to Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 11, 2018, File No. 001-01342).
10.47*	Amendment dated as of January 1, 2019, to the Executive Employment Agreement between Canadian Pacific Railway Company and Keith Creel, dated July 23, 2016 and effective as of July 1, 2017 as amended as of January 31, 2017 (incorporated by reference to Exhibit 10.49 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 15, 2019, File No. 001-01342).
10.48	Amended and Restated Credit Agreement, dated as of September 27, 2019, between Canadian Pacific Railway Company, as Borrower, Canadian Pacific Railway Limited, as Covenantor, Royal Bank of Canada, as Administrative Agent, and the various Lenders party thereto (incorporated by reference to Exhibit 10.1 to Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 1, 2019, File No. 001-01342).
10.49* **	Amendment Number 3, effective June 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules) consolidated as at January 1, 2009.
10.50* **	Amendment Number 14, effective May 1, 2017, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules) consolidated as at January 1, 2009.
10.51* **	Amendment Number 15, effective January 1, 2019, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules) consolidated as at January 1, 2009.
10.52* **	Amendment Number 16, effective January 1, 2021, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules) consolidated as at January 1, 2009.
10.53* **	Offer of Employment Letter to Jeffrey Ellis dated October 19, 2015.
10.54* **	Offer of Employment Letter to John Brooks dated March 1, 2019.
10.55* **	Offer of Employment Letter to Mark Redd dated August 13, 2019.
21.1**	Subsidiaries of the registrant
22.1**	List of Issuers and Guarantor Subsidiaries
23.1**	Consent of Independent Registered Public Accounting Firm
24.1**	Power of attorney (included on the signature pages of this Form 10-K)
31.1**	CEO Rule 13a-14(a) Certifications
31.2**	CFO Rule 13a-14(a) Certifications
32.1**	CEO Section 1350 Certifications
32.2**	CFO Section 1350 Certifications
101.INS**	Inline XBRL Instance Document
101.SCH**	Inline XBRL Taxonomy Extension Schema Document
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document
	The following financial information from Canadian Pacific Railway Limited's Annual Report on Form 10-K for the year ended December 31, 2020, formatted in Extensible Business Reporting Language (XBRL) includes: (i) the Consolidated Statements of Income for each of the three years ended December 31, 2020, 2019, and 2018; (ii) the Consolidated Statements of Comprehensive Income for each of the three years ended December 31, 2020, 2019, and 2018; (iii) the Consolidated Balance Sheets at December 31, 2020 and 2019; (iv) the Consolidated Statements of Cash Flows for each of the three years ended December 31, 2020, 2019, and 2018; (v) the Consolidated Statements of Changes in Shareholders' Equity for each of the three years ended December 31, 2020, 2019, and 2018; and (vi) the Notes to Consolidated Financial Statements.
104 **	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Management contract or compensatory arrangement

** Filed with this Annual Report on Form 10-K

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the *Securities Exchange Act of 1934*, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CANADIAN PACIFIC RAILWAY LIMITED
(Registrant)
By: /s/ KEITH CREEL
Keith Creel
Chief Executive Officer

Dated: February 18, 2021

POWER OF ATTORNEY

Each of the undersigned do hereby appoint each of Nadeem Velani and Jeffrey J. Ellis, his or her true and lawful attorney-in-fact and agent, to sign on his or her behalf the Company's Annual Report on Form 10-K, for the year ended December 31, 2020, and any and all amendments thereto, and to file the same, with all exhibits thereto, with the Securities and Exchange Commission.

Pursuant to the requirements of the *Securities Exchange Act of 1934*, this report has been signed below by the following persons on behalf of the Company and in the capacities indicated on February 18, 2021.

Signature	Title
/s/ KEITH CREEL Keith Creel	Chief Executive Officer and Director (Principal Executive Officer)
/s/ NADEEM VELANI Nadeem Velani	Executive Vice-President and Chief Financial Officer (Principal Financial Officer)
/s/ ISABELLE COURVILLE Isabelle Courville	Chair of the Board of Directors
/s/ JOHN R. BAIRD John R. Baird	Director
/s/ GILLIAN H. DENHAM Gillian H. Denham	Director
/s/ EDWARD R. HAMBERGER Edward R. Hamberger	Director
/s/ REBECCA MACDONALD Rebecca MacDonald	Director
/s/ EDWARD L. MONSER Edward L. Monser	Director
/s/ MATTHEW H. PAULL Matthew H. Paull	Director
/s/ JANE L. PEVERETT Jane L. Peverett	Director
/s/ ANDREA ROBERTSON Andrea Robertson	Director
/s/ GORDON T. TRAFTON Gordon T. Trafton	Director

Exhibit 10.49

AMENDMENT NUMBER 3

TO

THE CANADIAN PACIFIC RAILWAY COMPANY SECONDARY PENSION PLAN

EFFECTIVE JUNE 1, 2013:

1. Section 5.06 is deleted in its entirety and replaced with the following:

"5.06 Company Contributions to the Fund

(a) The Company shall pay into the Fund from time to time such amounts as may be required in accordance with such tests and standards for solvency as are prescribed by the Act and the Regulations, provided such contributions are made pursuant to a recommendation of the Actuary in accordance with the Revenue Rules.

(b) While the Plan remains in force, the Company is entitled, subject to the requirements of the Act, the Regulations and the Revenue Rules,

(i) to utilize any surplus assets to reduce any amounts the Company is required to pay into the Fund, or

(ii) to withdraw any surplus assets from the Fund."

2. Subsection 6.01(e) is deleted in its entirety and replaced with the following:

"(e) Pensionable Service shall include:

(i) A period lay-off that does not exceed twelve (12) consecutive calendar months, where

(A) at the commencement of the lay-off the Member has at least twenty (20) years of cumulative Service, and

(B) the Member, throughout the lay-off, has not declined to accept another position offered by the Company;

(ii) Leave due to child care responsibilities, including maternity leave, granted by the Company pursuant to the Canada Labour Code;

(iii) A leave of absence in respect of which a Member receives any Earnings other than Deemed Earnings;

(iv) On and after January 1, 2004, compassionate care leave granted by the Company pursuant to the Canada Labour Code; and

(v) A period of Service rendered outside Canada while the Member is a resident of Canada."

Exhibit 10.50

AMENDMENT NUMBER 14

TO THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN

CONSOLIDATED AS AT JANUARY 1, 2009

Effective May 1, 2017,

1. Amend subparagraph 4.03(d) by adding the phrase "but subject to paragraph 4.09" immediately following the phrase "Notwithstanding subparagraphs (a), (b) and (c)".
2. Amend subparagraph 4.03(e) by adding the phrase "but subject to paragraph 4.09" immediately following the phrase "Notwithstanding subparagraphs (a), (b) and (c)".
3. Add new paragraph 4.09 after paragraph 4.08:

"**4.09 Option to Become a DC Member for CPPA Service**

(a) A Member who is an Employee in a position represented by CPPA on May 12, 2017 shall irrevocably elect on or before that date to either remain a DB Member or become a DC Member effective June 1, 2017. If the Member fails to make such an election within the allowable time period, the Member shall be deemed to have elected to remain a DB Member.

(b) An Employee who joins the Plan after May 12, 2017 as an Employee in a position represented by CPPA shall, within 30 days of joining the Plan, irrevocably elect to either become a DB Member or become a DC Member effective on the date the Member joins the Plan. If the Member fails to make such an election within the allowable time period, the Member shall be deemed to have elected to become a DB Member.

(c) After May 12, 2017, if a Member who is not an Employee in a position represented by CPPA becomes an Employee in a position represented by CPPA, and if the Member has not at any time made an election under subparagraph (a) or (b) or under this subparagraph (c), then the Member shall, within 30 days after becoming an Employee in a position represented by CPPA, make an irrevocable election to participate either as a DB Member or as a DC Member effective on the first day of the month following the date the Member makes such an election. If the Member fails to make such an election within the allowable time period, then

(i) if the Member is a DB Member immediately prior to becoming an Employee in a position represented by CPPA, the Member shall be deemed to have elected to remain a DB Member, and

(ii) if the Member is a DC Member immediately prior to becoming an Employee in a position represented by CPPA, the Member shall be deemed to have elected to remain a DC Member.

(d) An election made or deemed to have been made by a Member under subparagraph (a), (b) or (c) shall apply to all periods of CPPA Service accrued by the Member on and after the effective date of the election. Any DB Pension Benefits accrued by the Member in respect of Pensionable Service prior to the effective date of the election shall continue to be provided as DB Pension Benefits, and any DC Pension Benefits accrued by the Member in respect of Pensionable Service prior to the effective date of the election shall continue to be provided as DC Pension Benefits.

(e) If a Member who is an Employee in a position represented by CPPA becomes a Management Employee, and if the Member has elected or is deemed to have elected to participate as a DC Member under subparagraph (a), (b) or (c), then notwithstanding clause 4.03(d)(i), the Member shall remain a DC Member after becoming a Management Employee and shall continue to accrue DC Pension Benefits for all Management Service accrued by the Member on and after the date the Member becomes a Management Employee.

(f) If a Member who is an Employee in a position represented by CPPA becomes an Employee in a position represented by a Union other than CPPA, then the Member shall participate as a DB Member effective on the date the Member becomes an Employee in a position represented by that other Union.

4. Delete subparagraph 6.11(d) in its entirety and replace it with the following:

"(d) Pensionable Service described under subparagraphs (b) and (c), if applicable, above shall be recognized in determining eligibility for any defined benefit entitlements for a Member:

(i) electing to join the defined benefit portion of the Plan in accordance with paragraph 4.05,

(ii) required to join the defined benefit portion of the Plan in accordance with subparagraph 4.03(e),

(iii) who was in a position covered by a collective agreement with a Union and, who upon becoming a Management Employee, elects to participate in the Defined Contribution Provision, or

(iv) who elects to participate in the Defined Contribution Provision in accordance with paragraph 4.09."

Exhibit 10.51

AMENDMENT NUMBER 15

TO THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN – DEFINED BENEFIT OPTION

CONSOLIDATED AS AT JANUARY 1, 2009

AMENDMENTS EFFECTIVE JANUARY 1, 2019

1. Delete paragraph 2.40.1 and replace it with the following:

   "**2.40.1 Pension Limit**

   "Pension Limit" means the applicable "**Prior Pension Limit**" or the "**Future Pension Limit**" set out, respectively, in columns 2 and 3 in the table in paragraph 8.08(a).

   2.40.2 Pension Limit Date

   "Pension Limit Date" means the applicable date set out in column 1 of the table in subparagraph 8.08(a)."

2. Add the following as paragraph 2.56.1:

   "**2.56.1 Testing Date**

   "Testing Date" means the applicable date set out in subparagraph 8.09(a)."

3. Delete paragraph 2.58(g) and replace it with the following:

"(g) "**USW**" means the "TC Local 1976 United Steelworkers" formerly known as the "TC Local 1976 United Steelworkers of America", and prior to that, formerly known as the "Transportation Communications International Union"."

4. All references to "TC/USWA" and "USWA" are replaced, wherever they occur in the Plan text, with "USW".

5. Delete subparagraphs 5.01(a), 5.01(a.1) and 5.01(a.2) and replace those subparagraphs with the following:

   "(a) Every Member:

   (i) who is a Canadian Employee;

   (ii) whose Last Date of Hire is prior to the Pension Limit Date applicable to the Union Service or Management Service they are currently accruing; and

   (iii) who is accruing Pensionable Service,

   shall contribute to the Fund in accordance with the percentages set out in the table below:

Periods of Pensionable Service:	Earnings that Do Not Exceed the Year's Maximum Pensionable Earnings:	Earnings that Exceed the Year's Maximum Pensionable Earnings:
TCRC-MWED	5.45%	7.03%
CPPA	5.67%	7.25%
USW	5.67%	7.25%
IBEW	5.67%	7.25%
Unifor	5.48%	6.98%
TCRC-RTE	6.69%	6.98%
RCTC	5.48%	6.98%
Management	3.50%	5.50%

   (a.1) Every Member:

   (i) who is a Canadian Employee;

   (ii) whose Last Date of Hire is on or after the Pension Limit Date applicable to the Union Service or Management Service they are currently accruing, and

   (iii) who is accruing Pensionable Service,

   shall contribute to the Fund as follows:

   (iv) if the Member is accruing Union Service:

(A) for Earnings that do not exceed the Year's Maximum Pensionable Earnings, 4.3% of those Earnings; and

(B) for Earnings that exceed the Year's Maximum Pensionable Earnings, 6.3% of those Earnings,

(v) if the Member is accruing Management Service:

(A) for Earnings that do not exceed the Year's Maximum Pensionable Earnings, 3.5% of those Earnings; and

(B) for Earnings that exceed the Year's Maximum Pensionable Earnings, 5.5% of those Earnings.

(a.2) The contribution rates set out in subparagraphs 5.01(a) and 5.01(a.1) in respect of periods of Management Service shall apply:

(i) only to those periods of Management Service when the Management Employee does not participate in the Defined Contribution Provision;

(ii) when the Employee's salary and wages are paid in Canadian currency, and

(iii) to Base Earnings rather than Earnings.

A Member participating in the Defined Contribution Provision shall contribute in accordance with Appendix B."

6. Delete subparagraph 5.01(e) and replace it with the following:

"(e) For the purposes of subparagraphs 5.01(a), 5.01(a.1), 5.01(c) and 5.01(d):

(i) Earnings, in respect of a Member represented by a Union; and

(ii) Base Earnings, in respect of a Member who is a Management Employee,

are limited in the year in which the contribution is made to the product of fifty (50) and the:

(iii) Prior Pension Limit for a Member whose Last Date of Hire was prior to the Pension Limit Date; or

(iv) Future Pension Limit for a Member whose Last Date of Hire was on or after the Pension Limit Date."

7. Delete clause 5.01(f)(ii) and replace it with the following:

"(ii) In respect of contributions required to be made at any time on or after January 1, 2013, the excess, if any, of (A) over (B) where:

(A) is equal to the lesser of

(I) the Member's Earnings and

(II) an amount equal to the product of fifty (50) and

a. the Prior Pension Limit for a Member whose Last Date of Hire was prior to the Pension Limit Date; or

b. the Future Pension Limit for a Member whose Last Date of Hire was on or after the Pension Limit Date;

and

(B) is the Taxable Wage Base;

and".

8. Delete subparagraph 8.01(b) and replace it with the following:

"(b) is the sum of all amounts, each of which is determined with respect to a period of Union Service or Management Service in Canada after December 31, 1965 as the product of:

(i) the Member's Highest Plan Earnings up to the Average Year's Maximum Pensionable Earnings,

(ii) multiplied by the period of Union Service or Management Service after December 31, 1965,

(iii) multiplied by the applicable percentage determined from the following table:

Period of Pensionable Service	If Member's last date of hire was before:	then the following percentage is used:	If Member's last date of hire is on or after:	then the following percentage is used:
TCRC-MWED Service	June 1, 2013	1.80%	June 1, 2013	1.70%
CPPA	June 1, 2013	1.80%	June 1, 2013	1.70%
USW Service	January 1, 2019	1.90%	January 1, 2019	1.70%
IBEW Service	June 1, 2013	1.80%	June 1, 2013	1.70%
Unifor Service	May 1, 2015	1.80%	May 1, 2015	1.70%
TCRC-RTE Service	June 1, 2013	1.80%	June 1, 2013	1.70%
RCTC Service	June 1, 2013	1.80%	June 1, 2013	1.70%
Management Service	June 1, 2013	1.30%	June 1, 2013	1.30%

9. Subparagraph 8.01(d) is deleted and replaced with the following:

"(d) Intentionally Deleted."

10. Delete paragraphs 8.08 and 8.09 and replace those paragraphs with the following:

"8.08 Pension Limit

(a) Pension Limit Date, Prior Pension Limit, and Future Pension Limit are the dates and amounts, as applicable, set out in the table below:

	1	2	3
Period of Pensionable Service	**Pension Limit Date**	**Prior Pension Limit**	**Future Pension Limit**
TCRC-MWED Service	June 1, 2013	$1,975	$1,715
CPPA Service	June 1, 2013	$1,975	$1,715
USW Service	January 1, 2019	$1,975	$1,715
IBEW Service	June 1, 2013	$1,975	$1,715
Unifor Service	May 1, 2015	$2,050	$1,715
TCRC-RTE Service	June 1, 2013	$2,200	$1,715
RCTC Service	June 1, 2013	$2,200	$1,715
Management Service	June 1, 2013	$1,975	$1,715

(b) Notwithstanding subparagraphs 8.01(b) and 8.01(c), the Member's annual pension, calculated at the Member's Date of Cessation of Membership, shall:

(i) in respect of periods of Pensionable Service in Canada prior to the applicable Testing Date, not exceed the product of (A) and (B), where:

(A) is the Member's Pensionable Service prior to the applicable Testing Date; and

(B) is the Prior Pension Limit applicable to Union representing the Member on the Testing Date,

and

(ii) in respect of each period of Union Service or Management Service in Canada on or after the applicable Testing Date, not exceed the product of (A) and (B), where:

(A) is the Member's Pensionable Service on or after the applicable Testing Date; and

(B) is:

(i) if the Member's Last Date of Hire was prior to the Pension Limit Date, the applicable Prior Pension Limit(s); and

(ii) if the Member's Last Date of Hire was on or after the Pension Limit Date, the applicable Future Pension Limit(s).

8.09 Testing

(a) "Testing Date" means

(i) for a Member on June 1, 2013 who was not represented by Unifor on that date, June 1, 2013;

(ii) for a Member who was represented by Unifor on June 1, 2013 and who, prior to May 1, 2015, became a Management Employee or became represented by a Union other than Unifor, the date the Member ceased to be represented by Unifor; or

(iii) for a Member who was represented by Unifor on May 1, 2015 and who had not at any time on or after June 1, 2013 and prior to May 1, 2015 been a Management Employee or been represented by a Union other than Unifor, May 1, 2015.

(b) Notwithstanding subparagraph 8.08(b), if the Pension Accrued for a Member:

(i) in respect of the Member's Pensionable Service accrued prior to the applicable Testing Date;

(ii) calculated in accordance with the Plan terms in effect at the Testing Date;

(iii) calculated using the Testing Date as the Member's Date of Cessation of Membership; and

(iv) calculated using:

(A) the Member's Highest Plan Earnings on the Testing Date; and

(B) the Member's Average Year's Maximum Pensionable Earnings on the Testing Date,

but subject to application of paragraphs 8.06 and 8.07 to the amount so calculated,

(v) exceeds the product of the Member's:

(A) Pensionable Service prior to the Testing Date; and

(B) the Prior Pension Limit applicable to Management or to the Union representing the Member on the Testing Date,

then the portion of such Member's annual pension in respect of the Member's Pensionable Service accrued prior to the applicable Testing Date shall be determined in accordance with clauses (i), (ii), (iii) and (iv)."

Exhibit 10.52

AMENDMENT NUMBER 16
TO THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN
CONSOLIDATED AS AT JANUARY 1, 2009

AMENDMENTS EFFECTIVE JANUARY 1, 2021

1. Add the following as paragraph 2.27.1:

"**2.27.1 Indexing Percentage**

"Indexing Percentage" means:

(a) In respect of the USW Service of a Member:

(i) whose Last Date of Hire is prior to the Pension Limit Date for USW Service; and

(ii) whose Date of Cessation of Membership is on or after January 1, 2021,

60%, and

(b) In respect of all other periods of Pensionable Service, 50%.

2. Clause 8.01(b)(iii) is deleted and replaced with the following:

"(iii) multiplied by the applicable percentage determined from the following table:

Period of Pensionable Service	If Member's last date of hire was before:	then the following percentage is used:	If Member's last date of hire is on or after:	then the following percentage is used:
TCRC-MWED Service	June 1, 2013	1.80%	June 1, 2013	1.70%
CPPA	June 1, 2013	1.80%	June 1, 2013	1.70%
USW Service	January 1, 2021	1.90%	January 1, 2021	1.70%
IBEW Service	January 1, 2021	1.80%	January 1, 2021	1.70%
Unifor Service	May 1, 2015	1.80%	May 1, 2015	1.70%
TCRC-RTE Service	June 1, 2013	1.80%	June 1, 2013	1.70%
RCTC Service	June 1, 2013	1.80%	June 1, 2013	1.70%
Management Service	June 1, 2013	1.30%	June 1, 2013	1.30%

3. Delete subparagraph 8.08(a) and replace it with the following:

"(a) Pension Limit Date, Prior Pension Limit, and Future Pension Limit are the dates and amounts, as applicable, set out in the table below:

	1	2	3
Period of Pensionable Service	**Pension Limit Date**	**Prior Pension Limit**	**Future Pension Limit**
TCRC-MWED Service	June 1, 2013	$1,975	$1,715
CPPA Service	June 1, 2013	$1,975	$1,715
USW Service	January 1, 2021	$1,975	$1,715
IBEW Service	January 1, 2021	$2,075	$1,715
Unifor Service	May 1, 2015	$2,050	$1,715
TCRC-RTE Service	June 1, 2013	$2,200	$1,715
RCTC Service	June 1, 2013	$2,200	$1,715
Management Service	June 1, 2013	$1,975	$1,715

4. Delete paragraph 16.03 and replace it with the following:

"**16.03 Indexation Formula**

The amount by which any pension shall be increased shall be calculated by multiplying

(a) the least of

(i) the Indexing Percentage multiplied by (A) divided by (B) minus (C), with such amount not to be less than zero (0), where:

(A) is the average of the Consumer Price Indices for each month in the twelve (12) month period ending on the immediately preceding September 30th,

(B) is the average of the Consumer Price Indices for the twelve (12) month period immediately preceding the period in subclause (A), and

(C) is one (1).

(ii) three percent (3%), and

(iii) one hundred percent (100%) of (A) divided by (B) minus (C), with such amount not to be less than zero (0), where:

(A) is the average Consumer Price Indices, within the meaning of subparagraph 2.13(a), for each month in the twelve (12)-month period ending on the September 30th preceding the twelve (12)-month period determined in subclause (i)(A) above,

(B) is the average of the Consumer Price Indices, within the meaning of subparagraph 2.15(a), for the twelve (12)-month period immediately preceding the period in subclause (A), and

(C) is one (1).

by

(b) the lesser of

(i) the amount of pension, but excluding the temporary pension, if any, then payable to that person, and

(ii) (A) $1,500 per month in the case of Pensioners and their Spouses or Post-Retirement Spouses, as the case may be, and in the case of Spouses of Members who died in Service, plus

(B) in the case of Members with Pension Accrued as a Management Employee on or after January 1, 2001, 75% of the amount of pension payable to that person which is in excess of $1,500 per month and which is in respect of Management Service on and after January 1, 2001."

Exhibit 10.53

October 19, 2015

Jeffrey Ellis

I am pleased to formally offer you the position of Chief Legal Officer and Corporate Secretary of Canadian Pacific Railway Limited effective as soon as possible in recognition of the need to provide notice to your current employer and no later than January 5, 2016.

Total Direct Compensation
In this role your base salary will be $370,000. The expected value of your total compensation package (base salary, short term and long term incentive plans) will be $1,017,500 annually.

Short Term Incentive Plan (STIP)
You will be eligible to participate in the Short Term Incentive Plan (STIP). Your target award level will be 60% of your base salary (or $222,000). This annual bonus is comprised of two components, individual and corporate: 25% will be based on your individual performance as measured through the Company's Performance Management Program and the remaining 75% will be based on the Company's performance against its corporate targets. Both corporate and individual components have a maximum of 200% of target (i.e., for a total of 120% of base salary). Your participation in this plan will commence January 1, 2016; however, you will be paid a pro-rated amount at target if you commence employment in 2015.

Long Term Incentive Plan (LTIP)
You will be eligible to participate in CP's annual Long Term Incentive Plan. Subject to plan design, as it may change over time and ongoing Board discretion, your target award level will be 115% of your annual salary (or $425,500), and will be delivered in performance share units (PSU's) and time vested options. Subject to Board approval, annual grants typically occur in January of each year.

Special Payments
In recognition of payments that may be forfeited upon your resignation from your previous employer, you will be entitled to the following special payments/grants:

- $244,000 (plus gross-up as described herein) cash; payable the later of commencement of employment and December 15, 2015, all subject-to repayment if employment ceases prior to December 31, 2017 unless employment is terminated without cause by the Company, in such case, no repayment is required. ($60,000 of this amount will be grossed up for tax purposes)
- $100,000 expected value of option grant that vests over 4 years
- $100,000 expected value in performance share units. This grant is subject to the performance criteria set out for the Company's 2016 PSU grant whose performance period ends on December 31, 2018.
- Deferred share units (DSUs) valued at $60,000; $48,000 value in Discretionary DSUs and a $12,000 value in Matching DSUs under the Company's Deferred Share Unit Matching Program. The Discretionary DSUs will vest December 31, 2017 and the Matching DSUs will vest December 31, 2018.

The grant of options and DSUs will occur on the date you commence employment (or the next available date should the CEO be in a blackout position). The grant of PSUs will be made once approval of the performance measures by the Board is received.

Ownership Guidelines
By five (5) years from the effective date of this position, you will be required to achieve an ownership level equivalent to 2 times your annual salary. To help you meet your ownership requirements, the Company has a voluntary incentive deferral program. Annually, you may elect to defer all or a portion of your STIP payment into DSUs. The company will provide a 25% match, i.e., one DSU will be awarded for every four DSUs acquired with your STIP deferral. The matched units will only be provided if you are below your ownership level.

Attachments
Attachment 1: CP Offer Details
Appendix 1: Request for Relocation Form
Appendix 2: Executive Compensation Clawback Policy
Appendix 3: Non-Compete / Non-Solicit Agreement

Sincerely,

E. Hunter Harrison
Chief Executive Officer

Keith Creel
President and Chief Executive Officer

Canadian Pacific
7550 Ogden Dale SE
Calgary, Alberta
T2C 4X9

T 403 319 7600
E Keith_Creel@cpr.ca

Exhibit 10.54

March 1, 2019

John Brooks

I am pleased to appoint you to the position of Executive Vice-President & Chief Marketing Officer as approved by the Board of Directors effective February 14, 2019, reporting to me.

Total Direct Compensation
In this role your base salary will be $525,000 USD. The expected value of your total compensation package (base salary, short term and long term incentive plans) will be $2,100,000 USD annually.

Short Term Incentive Plan (STIP)
You will continue to be eligible to participate in the Short Term Incentive Plan (STIP). Your target award level will increase to 75% of your base salary (or $393,750), and will be prorated in 2019 to reflect your time at the new target. This annual bonus is comprised of two components, individual and corporate: 25% will be based on your individual performance as measured through the Company's Performance Management Program and the remaining 75% will be based on the Company's performance against its corporate targets. Both Corporate and individual components have a maximum of 200% of target.

Long Term Incentive Plan (LTIP)
You will continue to be eligible to participate in CP's annual Long Term Incentive Plan. Subject to plan design, as it may change over time and ongoing Board discretion, your target award level will increase to 225% of your annual salary (or $1,181,250), consisting of an allocation of 40% of value in regular stock options and 60% of value in performance share units (PSUs).

Ownership Guidelines
By February 14, 2024, you will be required to achieve an ownership level equivalent to 3 times your annual salary. To help you meet your ownership requirements, the Company has a voluntary incentive deferral program

Attachments
Attachment I: Total Direct Compensation
Appendix I: Executive Compensation Clawback Policy
Appendix II: Confidentiality Agreement

Sincerely,

Keith Creel
President and Chief Executive Officer

Keith Creel
President and Chief Executive Officer

Canadian Pacific
7550 Ogden Dale SE
Calgary, Alberta
T2C 4X9

T 403 319 7600
E Keith_Creel@cpr.ca

Exhibit 10.55

August 13, 2019

Mark Redd

I am pleased to appoint you to the position of Executive Vice President, Operations reporting to myself.

Commencement Date
September 1, 2019

Total Direct Compensation
In this role, your base salary will increase to $425,000. The expected value of your total compensation package which includes base salary, short term and long term incentive plans will increase to $1,700,000 annually.

Short Term Incentive Plan (STIP)
You will continue to be eligible to participate in the Short Term Incentive Plan (STIP). Your target award level will increase to 75% of your base salary (or $318,750) effective September 1, 2019. This annual bonus is comprised of two components, individual and corporate: 25% will be based on your individual performance as measured through the Company's Performance Management Program and the remaining 75% will be based on the Company's performance against its corporate targets. Both Corporate and individual components have a maximum of 200% of target. **For the 2019 plan year, your target award level will be prorated for your working days at each target throughout the year.**

Long Term Incentive Plan (LTIP)
You will continue to be eligible to participate in CP's annual Long Term Incentive Plan. Subject to plan design, as it may change over time and ongoing Board discretion, your target award level will increase to 225% of your annual salary (or $956,250), consisting of an allocation of 40% of value in regular stock options and 60% of value in performance share units (PSUs). Subject to Board approval, annual grants typically occur in January/February of each year. In addition to the 2019 grant you have already received, reflective of the SVP level or 125% target, you will receive an additional Long Term Incentive grant pro-rated against the number of days you are working in the EVP role in 2019 at your new target level (225%). This grant will occur on September 3, 2019 or the next available date should the CEO be in a blackout position.

Ownership Guidelines
By five (5) years from the effective date of this position, you will be required to achieve an ownership level equivalent to 3 times your annual salary.

Tax Equalization
Effective September 1, 2019, you will no longer be eligible for tax equalization. The standard Canadian payroll deductions will apply.

Attachments
Attachment I: Employment Offer and Conditions
Appendix I: Executive Compensation Clawback Policy
Appendix II: Confidentiality Agreement
Appendix III: Non-Competition, Non-Solicitation, and Non-Disclosure Agreement

Sincerely,

Keith Creel
President and Chief Executive Officer

Exhibit 21.1

Significant Subsidiaries

The following list sets out CPRL's significant subsidiaries, including the jurisdiction of incorporation.

Significant subsidiary	Incorporated under the laws of
Canadian Pacific Railway Company	Canada
6061338 Canada Inc.	Canada
Mount Stephen Properties Inc.	Canada
3939804 Canada Inc.	Canada
Dakota, Minnesota & Eastern Railroad Corporation	Delaware
CP (US) Holding Corporation	Delaware
Soo Line Holding Company	Delaware
Soo Line Corporation	Minnesota
Soo Line Railroad Company	Minnesota
CPRL S.à.r.l.	Luxembourg
CPFS AG	Switzerland

Exhibit 22.1

List of Issuers and Guarantor Subsidiaries

As of the date of the filing of the Form 10-K of which this exhibit is a part, Canadian Pacific Railway Limited, a corporation incorporated under the laws of Canada (the “Registrant”) has guaranteed each of the following securities issued by Canadian Pacific Railway Company, a corporation incorporated under the laws of Canada and a direct, wholly owned subsidiary of the Registrant (the “Issuer”) subject to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended:

- The Issuer’s 9.450% debentures due August 2021;
- The Issuer’s 4.500% notes due January 2022;
- The Issuer’s 4.450% notes due March 2023;
- The Issuer’s 2.900% notes due February 2025;
- The Issuer’s 3.700% notes due February 2026;
- The Issuer’s 4.000% notes due June 2028;
- The Issuer’s 2.050% notes due March 2030;
- The Issuer’s 7.125% notes due October 2031;
- The Issuer’s 5.750% notes due March 2033;
- The Issuer’s 4.800% notes due September 2035;
- The Issuer’s 5.950% notes due May 2037;
- The Issuer’s 5.750% notes due January 2042;
- The Issuer’s 4.800% notes due August 2045;
- The Issuer’s 6.125% notes due September 2115;
- The Issuer’s Perpetual 4% Consolidated Debenture Stock denominated in U.S. dollars; and
- The Issuer’s Perpetual 4% Consolidated Debenture Stock denominated in British Pounds Sterling.

The above list does not include the following guaranteed securities issued under Canadian securities laws, as the following guaranteed securities are not subject to Section 13(a) or 15(d) of the Exchange Act:

- The Issuer’s 5.100% notes due January 2022;
- The Issuer’s 3.150% notes due March 2029;
- The Issuer’s 6.450% notes due November 2039; and
- The Issuer’s 3.050% notes due March 2050.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-13962, 333-127943, 333-140955, 333-183891, 333-183892, 333-183893, 333-188826, 333-188827 and 333-208647 on Form S-8 and Registration Statement No. 333-229800 on Form F-10 of our reports dated February 18, 2021, relating to the financial statements of Canadian Pacific Railway Limited (the "Company") and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended December 31, 2020.

/s/ Deloitte LLP

Chartered Professional Accountants
Calgary, Canada
February 18, 2021

Exhibit 31.1

Certification by the Chief Executive Officer of the Registrants filed pursuant to Rule 13a-14(a) of the Exchange Act.
Canadian Pacific Railway Limited

I, Keith Creel, certify that:

1. I have reviewed this Annual Report on Form 10-K of Canadian Pacific Railway Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **February 18, 2021**

/s/ KEITH CREEL
Keith Creel
President and Chief Executive Officer

Exhibit 31.2

Certification by the Chief Financial Officer of the Registrants filed pursuant to Rule 13a-14(a) of the Exchange Act.
Canadian Pacific Railway Limited

I, Nadeem Velani, certify that:

1. I have reviewed this Annual Report on Form 10-K of Canadian Pacific Railway Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **February 18, 2021**

/s/ NADEEM VELANI
Nadeem Velani
Executive Vice-President and Chief Financial Officer

Exhibit 32.1

Certifications Furnished Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

Canadian Pacific Railway Limited

In connection with the Annual Report of Canadian Pacific Railway Limited (the "Company") on Form 10-K for the period ended December 31, 2020 (the "Report") to which this certificate is an exhibit, I, Keith Creel, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **February 18**, **2021**

/s/ KEITH CREEL
Keith Creel
President and Chief Executive Officer

Exhibit 32.2

Certifications Furnished Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

Canadian Pacific Railway Limited

In connection with the Annual Report of Canadian Pacific Railway Limited (the "Company") on Form 10-K for the period ended December 31, 2020 (the "Report") to which this certificate is an exhibit, I, Nadeem Velani, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **February 18, 2021**

/s/ NADEEM VELANI
Nadeem Velani
Executive Vice-President and Chief Financial Officer

EXHIBIT 6.2

CANADIAN PACIFIC RAILWAY LIMITED FORM 10-K/A (APR. 30, 2021)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
AMENDMENT NO. 1

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-01342

Canadian Pacific Railway Limited
(Exact name of registrant as specified in its charter)

Canada **(State or Other Jurisdiction of Incorporation or Organization)**	**98-0355078** **(IRS Employer Identification No.)**
7550 Ogden Dale Road S.E., Calgary, Alberta, Canada **(Address of Principal Executive Offices)**	**T2C 4X9** **(Zip Code)**

Registrant's Telephone Number, Including Area Code: (403) 319-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on which Registered
Common Shares, without par value, of Canadian Pacific Railway Limited	**CP**	**New York Stock Exchange** **Toronto Stock Exchange**
Perpetual 4% Consolidated Debenture Stock of Canadian Pacific Railway Company	**CP/40** **BC87**	**New York Stock Exchange** **London Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

Debt securities of Canadian Pacific Railway Company

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing

requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2020, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the voting stock held by non-affiliates of the registrant, in U.S. dollars, was $34,600,245,541, based on the closing sales price per share as reported by the New York Stock Exchange on such date.

As of the close of business on April 28, 2021, there were 133,321,717 shares of the registrant's common shares outstanding.

EXPLANATORY NOTE

Canadian Pacific Railway Limited, a corporation incorporated under the Canada Business Corporations Act (the "Company"), qualifies as a foreign private issuer in the U.S. for purposes of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Although as a foreign private issuer the Company is not required to do so, the Company currently continues to file annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K with the Securities and Exchange Commission ("SEC") instead of filing the reports available to foreign private issuers. The Company prepares and files a management proxy circular and related material under Canadian requirements. As the Company's management proxy circular is not filed pursuant to Regulation 14A, the Company may not incorporate by reference information required by Part III of its Form 10-K from its management proxy circular.

The Company filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2020 ("2020 Form 10-K") on February 18, 2021. In reliance upon and as permitted by Instruction G(3) to Form 10-K, the Company is filing this Amendment No. 1 on Form 10-K/A in order to include in the 2020 Form 10-K the Part III information not previously included in the 2020 Form 10-K.

No attempt has been made in this Amendment No. 1 on Form 10-K/A to modify or update the other disclosures presented in the 2020 Form 10-K. This Amendment No. 1 on Form 10-K/A does not reflect events occurring after the filing of the 2020 Form 10-K. Accordingly, this Amendment No. 1 on Form 10-K/A should be read in conjunction with the 2020 Form 10-K and the Company's other filings with the SEC.

In this Amendment No. 1 on Form 10-K/A, we also refer to Canadian Pacific Railway Limited as "Canadian Pacific," "CP," "we," "us," "our," "our corporation," or "the corporation." References to "GAAP" mean generally accepted accounting principles in the United States.

All references to our websites and to our Canadian management proxy circular filed with the SEC on March 16, 2021 as Exhibit 99.1 to our Current Report on Form 8-K (the "Circular") contained herein do not constitute incorporation by reference of information contained on such websites and the Circular and such information should not be considered part of this document.

CANADIAN PACIFIC RAILWAY LIMITED
FORM 10-K/A
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PART III

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

Director profiles

All 11 nominated directors are qualified and experienced, and have agreed to serve on our Board. Directors are elected for a term of one year until the close of our next annual meeting of shareholders, unless a director resigns or is otherwise removed earlier.

Share Ownership

All directors are CP shareholders and must meet our director share ownership requirements within five years of joining the Board.

Share ownership listed here is as at February 26, 2021 and includes shares directors beneficially own or control, or hold directly or indirectly. Share ownership includes holdings under the Directors' Deferred Share Unit (DDSU) plan.

See page 52 for full details on share ownership by our directors.

100% Attendance during 2020

The 2021 nominee directors attended all of their Board and Committee meetings in 2020.

Professional Associations

All of the 2021 nominee directors are members of the Institute of Corporate Directors (ICD).

Isabelle Courville

Chair



Independent
Age: 58
Director since: May 1, 2013
Residence: Rosemère, Québec, Canada
2020 voting results: 99.63% *for*

DIRECTOR SKILLS AND QUALIFICATIONS

Brings expertise in the following areas: senior executive leadership, accounting & financial literacy, accounting & financial expertise, environment, health & safety, executive compensation/human resources, transportation industry knowledge, governance, government/ regulatory affairs and legal, risk management, sales & marketing and strategic oversight.

OVERALL 2020 ATTENDANCE 100%

Meeting Attendance

Board	9 of 9	100%
Audit and Finance	5 of 5	100%
Governance	5 of 5	100%
Compensation	6 of 6	100%
Risk and Sustainability	4 of 4	100%

BUSINESS EXPERIENCE

- President of Hydro-Québec Distribution and Hydro-Québec TransÉnergie (2007 to 2013)
- 20 years of experience in the Canadian telecommunications industry, including President of Bell Canada's Enterprise Group (2003 to 2006) and President and Chief Executive Officer of Bell Nordiq Group (2002 to 2003)

CURRENT PUBLIC COMPANY BOARD EXPERIENCE

- SNC-Lavalin Group Inc. (2017 to present) (Chair of Human Resources Committee and member of Governance and Ethics Committee)
- Veolia Environnement S.A. (2015 to present) (member of Accounts and Audit Committee, Nominating Committee and Chair Research, Innovation and Sustainable Development Committee)

PAST PUBLIC COMPANY BOARD EXPERIENCE

- Laurentian Bank of Canada (2007 to 2019) (Chair of the Board and member of Human Resources and Corporate Governance Committee)
- Gecina S.A. (2016 to April 2017) (member of Audit Committee)
- TVA Group (2013 to 2016) (member of Human Resources Committee)

OTHER EXPERIENCE

Other Boards - Current

- Institute for Governance of Private and Public Organizations (2016 to present) (member of Human Resources Committee)

Other Boards - Past

- Institute of Corporate Directors (ICD) (2013 to 2017)

EDUCATION

- Bachelor's degree in Engineering Physics, École Polytechnique de Montréal
- Bachelor's degree in Civil Law, McGill University
- Doctorate Honoris Causa, Université de Montréal
- Fellow of the Institute of Corporate Directors

SHARE OWNERSHIP

Shares: 900
DDSUs: 10,158

Meets share ownership requirements

The Hon. John Baird, P.C.



Independent
Age: 51
Director since: May 14, 2015
Residence: Toronto, Ontario, Canada
2020 voting results: 99.51% *for*

DIRECTOR SKILLS AND QUALIFICATIONS

Brings expertise in the following areas: senior executive leadership, accounting & financial literacy, environment, health & safety, transportation industry knowledge, governance, government/regulatory affairs and legal, risk management and strategic oversight.

OVERALL 2020 ATTENDANCE 100%

Meeting Attendance

Board	9 of 9	100%
Governance	5 of 5	100%
Risk and Sustainability	4 of 4	100%

BUSINESS EXPERIENCE

- Senior Advisor at the law firm of Bennett Jones LLP and Eurasia Group (a geopolitical risk consultancy) (2015 to present)
- Member of the International Advisory Board, Barrick Gold Corporation (2015 to present)
- President of Grantham Finchley Consulting Inc. (2015 to present)

CURRENT PUBLIC COMPANY BOARD EXPERIENCE

- Canfor/Canfor Pulp (CPPI) (2016 to present) (member of Environmental, Health and Safety Committee; Capital Expenditure Committee and Corporate Governance Committee)
- Osisko Gold Royalties Ltd. (2020 to present) (member of Governance and Nomination Committee and Sustainability Committee)

OTHER EXPERIENCE

Other Boards - Current

- FWD Group Ltd./FWD Ltd. (2015 to present) (member of Audit Committee and Risk Management and Actuarial Committee)
- PineBridge Investments (2015 to present)

Other experience

- Served as Canadian Foreign Minister, Minister of Transport and Infrastructure, Minister of the Environment, and President of the Treasury Board during his three terms as a Member of the Canadian Parliament (2006 to 2015)
- Appointed to the Privy Council in 2006
- Former Minister of Community and Social Services and Minister of Energy in Ontario provincial legislature
- Senior Advisor to Community Living Ontario, an organization that supports individuals with developmental disabilities
- Advisory Board member to Prince's Charities Canada, the charitable office of His Royal Highness, The Prince of Wales

EDUCATION

- Honours Bachelor of Arts (Political Studies), Queen's University

SHARE OWNERSHIP

Shares: 0
DDSUs: 6,112

Meets share ownership requirements

Keith E. Creel



Not Independent
Age: 52
Director since:
May 14, 2015
Residence: Wellington, Florida, U.S.A.
2020 voting results:
99.92% *for*

DIRECTOR SKILLS AND QUALIFICATIONS

President and Chief Executive Officer of CP since January 31, 2017. Brings expertise in the following areas: senior executive leadership, accounting & financial literacy, environment, health & safety, executive compensation/human resources, transportation industry knowledge, governance, government/regulatory affairs and legal, risk management, sales & marketing and strategic oversight.

OVERALL 2020 ATTENDANCE 100%

Meeting Attendance

Board	9 of 9	100%

BUSINESS EXPERIENCE

- President and Chief Executive Officer of CP (2017 to present)
- President and Chief Operating Officer of CP (February 2013 to January 2017)
- Named “Railroader of the Year” for 2021 by Railway Age Magazine
- Named “Railroad Innovator” for 2014 by Progressive Railroading in recognition of his leadership at CP
- Executive Vice-President and Chief Operating Officer of Canadian National Railway Company (CN) (2010 to 2013)
- Other positions at CN included Executive Vice-President, Operations, Senior Vice-President Eastern Region, Senior Vice-President Western Region, and Vice-President of CN’s Prairie division (2002 to 2010)
- Trainmaster and director of corridor operations at Illinois Central Railway prior to its merger with CN in 1999
- Superintendent and general manager at Grand Trunk Western Railroad (1999 to 2002)
- Began his railroad career in 1992 as an intermodal ramp manager at Burlington Northern Railway in Birmingham, Alabama

OTHER EXPERIENCE

Other Boards - Current
- Member of the Board of TTX Company (a private company) (2014 to present)
- Representative on American Association of Railroads

Other experience
- Commissioned officer in the U.S. Army and served in the Persian Gulf War in Saudi Arabia

EDUCATION

- Bachelor of Science in Marketing, Jacksonville State University
- Advanced Management Program, Harvard Business School

SHARE OWNERSHIP

Shares: 18,436
DSUs: 32,223
Options: 549,759

Meets executive share ownership requirements

Gillian (Jill) H. Denham



Independent
Age: 60
Director since:
September 6, 2016
Residence: Toronto, Ontario, Canada
2020 voting results:
99.77% *for*

DIRECTOR SKILLS AND QUALIFICATIONS

Brings expertise in the following areas: senior executive leadership, accounting & financial literacy, executive compensation/human resources, investment management, governance, government/regulatory affairs and legal, risk management, sales & marketing and strategic oversight.

OVERALL 2020 ATTENDANCE 100%

Meeting Attendance

Board	9 of 9	100%
Audit and Finance	5 of 5	100%
Risk and Sustainability	4 of 4	100%

BUSINESS EXPERIENCE

- President, Authentum Partners Ltd., a company that invests in and advises technology related businesses (2018 to present)
- Vice-Chair, Retail Markets for Canadian Imperial Bank of Commerce (CIBC) (2001 to 2005)
- Previously held senior positions at CIBC Wood Gundy and CIBC, including: Managing Director, Head of Commercial Banking and E-Commerce
- President of Merchant Banking/Private Equity and Managing Director, Head responsible for CIBC’s European Operations

CURRENT PUBLIC COMPANY BOARD EXPERIENCE

- Morneau Shepell Inc. (2008 to present) (Chair of the Board)
- Kinaxis Inc. (2016 to present) (Chair of Compensation Committee and member of the Audit Committee and Nominating and Governance Committee)
- Canaccord Genuity, Lead Director (2020 to present)

PAST PUBLIC COMPANY BOARD EXPERIENCE

- National Bank of Canada (2010 to 2020)
- IHS Markit Ltd. (2014 to 2016)
- Penn West Petroleum Ltd. (2012 to 2016)
- Calloway Real Estate Investment Trust (2011 to 2012)

OTHER EXPERIENCE

Other Boards - Current
- Munich Reinsurance Company of Canada (Chair) (2012 to present)
- Temple Insurance Company (Chair) (2012 to present)
- Exiger Holdings, Inc. (2018 to present)

Other Boards - Past
- Centre for Addiction and Mental Health (CAMH) (2015 to 2019)

EDUCATION

- Honours Business Administration (HBA) degree, Ivey Business School, Western University
- MBA, Harvard Business School

SHARE OWNERSHIP

Shares: 0
DDSUs: 4,306

Meets share ownership requirements

Edward R. Hamberger



Independent
Age: 70
Director since:
July 15, 2019
Residence: Delray Beach, Florida, U.S.A .
2020 voting results:
99.90% *for*

DIRECTOR SKILLS AND QUALIFICATIONS

Brings expertise in the following areas: senior executive leadership, accounting & financial literacy, environment, health & safety, transportation industry knowledge, governance, government/regulatory affairs and legal, risk management, sales & marketing and strategic oversight.

OVERALL 2020 ATTENDANCE 100%

Meeting Attendance

Board	9 of 9	100%
Audit and Finance	5 of 5	100%
Risk and Sustainability	4 of 4	100%

BUSINESS EXPERIENCE

- President and Chief Executive Officer, Association of American Railroads (1998 to 2019)
- Served as Assistant Secretary for governmental affairs at the U.S. Department of Transportation (1987 to 1989)

OTHER EXPERIENCE

Other Boards - Current
- Transportation Institute, University of Denver (2002 to present)

Other Boards - Past
- Business Advisory Committee, Kellogg School of Management, Northwestern University (2000 to 2019)
- TTCI (Chair of the Board) (1998 to 2019)
- Railinc Corporation (1998 to 2019)
- Mineta Transportation Institute, San Jose State University (2005 to 2019)
- Baker Donelson, Management Committee (1989 to 1998)

EDUCATION

- Juris Doctor, Georgetown University
- Master of Science, Foreign Service, Georgetown University
- Bachelor of Science, Foreign Service, Georgetown University

SHARE OWNERSHIP

Shares: 0
DDSUs: 1,149

Has until July 2024 to meet share ownership requirements

Rebecca MacDonald



Independent
Age: 67
Director since:
May 17, 2012
Residence: North York, Ontario, Canada
2020 voting results:
97.98% *for*

DIRECTOR SKILLS AND QUALIFICATIONS

Brings expertise in the following areas: senior executive leadership, accounting & financial literacy, executive compensation/human resources, investment management, governance, risk management, sales & marketing and strategic oversight.

OVERALL 2020 ATTENDANCE 100%

Meeting Attendance

Board	9 of 9	100%
Compensation	6 of 6	100%
Governance (Chair)	5 of 5	100%

BUSINESS EXPERIENCE

- Founder and former Executive Chair of Just Energy Group Inc., a Toronto-based independent marketer of deregulated gas and electricity (2001 to August 1, 2020)
- President and Chief Executive Officer of Just Energy (2001 to 2007)
- Founded Energy Savings Income Fund in 1997, another company which aggregated customers in the deregulation of the U.K. natural gas industry
- Founded Energy Marketing Inc. in 1989

PAST PUBLIC COMPANY BOARD EXPERIENCE

- Just Energy Group Inc. (2001 to August 1, 2020) (Executive Chair 2007 to August 1, 2020)

OTHER EXPERIENCE

Other Boards - Current
- Horatio Alger Association in Canada and the United States

Other experience
- Founded the Rebecca MacDonald Centre for Arthritis and Autoimmune Disease at Mount Sinai Hospital in Toronto
- Previously Vice-Chair of the Board of Directors of Mount Sinai Hospital
- Previously a member of the Board of Governors of the Royal Ontario Museum

EDUCATION

- Honorary LLD degree, University of Victoria

SHARE OWNERSHIP

Shares: 0
DDSUs: 12,725

Meets share ownership requirements

Edward L. Monser



Independent
Age: 70
Director since:
December 17, 2018
Residence: St. Louis, Missouri, U.S.A.
2020 voting results:
99.88% *for*

DIRECTOR SKILLS AND QUALIFICATIONS

Brings expertise in the following areas: senior executive leadership, accounting & financial literacy, accounting & financial expertise, environment, health & safety, executive compensation/human resources, transportation industry knowledge, governance, risk management, sales & marketing and strategic oversight.

OVERALL 2020 ATTENDANCE 100%

Meeting Attendance

Board	9 of 9	100%
Audit and Finance	5 of 5	100%
Compensation	6 of 6	100%

BUSINESS EXPERIENCE

- President (2010-2018) and Chief Operating Officer (2001-2015) of Emerson Electric Co.
- President (1996-2001) and Executive Vice President (1991-1996) of Rosemount Inc.
- Former Member of the Advisory Economic Development Board for China's Guangdong Province
- Former Member and Vice-Chairman of the U.S.-India Strategic Partnership Forum

CURRENT PUBLIC COMPANY BOARD EXPERIENCE

- Air Products & Chemicals Corporation, Lead Director (2013 to present) (Member of Management Development and Compensation Committee and Corporate Governance, Nominating and Social Responsibility Committee)
- Vertiv Holdings Co. (2016 to present) (Member of Audit Committee and Nominating and Corporate Governance Committee)

OTHER EXPERIENCE

Other Boards - Current
- Seyer Industries (2019 to present)

Other Boards - Past
- Ranken Technical College

Other experience
- Past board member and past vice-chairman of the U.S.-China Business Council

EDUCATION

- Bachelor's degree, Engineering, Illinois Institute of Technology
- Bachelor's degree, Education, Eastern Michigan University
- Executive MBA, Stanford University Graduate School of Business

SHARE OWNERSHIP

Shares: 0
DDSUs: 1,696

Has until December 2023 to meet the share ownership requirements

Matthew H. Paull



Independent
Age: 69
Director since:
January 26, 2016
Residence: Wilmette, Illinois, U.S.A.
2020 voting results:
99.63% *for*

DIRECTOR SKILLS AND QUALIFICATIONS

Brings expertise in the following areas: senior executive leadership, accounting & financial literacy, accounting and financial expertise, executive compensation/human resources, investment management, governance, government/regulatory affairs and legal, risk management and strategic oversight.

OVERALL 2020 ATTENDANCE 100%

Meeting Attendance

Board	9 of 9	100%
Compensation (Chair)	6 of 6	100%
Risk and Sustainability	4 of 4	100%

BUSINESS EXPERIENCE

- Senior Executive Vice-President and Chief Financial Officer of McDonald's Corporation (2001 until his retirement in 2008)
- Before joining McDonald's in 1993, was a partner at Ernst & Young where he managed a variety of financial practices during his 18-year career and consulted with many leading multinational corporations

CURRENT PUBLIC COMPANY BOARD EXPERIENCE

- Air Products & Chemicals Corporation (2013 to present) (Chair of Audit and Finance Committee and member of Corporate Governance, Nominating and Social Responsibility Committee and Executive Committee)

PAST PUBLIC COMPANY BOARD EXPERIENCE

- Chipotle Mexican Grill Inc. (2016 to 2020) (member of Compensation Committee)
- Best Buy Co. (2003 to 2013) (Lead independent director and chair of Finance Committee)
- WMS Industries Inc. (2012 to 2013)
- KapStone Paper and Packaging Corporation (2010 to 2018)

OTHER EXPERIENCE

Other Boards - Current
- Pershing Square Capital Management, L.P. (2008 to present) (member of Advisory Board)

EDUCATION

- Master's degree in Accounting, University of Illinois
- Bachelor's degree, University of Illinois

SHARE OWNERSHIP

Shares: 3,000
DDSUs: 6,645

Meets share ownership requirements

Jane L. Peverett



Independent
Age: 62
Director since:
December 13, 2016
Residence: West Vancouver, British Columbia, Canada
2020 voting results:
98.90% *for*

DIRECTOR SKILLS AND QUALIFICATIONS

Brings expertise in the following areas: senior executive leadership, accounting & financial literacy, accounting & financial expertise, environment, health & safety, executive compensation/human resources, governance, government/regulatory affairs and legal, risk management and strategic oversight.

OVERALL 2020 ATTENDANCE 100%

Meeting Attendance

Board	9 of 9	100%
Audit and Finance (Chair)	5 of 5	100%
Governance	5 of 5	100%

BUSINESS EXPERIENCE

- President & Chief Executive Officer of BC Transmission Corporation (electrical transmission) (2005 to 2009)
- Vice-President, Corporate Services and Chief Financial Officer of BC Transmission Corporation (2003 to 2005)
- President of Union Gas Limited (a natural gas storage, transmission and distribution company) (2002 to 2003)
- Other positions at Union Gas Limited: President & Chief Executive Officer (2001 to 2002); Senior Vice-President Sales & Marketing (2000 to 2001) and Chief Financial Officer (1999 to 2000)

CURRENT PUBLIC COMPANY BOARD EXPERIENCE

- CIBC (2009 to present) (Member of Audit Committee and Corporate Governance Committee)
- Northwest Natural Gas Company (2007 to present) (Chair of Finance Committee and member of Organization and Executive Compensation Committee and Public Affairs and Environmental Policy Committee)
- Capital Power Corporation (2019 to present) (Member of Corporate Governance, Compensation and Nominating Committee and Health, Safety and Environment Committee)

PAST PUBLIC COMPANY BOARD EXPERIENCE

- Encana Corp. (2003 to 2017)
- Postmedia Network Canada Corp. (2013 to 2016)
- HydroOne Limited (2015 to 2018)

OTHER EXPERIENCE

Other Boards - Current
- CSA Group (2019 to present) (Chair of the Board)
- British Columbia Institute of Corporate Directors Advisory Board

EDUCATION

- Bachelor of Commerce degree, McMaster University
- Master of Business Administration degree, Queen's University
- Certified Management Accountant
- A Fellow of the Society of Management Accountants
- Holds the ICD.D designation from the Institute of Corporate Directors

SHARE OWNERSHIP

Shares: 0
DDSUs: 4,473

Meets share ownership requirements

Andrea Robertson



Independent
Age: 57
Director since:
July 15, 2019
Residence: Calgary, Alberta, Canada
2020 voting results:
99.89% *for*

DIRECTOR SKILLS AND QUALIFICATIONS

Brings expertise in the following areas: senior executive leadership, accounting & financial literacy, environment, health & safety, executive compensation/human resources, transportation industry knowledge, governance, government/regulatory affairs and legal, risk management and strategic oversight.

OVERALL 2020 ATTENDANCE 100%

Meeting Attendance

Board	9 of 9	100%
Governance	5 of 5	100%
Compensation	6 of 6	100%

BUSINESS EXPERIENCE

- President & Chief Executive Officer, Shock Trauma Air Rescue Service (STARS) (2012 to present)
- President & Chief Operating Officer, STARS (2011 to 2012)

OTHER EXPERIENCE

Other Boards - Current
- The Calgary Airport Authority (2017 to present)

Other Boards - Past
- Bow Valley College (2015 to 2018)
- United Way (2007 to 2013)

EDUCATION

- Executive Leadership, Harvard University
- ICD.D Rotman School of Business
- Masters in Health-Care Administration, Central Michigan University
- Baccalaureate of Nursing, University of Calgary
- Executive Fellowship, Wharton University

SHARE OWNERSHIP

Shares: 0
DDSUs: 1,145

Has until July 2024 to meet share ownership requirements

Gordon T. Trafton



Independent
Age: 67
Director since:
January 1, 2017
Residence: Naperville, Illinois, U.S.A.
2020 voting results:
96.90% *for*

DIRECTOR SKILLS AND QUALIFICATIONS

Brings expertise in the following areas: senior executive leadership, accounting & financial literacy, environment, health & safety, executive compensation/human resources, transportation industry knowledge, governance, government/regulatory affairs and legal, risk management, sales & marketing and strategic oversight.

OVERALL 2020 ATTENDANCE 100%

Meeting Attendance

Board	9 of 9	100%
Governance	5 of 5	100%
Risk and Sustainability (Chair)	4 of 4	100%

BUSINESS EXPERIENCE

- Consultant, Brigadier Consulting (2014 to 2015)
- Consultant, CP (2013)
- Special Advisor to the Canadian National Railway (CN) leadership team (2009 to his retirement in 2010)
- Senior Vice-President Strategic Acquisitions and Integration, CN (2009 to 2010)
- Senior Vice-President, Southern Region, CN (2003 to 2009)
- Held a number of leadership positions with Illinois Central Railroad and Burlington Northern Railroad

OTHER EXPERIENCE

Other Boards - Current
- Leeds School of Business Advisory Board, University of Colorado Boulder (2012 to present)
- Sacred Cow Consulting, Inc., Advisory Board (2020 to present)

EDUCATION

- Bachelor of Science, Transportation Management from the Leeds School of Business, University of Colorado Boulder

SHARE OWNERSHIP

Shares: 0
DDSUs: 4,431

Meets share ownership requirements

Notes:
Other than as disclosed below, none of the nominated directors is, or has been in the last 10 years:

(a) a director, chief executive officer or chief financial officer of a company that:
- was subject to a cease trade or similar order or an order that denied the issuer access to any exemptions under securities legislation for over 30 consecutive days, that was issued while the proposed director was acting in that capacity, or
- was subject to a cease trade or similar order or an order that denied the issuer access to an exemption under securities legislation for over 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in that capacity

(b) a director or executive officer of a company that, while that proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets,

(c) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets, or

(d) subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities commission.

Ms. Denham served as a director of Penn West Petroleum Ltd. (now Obsidian Energy Ltd.) from June 2012 to June 2016, which was subject to cease trade orders on its securities following the July 2014 announcement of the review of its accounting practices and restatement of certain of its financial statements. Those cease trade orders ended on September 23, 2014.

Ms. Peverett was a director of Postmedia Network Canada Corp. (Postmedia) from April 2013 to January 2016. On October 5, 2016, Postmedia completed a recapitalization transaction under a court-approved plan of arrangement under the Canada Business Corporations Act, R.S.C., 1985, c. C-44. Approximately US$268.6 million of debt was exchanged for shares that represented approximately 98% of the outstanding shares of Postmedia at that time. Postmedia repaid, extended and amended the terms of its outstanding debt obligations.

Executive Officers

The information regarding executive officers is included in Part I of our 2020 Form 10-K under Information about our Executive Officers, following Item 4. Mine Safety Disclosures.

Code of Business Ethics

Code of business ethics and business ethics reporting policy

Our code of business ethics (the Code) sets out our expectations for conduct. It covers confidentiality, protecting our assets, avoiding conflicts of interest, fair dealing with third parties, compliance with applicable laws, rules and regulations, as well as reporting any illegal or unethical behaviour, among other things. The Code applies to everyone at CP and our subsidiaries: directors, officers, employees (unionized and non-unionized) and contractors who do work for us.

Directors, officers and non-union employees must sign an acknowledgment every year that they have read, understood and agree to comply with the Code. Unionized employees are provided with a copy of the Code every three years. Unionized employees were mailed a copy of the Code in 2019. Directors must also confirm annually that they have complied with the Code. The Code is part of the terms and conditions of employment for non-union employees, and contractors must agree to follow principles of standards of business conduct consistent with those set out in our Code as part of the terms of engagement.

We also have a supplemental code of ethics for the CEO and other senior financial officers (including the CFO, the Vice-President of Financial Planning and Accounting and the Assistant Vice-President and Controller) which sets out our longstanding principles of conduct for these senior roles. We also have a business ethics reporting policy that outlines the processes CP has established for CP personnel and others to report concerns regarding conduct within CP, including questionable management and/or corporate practices, the potential violation of any applicable law, or a potential violation of the Code.

Monitoring compliance and updating the Code

The Governance Committee is responsible for monitoring compliance with the Code, reviewing it periodically and recommending changes as appropriate, and promptly disclosing any aspects of the Code that have been waived. The Audit and Finance Committee ensures compliance with the Code. In 2019, 100 percent of non-union employees completed their annual certification of compliance with the Code. For 2020, we modernized our code of ethics training process to enhance employee understanding and have once again reached 100 percent completion.

The latest version of the Code and the business ethics reporting policy is posted on our website (investor.cpr.ca/governance). Only the Board or Governance Committee (Audit and Finance Committee in the case of the CEO and senior financial officers) can waive an aspect of the Code. Any waivers are posted on our website. No waivers were requested or granted in 2020.

Corporate Governance

CP has a strong governance culture and we have adopted many leading policies and practices. As a U.S. and Canadian listed company, our corporate governance practices comply with or exceed the practices outlined by the Canadian Securities Administrators (CSA) in National Policy 58-201 *Corporate Governance Guidelines* and the Toronto Stock Exchange (TSX), the SEC and the New York Stock Exchange (NYSE).

We regularly review our policies and practices and make changes as appropriate, so we stay at the forefront of good governance as standards and guidelines continue to evolve in Canada and the United States.

The Board and the Governance Committee are responsible for developing our approach to corporate governance. This includes annual reviews of the corporate governance principles and guidelines which were established by the Board, as well as the terms of reference for the Board and each of the four standing Board committees.

CP's corporate governance principles and guidelines are available on our website at investor.cpr.ca/governance.

CP's Audit and Finance Committee has been established in accordance with Section 3(a)(58)(A) the Exchange Act and NYSE standards and CSA National Instrument 52-110 - *Audit Committees* . The current members of the Audit and Finance Committee are Jane Peverett (chair), Isabelle Courville, Jill Denham, Edward Hamberger and Edward Monser, all of whom are independent. All members of the Audit and Finance Committee are "financially literate" as required by the NYSE and applicable Canadian securities laws. Ms. Peverett, Ms. Courville and Mr. Monser have been determined to be "audit committee financial experts" as defined by the SEC.

If significant corporate governance differences between CP's corporate governance practices and Item 303A of the NYSE arise, they will be disclosed on our website (investor.cpr.ca/governance).

ITEM 11. EXECUTIVE COMPENSATION

As a foreign private issuer in the United States, we are deemed to comply with this Item if we provide information required by Items 6.B and 6.E.2 of Form 20-F, with more detailed information provided if otherwise made publicly available or required to be disclosed in Canada. We have provided information required by Items 6.B and 6.E.2 of Form 20-F in the Circular. As a foreign private issuer in the U.S., we are not required to disclose executive compensation according to the requirements of Regulation S-K that apply to U.S. domestic issuers, and we are otherwise not required to adhere to the U.S. requirements relative to certain other proxy disclosures and requirements. Our executive compensation disclosure complies with Canadian requirements, which are, in most respects, substantially similar to the U.S. rules. We generally attempt to comply with the spirit of the U.S. proxy rules when possible and to the extent that they do not conflict, in whole or in part, with required Canadian corporate or securities requirements or disclosure.

All dollar amounts included in this Item 11 are in Canadian dollars, unless otherwise expressly stated to be in U.S. dollars.

Compensation Committee Interlocks and Insider Participation

There were no reportable interlocks or insider participation affecting the Company's Management Resources and Compensation Committee during the year ended December 31, 2020. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board or our Management Resources and Compensation Committee.

Compensation Committee Report

The Management Resources and Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Annual Report on Form 10-K/A with management of the Company and, based on such review and discussion, the Management Resources and Compensation Committee recommended to the Board that the information set forth under "Compensation Discussion and Analysis" below be included in the Circular and this Annual Report on Form 10-K/A.

Respectfully submitted,

Management Resources and Compensation Committee
Matthew Paull (Chair)
Isabelle Courville
Rebecca MacDonald
Edward Monser
Andrea Robertson

COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on its review, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Circular and this Amendment No. 1 on Form 10-K/A.

Our executive compensation program is designed to pay for performance, and to align management's interests with our business strategy and the interests of our shareholders. This section of this Amendment No. 1 on Form 10-K/A provides shareholders with descriptions of our compensation programs and 2020 compensation decisions for our Named Executive Officers (NEOs), listed below.

2020 NAMED EXECUTIVE OFFICERS
Keith E. Creel President and Chief Executive Officer
Nadeem S. Velani Executive Vice-President and Chief Financial Officer
John K. Brooks Executive Vice-President and Chief Marketing Officer
Mark A. Redd Executive Vice-President Operations
Jeffrey J. Ellis Chief Legal Officer and Corporate Secretary

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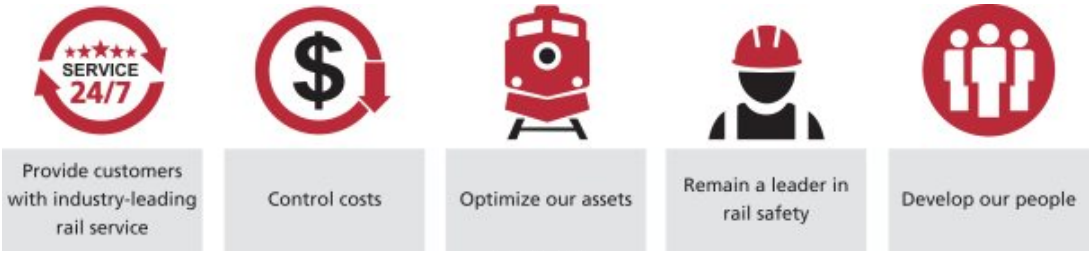
Our approach to executive compensation

Our executive compensation program supports our railway-focused culture, and is linked to the critical metrics that drive the achievement of our strategic plan without taking on undue risk, and is designed to create long-term sustainable value for our shareholders. The key elements of our approach to executive compensation include:

- a compensation mix that is incentive-driven with a large proportion that is variable or “at-risk” to support our pay for performance culture
- competitive market pay practices to attract and retain talent
- compensation components paying out over multiple performance periods to link to our short and longer term business strategy
- aligning management’s interests with those of our shareholders through equity-based compensation and share ownership guidelines

We have five key foundations designed to focus us on our goal of being the best railroad company in North America:



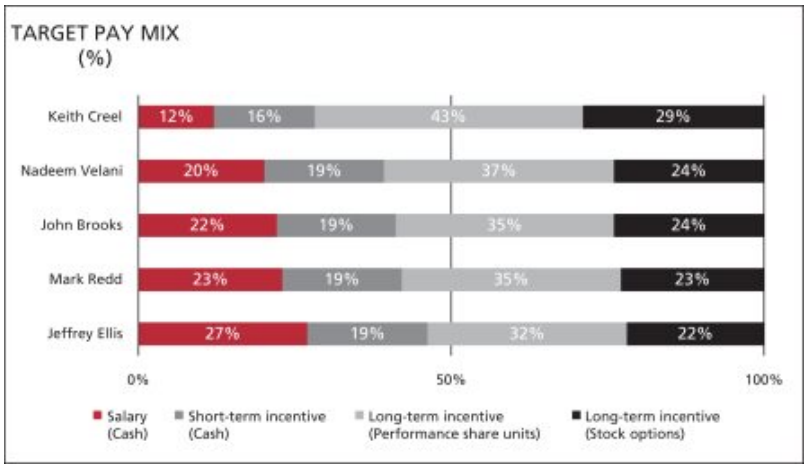
The Compensation Committee reviewed and approved changes to our executive compensation programs in 2016 for the 2017 program year in response to shareholder feedback. In 2019, we increased the weighting of our safety measures within short-term incentive plan targets from 10 percent to 20 percent. Also, in 2020 a second safety metric was added to our short-term incentive plan (FRA Personal Injury F requency (see pages 20 and 21)), w hich reinforces our unwavering commitment to the safety of our employees.

Compensation mix

Attracting and retaining high performing executives is key to our long-term sustainable growth and success. Our executive compensation includes fixed and variable (at-risk) pay components. Built into our compensation pay mix is a significant emphasis on incentive-driven pay where the proportion of at-risk pay increases by level. Executives earn more if we perform well, and less when performance is not as strong. A significant component of executive at-risk pay is equity-based compensation, which links directly to the value of our shares, ensuring alignment with the interest of shareholders. We also require our executives to own CP equity and our share ownership guidelines increase by executive level (see page 11).

2020 total target direct compensation mix for our NEOs are shown in the graph.

For 2020, 88 percent of our CEO’s total target direct compensation and an average of 77 percent for our other NEOs was at risk.



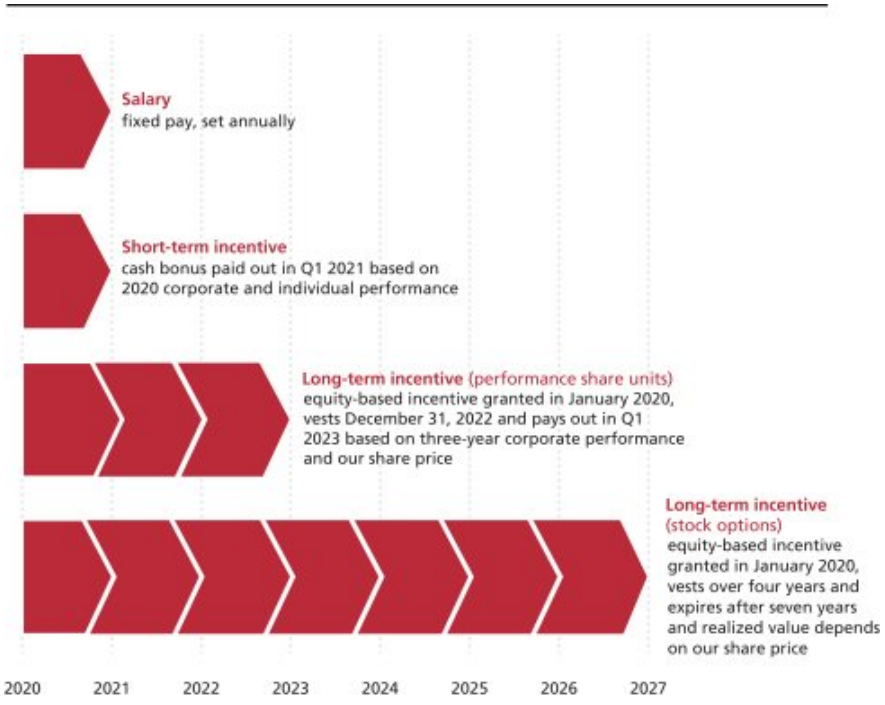
Benchmarking

We did not make any changes to our comparator group in 2020, as it was extensively reviewed and updated in 2018. Our comparator group consists of companies we compete with for talent. It includes six Class 1 Railroad peers as well as 11 capital-intensive Canadian companies. For certain positions within the organization, we apply a heavier weighting to Class 1 Railroad peers; however, we consistently review alignment and compensation practices against the whole group.

Our 2020 compensation comparator group is as follows:

Class 1 Railroads	Capital Intensive Companies in Canada	
BNSF Railway Company	Barrick Gold Corporation	Kinross Gold Corporation
Canadian National Railway Company	BCE Inc.	Rogers Communications Inc.
CSX Corporation	Cenovus Energy Inc.	Suncor Energy Inc.
Kansas City Southern	Enbridge Inc.	TC Energy Corporation
Norfolk Southern Corporation	Fortis Inc.	TELUS Corporation
Union Pacific Corporation	Imperial Oil Limited	

Compensation pays out over time



Variable pay includes short-term and long-term incentive awards which aligns with our annual and longer term performance objectives to support our growth.

Incentive awards are cash and equity-based. Equity-based awards vest at the end of three years for Performance Share Units (PSUs) and over four years for stock options. Stock options expire at the end of seven years.

The Compensation Committee ensures the performance objectives for the incentive plans align directly with our strategic plan, which is reviewed and approved by the Board.

Executives are CP shareholders

We require executives and senior management employees to own equity in the Company so they have a stake in our future success. Share ownership requirements are set as a multiple of base salary and increase by level. The ownership requirement must be achieved within five years of being appointed to their position and can be met by holding shares or deferred share units (DSUs). The CEO must maintain the ownership level of six times his base salary for one year after he retires or leaves CP. Once executives have met their initial shareholding requirements, they are required to maintain compliance, which is reported annually to the Compensation Committee.

Executives have the opportunity to participate in the Senior Executive's Deferred Share Unit Plan (DSU Plan). DSUs are redeemed for cash after the executive retires or leaves the Company, with (i) Canadian-resident executives being entitled to elect a date of payment between the date that is six months following their departure from the Company and December 15 th of the following calendar year, in compliance with Canadian tax rules; and (ii) U.S. resident executives being paid six months after their departure from the Company, in compliance with U.S. tax regulations.

The table below shows the ownership requirement by executive level, applicable to 95 executives and senior management employees in 2020.

Executive level	Ownership requirement (as a multiple of base salary)
CEO	6x
Executive Vice-President	3x
Senior Vice-President	2x
Vice-President	1.5 to 2x
Senior management	1x

OUR NEOs

Mr. Creel, Mr. Velani, Mr. Brooks and Mr. Ellis have achieved ownership requirements.

Mr. Redd is expected to meet ownership requirements within the specified period.

Equity ownership (at February 26, 2021)

Executive	Requirement (as a multiple of salary)	Minimum ownership value ($) (1)	Shares ($)	Deferred share units ($)	Total ownership value ($) (2)	Total ownership (as a multiple of salary)
Keith Creel	6x	9,083,824	8,326,746	14,553,844	22,880,590	15.11x
Nadeem Velani	3x	2,443,008	281,153	3,265,559	3,546,712	4.36x
John Brooks	3x	2,207,190	1,012,038	1,191,839	2,203,877	3.00x
Mark Redd	3x	1,997,888	472,006	1,219,808	1,691,814	2.54x
Jeffrey Ellis	2x	1,120,300	466,635	1,477,913	1,944,548	3.47x

(1) Minimum ownership values for Mr. Creel, Mr. Brooks and Mr. Redd have been converted to Canadian dollars using an exchange rate of 1.2685.
(2) Total ownership values for Mr. Creel, Mr. Brooks and Mr. Redd are based on US$356.06, the closing price of our shares on the NYSE on February 26, 2021 and have been converted to Canadian dollars using an exchange rate of $1.2685. Values for Mr. Velani and Mr. Ellis are based on $453.52, the closing price of our shares on the TSX on February 26, 2021.

New for 2021 ownership requirement

In support of our commitment to align executive compensation with shareholder interests and market competitive practices, the Board approved a change in share ownership requirement for the Executive Vice-President level from three times to four times annual base salary in 2021.

Compensation governance

Disciplined decision-making process

Executive compensation decisions involve management, the Compensation Committee and the Board. The Compensation Committee also receives advice and support from external consultants from time to time, including their advisor FW Cook.



The Board has final approval on all matters relating to executive compensation. They can also use discretion to adjust pay decisions as appropriate.

Qualified and experienced Compensation Committee

The Compensation Committee is responsible for our compensation philosophy, strategy and program design. The Compensation Committee consists of five independent directors. The Compensation Committee has the relevant skills, background and experience for carrying out its duties. The table below shows the key skills and experience of each member:

	Human Resources/ compensation/ succession planning	CEO/senior management	Governance and policy development	Transportation industry	Risk management	Engagement (shareholders and others)
Matthew Paull (Committee Chair)	✓	✓	✓		✓	✓
Isabelle Courville (Chair of the Board)	✓	✓	✓	✓	✓	✓
Rebecca MacDonald	✓	✓	✓		✓	✓
Edward Monser	✓	✓	✓	✓	✓	✓
Andrea Robertson	✓	✓	✓	✓	✓	✓

Compensation Committee members also have specific human resources and compensation-related experience, including:
- direct responsibility for executive compensation matters
- membership on human resources committees
- compensation plan design, administration, compensation decision-making and understanding the Board's role in the oversight of these practices
- understanding the principles and practices related to leadership development, talent management, succession planning and employment contracts
- engagement with investors on compensation issues
- oversight of financial analysis related to compensation plan design and practices

- pension benefit oversight
- recruitment of senior executives

The Compensation Committee has no interlocks or insider participation. None of the members were employed by or had any relationship with CP during 2020 requiring disclosure under Item 404 or Item 407(e)(4) of Regulation S-K of the Exchange Act. You can read about the background and experience of each member in the director profiles beginning on page 1.

Independent advice

The Compensation Committee and management retain separate independent executive compensation advisors to avoid any conflicts of interest:

Compensation Committee advisor FW Cook	Management Compensation advisor Willis Towers Watson
• in 2020, the Compensation Committee retained FW Cook to act as an independent compensation advisor • the Compensation Committee retained Kingsdale Advisors (Kingsdale) in 2018 and 2019 to act as an independent compensation advisor • the Compensation Committee approves all compensation-related fees and work performed by the independent compensation advisor	• management engages Willis Towers Watson to provide market survey data, analysis and advice to management related to compensation.

The next table below shows the fees paid to FW Cook, Kingsdale and Willis Towers Watson in 2019 and 2020.

	2020			2019	
	Committee advisor		Management advisor	Committee advisor	Management advisor
Fees	**FW Cook [1]**	**Kingsdale**	**Willis Towers Watson**	**Kingsdale**	**Willis Towers Watson**
Executive compensation-related fees	$ 188,473	$ 0	$ 67,743	$ 90,000	$ 74,785
Other fees	$ 0	$ 120,551	$ 2,882,009	$ 112,821	$ 2,598,193
Total fees	**$ 188,473**	**$ 120,551**	**$ 2,949,752**	**$ 202,821**	**$ 2,672,978**

(1) FW Cook fees have been converted to Canadian dollars using the average exchange rate for 2020 of $1.3415.

Fees paid

Kingsdale was retained to provide the Compensation Committee independent advisory services related to compensation in 2018 and 2019. In 2020, FW Cook was retained to provide independent advisory services to the Compensation Committee related to compensation. FW Cook fees for advisory services provided in 2020 is $188,473. Kingsdale continues to be retained for services related to governance trends, specific governance items, proxy solicitation and shareholder advisory services.

In 2020, $67,743 was paid to Willis Towers Watson for advisory services provided to management. The total executive compensation fees represent 2.3 percent of the total fees in 2020 paid to Willis Towers Watson for all services provided to management, including actuarial and pension consulting, corporate risk and insurance brokering services.

Compensation risk

Effective risk management is integral to achieving our business strategies and to our long-term success.

The Board believes that our executive compensation program should not increase our risk profile. The Compensation Committee is responsible for overseeing compensation risk. It reviews the executive compensation program, incentive plan design and our policies and practices to ensure they encourage the right decisions and actions to reward performance and align management interests with shareholder interests.

Incentive plan targets are linked to our corporate objectives and our corporate risk profile. The Compensation Committee believes that our approach to goal setting, establishing performance measures and targets and evaluating performance results helps mitigate risk-taking that could reward poor judgment by executives or have a negative effect on shareholder value.

All of the Compensation Committee members other than Mr. Paull and Mr. Monser are members of the Governance Committee. In addition, Ms. Courville and Mr. Monser are also members of the Audit and Finance Committee, and Ms. Courville and Mr. Paull are also members of the Risk and Sustainability Committee. This cross-membership provides directors with a broader perspective of risk oversight and a deeper understanding of our enterprise risks, ultimately strengthening overall risk management.

Regular risk review

The Compensation Committee conducts a comprehensive compensation risk review approximately every two years to ensure that we have identified the compensation risks and have appropriate measures in place to mitigate those risks. An independent consultant assists the Compensation Committee with the review, which includes oversight of:

- the targets for the short-term incentive plan (STIP) and PSU plan, anticipated payout levels and the risks associated with achieving targeted performance
- the design of the long-term incentive awards, which reward sustainable financial and operating performance
- the compensation program, policies and practices to ensure alignment with our enterprise risk management practices

In 2019, Management retained Willis Towers Watson to perform a detailed risk assessment of our compensation plans, programs and practices. Willis Towers Watson concluded that there did not appear to be significant risks associated with our compensation programs. The Committee reviewed Willis Towers Watson's findings and agreed that our compensation policies and programs did not encourage excessive risk-taking that could have material adverse effects on CP. A subsequent risk assessment is expected to be completed in 2021.

Managing compensation risk

We mitigate risk in three ways:

1. Plan design	• we use a mix of fixed and variable (at-risk) compensation and a significant proportion is at-risk pay • short and long-term incentive plans have specific performance measures that are closely aligned with the achievement of our business strategy and performance required to achieve results in accordance with guidance provided to the market • the payout under the STIP is capped and not guaranteed, and the Compensation Committee has discretion to reduce the awards • the payout for the STIP is designed to reflect the stretch targets for the achievement of exceptional performance • the long-term incentive plan has overlapping vesting periods to address longer term risks and maintain executives' exposure to the risks of their decision-making through unvested share based awards
2. Policies	• we promote an ethical culture and everyone is subject to a code of business ethics • we have share ownership requirements for executives and senior management so they have a stake in our future success • any violations of our code of business ethics can be reported under our business ethics reporting policy • we have a disclosure and insider trading/reporting policy to protect our interests and ensure high business standards and appropriate conduct • our disclosure and insider trading policy contains within it, an anti-hedging policy which prohibits directors, executive officers and employees from buying financial instruments that are designed to hedge or offset a decrease in the market value of equity awards or shares or share based awards • our anti-pledging policy prohibits directors and senior officers from holding our shares in a margin account or otherwise pledging the securities as collateral for a loan • we also have a policy that prohibits employees from forward selling shares that may be delivered on the future exercise of stock options, or otherwise monetizing their option awards, other than through exercising the options and subsequently selling the shares through a public venue or the Company's cashless exercise option • our clawback policy allows the Board to recoup short and long-term incentive compensation paid to a current or former senior executive if the incentive compensation was calculated on the basis of financial results that were subsequently restated or corrected in whole or in part and/or, the senior executive engaged in gross negligence, fraud or intentional misconduct that caused or contributed to the need for restatement or correction, as admitted by the senior executive or as reasonably determined by the Board, which has sole discretion to determine whether it is in our best interests to pursue reimbursement of all or part of the incentive compensation in these circumstances and the Board's actions would be separate from actions that may be taken by law enforcement agencies, regulators or other authorities • DSUs held by the President and CEO, executives, and senior management are not settled for cash until at least six months after leaving the Company • our whistleblower policy applies to all employees and prohibits retaliation against anyone who makes a complaint acting in good faith
3. Mitigation measures	• senior executives have a significant portion of their compensation deferred • we must achieve a specific threshold of operating income, otherwise no short-term incentive awards are granted • financial performance is verified by our external auditor (completion of annual financial statement audit) before the Board makes any decisions about short-term incentives • the Compensation Committee adopts principles for adjusting payout under the STIP, and provides them to the Board as part of their review of the Compensation Committee's recommendations and performance overall • the Compensation Committee takes the business landscape and any external factors into account when exercising discretion and determining incentive awards • we regularly benchmark executive compensation against our compensation comparator group • safety is part of individual performance under the STIP for the President and CEO and executives in operations roles in addition to being a specific STIP measure which applies to all employees • all long-term incentive eligible employees are subject to two-year non-compete and non-solicit covenants should they leave CP • different performance scenarios are stress-tested and back-tested to understand possible outcomes • we review and consider risks associated with retention-related compensation

Key policies

In addition to CP's code of business ethics and the business ethics reporting policy, a number of other policies act to mitigate compensation risk. You can read more about ethical behaviour at CP and our code of business ethics and other policies beginning on page 6.

Clawbacks
Our clawback policy allows the Board to recoup short and long-term incentive compensation paid to a current or former senior executive if:

- the incentive compensation received was calculated based on financial results that were subsequently restated or corrected, in whole or in part; and/or
- the senior executive engaged in gross negligence, fraud or intentional misconduct that caused or contributed to the need for the restatement or correction, as admitted by the senior executive or as reasonably determined by the Board.

The Board has sole discretion to determine whether it is in our best interests to pursue reimbursement of all or part of the incentive compensation and these actions would be separate from any actions by law enforcement agencies, regulators or other authorities.

Anti-hedging
Our disclosure and insider trading and reporting policy prohibits directors, executive officers and employees from buying financial instruments that are designed to hedge or offset a decrease in the market value of equity awards or shares they hold directly or indirectly.

Anti-pledging
Our anti-pledging policy prohibits directors and executive officers from holding any CP securities in a margin account or otherwise pledging the securities as collateral for a loan.

Non-compete and Non-solicitation
We are mindful of the demand for experienced and talented railroaders, particularly those with backgrounds in precision scheduled railroading. To manage near-term retention risk, our long-term incentive award agreements contain non-compete, non-solicitation and other restrictive clauses, including non-disclosure restrictions.

Compensation program

Total direct compensation consists of salary, annual short-term incentive and a long-term incentive award that focus executives on driving strong financial, safety, operational and customer satisfaction results while building shareholder value. Executives also receive pension benefits and perquisites as part of their overall compensation.

Element	Purpose	Risk mitigating features	Link to business and talent strategies
Salary Fixed cash (see page 18)	• competitive level of fixed pay to reflect scope of responsibilities and market data • reviewed annually	• benchmarked against our comparator group to ensure market competitiveness	• attract and retain talent • no automatic or guaranteed increases to promote a performance culture
Short-term incentive plan (STIP) Variable cash bonus (see page 18)	• performance-based incentive to reward achievement of annual corporate and individual objectives to attract and retain highly qualified leaders • established target awards based on level of employee	• year-end performance is measured against predetermined, approved targets • actual payouts are based on the achievement of pre-determined corporate and individual objectives • payouts range from 0% to a maximum of 200% of target awards	• motivate high corporate and individual performance • performance metrics are aligned to the strategic plan and approved annually • align personal objectives with area of responsibility and role in achieving financial, safety and operating results
Deferred compensation Deferred share units (see page 46)	• encourages share ownership while aligning management interests with growth in shareholder value • executives and senior management can elect to receive their short-term incentive and their annual PSU grant in DSUs if they have not yet met their share ownership requirement • company provides a 25% match of the deferral amount in DSUs	• deferral limited to the amount required to meet the executive's share ownership guidelines • helps retain key executive talent • company contributions vest after three years	• sustained alignment of executive and shareholder interests because the value of DSUs is tied directly to our share price • cannot be redeemed for cash until a minimum of six months after the executive leaves CP
Performance share units (PSUs) Long-term incentive (see page 24)	• equity-based incentive to align with shareholder interests and focuses on three-year performance • accounts for 60% of an executive's long-term incentive award • vest after three years	• use pre-defined market and financial metrics • the number of units that vest is based on a performance multiplier that is capped • no guarantee of a minimum payout	• focuses the leadership team on achieving challenging medium-term performance goals • payout based on share price and company performance • attract and retain highly qualified leaders
Stock options Long-term incentive (see page 26)	• equity-based incentive to align with long term performance and growth in share price • accounts for 40% of an executive's long-term incentive award • vests over four years, term is seven years	• focuses on appreciation in our share price, aligning with shareholder interests • only granted to senior management and executives	• focuses the leadership team on creating sustainable long-term value
Pension Defined contribution and defined benefit pension plans (see page 45)	• pension benefit based on pay, age and service and is competitive with the market • supplemental plan for senior management and executives	• balances risk management of highly performance-focused pay package	• attract and retain highly qualified leaders
Perquisites Flexible spending account (see page 40)	• competitive with the market to support health and well-being	• restrictions for the CEO and executives	• attract and retain highly qualified leaders

2020 Executive compensation

Salary

We review salaries every year based on the executive's performance, leadership abilities, responsibilities and experience as well as succession and retention considerations. The Compensation Committee also considers the economic outlook and the median salary and practices of the comparator group before making decisions. The base salaries of all NEOs are set in U.S. dollars consistent with industry practice. As Mr. Ellis was not an NEO in 2019, his 2019 salary has been converted to USD using the 2019 average exchange rate of 1.3269, and his 2020 salary has been converted using the 2020 average exchange rate of 1.3415.

Executive	2020 (in USD)	percent change from 2019	2019 (in USD)
Keith Creel	1,193,513	3.0%	1,158,750
Nadeem Velani	602,000	6.3%	566,500
John Brooks	551,250	5.0%	525,000
Mark Redd	446,250	5.0%	425,000
Jeffrey Ellis	396,160	12.2%	353,191

Short-term incentive plan (STIP)

The short-term incentive award is an annual incentive that focuses executives on achieving strong financial, safety, operational and customer satisfaction results.

The table below summarizes the terms of our current short-term incentive plan.

Purpose	• performance-based incentive for achieving predetermined annual corporate and individual performance goals that are tied directly to our strategy and operational objectives
Term	• measure performance over a one-year period
Payout	• corporate performance is assessed against financial, safety and operational measures • individual performance is assessed against individual performance objectives • awards are pro-rated for eligibility in calendar performance year and can range from 0 to 200 percent of base salary • cash awards are paid out in February following the performance year
Restrictions	• must meet minimum level of corporate and individual performance • must achieve corporate operating income hurdle for any payout on individual or corporate performance to occur • performance multiplier is capped for exceptional performance • actual award is capped as a maximum of 200 percent of target award to limit payout and excessive risk-taking

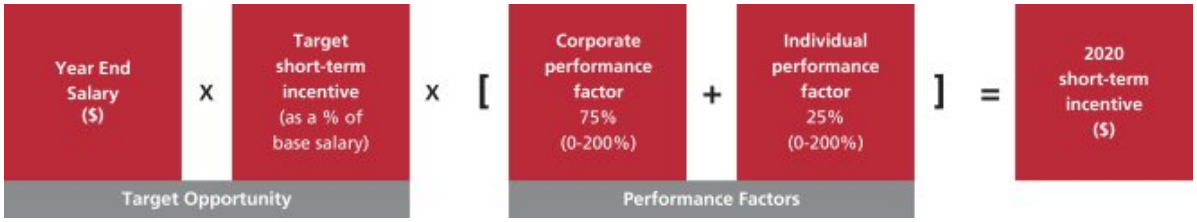
The table below outlines the target STIP opportunities for our NEOs:

Our STIP target is based on a percentage of base salary and reviewed annually for market competitiveness

	STIP target as a percent of base salary		
Executive	**Minimum**	**Target**	**Maximum**
Keith Creel	0%	125%	250%
Nadeem Velani	0%	90%	180%
John Brooks	0%	90%	180%
Mark Redd	0%	80%	160%
Jeffrey Ellis	0%	70%	140%

For executives, their STIP target is weighted at 75 percent for corporate results and 25 percent for individual performance, whereas most other employees have greater emphasis placed on individual and departmental goals with their corporate and individual performance weighted at 50 percent each. This supports our view that the annual bonus should be tied to overall corporate performance and the areas of our business that each employee can influence directly.

We calculate each award by multiplying the executive base salary by their short-term incentive target as well as the corporate and individual performance factors as shown below:



The corporate performance factor consists of financial, operating and safety measures of varying weightings that total 100 percent. The year end results of each measure is assessed against pre-defined targets that are set at the beginning of the year (see page 21 for a complete review of the targets and results for the 2020 STIP).

The individual performance factor is based on the executive's performance against annual objectives and other pre-defined quantitative and qualitative goals that reflect the strategic and operational priorities critical to each executive's role, including operational management, safety, financial and other objectives such as customer satisfaction.

2020 STIP awards

The table below shows the calculation of the 2020 STIP awarded to each NEO. All salaries have been converted to Canadian dollars using an average exchange rate of $1.3415 for 2020, with the exception of Mr. Velani, whose salary is set in U.S. dollars, but paid in Canadian dollars, and is subject to a foreign exchange adjustment of $1.3499. Mr. Ellis' salary was set in Canadian dollars.

	Target Opportunity				Performance Factors				
	Year End Base Salary ($)	x	Target short-term incentive (as a % of base salary)	x [	Corporate performance factor 75% (0-200%)	+	Individual performance factor 25% (0-200%)	] =	2020 short-term incentive award ($)
Keith Creel	1,601,097	x	125%	x [	172%	+	172%	] =	3,442,359
Nadeem Velani	812,640	x	90%	x [	172%	+	175%	] =	1,263,452
John Brooks	739,502	x	90%	x [	172%	+	175%	] =	1,149,741
Mark Redd[1]	598,644	x	80%	x [	172%	+	175%	] =	827,327
Jeffrey Ellis[1]	531,449	x	70%	x [	172%	+	170%	] =	638,004

(1) Mr. Redd and Mr. Ellis elected to defer a proportion of their 2020 STIP award to DSUs.

Assessing individual performance

Executives set individual performance objectives before the start of every financial year. The individual performance factor ranges from 0 to 200 percent.

Executive	2020 individual performance factor
Keith Creel	172%
Nadeem Velani	175%
John Brooks	175%
Mark Redd	175%
Jeffrey Ellis	170%

The Compensation Committee sets the individual performance factor for the CEO. The CEO reviews the performance of his direct reports against their objectives, and recommends their individual performance factors to the Compensation Committee.

The individual performance factor for the CEO cannot exceed the corporate performance factor.

This ensures the payout factor for the CEO aligns with CP's overall performance.

See the profiles beginning on page 28 to read about each executive's individual performance in 2020.

Assessing corporate performance

In 2020, we demonstrated the strength, commitment and resiliency of our CP family. In one of the most challenging years we have faced, our performance was remarkable as our precision scheduled railroading operating model enabled us to achieve our lowest-ever operating ratio of 57.1 percent and only saw a 1 percent decrease in our revenues from 2019. Our adjusted diluted earnings per share [(1)] rose 7.5 percent to a record $17.67 from $16.44 in 2019. From a safety perspective, we finished 2020 with our lowest ever Federal Railroad Administration (FRA)-reportable rates for both personal injuries and train accidents. FRA-reportable personal injuries were down 22 percent from 2019 with a frequency of 1.11 and FRA-reportable train accident frequency fell by 9 percent from the prior year to 0.96.

In addition to the current industry standard FRA train accident frequency metric, an additional safety metric for FRA personal injury frequency was included as a performance factor of the STIP in 2020. Our employees work in an industrial setting where the potential for injury is high. Adding this measure reinforces CP's commitment to ensure our employees get home safe each day. The STIP weighting for safety will continue to be 20 percent, with 10 percent each allocated to FRA train accident frequency and FRA personal injury frequency.

2020 Scorecard results

The table below shows the 2020 scorecard and results. The targets were set with stretch goals to motivate strong performance.

The Board sets a corporate hurdle for operating income at $2 billion. There is no payout if we do not achieve that corporate hurdle. If we achieve the hurdle but corporate performance is below threshold for all measures, then only the individual performance factor is used to calculate the awards. Corporate results between 50 and 200 percent of target are interpolated.

Performance measure (Weighting)	Why the measure is important	Threshold (50%)	Target (100%)	Exceptional (200%)	2020 Reported Result	2020 STIP Result [2]	Score
Financial measures							
STIP Operating ratio (35%) Operating expenses divided by total revenues based on an assumed fuel price and foreign exchange rate	Continues our focus on driving down costs while focusing on growth strategy	59.9%	59.4%	58.9%	57.1%	57.2%	200%
STIP Operating income (35%) ($ millions) Total revenues less total operating expenses based on an assumed foreign exchange rate	Highlights the importance of revenue growth to our corporate strategy	3,275	3,330	3,410	3,310	3,346	121%
Safety measures							
FRA Train Accident Frequency (10%) Number of FRA reportable train accidents which meet FRA reporting thresholds per million train miles	CP has long been an industry leader in rail safety and we are more focused on it than ever, committed to protecting our people, our communities, our environment and our customers' goods	1.10	1.06	0.99	0.96	0.96	200%
FRA Personal Injury Frequency (10%) Number of FRA reportable injuries per 200,000 employee hours	As safety is our top priority, we introduced FRA Personal Injury as an additional safety metric under our STIP for 2020	1.40	1.35	1.25	1.11	1.11	200%
Operating measure							
Trip Plan Compliance (10%) Calculated as the number of shipments completed on time (less than 12 hours late vs. baseline plan), divided by the total number of shipments completed	Trip plan compliance is a detailed schedule of performance and the core of CP's product offering. It balances between customer needs and what we are capable of delivering It is critical to the service we provide customers and to our growth strategy.	75%	80%	85%	85%	85%	200%
Corporate performance factor							**172%**

(1) Adjusted diluted EPS is a non-GAAP measure. Non-GAAP measures are defined and reconciled on pages 61-69 of CP's Annual Report on Form 10-K for the year ended December 31, 2020.

(2) The Compensation Committee may adjust the results for unusual or non-recurring items that are outside our normal business and do not accurately reflect our ongoing operating results or business trends and affect the comparability of our financial performance year over year. Results used under the STIP could therefore differ from our reported GAAP results. Significant items that were adjusted so that they do not impact, either favourably or unfavourably, the assumptions made when the STIP targets were planned include: foreign exchange rates, fuel price and land sales, all of which were adjusted to reflect the original assumptions made in our 2020 budget. Consequently, Operating Income was adjusted upwards compared to our reported results which increased the bonus payment.

Compensation committee discretion

The Compensation Committee has developed principles for the use of discretion. Adjustments should not relieve management from the consequences of their decision-making. Adjustments should also neither reward nor penalize management for decisions on discretionary transactions, events outside their control (such as foreign exchange rates and fuel prices that are beyond the assumptions used in the planning process) or transactions outside normal corporate planning and budgeting.

As a result, the Compensation Committee can reduce the corporate performance factor for any executive officer as it deems appropriate, as long as it follows the principles. The Board can also use its discretion to adjust the targets and payouts up or down, following the principles set out by the Compensation Committee. The Compensation Committee did not exercise any discretion for short-term incentive plan and annual long-term incentive plan in 2020.

Following a thoughtful review and discussion of overall company performance and shareholder return, the Compensation Committee recommended to the Board that it would be appropriate to exercise positive discretion to the payout and vesting performance factors for a 2018 retention grant for which the performance period ended on December 31, 2020. The grant, consisting of PSUs and performance stock options (PSOs), was awarded to a number of key senior leaders (including Mark Redd prior to him becoming an NEO). See Outstanding share-based awards and option-based awards on page 42 for more details. [1]

Long-term incentive plan (LTIP)

Our long-term incentive awards focus executives on medium and longer term performance to create sustainable shareholder value.

The table below summarizes the terms of our current long-term incentive plans.

	Performance share units (60%)	Stock options (40%)
Purpose	• notional share units to align compensation with medium-term financial and market objectives	• equity-based compensation to align executives with long-term performance of our shares and business
Term	• three years	• seven years
Vesting	• the number of units that vest is based on performance over a three-year period • cliff vest at the end of three years to the extent performance vesting conditions are met and Board approval	• vest 25% every year beginning on the first anniversary of the grant date
Payout	• paid out in cash based on units earned and the average closing share price for the 30 trading days prior to the end of the performance period on the TSX or NYSE • includes dividends earned quarterly at the same rate as dividends paid on our shares • no guarantee of a minimum payout • if performance is exceptional on a measure the Board may approve a payout of up to 200%	• right to buy CP shares at a specified price after vesting • does not attract dividends • only have value if our share price increases above the exercise price
Restrictions	• must achieve threshold performance level on a measure otherwise the payout factor for that measure is zero and a portion of the award is forfeited	• no exercises can be made during a blackout period • financial assistance is not provided to facilitate the purchase of shares under the stock option plan
Assignment	• not permitted other than by operation of law	• options will continue to vest and expire on the scheduled expiry date if the holder's employment ends due to permanent disability. If an option holder dies, the options will expire 12 months following the date of death and may be exercised by the holder's estate. • can only be assigned to the holder's family trust, holding corporation or retirement trust, or a legal representative of a holder's estate or a person who acquires the holder's rights by bequest or inheritance

[1] Although the recommendation to exercise discretion with respect to payout and vesting performance factors was made following the conclusion of the performance period ending December 31, 2020, the July 2018 special retention grants do not vest until July 20, 2021 and are settled based on the average closing price per share on the applicable stock exchange during the immediately preceding 30 days prior to July 20, 2021.

	Performance share units (60%)	Stock options (40%)
Termination Provisions		
Resignation	• all units cancelled	• 30 days to exercise any vested options; unvested options are cancelled
Retirement (1)	• units continue to vest as long as unit holder has a minimum of six months of service in the performance period	• options continue to vest and expire on the earlier of five years from retirement or the original expiry date
Termination without Cause	• pro-rated to termination date as long as unit holder has a minimum of six months of service in the performance period	• six months to exercise vested options; unvested options are cancelled
Termination with Cause	• all units cancelled	• all options cancelled
Change of Control (2)	• pro-rated to change of control date • if unit holder is terminated without cause – pro-rated to termination date	• all options vest immediately (2)

(1) Retirement with three months' notice required in 2020. For 2021, six months' notice will be required to allow for business continuity and knowledge transfer.
(2) Stock options have a double trigger clause requiring a change of control and the option holder to be terminated without cause.

Stock options and PSUs are approved and granted annually in January immediately after the fourth quarter financial statement blackout period, and after the Compensation Committee has reviewed the year-end financial results in detail.

Grants are also made during the year for special situations such as retention or new hires. Special grants can include PSUs, stock options, Restricted Share Units (RSUs), or DSUs. These grants are made on the first Tuesday of the month following CEO approval as long as the Company is not in a blackout period. If we are in a blackout period, the grant is made after the blackout has been lifted.

In addition, the CEO, the Chair of the Board and the Chair of the Compensation Committee have authority to grant options to certain employees based on defined parameters, such as the position of the employee and the expected value of the option award. In 2020, the Compensation Committee authorized a pool of 50,000 options for allocation by the CEO, who granted 8,297 options to seven employees for retention and to recognize performance.

Non-Compete and Non-Solicitation

We are mindful of the demand for experienced and talented railroaders, particularly those with backgrounds in precision scheduled railroading. To manage near-term retention risk, our long-term incentive award agreements contain non-compete, non-solicitation and other restrictive clauses, including non-disclosure restrictions.

2020 long-term incentive awards

To determine the appropriate value of long-term incentive grants provided to the NEOs, the Compensation Committee considers the practices of our comparator group and internal factors, including executive retention, dilutive impact and long-term value creation.

Target award levels are set based on a percentage of salary. The table below shows the 2020 long-term incentives targets and grant awarded in 2020 for the NEOs.

Executive	2020 long-term incentive target (as a % of salary)	2020 long-term incentive award (grant value) ($) [1]	Allocation			
			Performance share units		Stock options	
			($)	(#)	($)	(#)
Keith Creel [2],[3]	560%	10,983,025	6,826,446	19,144	4,156,579	57,432
Nadeem Velani [4]	300%	2,975,517	1,818,076	5,172	1,157,441	17,455
John Brooks [2]	275%	2,491,031	1,548,288	4,342	942,743	13,026
Mark Redd [2],[4]	250%	1,833,492	1,139,643	3,196	693,849	9,587
Jeffrey Ellis	200%	1,338,239	817,705	2,326	520,534	7,850

(1) See the summary compensation table on page 39 for details about how we calculated the grant date fair values of the PSUs and stock options. Both were calculated in accordance with FASB ASC Topic 718.
(2) The grant value of the awards based on the NYSE trading price has been converted to Canadian dollars using a 2020 average exchange rate of $1.3415.
(3) Effective January 1, 2020, Mr. Creel's long-term incentive target was increased to 660 percent of his base salary; however consistent with Mr. Creel's 2017 employment agreement (as amended January 1, 2019), his LTIP target has been reduced by 100% to fund an upfront performance options grant that he received in 2017. Therefore, his target was 560 percent of his base salary in 2020.
(4) Mr. Velani and Mr. Redd elected to defer a proportion of their 2020 PSU award to DSUs.

Performance share units (PSUs)

PSUs focus executives on achieving medium-term goals within a three-year performance period. The Board sets performance measures, thresholds and targets at the beginning of the performance period.

The number of units that vest is based on our performance over the three-year period. We must achieve threshold performance on a measure, otherwise the payout factor for that measure is zero and a portion of the award is forfeited. If performance is exceptional on a measure, the Board may approve a payout of 200 percent. PSUs earn additional units as dividend equivalents at the same rate as dividends paid on our shares. The award is paid out in cash on the number of units earned and the average closing share price for 30 trading days prior to end of the performance period on TSX or NYSE. However, PSU awards may also be paid out in shares purchased on the open market, on the CEO's recommendation, using the after-tax value.

2020 PSU awards

The performance period for the 2020 PSU awards is January 1, 2020 to December 31, 2022. Performance will be assessed against the measures in the table below. Awards will be interpolated if results fall between threshold and exceptional.

2020 PSU performance measures	Why the measure is important	Threshold (50%)	Target (100%)	Exceptional (200%)	Weighting
PSU three-year average return on invested capital (ROIC) Net operating profit after tax divided by average invested capital	Focuses executives on the effective use of capital as we grow Ensures shareholders' capital is employed in a value-accretive manner	15.3%	16.0%	16.7%	70%
Total shareholder return (TSR) Measured over three years. The percentile ranking of CP's TSX Compound Annual Growth Rate (CAGR) relative to the companies that make up the S&P/TSX 60	Compares our TSR on the TSX to the broader S&P/TSX 60 to reflect our progress relative to the Canadian market Aligns long-term incentive compensation with long-term shareholder interests	25th percentile	50th percentile	75th percentile	15%
Total shareholder return (TSR) Measured over three years. The ordinal ranking of CP's NYSE CAGR relative to the Class 1 Railroads	Compares our TSR on the NYSE to the publicly traded Class 1 Railroads to ensure we are competitive against our primary competitors. Aligns long-term incentive compensation with long-term shareholder interests	4th	3rd	1st	15%

At the end of the three-year performance period, the starting point for determining relative TSR will be the 10-day average closing share price of our shares on the appropriate index prior to January 1, 2020 and the closing point will be the 10-day average closing share price of our shares on the appropriate index prior to January 1, 2023. TSR is adjusted over the period to reflect dividends paid. The payout multiplier is interpolated if our performance falls between 50 and 200 percent. If results are below the threshold level for any of the performance measures, units for that specific measure will be forfeited.

We calculated the number of PSUs to be granted to each executive by dividing the grant value by the theoretical value of a PSU (using the Willis Towers Watson binomial lattice model methodology), applied to our 30-day average closing share price on the TSX or the NYSE prior to the day of the grant.

The table below shows the details of the 2020 annual PSU award grant. The grant value of the PSU awards based on the NYSE trading price have been converted to Canadian dollars using a 2020 average exchange rate of $1.3415.

Executive	Grant value ($)	Number of PSUs	Grant price
Keith Creel	6,826,446	19,144	US$ 265.81 (NYSE)
Nadeem Velani [(1)]	1,818,076	5,172	$351.55 (TSX)
John Brooks	1,548,288	4,342	US$ 265.81 (NYSE)
Mark Redd [(1)]	1,139,643	3,196	US$ 265.81 (NYSE)
Jeffrey Ellis	817,705	2,326	$351.55 (TSX)

(1) Mr. Velani and Mr. Redd elected to defer a proportion of their 2020 PSU award to DSUs.

New for 2021 PSU awards

As we continue to focus on growth and the effective use of capital investments, the Board has approved increasing the maximum payout opportunity for the PSU measure, ROIC from 200 percent to 270 percent. The targets for ROIC have been set with stretch goals to motivate strong performance over the next three years. This will result in an overall maximum payout opportunity of 249 percent for the 2021 PSU awards for all eligible employees. Other PSU performance measures and all weightings from our 2020 PSU awards remain the same.

Stock options

Stock options focus executives on longer term performance. The management stock option incentive plan was introduced in October 2001. Stock options granted before 2017 expire 10 years from the date of grant and generally vest 25 percent each year over four years, beginning on the first anniversary of the grant date. Options awarded on or after January 1, 2017 have a seven-year term and vest 25 percent each year beginning on the first anniversary date of the grant. The grant price is the last closing price of our common shares on the TSX or the NYSE on the applicable grant date. Options only have value for the holder if our current share price increases above the grant price before the expiry of the option.

For all grants, if the expiry date falls within a blackout period, the expiry date will be extended to 10 business days following the last date of the blackout period. If a further blackout period is imposed before the end of the extension, the term will be extended another 10 days after the end of the additional blackout period.

2020 stock option awards

We calculated the number of options to be granted to each executive by dividing the grant value by the theoretical value of an option (using the Willis Towers Watson binomial option pricing methodology), applied to our 30-day average closing share price on the TSX or the NYSE prior to the day of the grant, as applicable.

The table below shows the details of the 2020 annual stock option award grant.

Executive	Grant value ($) [1]	# of options	Grant price
Keith Creel	4,156,579	57,432	US$ 265.81 (NYSE)
Nadeem Velani	1,157,441	17,455	$351.55 (TSX)
John Brooks	942,743	13,026	US$ 265.81 (NYSE)
Mark Redd	693,849	9,587	US$ 265.81 (NYSE)
Jeffrey Ellis	520,534	7,850	$351.55 (TSX)

(1) The grant value of the stock option awards based on the NYSE trading price have been converted to Canadian dollars using a 2020 average exchange rate of $1.3415.

About the stock option plan

The table below sets out the limits for issuing options under the plan:

	As a percent of the number of shares outstanding
Maximum number of shares that may be reserved for issuance to insiders as options	10%
Maximum number of options that may be granted to insiders in a one-year period	10%
Maximum number of options that may be granted to any insider in a one-year period	5%
	As a percent of the number of shares outstanding at the time the shares were reserved
Maximum number of options that may be granted to any person	5%

We measure dilution by determining the number of options available for issuance and the number of options outstanding as a percentage of outstanding shares. Our potential dilution at the end of 2020 was 1.7 percent. Notwithstanding the limits noted above, the dilution level, measured by the number of options available for issuance as a percentage of outstanding shares continues to be capped, at the discretion of the Board, at 7 percent.

The table below shows the burn rate for the last three fiscal years, calculated by dividing the number of stock options granted in the fiscal year by the weighted average number of outstanding shares for the year.

as at December 31	2018	2019	2020
Number of options granted	282,125	224,730	217,240
Weighted number of shares outstanding	142,885,817	138,771,939	135,438,610
Burn rate	0.20%	0.16%	0.16%

The table below shows the options outstanding and available for grant from the stock option plan as at December 31, 2020.

	Number of options/shares	Percent of outstanding shares
Options outstanding (as at December 31, 2020)	1,387,366	1.04%
Options available to grant (as at December 31, 2020)	895,969	0.67%
Shares issued on exercise of options in 2020	285,068	0.21%
Options granted in 2020	217,240	0.16%

Since the launch of the stock option plan in October 2001, a total of 18,078,642 shares have been available for issuance under the plan and 15,795,307 shares have been issued through the exercise of options.

Making changes to the stock option plan
The Board can make the following changes to the stock option plan without shareholder approval:
- changes to clarify information or to correct an error or omission
- changes of an administrative or a housekeeping nature
- changes to eligibility to participate in the stock option plan
- terms, conditions and mechanics of granting stock option awards
- changes to vesting, exercise, early expiry or cancellation
- amendments that are designed to comply with the law or regulatory requirements

The Board must receive shareholder approval to make other changes, including the following, among other things:
- an increase to the maximum number of shares that may be issued under the plan
- a decrease in the exercise price
- a grant of options in exchange for, or related to, options being cancelled or surrendered

The Board has made two amendments to the stock option plan since it was introduced in 2001:
- on February 28, 2012, the stock option plan was amended so that a change of control would not trigger accelerated vesting of options held by a participant, unless the person is terminated without cause or constructively dismissed; and
- on November 19, 2015, the stock option plan was amended to provide net stock settlement as a method of exercise, which allows an option holder to exercise options without the need for us to sell the securities on the open market, resulting in less dilution.

Payout of 2018 PSU award

On December 31, 2020, the 2018 PSU grant for the performance period of January 1, 2018 to December 31, 2020 vested and was paid out on February 5, 2021.

The NEOs and all other eligible employees received a total payout of 200 percent on the award. The table below shows the difference between the actual payout value and the target grant value for each NEO.

	2018 target grant value ($)[1]	[	2018 PSU award (# of units)	+	Dividend equivalents (# of units)	] x	2018 PSU performance factor (0-200%)	x	Market share price[2]	=	PSU value ($)[3]
Keith Creel	4,369,757	[	18,300	+	540	] x	200%	x	US$335.39	=	16,089,967
Nadeem Velani	1,199,385	[	5,212	+	154	] x	200%	x	$432.25	=	4,639,031
John Brooks	424,798	[	1,779	+	52	] x	200%	x	US$335.39	=	1,564,156
Mark Redd	406,650	[	1,703	+	50	] x	200%	x	US$335.39	=	1,497,334
Jeffrey Ellis	384,531	[	1,671	+	49	] x	200%	x	$432.25	=	1,487,303

(1) The grant value for Mr. Creel, Mr. Brooks and Mr. Redd was converted to Canadian dollars using an exchange rate of $1.2957 for 2018.
(2) Reflects the 30-day average closing share price prior to December 31, 2020 on the TSX ($432.25) and NYSE (US$335.39) when both markets were open.
(3) The PSU payout value for Mr. Creel, Mr. Brooks and Mr. Redd was converted using a 2020 year-end exchange rate of $1.2732.

How we calculated the 2018 PSU performance factor
The PSU performance factor for the three-year period from January 1, 2018 to December 31, 2020 is 200 percent, as shown in the table below. The payout value has been calculated in accordance with the terms of the PSU plan and the 2018 award agreement.

PSU performance measures	Threshold (50%)	Target (100%)	Maximum (200%)	PSU result	Weighting	PSU performance factor
3 Year Average Adjusted Return on Invested Capital [1]	14.5%	15.0%	15.5%	-	60%	200%
TSR to S&P/TSX Capped Industrial Index	25th percentile	50th percentile	75th percentile	85th percentile	20%	200%
TSR to S&P 1500 Road and Rail Index	25th percentile	50th percentile	75th percentile	88th percentile	20%	200%
PSU performance factor						200%

(1) Adjusted Return on Invested Capital is a non-GAAP measure. Non-GAAP measures are defined and reconciled on pages 61-69 of CP's Annual Report on Form 10-K for the year ended December 31, 2020.

KEITH E. CREEL PRESIDENT AND CHIEF EXECUTIVE OFFICER



Mr. Creel has been President and Chief Executive Officer (CEO) since his appointment on January 31, 2017. He joined CP in February 2013 as President and Chief Operating Officer (COO). Prior to joining CP, Mr. Creel had a very successful operating career that began in 1992 at Burlington Northern as a management trainee in operations, which later led to his appointment to EVP and COO at CN in 2010. Mr. Creel obtained a Bachelor of Science in marketing from Jacksonville State University and completed the Advanced Management Program at the Harvard Business School. He served as a commissioned officer in the U.S. Army and is a Persian Gulf War veteran.

At CP, our purpose is to deliver transportation solutions that connect North America to the world. By doing this safely and efficiently, we create long-term, sustainable value for our employees, shareholders and the broader economy. From our multi-year strategic business plans to our daily operations and sales and marketing playbooks, everything we do is driven by, and tested against, our purpose and our values of accountability, diversity and pride.

Accomplishments in 2020
This past year, we could not have anticipated the impact of the COVID-19 pandemic. We took measures to protect our employees, our customers and the communities in which we operate. Through collaboration, adaptability, accountability and partnership with union leadership and CP employees, our heroic front-line essential workers rose to the challenge to support the North American economy and continue to provide goods and services at a critical time in the world's history. Under Mr. Creel's leadership, our world-class railroaders took the global pandemic as an opportunity to demonstrate our resilient, industry-leading culture which will continue to propel us into the future. To acknowledge these extraordinary efforts, we provided each of our union employees who worked or were laid off in 2020 with a one-time gross payment of $1,500. Despite the pandemic, our employees continued to serve our customers, neighbours and communities.

We continued to focus on our five foundations designed to achieve our goal of being the best railroad in North America by providing service, controlling costs, optimizing assets, operating safely and developing people. In 2020, we dedicated further focus on environmental, social, and governance (ESG) objectives including diversity and inclusion initiatives, innovative technology and driving safety improvements which further enable long-term sustainable, profitable growth.

Led by Mr. Creel, we were able to achieve our lowest-ever yearly operating ratio in 2020 of 57.1 percent. This is a result of the company's disciplined approach to precision scheduled railroading. Despite challenging macroeconomic conditions, including the COVID-19 pandemic, revenues only decreased by 1 percent to $7.71 billion from $7.79 billion in 2019. Diluted earnings per share (EPS) increased 3 percent to a record $17.97 from $17.52 and adjusted diluted EPS [1] rose 7.5 percent to a record $17.67 from $16.44.

(1) Adjusted diluted EPS is a non-GAAP measure. Non-GAAP measures are defined and reconciled on pages 61-69 of CP's Annual Report on Form 10-K for the year ended December 31, 2020.

Throughout 2020, we continued to invest in our people by progressing our focus on diversity and inclusion with the establishment of our Diversity Commitment. Our Indigenous, racial and gender diversity councils work to ensure we create a feedback rich environment which supports our corporate direction and provides education to facilitate a deeper understanding of one another. We continue to invest in our employees through our foundational leadership programs as well as new leadership initiatives. In 2020, we launched a new program aimed at front line leaders, as well as introducing CP's new leadership competency framework designed to drive results, provide thought leadership, lead by example and coach and develop talent. CP's veteran program was recognized by Canada's Best Diversity Employers ® of 2020 and we were named in the top 10 Military Friendly ® employers in the United States for 2021.

We accelerated key safety initiatives this year which include: leveraging 10 analytics to develop the train inspection portal, the first to be approved by Transport Canada, implementing cold wheel technology to proactively monitor the heat imprint on wheel braking systems and implementing a broken rail detection system at a fraction of the cost of the traditional centralized traffic control method.

By using the train inspection portal, we can detect 87 percent more defects than manual inspection, which achieves safety improvements and better asset management. To proactively address the working activity of the braking system, our cold wheel technology monitors the wheel temperature instead of air temperature. Currently in use for coal and potash trains, we anticipate further use cases with grain, sulphur and intermodal trains. The broken rail detection system was implemented in non-signal dark territory which allows notification of a broken rail before a derailment occurs. The result is improved safety and performance creating better outcomes for our customers and the communities in which we operate.

Our commitment to the Home Safe program is unwavering, as it empowers all employees to begin a safety conversation, regardless of seniority or position, in the workplace and at home. This program, along with a personal commitment from each of our employees, has resulted in industry-leading 0.96 Federal Railroad Administration (FRA) train accidents per million train miles and 22 percent improvement in FRA Personal Injury frequency ending the year at 1.11. Operating safely is a constant journey evidenced by CP hosting its second Safety Awards for Excellence, celebrating outstanding employee safety leadership.

We recognize that long-term sustainable growth requires ambitious vision. Led by Mr. Creel, we continued the next stages of our growth, building on our culture of innovation to adapt our business and continue to work with all stakeholders to position CP for a sustainability driven future. Looking ahead, we continue to confront the challenge of climate change. We released our first climate statement in July 2020 to underscore our commitment to being a leader in the North American transition to a low carbon future. At CP, we have improved our fuel efficiency by 43 percent since 1990 and currently, CP is 13.8 percent better than the North American Class 1 freight railway average.

We acknowledge that fuel efficiency alone is not enough and we are leveraging emerging technologies, renewable fuels, partnerships and innovative ways of running our business. Our commitment includes: setting a science-based target to reduce our emissions in line with the Paris Agreement, conducting scenario analysis to understand the range of possible impacts from climate change as they relate to our business and we plan to formalize the integration of climate-related risks into our enterprise risk-management mitigation strategies.

Mr. Creel has led our operational excellence by driving actionable results, including, developing one of the largest private solar operations in the province of Alberta to come online in early 2021 generating up to five megawatts of electricity while avoiding an estimated 2,600 tonnes of carbon emissions a year, equal to taking 570 cars off the road. Through our fleet modernization program, economic efficiency continues to progress with: high-efficiency product grain trains moving 40 percent more grain than the standard traditional grain trains; and trip optimizers to be installed on 85 percent of our high-powered line locomotives by 2025. We are adapting our business and operations to changing conditions in order to fight against climate change including a pilot project for a hydrogen-powered locomotive, which supports the decarbonization of the freight transportation sector.

CP was recognized for our leadership in sustainability by being named to the 2020 Dow Jones Sustainability Index North America. We are proud to have achieved a leadership level score of A- for our 2020 climate change disclosure reporting as evaluated by CDP, an internationally recognized non-profit organization that assesses companies on their climate-related performance and transparency. CP's progress was featured as a "Story of Change" by CDP, intended to inspire other companies.

Mr. Creel spearheaded our efforts to extend our reach through various initiatives in 2020 including a strategic multi-year agreement with A.P. Moller-Maersk benefiting North American customers and the environment, and the Hapag-Lloyd AG extension of our long-term rail service agreement. We joined the TradeLens blockchain shipping platform, opened a new multi-commodity transload facility in Montréal, Québec and expanded our reach to the Port of Saint John, New Brunswick. In 2020, we also successfully completed the acquisition and commercial integration of Central Maine and Québec Railway (CMQ) and acquired full ownership of the Detroit River Rail Tunnel resulting in reduced operating costs for CP.

Even with the challenges presented by the COVID-19 pandemic, Mr. Creel held town hall meetings to connect with employees, and met regularly with external stakeholders, including investors, industry associations, government, regulators, customers and policy makers. We are proud to share that Mr. Creel was named Railway Age 2021 Railroader of the Year. Institutional Investor's 2020 All-Canada Executive Team named CP top-ranked in capital goods/industrial sector, recognizing Mr. Creel as the top CEO.

2020 compensation
The table below shows the compensation awarded to Mr. Creel for 2020. The assessment was reviewed by the Compensation Committee, and reviewed and approved by the Board.

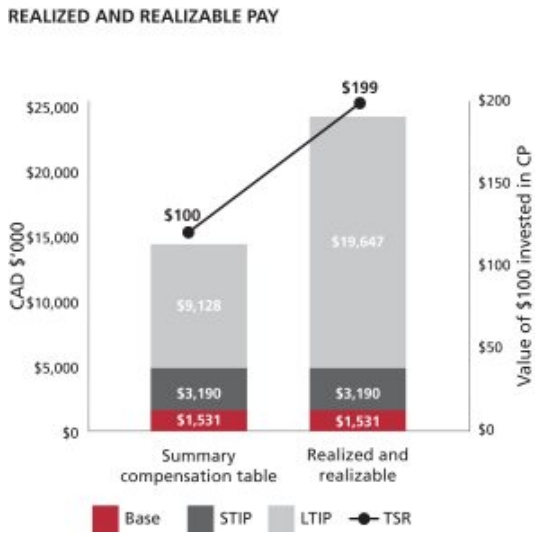


Compensation (in CAD $'000)	2020
Fixed	
Salary	1,601
At-risk	
Short-term incentive	3,442
Long-term incentive	
- PSUs	6,826
- Stock options	4,157
Total direct compensation	16,026
Total target direct compensation	12,569

Note:
All values above are derived from the Summary Compensation Table on page 39
Total direct compensation includes base salary, actual short-term paid and actual long-term incentive grants
Total target direct compensation includes base salary, target short-term and target long-term incentives

2021 compensation
The Compensation Committee, in collaboration with FW Cook, conducted a comprehensive review of Mr. Creel's compensation in conjunction with competitive market information as well as corporate and individual performance. In order to align Mr. Creel's 2021 compensation with CP performance levels and Class 1 Railroad CEOs, we have increased his 2021 target LTIP award by US$1 million (C$1.34 million). No changes were made to Mr. Creel's base salary or target STIP percentage.

Realized and realizable pay
The value of Mr. Creel's incentive compensation is based on our performance over the period and, for the long-term incentive, our share price when the awards vest. The graph below shows the three-year average of Mr. Creel's granted and realized and realizable pay from 2018 to 2020.



Summary compensation table. Reflects average of salary earned, actual cash bonus and long-term incentives granted as disclosed in the summary compensation table on page 39

Realized and realizable. Reflects average of salary earned, actual cash bonus, the value of long-term incentive awards that have vested or been exercised and the estimated current value of unvested long-term incentive awards granted from 2018 to 2020

- the value of vested 2018 PSUs paid in February 2021 was calculated using the 30-day average trading price of our shares prior to December 31, 2020 of US$335.39 on the NYSE with a performance multiplier of 2.0 and includes reinvested dividends up to the payment date
- the value of unvested 2019 and 2020 PSUs are based on the closing price of our shares on December 31, 2020 of US$346.69 on the NYSE with a performance multiplier of 1.0 and includes reinvested dividends
- the value of unvested/unexercised stock options is based on the closing price of our shares on December 31, 2020 of US$346.69 on the NYSE
- the values for salary earned and actual cash bonus are as disclosed in the summary compensation table on page 39
- the value of any realized and realizable PSUs and stock options have been converted into Canadian dollars using the 2020 year-end exchange rate of $1.2732

Pay linked to shareholder value

The table below shows Mr. Creel's total direct compensation in Canadian dollars in each of the last three years, compared to its realized and realizable value as at December 31, 2020. We also compare the realized and realizable value of $100 awarded in total direct compensation to Mr. Creel in each year to the value of $100 invested in shares on the first trading day of the period, assuming reinvestment of dividends, to show a meaningful comparison of shareholder value.

(in CAD $'000)				Value of $100	
	Compensation awarded ($)	Realized and realizable value of compensation as at December 31, 2020 ($)	Period	Keith Creel ($)	Shareholder ($)
2018	11,491,066	29,528,025	Jan 1, 2018 to Dec 31, 2020	257	199
2019	14,029,129	24,107,429	Jan 1, 2019 to Dec 31, 2020	172	187
2020	16,026,481	19,467,579	Jan 1, 2020 to Dec 31, 2020	121	135

Mr. Creel's compensation awarded values are as disclosed in the summary compensation table. Mr. Creel's realized and realizable value for salary earned and actual bonus received have been converted to Canadian dollars using the following average exchange rates: $1.2957 for 2018, $1.3269 for 2019 and for $1.3415 for 2020. The value of any realized and realizable long-term incentive is converted into Canadian dollars using the 2020 year-end exchange rate of $1.2732.

NADEEM S. VELANI EXECUTIVE VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER



Mr. Velani has been Executive Vice-President and Chief Financial Officer since October 17, 2017. Mr. Velani joined CP in March 2013 after spending approximately 15 years with CN where he held a variety of leadership positions in financial planning, sales and marketing, investor relations and the Office of the President and CEO.

Mr. Velani is a key member of the CP senior management team responsible for the long-term strategic direction of the Company. Responsibilities include financial planning, investor relations, reporting and accounting systems, as well as pension, tax, treasury and internal audit functions. Mr. Velani obtained a Bachelor of Economics from Western University and an MBA in Finance/International Business from McGill.

Accomplishments in 2020

In 2020, Mr. Velani executed the Company's strategic multi-year plan to drive sustainable profitable growth, and despite the challenging economic environment due to the COVID-19 pandemic, we were able to achieve our lowest-ever yearly operating ratio in 2020. We achieved an operating ratio in 2020 of 57.1 percent, an improvement of 280 bps year over year.

With Mr. Velani's leadership, CP was recognized for our leadership in sustainability, being named to the 2020 Dow Jones Sustainability Index (DJSI) North America. The index measures corporate sustainability leaders' performance through a comprehensive assessment of economic, environmental and social criteria. The top companies were selected this year from a record number of participants in the 2020 Corporate Sustainability Assessment.

Throughout 2020, we have delivered strong financial results and operational performance. Mr. Velani leveraged the accounting and planning function to provide insights to drive business results and work collaboratively with the operations and sales and marketing teams. We aligned budgeted expense and resources to support growth at low incremental costs while not compromising service or safety excellence, and continued to implement our pension asset management strategy. Mr. Velani delivered on the capital allocation strategy, adjusting to the market while continuing to drive long-term shareholder return, resulting in a diluted earnings per share (EPS) increased 3 percent to $17.97 from $17.52 and adjusted diluted EPS [(1)] rose 7.5 percent to $17.67 from $16.44. In addition, Mr. Velani championed company-wide leadership development programs as co-chair of CP's Diversity and Leadership Steering Committee.

Financial Executives International Canada, PwC Canada and Robert Half recognized Mr. Velani as Canada's CFO of the Year for 2020 as a result of significant contributions to business in Canada. Institutional Investor's 2020 All-Canada Executive Team named Mr. Velani as the top CFO in the capital goods/industrials sector. In addition, Mr. Velani was recognized as one of the inaugural Canada's 50 Best Executives 2020 by the Globe and Mail's Report on Business.

2020 compensation

The table below is a summary of the compensation awarded to Mr. Velani for 2020. The assessment was reviewed by the Compensation Committee, and reviewed and approved by the Board.



Compensation (in CAD $'000)	2020
Fixed	
Salary	790
At-risk	
Short-term incentive	1,263
Long-term incentive	
- PSUs	1,818
- Stock options	1,157
Total direct compensation	5,028
Total target direct compensation	3,982

Note:
All values above are derived from the summary compensation table on page 39
Mr. Velani elected to defer a proportion of his 2020 PSUs to DSUs
Total direct compensation includes base salary, actual short-term paid and actual long-term incentive grants
Total target direct compensation includes base salary, target short-term and target long-term incentives

(1) Adjusted diluted EPS is a non-GAAP measure. Non-GAAP measures are defined and reconciled on pages 61-69 of CP's Annual Report on Form 10-K for the year ended December 31, 2020.

JOHN K. BROOKS EXECUTIVE VICE-PRESIDENT AND CHIEF MARKETING OFFICER



Mr. Brooks has been Executive Vice-President and Chief Marketing Officer (CMO) since February 14, 2019 after having served as Senior Vice-President and Chief Marketing Officer from February 2017. Mr. Brooks started his railroading career with Union Pacific and later helped start I&M Rail Link, LLC, which was purchased by the Dakota, Minnesota and Eastern Railroad (DM&E) in 2002. When CP acquired the DM&E in 2007, Mr Brooks was Vice-President of Marketing.

With more than 26 years in the railroading business, Mr. Brooks has held senior responsibilities in all lines of business, including coal, chemicals, merchandise products, grain and intermodal. Mr. Brooks is responsible for strengthening relationships with existing customers, generating new opportunities for growth, enhancing the value of the Company's service offerings and developing strategies to optimize CP's business.

Accomplishments in 2020
Throughout 2020, Mr. Brooks was focused on proactive customer engagement and adapting to rapid market changes due to the COVID-19 pandemic. This included measuring customer experience, which in turn resulted in record customer experience levels, and hosting virtual customer advisory council meetings, where Mr. Brooks engaged directly with key customers. These discussions allow us to better understand how we can further strengthen our service offering and enhance customer communications by leveraging technology and innovation to support sustainable growth. Leading the sales and marketing team we were able to secure a multi-year rail agreement with A.P. Moller-Maersk to move freight through the ports of Vancouver and Montréal. This aligns with our commitment to sustainability, and this project will help reduce carbon emissions as a result of traffic being diverted to rail instead of truck. In addition, Hapag-Lloyd AG will begin regular service to the Port of Saint John, New Brunswick starting in 2021. In 2020, Mr. Brooks led ESG-related training for the sales and marketing organization and embedded ESG reviews, including a sustainability measure into business cases and customer communications.

Additional accomplishments included commercially completing the onboarding of the recently acquired Central Maine & Québec Railway (CMQ) which creates the opportunity to move products for every line of business in our portfolio, the ongoing development of the sales and marketing team, revenue growth, improving the quality of revenue, customer relationships and network development by expanding our reach through new market offerings, transloads and short lines and enhancing our product offering.

Mr. Brooks continues to lead and champion the expansion of our footprint and network upgrades to increase capacity, growth for our shareholders and customers, while sustaining industry-leading performance and efficiency. In 2020, CP realized gains in intermodal, automotive, forest products, energy, chemicals and plastics. Across all lines of business, there were key contract wins throughout the year that set us up well for 2020 and beyond.

Mr. Brooks lives by our values of accountability, diversity and pride. We are accountable to our customers to drive sustainable profitable growth and deliver for their supply chain to the market. We leverage our different backgrounds, experiences and perspectives to achieve creative supply chain solutions for our customers. For Mr. Brooks, pride is about professionalism and passion. By leveraging our values, CP is able to deliver for our customers, neighbours and communities. Mr. Brooks brings a breadth of experience to the CMO role that will continue to be pivotal to our continued growth and future success.

2020 compensation

The table below is summary of the compensation awarded to Mr. Brooks for 2020. The assessment was reviewed by the Compensation Committee, and reviewed and approved by the Board.



Compensation (in CAD $'000)	2020
Fixed	
Salary	735
At-risk	
Short-term incentive	1,150
Long-term incentive	
- PSUs	1,548
- Stock options	943
Total direct compensation	4,376
Total target direct compensation	3,439

Note:

All values above are derived from the summary compensation table on page 39

Total direct compensation includes base salary, actual short-term paid and actual long-term incentive grants

Total target direct compensation includes base salary, target short-term and target long-term incentives

MARK A. REDD EXECUTIVE VICE-PRESIDENT OPERATIONS



Mr. Redd has been Executive Vice-President Operations since September 1, 2019, bringing to his role considerable leadership experience in rail operations and safety excellence. He joined CP in October 2013 as General Manager Operations U.S. West and has held various leadership positions. In February 2017, he became Senior Vice-President Operations Western Region. Mr. Redd was proudly named CP's 2016 Railroader of the Year.

He leads the 24/7 operations of our network, which includes responsibility for network transportation, operations, mechanical, engineering, procurement and labour relations. Mr. Redd began his railroading career at Midsouth Rail in Jackson, Mississippi, and then moved to Kansas City Southern (KCS) as an engineer and was eventually appointed Vice-President Transportation. He is also a former Chairman of the operating board for the Port Terminal Railroad Association in Houston, Texas. Mr. Redd holds a Bachelor and Master of Science in Management from University of Phoenix and Executive MBA from the University of Missouri – Kansas City.

Accomplishments in 2020

With the challenges presented by the COVID-19 pandemic in 2020, Mr. Redd embraced the opportunity to partner with union leadership to support our front-line essential workers in delivering goods and services when the North American economy needed us most. The operations team also continued to focus on progressing safety excellence with 2020 marking the 15 th consecutive year that CP led the industry by achieving its lowest ever Federal Railroad Administration (FRA)-reportable rates for both personal injuries and train accidents. 2020 saw FRA-reportable personal injuries down 22 percent from 2019 with a frequency of 1.11, and FRA-reportable train accident frequency improved by 9 percent from the previous year to 0.96. Leveraging our five foundations, precision scheduled railroading model, proactively engaging with employees and managing the operations efficiently, Mr. Redd's team continues to deliver world-class service to our customers as evidenced by exceeding trip plan goals, achieving on time train departure and network fluidity.

Under Mr. Redd's leadership, we had record setting operational performance in average train weights and train lengths in 2020, which improved operating efficiencies throughout our network and reinforced our commitment to sustainable growth and fighting climate change. Our Fuel Trip Optimizer (FTO) is one of the ways we are improving our overall fuel efficiency. We are nearly 75 percent complete in our subdivision rollout of new FTO enhancements, which allow us to increase FTO miles and, in turn, improve efficiency and reduce emissions.

We reached another milestone in our 10-year journey towards the full activation of our Positive Train Control (PTC) system. We have successfully deployed our PTC system throughout all of our required U.S. subdivisions and met the mandated FRA criteria on December 31, 2020. We continue to work with our industry partners on system improvements. The Railway Association of Canada (RAC) recognized CP with a 2020 Safety Award for our wheel inspection technology. The system uses an array of 30 electromagnetic sensors embedded into the head of the rail, which proactively senses wheels with subsurface conditions that could lead to a broken wheel. We are the first in North America at practical operational implementation capacity.

Mr. Redd leads and fosters the development of a diverse and inclusive operations team by continuing to spearhead our Home Safe program, leadership training, mentoring emerging leaders and providing ongoing operations updates with frequent visits to the field throughout the pandemic to support the operating team. Mr. Redd is proud to co-chair our Diversity and Leadership Steering Committee. In addition, we recognize the tremendous commitment and the outstanding efforts of our employees through CP's Safety Awards. Employees provide thoughtful feedback on our safety walkabouts making us a safer CP family and ensuring we go home safe.

2020 compensation

The table below is a summary of the compensation awarded to Mr. Redd for 2020. The assessment was reviewed by the Compensation Committee and reviewed and approved by the Board.



Compensation (in CAD $'000)	2020
Fixed	
Salary	595
At-risk	
Short-term incentive	827
Long-term incentive	
- PSUs	1,140
- DSUs	15
- Stock options	694
Total direct compensation	3,271
Total target direct compensation	2,574

Note:
All values above are derived from the summary compensation table on page 39
Total direct compensation includes base salary, actual short-term paid and actual long-term incentive grants
Total target direct compensation includes base salary, target short-term and target long-term incentives

JEFFREY J. ELLIS CHIEF LEGAL OFFICER AND CORPORATE SECRETARY



Mr. Ellis has been Chief Legal Officer and Corporate Secretary since November 23, 2015. Mr. Ellis is accountable for the overall strategic leadership, and has oversight for the performance of the legal, corporate secretarial, government relations and public affairs functions at CP.

Prior to joining CP in 2015, Mr. Ellis was the U.S. General Counsel at BMO Financial Group. Before joining BMO in 2006, Mr. Ellis was in private practice in Ontario. Mr. Ellis holds a BA and MA from the University of Toronto, JD and LLM degrees from Osgoode Hall Law School as well as an MBA from Western University. Mr. Ellis is a member of the bars of New York, Illinois, Ontario and Alberta.

Accomplishments in 2020

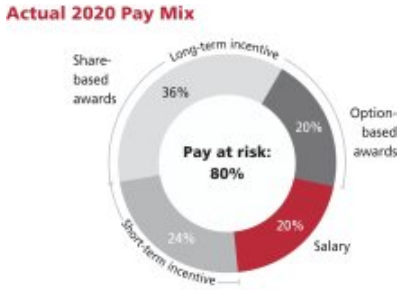
Mr. Ellis and his team provide strategic guidance and have accountability for legal, communications and government affairs matters. Mr. Ellis' team has been instrumental in facilitating communications and providing legal advice and support to the CP pandemic team during this unprecedented time of the COVID-19 pandemic. His team also contributed to the execution of a strategic multi-year agreement with A.P. Moller-Maersk utilizing CP's multi-commodity transload facility on the west coast. This strategic initiative will convert truck traffic to rail in the Vancouver market, thus reducing greenhouse gas emissions. In addition, Mr. Ellis' team provided important support to facilitate the completion of CP's purchase of the Central Maine & Québec Railway (CMQ) network, as well as the acquisition of the Detroit River Rail Tunnel resulting in future reduced operating costs for CP related to the movement of goods through the tunnel.

Mr. Ellis has built a high-performing legal, corporate secretarial, government affairs and communications team to facilitate CP's achievement of our business objectives, providing advice and strategic thinking to various internal stakeholders. Mr. Ellis' Corporate Secretary responsibilities include corporate governance practices, compliance with CP's Code of Business Ethics and providing strategic guidance to CP's senior management and its Board of Directors.

As a strong advocate for diversity and inclusion, Mr. Ellis is the chair of CP's Indigenous Diversity Council founded in 2020, and is a member of the Executive Committee for Legal Leaders for Diversity and Inclusion. Mr. Ellis was a member of the Association of Canadian General Counsel (ACGC) Executive Committee (2018 to 2020), and is a former President of the ACGC. In 2020, with Mr. Ellis' guidance, the Globe and Mail's Board Games annual survey of corporate boards in Canada ranked CP second out of 221 S&P/TSX Composite companies based on its governance and executive compensation practices. Mr. Ellis is currently a Board member of the Railway Association of Canada.

2020 compensation

The table below is summary of the compensation awarded to Mr. Ellis for 2020. The assessment was reviewed by the Compensation Committee, and reviewed and approved by the Board.



Compensation (in CAD $'000)	2020
Fixed	
Salary	521
At-risk	
Short-term incentive	638
Long-term incentive	
- PSUs	817
- DSUs	137
- Stock options	521
Total direct compensation	2,634
Total target direct compensation	1,966

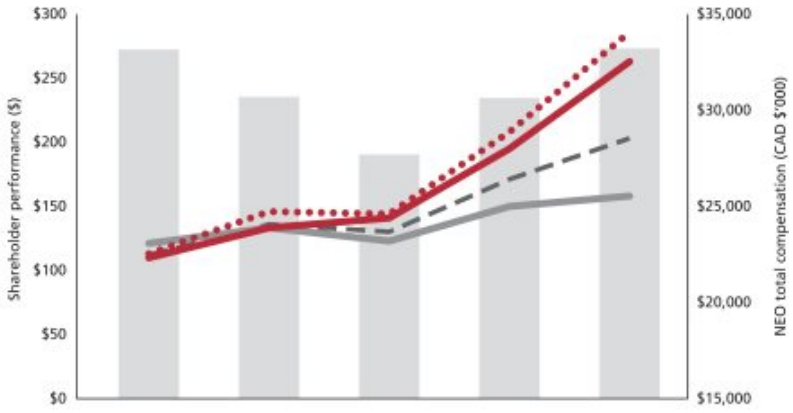
Note:
All values above are derived from the summary compensation table on page 39
Total direct compensation includes base salary, actual short-term paid and actual long-term incentive grants
Total target direct compensation includes base salary, target short-term and target long-term incentives

Share performance

The graph below shows the total shareholder return of $100 invested in CP shares compared to the two major market indices over the last five years ending December 31, 2020 assuming reinvestment of dividends. The graph also shows the total compensation awarded to our NEOs for each of the past five years.

The graphs show that CP shares have outperformed the S&P/TSX Composite Index and the S&P 500 index while our NEOs' total compensation has increased by a lesser rate in recent years. We have delivered significant shareholder value as our cumulative total return for the five-year period ending December 31, 2020 was 163 percent on the TSX and 186 percent on the NYSE.

The total compensation value for NEOs as disclosed in the summary compensation table is 0.4 percent of our total revenues of $7.71 billion for 2020.



at December 31	2016	2017	2018	2019	2020
CP TSR (C$)	110	133	141	195	263
CP TSR (US$)	113	146	144	208	286
S&P/TSX Composite Index (C$)	121	133	123	150	158
S&P 500 Index (US$)	112	136	130	171	203
TDC ($ thousands)	31,796	27,471	22,210	27,352	31,855

Note:

- Total direct compensation (TDC) is the total compensation awarded to the NEOs, as reported in the summary compensation table in prior years.
- In years where there were more than five NEOs, we used the following to calculate total direct compensation in the table above:
  - 2020: Keith Creel, Nadeem Velani, John Brooks, Mark Redd and Jeffrey Ellis
  - 2019: Keith Creel, Nadeem Velani, John Brooks, Laird Pitz and Mark Redd
  - 2018: Keith Creel, Nadeem Velani, Robert Johnson, Laird Pitz and John Brooks
  - 2017: Keith Creel, Nadeem Velani, Robert Johnson, Laird Pitz and Jeffrey Ellis
  - 2016: Hunter Harrison, Nadeem Velani, Keith Creel, Robert Johnson and Laird Pitz
- Mr. Harrison, Mr. Creel, Mr. Brooks, Mr. Pitz, Mr. Redd and Mr. Johnson were paid in U.S. dollars and their amounts have been converted using the following average exchange rates: $1.3415 for 2020, $1.3269 for 2019, $1.2957 for 2018, 1.2986 for 2017 and $1.3248 for 2016.

EXECUTIVE COMPENSATION DETAILS

Summary compensation table

The table below shows annual compensation in Canadian dollars for our five NEOs for the three fiscal years ended December 31, 2020. Mr. Creel, Mr. Brooks and Mr. Redd were paid in U.S. dollars and their compensation has been converted to Canadian dollars using the average exchange rates for the year: $1.3415 for 2020, $1.3269 for 2019 and $1.2957 for 2018. Mr. Velani and Mr. Ellis were paid in Canadian dollars.

Executive and principal position	Year	Salary ($) (1)	Share-based awards ($) (2)	Option-based awards ($) (3)	Non-equity incentive plan compensation - annual incentive plan ($) (4)	Pension Values ($) (5)	All other compensation ($) (6)	Total Compensation ($)
Keith E. Creel	2020	1,601,097	6,826,446	4,156,579	3,442,359	546,767	242,948	16,816,196
President and Chief	2019	1,537,866	5,870,208	3,642,061	2,978,994	566,343	554,930	15,150,402
Executive Officer	2018	1,453,595	4,369,757	2,519,163	3,148,551	452,209	543,332	12,486,607
Nadeem S. Velani	2020	790,366	1,818,076	1,157,441	1,263,452	226,331	66,336	5,322,002
Executive Vice-President	2019	751,099	1,623,980	978,943	1,095,729	214,043	59,250	4,723,044
and Chief Financial Officer	2018	666,946	1,199,385	688,327	1,032,596	138,925	57,680	3,783,859
John K. Brooks	2020	735,100	1,548,288	942,743	1,149,741	588,088	83,767	5,047,727
Executive Vice-President	2019	670,235	1,240,804	697,030	829,259	254,186	66,651	3,758,165
and Chief Marketing Officer	2018	499,384	424,798	244,922	602,177	166,898	61,456	1,999,635
Mark A. Redd	2020	595,081	1,155,272	693,849	827,327	93,038	79,781	3,444,348
Executive Vice-President	2019	491,307	642,177	355,053	592,539	96,231	214,626	2,391,933
Operations	2018	440,209	832,824	562,059	510,812	78,942	283,124	2,707,970
Jeffrey J. Ellis	2020	520,967	954,825	520,534	638,004	125,011	44,457	2,803,798
Chief Legal Officer	2019	463,071	695,339	438,493	520,787	112,898	54,844	2,285,432
and Corporate Secretary	2018	450,531	384,531	220,669	477,750	99,240	54,963	1,687,684

(1) **Salary.** Represents salary earned in the year. Mr. Velani's salary is set in U.S. dollars and was paid in Canadian dollars based on a foreign exchange rate of 1.3499 in 2020. Mr. Ellis' salary was set in Canadian dollars for 2020.

(2) **Share-based awards.** Includes PSUs and DSUs awards, where applicable. PSUs were granted on January 31, 2020. The grant date accounting fair value is $351.55 for grants on the TSX and US$265.81 for grants on the NYSE. The grant date accounting fair value of the awards are in accordance with FASB ASC Topic 718: Compensation – Stock Compensation. See Item 8, Financial Statements and Supplementary Data, Note 23: Stock-based compensation in our Annual Report on form 10-K filed with the SEC and securities regulatory authorities in Canada on February 18, 2021 for more details.

To calculate the number of PSUs our NEOs receive, we use the Willis Towers Watson binomial lattice model. Using this valuation model, the grant date expected fair value on January 31, 2020 was $284.76 on the TSX and US$215.31 on the NYSE, based on the following assumptions:

Assumptions	Willis Towers Watson Expected Life Binomial Valuation TSX / NYSE
Term	3 years
Vesting Schedule	3 year cliff
Payout Range % (threshold-target-max)	50-100-200
Risk of Forfeiture	5%
PSU Value (as a % of grant price)	**81%**

Mr. Velani's, Mr. Redd's and Mr. Ellis' amounts include the value of DSUs granted on January 31, 2020. See the About deferred compensation section on page 46 for more details.

(3) **Option-based awards.** Stock options were granted on January 31, 2020. The grant date fair value of stock option awards granted to each NEO has been calculated in accordance with FASB ASC Topic 718: Compensation – Stock Compensation. We used the Black-Scholes option-pricing model (with reference to the shares underlying the options). The grant date accounting fair value of the awards shown in the Summary Compensation table shown respectively with reference to the TSX and NYSE are $66.31 or US$53.95 for the January 31, 2020 grant. See Item 8, Financial Statements and Supplementary Data, Note 23: Stock-based compensation in our Annual Report on Form 10-K filed with the SEC and securities regulatory authorities in Canada on February 18, 2021 for more details.

To calculate the number of options that an executive receives, we use Willis Towers Watson's expected life binomial methodology which is fundamentally similar to the methodology used to determine the accounting fair value; however, some of the underlying assumptions are different. For example, the binomial methodology assumes a slightly lower historical volatility, a higher risk-free rate and includes a discount to account for vesting restrictions.

The grant price on January 31, 2020 is $351.55 on the TSX and US$265.81 on the NYSE. Using the binomial valuation model, the grant date expected fair value on January 31, 2020 was $56.25 on the TSX and US$47.85 on the NYSE, based on the following assumptions:

	Willis Towers Watson Expected Life Binomial Valuation	
Assumptions	**NYSE**	**TSX**
Option Term	7 years	7 years
Vesting Schedule	4 year pro-rated	4 year pro-rated
Expected Life	4.75 years	4.75 years
Dividend Yield (1-year historical)	1.07%	1.08%
Volatility (3-year daily)	19.5%	18.5%
Risk-free Rate (yield curve)	2.5 - 2.8%	1.8 - 1.9%
Risk of Forfeiture	5%	5%
Stock Option Value (as a % of grant price)	**18%**	**16%**

(4) **Non-equity annual incentive.** Cash bonus earned under our short-term incentive plan for 2020 and paid in February 2021. In respect of their short-term incentive compensation, Mr. Redd and Mr. Ellis elected to receive part of their 2020 bonus in DSUs.

(5) **Pension.** Mr. Creel, Mr. Velani and Mr. Ellis participate in the Canadian defined contribution plan (DC plan) and in the defined contribution supplemental plan (DC SERP). Mr. Creel and Mr. Redd participate in the U.S. defined contribution plan and the U.S. supplemental executive retirement plan. Mr. Brooks participates in the CP Pension Plan for U.S. Management Employees. See Retirement plans on page 45 for more details.

(6) **All other compensation.** The NEOs receive certain benefits and perquisites which are competitive with our comparator group. The table below shows the breakdown of all other compensation for 2020. The values in the table have been converted to Canadian dollars using the 2020 average exchange rate of $1.3415.

	Perquisites						Other compensation		
Executive	**Personal use of company aircraft ($) [a]**	**Auto benefits ($) [b]**	**Housing allowance ($) [c]**	**Financial and tax planning ($) [d]**	**Additional medical ($) [e]**	**Club benefits ($) [f]**	**401K match ($) [g]**	**Employer share purchase plan match ($) [h]**	**Total ($)**
Keith Creel	109,953	28,072	2,404	30,743	1,148	31,723	7,244	31,661	242,948
Nadeem Velani	-	39,487	-	-	-	11,200	-	15,649	66,336
John Brooks	-	39,183	-	3,420	1,548	15,025	10,036	14,555	83,767
Mark Redd	-	41,147	-	-	-	15,025	11,826	11,783	79,781
Jeffrey Ellis	-	19,879	2,816	-	-	11,200	-	10,562	44,457

(a) Calculated by multiplying the variable cost per air hour by the number of hours used for travel and includes costs for fuel, maintenance, landing fees and other miscellaneous costs. As an executive of a Calgary-based company, enabling the CEO to visit his family in the United States is an important retention tool. Non-corporate use of the corporate jet has been limited to family visits and limited to the CEO only.

(b) Reflects the cost of a company-leased vehicle and reimbursement of related operating costs. A taxable reimbursement of auto benefits is provided for executives with vehicles that meets a CFCR (Combined Fuel Consumption Ratio from the Canadian federal government) of 11.8L per 100KM or less.

(c) Reflects total costs pro-rated for the days Mr. Creel is in Calgary to provide reasonable accommodation. For Mr. Ellis, the value reflects the housing subsidy that is included in relocation package and will end in June 2021.

(d) Executive financial counselling was added to the flexible perquisite program effective August 1, 2020.

(e) Under the U.S. medical benefits plan, available to all U.S. employees, the majority of the cost of a medical examination is covered by the plan. Only additional services for the executive medical are paid for by CP. In Canada, executive medicals are not covered under any general benefit plan.

(f) Included in the perquisites program available to all senior executives. Value of CEO's club membership of $31,723 reflects the Canadian dollar conversion of US$23,647.

(g) Reflects matching company contributions to the 401k plan for Mr. Creel, Mr. Brooks and Mr. Redd.

(h) Reflects company contributions to the employee share purchase plan (ESPP). Our NEOs participate in the ESPP on the same terms and using the same formulas as other participants. See page 44 to read more about the ESPP.

Employment agreements

Except for Mr. Creel, employment agreements for executive officers are set out in a standard offer letter template. The letters contain the standard terms as described in the compensation discussion and analysis and include an annual salary, participation in the short and long-term incentive plans as approved annually by the Compensation Committee, participation in the benefit plans or programs generally available to management employees and perquisites.

As of the date of this Amendment No. 1 on Form 10-K/A, all of our NEOs have a two-year non-compete, non-solicitation agreement tied to their CP employment.

Mr. Creel's employment agreement includes:
- reasonable living accommodation in Calgary
- use of the corporate jet for business commuting and family visits within North America
- non-disclosure, non-solicitation and confidentiality covenants
- severance provisions as described on page 48
- reimbursement for club memberships of up to US$25,000 annually
- reimbursement for financial services of up to US$25,000 annually

Mr. Ellis has an offer letter that also includes a severance package for a termination without cause. The letter also includes a non-compete/non-solicit agreement.

Incentive plan awards

Outstanding share-based awards and option-based awards

The table below shows all vested and unvested equity incentive awards that were outstanding as of December 31, 2020. See Long-term incentive plan (LTIP) beginning on page 22 for more information about our stock option and share-based awards.

		Option-based awards [1]					Share-based awards [2]		
Executive	Grant date	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($) [1]	Grant type	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed ($)
Keith Creel [3]	31-Jan-14	39,900	168.84	31-Jan-24	10,880,331				
	24-Jul-14	47,940	210.32	24-Jul-24	11,084,207				
	22-Jan-16	55,250	116.80	22-Jan-26	16,171,451				
	20-Jan-17	8,471	150.99	20-Jan-24	2,110,679				
	1-Feb-17	18,762	151.14	1-Feb-24	4,671,255				
	1-Feb-17	177,225	151.14	1-Feb-24	44,124,463				
	22-Jan-18	43,148	185.85	22-Jan-25	8,835,912				
	25-Jan-19	54,202	205.31	25-Jan-26	9,756,632				
	31-Jan-20	57,432	265.81	31-Jan-27	5,914,142				
	6-Feb-13					DSU			14,192,611
	15-Feb-18					PSU			16,089,967
	14-Feb-19					PSU	22,279	9,833,937	
	31-Jan-20					PSU	19,279	8,509,982	
Total		**502,330**			**113,549,072**		**41,558**	**18,343,919**	**30,282,578**
Nadeem Velani	23-Jan-15	1,539	218.78	23-Jan-25	342,812				
	22-Jan-16	2,927	165.74	22-Jan-26	807,237				
	20-Jan-17	3,644	201.49	20-Jan-24	874,706				
	22-Jan-18	13,260	231.66	22-Jan-25	2,782,876				
	25-Jan-19	16,313	271.50	25-Jan-26	2,773,699				
	31-Jan-20	17,455	351.55	31-Jan-27	1,570,601				
	26-Feb-14					DSU			301,353
	19-Feb-15					DSU			152,466
	24-Feb-17					DSU			276,621
	22-Feb-19					DSU	273	120,393	481,571
	31-Jan-20					DSU	4,167	1,839,950	
	15-Feb-18					PSU			4,639,031
	14-Feb-19					PSU	5,888	2,599,662	
	31-Jan-20					PSU	1,041	459,775	
Total		**55,138**			**9,151,931**		**11,369**	**5,019,780**	**5,851,042**
John Brooks	23-Jan-15	2,506	175.92	23-Jan-25	544,865				
	22-Jan-16	4,340	116.80	22-Jan-26	1,270,300				
	20-Jan-17	2,610	150.99	20-Jan-24	650,321				
	22-Jan-18	4,195	185.85	22-Jan-25	859,058				
	25-Jan-19	7,484	205.31	25-Jan-26	1,347,158				
	14-Feb-19	2,969	202.00	14-Feb-26	546,947				
	31-Jan-20	13,026	265.81	31-Jan-27	1,341,371				
	6-Sep-12					DSU			449,584
	22-Feb-19					DSU	167	73,770	295,079
	15-Feb-18					PSU			1,564,156
	14-Feb-19					PSU	4,542	2,004,864	
	31-Jan-20					PSU	4,373	1,930,126	
Total		**37,130**			**6,560,020**		**9,082**	**4,008,760**	**2,308,819**
Mark Redd [4]	1-Apr-14	1,380	166.16	1-Apr-24	380,011				
	23-Jan-15	1,256	175.92	23-Jan-25	273,085				
	20-Jan-17	933	150.99	20-Jan-24	232,471				
	22-Jan-18	4,015	185.85	22-Jan-25	822,198				
	20-Jul-18	3,960	194.97	20-Jul-25	764,953				
	25-Jan-19	3,996	205.31	25-Jan-26	719,300				
	3-Sep-19	1,297	234.76	3-Sep-26	184,835				
	31-Jan-20	9,587	265.81	31-Jan-27	987,235				
	19-Feb-15					DSU			194,980
	22-Feb-19					DSU	142	62,577	250,309
	31-Jan-20					DSU	849	374,659	77,934
	15-Feb-18					PSU			1,497,334
	20-Jul-18					PSU	1,725	951,781	
	14-Feb-19					PSU	1,643	725,164	
	3-Sep-19					PSU	559	246,664	
	31-Jan-20					PSU	2,414	1,065,526	
Total		**26,424**			**4,364,088**		**7,332**	**3,426,371**	**2,020,557**

		Option-based awards [1]					Share-based awards [2]		
Executive	Grant date	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($) [1]	Grant type	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed ($)
Jeffrey Ellis	22-Jan-16	2,097	165.74	22-Jan-26	578,332				
	20-Jan-17	4,980	201.49	20-Jan-24	1,195,399				
	22-Jan-18	4,251	231.66	22-Jan-25	892,157				
	25-Jan-19	7,307	271.50	25-Jan-26	1,242,409				
	31-Jan-20	7,850	351.55	31-Jan-27	706,343				
	22-Jan-16					DSU			167,538
	31-Jan-20					DSU	393	173,449	693,795
	15-Feb-18					PSU			1,487,303
	14-Feb-19					PSU	2,638	1,164,638	
	31-Jan-20					PSU	2,342	1,034,273	
Total		**26,485**			**4,614,640**		**5,373**	**2,372,360**	**2,348,636**

(1) **Option-based awards.** Regular options granted before 2017 vest 25 percent each year for four years beginning on the anniversary of the grant date and expire 10 years from the grant date. Grants made in 2017 and onwards expire seven years from the grant date. All exercise prices for grants received prior to 2015 are in Canadian dollars. With respect to Mr. Creel, Mr. Brooks and Mr. Redd, exercise prices for option awards that were granted in 2015 and later are in U.S. dollars. All of Mr. Velani's and Mr. Ellis' exercise prices are in Canadian dollars.

Value of unexercised in-the-money options. For stock options granted to NEOs in Canadian dollars, the value of unexercised in-the-money options at 2020 year-end is based on $441.53, the closing share price on the TSX on December 31, 2020. For NEOs with U.S. dollar stock option grants, the value of unexercised in-the-money options at 2020 year end is based on US$346.69, the closing share price on the NYSE on December 31, 2020.

(2) **Share-based awards.** Values include reinvested dividends. The PSU values are based on a payout at target (100 percent) for the 2019 and 2020 grants. For Mr. Velani and Mr. Ellis, the value of unvested PSUs and DSUs is based on $441.53, the closing share price on the TSX on December 31, 2020. For Mr. Creel, Mr. Brooks and Mr. Redd, the value of unvested PSUs or DSUs is based on US$346.69, our closing share price on the NYSE on December 31, 2020, converted into Canadian dollars using a year-end exchange rate of $1.2732.

Vested and unvested DSU awards are deferred and cannot be redeemed until the NEO leaves the Company.

(3) Mr. Creel was awarded a performance stock option grant on February 1, 2017. These options will vest on February 1, 2022 upon the achievement of predetermined performance measures.

(4) Prior to becoming an NEO, Mr. Redd was one of a number of key senior leaders who received a retention grant on July 20, 2018, consisting of PSOs and PSUs. Upon the achievement of revenue and diluted earnings per share (EPS) targets on December 31, 2020 and a share price hurdle 10 days prior to the vest date for PSUs, the grant will vest on July 20, 2021. Diluted EPS results exceeded the target. The revenue target was achieved based on reported results, however, after defined adjustments, it was not met by less than 1 percent. While our overall company performance and shareholder return was favourable, the COVID-19 pandemic impacted our volumes due to lower consumer demand, resulting in the adjusted revenue not being achieved. Absent these impacts, the adjusted revenue goal would have been met in full. To provide an equitable outcome for all award participants, the Board approved the application of positive discretion for the PSOs to vest at 75 percent (without discretion would vest at 50 percent) and the PSUs will payout at 125 percent (without discretion would payout at 100 percent) based upon the EPS target having been exceeded, contingent upon the achievement of the share price hurdle. If the share price hurdle is not achieved it will result in a zero payout for PSUs regardless of performance. For Mr. Redd, 3,960 PSOs will vest and become exercisable on the vest date. Mr. Redd's 1,725 PSUs with 125 percent discretion applied based on the December 31, 2020 closing share price on the NYSE and the year-end exchange rate of 1.2732 will result in an estimated payout of $951,781, if the share price hurdle is achieved. See Compensation Committee Discretion on page 21 for details on the use of discretion.

Incentive plan awards – value vested or earned during the year

The table below shows the amount of incentive compensation that vested or was earned in 2020.

Executive	Option-based awards - value vested during the year ($) [1]	Share-based awards - value vested during the year ($) [2]	Non-equity incentive plan compensation - value earned during the year ($)
Keith Creel	6,409,932	16,089,967	3,442,359
Nadeem Velani	922,774	4,682,621	1,263,452
John Brooks	587,742	1,564,156	1,149,741
Mark Redd	413,684	1,497,334	827,327
Jeffrey Ellis	794,423	1,487,303	638,004

(1) **Option-based awards – value vested during the year.** Includes the aggregate dollar value that would have been realized if the options were exercised on the date of vest. It is calculated as the difference between the closing price (on each of the stock option vest dates in 2020) and the exercise price, converted to Canadian dollars where applicable using the exchange rate on the vest date.

(2) **Share-based awards – value vested during the year.** Includes DSUs that have vested during the year and are valued as of the vest date and converted to Canadian dollars where applicable, as well as the 2018 PSU value which vested at 200 percent on December 31, 2020. The 2018 PSU value realized on vesting is calculated by multiplying the number of shares acquired on vesting by $432.25, the average 30-day trading price of our shares prior to December 31, 2020 on the TSX for Mr. Velani and Mr. Ellis, and US$335.39 on the NYSE for Mr. Creel, Mr. Brooks and Mr. Redd, converted to Canadian dollars using the year-end exchange rate of $1.2732 and by multiplying that product by the achieved performance factor.

Option exercises and vested stock awards

The table below shows the options exercised and sold by the NEOs in 2020.

Executive	Number of options exercised and sold	Option exercise price ($)	Value realized ($) (1)
Keith Creel	25,413	150.99	6,030,244
	33,910	175.92	6,915,646
Nadeem Velani	2,310	126.34	721,002
	1,000	201.49	241,160
	1,820	168.84	495,375
John Brooks	2,345	97.70	790,911
	2,850	75.71	1,029,770
	1,900	119.18	596,498
	1,440	168.84	381,658
Mark Redd	2,801	150.99	427,260
	2,042	116.80	404,562
Jeffrey Ellis	900	165.74	174,294
	3,600	165.74	672,182

(1) Based on the market price of shares less the option exercise price on the date of exercise. The values for exercised options granted on the NYSE were converted to Canadian dollars using the exchange rate on the exercise date.

Equity compensation plan information

The table below shows the securities authorized for issuance under equity compensation plans at December 31, 2020. These include the issuance of securities upon exercise of options outstanding under the stock option plan and the director stock option plan.

The table also shows the remaining number of shares available for issuance and includes 340,000 shares under the director stock option plan. On July 21, 2003, the Board suspended any additional grants of options under the director stock option plan and there are no outstanding options under that plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights ($)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	1,387,366	225.20	1,235,969
Equity compensation plans not approved by security holders	-	-	-
Total	**1,387,366**	**225.20**	**1,235,969**

See page 26 to read more about the stock option plan. You can also read about the two equity compensation plans in our audited consolidated financial statements for the year ended December 31, 2020, available on our website (investor.cpr.ca/financials), and on SEDAR (www.sedar.com) and EDGAR (www.sec.gov).

Employee Share Purchase Plan (ESPP)

CP's ESPP is available to all employees and provides the opportunity to purchase shares on the open market through payroll deductions which aligns employees' interests with those of shareholders. Employees may contribute between one percent and ten percent of their base salary to the ESPP every pay period. CP provides a 33 percent match on the first 6 percent of non-unionized and specified unionized employees' contributions which vest at the end of the four consecutive quarters. Employees must remain participants of the ESPP at the time of vesting in order to receive the CP match.

As of December 31, 2020, approximately 53 percent of our employees participated in the ESPP.

Retirement plans

Canadian pension plans

Mr. Creel, Mr. Velani and Mr. Ellis participated in our DC plan in 2020.

Participants contribute between 4 and 6 percent of their earnings depending on their age and years of service, and the Company contributes between 4 and 8 percent of earnings on a participant's base salary and annual bonus. For executives, CP contributes an additional 6 percent contribution on base salary and annual bonus. Total contributions are limited to the maximum allowed under the Income Tax Act (Canada) ($27,830 for 2020).

Defined contribution plan

Executive	Accumulated value at start of year ($)	Compensatory ($)	Accumulated value at year end ($)
Keith Creel	2,041,957	523,827	2,801,563
Nadeem Velani	774,411	226,331	1,108,415
Jeffrey Ellis	454,091	125,011	633,286

Mr. Creel, Mr. Velani and Mr. Ellis also participate in the DC SERP, a non-registered plan that provides notional contributions in excess of the Income Tax Act (Canada) limits for the DC Plan at the same employer contribution in the DC Plan. Company contributions vest after two years of employment. Employees do not contribute to the DC SERP.

U.S. retirement plans

Our U.S. retirement program has five elements:
- a qualified defined benefit pension plan which provides automatic employer contributions (closed plan);
- a non-qualified defined benefit pension plan (closed plan) for certain employees whose compensation exceeds the U.S. Internal Revenue Code limits (US$230,000 for 2020);
- a voluntary qualified 401(k) plan with employer match;
- a qualified defined contribution plan which provides automatic employer contributions; and
- a non-qualified defined contribution plan for certain employees whose compensation exceeds the U.S. Internal Revenue Code limit (US$285,000 for 2020).

CP pension plan for U.S. management employees (closed plan)
CP sponsors a defined benefit pension plan comprised of a Basic Defined Benefit Pension Plan (Basic DB Plan) and a supplemental pension for earnings in excess of the Internal Revenue Service (IRS) compensation limits in the Basic DB Plan, which provides retirement benefits in excess of the benefits payable from the Basic DB Plan. The benefit is based on age, service and a percentage of final average compensation.

The pension formula uses the final average monthly earnings and calculates a benefit of 0.5 percent up to the Tier 1 Railroad Retirement Board limit and 1.25 percent in excess of that limit, and multiplies that by the years of service to a maximum of 30 years. An unreduced pension is available for all employees under the Basic DB Plan and the supplemental pension plan as early as age 62 with 30 years of service with the normal retirement benefit payable at age 65.

The table below summarizes Mr. Brooks' participation in the Basic DB Plan and supplemental pension plan in 2020. The values in the table have been converted to Canadian dollars using the 2020 average exchange rate of $1.3415.

	Years of credited service		Annual benefits payable		Opening present value of defined benefit obligation ($)	Compensatory change ($)	Non-compensatory change ($)	Closing present value of defined benefit obligation ($)
Executive	At December 31, 2019	At age 65	At year end ($)	At age 65 ($)				
John Brooks	12.17	27.25	165,803	371,252	1,084,323	588,088	430,786	2,103,197

The closing present value of the defined benefit obligation is based on Mr. Brooks' $165,803 accrued benefit assumed to be paid at 65. The present value was determined using a discount rate of 2.26 percent and mortality adjusted actuarial assumptions.

401(k) plan
Individuals can make pre-tax or post-tax (Roth) contributions to the 401(k) plan subject to limitations imposed by the IRS in the U.S. The Company provides a matching contribution of 50 percent on the first 6 percent of eligible earnings. All contributions vest immediately.

U.S. salaried retirement income plan
The U.S. Salaried Retirement Income Plan is employer-funded with an annual contribution amount equal to 3.5 percent of eligible earnings, which include base salary and annual bonus. These earnings are subject to compensation limitations imposed by the IRS in the U.S. These amounts are included in the summary compensation table under *All other compensation* .

Supplemental defined contribution plan (U.S. DC SERP)
The U.S. DC SERP is an unfunded, non-qualified defined contribution plan that provides an additional company contribution equal to 6 percent of eligible earnings without regard to the limitations imposed by the IRS. In the U.S., eligible earnings include base salary and annual bonus. In addition, for earnings in excess of the limitations imposed by the U.S. Internal Revenue Code, an additional 3.5 percent contribution is made. Company contributions cliff vest at the end of three years.

Mr. Creel and Mr. Redd participated in the U.S. DC SERP in 2020. The table below shows the U.S. Salaried Retirement Income Plan and U.S. DC SERP account information as at December 31, 2020 and values have been converted to Canadian dollars using the 2020 average exchange rate of $1.3415.

Executive	Accumulated value at start of year ($)	Compensatory ($)	Accumulated value at year end ($)
Keith Creel	1,045,509	22,940	1,227,046
Mark Redd	246,286	93,038	415,177

About deferred compensation

Executive officers and members of senior management who have not met their share ownership requirement can choose to defer all or a portion of their short-term incentive or PSU grant as DSUs.

The short-term incentive DSUs are granted in the year the bonus is actually paid and may receive a 25 percent match. The deferred amount, including the match, cannot exceed the amount needed to meet the ownership requirement. The amount is converted to bonus DSUs using the average market price of a CP common share for the 10 trading days immediately before December 31 of the applicable performance year. The matching units vest after three years.

Eligible executives can elect to defer a portion of their PSU grant prior to start of the performance period. These performance DSUs are subject to the same performance and vesting conditions as the corresponding PSU grant. To align with the granting practice of the PSU plan, the elected amount converted to performance DSUs is based on the market closing price of a CP common share for the 30 trading days prior to the grant date. The performance DSUs may receive a 25 percent match upon vesting, three years from the grant date.

To defer any compensation, elections must be made by June 30 th of the calendar year prior to the new fiscal year. Matching DSUs cannot exceed 20 percent of the executives total ownership requirement.

The table below shows the number of DSUs outstanding and their value based on our closing share price on December 31, 2020.

Executive	Unvested DSUs (#)	Vested DSUs (#)	Total Units (#)	Value as at December 31, 2020 ($) (1)
Keith Creel	0	32,153	32,153	14,192,611
Nadeem Velani	4,440	2,745	7,185	3,172,354
John Brooks	167	1,687	1,854	818,433
Mark Redd	991	1,185	2,176	960,459
Jeffrey Ellis	393	1,951	2,344	1,034,782

(1) We valued the outstanding DSUs using $441.53, our closing share price on the TSX on December 31, 2020 for Mr. Velani and Mr. Ellis, and US$346.69, our closing share price on the NYSE and converted to Canadian dollars using a year-end exchange rate of $1.2732 for Mr. Creel, Mr. Brooks and Mr. Redd.

DSUs are redeemed for cash after the executive retires or leaves the Company, with: (i) Canadian-resident executives being entitled to elect a date of payment between the date that is six months following their departure from the Company and December 15 th of the following calendar year, in compliance with Canadian tax rules; and (ii) U.S.-resident executives being paid six months after their departure from the Company, in compliance with U.S. tax regulations. We used the average market price of a share for the 10 trading days immediately before the payment date to calculate the amount, which the participant receives in a lump sum.

Termination and change in control

Termination of employment

We have policies to cover different kinds of termination of employment.

Mr. Creel is covered under the terms of his employment agreement effective January 31, 2017, as amended December 18, 2018, that includes non-competition, non-solicitation and confidentiality restrictions. Mr. Ellis has a severance agreement for termination without cause. Mr. Velani, Mr. Brooks and Mr. Redd are subject to the same terms as all other employees for resignation, retirement, termination with cause, termination without cause and change in control. Mr. Velani, Mr. Brooks, Mr. Redd and Mr. Ellis signed non-competition, non-solicitation agreements in 2018, 2019 and 2020 that also had confidentiality restrictions.

	Resignation	Retirement	Termination with cause	Termination without cause	Change in control
Severance	None	None	None	Mr. Creel: 24 months of base salary Mr. Ellis: 12 months of salary Other NEOs: per legislative requirements	None
Short-term incentive	Forfeited	Award for current year is pro-rated to retirement date	Forfeited	Equal to the target award for severance period for Mr. Creel Other NEOs: award for current year is pro-rated to termination date as per plan	None
DSUs	Unvested DSUs are forfeited	Unvested DSUs are forfeited	Unvested DSUs are forfeited	Unvested DSUs are forfeited	Unvested units vest early if the holder is terminated following change in control
Performance share units	Forfeited	Award continues to vest based on performance factors and executive is entitled to receive the full value as long as they have worked for six months of the performance period, otherwise the award is forfeited	Forfeited	Pro-rated based on active service within the performance period	Only vest if the executive is terminated following a change in control PSUs vest at target, pro-rated based on active service within the performance period
Stock options	Vested options are exercisable for 30 days or until the expiry date, whichever comes first Unvested options are forfeited Performance stock options are forfeited	Options continue to vest Award expires five years after the retirement date or the normal expiry date, whichever is earlier Performance stock options are forfeited	Forfeited	Vested options are exercisable for six months following termination as well as any options that vest during the six-month period Performance stock options are forfeited	Options only vest early if the option holder is terminated following the change in control Performance stock options are forfeited
Pension	No additional value	No additional value	No additional value	No additional value	No additional value
ESPP shares	Unvested shares are forfeited	Unvested shares vest	Unvested shares are forfeited	Unvested shares vest	Unvested shares vest
Benefits	End on resignation	Post-retirement life insurance of $50,000 and a health spending account based on years of service (same for all employees)	End on resignation	None	None
Perquisites	Any unused flex perquisite dollars are forfeited	Any unused flex perquisite dollars are forfeited	Any unused flex perquisite dollars are forfeited	Any unused flex perquisite dollars are forfeited	Any unused flex perquisite dollars are forfeited

The table below shows the estimated incremental amounts that would be paid to Mr. Creel and Mr. Ellis, if their employment had been terminated without cause on December 31, 2020. There is no extra tax gross-up provision for any termination benefit.

		Severance payment					
Name	Severance period (# of months)	Base pay ($)	Short-term incentive ($)	Additional retirement benefits ($)	Other benefits ($) [1]	Value of vesting of options and equity-based awards ($) [2]	Payable on termination without cause ($)
Keith Creel	24	3,039,160	3,798,950	-	48,418	18,797,782	25,684,311
Jeffrey Ellis	12	531,449	372,014	-	26,603	2,130,260	3,060,326
Total		**3,570,609**	**4,170,964**	**-**	**75,021**	**20,928,042**	**28,744,637**

(1) Reflects the value of accelerated vesting of shares purchased under the ESPP for Mr. Creel and Mr. Ellis. Also includes the cost of group benefits for Mr. Ellis for the severance period.
(2) Reflects the value of stock options and equity-based awards vesting within six months following termination in accordance with our stock option plan, and the pro-rated value as of the termination date of PSU awards. Mr. Creel's calculation is based on US$346.69, our closing share price on the NYSE on December 31, 2020, converted to Canadian dollars using a year-end exchange rate of $1.2732. Mr. Ellis' calculation is based on $441.53, our closing share price on the TSX on December 31, 2020.

Director compensation

Our director compensation program shares the same objective as our executive compensation program: to attract and retain qualified directors and to align the interests of directors and shareholders.

Flat fee retainer

We pay directors a flat fee retainer, which reflects the director's ongoing oversight and responsibilities throughout the year and attendance at Board and committee meetings.

Directors receive 100 percent of their annual retainer in DDSUs until they have met their share ownership requirements. After that they must receive at least 50 percent of their retainer in DDSUs, and can receive the balance in cash. Directors must make their election before the beginning of each calendar year.

Directors must meet their share ownership requirements within five years of joining the Board, and must hold their DDSUs for one year after they retire from the Board.

The table below shows the flat fee retainers for 2020. In 2020, Canadian directors' fees were converted to Canadian dollars and the number of DDSUs received was based on the trading price of our shares on the TSX. U.S. directors were paid in U.S. dollars and the number of DDSUs they received was based on the trading price of our shares on the NYSE.

	Annual Retainer
Board Chair retainer	US$395,000
Director retainer	US$200,000
Committee chair retainer	US$30,000

Aligning director and shareholder interests

Directors receive their annual retainer in deferred share units so they have an ongoing stake in our future success, aligning their interests with those of our shareholders.

About DDSUs

DDSUs are granted to directors under the director deferred share unit plan. Only non-employee directors participate in the plan.

A DDSU is a bookkeeping entry that has the same value as one CP common share. DDSUs earn additional units as dividend equivalents at the same rate as dividends paid on our shares. DDSUs vest immediately. The DDSU Plan was amended effective in April 2020 to allow for directors to elect to receive their DDSUs in cash after leaving the Board instead of waiting for a six or twelve month period. These changes to the DDSU plans are subject to tax rules in the country of the director's residence and in the case of U.S. directors, this election is only possible on DDSUs awarded after April 2020.

We reimburse directors for travel and out-of-pocket expenses related to attending their Board and committee meetings and other business on behalf of CP.

Mr. Creel does not receive any director compensation because he is compensated in his role as President and CEO.

Benchmarking
We did not make any changes to our comparator group in 2020. The comparator group was extensively reviewed and updated in 2018. Our comparator group consists of companies we compete with for talent. It includes six Class 1 Railroad peers as well as 11 capital-intensive Canadian companies. For certain positions within the organization, we apply a heavier weighting to Class 1 Railroad peers; however, we consistently review alignment and compensation practices against the whole group.

The 2020 compensation comparator group can be seen on page 10.

Independent advice
The Governance Committee may engage an independent consultant with respect to director compensation. The Governance Committee makes its own decisions, which may reflect factors and considerations other than the information and recommendations provided by its external consultant. The Governance Committee did not retain a compensation consultant in 2020 with respect to director compensation. The Governance Committee did not make changes to its compensation in 2020.

2020 director compensation

The Governance Committee reviews director compensation every two to three years based on the directors' responsibilities, time commitment and the compensation provided by comparable companies. Each director is paid an annual retainer of US$200,000. Committee chairs receive an additional US$30,000 per year and the Board Chair receives an annual retainer of US$395,000. No changes were made to the director compensation program in 2020.

We paid directors a total of approximately $3,125,160 in 2020 as detailed in the table below. Directors receive a flat fee retainer to cover their ongoing oversight and responsibilities throughout the year and their attendance at Board and committee meetings.

Directors receive 100 percent of their annual retainer in director deferred share units (DDSUs) until they have met their share ownership requirements. After that, directors are required to receive at least 50 percent of their compensation in DDSUs. The total represents the approximate dollar value of DDSUs credited to each director's DDSU account in 2020, based on the closing fair market value of our shares on the grant date plus the cash portion paid if a director elected to receive a portion of compensation in cash.

Mr. Creel does not receive director compensation because he is compensated in his role as President and CEO (see pages 30 and 31 for details).

Name	Share-based awards [1][3] ($)	All other compensation [2][3] ($)	Total ($)
John Baird	269,430	1,000	270,430
Isabelle Courville	532,124	1,000	533,124
Jill Denham	269,430	1,000	270,430
Edward Hamberger	268,300	1,342	269,642
Rebecca MacDonald	309,844	1,000	310,844
Edward Monser	268,300	1,342	269,642
Matthew Paull	308,545	1,342	309,887
Jane Peverett	309,844	1,000	310,844
Andrea Robertson	269,430	1,000	270,430
Gordon Trafton	308,545	1,342	309,887

(1) The value of the share-based awards has been calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (FASB ASC 718) using the grant date fair value, which is prescribed by the DDSU Plan.
(2) Each director was provided with a $1,000 donation, in local currency, to the charity of their choice in December 2020 in gratitude for their year of service. This amount appears under All other compensation.
(3) All directors were paid in U.S. dollars and the value of their share-based awards, and cash and other payments, as applicable, have been converted to Canadian dollars using the 2020 average exchange rate of $1.3415.

You can read more about our director compensation program beginning on page 49.

Incentive plan awards

Outstanding share-based awards and option-based awards

The table below shows all vested and unvested equity incentive awards that are outstanding as of December 31, 2020.

On July 21, 2003, the Board suspended any additional grants of options under the director stock option plan and there are no outstanding options under that plan.

Non-employee directors are not granted stock options under the stock option plan.

	Share-based awards		
Name	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed ($) (1)
John Baird	-	-	2,692,891
Isabelle Courville	-	-	4,475,348
Jill Denham	-	-	1,897,254
Edward Hamberger	-	-	506,292
Rebecca MacDonald	-	-	5,606,547
Edward Monser	-	-	746,858
Matthew Paull	-	-	2,926,961
Jane Peverett	-	-	1,970,990
Andrea Robertson	-	-	504,669
Gordon Trafton	-	-	1,951,896

(1) Calculated based on the closing price of our shares on December 31, 2020 on the TSX ($441.53), in the case of directors resident in Canada, and on the NYSE (US$346.69) which was converted to Canadian dollars using the year-end exchange rate of $1.2732, in the case of the directors resident in the U.S.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity Compensation Plan Information

See Item 11 – “Executive Compensation—Equity Compensation Plan Information” for information regarding our equity compensation plans on page 44.

Beneficial Ownership Table

The table below sets forth the number and percentage of outstanding common shares beneficially owned by each person, or group of persons, known by Canadian Pacific based on publicly available information as of April 28, 2021, to own beneficially more than five percent of our common shares, each of our directors, each of our NEOs and all directors and executive officers as a group.

Name of beneficial owner [1]	Common shares beneficially owned	Percent of common shares outstanding
John Baird [(a)]	0	—
Isabelle Courville [(a)]	900	*
Jill Denham [(a)]	0	—
Edward Hamberger [(a)]	0	—
Rebecca MacDonald [(a)]	0	—
Edward Monser [(a)]	0	—
Matthew Paull [(a)]	3,000	*
Jane Peverett [(a)]	0	—
Andrea Robertson [(a)]	0	—
Gordon T. Trafton [(a)]	0	—
Keith E. Creel [(b)(c)]	262,622	*
Nadeem Velani [(b)(d)]	31,218	*
John Brooks [(b)(e)]	23,348	*
Mark A. Redd [(b)(f)]	12,373	*
Jeffrey J. Ellis [(b)(g)]	16,932	*
TCI Fund Management Limited [(h)]	11,172,077	8.31%
All current executive officers and directors as a group	422,454	*

* Represents less than one percent of the outstanding common shares.

(a) See Directors’ Profiles in “Item 10. Directors, Executive Officers and Corporate Governance” above for disclosure with respect to DDSUs. The address of each director is c/o Canadian Pacific, 7550 Ogden Dale Road S.E., Calgary, Alberta, T2C 4X9.

(b) See “Compensation Details – Deferred Compensation Plans” in Item 11. Executive Compensation, for disclosure with respect to NEO DSUs. The address of each executive officer is c/o Canadian Pacific, 7550 Ogden Dale Road S.E., Calgary, Alberta, T2C 4X9.

(c) The common shares owned by Mr. Creel comprise (i) 244,144 shares issuable upon the exercise of stock options that have vested or will vest within the next 60 days and (ii) 18,478 shares held by Mr. Creel directly.

(d) The common shares owned by Mr. Velani comprise (i) 30,576 shares issuable upon the exercise of stock options that have vested or will vest within the next 60 days and (ii) 642 shares held by Mr. Velani directly.

(e) The common shares owned by Mr. Brooks comprise (i) 21,087 shares issuable upon the exercise of stock options that have vested or will vest within the next 60 days and (ii) 2,261 shares held by Mr. Brooks directly.

(f) The common shares owned by Mr. Redd comprise (i) 11,301 shares issuable upon the exercise of stock options that have vested or will vest within the next 60 days and (ii) 1,072 shares held by Mr. Redd directly.

(g) The common shares owned by Mr. Ellis comprise (i) 15,883 shares issuable upon the exercise of stock options that have vested or will vest within the next 60 days and (ii) 1,049 shares held by Mr. Ellis directly.

(h) Based upon statements in the Schedule 13G/A filed by TCI Fund Management Limited (TCI Fund) and Christopher Hohn on February 16, 2021, TCI Fund and Mr. Hohn have (i) shared voting power over 11,172,077 common shares; and (ii) shared dispositive power of 11,172,077 common shares. The Children’s Investment Master Fund (TCIF) is the investment manager of TCI Fund and CIFF Capital UK LP (CIFF). Mr. Hohn, as managing director of TCIF, may be deemed to beneficially own the shares held by the TCI Fund and CIFF. The address of each of TCI Fund and Mr. Hohn is 7 Clifford Street, London W1S 2FT, United Kingdom.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Related party transactions

Directors, officers and employees are required to report any related party transactions to comply with the Code. CP considers its related party transactions obligation seriously and reviews related party transactions for all employees at the level of General Manager and above. Our accounting and legal departments work together to review any related party transactions reported by officers and employees. Our internal audit department validates the work done.

In 2020, there were no transactions between CP and a related person as described in Item 404 of Regulation S-K, which defines a *related person* as:

- a director, nominated director or executive officer of CP,
- an immediate family member of a director, nominated director or executive officer, or
- someone who beneficially owns more than five percent of our shares or a member of their immediate family.

Any director who has a material interest in a transaction or agreement involving CP must disclose the interest to the CEO and the Chair of the Board immediately, and does not participate in any discussions or votes on the matter.

The Board reviews related party transactions when it does its annual review of director independence.

Independence

The Board has adopted standards for director independence based on the criteria of the NYSE, SEC and CSA.

The Board reviews director independence continually and annually using director questionnaires as well as by reviewing updated biographical information, meeting with directors individually, and conducting a comprehensive assessment of all business and other relationships and interests of each director with respect to CP and our subsidiaries. In 2020 and 2021, the Board confirmed that each director, except for Mr. Creel, is independent in accordance with the standards for independence established by the NYSE and the CSA. Mr. Creel is not independent because of his position as President and CEO.

The Board has also confirmed that each member of the Audit and Finance Committee meets the additional independence standards for audit committee members under Section 10A(m)(3) and Rule 10A-3(b)(1) of the Exchange Act, and Section 1.5 of National Instrument 52-110 A*udit Committees* . In addition, three of the five members of the currently constituted Audit and Finance Committee meet the definition of Audit Committee financial expert, as defined by the SEC.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The table below shows the fees we paid to Deloitte in 2020 and 2019 for audit and non-audit services.

For the year ended December 31	2020	2019
Audit fees for audit of our annual financial statements, reviews of quarterly reports and services relating to statutory and regulatory filings or engagements (including attestation services and audit or interim review of financial statements of certain subsidiaries and certain pension and benefits plans, and advice on accounting and/or disclosure matters)	$ 3,842,100	$ 3,576,300
Audit-related fees for services related to the audit but not included in the audit fees above, including securities filings	$ 269,500	$ 169,700
Tax fees for services relating to tax compliance, tax planning and tax advice	$ 5,800	$ 35,500
All other fees for services provided relating to training programs	$ —	$ 90,500
Total	$ 4,117,400	$ 3,872,000

Pre-approval of audit services and fees

The Audit and Finance Committee has a written policy for pre-approving audit and non-audit services by the external auditor and their fees, in accordance with the applicable laws and requirements of stock exchanges and securities regulatory authorities.

The policy sets out the following governance procedures:

- The Audit and Finance Committee pre-approves the terms of the annual engagement of the external auditor.
- The Audit and Finance Committee is responsible for pre-approving annual audit and non-audit services, as well as preapproving the external auditor's compensation for audit and non-audit services.
- The Vice-President, Financial Planning and Accounting submits reports at least quarterly to the Audit and Finance Committee listing the services that were performed or planned to be performed by the external auditor.
- Any additional services to be provided by the external auditor that were not included in the list of pre-approved services or exceed the budgeted amount by more than 10 percent must each be pre-approved by the Audit and Finance Committee or the committee chair. The committee chair must report any additional pre-approvals at the next committee meeting.
- The Audit and Finance Committee reviews the policy as necessary to make sure it continues to reflect our needs.
- Our chief internal auditor monitors compliance with the policy.

The Audit and Finance Committee or committee chair must be satisfied that any services it pre-approves will not compromise the independence of the external auditor. The committee pre-approved all services performed by the external auditor in 2020, in accordance with the policy.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE

Part IV (Item 15) of the 2020 Form 10-K is hereby amended solely to add the following exhibits required to be filed in connection with this Amendment No. 1.

(b) Exhibits

Exhibits are listed in the exhibit index below.

Exhibit	Description
31.1*	CEO Rule 13a-14(a) Certifications relating to this Amendment No. 1 on Form 10-K/A
31.2*	CFO Rule 13a-14(a) Certifications relating to this Amendment No. 1 on Form 10-K/A
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed with this Amendment No. 1 on Form 10-K/A

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CANADIAN PACIFIC RAILWAY LIMITED
(Registrant)
By: /s/ KEITH CREEL
Keith Creel
President and Chief Executive Officer

Dated: April 30, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities indicated on April 30, 2021.

Signature	Title
* Keith Creel	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ NADEEM VELANI Nadeem Velani	Executive Vice-President and Chief Financial Officer (Principal Financial Officer)
* Isabelle Courville	Chair of the Board of Directors
* John R. Baird	Director
* Gillian H. Denham	Director
* Edward R. Hamberger	Director
* Rebecca MacDonald	Director
* Edward Monser	Director
* Matthew H. Paull	Director
* Jane L. Peverett	Director
* Andrea Robertson	Director
* Gordon T. Trafton	Director

*By: /s/ NADEEM VELANI
Nadeem Velani
Attorney-in-Fact

Certification by the Chief Executive Officer of the Registrant filed pursuant to Rule 13a-14(a) of the Exchange Act.
Canadian Pacific Railway Limited

I, Keith Creel, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K/A of Canadian Pacific Railway Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2021

/s/ KEITH CREEL
Keith Creel
President and Chief Executive Officer

Certification by the Chief Financial Officer of the Registrant filed pursuant to Rule 13a-14(a) of the Exchange Act.
Canadian Pacific Railway Limited

I, Nadeem Velani, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K/A of Canadian Pacific Railway Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2021

/s/ NADEEM VELANI

Nadeem Velani
Executive Vice-President and Chief Financial Officer

EXHIBIT 6.3

CANADIAN PACIFIC RAILWAY COMPANY FORM 40-F (FEB. 23, 2015)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

CANADIAN PACIFIC RAILWAY LIMITED
(Commission File No. 1-01342)

CANADIAN PACIFIC RAILWAY COMPANY
(Commission File No. 1-15272)
(Exact name of Registrant as specified in its charter)

CANADA	4011	98-0355078 (Canadian Pacific Railway Limited) 98-0001377 (Canadian Pacific Railway Company)
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

7550 Ogden Dale Road S.E.,
Calgary, Alberta,
Canada, T2C 4X9
(403) 319-7000
(Address and telephone number of Registrant's principal executive offices)

CT Corporation System,
111 Eighth Avenue,
New York,
New York 10011,
(212) 894-8940
(Name, address (including zip code) and telephone number (including area code) of Agent for Service of Registrant in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares, without par value, of Canadian Pacific Railway Limited	New York Stock Exchange
Common Share Purchase Rights of Canadian Pacific Railway Limited	New York Stock Exchange
Perpetual 4% Consolidated Debenture Stock of Canadian Pacific Railway Company	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
Debt Securities of Canadian Pacific Railway Company

For annual reports, indicate by check mark the information filed with this form:

☒ **Annual information form** ☒ **Audited annual financial statements**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

At December 31, 2014**,** 166,120,981 Common Shares of Canadian Pacific Railway Limited ("CPRL") were issued and outstanding. At December 31, 2014, 347,170,009 Ordinary Shares of Canadian Pacific Railway Company ("CPRC") were issued and outstanding. All of the ordinary shares of CPRC are held by CPRL.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☒ NO ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

YES ☒ NO ☐

PRIOR FILINGS MODIFIED AND SUPERSEDED

The Registrants' Annual Report on Form 40-F for the year ended December 31, 2014, at the time of filing with the Securities and Exchange Commission (the "Commission"), modifies and supersedes all prior documents filed pursuant to Sections 13 and 15(d) of the Exchange Act for purposes of any offers or sales of any securities after the date of such filing pursuant to any Registration Statement under the Securities Act of 1933 of either Registrant which incorporates by reference such Annual Report, including without limitation the following: Form S-8 No. 333-13962 (Canadian Pacific Railway Limited); Form S-8 No. 333-127943 (Canadian Pacific Railway Limited); Form S-8 No. 333-140955 (Canadian Pacific Railway Limited); Form S-8 No. 333-183891 (Canadian Pacific Railway Limited); Form S-8 No. 333-183892 (Canadian Pacific Railway Limited); Form S-8 No. 333-183893 (Canadian Pacific Railway Limited); Form S-8 No. 333-188826 (Canadian Pacific Railway Limited); and Form S-8 No. 333-188827 (Canadian Pacific Railway Limited).

In addition, this Annual Report on Form 40-F is incorporated by reference into or as an exhibit to, as applicable, the Registration Statement on Form F-10 No. 333-189815 (Canadian Pacific Railway Company), and the Registration Statement on Form F-10 No. 333-190229 (Canadian Pacific Railway Limited).

ANNUAL INFORMATION FORM, CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

A. Annual Information Form

For the Annual Information Form of CPRL for the year ended December 31, 2014, see Table of Contents and pages 1 through 42 of CPRL's 2014 Annual Information Form incorporated by reference and included herein.

B. Audited Annual Financial Statements

For audited consolidated financial statements (U.S. GAAP), including the reports of the independent registered public accounting firm with respect thereto, see pages 67 through 109 of CPRL's 2014 Annual Report incorporated by reference and included herein.

C. Management's Discussion and Analysis

For management's discussion and analysis, see pages 20 through 66 of CPRL's 2014 Annual Report incorporated by reference and included herein.

For the purposes of this Annual Report on Form 40-F, only pages 20 through 109 of CPRL's 2014 Annual Report referred to above shall be deemed filed, and the balance of such 2014 Annual Report, except as it may be otherwise specifically incorporated by reference in CPRL's Annual Information Form, shall be deemed not filed with the Commission as part of this Annual Report on Form 40-F under the Exchange Act.

DISCLOSURE CONTROLS AND PROCEDURES

As of December 31, 2014, an evaluation was carried out under the supervision of and with the participation of the Registrants' management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Registrants' disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of December 31, 2014, to ensure that information required to be disclosed by the Registrants in reports that they file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Commission rules and forms and (ii) accumulated and communicated to the Registrants' management, including their Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

It should be noted that while the Registrants' Chief Executive Officer and Chief Financial Officer believe that the Registrants' disclosure controls and procedures and internal control over financial reporting provide

a reasonable level of assurance that they are effective, they do not expect that the Registrants' disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

For management's report on internal control over financial reporting, see page 68 of the Registrant's 2014 Annual Report, incorporated by reference and included herein.

ATTESTATION REPORT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The effectiveness of the Registrants' internal control over financial reporting as of December 31, 2014 has been audited by Deloitte LLP, Independent Registered Public Accounting Firm, as stated in their report on pages 69 through 70 of the Registrant's 2014 Annual Report.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the period covered by this Annual Report on Form 40-F, no changes occurred in the Registrants' internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Registrants' internal control over financial reporting.

NOTICES PURSUANT TO REGULATION BTR

None.

CODE OF ETHICS

The Registrants' Code of Business Ethics specifically addresses, among other things, conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, fair dealing with third parties, compliance with laws, rules and regulations and reporting of illegal or unethical behavior. The Code applies to all directors, officers and employees, both unionized and non-unionized, of the Registrants and their subsidiaries in Canada, the U.S. and elsewhere, and forms part of the terms and conditions of employment of all such individuals. All members of the board of directors of the Registrants have signed acknowledgements that they have read, understood and agree to comply with the Code, and they annually confirm compliance. Annually, officers and non-union employees are required to acknowledge that they have read, understood and agree to comply with the Code. Contractors engaged on behalf of the Registrants or their subsidiaries must undertake, as a condition of their engagement, to adhere to principles and standards of business conduct consistent with those set forth in the Code. The Code is available on the Registrants' web site at www.cpr.ca and in print to any shareholder who requests it. All amendments to the Code, and all waivers of the Code with respect to any director or executive officer of the Registrants, will be posted on the Registrants' web site and provided in print to any shareholder who requests them.

In addition, the Registrants have adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers. This code applies to the Registrants' Chief Executive Officer, Chief Financial Officer and Vice President and Controller. It is available on the Registrants' web site at www.cpr.ca and in print to any shareholder who requests it. All amendments to the code, and all waivers of the code with respect to any of the officers covered by it, will be posted on the Registrants' web site and provided in print to any shareholder who requests them.

CORPORATE GOVERNANCE PRINCIPLES AND GUIDELINES

The Registrants have adopted their Corporate Governance Principles and Guidelines which pertain to such matters as, but are not limited to: director qualification standards and responsibilities; election of directors; discretionary term limits for service as board or board committee chairs; access by directors to management and independent advisors; director compensation; director retirement age; director orientation and continuing education; management succession; and annual performance evaluations of the board, including its committees and individual directors, and of the Chief Executive Officer. The Corporate Governance Principles and Guidelines are available on the Registrants' web site at www.cpr.ca and in print to any shareholder who requests them.

COMMITTEE TERMS OF REFERENCE

The terms of reference of each of the following committees of the Registrants are available on the Registrants' web site at www.cpr.ca and in print to any shareholder who requests them: the Audit Committee; the Corporate Governance and Nominating Committee; the Finance Committee; the Management Resources and Compensation Committee; and the Safety, Operations and Environment Committee.

DIRECTOR INDEPENDENCE

The boards of the Registrants have adopted standards for director independence: (a) prescribed by Section 10A(m)(3) of the Exchange Act and Rule 10A-3(b)(1) promulgated thereunder and National Instrument 52-110 for members of public company audit committees; and (b) set forth in the NYSE Listed Company Manual (the "NYSE Standards"), the Canadian corporate governance standards set forth in National Instrument 58-101 and National Instrument 52-110 in respect of public company directors. The boards also conducted a comprehensive assessment of each of their members as against these standards and determined that all current directors, except Mr. Harrison, have no material relationship with the Registrants and are independent. Mr. Harrison is not independent by virtue of the fact that he is the Chief Executive Officer of the Registrants.

EXECUTIVE SESSIONS OF NON-MANAGEMENT DIRECTORS

The independent directors met in executive sessions without management present at the regular and special meetings of the board of directors of CPRL and its standing committees in 2014. In fact, each regularly scheduled meeting's agenda included one or more such sessions during the meeting.

Interested parties may communicate directly with Mr. G.F. Colter, the Chair of the boards of the Registrants, who presided at such executive sessions, by writing to him at the following address, and all communications received at this address will be forwarded to him:

Office of the Corporate Secretary
Canadian Pacific Railway
7550 Ogden Dale Road S.E., Calgary, Alberta
Canada, T2C 4X9

IDENTIFICATION OF AUDIT COMMITTEE AND AUDIT COMMITTEE FINANCIAL EXPERT

The following individuals comprise the current membership of the Registrants' Audit Committees ("Audit Committees"), which have been established in accordance with Section 3(a)(58)(A) of the Exchange Act:

Isabelle Courville
Paul Haggis
Linda J. Morgan
Andrew F. Reardon

Each of the aforementioned directors, with the exception of Ms. Morgan, has been determined by the boards of the Registrants to meet the audit committee financial expert criteria prescribed by the Commission and have been designated as an audit committee financial expert for the Audit Committees of the boards of both Registrants. Each of the aforementioned directors has been determined by the boards of the Registrants to be independent within the criteria referred to above under the subheading "Director Independence", including the NYSE Standards.

FINANCIAL LITERACY OF AUDIT COMMITTEE MEMBERS

The boards of the Registrants have determined that all members of the Audit Committees have "accounting or related financial management expertise" within the meaning of the NYSE Standards. The boards have determined that all members of the Audit Committees are financially literate within the definition contained in, and as required by, National Instrument 52-110 and the NYSE Standards.

SERVICE ON OTHER PUBLIC COMPANY AUDIT COMMITTEES

Each Registrant's board has determined that no director who serves on more than two public company audit committees in addition to its own Audit Committee shall be eligible to serve as a member of the Audit Committee of that Registrant, unless that Registrant's board determines that such simultaneous service would not impair the ability of such member to effectively serve on that Registrant's Audit Committee. For purposes of calculating the aggregate number of public company audit committees on which a director serves, each Registrant is counted as a separate public company.

No members of the Audit Committees of the Registrants serve on more than two public company audit committees in addition to the Audit Committee of each Registrant.

PRINICIPAL ACCOUNTANT FEES AND SERVICES

In accordance with applicable laws and the requirements of stock exchanges and securities regulatory authorities, the Audit Committee of a company must pre-approve all audit and non-audit services to be provided by the independent auditors. Fees payable to Deloitte LLP for the years ended December 31, 2014, and December 31, 2013, totalled $2,885,400 and $2,213,000, respectively, as detailed in the following table:

For the year ended December 31	Total 2014 ($)	Total 2013 ($)
Audit Fees	**2,184,800**	1,943,000
Audit-Related Fees	**155,000**	228,500
Tax Fees	**295,600**	41,500
All Other Fees	**250,000**	—
TOTAL	**2,885,400**	2,213,000

The nature of the services provided under each of the categories indicated in the table is described below.

Audit Fees

Audit fees were for professional services rendered for the audit and interim reviews of the Registrants' annual financial statements and services provided in connection with statutory and regulatory filings or engagements, including the attestation engagement for the report from the independent registered public accounting firm on the effectiveness of internal controls over financial reporting, the audit or interim reviews of financial statements of certain subsidiaries and of various pension and benefits plans of the Registrants; special attestation services as may be required by various government entities; and general advice and assistance related to accounting and/or disclosure matters with respect to new and proposed U.S. accounting standards, securities regulations, and/or laws.

Audit-Related Fees

Audit-related fees were for assurance and related services reasonably related to the performance of the audit or review of the annual financial statements, but which are not reported under "Audit Fees" above. These services consisted of audit work related to securities filings; refinancing of subsidiary companies; and accounting training.

Tax Fees

Tax fees were for professional services related to tax compliance, tax planning and tax advice. These services consisted of: tax compliance including the review of tax returns; assistance with questions regarding corporate tax audits; tax planning and advisory services relating to common forms of domestic and international taxation (i.e. income tax, capital tax, goods and services tax, and value added tax); and access fees for taxation database resources.

All Other Fees

Fees disclosed under this category would be for products and services other than those described under "Audit Fees", "Audit-Related Fees" and "Tax Fees" above. These finance services consisted of advice with respect to an internal reorganization initiative. There were no such services in 2013.

PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of each Registrant has adopted a written policy governing the pre-approval of audit and non-audit services to be provided to the Registrants by their independent registered public accounting firm. The policy is reviewed annually and the audit and non-audit services to be provided by their independent registered public accounting firm, as well as the budgeted amounts for such services, are pre-approved at that time, including by the board of directors of the Registrant in respect of fees for audit services. The Comptroller of the Registrants must submit to the Audit Committee at least quarterly a report of all services performed or to be performed by the independent registered public accounting firm pursuant to the policy. Any additional non-audit services to be provided by the independent registered public accounting firm either not included among the pre-approved services or exceeding the budgeted amount for such pre-approved services by more than 10% must be individually pre-approved by the Audit Committee or its Chairman, who must report all such additional pre-approvals to the Audit Committee at its next meeting following the granting thereof. The independent registered public accounting firm's annual audit services engagement terms are subject to the specific pre-approval of the Audit Committee, with the associated fees being subject to approval by the board of directors of the Registrant. In addition, prior to the granting of any pre-approval, the Audit Committee or its Chairman, as the case may be, must be satisfied that the performance of the services in question will not compromise the independence of the independent registered public accounting firm. The Chief Internal Auditor for the Registrants monitors compliance with this policy.

OFF-BALANCE SHEET ARRANGEMENTS

A description of the Registrants' off-balance sheet arrangements is set forth on page 52 of the Registrants' 2014 Annual Report incorporated by reference and included herein.

TABLE OF CONTRACTUAL COMMITMENTS

The table setting forth the Registrants' contractual commitments is set forth on page 52 of the Registrants' 2014 Annual Report incorporated by reference and included herein.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

Each Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process

Each Registrant has previously filed a Form F-X in connection with the class of securities to which the obligation to file this report arises. Any change to the name or address of the agent for service of process of either Registrant shall be communicated promptly to the Commission by an amendment to the Form F-X referencing the file number of such Registrant.

SIGNATURES

Pursuant to the requirements of the Exchange Act, each Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Annual Report on Form 40-F to be signed on its behalf by the undersigned, thereto duly authorized, in the City of Calgary, Province of Alberta, Canada.

CANADIAN PACIFIC RAILWAY LIMITED
CANADIAN PACIFIC RAILWAY COMPANY
(Registrants)

/s/ Paul A. Guthrie
Name: Paul A. Guthrie
Title: Corporate Secretary

Date: February 23, 2015

EXHIBITS

99.1	Consent of Deloitte LLP, Independent Registered Public Accounting Firm.
99.2	Certification by the Chief Executive Officer of the Registrants filed pursuant to Rule 13a-14(a) of the Exchange Act.
99.3	Certification by Chief Financial Officer of the Registrants filed pursuant to Rule 13a-14(a) of the Exchange Act.
99.4	Certification by the Chief Executive Officer of the Registrants furnished pursuant to 18 U.S.C. Section 1350.
99.5	Certification by the Chief Financial Officer of the Registrants filed pursuant to 18 U.S.C. Section 1350.
101	Interactive Data File

ANNUAL INFORMATION FORM | 2014

FEBRUARY 23, 2015

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February 23, 2015

1. CORPORATE STRUCTURE

In this Annual Information Form ("AIF"), "our", "us", "we", "CP" and "the Company" refer to Canadian Pacific Railway Limited ("CPRL"), CPRL and its subsidiaries, CPRL and one or more of its subsidiaries, or one or more of CPRL's subsidiaries, as the context may require. All information in this AIF is stated as at December 31, 2014 and all financial statements were prepared in accordance with United States generally accepted accounting principles ("GAAP") unless otherwise indicated. Except where otherwise indicated, all financial information and references to "dollar" or "$" reflected herein are expressed in Canadian dollars.

1.1 Name, Address and Incorporation Information

Canadian Pacific Railway Limited was incorporated on June 22, 2001, as 3913732 Canada Inc. pursuant to the *Canada Business Corporations Act* ("the CBCA"). On July 20, 2001, CP amended its Articles of Incorporation to change its name to Canadian Pacific Railway Limited. On October 1, 2001, Canadian Pacific Limited ("CPL") completed an arrangement ("the Arrangement") pursuant to section 192 of the CBCA whereby it distributed to its common shareholders all of the shares of newly formed corporations holding the assets of four of CPL's five primary operating divisions. The transfer of Canadian Pacific Railway Company ("CPRC"), previously a wholly owned subsidiary of CPL, to CPRL was accomplished as part of a series of steps, pursuant to the terms of the Arrangement.

The Company's registered, executive and head office is located at 7550 Ogden Dale Road S.E., Calgary, Alberta T2C 4X9.

2. INTERCORPORATE RELATIONSHIPS

2.1 Principal Subsidiaries

The table below sets out the Company's principal subsidiaries, including the jurisdiction of incorporation and the percentage of voting and non-voting securities CP currently own directly or indirectly:

Principal Subsidiary[1]	Incorporated under the Laws of	Percentage of Voting Securities Held Directly or Indirectly	Percentage of Non-Voting Securities Beneficially Owned, or over which Control or Direction is Exercised
Canadian Pacific Railway Company	Canada	100%	Not applicable
Soo Line Corporation[2]	Minnesota	100%	Not applicable
Soo Line Railroad Company[3]	Minnesota	100%	Not applicable
Dakota, Minnesota & Eastern Railroad Corporation[4]	Delaware	100%	Not applicable
Delaware and Hudson Railway Company, Inc.[3]	Delaware	100%	Not applicable
Mount Stephen Properties Inc.[5]	Canada	100%	Not applicable

(1) This table does not include all of the Company's subsidiaries. The assets and revenues of unnamed subsidiaries did not exceed 10% of the total consolidated assets or total consolidated revenues of CP individually, or 20% of the total consolidated assets or total consolidated revenues of CP in aggregate.
(2) Indirect wholly owned subsidiary of Canadian Pacific Railway Company.
(3) Wholly owned subsidiary of Soo Line Corporation.
(4) Indirect wholly owned subsidiary of Soo Line Corporation.
(5) Wholly owned subsidiary of Canadian Pacific Railway Company.

3. GENERAL DEVELOPMENTS OF THE BUSINESS

3.1 Recent Developments

2014 Developments

On May 7, 2014, CP announced Chief Executive Officer E. Hunter Harrison agreed to a contract extension with the railway for an additional year, and will remain with the Company until 2017. Prior to the Company's shareholder meeting on May 1, 2014, it was announced that Mr. Richard Kelly would not stand for re-election as a member of the Company's Board of Directors. On May 1, 2014, the Company announced that Gary Colter was elected Chairman of the Company's Board of Directors. Effective May 20, 2014, the Hon. Jim Prentice resigned as a member of the Company's Board of Directors. Mr. Prentice had been appointed to the Board on June 7, 2013.

On October 1-2, 2014, the Company unveiled new growth targets extending to 2018. These financial expectations include:

- more than doubling diluted earnings per share ("EPS") over the next four years compared to 2014;
- growing annual revenue to $10 billion in 2018; and
- generating cumulative cash flow before dividends of $6 billion through 2018.

Over the course of 2014 and in early 2015, CP took a number of steps to optimize the Company's capital structure and lower cost of capital. Key initiatives included:

- on January 28, 2015, CP issued U.S. $700 million 2.900% 10-year Notes due 2025 for net proceeds of U.S.$694 million;
- during the fourth quarter of 2014, the Company established a commercial paper program which enabled it to issue commercial paper up to a maximum aggregate principal amount of U.S. $1 billion in the form of unsecured promissory notes. The commercial paper program is backed by a U.S. $1 billion committed, revolving credit facility, which matures on September 26, 2016. As at December 31, 2014, the Company had total commercial paper borrowings of U.S. $675 million (CDN $783 million) presented in Long-term debt on the Company's Consolidated Balance Sheets;
- at September 26, 2014, CP terminated its existing revolving credit facility agreement dated as of November 29, 2013. On the same day CP entered into a new revolving credit facility agreement with 15 highly rated financial institutions for a commitment amount of U.S. $2 billion. The facility includes a U.S. $1 billion five years portion and a U.S. $1 billion one year plus one year term out portion. The facility can accommodate draws of cash and/or letters of credit at market competitive pricing. At December 31, 2014, the facility was undrawn; and
- on March 17, 2014 the Company commenced a Normal Course Issuer Bid ("NCIB") to purchase, for cancellation up to 5.3 million common shares. On September 29, 2014, the Company announced the amendment of the NCIB to increase the maximum number of its Common Shares that could be purchased from 5.3 million to 12.7 million by March 16, 2015. From March 17, 2014 to December 31, 2014, the Company repurchased 10.5 million Common shares for $2,089 million at an average price of $199.42 per share.

As a result of the Company's improved financial position, CP received two ratings upgrades in 2014 from all three agencies. Standard & Poor's ("S&P"), Moody's Investors Services ("Moody's"), and Dominion Bond Rating Services ("DBRS") increased their ratings to BBB+, Baa1 and BBB (High), respectively, from BBB-, Baa3, and BBB (Low), respectively. In addition, the Company was assigned short-term ratings on its newly established U.S. commercial paper program. S&P, Moody's, and DBRS assigned ratings of A-2, P-2, and R-2 (High), respectively.

On November 17, 2014, the Company announced a proposed agreement with Norfolk Southern Corporation ("NS") for the sale of approximately 283 miles of the Delaware and Hudson Railway Company, Inc.'s line between Sunbury, Pennsylvania, and Schenectady, New York. The assets expected to be sold to NS upon completion of this transaction have been classified as Assets held for sale on the Company's Consolidated Balance Sheets. The assets continue to be reported at their carrying value as this is lower than their expected fair value. The sale to NS, when agreed, will be subject to regulatory approval

by the U.S. Surface Transportation Board and is expected to close in 2015.

On January 2, 2014, the Company executed an agreement with Genesee & Wyoming Inc. ("G&W") for the sale of the Dakota, Minnesota, & Eastern ("DM&E") West tracks between Tracy, Minnesota and Rapid City, South Dakota, Colony, Wyoming and Crawford, Nebraska. DM&E West encompasses approximately 660 miles and the sale closed on May 30, 2014 for U.S. $218 million (CDN $236 million) in gross proceeds.

On January 20, 2015, CP announced it had an agreement to create a joint venture with DREAM Unlimited called DREAM Van Horne Properties. The joint venture was created to evaluate the Company's real estate, and to explore innovative ways to maximize value, including industrial, commercial and residential development.

2013 Developments

Effective February 5, 2013, Mr. Keith Creel was appointed as President and Chief Operating Officer as part of the Company's long-term succession plan. In connection to this appointment, Mr. E. Hunter Harrison remains Chief Executive Officer of the Company. On November 29, 2013, CP further announced the appointment of Mr. Bart W. Demosky as Executive Vice President and Chief Financial Officer effective December 28, 2013. Mr. Demosky replaced Mr. Brian Grassby, who retired from his role as Senior Vice President, Chief Financial Officer and Treasurer as announced on October 23, 2013. Mr. Grassby remained a key part of the senior management team until the end of 2013 to lead a successful transition.

Early in 2014, the Company executed an agreement with G&W for the sale of a portion of the DM&E line between Tracy, Minnesota and Rapid City, South Dakota, Colony, Wyoming and Crawford, Nebraska and connecting branch lines as result of the Company's 2012 initiative to assess the opportunities with this 660 mile portion of DM&E. The Company recorded an asset impairment charge and accruals for future associated costs totaling $435 million ($257 million after tax) which impacted diluted EPS by $1.46 in 2013.

2012 Highlights

During 2012, the Company experienced a number of other noteworthy events summarized below:

Proxy Contest

In January 2012, Pershing Square Capital Management, L.P. ("Pershing Square") launched a proxy contest in order to replace a minority of the Board of Directors of the Company (the "Board") and to advocate for management change (the "Proxy Contest"). The proxy contest was settled in May 2012 with changes described below in "Change in Board of Directors" and "Management transition".

Change in Board of Directors

On May 17, 2012, following the Proxy Contest Messrs. John Cleghorn, Tim Faithfull, Fred Green, Edmond Harris, Michael Phelps and Roger Phillips advised the Company that they did not intend to stand for re-election to the Board.

At the Company's annual shareholders meeting held on May 17, 2012, seven new directors were elected to the Board, namely Messrs. William Ackman, Gary Colter, Paul Haggis and Paul Hilal, Ms. Rebecca MacDonald, and Messrs. Anthony Melman and Stephen Tobias. In addition, Mr. Richard George, Ms. Krystyna Hoeg, Messrs. Tony Ingram and Richard Kelly, the Hon. John Manley, Mesdames Linda Morgan and Madeleine Paquin, and Messrs. David Raisbeck and Hartley Richardson were all re-elected to the Board at the May 17, 2012 meeting. Following the meeting, the new Board selected Ms. Paquin to serve as acting Chair of the Company. On June 4, 2012, Mr. Haggis was appointed Chairman of the Company's Board.

Subsequent to the May 17, 2012 shareholders meeting, Messrs. Raisbeck, George and Ingram resigned from the Board on June 11, June 26 and July 5, 2012, respectively. In addition, effective July 6, 2012, Mr. E. Hunter Harrison was appointed to the Board.

As a result of the aforementioned changes to the composition of the Board, certain accelerated vesting provisions for certain grants under the Company's management stock option incentive plan, performance share unit plan and deferred share unit plan were triggered effective June 26, 2012. The effect of such accelerated vesting on the Company's second quarter financial statements was a credit to Compensation and benefits of $8 million and the recognition of a related liability under the

accelerated vesting provisions of these plans of $31 million, which liability was settled in full in the third quarter of 2012.

Management transition

On May 17, 2012, following the Proxy Contest, Mr. Fred Green left his position as President and Chief Executive Officer of the Company. That same day, Mr. Stephen Tobias, a new Board member elected at the Company's annual shareholders meeting held on May 17, 2012, was appointed by the Board as Interim Chief Executive Officer and served in that role until June 28, 2012. On June 28, 2012, Mr. E. Hunter Harrison was appointed by the Board as President and Chief Executive Officer. As a result of the appointment of Mr. Harrison, the Company recorded a charge of $38 million with respect to compensation and other transition costs, including $2 million of associated costs, in the second quarter of 2012. This charge was recorded in the Company's financial statements in Compensation and benefits and Purchased services and other, in the amounts of $16 million and $22 million respectively.

Included in this charge were amounts totaling $16 million in respect of deferred retirement compensation for Mr. Harrison and $20 million to Pershing Square and related entities. Pershing Square and related entities owned or controlled approximately 14% of the Company's outstanding shares as at December 31, 2012 and two Board members, Mr. William Ackman and Mr. Paul Hilal, are partners of Pershing Square. The amount paid to Pershing Square and related entities was to reimburse them, on behalf of Mr. Harrison, for certain amounts they had previously paid to, or incurred on behalf of, Mr. Harrison pursuant to an indemnity in favour of Mr. Harrison in connection with losses suffered in legal proceedings commenced against Mr. Harrison by his former employer. The terms of Pershing Square's indemnity required Mr. Harrison to return any funds advanced under the indemnity in the event he accepted employment at CP. As a result, Mr. Harrison made it a precondition of accepting the Company's offer of employment that CP assumes the indemnity obligations and returns the funds advanced by Pershing Square. As a result of the payment, the Company would have been entitled to enforce Mr. Harrison's rights in the aforementioned legal proceedings, allowing the Company to recover to the extent of Mr. Harrison's success in those proceedings; however, on February 3, 2013, the Company and Mr. Harrison settled the legal proceedings with Mr. Harrison's former employer, providing the Company with partial recovery (U.S. $9 million) of the amounts in dispute. The Company may receive repayment in other circumstances in the event of certain breaches by Mr. Harrison of his obligations under an employment agreement with the Company. In addition, the Company agreed to indemnify Mr. Harrison for certain other amounts sought for repayment by Mr. Harrison's former employer, to a maximum of $3 million plus legal fees, but as a result of the settlement of the aforementioned legal proceedings, such indemnity is no longer applicable.

The Company also recorded a charge of $4 million in the second quarter of 2012 with respect to a retirement allowance for Mr. Green.

Strike

On May 23, 2012, the Teamsters Canada Rail Conference Running Trade Employees ("TCRC-RTE") and the Rail Canada Traffic Controllers ("TCRC-RCTC"), representing 4,800 engineers, conductors and rail traffic controllers in Canada, commenced a strike that caused a nine-day Canadian work stoppage ("the strike"). Bill C-39, the Restoring Rail Service Act, was passed by the Parliament of Canada on May 31, 2012 and employees returned to work on June 1, 2012.

The strike caused a significant loss of revenue during the second quarter. Partly offsetting this revenue loss were cost savings in Compensation and benefits, Fuel, and Equipment rents. During the strike, CP took the opportunity to advance track and other maintenance including mechanical and engineering work.

Once the unions returned to work the Company quickly re-established service and reset the network.

Strategic update

On December 4-5, 2012, CP's Chief Executive Officer E. Hunter Harrison outlined the Company's plan for change to improve service, increase the railway's efficiency, lower cost and grow the business.

Under the leadership of new management, the second half of 2012 included a rapid change agenda where progress was made on this plan. Highlights of CP's evolution to a more competitive railway include:

- a new executive leadership team in place, including a new Senior Operations lead team, with a mandate for centralized planning and decentralized execution, that eliminates bureaucracy to make service decisions faster and closer to the customer;
- revamped intermodal and merchandise train services which provide faster transit times for customers, such as the new intermodal services connecting Vancouver to Chicago or Toronto;
- the closure of hump-switching yards in Toronto, Winnipeg, Calgary and Chicago which provides significant cost savings and more efficient operating practices;
- the closure of intermodal terminals in Milwaukee, Obico (Toronto), and Schiller Park (Chicago) which reduced CP's footprint and operating expenses while also facilitating efficient operating practices and reduced end-to-end transit times;
- network design changes made after July 2012 allowed CP to reduce operating plan train miles by 39,000 per week, a 7 percent improvement, and crew starts by approximately 30 per day, a 5 percent improvement over previous designs from the first half of the year. Together, these design changes reduced annual operating costs, while increasing capacity; and
- a reduction of the Company's active locomotive fleet by more than 195 engines in the second half of 2012, with more than 460 locomotives stored, returned or declared surplus year-to-date. Over the course of 2012, CP provided return notification on 5,400 rail cars.

Asset impairment and labour restructuring charges

During the fourth quarter of 2012, the Company recorded a number of significant charges in part due to on-going efforts to improve the efficiency of the Company. These significant charges, included:

- $53 million labour restructuring charge ($39 million after tax), which unfavourably impacted diluted EPS by 22 cents;
- $185 million impairment of Powder River Basin ("PRB") and other investment ($111 million after tax), which unfavourably impacted diluted EPS by 64 cents; and
- $80 million asset impairment of certain locomotives ($59 million after tax), which unfavourably impacted diluted EPS by 34 cents.

4. DESCRIPTION OF THE BUSINESS

4.1 Background and Network

CPRC was incorporated by Letters Patent in 1881 pursuant to an Act of the Parliament of Canada. CPRC is one of Canada's oldest corporations. From the Company's inception 134 years ago, CP has developed into a fully integrated and technologically advanced Class I railway (a railroad earning a minimum of U.S. $452.7 million in revenues annually as defined by the Surface Transportation Board in the U.S.) providing rail and intermodal freight transportation services over a 13,700 mile network serving the principal business centres of Canada, from Montreal, Quebec to Vancouver, British Columbia ("B.C."), and the U.S. Midwest and Northeast regions.

CP owns approximately 9,900 miles of track. An additional 3,800 miles of track are owned jointly, leased or operated under trackage rights. Of the total mileage operated, approximately 5,800 miles are located in western Canada, 2,300 miles in eastern Canada, 4,500 miles in the U.S. Midwest and 1,100 miles in the U.S. Northeast. The Company's business is based on funnelling railway traffic from feeder lines and connectors, including secondary and branch lines, onto the Company's high-density mainline railway network. CP has extended its network reach by establishing alliances and connections with other major Class I railways in North America, which allow the Company to provide competitive services and access to markets across North America beyond CP's own rail network. The Company also provides service to markets in Europe and the Pacific Rim through direct access to the Port of Montreal and the Port Metro Vancouver in Vancouver, B.C., respectively.

CP's network accesses the U.S. market directly through three wholly owned subsidiaries: Soo Line Railroad Company ("Soo Line"), a Class I railway operating in the U.S. Midwest; DM&E, a wholly owned subsidiary of the Soo Line, which operates in the U.S. Midwest; and the Delaware and Hudson Railway Company, Inc. ("D&H"), which operates between eastern Canada and major U.S. Northeast markets, including New York City, New York; Philadelphia, Pennsylvania; and Washington, D.C.

4.2 Strategy

Canadian Pacific is driving change as it moves through its transformational journey to become the best railroad in North America, while creating long-term value for shareholders. The Company is focused on providing customers with industry leading rail service; driving sustainable, profitable growth; optimizing our assets; and reducing costs, while remaining a leader in rail safety.

Looking forward, CP is executing its strategic plan to become the lowest cost rail carrier centred on five key foundations, which are the Company's performance drivers.

Provide Service: Providing efficient and consistent transportation solutions for the Company's customers. "Doing what we say we are going to do" is what drives CP by providing a reliable product with a lower cost operating model. Centralized planning aligned with local execution is bringing the Company closer to the customer and accelerating decision-making.

Control Costs: Controlling and removing unnecessary costs from the organization, eliminating bureaucracy and continuing to identify productivity enhancements are the keys to success.

Optimize Assets: Through longer sidings, improved asset utilization, and increased train lengths, the Company is moving increased volumes with fewer locomotives and cars while unlocking capacity for future growth potential.

Operate Safely: Each year, CP safely moves millions of carloads of freight across North America while ensuring the safety of our people and the communities through which we operate. Safety is never to be compromised. Continuous research and development in state-of-the-art safety technology and highly focused employees ensure our trains are built for safe, efficient operations across our network.

Develop People: CP recognizes that none of the other foundations can be achieved without its people. Every CP employee is a railroader and the Company is shaping a new culture focused on a passion for service with integrity in everything it does. Coaching and mentoring managers into becoming leaders will help drive CP forward.

4.3 Partnerships, Alliances and Network Efficiency

Some customers' goods may have to travel on more than one railway to reach their final destination. The transfer of goods between railways can cause delays and service interruptions. The Company's rail network connects to other North American rail carriers and, through partnerships, the Company continues to co-develop processes and products designed to provide seamless and efficient scheduled train service to these customers.

CP continues to increase the capacity and efficiency of the Company's core franchise through infrastructure-sharing and joint-service programs with other railways and third parties, strategic capital investment programs, and operating plan strategies. Combined with the continued improvement of CP locomotive and rail car fleets, these strategies enable the Company to achieve more predictable and fluid train operations between major terminals.

Over the past few years, Class I railway initiatives have included:

- Co-operation initiatives with the Canadian National Railway Company ("CN") in the Port Metro Vancouver Terminal and B.C. Lower Mainland;
- Working very closely with all the Class I and other carriers that serve Chicago, Illinois under the Chicago Region Environmental and Transportation Efficiency ("CREATE") program. Class I's, Amtrak, Metra and switching carriers Indiana Harbor Belt Railroad ("IHB") and Belt Railway of Chicago ("BRC") have partnered in CREATE to construct operating and structural changes that will improve operating efficiency and fluidity in and around Chicago, the largest railroad hub in North America; and
- CP, working with the State Departments of Transportation of New York, Illinois, Wisconsin and Minnesota, to develop plans for improved track and road infrastructure to support intercity passenger rail. This infrastructure will support the fluidity of passenger and freight traffic on shared CP track.

CP also develops mutually beneficial arrangements with smaller railways, including shortline and regional carriers.

4.4 Network and Right-of-Way

The Company's 13,700-mile network extends from the Port Metro Vancouver on Canada's Pacific Coast to the Port of Montreal in eastern Canada, and to the U.S. industrial centres of Chicago; Detroit, Michigan; Newark, New Jersey; and Buffalo, New York; Kansas City, Missouri; and Minneapolis, Minnesota.



The Company's network is composed of four primary corridors: Western, Eastern, Central and the Northeast U.S.

4.4.1 The Western Corridor: Vancouver to Thunder Bay

Overview – The Western Corridor links Vancouver with Thunder Bay, Ontario, which is the western Canadian terminus of the Company's Eastern corridor. With service through Calgary, Alberta the Western Corridor is an important part of the Company's routes between Vancouver and the U.S. Midwest, and between Vancouver and Eastern Canada. The Western Corridor provides access to the Port of Thunder Bay, Canada's primary Great Lakes bulk terminal.

Products – The Western Corridor is the Company's primary route for bulk and resource products traffic from western Canada to the Port Metro Vancouver for export. CP also handles significant volumes of international intermodal containers and domestic general merchandise traffic.

Feeder Lines – CP supports its Western Corridor with four significant feeder lines: the "Coal Route", which links southeastern B.C. coal deposits to the Western Corridor and to coal terminals at the Port Metro Vancouver; the "Edmonton-Calgary Route", which provides rail access to Alberta's Industrial Heartland in addition to the petrochemical facilities in central Alberta; the "Pacific CanAm Route", which connects Calgary and Medicine Hat, Alberta, with Pacific Northwest rail routes at Kingsgate, B.C. via the Crowsnest Pass; and the "North Main Line Route" that provides rail service to customers between Portage La Prairie, Manitoba and Wetaskiwin, Alberta, including intermediate points Yorkton and Saskatoon in Saskatchewan. This line is an important collector of Canadian grain and fertilizer, serving the potash mines located east and west of Saskatoon and many high-throughput grain elevator, processing and crude facilities. In addition, this line provides direct access to refining and upgrading facilities at Lloydminster, Alberta and western Canada's largest pipeline terminal at Hardisty, Alberta.

Connections – The Company's Western Corridor connects with the Union Pacific Railroad ("UP") at Kingsgate and with Burlington Northern Santa Fe, LLC ("BNSF") at Coutts, Alberta, and at New Westminster and Huntingdon in B.C. This corridor also connects with CN at many locations including Thunder Bay, Winnipeg, Regina and Saskatoon in Saskatchewan, Red Deer, Camrose, Calgary and Edmonton in Alberta and several locations in the Greater Vancouver area.

Yards and Repair Facilities – CP supports rail operations on the Western Corridor with main rail yards at Vancouver, Calgary, Edmonton, Moose Jaw in Saskatchewan, Winnipeg and Thunder Bay. CP also has major intermodal terminals at Vancouver, Calgary, Edmonton, Regina and Winnipeg. The Company has locomotive and rail car repair facilities at Golden, B.C., Vancouver, Calgary, Moose Jaw and Winnipeg.

4.4.2 The Central Corridor: Moose Jaw or Winnipeg to Chicago and Kansas City

Overview – The Central Corridor connects with the Western Corridor at Moose Jaw and Winnipeg. By running south to Chicago and Kansas City through the Twin Cities of Minneapolis and St. Paul, Minnesota and Milwaukee, Wisconsin, CP provides a direct, single-carrier route between western Canada and the U.S. Midwest, providing access to Great Lakes and Mississippi River ports. From La Crosse, Wisconsin, the Central Corridor continues south towards Kansas City via the Quad Cities, providing an efficient route for traffic destined for southern U.S. and Mexican markets. CP's Kansas City line also has a direct connection into Chicago and by extension to points east on CP's network such as Toronto, Ontario and the Port of Montreal.

Products – Traffic transported on the Central Corridor include intermodal containers from the Port Metro Vancouver, fertilizers, chemicals, crude, grain, automotive and other agricultural products.

Feeder Lines – The Company has operating rights over the BNSF line between Minneapolis and the twin ports of Duluth, Minnesota and Superior, Wisconsin. CP maintains its own yard facilities at the Twin Ports that provide an outlet for grain from the U.S. Midwest to the grain terminals at these ports, and a strategic entry point for large dimensional shipments that can be routed via CP's network to locations such as Alberta's Industrial Heartland to serve the needs of the oil sands and energy industry. The DM&E route from Winona, Minnesota to Tracy, Minnesota provides access to key agricultural and industrial commodities. CP's feeder line between Drake and Newtown in North Dakota is geographically situated in a highly-strategic region for Bakken oil production. CP also owns two significant feeder lines in North Dakota and western

Minnesota operated by the Dakota Missouri Valley and Western Railroad, and the Northern Plains Railroad respectively. Both of these short lines are also active in providing service to agricultural and Bakken-oil related customers.

Connections – The Company's Central Corridor connects with all major railways at Chicago. Outside of Chicago, CP has major connections with BNSF at Minneapolis and at Minot, North Dakota and with UP at St. Paul. CP connects with CN at Milwaukee and Chicago. At Kansas City, CP connects with Kansas City Southern ("KCS"), BNSF, Norfolk Southern Corporation ("NS"), and UP. CP's Central Corridor also links to several shortline railways that primarily serve grain and coal producing areas in the U.S., and extend CP's market reach in the rich agricultural areas of the U.S. Midwest.

Yards and Repair Facilities – The Company supports rail operations on the Central Corridor with main rail yards in Chicago, Milwaukee, Wisconsin, St. Paul and Glenwood in Minnesota, and Mason City and Nahant in Iowa. CP owns 49% of the IHB, a switching railway serving Greater Chicago and northwest Indiana, and has a major intermodal terminal in Chicago and one in Minneapolis. In addition, CP has a major locomotive repair facility at St. Paul and car repair facilities at St. Paul and Chicago. CP shares a yard with KCS in Kansas City.

4.4.3 The Eastern Corridor: Thunder Bay to Montreal and Detroit

Overview – The Eastern Corridor extends from Thunder Bay through to its eastern terminus at Montreal and from Toronto to Chicago via Windsor/Detroit. The Company's Eastern Corridor provides shippers direct rail service from Toronto and Montreal to Calgary and Vancouver via the Company's Western Corridor and to the U.S. via the Central Corridor. This is a key element of the Company's transcontinental intermodal and other services, as well as truck trailers moving in drive-on/drive-off Expressway service between Montreal and Toronto. The corridor also supports the Company's market position at the Port of Montreal by providing one of the shortest rail routes for European cargo destined to the U.S. Midwest, using the CP-owned route between Montreal and Detroit, coupled with a trackage rights arrangement on NS tracks between Detroit and Chicago.

Products – Major traffic categories transported in the Eastern Corridor include forest, chemicals and plastics, crude, metals, minerals and consumer products, intermodal containers, automotive products and general merchandise.

Feeder Lines – A major feeder line that serves the steel industry at Hamilton, Ontario provides connections to both the Company's Northeast U.S. corridor and both CSXT Corporation ("CSXT") and NS at Buffalo.

Connections – The Eastern Corridor connects with a number of shortline railways including routes from Montreal to Quebec City, Quebec and Montreal to St. John, New Brunswick and Searsport, Maine. CP owns a route to Temiscaming, Quebec via North Bay, Ontario operated by short line Ottawa Valley Railway, where connections are made with the Ontario Northland Railway. Connections are also made with CN at a number of locations, including Sudbury, North Bay, Windsor, London, Hamilton, and Toronto in Ontario and Montreal and at Detroit and Buffalo with NS and CSXT.

Yards and Repair Facilities – CP supports its rail operations in the Eastern Corridor with major rail yards at Sudbury, Toronto, London and Montreal. The Company's largest intermodal facility is located in the northern Toronto suburb of Vaughan and serves the Greater Toronto and southwestern Ontario areas. CP also operates intermodal terminals at Montreal and Detroit. Terminals for the Company's Expressway service are located in Montreal and at Milton, Ontario in the Greater Toronto area.

The Company has locomotive repair facilities at Montreal and Toronto and car repair facilities at Thunder Bay, Toronto and Montreal.

4.4.4 The Northeast U.S. Corridor: Buffalo and Montreal to New York

Overview – The Northeast U.S. Corridor provides an important link between the major population centres of eastern Canada, the U.S. Midwest and the U.S. Northeast. The corridor extends from Montreal to Harrisburg, Pennsylvania and Buffalo, New York to Allentown, Pennsylvania and to Albany/Schenectady in New York's Capital District Region.

Products – Major traffic categories transported in the Northeast U.S. Corridor include lumber, ethanol, crude oil and consumer products.

Feeder Lines – The Northeast U.S. Corridor connects with important feeder lines. The Company's route between Montreal and Harrisburg, Pennsylvania, in combination with trackage rights over other railways, provides the Company with direct access to Allentown, Pennsylvania. Agreements with NS provide CP with access to shippers and receivers in the Conrail "shared asset" regions of New Jersey. The "southern tier" route between Buffalo, New York and Binghamton, New York includes haulage rights over NS lines, links industrial southern Ontario with key U.S. connecting rail carriers at Buffalo and provides access to CP for short line carriers along the Buffalo to Binghamton, New York route.

Connections – CP has major connections with NS at Binghamton, and Harrisburg and Allentown, Pennsylvania, with CSXT at Albany, New York and with Pan Am Southern at Mechanicville, New York. Shortline connections exist with multiple players throughout the corridor.

Yards and Repair Facilities – CP supports its Northeast U.S. Corridor with a major rail yard in Binghamton. CP has locomotive and car repair facilities in Montreal and Binghamton.

4.4.5 Right-of-Way

The Company's rail network is standard gauge, which is used by all major railways in Canada, the U.S. and Mexico. Continuous welded rail is used on the core main line network.

CP uses different train control systems on portions of the Company's owned track, depending on the volume of rail traffic. Remotely controlled centralized traffic control signals are used to authorize the movement of trains. CP is currently in the development stage of its Positive Train Control strategy for portions of its U.S. network.

In other corridors, train movements are directed by written instructions transmitted electronically and by radio from rail traffic controllers to train crews. In some specific areas of intermediate traffic density, CP uses an automatic block signalling system in conjunction with written instructions from rail traffic controllers.

4.5 Quarterly Trends

Volumes and revenues from certain goods are stronger during different periods of the year. First-quarter revenues are typically lower mainly due to winter weather conditions, closure of the Great Lakes ports and reduced transportation of retail goods. Second and third-quarter revenues generally improve over the first quarter as fertilizer volumes are typically highest during the second quarter and demand for construction-related goods are generally highest in the third quarter. Revenues are typically strongest in the fourth quarter, primarily as a result of the transportation of grain after the harvest, fall fertilizer programs and increased demand for retail goods moved by rail. Operating income is also affected by seasonal fluctuations. Operating income is typically lowest in the first quarter due to lower freight revenue and higher operating costs associated with winter conditions. Net income is also influenced by seasonal fluctuations in customer demand and weather-related issues.

4.6 Business Categories

The following table compares the percentage of the Company's total freight revenue derived from each of the major business lines in 2014 compared with 2013 and 2012:

Business Category	2014	2013	2012
Bulk	42%	42%	41%
Merchandise	37%	36%	34%
Intermodal	21%	22%	25%

4.7 Revenues

Freight revenues are earned from transporting bulk, merchandise and intermodal goods, and include fuel recoveries billed to CP customers. The following table summarizes the Company's annual freight revenues between 2012 and 2014:

Freight Revenues (in $ millions, except for percentages) Business Category	2014	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Bulk					
Canadian grain	$ 988	$ 869	$ 767	14	13
U.S. grain	503	431	405	17	6
Coal	621	627	602	(1)	4
Potash	347	312	281	11	11
Fertilizers and sulphur	234	258	239	(9)	8
Total bulk	2,693	2,497	2,294	8	9
Merchandise					
Forest products	206	206	193	–	7
Chemicals and plastics	637	565	512	13	10
Crude	484	375	206	29	82
Metals, minerals, and consumer products	712	608	550	17	11
Automotive	357	403	425	(11)	(5)
Total merchandise	2,396	2,157	1,886	11	14
Intermodal					
Domestic intermodal	787	684	653	15	5
International intermodal	588	644	717	(9)	(10)
Total intermodal	1,375	1,328	1,370	4	(3)
Total freight revenues	$6,464	$5,982	$5,550	8	8

4.7.1 Bulk

The Company's bulk business represented approximately 42% of total freight revenues in 2014.

4.7.1.1 Canadian Grain

The Company's Canadian grain business accounted for approximately 15% of total freight revenues in 2014.

Canadian grain transported by CP consists of both whole grains, such as wheat, corn, soybeans, and canola, and processed products such as meals, oils, and flour.

This business is centred in the Canadian prairies (Alberta, Saskatchewan and Manitoba), with grain shipped primarily west to the Port Metro Vancouver and east to the Port of Thunder Bay for export. Grain is also shipped to the U.S., Mexico and to eastern Canada for domestic consumption.

Canadian grain includes a segment of business that is regulated by the Canadian government and set out in the Canadian Transportation Act ("CTA"). This regulated business is subject to a maximum revenue entitlement ("MRE"). Under this regulation, railroads can set their own rates for individual movements. However, the MRE governs aggregate revenue earned by the railroad based on a formula that factors in the total volumes, length of haul, average revenue per tonne and inflationary adjustments. The regulation applies to Western Canadian export grain shipments to the ports of Vancouver and Thunder Bay.

4.7.1.2 U.S. Grain

CP's U.S. grain business accounted for approximately 8% of total freight revenues in 2014.

U.S. grain transported by CP consists of both whole grains, such as wheat, corn, and soybeans, and processed products such as meals, oils, and flour.

This business is centred in the states of North Dakota, Minnesota, Iowa and South Dakota. Export grain traffic from this producing region is shipped to ports at Duluth and Superior. In partnership with other railways, CP also moves grain to export terminals in the U.S. Pacific Northwest and the Gulf of Mexico. Grain destined for domestic consumption moves east via Chicago to the U.S. Northeast or is

interchanged with other carriers to the U.S. Southeast, Pacific Northwest and California markets.

4.7.1.3 Coal

The Company's coal business represented approximately 10% of total freight revenues in 2014.

CP handles mostly metallurgical coal destined for export through the Port Metro Vancouver for use in the steel-making process in the Pacific Rim, Europe and South America.

CP's Canadian coal traffic originates mainly from Teck Resource Limited's mines in southeastern B.C. They are considered to be among the most productive, highest-quality metallurgical coal mines in the world. CP moves coal west from these mines to port terminals for export to world markets, and east for the U.S. Midwest markets and for consumption in steel-making mills along the Great Lakes.

In the U.S., CP moves primarily thermal coal from connecting railways serving the thermal coal fields in the PRB in Montana and Wyoming. It is then delivered to power generating facilities in the Midwest U.S. CP also serves petroleum coke operations in Canada and the U.S. where the product is used for power generation and aluminum production.

4.7.1.4 Potash

Potash represented approximately 5% of total freight revenues in 2014.

The Company's potash traffic moves mainly from Saskatchewan to offshore markets through the ports of Vancouver, Thunder Bay and Portland, Oregon and to markets in the U.S. All potash shipments for export beyond Canada and the U.S. are marketed by Canpotex, a joint venture among Saskatchewan's potash producers. Independently, these producers move domestic potash with CP primarily to the U.S. Midwest for local application.

4.7.1.5 Fertilizers and sulphur

Fertilizers and sulphur business represented approximately 4% of total freight revenues in 2014.

Chemical fertilizers are transported to markets in Canada and the U.S. from key production areas in the Canadian prairies. Phosphate fertilizer is also transported from U.S. and Canadian producers to markets in Canada and the northern U.S. CP provides transportation services from major nitrogen production facilities in western Canada and have efficient routes to the major U.S. markets. CP also has direct service to key fertilizer distribution terminals, such as the barge facilities on the Mississippi River system at Minneapolis-St. Paul, as well as access to Great Lakes vessels at Thunder Bay.

Most sulphur is produced in Alberta as a by-product of processing sour natural gas, refining crude oil and upgrading bitumen produced in the Alberta oil sands. Sulphur is a raw material used primarily in the manufacturing of sulphuric acid, which is used most extensively in the production of phosphate fertilizers. Demand for elemental sulphur rises with demand for fertilizers. Sulphuric acid is also a key ingredient in industrial processes ranging from smelting and nickel leaching to paper production.

4.7.2 Merchandise

CP's merchandise business represented approximately 37% of total freight revenues in 2014.

Merchandise products move in trains of mixed freight and in a variety of car types. Service involves delivering products to many different customers and destinations. In addition to traditional rail service, CP moves merchandise traffic through a network of truck-rail transload facilities and provides logistics services.

4.7.2.1 Forest Products

The Company's forest products business represented approximately 3% of total freight revenues in 2014.

Forest products traffic includes wood pulp, paper, paperboard, newsprint, lumber, panel and oriented strand board shipped from key producing areas in B.C., northern Alberta, northern Saskatchewan, Ontario and Quebec to destinations throughout North America.

4.7.2.2 Chemicals and Plastics

The Company's chemicals and plastics business represented approximately 10% of total freight revenues in 2014.

Petroleum products represent the largest segment of this business, followed by chemicals and plastics, respectively.

Petroleum products consist of commodities such as liquid petroleum gas ("LPG"), gasoline, diesel, condensate, asphalt and lubricant oils. The majority of the Company's Western Canadian petroleum

products traffic originates in Saskatchewan and in the Alberta Industrial Heartland, Canada's largest hydrocarbon processing region. The Bakken formation region in Saskatchewan and North Dakota is another source of condensate, LPG and natural gas liquids. Connectivity to several rail interline partners gives the Company access to refineries and export facilities in the Pacific Northwest, Northeast U.S. and Gulf Coast, as well as the Texas and Louisiana petrochemical corridor and port connections.

The Company's chemical traffic includes products such as ethylene glycol, styrene, sulphuric acid, methanol, sodium chlorate, caustic soda and soda ash. These shipments originate from Eastern Canada, Alberta, the U.S. Midwest and the Gulf of Mexico and move to end markets in Canada, the U.S. and overseas.

The most commonly shipped plastics products are polyethylene and polypropylene. Almost half of the Company's plastics originate in central and northern Alberta and move to various North American destinations.

4.7.2.3 Crude

The Company's crude business represented approximately 7% of total freight revenues in 2014.

Crude moves from origin facilities throughout Alberta, Saskatchewan and North Dakota. CP connects at these origin facilities with direct production as well as pipeline access. Oil sands products originating in Northern Alberta are delivered by pipeline systems to hub terminals in Edmonton, Hardisty and the Alberta Industrial Heartland, where rail and pipeline are the options for further transport. CP connects to numerous Saskatchewan oil plays, including Shaunavon, Lloydminster, Kerrobert and the Bakken, and CP has numerous facilities in the North Dakota Bakken oil producing zone.

CP's main crude unloading destination terminal is located in Albany, New York. This terminal is a rail-to-vessel operation that can reach refineries along the Canadian and U.S. East Coast, and the U.S. Gulf Coast. CP also accesses other refineries and terminals on the U.S. East Coast, Gulf Coast and West Coast through established foreign line partnerships.

4.7.2.4 Metals, Minerals and Consumer Products

The Company's metals, minerals and consumer products business represented approximately 11% of total freight revenues in 2014.

Metals, minerals and consumer products traffic include a wide array of commodities grouped under aggregates, steel, consumer products and non-ferrous metals.

Frac sand and cement are the dominant aggregates. Frac sand originates at mines located along the Company's network in Wisconsin and moves to a diverse set of shale plays across North America. The majority of the Company's cement traffic is shipped directly from production facilities in Alberta, Iowa and Ontario to energy and construction projects in North Dakota, Alberta, Manitoba and the U.S. Midwest.

CP transports steel in various forms from mills in Ontario, Saskatchewan and Iowa to a variety of industrial users. The Company carries base metals such as copper, lead, zinc and aluminum. CP also moves ores from mines to smelters and refineries for processing, and the processed metal to automobile and consumer products manufacturers.

Consumer products traffic consists of a diverse mix of goods, including food products, building materials, packaging products and waste products.

4.7.2.5 Automotive

The Company's automotive business represented approximately 6% of total freight revenues in 2014.

CP's automotive portfolio consists of four finished vehicle traffic segments: import vehicles that move through Port Metro Vancouver to Eastern Canadian markets; Canadian-produced vehicles that ship to the U.S. from Ontario production facilities; U.S.-produced vehicles that ship within the U.S. as well as cross-border into Canadian markets; and, Mexican-produced vehicles that ship to the U.S. and Canada. In addition to finished vehicles, CP ships automotive parts, machinery and pre-owned vehicles. A comprehensive network of automotive compounds is utilized to facilitate final delivery of vehicles to dealers throughout Canada and in the U.S.

4.7.3 Intermodal

The Company's intermodal business accounted for approximately 21% of total freight revenues in 2014.

Domestic intermodal freight consists primarily of manufactured consumer products moving in fifty three foot containers within North America. International intermodal freight moves in marine containers to and from ports and North American inland markets.

4.7.3.1 Domestic Intermodal

The Company's domestic intermodal business represented approximately 12% of total freight revenues in 2014.

CP's domestic intermodal business covers a broad spectrum of industries including food, retail, less-than truckload shipping, trucking, forest products and various other consumer-related products. Key service factors in domestic intermodal include consistent on-time delivery, the ability to provide door-to-door service and the availability of value-added services. The majority of the Company's domestic intermodal business originates in Canada where CP markets its services directly to retailers, providing complete door-to-door service and maintaining direct relationships with its customers. In the U.S., the Company's service is delivered mainly through wholesalers.

4.7.3.2 International Intermodal

The Company's international intermodal business represented approximately 9% of total freight revenues in 2014.

CP's international intermodal business consists primarily of containerized traffic moving between the ports of Vancouver, Montreal and New York and inland points across Canada and the U.S.

CP is a major carrier of containers moving via the ports of Montreal and Vancouver. Import traffic from the Port Metro Vancouver is mainly long-haul business destined for eastern Canada and the U.S. Midwest and Northeast. The Company's trans-Pacific service offers the shortest route between the Port Metro Vancouver and Chicago. CP works closely with the Port of Montreal, a major year-round East Coast gateway to Europe, to serve markets primarily in Canada and the U.S. Midwest. The Company's U.S. Northeast service connects eastern Canada with the ports of New York, offering a competitive alternative to trucks.

4.7.4 Fuel Cost Recovery Program

The short-term volatility in fuel prices may adversely or positively impact expenses and revenues. CP employs a fuel cost recovery program designed to automatically respond to fluctuations in fuel prices and help reduce volatility to changing fuel prices. Fuel surcharge revenue is earned on individual shipments primarily based on On Highway Diesel ("OHD"); as such, fuel surcharge revenue is a function of freight volumes.

4.7.5 Other Revenue

Other revenue is generated from leasing certain assets, switching fees, other arrangements including logistical services and contracts with passenger service operators.

4.7.6 Significant Customers

For each of the twelve months ended December 31, 2014, 2013 and 2012, no customer comprised more than 10% of total revenues and accounts receivable.

4.8 Railway Performance

CP focuses on safety, train operation productivity, increasing network efficiency and improving asset utilization. The following table summarizes the effect of the Company's Operating Plan based on industry-recognized performance indicators. Detailed definitions of the performance indicators listed below are included in Section 26, Glossary of Terms of the 2014 MD&A which is incorporated by reference herein.

For the year ended December 31[1]	2014	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Operations Performance					
Freight gross ton-miles ("GTMs") (millions)	273,276	267,629	254,354	2	5
Revenue ton-miles ("RTMs") (millions)	149,849	144,249	135,032	4	7
Train miles (thousands)	36,625	37,817	40,270	(3)	(6)
Average train weight - excluding local traffic (tons)	8,046	7,573	6,709	6	13
Average train length - excluding local traffic (feet)	6,683	6,530	5,981	2	9
Average terminal dwell (hours)	8.7	7.1	7.5	23	(5)
Average train speed (mph)[2][3]	18.1	18.4	N/A	(2)	N/A
Fuel efficiency (U.S. gallons of locomotive fuel consumed /1,000 GTMs)[4]	1.03	1.06	1.15	(3)	(8)
Total employees (average)[5][6]	14,575	15,011	16,999	(3)	(12)
Workforce (end of period)[7]	14,698	14,977	16,907	(2)	(11)
Safety indicators					
FRA personal injuries per 200,000 employee-hours	1.67	1.71	1.56	(2)	10
FRA train accidents per million train-miles	1.26	1.80	1.69	(30)	7

(1) Certain prior period figures have been revised to conform with current presentation or have been updated to reflect new information.
(2) Incorporates a new reporting definition where average train speed measures the line-haul movement from origin to destination including terminal dwell hours, and excluding foreign railroad and customer delays.
(3) 2012 Average train speed information is not available for new reporting definition.
(4) Includes gallons of fuel consumed from freight, yard and commuter service but excludes fuel used in capital projects and other non-freight activities.
(5) An employee is defined as an individual, including trainees, who has worked more than 40 hours in a standard biweekly pay period. This excludes part time employees, contractors, and consultants.
(6) 2012 average number of employees has been adjusted for a strike.
(7) Workforce is defined as total employees plus part time employees, contractors, and consultants.

GTMs for 2014 were 273,276 million, a 2% increase compared with 267,629 million in 2013. This improvement was primarily due to higher shipments in Canadian grain, Crude, Domestic intermodal, and Metals, minerals and consumer products.

RTMs for 2014 were 149,849 million, an increase of 4% compared with 144,249 million in 2013. RTMs are discussed further in Section 8, Lines of Business of the 2014 MD&A.

Train miles for 2014 decreased by 3% compared with 2013, reflecting improvements in operating efficiency from longer, heavier trains.

Average train weight increased in 2014 by 473 tons, or 6%, from 2013. Average train length increased in 2014 by 153 feet, or 2%, from 2013. Average train weight and length benefited significantly from improvements in operating plan efficiency and increased volumes of bulk traffic conveyed in longer, heavier trains. Both of these improvements leverage the siding extensions completed in 2013 and 2014.

Average terminal dwell, the average time a freight car resides in a terminal, increased by 23% in 2014 to 8.7 hours from 7.1 hours in 2013. The unfavourable increase was primarily due to operational challenges in the U.S. Midwest.

Average train speed was 18.1 miles per hour in 2014, a decrease of 2%, from 18.4 miles per hour in 2013. The unfavourable decrease was primarily due to operational challenges in the U.S. Midwest. This decrease was partially offset by speed improvements in the fourth quarter of 2014 through improved asset velocity, decreased terminal dwell, and successful execution of the Company's operating plan.

Fuel efficiency improved by 3% in 2014 compared to 2013. This improvement is primarily due to the continued execution of the Company's fuel

conservation strategy and increased locomotive productivity from higher average train weights.

The average number of total employees for 2014 decreased by 436, or 3%, compared with 2013. This improvement was primarily due to job reductions as a result of continuing strong operational performance and natural attrition, partially offset by additional information technology ("IT") employees as a part of the Company's insourcing strategy.

The workforce on December 31, 2014 decreased by 279, or 2%, compared with December 31, 2013. This improvement was primarily due to job reductions as a result of continuing strong operational performance, natural attrition and fewer contractors.

Safety is discussed in Section 4.14, Safety.

4.9 Franchise Investment

Franchise investment is an integral part of the Company's multi-year capital program and supports growth initiatives. The Company's annual capital program typically includes investments in track and facilities (including rail yards and intermodal terminals); locomotives; IT; and freight cars and other equipment. On an accrual basis, CP invested approximately $3.9 billion in core assets from 2012 to 2014, with annual capital spending over this period averaging approximately 21% of revenues. This included approximately $2.6 billion invested in track and roadway, $500 million in rolling stock, $300 million in IT and $500 million in buildings and other.

4.9.1 Locomotive Fleet

The Company's locomotive fleet is comprised largely of high-adhesion alternating current ("AC") locomotives, which are more fuel efficient and reliable and have superior hauling capacity compared with standard direct current ("DC") locomotives. The Company's locomotive fleet now includes 827 AC locomotives. While AC locomotives represent approximately 70% of the Company's road-freight locomotive fleet, they handle approximately 89% of the workload. The Company's investment in AC locomotives has helped to improve service reliability and generate cost savings in fuel, equipment rents and maintenance. There was a reduction of the Company's active locomotive fleet by 24 locomotives during 2014.

Following is a synopsis of the Company's owned and leased locomotive fleet:

Number of Locomotives (owned and long-term leased)	Road Freight		Road	Yard	
Age in Years	AC	DC	Switcher	Switcher	Total
0-5	91	20	125	–	236
6-10	319	–	–	–	319
11-15	234	–	–	–	234
16-20	183	–	–	–	183
Over 20	–	328	235	43	606
Total	827	348	360	43	1,578

4.9.2 Railcar Fleet

CP owns, leases or manages approximately 45,700 freight cars. Approximately 20,800 are owned by CP, approximately 6,600 are hopper cars owned by Canadian federal and provincial government agencies, approximately 8,700 are leased on a short-term basis, 5,100 are held under long-term leases, and 4,500 in a railcar pool allocation. Short-term leases on approximately 1,700 cars are scheduled to expire during 2015, and the leases on approximately 11,300 additional cars are scheduled to expire before the end of 2019.

The Company's covered hopper car fleet, used for transporting grain for export, consists of owned, leased and managed cars. A portion of the fleet used to transport export grain is leased from the Government of Canada, with whom CP completed an operating agreement in 2007.

4.10 Operating Plan ("OP")

The Company's OP is the foundation for its scheduled railway operations, through which CP strives to provide quality service for customers and improve asset utilization to achieve high levels of efficiency. The key principles upon which the

Company's OP is built include moving freight cars across the network with as few handlings as possible, creating balance in directional flow of trains in CP corridors by day of week, and minimizing the time that locomotives and freight cars are idle.

Under the Company's OP, trains are scheduled to run consistently at times agreed upon with customers. To accomplish this, CP establishes a plan for each rail car that covers its entire trip from point of origin to final destination. Cars with similar destinations are consolidated into blocks. This reduces delays at intermediate locations by simplifying processes for employees, eliminating the duplication of work and helping to ensure traffic moves fluidly through rail yards and terminals. These measures improve transit times for shipments throughout CP's network and increase car availability for customers. The Company's OP also increases efficiency by more effectively scheduling employee shifts, locomotive maintenance, track repair, track renewal and material supply.

CP has capitalized on the new capabilities of its network and upgraded locomotive fleet to safely operate longer and heavier trains. This has reduced associated expenses, simplified the departure of shipments from points of origin and provided lower-cost capacity for growth.

The Company is committed to continuously improve scheduled railway operations as a means to achieve additional efficiencies that will avoid significant capital expenditures to accommodate growth.

4.11 Information Technology

As a 24-hour-a-day, 7-day-a-week business, CP relies heavily on IT systems to schedule and manage planning and operational components safely and efficiently. IT applications map out complex interconnections of freight cars, locomotives, facilities, tracks and train crews to meet more than 10,000 individual customer service commitments every day. Across the network, CP's suite of operating systems manages the overall movement of customers' shipments and provides railway employees with reliable data on shipment performance, transit times, connections with other trains, train and yard capacities, and locomotive requirements. Within the yards, individual shipments are matched to freight car blocks, which in turn are matched to trains that are scheduled according to CP's operating plan. The Company's IT applications provide the information needed to ensure that shipments are handled according to commercial agreements while meeting all regulatory requirements to ensure the safe movement of freight throughout North America.

4.12 Business Risks and Enterprise Risk Management

In the normal course of operations, CP is exposed to various business risks and uncertainties that can have an effect on the Company's financial condition. CP's Enterprise Risk Management ("ERM") program targets strategic risk areas to determine additional prevention or mitigation plans that can be undertaken to either reduce risk or enable opportunities to be realized. The ERM process instils discipline in the approach to managing risk at CP and has been a contributing factor in providing focus on key areas. CP has managed to mitigate a number of strategic business risks using this focused approach.

The risks and enterprise risk management are discussed in more detail in Section 22, Business Risks of the Company's 2014 MD&A.

4.13 Indemnifications

Pursuant to a trust and custodial services agreement with the trustee of the Canadian Pacific Railway Company Pension Plan, CP has undertaken to indemnify and save harmless the trustee, to the extent not paid by the fund, from any and all taxes, claims, liabilities, damages, costs and expenses arising out of the performance of the trustee's obligations under the agreement, except as a result of misconduct by the trustee. The indemnity includes liabilities, costs or expenses relating to any legal reporting or notification obligations of the trustee with respect to the defined contribution option of the pension plans or otherwise with respect to the assets of the pension plans that are not part of the fund. The indemnity survives the termination or expiry of the agreement with respect to claims and liabilities arising prior to the termination or expiry. At December 31, 2014, CP had not recorded a liability associated with this indemnification, as the Company does not expect to make any payments pertaining to it.

Pursuant to the Company's by-laws, CP indemnifies all of its current and former directors and officers. In

addition to the indemnity provided by the by-laws, CP also indemnifies its directors and officers pursuant to indemnity agreements. CP carries a liability insurance policy for directors and officers, subject to a maximum coverage limit and certain deductibles in cases where a director or officer is reimbursed for any loss covered by the policy.

4.14 Safety

Safety is a key priority and core strategy for the Company's management and Board of Directors. The Company's two main safety indicators – personal injuries and train accidents – follow strict U.S. Federal Railroad Administration ("FRA") reporting guidelines. Detailed definition of the safety indicators discussed below is included in Section 26, Glossary of Terms in the 2014 MD&A.

The FRA personal injury rate per 200,000 employee-hours for CP was 1.67 in 2014, compared with 1.71 in 2013 and 1.56 in 2012. The FRA train accident rate for CP in 2014 was 1.26 accidents per million train-miles, compared with 1.80 in 2013 and 1.69 in 2012. CP strives to continually improve its safety performance through the Company's key strategies and activities such as training and technology.

The Company's senior leaders in operations provide ongoing focus, leadership, commitment and support for efforts to improve the safety of the Company's operations as well as the safety and health of CP employees. The leadership team includes all of the Company's most senior representatives in operations from senior officers to leaders of different operation departments and is a key component of safety governance at CP. The Company's Safety Framework governs the safety management process, which involves more than 1,000 employees in planning and implementing safety-related activities. This management process, combined with planning that encompasses all operational functions, ensures a continuous and consistent focus on safety.

4.15 Environmental Protection

CP has implemented a comprehensive Environmental Management System, which uses the five elements of the ISO 14001 standard – policy, planning, implementation and operation, checking and corrective action, and management review – as described below. Further details are discussed in Section 22, Business Risks of the 2014 MD&A.

4.15.1 Policy

CP has adopted an Environmental Protection Policy and continues to develop and implement policies and procedures to address specific environmental issues and reduce environmental risk. Each policy is implemented with training for employees and a clear identification of roles and responsibilities.

CP is a partner in Responsible Care©, an initiative of the Chemistry Industry Association of Canada and the American Chemistry Council ("ACC") in the U.S., an ethic for the safe and environmentally sound management of chemicals throughout their life cycle. Partnership in Responsible Care© involves a public commitment to continually improve the industry's environmental, health and safety performance. CP completed its first Responsible Care© external verification in June 2002 and was granted "Responsible Care© practice-in-place" status. CP was successfully re-verified in 2005, 2008 and again in October of 2012. The next re-verification is planned for 2015.

4.15.2 Planning

CP prepares an annual Operations Environmental Plan, which include details of the Company's environmental goals and targets as well as high-level strategies. These plans are used by various departments to integrate key corporate environmental strategies into their business plans.

The Company also conducts comprehensive Risk Assessments on proposed new operations on CP property that have inherent environmental risk. The Risk Assessments identify appropriate mitigations to minimize risk and support the planning process.

4.15.3 Implementation and Operation

CP has developed specific environmental programs to address areas such as air emissions, wastewater,

management of vegetation, chemicals and waste, storage tanks and fuelling facilities, and environmental impact assessment. The Company's environmental specialists and consultants lead these programs.

The Company's focus is on preventing spills and other incidents that have a negative impact on the environment. As a precaution, CP has established a Strategic Emergency Response Contractor network and located spill equipment kits across Canada and the U.S. to ensure a rapid and efficient response in the event of an environmental incident. In addition, CP regularly updates and test emergency preparedness and response plans.

4.15.4 Environmental Contamination

The Company continues to be responsible for remediation work on portions of a property in the State of Minnesota and continues to retain liability accruals for remaining future anticipated costs. The costs are expected to be incurred over a period of approximately 10 years. The state's voluntary investigation and remediation program will oversee the work to ensure it is completed in accordance with applicable standards. CP currently estimates the remaining liability associated with these areas to be U.S. $20 million.

4.15.5 Checking and Corrective Action

The Company's environmental audits comprehensively, systematically and regularly assess CP facilities for compliance with legal and regulatory requirements and conformance to the Company's policies, which are based on legal requirements and accepted industry standards. Audits are scheduled based on risk assessment for each facility and are led by third-party environmental audit specialists supported by the Company's environmental staff.

Audits are followed by a formal Corrective Action Planning process that ensures findings are addressed in a timely manner. Progress is monitored against completion targets and reported quarterly to senior management.

4.15.6 Management Review

The Environmental Accrual Lead Team, which includes members of the Company's senior officers and leaders of CP environmental teams, completes quarterly reviews of changes to and the progress of the Environmental Accrual program. Senior management leaders provide oversight of health, safety, security and environment issues on an ongoing basis throughout the year. The CP Board of Directors' Safety, Operations and Environment Committee meets five times per year and conducts a review of environmental issues.

4.15.7 Expenditures

The Company spent $34 million in 2014 for environmental management, including amounts spent on ongoing operations, fuel conservation, capital upgrades and remediation. The Company spent $36 million for environmental management in 2013.

4.16 Insurance

CP maintains insurance policies to protect the Company's assets and to protect against liabilities. The Company's insurance policies include, but are not limited to, liability insurance, director and officer liability insurance, automobile insurance and property insurance. The property insurance program includes business interruption coverage and contingent business interruption coverage, which would apply in the event of catastrophic damage to the Company's infrastructure and specified strategic assets in the transportation network. CP believes its insurance is adequate to protect it from known and unknown liabilities. However, in certain circumstances, certain losses may not be covered or completely covered by insurance and the Company may suffer losses, which could be material.

4.17 Competitive Conditions

For a discussion of CP's competitive conditions in which the Company operates, please refer to Section 22, Business Risks included in the Company's 2014 MD&A.

5. DIVIDENDS

5.1 Declared Dividends and Dividend Policy

Dividends

Dividends declared by the Board of Directors in the last three years are as follows:

Dividend amount	Record date	Payment date
$0.3500	March 27, 2015	April 27, 2015
$0.3500	December 31, 2014	January 26, 2015
$0.3500	September 26, 2014	October 27, 2014
$0.3500	June 27, 2014	July 28, 2014
$0.3500	March 28, 2014	April 28, 2014
$0.3500	December 27, 2013	January 27, 2014
$0.3500	September 27, 2013	October 28, 2013
$0.3500	June 28, 2013	July 29, 2013
$0.3500	March 28, 2013	April 29, 2013
$0.3500	December 28, 2012	January 28, 2013
$0.3500	September 28, 2012	October 29, 2012
$0.3500	June 22, 2012	July 30, 2012
$0.3000	March 30, 2012	April 30, 2012

The Company's Board of Directors is expected to give consideration on a quarterly basis to the payment of future dividends. The amount of any future quarterly dividends will be determined based on a number of factors that may include the results of operations, financial condition, cash requirements and future prospects of the Company. The Board of Directors is, however, under no obligation to declare dividends and the declaration of dividends is wholly within their discretion. Further, the Company's Board of Directors may cease declaring dividends or may declare dividends in amounts that are different from those previously declared. Restrictions in the credit or financing agreements entered into by the Company or the provisions of applicable law may preclude the payment of dividends in certain circumstances.

6. CAPITAL STRUCTURE

6.1 Description of Capital Structure

The Company is authorized to issue an unlimited number of Common Shares, an unlimited number of First Preferred Shares and an unlimited number of Second Preferred Shares. At December 31, 2014, no First or Second Preferred Shares had been issued.

1) The rights, privileges, restrictions and conditions attached to the Common Shares are as follows:

   a) Payment of Dividends: The holders of the Common Shares will be entitled to receive dividends if, as and when declared by CP's Board of Directors out of the assets of the Company properly applicable to the payment of dividends in such amounts and payable in such manner as the Board may from time to time determine. Subject to the rights of the holders of any other class of shares of the Company entitled to receive dividends in priority to or rateably with the holders of the Common Shares, the Board may in its sole discretion declare dividends on the Common Shares to the exclusion of any other class of shares of the Company.

   b) Participation upon Liquidation, Dissolution or Winding Up: In the event of the liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares will, subject to the rights of the holders of any other class of shares of the Company entitled to receive the assets of the Company upon such a distribution in priority to or rateably with the holders of the Common Shares, be entitled to participate rateably in any distribution of the assets of the Company.

   c) Voting Rights: The holders of the Common Shares will be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Company and to one (1) vote in respect of each Common Share held at all such meetings, except at separate meetings of or on separate votes by the holders of another class or series of shares of the Company.

2) The rights, privileges, restrictions and conditions attaching to the First Preferred Shares are as follows:

   a) Authority to Issue in One or More Series: The First Preferred Shares may at any time or from time to time be issued in one (1) or more series. Subject to the following provisions, the Board may by resolution fix from time to time before the issue thereof the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of each series of First Preferred Shares.

   b) Voting Rights: The holders of the First Preferred Shares will not be entitled to receive notice of or to attend any meeting of the shareholders of the Company and will not be entitled to vote at any such meeting, except as may be required by law.

   c) Limitation on Issue: The Board may not issue any First Preferred Shares if by so doing the aggregate amount payable to holders of First Preferred Shares as a return of capital in the event of the liquidation, dissolution or winding up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs would exceed $500,000,000.

   d) Ranking of First Preferred Shares: The First Preferred Shares will be entitled to priority over the Second Preferred Shares and the Common Shares of the Company and over any other shares ranking junior to the First Preferred Shares with respect to the payment of dividends and the distribution of assets of the Company in the event of any liquidation, dissolution or winding up of the Company or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

e) Dividends Preferential: Except with the consent in writing of the holders of all outstanding First Preferred Shares, no dividend can be declared and paid on or set apart for payment on the Second Preferred Shares or the Common Shares or on any other shares ranking junior to the First Preferred Shares unless and until all dividends (if any) up to and including any dividend payable for the last completed period for which such dividend is payable on each series of First Preferred Shares outstanding has been declared and paid or set apart for payment.

3) The rights, privileges, restrictions and conditions attaching to the Second Preferred Shares are as follows:

a) Authority to Issue in One or More Series: The Second Preferred Shares may at any time or from time to time be issued in one (1) or more series. Subject to the following provisions, the Board may by resolution fix from time to time before the issue thereof the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of each series of Second Preferred Shares.

b) Voting Rights: The holders of the Second Preferred Shares will not be entitled to receive notice of or to attend any meetings of the shareholders of the Company and will not be entitled to vote at any such meeting, except as may be required by law.

c) Limitation on Issue: The Board may not issue any Second Preferred Shares if by so doing the aggregate amount payable to holders of Second Preferred Shares as a return of capital in the event of the liquidation, dissolution or winding up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs would exceed $500,000,000.

d) Ranking of Second Preferred Shares: The Second Preferred Shares will be entitled to priority over the Common Shares of the Company and over any other shares ranking junior to the Second Preferred Shares with respect to the payment of dividends and the distribution of assets of the Company in the event of the liquidation, dissolution or winding up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding up of its affairs.

e) Dividends Preferential: Except with the consent in writing of the holders of all outstanding Second Preferred Shares, no dividend can be declared and paid on or set apart for payment on the Common Shares or on any other shares ranking junior to the Second Preferred Shares unless and until all dividends (if any) up to and including any dividend payable for the last completed period for which such dividend is payable on each series of Second Preferred Shares outstanding has been declared and paid or set apart for payment.

6.2 Security Ratings

The following information relating to the Company's credit ratings is provided as it may relate to the Company's financing costs, liquidity and operations. Specifically, credit ratings affect the Company's ability to obtain short-term and long-term financing and/or the cost of such financing. Additionally, the ability of the Company to engage in certain collateralized business activities on a cost effective basis depends on the Company's credit ratings. A reduction in the current rating on the Company's debt by its rating agencies, particularly a downgrade below investment grade ratings, or a negative change in the Company's ratings outlook could adversely affect the Company's cost of financing and/or its access to sources of liquidity and capital. In addition, changes in credit ratings may affect the Company's ability to, and/or the associated costs of: (i) entering into ordinary course derivative or hedging transactions and may require the Company to post additional collateral under certain of its contracts, and (ii) entering into and maintaining ordinary course contracts with customers and suppliers on acceptable terms and (iii) ability to self-insure certain leased or financed rolling stock assets as per common industry practice.

The Company's debt securities are rated by three approved rating organizations – Moody's, S&P and DBRS. The Company received two ratings upgrades in 2014 from all three agencies. In addition short-term ratings were assigned in 2014 to support a newly established U.S. commercial paper program. All ratings are shown in the table below:

Approved Rating Organization	Long-Term Debt Rating	Short-Term Debt Rating
Moody's Investors Service	Baa1	P-2
Standard & Poor's Corporation	BBB+	A-2
Dominion Bond Rating Service	BBB(High)	R-2(High)

As at December 31, 2014, the ratings provided by each of S&P, Moody's and DBRS have a stable outlook.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities and are indicators of the likelihood of payment and of the capacity and willingness of a company to meet its financial commitment on an obligation in accordance with the terms of the obligation. A description of the rating categories of each of the rating agencies in the table above is set out below.

Credit ratings are not recommendations to purchase, hold or sell securities and do not address the market price or suitability of a specific security for a particular investor and may be subject to revision or withdrawal at any time by the rating agencies. Credit ratings may not reflect the potential impact of all risks on the value of securities. In addition, real or anticipated changes in the rating assigned to a security will generally affect the market value of that security. There can be no assurance that a rating will remain in effect for any given period of time or that a rating will not be revised or withdrawn entirely by a rating agency in the future.

In the last two years, the Company has paid the customary fees, including annual surveillance fees covering its long-term debt securities, to the aforementioned credit rating agencies for their rating services.

The following table summarizes rating categories for respective rating agencies:

Moody's		S&P		DBRS		
Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	
Aaa	P-1	AAA	A-1+	AAA	R-1 (high)	High Investment Grade
Aa1	P-1	AA+	A-1+	AA(high)	R-1 (high)	
Aa2	P-1	AA	A-1+	AA	R-1 (mid)	
Aa3	P-1	AA-	A-1+	AA(low)	R-1 (mid)	
A1	P-1	A+	A-1	A(high)	R-1 (low)	
A2	P-1	A	A-1	A	R-1 (low)	
A3	P-2	A-	A-2	A(low)	R-1 (low)	
Baa1	P-2	BBB+	A-2	BBB(high)	R-2 (high)	Investment Grade
Baa2	P-2	BBB	A-2	BBB	R-2 (mid)	
Baa3	P-3	BBB-	A-3	BBB(low)	R-2 (low) or R-3	
Ba1	NP	BB+	B	BB(high)	R-4	Below Investment Grade
Ba2	NP	BB	B	BB	R-4	
Ba3	NP	BB-	B	BB(low)	R-4	
B1	NP	B+	C	B(high)	R-4	
B2	NP	B	C	B	R-5	
B3	NP	B-	C	B(low)	R-5	
Caa	NP	CCC	C	CCC	R-5	
Ca	NP	CC	C	CC	R-5	
C	NP	C	C	C	R-5	

7. MARKET FOR SECURITIES

7.1 Stock Exchange Listings

The Common Shares of CP are listed on the Toronto Stock Exchange and the New York Stock Exchange under the symbol “CP”.

7.2 Trading Price and Volume

The following table provides the monthly trading information for the Company’s Common Shares on the Toronto Stock Exchange during 2014:

Toronto Stock Exchange Month	Opening Price per Share ($)	High Price per Share ($)	Low Price per Share ($)	Closing Price per Share ($)	Volume of Shares Traded
January	159.52	171.90	155.02	168.84	7,150,036
February	168.85	176.72	161.00	173.75	5,890,685
March	172.41	176.62	162.55	165.65	5,288,801
April	165.98	174.05	156.64	171.14	6,105,136
May	171.02	182.17	169.57	181.48	4,835,334
June	182.35	202.08	182.35	193.31	7,531,938
July	195.79	214.52	192.79	207.33	7,573,651
August	206.76	220.62	203.16	217.79	4,475,137
September	218.80	236.04	218.72	232.43	6,577,677
October	231.02	247.56	202.39	234.43	12,464,601
November	233.07	239.92	219.21	220.56	6,496,419
December	220.71	229.78	197.14	223.75	12,037,347

The following table provides the monthly composite trading information for the Company’s Common Shares on the New York Stock Exchange during 2014:

New York Stock Exchange Month	Opening Price per Share ($)	High Price per Share ($)	Low Price per Share ($)	Closing Price per Share ($)	Volume of Shares Traded
January	150.23	153.86	139.37	151.48	16,400,279
February	151.47	159.05	145.01	157.00	12,589,533
March	155.40	159.77	147.15	150.43	12,382,110
April	150.64	158.47	142.73	155.97	16,853,845
May	155.29	167.90	155.20	167.52	13,605,727
June	168.24	186.00	167.81	181.14	21,736,548
July	181.20	199.65	179.90	189.95	15,360,040
August	189.32	201.23	186.09	200.60	11,123,289
September	200.84	210.87	198.42	207.47	14,124,063
October	205.51	220.20	180.13	207.68	32,875,428
November	207.30	212.19	192.09	193.16	14,191,326
December	193.76	198.50	170.51	192.69	27,334,064

8. DIRECTORS AND OFFICERS

Following are the names and municipalities of residence of the directors and officers of the Company, their positions and principal occupations within the past five years, the period during which each director has served as director of the Company, and the date on which each director's term of office expires.

8.1 Directors

Name and Municipality of Residence	Position Held and Principal Occupation within the Preceding Five Years[1]	Year of Annual Meeting at which Term of Office Expires (Director Since)
Gary F. Colter Mississauga, Ontario, Canada	Chairman, Canadian Pacific Railway Company and Canadian Pacific Railway Limited; President, CRS Inc. (Corporate restructuring and strategy consulting company)	2015 (2012)
William A. Ackman[3][4] New York, New York, U.S.A.	Founder, Chief Executive Officer Pershing Square Capital Management, L.P. (investment advisor)	2015 (2012)
Isabelle Courville[2][6] Rosemere, Quebec, Canada	Corporate Director	2015 (2013)
Paul G. Haggis[2][4] Canmore, Alberta, Canada	Chairman, Alberta Enterprise Corporation (investment in venture capital funds)	2015 (2012)
E. Hunter Harrison[6] Wellington, Florida, U.S.A.	Chief Executive Officer, Canadian Pacific Railway Company and Canadian Pacific Railway Limited	2015 (2012)
Paul C. Hilal[4][5] New York, New York, U.S.A.	Partner, Pershing Square Capital Management, L.P. (investment advisor)	2015 (2012)
Krystyna T. Hoeg, C.A.[3][5] Toronto, Ontario, Canada	Corporate Director	2015 (2007)
Rebecca MacDonald[3][5] Toronto, Ontario, Canada	Founder, Executive Chair, Just Energy Group Inc. (independent marketer of deregulated gas and electricity)	2015 (2012)
Dr. Anthony R. Melman[4][6] Toronto, Ontario, Canada	President and Chief Executive Officer, Acasta Capital (strategic and financial advisor)	2015 (2012)
Linda J. Morgan[2][6] Bethesda, Maryland, U.S.A.	Partner, Nossaman LLP (law firm)	2015 (2006)
Andrew F. Reardon[2][5] Marco Island, Florida, U.S.A.	Attorney, Reardon and Chasar LLP (law firm) Retired Chairman and CEO, TTX Company	2015 (2013)
Stephen C. Tobias[5][6] Garnett, South Carolina, U.S.A.	Former Vice-Chairman and Chief Operating Officer, Norfolk Southern Corporation (U.S. Class I railroad)	2015 (2012)

(1) G. Colter has been President of CRS Inc. since 2002. I. Courville has been Chair of the Laurentian Bank of Canada since March 2013 and was President, Hydro Quebec Distribution from 2011 to 2013 and President, Hydro Quebec TransEnergie from 2007 to 2011. P.G. Haggis was Chairman of Canadian Pacific Railway Company and Canadian Pacific Railway Limited from May 2012 to May 2014 and was Chairman of the Board of C.A. Bancorp Inc. (now known as Crosswinds Holdings Inc.) from July 2011 to March 2013. E.H. Harrison was President and Chief Executive Officer of Canadian National Railway from 2003 to 2009. L.J. Morgan was Partner from 2003 to 2012 at Covington & Burling LLP. A.F. Reardon was Chairman and Chief Executive Officer in 2008 and President and Chief Executive Officer from 2001 to 2008 of TTX Company. S.C. Tobias was Vice-Chairman and Chief Operating Officer of Norfolk Southern Corporation from 1998 to 2009.
(2) Member of the Audit Committee.
(3) Member of the Corporate Governance and Nominating Committee.
(4) Member of the Finance Committee.
(5) Member of the Management Resources and Compensation Committee.
(6) Member of the Safety, Operations and Environment Committee.

8.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Mr. Harrison was a director of Dynegy Inc. ("Dynegy") from March 9 to December 16, 2011 (Chairman from July 11 to December 16, 2011), as well as its Interim President and Chief Executive Officer from April 9 to July 11, 2011. On July 6, 2012, Dynegy filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code, such filing being primarily a technical step necessary to facilitate the restructuring of one or more Dynegy subsidiaries. Dynegy exited bankruptcy on October 1, 2012.

8.3 Senior Officers

As at February 23, 2015, the following were executive officers of CP:

Name and municipality of residence	Position held	Principal occupation within the preceding five years
E.H. Harrison Wellington, Florida, U.S.A.	Chief Executive Officer	Chief Executive Officer; President and Chief Executive Officer, Canadian Pacific Railway Company and Canadian Pacific Railway Limited; Chairman of the Board, Dynegy Inc.; Interim President and Chief Executive Officer, Dynegy Inc.; President and Chief Executive Officer, Canadian National Railway Company
K.E. Creel Chicago, Illinois, U.S.A.	President and Chief Operating Officer	President and Chief Operating Officer, Canadian Pacific Railway Company and Canadian Pacific Railway Limited; Executive Vice-President and Chief Operating Officer; Executive Vice-President, Operations, Canadian National Railway Company
B.W. Demosky Calgary, Alberta, Canada	Executive Vice-President and Chief Financial Officer	Executive Vice-President and Chief Financial Officer, Canadian Pacific Railway Company and Canadian Pacific Railway Limited; Chief Financial Officer, Suncor Energy Inc.; Senior Vice-President of Business Services, Suncor Energy Inc.
P. J. Edwards Calgary, Alberta, Canada	Vice-President, Human Resources and Labour Relations	Vice-President, Human Resources and Labour Relations; Vice-President Human Resources, Canadian Pacific Railway Company and Canadian Pacific Railway Limited; Vice-President Human Resources, Canadian National Railway Company
T.E. Marsh Calgary, Alberta, Canada	Senior Vice-President Sales and Marketing	Senior Vice-President Sales and Marketing; Executive Vice-President North America Trade Division, COSCO Container Lines Americas, Inc.
P. A. Guthrie, Q.C. Municipal District of Rockyview, Alberta, Canada	Chief Legal Officer and Corporate Secretary	Chief Legal Officer and Corporate Secretary; Vice-President, Law and Risk Management; Vice-President Law, Canadian Pacific Railway Company and Canadian Pacific Railway Limited
L. J. Pitz McLean, Virginia, U.S.A	Vice-President and Chief Risk Officer	Vice-President and Chief Risk Officer; Vice-President Security and Risk Management, Canadian Pacific Railway Company; Vice-President Risk Mitigation, Canadian National Railway Company
M. Redeker St. Albert, Alberta, Canada	Vice-President and Chief Information Officer	Vice-President and Chief Information Officer, Canadian Pacific Railway Company and Canadian Pacific Railway Limited; Chief Information Officer; Chief Technology Officer, ATB Financial
M. Wallace Calgary, Alberta, Canada	Vice-President, Corporate Affairs and Chief of Staff	Vice-President, Corporate Affairs and Chief of Staff; Canadian Pacific Railway Company and Canadian Pacific Railway Limited; Chief of Staff – Office of the President and CEO, Canadian Pacific Railway Company; Client Partner, Longview Communications Inc.; Head of Investor Relations, Husky Injection Molding Systems Inc.; Assistant Vice-President Public Affairs, Canadian National Railway Company

8.4 Shareholdings of Directors and Officers

As at December 31, 2014, the directors and executive officers of CPRL owned or controlled a total of 14,173,510 shares representing approximately 8.53% of the outstanding shares at that date (166,120,981). Mr. Ackman exercises control over the voting and disposition of 13,940,890 of such shares which are beneficially owned by Pershing Square Capital Management, L.P. and its affiliates.

9. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

On July 6, 2013, a train carrying crude oil operated by Montreal Maine and Atlantic Railway ("MM&A") derailed and exploded in Lac-Mégantic, Quebec on a section of railway line owned by MM&A. The previous day CP had interchanged the train to MM&A, and after that interchange MM&A exercised exclusive control over the train.

Following this incident, the Minister of Sustainable Development, Environment, Wildlife and Parks of Quebec issued an order directing certain named parties to recover the contaminants and to clean up and decontaminate the derailment site. CP was added as a named party on August 14, 2013. CP is a party to an administrative appeal with respect to this order. No hearing date on the merits of CP's appeal has been scheduled.

A class action lawsuit has also been filed in the Superior Court of Quebec on behalf of a class of persons and entities residing in, owning or leasing property in, operating a business in or physically present in Lac-Mégantic. The lawsuit seeks damages caused by the derailment including for wrongful deaths, personal injuries, and property damages. CP was added as a defendant on August 16, 2013. The Superior Court of Quebec is not expected to release its judgment on the authorization of the class action before the end of February 2015.

In the wake of the derailment and ensuing litigation, MM&A filed for bankruptcy in Canada and the United States. In an Adversary Proceeding filed by the MM&A U.S. bankruptcy trustee against CP, Irving Oil and the World Fuel entities, CP has been accused of failing to ensure that World Fuel or Irving properly classified the oil lading and of not refusing to ship the oil in DOT-111 tank cars. CP intends to move to withdraw the bankruptcy court reference and will thereafter seek to have the claim against CP dismissed as federally preempted.

In addition, CP has received two damage to cargo notices of claims from the shipper of the oil on the derailed train, Western Petroleum. Western Petroleum has submitted U.S. and Canadian notices of claims for the same damages and, under the Carmack Amendment (the U.S. damage to cargo statute), seeks to recover for all injuries associated with, and indemnification for all claims arising from, the derailment. Both jurisdictions permit a shipper to recover the value of damaged lading against any carrier in the delivery chain, subject to limitations in the carrier's tariffs. CP's tariffs significantly restrict shipper damage claim rights.

At this early stage in the legal proceedings, any potential liability and the quantum of potential loss cannot be determined. Nevertheless, CP denies liability for MM&A's derailment and will vigorously defend itself in the proceedings described above and in any proceeding that may be commenced in the future.

10. TRANSFER AGENTS AND REGISTRARS

10.1 Transfer Agent

Computershare Investor Services Inc., with transfer facilities in Montreal, Toronto, Calgary and Vancouver, serves as transfer agent and registrar for CP's Common Shares in Canada.

Computershare Trust Company NA, Canton, Massachusetts, serves as co-transfer agent and co-registrar for CP's Common Shares in the U.S.

Requests for information should be directed to:

Computershare Investor Services Inc.
100 University Avenue, 8th Floor
Toronto, Ontario Canada
M5J 2Y1

11. INTERESTS OF EXPERTS

Deloitte LLP, Chartered Accountants, Calgary, Alberta, have issued their audit opinion dated February 23, 2015, in respect of the Company's consolidated financial statements as at December 31, 2014 and 2013 and for each of the years in the three-year period ended December 31, 2014. Deloitte LLP is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta and is independent within the meaning of the applicable rules and regulations adopted by the U.S. Securities and Exchange Commission and the Public Company Accounting Oversight Board (United States).

12. AUDIT COMMITTEE

12.1 Composition of the Audit Committee and Relevant Education and Experience

The following individuals comprise the entire membership of the Audit Committee ("the Committee"). All of the members of the Committee are independent.

I. Courville – Ms. Courville is a Corporate Director. From 2011 to 2013 she served as President of Hydro-Québec Distribution and from 2006 to 2011 she was President of Hydro-Québec TransÉnergie, both divisions of Hydro-Québec. Previously, she served as President of the Enterprise Group of Bell Canada and as President and Chief Executive Officer of Bell Nordiq Group (Télébec NorthernTel), a subsidiary of Bell Canada. Ms. Courville is currently Chair of the Board of Laurentian Bank of Canada, a director of Group TVA Inc. and a director of École Polytechnique de Montréal. Prior board memberships include Miranda Technologies Inc., Chamber of Commerce of Metropolitan Montreal, NPCC (Northeast Power Coordinating Council) and St. Justine Hospital Foundation. Ms. Courville holds a Bachelor's degree in Engineering Physics from the École Polytechnique de Montréal and a Bachelor's degree in Civil Law from McGill University.

P.G. Haggis – Mr. Haggis is Chairman of the Alberta Enterprise Corporation, and served as Chairman of C.A. Bancorp Inc. until March 2013. He serves as a director of Advantage Oil & Gas Ltd. and as an advisor to the Insurance Corporation of British Columbia (ICBC) since retiring as a director. Previously, Mr. Haggis was President and CEO of Ontario Municipal Employees Retirement System (OMERS) and President and CEO of Alberta Treasury Branches. Mr. Haggis graduated from the University of Western Ontario and is certified as a Chartered Director through McMaster University.

L.J. Morgan – Ms. Morgan is a Partner at Nossaman LLP, a premier transportation infrastructure law firm based in the United States. Prior to joining Nossaman in September of 2011, she was a Partner at Covington & Burling LLP, a United States based international law firm, where she chaired its transportation and government affairs practices. She also serves on the Board of Visitors for the Georgetown University Law Centre and the Business Advisory Committee for Northwestern University's Transportation Centre. Ms. Morgan was previously Chairman of the United States Surface Transportation Board, and its predecessor the Interstate Commerce Commission, from March 1995 to December 2002. Prior to joining the Interstate Commerce Commission, Ms. Morgan served as General Counsel to the Senate Committee on Commerce, Science and Transportation. She graduated from Vassar College with an A.B. and the Georgetown University Law Centre with a J.D., and is an alumna of the Program for Senior Managers in Government at Harvard University's John F. Kennedy School of Government.

A. F. Reardon – Mr. Reardon was an attorney at the law firm of Reardon & Chasar, LPA, which he co-founded in 2009 until he retired in December 2011. Prior to that, Mr. Reardon served as Chairman and Chief Executive Officer, and President and Chief Executive Officer from 2001 to 2008, and Vice President, Law and Human Resources from 1992 to 2000 of TTX Company, the leading railcar leasing company in North America. Previously, he was a Presidential Appointee to the Railroad Retirement Board and was the Senior Vice President, Law and Administration for Illinois Central Railroad. He is currently a director of Appvion Inc., a global manufacturer of thermal and carbonless paper. Mr. Reardon was a Presidential Appointee confirmed by the U.S. Senate from 1990-1992. He has also served on various railroad industry boards including TTX, Terminal Railroad Association of St. Louis, and the Peoria and Pekin Union Railway. Mr. Reardon holds a Bachelor's Degree from the University of Notre Dame, a Juris Doctor Degree from the University of Cincinnati and a Master's Degree in Taxation from Washington University Law School. He served as an officer in the United States Navy from 1967 to 1971.

12.2 Pre-Approval of Policies and Procedures

The Committee has adopted a written policy governing the pre-approval of audit and non-audit services to be provided to CP by the Company's independent auditors. The policy is reviewed annually and the audit and non-audit services to be provided by the Company's independent auditors, as well as the budgeted amounts for such services, are pre-approved at that time. The Company's

Comptroller must submit to the Committee at least quarterly a report of all services performed or to be performed by the Company's independent auditors pursuant to the policy. Any additional audit or non-audit services to be provided by the independent auditors either not included among the pre-approved services or exceeding the budgeted amount for such pre-approved services by more than 10% must be individually pre-approved by the Committee or its Chairman, who must report all such additional pre-approvals to the Committee at its next meeting following the granting thereof. The Company's independent auditors' annual audit services engagement terms and fees are subject to the specific pre-approval of the Committee. In addition, prior to the granting of any pre-approval, the Committee or its Chairman, as the case may be, must be satisfied that the performance of the services in question will not compromise the independence of the Company's independent auditors. The Company's Chief Internal Auditor monitors compliance with this policy.

12.3 Audit Committee Charter

The term "Corporation" herein shall refer to each of Canadian Pacific Railway Limited ("CPRL") and Canadian Pacific Railway Company ("CPRC"), and the terms "Board", "Directors", "Board of Directors" and "Committee" shall refer to the Board, Directors, Board of Directors, or Committee of CPRL or CPRC, as applicable.

A. Committee and Procedures

1. Purpose

The purposes of the Audit Committee (the "Committee") of the Board of Directors of the Corporation are to fulfill applicable public company audit committee legal obligations and to assist the Board of Directors in fulfilling its oversight responsibilities in relation to the disclosure of financial statements and information derived from financial statements, including:

- the review of the annual and interim financial statements of the Corporation;
- the integrity and quality of the Corporation's financial reporting and systems of internal control;
- the Corporation's compliance with applicable legal and regulatory requirements;
- the qualifications, independence, engagement, compensation and performance of the Corporation's external auditors; and
- the performance of the Corporation's internal audit function;

and to prepare, if required, an audit committee report for inclusion in the Corporation's annual management proxy circular, in accordance with applicable rules and regulations. In addition, the Committee will assist the Board with the identification of the principal risks of the Corporation's business and ensure the implementation of appropriate risk assessment and risk management policies and processes to manage these risks.

The Corporation's external auditors shall report directly to the Committee.

2. Composition of Committee

The members of the Committee of each of CPRL and CPRC shall be identical and shall be Directors of CPRL and CPRC, respectively. The Committee shall consist of not less than three and not more than the number of Directors who are not officers or employees of the Corporation, none of whom is either an officer or employee of the Corporation or any of its subsidiaries. Members of the Committee shall meet applicable requirements and guidelines for audit committee service, including requirements and guidelines with respect to being independent and unrelated to the Corporation and to having accounting or related financial management expertise and financial literacy, as set forth in applicable securities laws or the rules of any stock exchange on which the Corporation's securities are listed for trading. No Director shall be eligible to serve on the Committee if such Director currently serves on the audit committees of three public companies other than the Corporation, unless the Board of Directors has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Committee. Determinations as to whether a

particular Director satisfies the requirements for membership on the Committee shall be affirmatively made by the full Board, upon recommendation from the Corporate Governance and Nominating Committee.

3. Appointment of Committee Members

Members of the Committee shall be appointed from time to time by the Board and shall hold office at the pleasure of the Board.

4. Vacancies

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. The Board shall fill a vacancy whenever necessary to maintain a Committee membership of at least three Directors.

5. Committee Chair

The Board shall appoint a Chair for the Committee.

6. Absence of Committee Chair

If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

7. Secretary of Committee

The Committee shall appoint a Secretary who need not be a Director of the Corporation.

8. Meetings

The Committee shall meet at regularly scheduled meetings at least once every quarter and shall meet at such other times during each year as it deems appropriate, and as part of such meetings, shall meet in executive session without management being present. In addition, the Chair of the Committee or the Chairman of the Board or any two of its other members may call a meeting of the Committee at any time.

9. Quorum

Three members of the Committee shall constitute a quorum.

10. Notice of Meetings

Notice of the time and place of every meeting shall be given in writing by any means of transmitted or recorded communication, including facsimile, telex, telegram or other electronic means that produces a written copy, to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided however, that a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

11. Attendance of Others at Meetings

At the invitation of the Chair of the Committee, other individuals who are not members of the Committee may attend any meeting of the Committee.

12. Procedure, Records and Reporting

Subject to any statute or the articles and by-laws of the Corporation, the Committee shall fix its own procedures at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next regularly scheduled meeting of the Board).

13. Delegation

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that may be lawfully delegated.

14. Report to Shareholders

The Committee shall prepare a report to shareholders or others, concerning the Committee's activities in the discharge of its

responsibilities, when and as required by applicable laws or regulations.

15. Guidelines to Exercise of Responsibilities

The Board recognizes that meeting the responsibilities of the Committee in a dynamic business environment requires a degree of flexibility. Accordingly, the procedures outlined in these Terms of Reference are meant to serve as guidelines rather than inflexible rules, and the Committee may adopt such different or additional procedures as it deems necessary from time to time.

16. Use of Outside Legal, Accounting or Other Advisers; Appropriate Funding

The Committee may retain, at its discretion, outside legal, accounting or other advisors, at the expense of the Corporation, to obtain advice and assistance in respect of any matters relating to its duties, responsibilities and powers as provided for or imposed by these Terms of Reference or otherwise by law.

The Committee shall be provided by the Corporation with appropriate funding, as determined by the Committee, for payment of:

(i) compensation of any outside advisers as contemplated by the immediately preceding paragraph;

(ii) compensation of any independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; or

(iii) ordinary administrative expenses that are necessary or appropriate in carrying out the Committee's duties.

All outside legal, accounting or other advisors retained to assist the Committee shall be accountable ultimately to the Committee.

17. Remuneration of Committee Members

No member of the Committee shall receive from the Corporation or any of its affiliates any compensation other than the fees to which he or she is entitled as a Director of the Corporation or a member of a committee of the Board. Such fees may be paid in cash and/or shares, options or other in-kind consideration ordinarily available to Directors.

B. Mandate of Committee

1. Committee Role:

The Committee's role is one of oversight. Management is responsible for preparing the interim and annual financial statements of the Corporation and for maintaining a system of risk assessment and internal controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded and reported properly, for maintaining disclosure controls and procedures to ensure that it is informed on a timely basis of material developments and the Corporation complies with its public disclosure obligations, and for ensuring compliance by the Corporation with applicable legal and regulatory requirements. The external auditors are responsible for auditing the Corporation's financial statements.

In carrying out its oversight responsibilities: (i) each member of the Committee is entitled to, absent knowledge to the contrary, rely upon the accuracy and completeness of the Corporation's records and upon information, opinions, reports or statements presented by any of the Corporation's officers or employees, or consultants of the Corporation which the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation; and (ii) the Committee and its members do not provide any professional certification or special assurance as to the Corporation's financial statements or the external auditors' work.

The Committee shall:

External Auditors' Report on Annual Audit

a) obtain and review annually prior to the completion of the external auditors' annual

audit of the year-end financial statements a report from the external auditors describing:

(i) all critical accounting policies and practices to be used;

(ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; and

(iii) other material written communications between the external auditors and management, such as any management letter or schedule of unadjusted differences;

Management's/Internal Auditors' Reports on External Audit Issues

b) review any reports on the above or similar topics prepared by management or the internal auditors and discuss with the external auditors any material issues raised in such reports;

Annual Financial Reporting Documents and External Auditors' Report

c) meet to review with management, the internal auditors and the external auditors the Corporation's annual financial statements, the report of the external auditors thereon, the related Management's Discussion and Analysis, and the information derived from the financial statements, as contained in the Annual Information Form and the Annual Report. Such review will include obtaining assurance from the external auditors that the audit was conducted in a manner consistent with applicable law and will include a review of:

(i) all major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting policies or principles;

(ii) all significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the effects on the financial statements of alternative methods within generally accepted accounting principles;

(iii) the effect of regulatory and accounting issues, as well as off-balance sheet structures, on the financial statements;

(iv) all major issues as to the adequacy and effectiveness of the Corporation's internal controls and any special steps adopted in light of material control deficiencies and any consideration by the external auditors of fraud during the performance of the audit of the Corporation's annual financial statements; and

(v) the external auditors' judgment about the appropriateness and quality, not just the acceptability, of the accounting principles applied in the Corporation's financial reporting;

d) following such review with management and the external auditors, recommend to the Board whether to approve the audited annual financial statements of the Corporation and the related Management's Discussion and Analysis, and report to the Board on the review by the Committee of the information derived from the financial statements contained in the Annual Information Form and Annual Report;

Interim Financial Statements and MD&A

e) review with management, the internal auditors and the external auditors the Corporation's interim financial statements and its interim Management's Discussion and Analysis, and if thought fit, approve the interim financial statements and

interim Management's Discussion and Analysis and the public release thereof by management;

Earnings Releases, Earnings Guidance

f) review and discuss earnings press releases, including the use of "pro forma" or "adjusted" information determined other than in accordance with generally accepted accounting principles, and the disclosure by the Corporation of earnings guidance and other financial information to the public including analysts and rating agencies, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and be satisfied that adequate procedures are in place for the review of such public disclosures and periodically assess the adequacy of those procedures;

Material Litigation, Tax Assessments, Etc.

g) review with management, the external auditors and, if necessary, legal counsel all legal and regulatory matters and litigation, claims or contingencies, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters may be, or have been, disclosed in the financial statements; and obtain reports from management and review with the Corporation's chief legal officer, or appropriate delegates, the Corporation's compliance with applicable legal and regulatory requirements;

Oversight of External Auditors

h) subject to applicable law relating to the appointment and removal of the external auditors, be directly responsible for the appointment, retention, termination and oversight of the external auditors; recommend to the Board the approval of compensation of the external auditors as such compensation relates to the provision of audit services; and be responsible for the resolution of disagreements between management and the external auditors regarding financial reporting;

Rotation of External Auditors' Audit Partners

i) review and evaluate the lead audit partner of the external auditors and assure the regular rotation of the lead audit partner and the audit partner responsible for reviewing the audit and other audit partners, as required by applicable law;

External Auditors' Internal Quality Control

j) obtain and review, at least annually, and discuss with the external auditors a report by the external auditors describing the external auditors' internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues;

External Auditors' Independence

k) review and discuss, at least annually (and prior to the engagement of any new external auditors), with the external auditors all relationships that the external auditors and their affiliates have with the Corporation and its affiliates in order to assess the external auditors' independence, including, without limitation:

   (i) obtaining and reviewing, at least annually, a formal written statement from the external auditors delineating all relationships that in the external auditors' professional judgment may reasonably be thought to bear on the independence of the external auditors with respect to the Corporation;

   (ii) discussing with the external auditors any disclosed relationships or services

that may affect the objectivity and independence of the external auditors; and

(iii) recommending that the Board take appropriate action in response to the external auditors' report to satisfy itself as to the external auditors' independence;

Policies Regarding Hiring of External Auditors' Employees, Former Employees

l) set clear policies for the hiring by the Corporation of partners, employees and former partners and employees of the external auditors;

Pre-Approval of Audit and Non-Audit Services Provided by External Auditors

m) be solely responsible for the pre-approval of all audit and non-audit services to be provided to the Corporation and its subsidiary entities by the external auditors (subject to any prohibitions provided in applicable law), and of the fees paid for the non-audit services; provided however, that the Committee may delegate, to an independent member or members of the Committee, authority to pre-approve such non-audit services, and such member(s) shall report to the Committee at its next scheduled meeting following the granting any pre-approvals granted pursuant to such delegated authority;

n) review the external auditors' annual audit plan (including scope, staffing, location, reliance on management and internal controls and audit approach);

o) review the external auditors' engagement letter;

Oversight of Internal Audit

p) oversee the internal audit function by being directly responsible for the appointment or dismissal of the Chief Internal Auditor, who shall report directly to the Committee and administratively to the Chief Legal Officer and Corporate Secretary; afford the Chief Internal Auditor unrestricted access to the Committee; review the charter, activities, internal audit plan, organizational structure, and the skills and experience of the Internal Audit Department; discuss with management and the external auditors the competence, performance, resources, and cooperation of the internal auditors; and approve, after discussion with management and proper performance evaluation, the compensation of the Chief Internal Auditor;

q) review and consider, as appropriate, any significant reports and recommendations issued by the Corporation or by any external party relating to internal audit issues, together with management's response thereto;

Internal Controls and Financial Reporting Processes

r) review with management, the internal auditors and the external auditors, the Corporation's financial reporting processes and its internal controls;

s) review with the internal auditors the adequacy of internal controls and procedures related to any corporate transactions in which Directors or officers of the Corporation have a personal interest, including the expense accounts of officers of the Corporation at the level of Vice-President and above and officers' use of corporate assets, and consider the results of any reviews thereof by the internal or external auditors;

CEO and Chairman Expenses

t) review, at least annually, a report on the expense claims of the Chief Executive Officer, as approved by the Chairman of the Board, and the expense claims of the Chairman of the Board, as approved by the Chair of the Audit Committee;

Complaints Processes

u) establish procedures for:

(i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

(ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

and review periodically with management and the internal auditors these procedures and any significant complaints received;

Separate Meetings with External Auditors, Internal Audit, Management

v) meet separately with management, the external auditors and the internal auditors periodically to discuss matters of mutual interest, including any audit problems or difficulties and management's response thereto, the responsibilities, budget and staffing of the Internal Audit Department and any matter that they recommend bringing to the attention of the full Board;

Enterprise Risk Management

w) discuss risk assessment and risk management policies and processes to be implemented for the Corporation, review with management and the Corporation's internal auditors the effectiveness and efficiency of such policies and processes and their compliance with other relevant policies of the Corporation, and make recommendations to the Board with respect to any outcomes, findings and issues arising in connection therewith;

x) review management's program to obtain appropriate insurance to mitigate risks;

y) oversee risks that may have a material impact on the Corporation's financial statements;

Tax

z) review the Corporation's tax status and monitor its approach to tax strategy that may have a material impact on the Corporation's financial statements, including tax reserves and potential reassessments and audits;

Codes of Ethics

aa) monitor compliance with the Corporation's code of business ethics and the code of ethics applicable to the Chief Executive Officer and senior financial officers of the Corporation, as well as waivers from compliance therefrom, and ensure that any issues relating to financial governance which are identified by the Directors are raised with management;

Review of Terms of Reference

bb) review and reassess the adequacy of these Terms of Reference annually or otherwise as it deems appropriate and recommend changes to the Board;

Other

cc) perform such other activities, consistent with these Terms of Reference, the Corporation's articles and by-laws and governing law, as the Committee or the Board deems appropriate; and

dd) report regularly to the Board of Directors on the activities of the Committee.

December 16, 2014

12.4 Audit and Non-Audit Fees and Services

Deloitte LLP (“Deloitte”) was appointed as the independent auditor of the Company in May 2011 commencing fiscal year 2011.

In accordance with applicable laws and the requirements of stock exchanges and securities regulatory authorities, the Audit Committee of the Company must pre-approve all audit and non-audit services to be provided by the independent auditors. Fees payable to Deloitte LLP for the years ended December 31, 2014, and December 31, 2013, totaled $2,885,400 and $2,213,000, respectively, as detailed in the following table:

	Year ended December 31, 2014	Year ended December 31, 2013
Audit Fees	$ 2,184,800	$ 1,943,000
Audit-Related Fees	155,000	228,500
Tax Fees	295,600	41,500
All Other Fees	250,000	–
TOTAL	$ 2,885,400	$ 2,213,000

The nature of the services provided under each of the categories indicated in the table is described below:

12.4.1 Audit Fees

Audit fees were for professional services rendered for the audit and interim reviews of the Registrants’ annual financial statements and services provided in connection with statutory and regulatory filings or engagements, including the attestation engagement for the report from the independent registered public accounting firm on the effectiveness of internal controls over financial reporting, the audit or interim reviews of financial statements of certain subsidiaries and of various pension and benefits plans of the Registrants; special attestation services as may be required by various government entities; and general advice and assistance related to accounting and/or disclosure matters with respect to new and proposed U.S. accounting standards, securities regulations, and/or laws.

12.4.2 Audit-Related Fees

Audit-related fees were for assurance and related services reasonably related to the performance of the audit or review of the annual financial statements, but which are not reported under “Audit Fees” above. These services consisted of audit work related to securities filings; refinancing of subsidiary companies; and accounting training.

12.4.3 Tax Fees

Tax fees were for professional services related to tax compliance, tax planning and tax advice. These services consisted of: tax compliance including the review of tax returns; assistance with questions regarding corporate tax audits; tax planning and advisory services relating to common forms of domestic and international taxation (i.e. income tax, capital tax, goods and services tax, and value added tax); and access fees for taxation database resources.

12.4.4 All Other Fees

Fees disclosed under this category would be for products and services other than those described under “Audit Fees”, “Audit-Related Fees” and “Tax Fees” above. These finance services consisted of advice with respect to an internal reorganization initiative. There were no such services in 2013.

13. FORWARD-LOOKING INFORMATION

This AIF contains certain forward-looking statements within the meaning of the *Private Securities Litigation Reform Act of 1995* (U.S.) and other relevant securities legislation relating, but not limited to expected improvements in operating efficiency and fluidity, the ability of information technology to improve service and provide sophisticated billing options, the benefits of lean process and continuous improvement principles, the cost of environmental remediation and anticipated capital expenditures. Forward-looking information typically contains statements with words such as “anticipate”, “believe”, “expect”, “plan” or similar words suggesting future outcomes.

Readers are cautioned not to place undue reliance on forward-looking information because it is possible that the Company will not achieve predictions, forecasts, projections and other forms of forward-looking information. Current economic conditions render assumptions, although reasonable when made, subject to greater uncertainty. In addition, except as required by law, CP undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise.

By its nature, the Company’s forward-looking information involves numerous assumptions, inherent risks and uncertainties, including but not limited to the following factors: changes in business strategies; general North American and global economic, credit and business conditions; risks in agricultural production such as weather conditions and insect populations; the availability and price of energy commodities; the effects of competition and pricing pressures; industry capacity; shifts in market demand; inflation; changes in laws and regulations, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; uncertainties of investigations, proceedings or other types of claims and litigation; labour disputes; risks and liabilities arising from derailments; transportation of dangerous goods; timing of completion of capital and maintenance projects; currency and interest rate fluctuations; effects of changes in market conditions on the financial position of pension plans and investments; and various events that could disrupt operations, including severe weather, droughts, floods, avalanches and earthquakes as well as security threats and the governmental response to them, and technological changes.

There are more specific factors that could cause actual results to differ materially from those described in the forward-looking statements contained in this AIF. These more specific factors are identified and discussed in Section 22, Business Risks and elsewhere in the Company’s 2014 MD&A.

14. ADDITIONAL INFORMATION

14.1 Additional Company Information

Additional information, including the Company's Consolidated Financial Statements, press releases and other required filing documents, are available on SEDAR at www.sedar.com in Canada, on EDGAR at www.sec.gov in the U.S. and on the Company website at www.cpr.ca. Copies of such documents, as well as the Company's Notice of Intention to Make a NCIB, may be obtained by contacting the Corporate Secretary's Office. The aforementioned information is issued and made available in accordance with legal requirements and is not incorporated by reference into this AIF except as specifically stated.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of CP securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the information circular for the Company's most recent annual meeting of shareholders at which directors were elected.

Additional financial information is provided in the Company's Consolidated Financial Statements and MD&A for the most recently completed financial year.

This information is also available on the Company's website at www.cpr.ca.

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Calgary Alberta
Canada T2C 4X9

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www.cpr.ca



IT'S SIMPLE.

CANADIAN PACIFIC ANNUAL REPORT | 2014

CP

BEST SERVICE.

LOWEST COST.

The best service in the industry, with the lowest cost basis. That’s the CP story. Period.

This is not just about 2014’s record performance. Delivering the highest-quality service at the lowest cost in the industry is our story every year. That objective has driven the transformational change we’ve undergone over the past two-and-a-half years, and it will continue to guide us as we convert that change into growth going forward.

OPERATING RATIO IS JUST A NUMBER.

We achieved a 64.7 operating ratio for the full year 2014. That's excellent. We can and likely will do better in the future, but operating ratio is just a number.

We are not in this business to set operating ratio records. We are in this business to grow. The only meaningful way to do that is to serve customers better, at lower cost, than the competition. Safely. That's our focus.

APP VOL. 4, PAGE 425



THE BEST SERVICE. DEFINED.

While each customer has a unique mix of requirements, our definition of great service is the same for every customer: Do what you say you'll do. Very simple. Do exactly what you say you'll do, when you say you'll do it, every time.

Notice that we said simple, not easy. If it were easy, everyone would be doing it. We're not perfect, but we know this: When you consistently deliver as promised, customers will come to you, and stick with you. And so will smart shareholders.



LOWEST COST. NOT LOWEST PRICE.

When we say lowest cost, we don't mean lowest price. Delivering faster, better, more reliable service has value to our customers. We expect to be able to charge a fair price for that value.

Our service is not a commodity. Our prices are competitive, but we will walk away before we will compete solely on price. We are simply not interested in business we can't do at a fair profit. We have already proven our commitment to that philosophy. It will be our philosophy going forward.



LOWEST COST MEANS MORE FLEXIBILITY.

For CP, a lower cost basis does more than contribute to earnings. It gives us more flexibility. We can compete for business we couldn't even consider a few years ago, opening exciting new playing fields and expanding our options for driving the top line. And with a lower breakeven point, we are more durable in a downturn.

A low-cost position also allows us to be more agile. If one business declines, we can quickly re-purpose key assets or shift investments to serve other customers until it cycles back.

APP VOL. 4, PAGE 428

IT'S NOT ABOUT THE PRICE OF CRUDE.

Our story is not about crude oil prices. Or the weather, or the economy, or any other external force that's on people's minds at a given moment. We have built CP to thrive and grow in all market conditions. When we deliver the highest levels of service at the lowest cost, CP can weather any storm.

Remember that regardless of what's going on in the world, goods need to be moved. And when we execute our model, nobody, not even trucks, can move goods more efficiently and more reliably than CP.

APP VOL. 4, PAGE 429

WE ARE FOCUSED ON GROWTH.

We have improved more rapidly, more profoundly, more dramatically, than any other Class 1 railroad in history. But that's old news now.

What excites us is growth. Serving our customers. Competing for business. Excelling at the fundamentals. Getting up early every day and being the best we can be as railroaders.

As we become more and more successful at taking our lower-cost, higher-quality rail offering to market, we will grow. Then, everybody wins. Shareholders and customers, company and employees, families and communities.

APP VOL. 4, PAGE 430

SIMPLE.

BEST SERVICE. LOWEST COST.

If you remember nothing else from the 2014 CP Annual Report, remember these two simple concepts. Because boiled down to its essence, they have always been the CP story. And it is FAR from over.

APP VOL. 4, PAGE 431

DEAR SHAREHOLDERS:



What we achieved in 2014 was powerful. I'm not just talking about our record-breaking results. In a little over two years, we've succeeded in building CP into an industry leader. We've become the railroad I knew we could be the day I took this job.

Our financial results in 2014 were phenomenal. In the fourth quarter, we grew revenues by 10 per cent while posting a sub-60 operating ratio, proving our ability to manage costs while growing the top line. Our full-year numbers were equally impressive – revenue hitting an all-time high of $6.62 billion; reported earnings per share reached $8.46, and adjusted EPS climbed 32 per cent to $8.50. Our full-year operating ratio for 2014 was 64.7 per cent, a 520 basis-point improvement on an adjusted basis.

But the CP story is not about last year's numbers.

CP is now an industry leader instead of an industry underachiever. We have solidified our company as a leading low-cost provider delivering premium quality service. Our story now is all about converting those two important strengths into growth.

NEW PLAN, NEW PRIORITY

Last fall, we announced our plan to reach an aggressive set of goals for 2018, focused on growing revenue, increasing EPS and generating cash. We put out some big numbers – $10 billion in full-year revenue, double our EPS, $6 billion in cumulative cash flow before dividends. The plan includes carefully managing capital to drive growth at low incremental cost and continuing to improve our operating ratio.

We are going to invest in infrastructure to support growth, including strategic siding extensions and Centralized Traffic Control (CTC) technology. Our objective is to increase our network velocity, build capacity and enhance our ability to operate safely as we grow.

We are going to assess new business opportunities on a case-by-case basis. While our premium quality service opens high-value markets for us in merchandise and intermodal segments, our low-cost base gives us new flexibility in other segments to profitably balance price with volume and cash flow.

CONFIDENCE IN THE PLAN

I know our investors are viewing the current low crude prices with great concern. Many are seeing an energy sector downturn as a major challenge standing in the way of us achieving our 2018 goals. We remain confident in our plan.

We are not pinning our success as a railroad on the energy sector. Ours is a solid, highly diverse franchise, with a multitude of exciting growth opportunities. And by investor standards, four years is a long-term strategy. A lot can happen during that time. When crude cycles back, we're in a great position to benefit, but we are not dependent on it.

A SIMPLE FOCUS: LOWEST COST, BEST SERVICE.

There are plenty of opportunities left to lower our costs, and trust me, I'm sure you could still find a customer or two who are not thrilled with our service. We're going to keep getting better at this. We have gotten to where we are today by improving cost and service simultaneously. Anyone who knows me knows that the process of uncovering opportunities to improve in both areas will never end. That's a given, not our story.

This is our story. Four simple words. Lowest cost, best service. As a business, when you focus on that, when you achieve that, consistently and over time, everything else takes care of itself. That's what we're going to do.

MAXIMIZING VALUE AND RETURNS FOR OUR SHAREHOLDERS

As we pursue our growth objectives over the next four years, we will also take every opportunity to deliver value and investment returns to you, our shareholders.

With an improved balance sheet we were able to repurchase approximately 10.5 million shares in 2014, demonstrating our belief in the long-term prospects of the company. We also entered into a joint venture with a leading real estate firm in January of 2015 to assess, develop and implement strategies for realizing maximum long-term shareholder value from surplus land.

NEXT: CONVERTING LEADERSHIP INTO GROWTH

We're shifting our focus from cost control to growth after transforming this company in record time. We will always work to improve efficiency, but we've turned the corner. This is the next phase: Grow the business. I'm sure there will be challenges ahead, but I have no doubt that we're going to continue to achieve and surpass our goals. I thank you for your confidence and continued support.

Sincerely,



E. Hunter Harrison
Chief Executive Officer

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EXECUTIVE LEADERSHIP

E. HUNTER HARRISON
Chief Executive Officer

KEITH CREEL
President and Chief Operating Officer

GUIDO DE CICCIO
Senior Vice-President Operations,
Western Region

BART DEMOSKY
Executive Vice-President and
Chief Financial Officer

PETER EDWARDS
Vice-President, Human Resources
and Labour Relations

PAUL A. GUTHRIE
Chief Legal Officer and
Corporate Secretary

ROBERT JOHNSON
Senior Vice-President Operations,
Southern Region

SCOTT MACDONALD
Senior Vice-President Operations (System)

TONY MARQUIS
Senior Vice-President Operations,
Eastern Region

LAIRD PITZ
Vice-President and Chief Risk Officer

MICHAEL REDEKER
Vice-President and
Chief Information Officer

MARK WALLACE
Vice-President, Corporate Affairs
and Chief of Staff

2014 FINANCIALS

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This Management's Discussion and Analysis ("MD&A") is provided in conjunction with the Consolidated Financial Statements and related notes for the year ended December 31, 2014 prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All information has been prepared in accordance with GAAP, except as described in Section 15, Non-GAAP Measures of this MD&A. Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars.

February 23, 2015

In this MD&A, "our", "us", "we", "CP", "Canadian Pacific" and "the Company" refer to Canadian Pacific Railway Limited ("CPRL"), CPRL and its subsidiaries, CPRL and one or more of its subsidiaries, or one or more of CPRL's subsidiaries, as the context may require. Other terms not defined in the body of this MD&A are defined in Section 26, Glossary of Terms.

Unless otherwise indicated, all comparisons of results for 2014 and 2013 are against the results for 2013 and 2012, respectively. Unless otherwise indicated, all comparisons of results for the fourth quarter of 2014 are against the results for the fourth quarter of 2013.

1. BUSINESS PROFILE

Canadian Pacific Railway Limited, through its subsidiaries, operates a transcontinental railway in Canada and the United States ("U.S.") and provides logistics and supply chain expertise. CP provides rail and intermodal transportation services over a network of approximately 13,700 miles, serving the principal business centres of Canada from Montreal, Quebec, to Vancouver, British Columbia ("B.C."), and the U.S. Northeast and Midwest regions. Our railway feeds directly into the U.S. heartland from the East and West coasts. Agreements with other carriers extend the Company's market reach east of Montreal in Canada, throughout the U.S. and into Mexico. The Company transports bulk commodities, merchandise freight and intermodal traffic. Bulk commodities include Canadian grain, U.S. grain, coal, potash, and fertilizers and sulphur. Merchandise freight consists of finished vehicles and automotive parts, chemicals and plastics, crude oil, forest products, and metals, minerals, and consumer products. Intermodal traffic consists largely of high-value, time-sensitive retail goods in overseas containers that can be transported by train, ship and truck, and in domestic containers and trailers that can be moved by train and truck.

2. STRATEGY

Canadian Pacific is driving change as it moves through its transformational journey to become the best railroad in North America, while creating long-term value for shareholders. The Company is focused on providing customers with industry leading rail service; driving sustainable, profitable growth; optimizing our assets; and reducing costs, while remaining a leader in rail safety.

Looking forward, CP is executing its strategic plan to become the lowest cost rail carrier centred on five key foundations, which are the Company's performance drivers.

Provide Service: Providing efficient and consistent transportation solutions for the Company's customers. "Doing what we say we are going to do" is what drives CP by providing a reliable product with a lower cost operating model. Centralized planning aligned with local execution is bringing the Company closer to the customer and accelerating decision-making.

Control Costs: Controlling and removing unnecessary costs from the organization, eliminating bureaucracy and continuing to identify productivity enhancements are the keys to success.

Optimize Assets: Through longer sidings, improved asset utilization, and increased train lengths, the Company is moving increased volumes with fewer locomotives and cars while unlocking capacity for future growth potential.

Operate Safely: Each year, CP safely moves millions of carloads of freight across North America while ensuring the safety of our people and the communities through which we operate. Safety is never to be compromised. Continuous research and development in state-of-the-art safety technology and highly focused employees ensure our trains are built for safe, efficient operations across our network.

Develop People: CP recognizes that none of the other foundations can be achieved without its people. Every CP employee is a railroader and the Company is shaping a new culture focused on a passion for service with integrity in everything it does. Coaching and mentoring managers into becoming leaders will help drive CP forward.

3. FORWARD-LOOKING INFORMATION

This MD&A and Annual Report contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and other relevant securities legislation. These forward-looking statements include, but are not limited to, statements concerning the Company's defined benefit pension expectations for 2015 and through 2018, including our targeted revenues of $10 billion in 2018, our expected cumulative cash flow before dividends of $6 billion and our expected diluted EPS of more than double 2014 diluted EPS, as well as statements concerning the Company's operations, anticipated financial performance, business prospects and strategies, including statements concerning the anticipation that cash flow from operations and various sources of financing will be sufficient to meet debt repayments and obligations in the foreseeable future and concerning anticipated capital programs, statements regarding future payments including income taxes and pension contributions, and capital expenditures. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes.

Readers are cautioned not to place undue reliance on forward-looking information because it is possible that CP will not achieve predictions, forecasts, projections and other forms of forward-looking information. Current economic conditions render assumptions, although reasonable when made, subject to greater uncertainty. In addition, except as required by law, CP undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise.

By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, including but not limited to the following factors: changes in business strategies; general North American and global economic, credit and business conditions; risks in agricultural production such as weather conditions and insect populations; the availability and price of energy commodities; the effects of competition and pricing pressures; industry capacity; shifts in market demand; inflation; changes in laws and regulations, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; uncertainties of investigations, proceedings or other types of claims and litigation; labour disputes; risks and liabilities arising from derailments; transportation of dangerous goods; timing of completion of capital and maintenance projects; currency and interest rate fluctuations; effects of changes in market conditions on the financial position of pension plans and investments; and various events that could disrupt operations, including severe weather, droughts, floods, avalanches and earthquakes as well as security threats and the governmental response to them, and technological changes.

There are more specific factors that could cause actual results to differ materially from those described in the forward-looking statements contained in this MD&A. These more specific factors are identified and discussed in Section 22, Business Risks and elsewhere in this MD&A. Other risks are detailed from time to time in reports filed by CP with securities regulators in Canada and the United States.

Financial Assumptions

Financial expectations for 2015

The Company expects revenue growth to be 7-8%, operating ratio below 62% and adjusted earnings per share ("EPS") growth to be 25% or greater from 2014 annual Diluted EPS, excluding significant items, of $8.50, discussed further in Section 15, Non-GAAP Measures. Key assumptions for full year 2015 financial expectations include:

- no assumption on share buybacks beyond current Normal Course Issuer Bid ("NCIB") program expiring March 16, 2015;
- Canadian dollar to U.S. dollar exchange rate of $1.20;
- an income tax rate of 27.5%;
- defined benefit pension expense of approximately $45 million, compared to 2014 pension income of $52 million;
- capital expenditures of approximately $1.5 billion;
- average On Highway Diesel ("OHD") price of U.S. $2.70;
- average WTI price of U.S. $46; and
- 140,000 crude carloads.

Defined benefit pension expectations for 2015

Defined benefit pension contributions are currently estimated to be between $80 million and $90 million in 2015, and between $50 million and $100 million in each year from 2016 to 2018. This contribution level reflects the Company's intentions with respect to the rate at which CP applies the voluntary prepayments made in previous years to reduce contribution requirements. Defined benefit pension expense for 2015 is expected to be approximately $45 million. These pension contributions and pension expense estimates are based on a number of economic and demographic assumptions and are sensitive to changes in the assumptions or to actual experience differing from the assumptions. Pensions are discussed further in Section 23, Critical Accounting Estimates.

Financial expectations through 2018

CP is targeting to grow revenues to $10 billion in 2018. Over the 2015 to 2018 time frame, CP also expects to generate cumulative cash flow before dividends, discussed further in Section 15, Non-GAAP Measures, of $6 billion and for Diluted EPS to more than double compared to 2014. Key assumptions to reaching these goals include:

- annual capital spending in the range of $1.4 billion to $1.6 billion;
- average fuel cost of U.S. $3.50 per U.S. gallon;
- Canadian to U.S. dollar exchange rate of 1.10; and
- income tax rate of 27.5%.

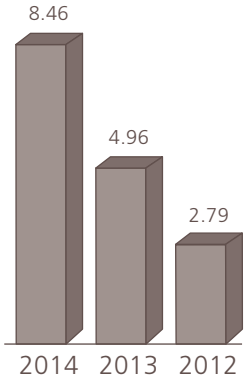
Undue reliance should not be placed on these assumptions and other forward-looking information.

4. ADDITIONAL INFORMATION

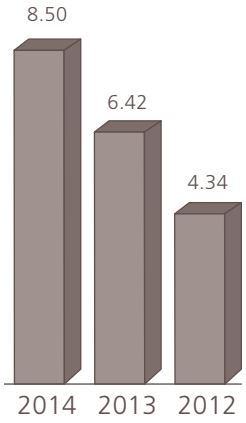
Additional information, including the Company's Consolidated Financial Statements, press releases and other required filing documents, are available on SEDAR at www.sedar.com in Canada, on EDGAR at www.sec.gov in the U.S. and on the Company website at www.cpr.ca. Copies of such documents, as well as the Company's Notice of Intention to Make a NCIB, may be obtained by contacting the Corporate Secretary's Office. The aforementioned documents are issued and made available in accordance with legal requirements and are not incorporated by reference into this MD&A.

5. FINANCIAL HIGHLIGHTS

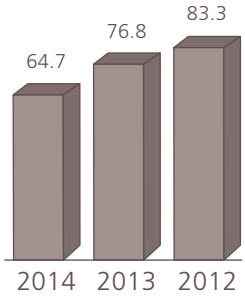
For the year ended December 31 (in millions, except percentages and per share data)	**2014**	2013	2012
Revenues	**$ 6,620**	$ 6,133	$ 5,695
Operating income	**2,339**	1,420	949
Operating income, excluding significant items[1]	**2,335**	1,844	1,309
Net income	**1,476**	875	484
Basic earnings per share	**8.54**	5.00	2.82
Diluted earnings per share	**8.46**	4.96	2.79
Diluted earnings per share, excluding significant items[1]	**8.50**	6.42	4.34
Dividends declared per share	**1.4000**	1.4000	1.3500
Return on capital employed ("ROCE")[2]	**14.9%**	9.5%	6.9%
Operating ratio	**64.7%**	76.8%	83.3%
Operating ratio, excluding significant items[1]	**64.7%**	69.9%	77.0%
Free cash[1]	**725**	530	93
Total assets at December 31	**16,640**	17,060	14,727
Total long-term financial liabilities at December 31[3]	**5,746**	4,784	4,735



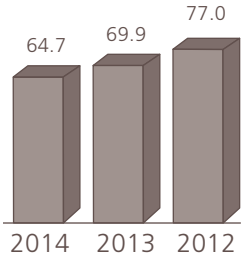
Diluted EPS ($)



Diluted EPS, excluding significant items ($)[1]



Operating ratio (%)



Operating ratio, excluding significant items (%)[1]

[1] These measures have no standardized meaning prescribed by GAAP and, therefore, unlikely to be comparable to similar measures of other companies. These earnings measures and significant items are discussed further in Section 15, Non-GAAP Measures along with a reconciliation of free cash to GAAP cash position.

[2] ROCE is defined as earnings before interest and taxes ("EBIT"), divided by the average for the year of total assets, less current liabilities, as measured under GAAP and it is discussed further in Section 15, Non-GAAP Measures.

[3] Total long-term financial liabilities excludes: deferred taxes of $2,773 million, $2,903 million and $2,092 million, and other non-financial long-term liabilities of $1,100 million, $898 million and $1,573 million for the years 2014, 2013 and 2012 respectively.

6. OPERATING RESULTS

Income

Operating income was $2,339 million in 2014, an increase of $919 million, or 65%, from $1,420 million in 2013. This increase was primarily due to:

- an asset impairment charge in 2013;
- higher volumes of traffic, as measured by revenue ton-miles ("RTMs"), generating higher freight revenue;
- efficiency savings generated from improved operating performance, asset utilization and insourcing of certain Information Technology ("IT") activities;
- lower pension expense;
- the favourable impact of the change in foreign exchange ("FX"); and
- lower casualty expense.

This increase in Operating income was partially offset by higher incentive and stock-based compensation resulting from improved corporate performance and higher wage and benefit inflation.

Operating income was $1,420 million in 2013, an increase of $471 million, or 50%, from $949 million in 2012. This increase was primarily due to:

- efficiency savings generated from improved operating performance, asset utilization and insourcing of certain IT activities;
- increased volumes of traffic, as measured by RTMs, generating higher freight revenue;
- higher freight rates;
- the net impact of a strike in the second quarter of 2012;
- labour restructuring charges in 2012 and associated experience gains in 2013;
- lower management transition costs and a favourable litigation settlement related to management transition in 2013; and
- the favourable impact of the change in FX.

This increase was partially offset by:

- a higher asset impairment charge in 2013 due to the anticipated sale of a portion of Dakota, Minnesota & Eastern ("DM&E") line west of Tracy, Minnesota ("DM&E West") compared to the impairment of various assets in 2012, discussed further in Section 9, Operating Expenses;
- higher volume variable expenses as a result of an increase in workload;
- higher incentive and stock-based compensation expenses;
- wage and benefit inflation; and
- higher depreciation and amortization expenses due to higher depreciable assets as a result of the Company's capital program.

Net income was $1,476 million in 2014, an increase of $601 million, or 69%, from $875 million in 2013. This increase was primarily due to higher Operating income, partially offset by an increase in Income tax expense.

Net income was $875 million in 2013, an increase of $391 million, or 81%, from $484 million in 2012. This increase was primarily due to higher Operating income and a decrease in Other income and charges due to advisory fees related to shareholder matters in 2012 and was partially offset by higher Income tax expenses due to the impact of higher earnings.

Diluted Earnings per Share

Diluted earnings per share was $8.46 in 2014, an increase of $3.50, or 71% from $4.96 in 2013. Excluding the two significant items totaling $0.04 per share, discussed further in Section 15, Non-GAAP Measures, Diluted EPS, excluding significant items, was $8.50 in 2014, an increase of $2.08, or 32%, from $6.42 in 2013. These increases were primarily due to higher Net income and lower average outstanding shares due to the share repurchase program.

Diluted EPS was $4.96 in 2013, an increase of $2.17, or 78% from $2.79 in 2012. Excluding the five significant items totaling $1.46 per share, discussed further in Section 15, Non-GAAP Measures, Diluted EPS, excluding significant items, was $6.42 in 2013, an increase of $2.08, or 48%, from $4.34 in 2012. These increases were primarily due to higher Net income.

Diluted EPS, excluding significant items, has no standardized meaning prescribed by GAAP and, therefore, may not be comparable to similar measures presented by other companies.

Operating Ratio

The operating ratio provides the percentage of revenues used to operate the railway, and is calculated as operating expenses divided by revenues. A lower percentage normally indicates higher efficiency in the operation of the railway. The Company's operating ratio was 64.7% in 2014, a decrease from 76.8% in 2013. This improvement was primarily due to an asset impairment charge in 2013, higher volumes of traffic generating higher freight revenues, and efficiency savings; partially offset by higher incentive and stock-based compensation resulting from improved corporate performance, and higher wage and benefit inflation.

The operating ratio, excluding significant items, discussed further in Section 15, Non-GAAP Measures, was 64.7% in 2014, a decrease from 69.9% in 2013. This improvement was primarily due to higher volumes generating higher freight revenues and efficiency savings, partially offset by higher incentive and stock-based compensation resulting from improved corporate performance, and higher wage and benefit inflation.

The operating ratio was 76.8% in 2013, a decrease from 83.3% in 2012. This improvement was primarily due to efficiency savings, increased volumes of traffic and higher freight rates, partially offset by a higher asset impairment charge.

The operating ratio, excluding significant items, discussed further in Section 15, Non-GAAP Measures, was 69.9% in 2013, a decrease from 77.0% in 2012. This improvement was primarily due to an increase in efficiency savings, increased volumes of traffic and higher freight rates.

Operating ratio, excluding significant items, has no standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies.

Return on Capital Employed

The calculation of ROCE utilizes Earnings Before Interest and Taxes ("EBIT") on a rolling twelve month basis. ROCE was 14.9% at December 31, 2014, compared with 9.5% in 2013. This improvement was primarily due to higher earnings. Excluding the significant items in 2014 and 2013 from EBIT, Adjusted ROCE was 14.9% at December 31, 2014, compared with 12.4% in 2013. This improvement was primarily due to higher earnings.

ROCE was 9.5% at December 31, 2013, compared with 6.9% in 2012. This improvement was primarily due to higher earnings partially offset by a higher asset impairment charge. Excluding the significant items in 2013 and 2012 from EBIT, Adjusted ROCE was 12.4% at December 31, 2013, compared with 9.8% in 2012. This improvement was primarily due to higher earnings.

ROCE, Adjusted ROCE, EBIT and Adjusted EBIT and significant items are discussed further in Section 15, Non-GAAP Measures.

Impact of Foreign Exchange on Earnings

Fluctuations in foreign exchange affect the Company's results because U.S. dollar-denominated revenues and expenses are translated into Canadian dollars. U.S. dollar-denominated revenues and expenses increase (decrease) when the Canadian dollar weakens (strengthens) in relation to the U.S. dollar.

Canadian to U.S. dollar Average exchange rates	**2014**	2013	2012
For the year ended – December 31	**$ 1.10**	$ 1.03	$ 1.00
For the three months ended – December 31	**$ 1.13**	$ 1.04	$ 0.99

Canadian to U.S. dollar Exchange rates	**2014**	2013	2012
Beginning of year – January 1	**$ 1.06**	$ 0.99	$ 1.02
Beginning of quarter – April 1	**$ 1.11**	$ 1.02	$ 1.00
Beginning of quarter – July 1	**$ 1.07**	$ 1.05	$ 1.02
Beginning of quarter – October 1	**$ 1.12**	$ 1.03	$ 0.98
End of quarter – December 31	**$ 1.16**	$ 1.06	$ 0.99

Average Fuel Price

(U.S. dollars per U.S. gallon)	**2014**	2013	2012
For the year ended – December 31	**$ 3.41**	$ 3.47	$ 3.45
For the three months ended – December 31	**$ 3.11**	$ 3.51	$ 3.47

7. PERFORMANCE INDICATORS

For the year ended December 31[1]	2014	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Operations Performance					
Freight gross ton-miles ("GTMs") (millions)	**273,276**	267,629	254,354	2	5
Revenue ton-miles ("RTMs") (millions)	**149,849**	144,249	135,032	4	7
Train miles (thousands)	**36,625**	37,817	40,270	(3)	(6)
Average train weight – excluding local traffic (tons)	**8,046**	7,573	6,709	6	13
Average train length – excluding local traffic (feet)	**6,683**	6,530	5,981	2	9
Average terminal dwell (hours)	**8.7**	7.1	7.5	23	(5)
Average train speed (mph)[2]	**18.1**	18.4	N/A	(2)	N/A
Fuel efficiency (U.S. gallons of locomotive fuel consumed /1,000 GTMs)	**1.03**	1.06	1.15	(3)	(8)
Total employees (average)[3]	**14,575**	15,011	16,999	(3)	(12)
Workforce (end of period)	**14,698**	14,977	16,907	(2)	(11)
Safety Indicators					
FRA personal injuries per 200,000 employee-hours	**1.67**	1.71	1.56	(2)	10
FRA train accidents per million train-miles	**1.26**	1.80	1.69	(30)	7

[1] Certain prior period figures have been revised to conform with current presentation or have been updated to reflect new information.

[2] 2012 average train speed information not available for new reporting definition.

[3] 2012 average number of employees has been adjusted for a strike.

The indicators listed in this table are key measures of the Company's operating performance. Definitions of these performance indicators are provided in Section 26, Glossary of Terms.

Operations Performance

GTMs for 2014 were 273,276 million, a 2% increase compared with 267,629 million in 2013. This improvement was primarily due to higher shipments in Canadian grain, Crude, Domestic intermodal, and Metals, minerals and consumer products.

RTMs for 2014 were 149,849 million, an increase of 4% compared with 144,249 million in 2013. RTMs are discussed further in Section 8, Lines of Business.

Train miles for 2014 decreased by 3% compared with 2013, reflecting improvements in operating efficiency from longer, heavier trains.

Average train weight increased in 2014 by 473 tons, or 6%, from 2013. Average train length increased in 2014 by 153 feet, or 2%, from 2013. Average train weight and length benefited significantly from improvements in operating plan efficiency and increased volumes of bulk traffic conveyed in longer, heavier trains. Both of these improvements leverage the siding extensions completed in 2013 and 2014.

Average terminal dwell, the average time a freight car resides in a terminal, increased by 23% in 2014 to 8.7 hours from 7.1 hours in 2013. The unfavourable increase was primarily due to operational challenges in the U.S. Midwest.

Average train speed was 18.1 miles per hour in 2014, a decrease of 2%, from 18.4 miles per hour in 2013. The unfavourable decrease was primarily due to operational challenges in the U.S. Midwest. This decrease was partially offset by speed improvements in the fourth quarter of 2014 through improved asset velocity, decreased terminal dwell, and successful execution of the Company's operating plan.

Fuel efficiency improved by 3% in 2014 compared to 2013. This improvement is primarily due to the continued execution of the Company's fuel conservation strategy and increased locomotive productivity from higher average train weights.

The average number of total employees for 2014 decreased by 436, or 3%, compared with 2013. This improvement was primarily due to job reductions as a result of continuing strong operational performance and natural attrition, partially offset by additional IT employees as part of the Company's insourcing strategy.

The workforce on December 31, 2014 decreased by 279, or 2%, compared with December 31, 2013. This improvement was primarily due to job reductions as a result of continuing strong operational performance, natural attrition and fewer contractors.

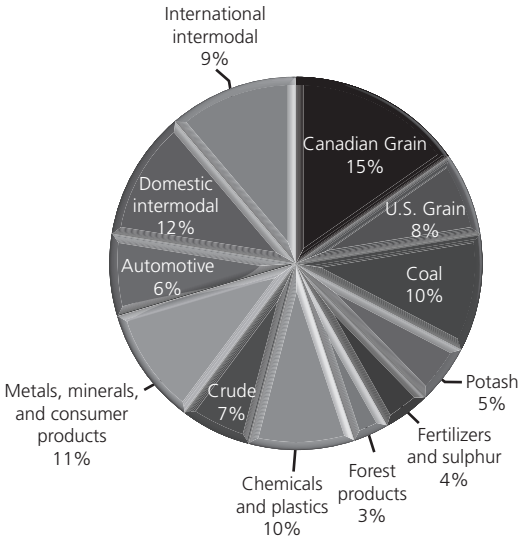
Safety Indicators

Safety is a key priority and core strategy for CP's management, employees and Board of Directors. The Company's two main safety indicators – personal injuries and train accidents – follow strict U.S. Federal Railroad Administration ("FRA") reporting guidelines.

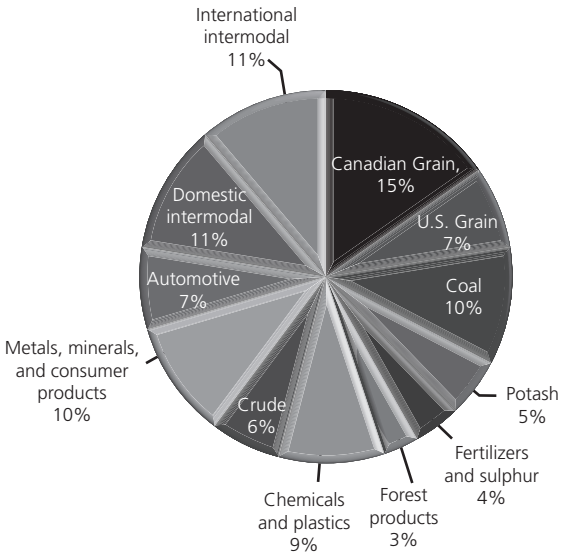
The FRA personal injury rate per 200,000 employee-hours for CP was 1.67 in 2014, 1.71 in 2013 and 1.56 in 2012.

The FRA train accident rate for CP in 2014 was 1.26 accidents per million train-miles, compared with 1.80 in 2013 and 1.69 in 2012.

8. LINES OF BUSINESS



2014 Freight Revenues



2013 Freight Revenues

Total Revenue, Volumes and Freight Rates

For the year ended December 31	2014	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Freight revenues (in millions)	**$ 6,464**	$ 5,982	$ 5,550	8	8
Other revenues (in millions)	**156**	151	145	3	4
Total revenues (in millions)	**$ 6,620**	$ 6,133	$ 5,695	8	8
Carloads (in thousands)	**2,684**	2,688	2,669	–	1
Revenue ton-miles (in millions)	**149,849**	144,249	135,032	4	7
Freight revenue per carload (dollars)	**$ 2,408**	$ 2,226	$ 2,079	8	7
Freight revenue per revenue ton-mile (cents)	**4.31**	4.15	4.11	4	1

The Company's revenues are primarily derived from transporting freight. Other revenue is generated from leasing of certain assets, switching fees, contracts with passenger service operators, and logistical management services. Changes in freight volumes generally contribute to corresponding changes in freight revenues and certain variable expenses, such as fuel, equipment rents and crew costs.

For each of the twelve months ended December 31, 2014, 2013 and 2012, no customer comprised more than 10% of total revenues and accounts receivable.

2014 TO 2013 COMPARATIVES

Freight Revenues

Freight revenues are earned from transporting bulk commodities, merchandise and intermodal goods, and include fuel recoveries billed to the Company's customers. Freight revenues were $6,464 million in 2014, an increase of $482 million, or 8% from $5,982 million in 2013. This increase was primarily due to:

- higher volumes in Canadian grain, Domestic intermodal, Crude, and Metals, minerals and consumer products;
- higher freight rates; and
- the favourable impact of the change in FX.

This increase was partially offset by:

- lower shipments in International intermodal and Automotive, primarily due to the exit of certain customer contracts;
- lower Fertilizers and sulphur shipments primarily due to sulphur production shutdowns; and
- lower shipments in certain lines of business in the first half of the year due to the impact of harsh winter operating conditions.

In 2014, RTMs, measuring the relative weight and distance of rail freight moved by the Company, increased by approximately 5,600 million, or 4% compared to the same period of 2013. This increase was primarily due to higher:

- Canadian originating shipments of grain;
- volumes in energy related commodities and frac sand; and
- Domestic intermodal shipments.

This increase was partially offset by lower:

- International intermodal shipments;
- Fertilizers and sulphur shipments; and
- U.S. originating thermal coal shipments.

Fuel Cost Recovery Program

CP employs a fuel cost recovery program designed to automatically respond to fluctuations in fuel prices and help reduce volatility to changing fuel prices. Fuel surcharge revenue is earned on individual shipments primarily based on OHD; as such, fuel surcharge revenue is a function of freight volumes. Short-term volatility in fuel prices may adversely or positively impact expenses and revenues.

Canadian Grain

For the year ended December 31	**2014**	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Freight revenues (in millions)	**$ 988**	$ 869	$ 767	14	13
Carloads (in thousands)	**291**	256	248	14	3
Revenue ton-miles (in millions)	**26,691**	22,864	22,149	17	3
Freight revenue per carload (dollars)	**$ 3,391**	$ 3,397	$ 3,089	–	10
Freight revenue per revenue ton-mile (cents)	**3.70**	3.80	3.46	(3)	10

CP's Canadian grain business consists of whole grains, oilseeds and grain products originating in the Canadian prairies, moving to export outlets on the west and east coasts, as well as processors in Canada, U.S. and Mexico for domestic use. Canadian grain revenue was $988 million in 2014, an increase of $119 million, or 14% from $869 million in 2013. This increase was primarily due to higher shipments as a result of strong export demand and record Canadian crop production, partially offset by reduced freight rates.

U.S. Grain

For the year ended December 31	**2014**	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Freight revenues (in millions)	**$ 503**	$ 431	$ 405	17	6
Carloads (in thousands)	**173**	182	185	(5)	(2)
Revenue ton-miles (in millions)	**11,724**	11,119	10,933	5	2
Freight revenue per carload (dollars)	**$ 2,909**	$ 2,359	$ 2,188	23	8
Freight revenue per revenue ton-mile (cents)	**4.29**	3.87	3.70	11	5

CP's U.S. grain traffic originates in key Midwest grain producing states and moves over multiple gateways within the U.S. for domestic use and to export outlets in the Pacific Northwest, Northeast U.S. and Gulf of Mexico. U.S. Grain revenue was $503 million in 2014, an increase of $72 million, or 17% from $431 million in 2013. This increase was primarily due to:

- higher freight rates;
- increased volume to the Pacific Northwest, which has a longer length of haul, in the second half of the year; and
- the favourable impact of the change in FX.

This increase was partially offset by the impact of harsh winter operating conditions in the first quarter of 2014.

Coal

For the year ended December 31	2014	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Freight revenues (in millions)	**$ 621**	$ 627	$ 602	(1)	4
Carloads (in thousands)	**313**	330	337	(5)	(2)
Revenue ton-miles (in millions)	**22,443**	23,172	22,375	(3)	4
Freight revenue per carload (dollars)	**$ 1,985**	$ 1,904	$ 1,787	4	7
Freight revenue per revenue ton-mile (cents)	**2.77**	2.71	2.69	2	1

CP serves both the metallurgical and thermal coal markets. The Company's Canadian coal business consists primarily of metallurgical coal transported from Southeastern B.C. to the ports of Vancouver, B.C. and Thunder Bay, Ontario. CP's U.S. coal business consists primarily of the transportation of thermal coal and petroleum coke within the U.S. Midwest or for export through west coast ports. Coal revenue was $621 million in 2014, a decrease of $6 million, or 1% from $627 million in 2013. This decrease was primarily due to lower shipments of U.S. originating thermal coal, partially offset by higher Canadian originating shipments of metallurgical coal, and increased freight rates.

Potash

For the year ended December 31	2014	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Freight revenues (in millions)	**$ 347**	$ 312	$ 281	11	11
Carloads (in thousands)	**118**	114	103	4	11
Revenue ton-miles (in millions)	**14,099**	13,231	12,221	7	8
Freight revenue per carload (dollars)	**$ 2,941**	$ 2,745	$ 2,711	7	1
Freight revenue per revenue ton-mile (cents)	**2.46**	2.36	2.29	4	3

The potash transported by CP originates in Saskatchewan and is shipped to the ports of Vancouver, B.C. and Portland, Oregon, as well as to other Canadian and U.S. destinations. Potash revenue was $347 million in 2014, an increase of $35 million, or 11% from $312 million in 2013. This increase was primarily due to:

- the favourable impact of the change in FX;
- higher shipments, driven by export volumes in the second half of 2014 and higher domestic shipments in the first half of 2014; and
- higher freight rates.

This increase was partially offset by the impact of harsh winter operating conditions in the first quarter of 2014.

Fertilizers and Sulphur

For the year ended December 31	2014	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Freight revenues (in millions)	**$ 234**	$ 258	$ 239	(9)	8
Carloads (in thousands)	**61**	71	74	(14)	(4)
Revenue ton-miles (in millions)	**4,180**	4,939	4,837	(15)	2
Freight revenue per carload (dollars)	**$ 3,801**	$ 3,615	$ 3,213	5	13
Freight revenue per revenue ton-mile (cents)	**5.59**	5.22	4.96	7	5

Fertilizers and sulphur include chemical fertilizers shipped mainly from western Canada to various North American locations, and sulphur originating primarily in Alberta and moving to the Port Metro Vancouver, B.C. and a variety of U.S. and Canadian destinations. Fertilizers and sulphur revenue was $234 million in 2014, a decrease of $24 million, or 9% from $258 million in 2013. This decrease was primarily due to lower shipments resulting from weak demand and high inventory levels at destination, and a delayed return to full production of sulphur customer facilities. This decrease was partially offset by the favourable impacts of the change in FX and higher freight rates.

Forest Products

For the year ended December 31	2014	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Freight revenues (in millions)	**$ 206**	$ 206	$ 193	–	7
Carloads (in thousands)	**59**	66	67	(11)	(1)
Revenue ton-miles (in millions)	**3,956**	4,619	4,713	(14)	(2)
Freight revenue per carload (dollars)	**$ 3,493**	$ 3,132	$ 2,895	12	8
Freight revenue per revenue ton-mile (cents)	**5.20**	4.46	4.11	17	9

Forest products include wood pulp, paper products, lumber, and panel transported from key producing areas in western Canada, Ontario and Quebec to various destinations in North America. Forest products revenue was $206 million in 2014, unchanged from 2013. Increases within Forest products were due to:

- strong lumber demand with existing customers;
- the favourable impact of the change in FX; and
- higher freight rates.

These increases were offset by the exit of certain lumber customer contracts in Western Canada and lower pulp and paper shipments due to customer production issues.

Chemicals and Plastics

For the year ended December 31	2014	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Freight revenues (in millions)	**$ 637**	$ 565	$ 512	13	10
Carloads (in thousands)	**198**	197	193	1	2
Revenue ton-miles (in millions)	**13,635**	13,573	13,233	–	3
Freight revenue per carload (dollars)	**$ 3,214**	$ 2,857	$ 2,649	12	8
Freight revenue per revenue ton-mile (cents)	**4.67**	4.15	3.87	13	7

The Company's chemicals and plastics business includes a wide range of commodities including petroleum products, chemicals, plastics, and liquid petroleum gas ("LPG") products that ship across the Company's network. Chemicals and plastics revenue was $637 million in 2014, an increase of $72 million, or 13% from $565 million in 2013. This increase was primarily due to:

- the favourable impact of the change in FX;
- higher freight rates; and
- an increase in volume from strong demand for liquefied petroleum gas, fuel oils, asphalt and plastics in the second half of 2014.

This increase was partially offset by lower shipments of biofuels in the first half of the year that resulted from supply chain issues.

Crude

For the year ended December 31	2014	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Freight revenues (in millions)	**$ 484**	$ 375	$ 206	29	82
Carloads (in thousands)	**110**	90	54	22	67
Revenue ton-miles (in millions)	**16,312**	13,898	7,303	17	90
Freight revenue per carload (dollars)	**$ 4,419**	$ 4,144	$ 3,828	7	8
Freight revenue per revenue ton-mile (cents)	**2.97**	2.70	2.80	10	(4)

The Company's crude origination franchise is located throughout Alberta, Saskatchewan and North Dakota and moves crude over connections with interline railroad partners to refining markets across North America. Crude revenue was $484 million in 2014, an increase of $109 million, or 29% from $375 million in 2013. This increase was primarily due to:

- increased shipments from Western Canada and the Bakken region;
- the favourable impact of the change in FX; and
- higher freight rates.

Metals, Minerals and Consumer Products

For the year ended December 31	2014	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Freight revenues (in millions)	**$ 712**	$ 608	$ 550	17	11
Carloads (in thousands)	**253**	232	222	9	5
Revenue ton-miles (in millions)	**11,266**	10,404	9,933	8	5
Freight revenue per carload (dollars)	**$ 2,814**	$ 2,655	$ 2,482	6	7
Freight revenue per revenue ton-mile (cents)	**6.32**	5.90	5.55	7	6

CP's metals, minerals and consumer products business is a diverse mix of input materials, such as aggregates, steel, consumer products and non-ferrous metals which are shipped throughout North America. Metals, minerals and consumer products revenue was $712 million in 2014, an increase of $104 million, or 17% from $608 million in 2013. This increase was primarily due to:

- higher volumes, primarily as a result of strong frac sand demand;
- the favourable impact of the change in FX; and
- higher freight rates.

Automotive

For the year ended December 31	2014	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Freight revenues (in millions)	**$ 357**	$ 403	$ 425	(11)	(5)
Carloads (in thousands)	**134**	146	162	(8)	(10)
Revenue ton-miles (in millions)	**1,953**	2,329	2,482	(16)	(6)
Freight revenue per carload (dollars)	**$ 2,670**	$ 2,758	$ 2,629	(3)	5
Freight revenue per revenue ton-mile (cents)	**18.26**	17.27	17.13	6	1

CP's automotive portfolio consists of four finished vehicle traffic segments: import vehicles that move through Port Metro Vancouver to Eastern Canadian markets; Canadian-produced vehicles that ship to the U.S. from Ontario production facilities; U.S.-produced vehicles that ship within the U.S. as well as cross-border into Canadian markets; and, Mexican-produced vehicles that ship to the U.S. and Canada. In addition to finished vehicles, CP ships automotive parts, machinery and pre-owned vehicles. Automotive revenue was $357 million in 2014, a decrease of $46 million, or 11% from $403 million in 2013. This decrease was primarily due to:

- a volume decline resulting from operational challenges in the U.S. Midwest following harsh winter operating conditions;
- the exit of a customer contract; and
- a reduction in long haul import traffic.

This decrease was partially offset by the favourable impact of the change in FX.

Domestic Intermodal

For the year ended December 31	2014	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Freight revenues (in millions)	**$ 787**	$ 684	$ 653	15	5
Carloads (in thousands)	**428**	370	347	16	7
Revenue ton-miles (in millions)	**11,867**	10,276	9,718	15	6
Freight revenue per carload (dollars)	**$ 1,837**	$ 1,850	$ 1,885	(1)	(2)
Freight revenue per revenue ton-mile (cents)	**6.63**	6.65	6.73	–	(1)

Domestic intermodal business primarily involves the distribution of container shipments from a broad spectrum of industries within North America. Domestic intermodal revenue was $787 million in 2014, an increase of $103 million, or 15% from $684 million in 2013. This increase was primarily due to higher volumes including short-haul expressway service between Toronto and Montreal.

International Intermodal

For the year ended December 31	2014	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Freight revenues (in millions)	**$ 588**	$ 644	$ 717	(9)	(10)
Carloads (in thousands)	**546**	634	677	(14)	(6)
Revenue ton-miles (in millions)	**11,723**	13,825	15,135	(15)	(9)
Freight revenue per carload (dollars)	**$ 1,077**	$ 1,016	$ 1,058	6	(4)
Freight revenue per revenue ton-mile (cents)	**5.02**	4.66	4.73	8	(1)

International intermodal traffic involves the movement of ocean-carrier owned marine containers through North American ports to inland markets, as well as export shipments of goods through those ports to Asia, Europe and beyond. International intermodal revenue was $588 million in 2014, a decrease of $56 million, or 9% from $644 million in 2013. This decrease was due to lower volumes as a result of the exit of certain customer contracts. This decrease was partially offset by:

- higher transcontinental container volumes from existing customers;
- higher freight rates; and
- the favourable impact of the change in FX.

Other Revenue

Other revenue was $156 million in 2014, an increase of $5 million, or 3% from $151 million in 2013. This increase was primarily due to higher leasing revenues.

2013 TO 2012 COMPARATIVES

Revenue variances below compare 2013 to 2012 figures.

Freight Revenues

Freight revenues were $5,982 million in 2013, an increase of $432 million, or 8% from $5,550 million in 2012. This increase was primarily due to:

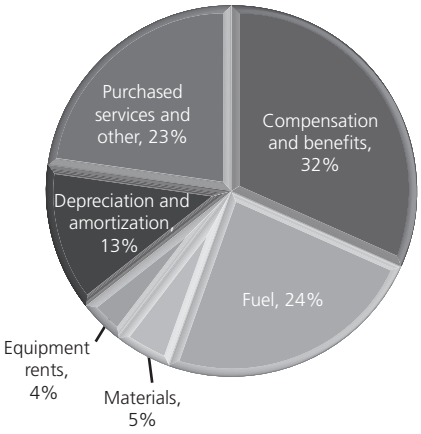
- higher shipments, as measured by RTMs, of Industrial and consumer products, Grain, Fertilizers and sulphur and Coal;
- increased freight rates;
- the favourable impact of the change in FX;
- the impact of a strike in 2012 on Canadian shipments; and
- higher fuel surcharge revenues due to an increase in traffic volumes with full margin coverage.

This increase was partially offset by lower shipments in Intermodal and Automotive and the impact of the network outages in the second quarter of 2013.

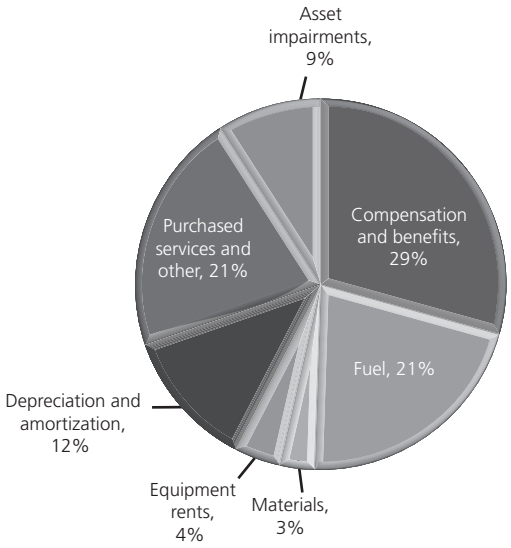
Other Revenue

Other revenue was $151 million in 2013, an increase of $6 million, or 4% from $145 million in 2012. This increase was primarily due to higher leasing and interline switching revenues.

9. OPERATING EXPENSES



2014 Operating expenses



2013 Operating expenses

For the year ended December 31 (in millions)	2014	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Operating expenses					
Compensation and benefits[1][2]	**$ 1,352**	$ 1,385	$ 1,474	(2)	(6)
Fuel	**1,048**	1,004	999	4	1
Materials[2]	**193**	160	166	21	(4)
Equipment rents	**155**	173	206	(10)	(16)
Depreciation and amortization	**552**	565	539	(2)	5
Purchased services and other[1][2]	**985**	998	1,044	(1)	(4)
Asset impairments	**–**	435	265	(100)	64
Labour restructuring	**(4)**	(7)	53	43	–
Total operating expenses	**$ 4,281**	$ 4,713	$ 4,746	(9)	(1)

[1] As a result of management transition, $20 million and $22 million were charged in Compensation and benefits and Purchased services and other, respectively in 2012. The U.S. $9 million recovery due to the favourable settlement of litigation recorded in first quarter of 2013 and $5 million management transition costs recorded in fourth quarter of 2013 were charged to Purchased services and other and Compensation and benefits, respectively.

[2] Billings to third parties for the recovery of costs incurred for freight car repairs and servicing have been reclassified from Purchased services and other to Compensation and benefits and Materials within Operating expenses.

Operating expenses were $4,281 million in 2014, a decrease of $432 million, or 9%, from $4,713 million in 2013. This decrease was primarily due to:

- an asset impairment charge in 2013;
- efficiencies generated from improved operating performance, asset utilization, and insourcing of certain IT activities;
- lower pension expense; and
- lower casualty expense.

This decrease was partially offset by:

- the unfavourable impact of the change in FX;
- higher stock-based and incentive compensation;
- wage and benefit inflation;
- higher material costs for freight car and locomotive repairs, and increased track maintenance activities; and
- higher volume variable expenses as a result of an increase in workload, as measured by GTMs.

2014 TO 2013 COMPARATIVES

Compensation and Benefits

Compensation and benefits expense includes employee wages, salaries, fringe benefits and stock-based compensation. Compensation and benefits expense was $1,352 million in 2014, a decrease of $33 million, or 2%, from $1,385 million in 2013. This decrease was primarily due to:

- lower pension expense;
- lower costs achieved through a smaller workforce; and
- road and yard efficiencies as a result of continuing strong operational performance.

This decrease was partially offset by:

- higher incentive compensation;
- stock-based compensation primarily driven by the higher change in stock price;
- wage and benefit inflation;
- the unfavourable impact of the change in FX; and
- an increase in IT personnel as part of the Company's insourcing strategy, offset by efficiency savings recorded in Purchased services and other.

Fuel

Fuel expense consists mainly of fuel used by locomotives and includes provincial, state and federal fuel taxes. Fuel expense was $1,048 million in 2014, an increase of $44 million, or 4%, from $1,004 million in 2013. This increase was primarily due to the unfavourable change in FX and an increase in workload, as measured by GTMs.

This increase was partially offset by improvements in fuel efficiency as a result of increased train weights and focus on the fuel conservation strategies of the Company's operating plan, and reduced fuel prices.

Materials

Materials expense includes the cost of material used for track, locomotive, freight car, building maintenance and software sustainment. Materials expense was $193 million in 2014, an increase of $33 million or 21%, from $160 million in 2013. This increase was primarily due to increased freight car and locomotive repairs, and increased track maintenance activities.

Equipment Rents

Equipment rents expense includes the cost associated with using other companies' freight cars, intermodal equipment, and locomotives, net of rental income received from other railways for the use of CP's equipment. Equipment rents expense was $155 million in 2014, a decrease of $18 million or 10% from $173 million in 2013. This decrease is a result of operating efficiencies, resulting in the Company requiring fewer assets, thereby permitting the return or sublease of certain leased freight cars and locomotives. This decrease was offset by the unfavourable change in FX.

Depreciation and Amortization

Depreciation and amortization expense represents the charge associated with the use of track and roadway, buildings, rolling stock, information systems and other depreciable assets. Depreciation and amortization expense was $552 million for 2014, a decrease of $13 million, or 2%, from $565 million in the same period of 2013. This decrease was primarily due to:

- the favourable impact of depreciation studies implemented in 2014;
- a decrease in accelerated depreciation of IT assets; and
- lower depreciable assets resulting from the sale of DM&E West.

This decrease was partially offset by higher depreciable assets as a result of the Company's capital program as well as the change in FX.

Purchased Services and Other

For the year ended December 31 (in millions)	2014	2013	2012	% Change 2014 vs 2013	% Change 2013 vs 2012
Purchased services and other					
Support and facilities	**$ 383**	$ 392	$ 420	(2)	(7)
Track and operations[1]	**210**	219	196	(4)	12
Intermodal	**167**	159	153	5	4
Equipment[1]	**178**	180	190	(1)	(5)
Casualty	**35**	63	80	(44)	(21)
Other[1]	**44**	23	28	91	(18)
Land sales	**(32)**	(38)	(23)	(16)	65
Total Purchased services and other	**$ 985**	$ 998	$ 1,044	(1)	(4)

[1] Billings to third parties for the recovery of costs incurred for freight car repairs and servicing have been reclassified from Purchased services and other to Compensation and benefits and Materials within Operating expenses.

Purchased services and other expense encompasses a wide range of costs, including expenses for joint facilities, personal injuries and damage, environmental remediation, property and other taxes, contractor and consulting fees, insurance, and gains on land sales. Purchased services and other expense was $985 million in 2014, a decrease of $13 million, or 1% from $998 million in 2013. This decrease was primarily due to:

- efficiencies generated mainly from insourcing of certain IT activities, included in Support and facilities;
- lower casualty expense; and
- lower locomotive overhauls as certain older locomotives undergo a life extension program, included in Equipment.

This decrease was partially offset by:

- the unfavourable impact of the change in FX;
- higher engineering maintenance work and dismantling costs, included in Track and operations;
- an insurance recovery in 2013, related to flooding in 2011, reported in Other;
- higher corporate sponsorships and donations, reported in Other;
- higher intermodal expenses related to pick up and delivery service, reported in Intermodal;
- a favourable settlement of litigation in 2013 related to management transition, included in Other; and
- higher legal fees, reported in Support and facilities.

Asset Impairments

On January 2, 2014, the Company executed an agreement with Genesee & Wyoming Inc ("G&W") for the sale of the DM&E West resulting in a 2013 charge of $435 million ($257 million after tax) for an asset impairment and accruals for costs associated with the sale. Upon closing on May 30, 2014, the sale generated U.S. $218 million in gross proceeds (CDN $236 million).

Labour Restructuring

In the fourth quarter of 2012, CP recorded a charge of $53 million ($39 million after tax) for a labour restructuring initiative. The majority of the resulting position reductions were completed in 2013 and 2014 with the remaining positions to be eliminated in 2015. As a result of favourable experience, the Company recorded a recovery of $4 million ($3 million after tax) in the first quarter of 2014 and $7 million ($5 million after tax) in the fourth quarter of 2013 for the labour restructuring initiative recorded in 2012.

2013 TO 2012 COMPARATIVES

Operating expense variances below compare 2013 to 2012 figures.

Operating Expenses

Operating expenses were $4,713 million in 2013, a decrease of $33 million, or 1%, from $4,746 million in 2012. This decrease was primarily due to:

- efficiencies generated from improved operating performance, asset utilization, and insourcing of certain IT activities;
- higher labour restructuring charges in 2012 and associated experience gains in 2013;
- lower management transition costs, reflected in Compensation and benefits and Purchased services and other; and
- higher land sales in 2013.

This decrease was partially offset by:

- a higher asset impairment charge in 2013;
- higher volume variable expenses as a result of an increase in workload;
- the unfavourable impact of the change in FX;
- higher incentive compensation resulting from improved corporate performance and higher stock-based compensation;
- wage and benefit inflation; and
- higher depreciation and amortization expenses.

10. OTHER INCOME STATEMENT ITEMS

Other Income and Charges

Other income and charges consists of gains and losses from the change in foreign exchange on long-term debt ("FX on LTD") discussed further in Section 15, Non-GAAP Measures, and working capital, various costs related to financing, shareholder costs, equity income and other non-operating expenditures. Other income and charges was an expense of $19 million in 2014, compared with an expense of $17 million in 2013, an increase of $2 million, or 12%. This increase was primarily due to FX losses on U.S. denominated debt, partially offset by higher equity earnings.

Net Interest Expense

Net interest expense includes interest on long-term debt and capital leases. Net interest expense was $282 million in 2014, an increase of $4 million, or 1%, from $278 million in 2013. This increase was primarily due to the unfavourable impact of the change in FX rates on U.S. dollar denominated interest expense partially offset by higher interest income and the impact of principal repayments of debt securities.

Income Taxes

Income tax expense was $562 million in 2014, an increase of $312 million, or 125%, from $250 million in 2013. This increase was due to higher taxable earnings and a higher effective income tax rate in 2014.

The effective income tax rate for 2014 was 27.6%, compared with 22.2% for 2013.

The Company expects a normalized 2015 income tax rate of approximately 27.5%. The Company's 2015 outlook for its normalized income tax rate is based on certain assumptions about events and developments that may or may not materialize or that may be offset entirely or partially by other events and developments, discussed further in Section 22, Business Risks and Section 23, Critical Accounting Estimates. The Company expects to have an increase in cash tax payments in future years.

11. QUARTERLY FINANCIAL DATA

For the quarter ended (in millions, except per share data)	2014				2013			
	Dec. 31[1]	**Sep. 30**	**Jun. 30**	**Mar. 31[2]**	Dec. 31[3]	Sep. 30[4]	Jun. 30	Mar. 31[5]
Total revenue	**$1,760**	**$1,670**	**$1,681**	**$1,509**	$1,607	$1,534	$1,497	$1,495
Operating income	**708**	**621**	**587**	**423**	114	524	420	362
Net income	**451**	**400**	**371**	**254**	82	324	252	217
Basic earnings per share	**$ 2.66**	**$ 2.33**	**$ 2.13**	**$ 1.45**	$ 0.47	$ 1.85	$ 1.44	$ 1.25
Diluted earnings per share	**2.63**	**2.31**	**2.11**	**1.44**	0.47	1.84	1.43	1.24

[1] Significant item included in the fourth quarter of 2014 was a $12 million charge ($9 million after tax) due to foreign exchange translation on CP's U.S. dollar denominated long-term debt issued to facilitate the share repurchase program.

(2) Significant item included in the first quarter of 2014 was a recovery of $4 million ($3 million after tax) of the Company's 2012 labour restructuring initiative due to favourable experience gains, recorded in Compensation and benefits.

(3) Significant items included in the fourth quarter of 2013 were an asset impairment charge and accruals for future costs related to the sale of DM&E West totaling $435 million ($257 million after tax), a recovery of $7 million ($5 million after tax) of the Company's 2012 labour restructuring initiative and $5 million ($4 million after tax) of management transition costs.

(4) Significant item included in the third quarter of 2013 was an Income tax expense of $7 million as a result of the change in the province of British Columbia's corporate income tax rate, which required the re-calculation of the Company's Deferred income tax liability as at January 1, 2013.

(5) Significant item included in the first quarter of 2013 was a recovery of U.S. $9 million (U.S. $6 million after tax) from a litigation settlement related to management transition.

Quarterly Trends

Volumes and revenues from certain goods are stronger during different periods of the year. First-quarter revenues are typically lower mainly due to winter weather conditions, closure of the Great Lakes ports and reduced transportation of retail goods. Second and third-quarter revenues generally improve over the first quarter as fertilizer volumes are typically highest during the second quarter and demand for construction-related goods are generally highest in the third quarter. Revenues are typically strongest in the fourth quarter, primarily as a result of the transportation of grain after the harvest, fall fertilizer programs and increased demand for retail goods moved by rail. Operating income is also affected by seasonal fluctuations. Operating income is typically lowest in the first quarter due to lower freight revenue and higher operating costs associated with winter conditions. Net income is also influenced by seasonal fluctuations in customer demand and weather-related issues.

12. FOURTH-QUARTER SUMMARY

For the three months ended December 31 (in millions)	**2014**	2013	% Change
Total freight revenues	**$ 1,719**	$ 1,570	9
Other revenues	**41**	37	11
Total revenues	**1,760**	1,607	10
Total operating expenses	**1,052**	1,493	(30)
Operating income	**708**	114	521
Operating income, excluding significant items(1)	**708**	547	29
Net income	**451**	82	450
Basic earnings per share	**2.66**	0.47	466
Diluted earnings per share	**2.63**	0.47	460
Diluted earnings per share, excluding significant items(1)	**2.68**	1.91	40
Operating Ratio	**59.8%**	92.9%	(3,310) bps
Operating Ratio, excluding significant items(1)	**59.8%**	65.9%	(610) bps

(1) These measures have no standardized meaning prescribed by GAAP and, therefore, are unlikely to be comparable to similar measures of other companies. These significant items are discussed further in Section 15, Non-GAAP Measures.

Operating Results

Operating income was $708 million in the fourth quarter of 2014, an increase of $594 million, or 521%, from $114 million in the same period of 2013. This increase was primarily due to:

- an asset impairment charge in 2013;
- higher volumes of traffic, as measured by RTMs, generating higher freight revenue;
- efficiency savings generated from improved operating performance, asset utilization and insourcing of certain IT activities;
- lower fuel price; and
- the favourable impact of the change in FX.

This increase was partially offset by a reduction in Workers' Compensation Board ("WCB") liabilities mainly due to a higher discount rate and favourable claims experience in 2013, and higher wage and benefit inflation in 2014.

Net income was $451 million in the fourth quarter of 2014, an increase of $369 million, or 450%, from $82 million in the same period of 2013. The increase was primarily due to higher Operating income, partially offset by an increase in Income tax expense and Other income and charges.

Diluted Earnings per Share

Diluted EPS was $2.63 in the fourth quarter of 2014, an increase of $2.16, or 460%, from $0.47 in the same period of 2013. Diluted EPS, excluding significant items, discussed further in Section 15, Non-GAAP Measures, was $2.68 in fourth quarter of 2014, an increase of $0.77, or 40%, from $1.91 in the same period of 2013. These increases were primarily due to higher Net income and lower average outstanding shares due to the share repurchase program.

Operating Ratio

The operating ratio provides the percentage of revenues used to operate the railway, and is calculated as Total operating expenses divided by Total revenues. A lower percentage normally indicates higher efficiency in the operation of the railway. The operating ratio was 59.8% in the fourth quarter of 2014, compared with 92.9% in the same period of 2013. This improvement was primarily due to:

- an asset impairment charge in 2013;
- higher volumes generating higher freight revenues; and
- an increase in efficiency savings in 2014.

The operating ratio, excluding significant items, discussed further in Section 15, Non-GAAP Measures, was 59.8% in the fourth quarter of 2014, compared with 65.9% in the same period of 2013. This improvement was primarily due to higher volumes generating higher freight revenues and efficiency savings.

Freight Revenues

Freight revenues were $1,719 million in the fourth quarter of 2014, an increase of $149 million, or 9%, from $1,570 million in the same period of 2013. This increase was primarily due to:

- higher shipments in Domestic intermodal, Potash, Metals, minerals and consumer products, and Crude;
- the favourable impact of the change in FX; and
- higher freight rates.

This increase was partially offset by lower shipments in International intermodal and Automotive due to the exit of certain customer contracts, and lower coal traffic in the U.S.

Other Revenue

Other revenue was $41 million in the fourth quarter of 2014, an increase of $4 million or 11%, from $37 million in the same period of 2013. This increase was primarily due to higher leasing and interline switching revenues.

Operating Expenses

Operating expenses were $1,052 million in the fourth quarter of 2014, a decrease of $441 million, or 30%, from $1,493 million in the same period of 2013. This decrease was primarily due to:

- an asset impairment charge in 2013;
- efficiencies generated from improved operating performance, asset utilization, and insourcing of certain IT activities;
- lower fuel price;
- lower stock-based compensation primarily due to a stock price reduction in the quarter, compared to a strong increase in the fourth quarter of 2013;
- lower pension expense; and
- lower depreciation expense.

This decrease was partially offset by:

- the unfavourable impact of the change in FX;
- higher volume variable expenses as a result of an increase in workload, as measured by GTMs;

- higher wage and benefit inflation;
- a 2013 reduction in WCB liabilities mainly due to a higher discount rate and favourable claims experience; and
- an insurance recovery in the fourth quarter of 2013, related to flooding in 2011.

13. CHANGES IN ACCOUNTING POLICY

2014 Accounting Change

Unrecognized Tax Benefit Liability

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists, an amendment to FASB Accounting Standards Codification ("ASC") Topic 740. The amendments require an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, with certain exception applied. This ASU is effective prospectively for public entities for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of this ASU is not expected to have a material impact to the Company's financial statements.

Future Accounting Changes

Reporting discontinued operations and disclosures of disposals of components

In April 2014, FASB issued ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, an amendment to FASB ASC Topic 205 and Topic 360. The update amends the definition of a discontinued operation in Topic 205, expands disclosure requirements for transactions that meet the definition of a discontinued operation and requires entities to disclose information about individually significant components that are disposed of or held for sale and do not qualify as discontinued operations. In addition, an entity is required to separately present assets and liabilities of a discontinued operation for all comparative periods and separately present assets and liabilities of assets held for sale in the initial period in which the disposal group is classified as held for sale on the face of the consolidated balance sheets. For each period in which assets and liabilities are separately presented on the consolidated balance sheets, those amounts should not be offset and presented as a single amount. This ASU will be effective for public entities for fiscal years, and interim periods within those years, beginning after December 15, 2014 and will be applied prospectively. The adoption of this ASU is not expected to have a material impact to the Company's financial statements.

Revenue from contracts with customers

In May 2014, FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, a new FASB ASC Topic 606 which supersedes the revenue recognition requirements in Topic 605 and most industry-specific guidance throughout the Industry Topics of the Codification. This new standard requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new standard requires enhanced disclosures about revenue to help users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This ASU will be effective for public entities for fiscal years, and interim periods within those years, beginning after December 15, 2016. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt the ASU. The Company has not, at this time, ascertained the full impact on the consolidated financial statements from the adoption of this new standard but does not expect the impact to be material.

14. LIQUIDITY AND CAPITAL RESOURCES

The Company believes adequate amounts of cash and cash equivalents are available in the normal course of business to provide for ongoing operations, including the obligations identified in the tables in Section 20, Contractual Commitments and Section 21, Future Trends and Commitments. The Company is not aware of any trends or expected fluctuations in the Company's liquidity that would create any deficiencies. Liquidity risk is discussed further in Section 22, Business Risks. The following discussion of operating, investing and financing activities describes the Company's indicators of liquidity and capital resources.

Operating Activities

Cash provided by operating activities was $2,123 million in 2014, an increase of $173 million from $1,950 million in 2013. This increase was largely due to improved earnings partially offset by higher income taxes paid and an increase in accounts receivable resulting from higher customer billings.

Investing Activities

Cash used in investing activities was $750 million in 2014, a decrease of $847 million from $1,597 million in 2013. This decrease was primarily due to a reduction in Restricted cash and cash equivalents related to the collateralizing of letters of credit, discussed further in Section 20, Business Risks. In addition the decrease reflects the proceeds received in 2014 from the sale of DM&E West, partially offset by higher additions to properties.

Additions to properties ("capital programs") were $1,449 million in 2014, an increase of $213 million from $1,236 million in 2013. The increase, primarily in track and rolling stock investments, reflects CP's strategy of reinvesting in the plant, enhancing throughput and capacity, and optimizing existing assets.

Capital Programs

For the year ended December 31 (in millions, except for miles and crossties)	**2014**	2013	2012
Additions to properties			
Track and roadway	**$ 1,011**	$ 831	$ 744
Rolling stock	**219**	169	155
Information systems	**96**	110	105
Buildings and other	**150**	155	148
Total – accrued additions to properties	**1,476**	1,265	1,152
Less:			
Other non-cash transactions	**27**	29	4
Cash invested in additions to properties (per Consolidated Statements of Cash Flows)	**$ 1,449**	$ 1,236	$ 1,148
Track installation capital programs			
Track miles of rail laid (miles)	**492**	429	470
Track miles of rail capacity expansion (miles)	**21**	24	32
Crossties installed (thousands)	**1,040**	926	794

Track and roadway expenditures include the replacement and enhancement of the Company's track infrastructure. Of the $1,011 million additions in 2014, approximately $875 million was dedicated to the renewal of depleted assets; namely rail, ties, ballast, signals, bridges, and compliance with the Positive Train Control ("PTC") regulatory mandate. The remaining $136 million was targeted on network improvements to increase productivity, efficiency, and capacity.

Rolling stock investments encompass locomotives and freight cars. In 2014, expenditures on locomotives were approximately $123 million and were focused on the remanufacture of older four-axle yard units. Expenditures on freight cars were approximately $96 million and were largely acquisitions of existing units previously leased.

The remaining capital expenditures are allocated to information services, buildings, and other. In 2014, CP invested approximately $96 million in information systems primarily focused on insourcing, rationalizing, and modernizing core hardware and applications. Investments in buildings and other items were $117 million and included intermodal and automotive terminals, shop equipment, and facilities. Expenditures on intermodal containers were approximately $33 million and included replacement units for containers at the end of their service life and incremental units to meet growing demand.

Additions to properties ("capital programs") in 2015 are expected to be approximately $1.5 billion. Approximately 70% of planned capital programs are for track and roadway, 10% are for rolling stock assets, between 5% and 10% are for information services, and between 10% and 15% are for buildings and other.

CP intends to finance capital expenditures with available cash from operations, but may partially finance these expenditures with new debt, capital leases and temporary draws on the Company's credit facility. The Company's decisions on funding equipment acquisitions will be influenced by such factors as optimizing the Company's capital structure and maintaining the Company's debt covenants and investment grade rating, as well as the amount of cash flow CP believes can be generated from operations and prevailing capital market conditions.

Financing Activities

Cash used in financing activities was $1,630 million in 2014, as compared to $220 million in 2013. This increase was largely due to payments made to buy back shares under the share repurchase program, discussed further in Section 17, Shareholder Returns and a repayment of a capital lease. These uses of cash were partially offset by proceeds from the issuance of commercial paper of U.S. $675 million (CDN $771 million), discussed further in Section 22, Business Risks.

The Company has available, as sources of financing, up to U.S. $2 billion under its revolving credit facility and up to CDN $188 million under its bilateral letter of credit facilities, discussed further in Section 22, Business Risks.

Debt to Total Capitalization

Debt to total capitalization is the sum of long-term debt, long-term debt maturing within one year and short-term borrowing, divided by debt plus total Shareholders' equity as presented on the Company's Consolidated Balance Sheets. At December 31, 2014, the Company's debt to total

capitalization increased to 50.8%, compared with 40.7% at December 31, 2013. This increase was largely due to the share repurchase program discussed further in Section 17, Shareholder Returns, and issuance of U.S. $675 million in commercial paper. These increases were partially offset by an increase in equity driven by increased earnings in 2014.

Interest Coverage Ratio

Interest coverage ratio is used in assessing the Company's debt servicing capabilities. This ratio provides an indicator of the Company's debt servicing capabilities, and how these have changed, period over period and in comparison to the Company's peers. Interest coverage ratio is measured, on a rolling twelve month basis, as EBIT divided by Net interest expense, discussed further in Section 15, Non-GAAP Measures. At December 31, 2014, the Company's interest coverage ratio was 8.2, compared with 5.0 at December 31, 2013. This improvement was primarily due to year over year improvement in EBIT. In 2014, EBIT was impacted by FX on LTD, discussed further in Section 15, Non-GAAP Measures, and the recovery of prior year labour restructuring charges, while in 2013 EBIT was impacted by the recovery of prior year labour restructuring charges, asset impairment charges, and management transition costs, discussed further in Section 15, Non-GAAP Measures.

Excluding these significant items from EBIT, Adjusted interest coverage ratio was 8.3 at December 31, 2014, compared with 6.6 at December 31, 2013. This increase was primarily due to an increase in Adjusted EBIT. Adjusted interest coverage ratio, Adjusted EBIT, and significant items are discussed further in Section 15, Non-GAAP Measures.

Credit Measures

Credit ratings provide information relating to the Company's financing costs, liquidity and operations and affect the Company's ability to obtain short-term and long-term financing and/or the cost of such financing.

A mid-investment grade credit rating is an important measure in assessing the Company's ability to maintain access to public financing and to minimize cost of capital. It also affects the ability of the Company to engage in certain collateralized business activities on a cost effective basis, which is discussed further in Section 22, Business Risks.

Credit ratings and outlooks are based on the rating agencies' methodologies and can change from time to time to reflect their views of CP. Their views are affected by numerous factors including, but not limited to, the Company's financial position and liquidity along with external factors beyond the Company's control.

On April 16, 2014, Standard & Poor's Ratings Services raised CP's long-term corporate credit rating to "BBB" from "BBB-" and assigned a positive outlook to the rating.

On April 24, 2014, Moody's Investors Service upgraded CP's senior unsecured ratings to Baa2 from Baa3 and assigned a positive outlook to the rating.

On June 5, 2014, Dominion Bond Rating Service Limited ("DBRS") upgraded CP's Issuer Rating, Unsecured Debentures and Medium-Term Notes ratings to "BBB" from "BBB (low)" and assigned a positive outlook to the ratings.

On October 27, 2014, DBRS upgraded CP's Issuer Rating, Unsecured Debentures and Medium-Term Notes ratings to "BBB (high)" and assigned a stable outlook to the ratings. On November 4, 2014, DBRS assigned an "R-2 (high)" rating to the Company's U.S. $1 billion commercial paper program.

On November 4, 2014, Standard & Poor's Rating Services raised CP's long-term corporate credit rating to "BBB+" from "BBB", senior secured debt rating to "A" from "A-", senior unsecured debt rating to "BBB+" from "BBB" and assigned stable outlook to the rating. Separately, Standard & Poor's Rating Service assigned its "A-2" short-term corporate credit rating, and assigned its "A-2" global scale relating to the Company's US$1 billion commercial paper program.

On November 7, 2014, Moody's Investor Service upgraded CP's senior unsecured ratings to Baa1 from Baa2 and assigned a stable outlook to the rating. Separately, Moody's Investor Service assigned a "P-2" rating to the Company's U.S. $1 billion commercial paper program.

Adjusted net debt to Adjusted earnings before interest, tax, depreciation and amortization ("EBITDA") is a non-GAAP measure that management uses to evaluate CP's financial discipline with respect to capital markets credit sensitivities. The Company's goal is to maintain a degree of continuity and predictability for investors by meeting a minimum threshold.

Adjusted net debt to adjusted EBITDA for the years ended December 31, 2014, 2013, and 2012 was 2.3, 2.2, and 3.2 times, respectively. The increase between 2013 and 2014 is due to additional debt issued under the commercial paper program, offset by the improved net income at December 31, 2014. The decrease of 1.0 between 2012 and 2013 reflects the Company's improved net income and a net asset position for the Company's main Canadian defined benefit pension plan at December 31, 2013. Adjusted net debt to Adjusted EBITDA is discussed further in Section 15, Non-GAAP Measures.

Free Cash

Free cash and cash flow before dividends are Non-GAAP measures that management considers to be indicators of liquidity. These measures are discussed further in Section 15, Non-GAAP Measures.

CP generated positive free cash of $725 million in 2014, compared to $530 million in 2013. The improvement in free cash of $195 million was primarily due to improved earnings and proceeds received from the sale of DM&E West. This increase was partially offset by higher capital additions and higher income tax payments.

15. NON-GAAP MEASURES

The Company presents non-GAAP measures and cash flow information to provide a basis for evaluating underlying earnings and liquidity trends in the Company's business that can be compared with the results of operations in prior periods. In addition, these non-GAAP measures facilitate a multi-period assessment of long-term profitability allowing management and other external users of the Company's consolidated financial statements to compare profitability on a long-term basis with that of the Company's peers.

These non-GAAP measures exclude other significant items that are not among the Company's normal ongoing revenues and operating expenses. These non-GAAP measures have no standardized meaning and are not defined by GAAP and, therefore, may not be comparable to similar measures presented by other companies.

Operating expenses, excluding significant items, provide relevant and useful information for evaluating the effectiveness of the Company's operations and underlying business trends.

Operating income, excluding significant items, provides a measure of the profitability of the railway on an ongoing basis.

Income, excluding significant items, provides management with a measure of income on an ongoing basis.

Diluted earnings per share, excluding significant items, provides the same information on a per share basis.

Operating ratio, excluding significant items, calculated as operating expenses, excluding significant items divided by revenues, provides the percentage of revenues used to operate the railway on an ongoing basis.

Significant Items

Significant items are material transactions that may include, but are not limited to, restructuring and asset impairment charges, gains and losses on non-routine sales of assets and other items that are not normal course business activities.

In 2014, there were two significant items included in Net income as follows:

- in the fourth quarter, a $12 million charge ($9 million after tax) due to foreign exchange translation on CP's U.S. dollar denominated long-term debt issued to facilitate the share repurchase program; and
- in the first quarter, a recovery of $4 million ($3 million after tax) was recorded for CP's 2012 labour restructuring initiative due to favourable experience gains, recorded in Compensation and benefits.

In 2013, there were five significant items included in Net income as follows:

- in the fourth quarter, an asset impairment charge and accruals for future costs totaling $435 million ($257 million after tax) relating to the sale of DM&E West which closed in the second quarter of 2014;
- in the fourth quarter, management transition costs related to the retirement of the Company's Chief Financial Officer and the appointment of the new Chief Financial Officer of $5 million ($4 million after tax);
- in the fourth quarter, a recovery of $7 million ($5 million after tax) of the Company's 2012 labour restructuring initiative due to favourable experience gains, discussed further in Section 9, Operating Expenses;
- in the third quarter, an income tax expense of $7 million as a result of the change in the province of British Columbia's corporate income tax rate; and
- in the first quarter, a recovery of U.S. $9 million (U.S. $6 million after tax) related to settlement of certain management transition amounts which had been subject to legal proceedings.

In 2012, there were six significant items included in Net income as follows:

- in the fourth quarter, an asset impairment charge of $185 million ($111 million after tax) with respect to the option to build into the Powder River Basin and another investment;
- in the fourth quarter, an asset impairment charge of $80 million ($59 million after tax) related to a certain series of locomotives;
- in the fourth quarter, a labour restructuring charge of $53 million ($39 million after tax) as part of a restructuring initiative which was largely completed in 2013 and 2014, with the remaining positions to be eliminated in 2015, discussed further in Section 9, Operating Expenses;
- in the second quarter, a charge of $42 million ($29 million after tax) with respect to compensation and other management transition costs;

- during the first and second quarters, advisory fees of $27 million ($20 million after tax) related to shareholder matters; and
- in the second quarter, an income tax expense of $11 million as a result of the change in the province of Ontario's corporate income tax rate.

Reconciliation of Non-GAAP measures to GAAP measures

(in millions)	For the year ended December 31 2014	2013	2012	For the three months ended December 31 2014	2013
Operating expenses, excluding significant items[1]	**$ 4,285**	$ 4,289	$ 4,386	**$ 1,052**	$ 1,060
Add significant items:					
Labour restructuring	**(4)**	(7)	53	**–**	(7)
Asset impairments	**–**	435	265	**–**	435
Management transition costs	**–**	(4)	42	**–**	5
Operating expenses as reported	**$ 4,281**	$ 4,713	$ 4,746	**$ 1,052**	$ 1,493
Operating income, excluding significant items[1]	**$ 2,335**	$ 1,844	$ 1,309	**$ 708**	$ 547
Add significant items:					
Labour restructuring	**4**	7	(53)	**–**	7
Asset impairments	**–**	(435)	(265)	**–**	(435)
Management transition costs	**–**	4	(42)	**–**	(5)
Operating income as reported	**$ 2,339**	$ 1,420	$ 949	**$ 708**	$ 114
Income, excluding significant items[1]	**$ 1,482**	$ 1,132	$ 753	**$ 460**	$ 338
Add significant items, net of tax:					
Labour restructuring	**3**	5	(39)	**–**	5
Asset impairments	**–**	(257)	(170)	**–**	(257)
Management transition costs	**–**	2	(29)	**–**	(4)
Advisory fees related to shareholder matters	**–**	–	(20)	**–**	–
Impact of foreign exchange translation on USD denominated debt	**(9)**	–	–	**(9)**	–
Income tax rate change	**–**	(7)	(11)	**–**	–
Net income as reported	**$ 1,476**	$ 875	$ 484	**$ 451**	$ 82

[1] These earnings measures have no standardized meanings prescribed by U.S. GAAP and, therefore, may not be comparable to similar measures presented by other companies. These earnings measures and other significant items are described in this section.

Diluted earnings per share	For the year ended December 31 2014	2013	2012	For the three months ended December 31 2014	2013
Excluding significant items	**$ 8.50**	$ 6.42	$ 4.34	**$ 2.68**	$ 1.91
Add significant items:					
Labour restructuring	**0.01**	0.03	(0.22)	**–**	0.03
Asset impairments	**–**	(1.46)	(0.98)	**–**	(1.45)
Management transition costs	**–**	0.01	(0.17)	**–**	(0.02)
Advisory fees related to shareholder matters	**–**	–	(0.12)	**–**	–
Impact of foreign exchange translation on USD denominated debt	**(0.05)**	–	–	**(0.05)**	–
Income tax rate change	**–**	(0.04)	(0.06)	**–**	–
Diluted earnings per share as reported	**$ 8.46**	$ 4.96	$ 2.79	**$ 2.63**	$ 0.47

Operating ratio	For the year ended December 31 2014	2013	2012	For the three months ended December 31 2014	2013
Excluding significant items	**64.7%**	69.9%	77.0%	**59.8%**	65.9%
Add significant items:					
Labour restructuring	**–**	(0.1)%	0.9%	**–**	(0.4)%
Asset impairments	**–**	7.1%	4.7%	**–**	27.1%
Management transition costs	**–**	(0.1)%	0.7%	**–**	0.3%
Operating ratio as reported	**64.7%**	76.8%	83.3%	**59.8%**	92.9%

Free Cash

Free cash and cash flow before dividends are non-GAAP measures that management considers to be indicators of liquidity. The measures are used by management to provide information with respect to the relationship between cash provided by operating activities and investment decisions and provide comparable measures for period to period changes. Free cash is calculated as cash provided by operating activities, less cash used in investing activities, excluding changes in restricted cash and cash equivalents and investment balances used to collateralize letters of credit, and dividends paid, adjusted for changes in cash and cash equivalents balances resulting from FX fluctuations. Cash flows provided by financing activities, excluding dividend payments, are not included in the computation of free cash. Cash flow before dividends is calculated as cash provided by operating activities less cash used in investing activities, excluding changes in restricted cash and cash equivalents and investment balances used to collateralize letters of credit.

Reconciliation of free cash to GAAP cash position[1]

(in millions)	For the year ended December 31 2014	2013	2012
Cash provided by operating activities	**$ 2,123**	$ 1,950	$ 1,328
Cash used in investing activities	**(750)**	(1,597)	(1,011)
Change in restricted cash and cash equivalents used to collateralize letters of credit[2]	**(411)**	411	–
Dividends paid	**(244)**	(244)	(223)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	**7**	10	(1)
Free cash[1]	**$ 725**	$ 530	$ 93
Cash (used in) provided by financing activities, excluding dividend payment	**(1,386)**	24	193
Change in restricted cash and cash equivalents used to collateralize letters of credit[2]	**411**	(411)	–
(Decrease) increase in cash and cash equivalents, as shown on the Consolidated Statements of Cash Flows	**(250)**	143	286
Cash and cash equivalents at beginning of year	**476**	333	47
Cash and cash equivalents at end of year	**$ 226**	$ 476	$ 333

[1] Free cash and cash provided by financing activities, excluding dividend payment have no standardized meaning prescribed by GAAP and, therefore, are unlikely to be comparable to similar measures presented by other companies.

[2] Changes in Restricted cash and cash equivalents related to collateralized letters of credit are discussed further in Section 22, Business Risks.

Interest Coverage Ratio

Interest coverage ratio is used in assessing the Company's debt servicing capabilities. This ratio provides an indicator of the Company's debt servicing capabilities, and how these have changed, period over period and in comparison to the Company's peers. The ratio, measured as EBIT divided by Net interest expense, is reported quarterly and is measured on a twelve month rolling basis. Interest coverage ratio is discussed further in Section 14, Liquidity and Capital Resources.

The interest coverage ratio, excluding significant items, also referred to as Adjusted interest coverage ratio, is calculated as Adjusted EBIT divided by Net interest expense. By excluding significant items which affect EBIT, Adjusted interest coverage ratio provides a metric that is more comparable on a period to period basis. Interest coverage ratio and Adjusted interest coverage ratio are discussed further in Section 14, Liquidity and Capital Resources.

Calculation of Interest Coverage Ratio

(in millions, except for interest coverage ratio)	2014	2013	2012
EBIT[1]	**$ 2,320**	$ 1,403	$ 912
Adjusted EBIT[1]	**$ 2,328**	$ 1,827	$ 1,299
Net interest expense	**$ 282**	$ 278	$ 276
Interest coverage ratio[1]	**8.2**	5.0	3.3
Adjusted interest coverage ratio[1]	**8.3**	6.6	4.7

[1] Interest coverage ratio, Adjusted interest coverage ratio, EBIT and Adjusted EBIT have no standardized meanings prescribed by GAAP and, therefore, are unlikely to be comparable to similar measures of other companies.

ROCE

ROCE is an all-encompassing measure of performance which measures how productively the Company uses its assets. ROCE is defined as EBIT (on a rolling twelve month basis) divided by the average for the twelve months of total assets, less current liabilities excluding the current portion of long-term debt. ROCE, excluding significant items, also referred to as Adjusted ROCE, is calculated as Adjusted EBIT divided by the average for the twelve months of total assets, less current liabilities excluding the current portion of long-term debt. By excluding significant items which affect EBIT, Adjusted ROCE provides a metric that is more comparable on a period to period basis. ROCE and Adjusted ROCE are discussed further in Section 6, Operating Results.

Calculation of Adjusted ROCE

(in millions, except for percentages)	2014	2013	2012
EBIT for the year ended December 31[1]	**$ 2,320**	$ 1,403	$ 912
Adjusted EBIT for the year ended December 31[1]	**$ 2,328**	$ 1,827	$ 1,299
Average for the twelve months of total assets, less current liabilities excluding the current portion of long-term debt	**$ 15,617**	$ 14,711	$ 13,251
ROCE[1]	**14.9%**	9.5%	6.9%
Adjusted ROCE[1][2]	**14.9%**	12.4%	9.8%

[1] EBIT, Adjusted EBIT, ROCE and Adjusted ROCE have no standardized meaning prescribed by U.S. GAAP and, therefore, are unlikely to be comparable to similar measures of other companies.

[2] Adjusted ROCE is defined as Adjusted EBIT divided by the average for twelve months of Total assets, less current liabilities, excluding current portion of long-term debt, as measured under GAAP.

Interest coverage ratio and ROCE include EBIT, a non-GAAP measure, which can be calculated as Operating income, less Other income and charges. Adjusted EBIT is calculated as Operating income, excluding significant items less Other income and charges, excluding significant items that are reported in Other income and charges on the Company's income statement. A reconciliation of Operating income to EBIT and Adjusted EBIT, each for the twelve months ended December 31, 2014 and 2013, is presented below:

Earnings before interest and tax (in millions)	**For the year ended December 31** **2014**	2013	2012
Adjusted EBIT[1]	**$ 2,328**	$ 1,827	$ 1,299
Add Significant items:			
Labour restructuring	**4**	7	(53)
Asset impairments	**–**	(435)	(265)
Management transition	**–**	4	(42)
Advisory costs related to shareholder matters	**–**	–	(27)
Impact of foreign exchange translation on USD denominated debt	**(12)**	–	–
EBIT[1]	**2,320**	1,403	912
Add:			
Other income and charges	**19**	17	37
Operating income as reported	**$ 2,339**	$ 1,420	$ 949

[1] EBIT and Adjusted EBIT have no standardized meanings prescribed by GAAP and, therefore, are unlikely to be comparable to similar measures presented by other companies. These earnings measures and significant items are described in this section.

Adjusted Debt to Adjusted EBITDA

Adjusted net debt to Adjusted EBITDA is a non-GAAP measure that management uses to evaluate CP's financial discipline with respect to capital markets' credit sensitivities. Adjusted debt is defined as Long-term debt, Long-term debt maturing within one year and short-term borrowing as reported on the Company's Consolidated Balance Sheets adjusted for unfunded pension and other benefits liability, net of tax and the net present value of operating leases, which is discounted by the Company's effective interest rate for each of the years presented. Adjusted EBITDA is calculated as Adjusted EBIT plus Depreciation and amortization, adjusted for net periodic pension and other benefit cost and operating lease expense.

The following tables reconcile Adjusted debt to Long-term debt and Adjusted EBITDA to Adjusted EBIT for the years ended December 31, 2014, 2013, and 2012.

Reconciliation of Adjusted net debt to Long-term debt

(in millions)	**2014**	2013	2012
Adjusted debt as at December 31	**$ 6,605**	$ 5,394	$ 6,247
Add:			
Net unfunded pension and other benefits liability, net of tax	**(365)**	–	(1,042)
Net present value of operating leases[1]	**(447)**	(518)	(515)
Long-Term debt as at December 31	**$ 5,793**	$ 4,876	$ 4,690

[1] Operating leases were discounted at the Company's effective interest rate for each of the periods presented.

Reconciliation of Adjusted EBITDA to Adjusted EBIT

(in millions)	2014	2013	2012
Adjusted EBITDA for the year ended December 31[1]	**$ 2,864**	$ 2,464	$ 1,957
Add:			
Adjustment for net periodic pension and other benefit cost	**137**	82	63
Operating lease expense	**(121)**	(154)	(182)
Depreciation and amortization	**(552)**	(565)	(539)
Adjusted EBIT for the year ended December 31[1]	**$ 2,328**	$ 1,827	$ 1,299

[1] Adjusted EBITDA and Adjusted EBIT have no standardized meanings prescribed by GAAP and, therefore, are unlikely to be comparable to similar measures presented by other companies. These earnings measures and significant items are described in this section.

16. BALANCE SHEET

Financial position at December 31 ($ millions)	2014	2013	Change	%	Changes during the year ended December 31, 2014, include:
Current Assets					
Cash and cash equivalents	226	476	(250)	(53)	See section 14, Liquidity and Capital Resources.
Restricted cash and cash equivalents	–	411	(411)	(100)	2013 amount pledged as collateral to letters of credit.
Accounts receivable, net	702	580	122	21	Increase primarily due to freight receivables due to higher customer billings.
Materials and supplies	177	165	12	7	Increase in engineering materials for 2015 projects, partially offset by lower fuel inventory.
Deferred income taxes	56	344	(288)	(84)	Decrease due to the use of income tax loss carry forwards and tax credits.
Other current assets	116	53	63	119	Increase primarily due to higher prepaid income taxes.
Current Liabilities					
Accounts payable and accrued liabilities	1,277	1,189	88	7	Increase primarily due to higher income and other taxes payable as well as amounts payable for CP common shares repurchased, discussed further in Section 17, Shareholder Returns.
Long-term debt maturing within one year	134	189	(55)	(29)	Decrease is primarily due to debt repayments of $183 million, partially offset by amounts reclassed from long term debt.
Non-current assets					
Investments	112	92	20	22	Increase due to equity earnings and FX on U.S. investment balances.
Properties	14,438	13,327	1,111	8	Increase due to capital additions and FX, partially offset by depreciation and assets reclassed to Assets held for sale.
Assets held for sale	182	222	(40)	(18)	Decrease due to completion of DM&E West sale in 2014, partially offset by the transfer of certain assets of D&H from properties, discussed further in Section 21, Future Trends and Commitments.
Goodwill and intangible assets	176	162	14	9	Increase primarily due to FX.
Pension asset	304	1,028	(724)	(70)	Decrease primarily due to lower discount rates, partially offset by investment returns on plan assets greater than expected.
Other assets	151	200	(49)	(25)	Decrease primarily due to settling of currency forwards and various other reductions.

Financial position at December 31 ($ millions)	2014	2013	Change	%	Changes during the year ended December 31, 2014, include:
Non-current liabilities					
Pension and other benefit liabilities	755	657	98	15	Increase primarily due to lower discount rates.
Other long-term liabilities	432	338	94	28	Increase due to higher share based liabilities from new grants and a higher share price compared to 2013.
Long-term debt	5,659	4,687	972	21	Increase due to the issuance of commercial paper, discussed further in Section 22, Business Risks, and FX, partially offset by amounts reclassed to current.
Deferred income taxes	2,773	2,903	(130)	(4)	Decrease primarily due to a recovery on other comprehensive loss, partially offset by deferred income tax expenses on earnings, utilization of loss carry-forwards, and FX.
Shareholders' equity					
Share capital	2,185	2,240	(55)	(2)	Decrease due to CP common shares repurchased, partially offset by shares issued under CP's stock option plans.
Additional paid-in capital	36	34	2	6	Increase due to stock option expense, partially offset by options exercised.
Accumulated other comprehensive loss	(2,219)	(1,503)	(716)	48	Increase primarily due to changes in pension and post-retirement defined benefit plans.
Retained earnings	5,608	6,326	(718)	(11)	Decrease due to CP common shares repurchased and dividends declared, partially offset by Net income.

17. SHAREHOLDER RETURNS

Share Capital

At February 20, 2015, 164,538,579 common shares and no preferred shares were issued and outstanding. In addition, CP has a Management Stock Option Incentive Plan ("MSOIP") under which key officers and employees are granted options to purchase CP shares. Each option granted can be exercised for one Common Share. At February 20, 2015, 2.6 million options were outstanding under the Company's MSOIP and Directors' Stock Option Plan, as well as stand-alone option agreements entered into with Mr. E. Hunter Harrison, Mr. Keith Creel and Mr. Bart Demosky. 2.5 million additional options may be issued in the future under the MSOIP and Directors' Stock Option Plan.

Stock Price

The market value per CP common share, as listed on the Toronto Stock Exchange was $223.75 at December 31, 2014, an increase of $63.10 per share from $160.65 at December 31, 2013. The market value per CP common share at December 31, 2013 was an increase of $59.75 per share from $100.90 at December 31, 2012.

Return on Capital Employed

ROCE is a measure of performance which measures how productively the Company uses its assets. ROCE was 14.9% at December 31, 2014, compared with 9.5% in the same period of 2013. This increase was primarily due to an increase in EBIT. ROCE is discussed further in Section 15, Non-GAAP Measures.

Cash Returned to Shareholders

On December 16, 2014, the Company's Board of Directors declared a quarterly dividend of $0.3500 per share, unchanged from 2013, on the outstanding common shares. The dividend is payable on January 26, 2015 to holders of record at the close of business on December 31, 2014.

Dividends

Dividends declared by the Board of Directors in the last three years are as follows:

Dividend amount	Record date	Payment date
$0.3500	March 27, 2015	April 27, 2015
$0.3500	December 31, 2014	January 26, 2015
$0.3500	September 26, 2014	October 27, 2014
$0.3500	June 27, 2014	July 28, 2014
$0.3500	March 28, 2014	April 28, 2014
$0.3500	December 27, 2013	January 27, 2014
$0.3500	September 27, 2013	October 28, 2013
$0.3500	June 28, 2013	July 29, 2013
$0.3500	March 28, 2013	April 29, 2013
$0.3500	December 28, 2012	January 28, 2013
$0.3500	September 28, 2012	October 29, 2012
$0.3500	June 22, 2012	July 30, 2012
$0.3000	March 30, 2012	April 30, 2012

Share Repurchase Program

On March 11, 2014, the Company announced a new share repurchase program to implement a normal course issuer bid ("NCIB") to purchase, for cancellation, up to 5.3 million common shares. On September 29, 2014, the Company announced the amendment of the bid to increase the maximum number of its Common Shares that may be purchased from 5.3 million to 12.7 million of its outstanding Common Shares, effective October 2, 2014. Under the filing, share purchases may be made during the twelve month period that began March 17, 2014, and ends March 16, 2015. The purchases are made at the market price on the day of purchase, with the net proceeds allocated to share capital up to the average carrying amount of the shares, and any excess allocated to retained earnings.

CP believes that the purchase of its shares from time to time is an appropriate and advantageous use of the Company's funds to maximize shareholder value.

Purchases of the Company's common shares may be made through the facilities of the TSX, the New York Stock Exchange ("NYSE") and alternative trading platforms by means of open market transactions or by such other means as may be permitted by the TSX and under applicable securities laws, including by private agreement pursuant to issuer bid exemption orders issued by applicable securities regulatory authorities. The purchase price for any common shares under the share repurchase program will be the market price at the time of purchase or such other price as may be permitted by the TSX. Any private purchase made under an exemption order issued by a securities regulatory authority will generally be at a discount to the prevailing market price. The actual number of common shares repurchased under the NCIB and the timing of any such purchases will be determined by the Company and there cannot be any assurances as to how many common shares will ultimately be acquired under the NCIB. From October 2, 2014 to December 31, 2014 the Company repurchased 5.2 million common shares for $1,102 million at an average price of $211.67 per share. From March 17, 2014 to December 31, 2014, the Company repurchased 10.5 million Common shares for $2,089 million at an average price of $199.42 per share.

18. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The Company categorizes its financial assets and liabilities measured at fair value in line with the fair value hierarchy established by GAAP that prioritizes, with respect to reliability, the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs consist of quoted prices (unadjusted) in active markets for identical assets and liabilities and gives the highest priority to these inputs. Level 2 and 3 inputs are based on significant other observable inputs and significant unobservable inputs, respectively, and gives lower priority to these inputs.

When possible, the estimated fair value is based on quoted market prices and, if not available, estimates from third party brokers. For non-exchange traded derivatives classified in Level 2, the Company uses standard valuation techniques to calculate fair value. Primary inputs to these techniques include observable market prices (interest, foreign exchange and commodity) and volatility, depending on the type of derivative and nature of the underlying risk. The Company uses inputs and data used by willing market participants when valuing derivatives and considers its own credit default swap spread as well as those of its counterparties in its determination of fair value.

Carrying Value and Fair Value of Financial Instruments

The carrying values of financial instruments equal or approximate their fair values with the exception of long-term debt which has a fair value of approximately $6,939 million and a carrying value of $5,793 million at December 31, 2014. At December 31, 2013, long-term debt had a fair value of approximately $5,572 million and a carrying value of $4,876 million. The estimated fair value of current and long-term borrowings has been determined based on market information where available, or by discounting future payments of interest and principal at estimated interest rates expected to be available to the Company at period end. All derivatives and long-term debt are classified as Level 2.

Financial Risk Management

Derivative Financial Instruments

Derivative financial instruments may be used to selectively reduce volatility associated with fluctuations in interest rates, foreign exchange rates, the price of fuel and stock-based compensation expense. Where derivatives are designated as hedging instruments, the relationship between the hedging instruments and their associated hedged items is documented, as well as the risk management objective and strategy for the use of the hedging instruments. This documentation includes linking the derivatives that are designated as fair value or cash flow hedges to specific assets or liabilities on the Consolidated Balance Sheets, commitments or forecasted transactions. At the time a derivative contract is entered into, and at least quarterly thereafter, an assessment is made whether the derivative item is effective in offsetting the changes in fair value or cash flows of the hedged items. The derivative qualifies for hedge accounting treatment if it is effective in substantially mitigating the risk it was designed to address.

It is not the Company's intent to use financial derivatives or commodity instruments for trading or speculative purposes.

Credit Risk Management

Credit risk refers to the possibility that a customer or counterparty will fail to fulfill its obligations under a contract and as a result create a financial loss for the Company.

The railway industry predominantly serves financially established customers and the Company has experienced limited financial losses with respect to credit risk. The credit worthiness of customers is assessed using credit scores supplied by a third party, and through direct monitoring of their financial well-being on a continual basis. The Company establishes guidelines for customer credit limits and should thresholds in these areas be reached, appropriate precautions are taken to improve collectability.

Counterparties to financial instruments expose the Company to credit losses in the event of non-performance. Counterparties for derivative and cash transactions are limited to high credit quality financial institutions, which are monitored on an on-going basis. Counterparty credit assessments are based on the financial health of the institutions and their credit ratings from external agencies. The Company does not anticipate non-performance that would materially impact the Company's financial statements. In addition, the Company believes there are no significant concentrations of credit risk.

Foreign Exchange Management

The Company conducts business transactions and owns assets in both Canada and the United States. As a result, the Company is exposed to fluctuations in value of financial commitments, assets, liabilities, income or cash flows due to changes in FX rates. The Company may enter into foreign exchange risk management transactions primarily to manage fluctuations in the exchange rate between Canadian and U.S. currencies. FX exposure is primarily mitigated through natural offsets created by revenues, expenditures and balance sheet positions incurred in the same currency. Where appropriate, the Company may negotiate with customers and suppliers to reduce the net exposure.

Occasionally the Company will enter into short-term FX forward contracts as part of its cash management strategy.

Net Investment Hedge

The FX gains and losses on long-term debt are mainly unrealized and can only be realized when U.S. dollar denominated long-term debt matures or is settled. The Company also has long-term FX exposure on its investment in U.S. affiliates. The majority of the Company's U.S. dollar denominated long-term debt has been designated as a hedge of the net investment in foreign subsidiaries. This designation has the effect of mitigating volatility on net income by offsetting long-term FX gains and losses on U.S. dollar denominated long-term debt and gains and losses on its net investment.

Foreign Exchange Forward Contracts

The Company may enter into FX forward contracts to lock-in the amount of Canadian dollars it has to pay on U.S. dollar denominated debt maturities.

At December 31, 2014, the Company had no remaining FX forward contracts to fix the exchange rate on U.S. dollar denominated debt maturities. At December 31, 2013, the Company had FX forward contracts to fix the exchange rate on U.S. $100 million of principal outstanding on a capital lease due in January 2014, U.S. $175 million of its 6.50% Notes due in May 2018, and U.S. $100 million of its 7.25% Notes due in May 2019. These derivatives, which were accounted for as cash flow hedges, guaranteed the amount of Canadian dollars that the Company would repay when these obligations mature.

During the three months ended March 31, 2014, the Company settled the FX forward contract related to the repayment of a capital lease due in January 2014 for proceeds of $8 million.

During the three months ended June 30, 2014, the Company de-designated and settled prior to maturity the FX forward contracts related to the repayment of its 6.5% Notes due in May 2018 and its 7.25% Notes due in May 2019 for proceeds of $17 million settled in the third quarter of 2014 with the offset recorded as realized gains of $3 million in Accumulated other comprehensive loss and $14 million in Retained earnings. Amounts remaining in Accumulated other comprehensive loss are being amortized to Other income and charges until the underlying debts, which were hedged, are repaid. The amount being amortized to Other income and charges in 2014 is not significant. At December 31, 2013, the unrealized gain derived from these FX forwards was $25 million of which $6 million was included in Other current assets and $19 million in Other assets with the offset reflected as an unrealized gain of $5 million in Accumulated other comprehensive loss and as an unrealized gain of $20 million in Retained earnings.

During 2014, the combined realized and unrealized foreign exchange gain was $3 million, recorded in Other income and charges relating to these settled derivatives, compared to an unrealized foreign exchange gain of $18 million in 2013. Gains recorded in Other income and charges were largely offset by unrealized losses on the underlying debt which the derivatives were designated to hedge.

Interest Rate Management

The Company is exposed to interest rate risk, which is the risk that the fair value or future cash flows of a financial instrument will vary as a result of changes in market interest rates. In order to manage funding needs or capital structure goals, the Company enters into debt or capital lease agreements that are subject to either fixed market interest rates set at the time of issue or floating rates determined by on-going market conditions. Debt subject to variable interest rates exposes the Company to variability in interest expense, while debt subject to fixed interest rates exposes the Company to variability in the fair value of debt.

To manage interest rate exposure, the Company accesses diverse sources of financing and manages borrowings in line with a targeted range of capital structure, debt ratings, liquidity needs, maturity schedule, and currency and interest rate profiles. In anticipation of future debt issuances, the Company may enter into forward rate agreements such as treasury rate locks, bond forwards or forward starting swaps, designated as cash flow hedges, to substantially lock in all or a portion of the effective future interest expense. The Company may also enter into swap agreements, designated as fair value hedges, to manage the mix of fixed and floating rate debt.

Forward Starting Swaps

During the fourth quarter of 2014, the Company entered into forward starting floating-to-fixed interest rate swap agreements ("forward starting swaps") totaling a notional U.S. $1.4 billion to fix the benchmark rate on cash flows associated with highly probable forecasted issuances of long-term notes. The effective portion of changes in fair value on the forward starting swaps are recorded in Accumulated other comprehensive loss, net of tax, as cash flow hedges until the probable forecasted note is issued. Subsequent to the notes issuance, amounts in Accumulated other comprehensive loss are reclassified to Net interest expense. As at December 31, 2014, the unrealized loss derived from the forward starting swaps was $46 million of which $21 million was included in Accounts payable and accrued liabilities and $25 million in Other long-term liabilities with the offset reflected in Other comprehensive (loss) income on the Company's Interim Consolidated Statements of Comprehensive Income (Loss).

Interest Rate Swaps

During the fourth quarter of 2014, the Company also entered into floating-to-fixed interest rate swap agreements totaling U.S. $600 million to hedge the variability in cash flow associated with fluctuations in interest rates on commercial paper issuances. These swaps expire in 2015 and are accounted for as a cash flow hedge. The effective portion of changes in fair value of the swaps is recorded in Accumulated other comprehensive loss, net of tax. Subsequent to the commercial paper issuance, the amounts recorded in Accumulated other comprehensive loss are reclassified to Net interest expense. At December 31, 2014, the unrealized gain, recorded in Other current assets on the Company's Consolidated Balance Sheets, was not significant. The offset was reflected in Other comprehensive (loss) income on the Company's Interim Consolidated Statements of Comprehensive Income (Loss).

At December 31, 2013, the Company had no outstanding interest rate swaps.

Treasury Rate Locks

At December 31, 2014, the Company had net unamortized losses related to interest rate locks, which are accounted for as cash flow hedges, settled in previous years totaling $21 million, as compared to net unamortized losses of $22 million at December 31, 2013. These amounts are composed of various unamortized gains and losses related to specific debts which are reflected in Accumulated other comprehensive loss and are amortized to Net interest expense in the period that interest on the related debt is charged. The amortization of these gains and losses resulted in a negligible increase to Net interest expense and Other comprehensive loss in 2014 and comparative periods.

Fuel Price Management

The Company is exposed to commodity risk related to purchases of diesel fuel. CP employs a fuel cost recovery program designed to automatically respond to fluctuations in fuel prices and help reduce volatility to changing fuel prices, and the potential reduction in net income due to increases in the price of diesel. Fuel expense constitutes a large portion of the Company's operating costs and volatility in diesel fuel prices can have a significant impact on the Company's income. Items affecting volatility in diesel prices include, but are not limited to, fluctuations in world markets for crude oil and distillate fuels, which can be affected by supply disruptions and geopolitical events.

The impact of variable fuel expense is mitigated substantially through fuel cost recovery programs which apportion incremental changes in fuel prices to shippers through price indices, tariffs, and by contract, within agreed upon guidelines. While these programs provide effective and meaningful coverage, residual exposure remains as the fuel expense risk may not be completely recovered from shippers due to timing and volatility in the market. In the past, to address the residual portion of CP's fuel costs not mitigated by its fuel cost recovery programs, CP had a systematic hedge program. As a result of improving coverage from its fuel cost recovery programs, CP exited its hedging program during the first quarter of 2013.

19. OFF-BALANCE SHEET ARRANGEMENTS

Guarantees

At December 31, 2014, the Company had residual value guarantees on operating lease commitments of $120 million. The maximum amount that could be payable under these and all of the Company's other guarantees cannot be reasonably estimated due to the nature of certain guarantees. All or a portion of amounts paid under certain guarantees could be recoverable from other parties or through insurance. The Company has accrued for all guarantees that it expects to pay. As at December 31, 2014, these accruals amounted to $3 million compared with $6 million as at December 31, 2013.

20. CONTRACTUAL COMMITMENTS

The accompanying table indicates the Company's obligations and commitments to make future payments for contracts, such as debt, capital lease and commercial arrangements.

Contractual Commitments

At December 31, 2014

Payments due by period (in millions)	**Total**	2015	2016 & 2017	2018 & 2019	2020 & beyond
Contractual commitments					
Long-term debt	**$ 5,673**	$ 131	$ 845	$ 1,164	$ 3,533
Capital lease	**150**	3	7	8	132
Operating lease[1]	**569**	114	155	98	202
Supplier purchase	**1,396**	217	266	208	705
Other long-term liabilities[2]	**648**	114	126	114	294
Total contractual commitments	**$ 8,436**	$ 579	$ 1,399	$ 1,592	$ 4,866

[1] Residual value guarantees on certain leased equipment with a maximum exposure of $120 million, discussed further in Section 19, Off-Balance Sheet Arrangements, are not included in the minimum payments shown above, as management believes that CP will not be required to make payments under these residual guarantees.

[2] Includes expected cash payments for restructuring, environmental remediation, asset retirement obligations, post-retirement benefits, workers' compensation benefits, long-term disability benefits, pension benefit payments for the Company's non-registered supplemental pension plan, deferred income tax liabilities and certain other long-term liabilities. Projected payments for post-retirement benefits, workers' compensation benefits and long-term disability benefits include the anticipated payments for years 2015 to 2024. Pension contributions for the Company's registered pension plans are not included due to the volatility in calculating them. Pension payments are discussed further in Section 23, Critical Accounting Estimates. Deferred income tax liabilities may vary resulting from changes in tax rates, tax regulations and the operating results of the Company. As the cash impact in any particular year cannot be reasonably determined, all long-term deferred tax liabilities have been reflected in the "2020 & beyond" category in this table. Deferred income taxes are discussed further in Section 23, Critical Accounting Estimates.

21. FUTURE TRENDS AND COMMITMENTS

Agreements and Recent Developments

Resolution of certain legal proceedings

In 2013, CP provided an interest free loan pursuant to a court order in the amount of $20 million to a corporation owned by a court appointed trustee ("the judicial trustee") to facilitate the acquisition of a building. The building was held in trust during the legal proceedings with regard to

CP's entitlement to an exercised purchase option of the building ("purchase option"). As at December 31, 2014, the loan of $20 million and the purchase option, book value of $8 million, were recorded as Other assets in the Company's Consolidated Balance Sheets.

In January 2015, CP reached a settlement with a third party that, following the sale of the building to an arm's length third party in February 2015, will result in CP receiving net proceeds of $59 million for the sale of the building and resolution of legal proceedings. The net proceeds would include repayment of the aforementioned loan to the judicial trustee. CP expects to record a gain of approximately $31 million ($27 million after-tax) to Purchased services and other in the first quarter of 2015.

Issuance of long-term debt and settlement of forward starting swaps

On January 28, 2015, CP announced the issuance of U.S. $700 million 2.900% 10-year Notes due February 1, 2025 for net proceeds of U.S. $694 million. This transaction closed on February 2, 2015. The net proceeds will be used for general corporate purposes, capital investments, and share repurchases.

On January 28, 2015, the Company settled a notional U.S. $700 million of forward starting swaps, designated as a cash flow hedge related to the issuance of the notes described above. The fair value of these derivative instruments was a loss of U.S. $50 million at the time of the settlement. Effective hedge losses were deferred in Accumulated other comprehensive loss and will be amortized to Net interest expense until the underlying notes, which were hedged, are repaid.

Joint venture with DREAM Unlimited

On January 20, 2015, CP announced it had an agreement to create a joint venture with DREAM Unlimited called DREAM Van Horne Properties. The joint venture was created to evaluate the Company's real estate, and to explore innovative ways to maximize value, including industrial, commercial and residential development.

Sale of the Delaware and Hudson Railway Company

On November 17, 2014, the Company announced a proposed agreement with Norfolk Southern Corporation ("NS") for the sale of approximately 283 miles of the Delaware and Hudson Railway Company Inc.'s line between Sunbury, Pennsylvania, and Schenectady, New York. The assets expected to be sold to NS upon completion of this transaction have been classified as Assets held for sale on the Company's Consolidated Balance Sheets. The assets continue to be reported at their carrying value as this is lower than their expected fair value. The sale to NS, when agreed, will be subject to regulatory approval by the U.S. Surface Transportation Board and is expected to close in 2015.

Legal Proceedings Related To Lac-Mégantic Rail Accident

On July 6, 2013, a train carrying crude oil operated by Montreal Maine and Atlantic Railway ("MM&A") derailed and exploded in Lac-Mégantic, Quebec on a section of railway line owned by MM&A. The previous day CP had interchanged the train to MM&A, and after that interchange MM&A exercised exclusive control over the train.

Following this incident, the Minister of Sustainable Development, Environment, Wildlife and Parks of Quebec issued an order directing certain named parties to recover the contaminants and to clean up and decontaminate the derailment site. CP was added as a named party on August 14, 2013. CP is a party to an administrative appeal with respect to this order. No hearing date on the merits of CP's appeal has been scheduled.

A class action lawsuit has also been filed in the Superior Court of Quebec on behalf of a class of persons and entities residing in, owning or leasing property in, operating a business in or physically present in Lac-Mégantic. The lawsuit seeks damages caused by the derailment including for wrongful deaths, personal injuries, and property damages. CP was added as a defendant on August 16, 2013. The Superior Court of Quebec is not expected to release its judgment on the authorization of the class action before the end of February 2015.

In the wake of the derailment and ensuing litigation, MM&A filed for bankruptcy in Canada and the United States. In an Adversary Proceeding filed by the MM&A U.S. bankruptcy trustee against CP, Irving Oil and the World Fuel entities, CP has been accused of failing to ensure that World Fuel or Irving Oil properly classified the oil lading and of not refusing to ship the oil in DOT-111 tank cars. CP intends to move to withdraw the bankruptcy court reference and will thereafter seek to have the claim against CP dismissed as federally preempted.

In addition, CP has received two damage to cargo notices of claims from the shipper of the oil on the derailed train, Western Petroleum. Western Petroleum has submitted U.S. and Canadian notices of claims for the same damages and, under the Carmack Amendment (the U.S. damage to cargo statute), seeks to recover for all injuries associated with, and indemnification for all claims arising from, the derailment. Both jurisdictions permit a shipper to recover the value of damaged lading against any carrier in the delivery chain, subject to limitations in the carrier's tariffs. CP's tariffs significantly restrict shipper damage claim rights.

At this early stage in the legal proceedings, any potential liability and the quantum of potential loss cannot be determined. Nevertheless, CP denies liability for MM&A's derailment and will vigorously defend itself in the proceedings described above and in any proceeding that may be commenced in the future.

Sale of the Dakota, Minnesota & Eastern Railroad West End

CP announced its intention to explore strategic options for a portion of its main line track of the DM&E, west of Tracy, Minnesota, on December 4, 2012. On January 2, 2014, the Company executed an agreement with G&W for the sale of DM&E West tracks between Tracy, Minnesota and Rapid City, South Dakota, and between Colony, Wyoming and Crawford, Nebraska. DM&E West encompasses approximately 660 miles and the sale closed on May 30, 2014 for U.S. $218 million (CDN $236 million) in gross proceeds.

Changes in Executive Officers

On May 7, 2014, CP announced Chief Executive Officer E. Hunter Harrison agreed to a contract extension with the railway for an additional year, and will remain with the Company until 2017. Effective October 29, 2014, Mr. Laird Pitz was appointed Vice-President and Chief Risk Officer. On January 21, 2015, the Company announced the appointment of Mr. Timothy Marsh as Senior Vice-President Sales and Marketing. Mr. Marsh replaces Jane O'Hagan who left the Company on May 29, 2014. On February 11, 2015, the Company announced that Executive Vice President and Chief Financial Officer Bart Demosky had decided to leave the Company. Mr. Demosky has agreed to stay on until May 31, 2015.

Changes in Board of Directors

Prior to the Company's shareholder meeting on May 1, 2014, it was announced that Mr. Richard Kelly would not stand for re-election as a member of the Company's Board of Directors. On May 1, 2014, the Company announced that Gary Colter was elected Chairman of the Company's Board of Directors. Mr. Colter replaced Paul Haggis who continues to serve as a director of the Company. Effective May 20, 2014, the Hon. Jim Prentice resigned as a member of the Company's Board of Directors. Mr. Prentice had been appointed to the Board on June 7, 2013.

Environmental

Cash payments related to the Company's environmental remediation program, described in Section 23, Critical Accounting Estimates, totaled $8 million in 2014, compared with $9 million in 2013 and $11 million in 2012. Cash payments for environmental initiatives are estimated to be approximately $16 million in 2015, $11 million in 2016, $9 million in 2017 and a total of approximately $57 million over the remaining years through 2024, which will be paid in decreasing amounts. All payments will be funded from general operations.

CP continues to be responsible for remediation work on portions of a property in the State of Minnesota and continues to retain liability accruals for remaining future expected costs. The costs are expected to be incurred over approximately 10 years. The state's voluntary investigation and remediation program will oversee the work to ensure it is completed in accordance with applicable standards.

Certain Other Financial Commitments

In addition to the financial commitments mentioned previously in Section 19, Off-Balance Sheet Arrangements and Section 20, Contractual Commitments, the Company is party to certain other financial commitments set forth in the table and discussed below.

Letters of Credit

Letters of credit are obtained mainly to provide security to third parties under the terms of various agreements, including workers' compensation and supplemental pension. CP is liable for these contractual amounts in the case of non-performance under these agreements. Letters of credit are accommodated through a revolving credit facility and the Company's bi-lateral letter of credit facility.

Capital Commitments

The Company remains committed to maintaining the current high level of plant quality and renewing the franchise. As part of this commitment, CP has entered into contracts with suppliers to make various capital purchases related to track programs. Payments for these commitments are due in 2015 through 2032. These expenditures are expected to be financed by cash generated from operations or by issuing new debt.

At December 31, 2014

Amount of commitments per period (in millions)	**Total**	2015	2016 & 2017	2018 & 2019	2020 & beyond
Commitments					
Letters of credit	**$ 412**	$ 412	$ –	$ –	$ –
Capital commitments	**427**	288	100	21	18
Total commitments	**$ 839**	$ 700	$ 100	$ 21	$ 18

Pension Plan Surplus and Deficit

A description of future expectations related to the Company's pension plans are included in Section 23, Critical Accounting Estimates.

Restructuring

Cash payments related to severance under all restructuring initiatives totaled $21 million in 2014, compared with $33 million in 2013 and $22 million in 2012. Cash payments for restructuring initiatives are estimated to be approximately $12 million in 2015, $6 million in 2016, $3 million in 2017, and a total of approximately $5 million over the remaining years through 2025. These amounts include residual payments to protected employees for previous restructuring plans that have been completed.

22. BUSINESS RISKS

In the normal course of operations, the Company is exposed to various business risks and uncertainties that can have an effect on financial condition. While some financial exposures are reduced through risk management strategies including the insurance and hedging programs CP has in place, there are certain circumstances where the financial risks are not fully insurable or are driven by external factors beyond the Company's influence or control.

As part of the preservation and delivery of value to the Company's shareholders, CP has developed an integrated Enterprise Risk Management framework to support consistent achievement of key business objectives through daily pro-active management of risk. The objective of the program is to actively manage those potential events that are identified through a thorough evaluation of risks. Each event identified is assessed based on the potential impact and likelihood, taking account of financial, environmental, and reputational impacts, and existing management control. Risk mitigation strategies are formulated to accept, treat, transfer, or eliminate the exposure to the identified events. Readers are cautioned that the following is not an exhaustive list of all the risks to which CP is exposed, nor will the Company's mitigation strategies eliminate all risks listed.

Competition

The Company faces significant competition for freight transportation in Canada and the U.S., including competition from other railways, pipelines, trucking and barge companies. Competition is based mainly on price, quality of service and access to markets. Competition with the trucking industry is generally based on freight rates, flexibility of service and transit time performance. The cost structure and service of competitors could impact the Company's competitiveness and have a materially adverse impact on business or operating results. Certain aspects of competition in Canada are also subject to regulation and are discussed further in Regulatory Authorities below.

To mitigate competition risk, the Company's strategies include:

- creating long-term value for customers and shareholders by profitably growing through collaborative supply chain solutions and aligned investments with customers, delivering competitive and reliable service, developing markets that are consistent with the network's strengths, enhancing network capability, and selective use of long-term contracts;
- renewing and maintaining infrastructure to enable safe and efficient operations;
- driving efficiency through the operating plan to reduce costs and enhance the quality and reliability of service; and
- exercising a disciplined yield approach to competitive contract renewals and bids.

Liquidity

Revolving Credit Facility

On September 26, 2014, CP terminated its existing revolving credit facility agreement dated November 29, 2013. On the same day, CP entered into a new revolving credit facility (the "facility") agreement with 15 highly rated financial institutions for a commitment amount of U.S. $2 billion. The facility includes a U.S. $1 billion five years portion and a U.S. $1 billion one year plus one year term out portion. The facility can accommodate draws of cash and/or letters of credit at market competitive pricing. At December 31, 2014, the facility was undrawn. The facility agreement requires the Company not to exceed a maximum debt to total capitalization ratio. At December 31, 2014, the Company satisfied the threshold stipulated in this financial covenant.

Commercial Paper Program

During the fourth quarter of 2014, the Company established a commercial paper program which enabled it to issue commercial paper up to a maximum aggregate principal amount of U.S. $1 billion in the form of unsecured promissory notes. The commercial paper program is backed by a U.S. $1 billion committed, revolving credit facility, which matures on September 26, 2016. As at December 31, 2014, the Company had total commercial paper borrowings of U.S. $675 million ($783 million in Canadian dollars) presented in Long-term debt on the Consolidated Balance Sheets as the Company has the intent and the ability to renew these borrowings on a long-term basis. The weighted-average interest rate on these borrowings was 0.44%. CP did not have a commercial paper program in 2013.

The Company presents issuances and repayments of commercial paper in the Consolidated Statements of Cash Flows on a net basis, all of which have a maturity of less than 90 days.

Bilateral Letter of Credit Facilities

During 2013, the Company entered into a series of committed and uncommitted bilateral letter of credit facility agreements with financial institutions to support its requirement to post letters of credit in the ordinary course of business. The agreements have varying expiration dates with the earliest expiry in August 2014. Under these agreements, the Company has the option to post collateral in the form of cash or cash equivalents, equal at least to the face value of the letter of credit issued. Collateral provided includes highly liquid investments purchased three months or less from maturity and is stated at cost, which approximates market value and is shown separately on the balance sheet as Restricted cash and cash equivalents on the Consolidated Balance Sheets.

At December 31, 2014, under its bilateral facilities the Company had letters of credit drawn of $412 million from a total available amount of $600 million. The Company can largely withdraw this collateral during any month.

Regulatory Authorities

The Company's railway operations are subject to extensive federal laws, regulations and rules in both Canada and the U.S. which directly affect how operations and business activities are managed.

Operations are subject to economic and safety regulation in Canada primarily by the Canadian Transportation Agency ("the Agency"), Transport Canada, the Canada Transportation Act ("CTA") and the Railway Safety Act. The CTA provides shipper rate and service remedies, including Final Offer Arbitration, competitive line rates and compulsory inter-switching in Canada. The Agency regulates the maximum revenue entitlement for the movement of grain, commuter and passenger access, charges for ancillary services and noise-related disputes. Transport Canada regulates safety-related aspects of railway operations in Canada.

The Company's U.S. operations are subject to economic and safety regulation by the STB and Federal Railroad Administration ("FRA"). The STB is an economic regulatory body with jurisdiction over railroad rate and service issues and reviewing proposed railroad mergers and other transactions. The FRA regulates safety-related aspects of CP's railway operations in the U.S. under the Federal Railroad Safety Act, as well as rail portions of other safety statutes.

Various other regulators directly and indirectly affect the Company's operations in areas such as health, safety, security, environmental and other matters. To mitigate statutory and regulatory impacts, CP is actively and extensively engaged throughout the different levels of government and regulators, both directly and indirectly through industry associations, including the Association of American Railroads ("AAR") and the Railway Association of Canada. No assurance can be given to the content, timing or effect on CP of any anticipated legislation or further legislative action.

Regulatory Change

On May 29, 2014, the Canadian Federal Government enacted the "Fair Rail for Grain Farmers Act" (the "Fair Rail Act"). This legislation requires the Company and Canadian National Railway Company to move a minimum amount of grain, which amount is determined by and may be adjusted by the federal cabinet. The federal cabinet has ordered continued weekly grain volume minimums for the period from November 30, 2014 to March 28, 2015. In addition, the Fair Rail Act expands the terms and conditions associated with the inter-switching provisions of the CTA in the provinces of Alberta, Saskatchewan and Manitoba, provides that the Agency make regulations specifying what constitutes operational terms that may be subject to service agreement arbitration and gives the Agency the power to order a railway to compensate any person who has incurred expenses because of a failure to meet obligations under Sections 113 and 114 of the CTA, or does not meet its obligations under the terms of a confidential contract that includes a compensation clause. Bill C-30 also amends the Canada Grain Act to permit the regulation of contracts relating to grain and the arbitration of disputes respecting the provisions of those contracts.

After the tragic accident in Lac-Mégantic, Quebec in July of 2013 involving a non-related short-line railroad, the Government of Canada implemented several measures pursuant to the Rail Safety Act and the Transportation of Dangerous Goods Act. These modifications implemented changes with respect to rules associated with securing unattended trains, the classification of crude oil being imported, handled, offered for transport or transported and the provision of information to municipalities through which dangerous goods are transported by rail. The U.S. federal government has taken similar actions. These changes do not have a material impact on CP's operating practices.

On November 19, 2013, the Agency initiated consultation on the current approach to determining the adequacy of railway third party liability coverage and solicited input on possible improvements to the current regulatory framework. The consultation period ended on May 9, 2014. The Company provided responses to the request for consultation. Based on the input received, the Agency may make changes to its administration of the current regulatory framework, propose revisions to the regulatory framework or consult again with stakeholders on any proposed regulatory changes with respect to railway third party liability coverage.

There is ongoing discussion with Canadian and American regulators concerning amendments to the regulation for the transportation of hazardous commodities including the tank cars used for the transportation of crude oil. The U.S. Pipeline and Hazardous Materials Safety Administration ("PHMSA"), in coordination with the FRA, issued a Notice of Proposed Rulemaking requesting comments on various possible new operational requirements and enhanced tank car standards for trains hauling large volumes of certain flammable liquids. Among other things, PHMSA's proposal calls for rail routing risk assessments; notification to state emergency response commissions; reduced operating speeds; enhanced braking; and enhanced standards for both new and existing tank cars. The AAR filed comments on behalf of the Class I railroads on September 30, 2014.

Transport Canada also issued its proposal to revise tank car standards for comments. It was generally consistent with the U.S. approach but did not include as many varied operating requirements. The Railway Association of Canada filed comments on behalf of its members, including CP, on August 29, 2014. CP does not own any tank cars used for commercial transportation of hazardous commodities.

Security

CP is subject to statutory and regulatory directives in Canada and the U.S. that address security concerns. CP plays a critical role in the North American transportation system. Rail lines, facilities, and equipment, including rail cars carrying hazardous materials, could be direct targets or indirect casualties of terrorist attacks. Regulations by the Department of Transportation and the Department of Homeland Security in the U.S. include speed restrictions, chain of custody and security measures which can impact service and increase costs for the transportation of hazardous materials, especially toxic inhalation materials. Legislative changes in Canada to the Transportation of Dangerous Goods Act are expected to add new security regulatory requirements similar to those in the U.S. In addition, insurance premiums for some or all of the Company's current coverage could increase significantly, or certain coverage may not be available to the Company in the future. While CP will continue to work closely with Canadian and U.S. government agencies, future decisions by these agencies on security matters or decisions by the industry in response to security threats to the North American rail network could have a materially adverse effect on business or operating results.

As the Company strives to ensure customers have unlimited access to North American markets, CP has taken the following steps to provide enhanced security and reduce the risks associated with the cross-border transportation of goods:

- to strengthen the overall supply chain and border security, the Company is a certified carrier in voluntary security programs, such as the Customs-Trade Partnership Against Terrorism and Partners in Protection;
- to streamline clearances at the border, CP has implemented several regulatory security frameworks that focus on the provision of advanced electronic cargo information and improved security technology at border crossings, including the implementation of the Vehicle and Cargo Inspection System at five of the Company's border crossings;
- to strengthen railway security in North America, the Company signed a revised voluntary Memorandum of Understanding with Transport Canada and worked with the AAR to develop and put in place an extensive industry-wide security plan to address terrorism and security-driven efforts seeking to restrict the routings and operational handlings of certain hazardous materials;
- to reduce toxic inhalation risk in high threat urban areas, CP works with the Transportation Security Administration; and
- to comply with U.S. regulations for rail security sensitive materials, CP has implemented procedures to maintain positive chain of custody and are performing annual route assessments to select and use the route posing the least overall safety and security risk.

Positive Train Control

In the U.S., the Rail Safety Improvement Act requires Class I railroads to implement, by December 31, 2015, interoperable PTC on main track in the U.S. that has passenger rail traffic or toxic inhalant hazard commodity traffic. The legislation defines PTC as a system designed to prevent train-to-train collisions, over-speed derailments, incursions into established work zone limits, and the movement of a train through a switch left in the wrong position. The FRA has issued rules and regulations for the implementation of PTC, and CP filed its PTC Implementation Plans in April 2010, which outlined the Company's solution for interoperability as well as its consideration of relative risk in the deployment plan. The Company is participating in industry and government working groups to evaluate the scope of effort that will be required to comply with these regulatory requirements, and to further the development of an industry standard interoperable solution that can be supplied in time to complete deployment. At this time CP estimates the cost to implement PTC as required for railway operations in the U.S. to be up to U.S. $328 million. As at December 31, 2014, total expenditures related to PTC were approximately $210 million, including approximately $26 million and $64 million for the fourth quarter and full year of 2014 respectively, discussed further in Section 14, Liquidity and Capital Resources.

Labour Relations

At December 31, 2014, approximately 77% of CP's workforce was unionized and approximately 75% of its workforce is located in Canada. Unionized employees are represented by a total of 39 bargaining units. Agreements are in place with all seven bargaining units that represent employees in Canada and all 32 bargaining units that represent employees in the Company's U.S. operations.

Canada

All of the Canadian bargaining agreements are in place through at least December 31, 2014. Agreements with unions representing Canadian running trades employees, Teamsters Canada Rail Conference ("TCRC"), and Canadian car and locomotive repair employees, Unifor, expired at the end of 2014. On February 14, 2015, a tentative 4-year agreement was reached with Unifor. On February 16, 2015, the Company and TCRC agreed to enter into binding arbitration after a day and a half work stoppage.

A tentative six year settlement was reached with the Canadian Rail Traffic Controllers on July 17, 2014. This agreement was ratified on August 27, 2014 and comes into effect on January 1, 2015. Agreements with the other four Canadian bargaining units expire at the end of 2017.

U.S.

The Company is party to collective agreements with fourteen bargaining units of the Soo Line subsidiary, thirteen bargaining units of the D&H subsidiary, and five bargaining units of the DM&E subsidiary.

Contracts with all fourteen bargaining units on Soo Line representing train service employees, car repair employees, locomotive engineers, yard supervisors, clerks, machinists, boilermakers and blacksmiths, electricians, sheet metal workers, and mechanical labourers are open for negotiation on January 1, 2015. Meetings have been scheduled with those bargaining units which have served formal notices, which to date include the International Association of Machinist and Aerospace Workers ("IAMAW") (machinists), the Transportation and Communications Union ("TCU") (clerical), the Brotherhood of Locomotive Engineers and Trainmen ("BLE&T") (engineers) and the Sheet Metal Air Rail Transportation – Transportation Division ("SMART-TD") (conductors).

On the D&H, contracts for all thirteen bargaining units, including locomotive engineers, train service employees, car repair employees, signal maintainers, yardmasters, electricians, machinists, mechanical labourers, track maintainers, clerks, police, engineering supervisors and mechanical supervisors are open for negotiation January 1, 2015. Meetings have been scheduled with those bargaining units which have served formal notices, including IAMAW (machinists), TCU (clerical, police, and mechanical and engineering supervisors) and BLE&T (engineers).

Agreements with three of the five bargaining units which cover all DM&E signal and communication workers, mechanics and maintenance of way workers open for negotiation on January 1, 2015. Negotiations, which opened January 1, 2014, continue for the agreement covering engineers and conductors on the former Iowa, Chicago, and Eastern Railroad ("IC&E") portion of DM&E.

An hourly rated agreement was ratified and implemented December 1, 2014 with SMART-TD, and will be amendable on January 1, 2018.

Environmental Laws and Regulations

The Company's operations and real estate assets are subject to extensive federal, provincial, state and local environmental laws and regulations governing emissions to the air, discharges to waters and the handling, storage, transportation and disposal of waste and other materials. If the Company is found to have violated such laws or regulations it could materially affect the Company's business or operating results. In addition, in operating a railway, it is possible that releases of hazardous materials during derailments or other accidents may occur that could cause harm to human health or to the environment. Costs of remediation, damages and changes in regulations could materially affect the Company's operating results and reputation.

The Company has implemented a comprehensive Environmental Management System to facilitate the reduction of environmental risk. CP's annual corporate Operations Environmental Plan states the current environmental goals, objectives and strategies.

Specific environmental programs are in place to address areas such as air emissions, wastewater, management of vegetation, chemicals and waste, storage tanks and fuelling facilities. CP has also undertaken environmental impact assessments and risk assessments to identify, prevent and mitigate environmental risks. There is continued focus on preventing spills and other incidents that have a negative impact on the environment. There is an established Strategic Emergency Response Contractor network and spill equipment kits are located across Canada and the U.S. to ensure a rapid and efficient response in the event of an environmental incident. In addition, emergency preparedness and response plans are regularly updated and tested.

The Company has developed an environmental audit program that comprehensively, systematically and regularly assesses the Company's facilities for compliance with legal requirements and the Company's policies for conformance to accepted industry standards. Included in this is a corrective action follow-up process and semi-annual review by the Safety, Operations and Environment Committee established by the Board of Directors.

CP focuses on key strategies, identifying tactics and actions to support commitments to the community. The Company's strategies include:

- protecting the environment;
- ensuring compliance with applicable environmental laws and regulations;
- promoting awareness and training;
- managing emergencies through preparedness; and
- encouraging involvement, consultation and dialogue with communities along the Company's lines.

Climate Change

In both Canada and the U.S., the federal governments have not designated railway transportation as a large final emitter with respect to greenhouse gas ("GHG") emissions. The railway transportation industry is currently not regulated with respect to GHG emissions, nor does CP operate under a regulated cap of GHG emissions. Growing support for climate change legislation is likely to result in changes to the regulatory framework in Canada and the U.S., however, the timing and specific nature of those changes are difficult to predict. Specific instruments such as carbon taxes, and technical and fuel standards have the ability to significantly affect the Company's capital and operating costs. Restrictions, caps and/or taxes on the emissions of GHG could also affect the markets for, or the volume of, the goods the Company transports.

The fuel efficiency of railways creates a significant advantage over trucking, which currently handles a majority of the market share of ground transportation. Although trains are already three times more fuel efficient than trucks on a per ton-mile basis, the Company continues to adopt new technologies to minimize the Company's fuel consumption and GHG emissions.

Potential physical risks associated with climate change include damage to railway infrastructure due to extreme weather effects, (e.g. increased flooding or winter storms). Improvements to infrastructure design and planning are used to mitigate the potential risks posed by weather events. The Company maintains flood plans, winter operating plans, an avalanche risk management program and geotechnical monitoring of slope stability.

Financial Risks

Pension Funding Volatility

A description of pension funding volatility related to the Company's pension plans are included in Section 23, Critical Accounting Estimates.

Fuel Cost Volatility

Fuel expense constitutes a significant portion of CP's operating costs and can be influenced by a number of factors, including, without limitation, worldwide oil demand, international politics, weather, refinery capacity, unplanned infrastructure failures, labour and political instability and the ability of certain countries to comply with agreed-upon production quotas.

The Company's mitigation strategy consists of fuel cost recovery programs which reflect changes in fuel costs that are included in freight rates. Freight rates will increase when fuel prices rise and will decrease when fuel costs decrease. While fluctuations in fuel cost are mitigated, the risk cannot be completely eliminated due to timing and the volatility in the market.

In the past, to address the residual portion of fuel costs not mitigated by fuel cost recovery programs, CP had an automatic hedging program. As a result of improving coverage from the Company's fuel cost recovery programs, CP exited its hedging program during the first quarter of 2013. Fuel price management is discussed further in Section 18, Financial Instruments.

Foreign Exchange Risk

Although CP conducts business primarily in Canada, a significant portion of its revenues, expenses, assets and liabilities including debt are denominated in U.S. dollars. The value of the Canadian dollar is affected by a number of domestic and international factors, including, without limitation, economic performance, and Canadian, U.S. and international monetary policies. Consequently, the Company's results are affected by fluctuations in the exchange rate between these currencies. On average, a $0.01 weakening (or strengthening) of the Canadian dollar increases (or reduces) EPS by approximately $0.07 per share. On an annualized basis, a $0.01 weakening (or strengthening) of the Canadian dollar positively (or negatively) impacts Freight revenues by approximately $35 million and negatively (or positively) impacts Operating expenses by approximately $16 million. Foreign exchange translation on the Company's U.S. dollar denominated long-term debt is excluded from these sensitivities. To manage this exposure to fluctuations in exchange rates between Canadian and U.S. dollars, CP may sell or purchase U.S. dollar forwards at fixed rates in future periods. In addition, changes in the exchange rate between the Canadian dollar and other currencies (including the U.S. dollar) make the goods transported by the Company more or less competitive in the world marketplace and may in turn positively or negatively affect revenues. Foreign exchange management is discussed further in Section 18, Financial Instruments.

Interest Rate Risk

In order to meet the Company's capital structure requirements, CP may enter into long-term debt agreements. These debt agreements expose CP to increased interest costs on future fixed debt instruments and existing variable rate debt instruments should market rates increase. In addition, the present value of the Company's assets and liabilities will also vary with interest rate changes. To manage interest rate exposure, CP may enter into forward rate agreements such as treasury rate locks or bond forwards that lock in rates for a future date, thereby protecting against interest rate increases. CP may also enter into swap agreements whereby one party agrees to pay a fixed rate of interest while the other party pays a floating rate. Contingent on the direction of interest rates, the Company may incur higher costs depending on the contracted rate. Interest rate management is discussed further in Section 18, Financial Instruments.

General and Other Risks

Transportation of Dangerous Goods and Hazardous Materials

Railways, including CP, are legally required to transport dangerous goods and hazardous materials as part of their common carrier obligations regardless of risk or potential exposure of loss. A train accident involving hazardous materials, including toxic inhalation of hazardous commodities such as chlorine and anhydrous ammonia could result in catastrophic losses from personal injury and property damage, which could have a material adverse effect on CP's operations, financial condition and liquidity.

Legal Proceedings Related to Lac-Mégantic Rail Accident

Legal proceedings related to the tragic accident at Lac-Mégantic, Quebec are discussed in Section 21, Future Trends and Commitments.

Supply Chain Disruptions

The North American transportation system is integrated. CP's operations and service may be negatively impacted by service disruptions of other transportation links such as ports, handling facilities, customer facilities, and other railways. A prolonged service disruption at one of these entities could have a material adverse effect on CP's operations, financial condition and liquidity.

Reliance on Technology and Technological Improvements

Information technology is critical to all aspects of the Company's business. While the Company has business continuity and disaster recovery plans in place, a significant disruption or failure of one or more of the information technology or communications systems could result in service interruptions or other failures and deficiencies which could have a material adverse effect on results of operations, financial condition and liquidity. If CP is unable to acquire or implement new technology, the Company may suffer a competitive disadvantage, which could also have an adverse effect on results of operations, financial condition and liquidity.

Qualified Personnel

Changes in employee demographics, training requirements, and the availability of qualified personnel, particularly locomotive engineers and train-persons, could negatively impact the Company's ability to meet demand for rail service. The Company has workforce planning tools and programs in place and are undertaking technological improvements to assist with manual tasks. Unpredictable increases in the demand for rail services may increase the risk of having insufficient numbers of trained personnel, which could have a material adverse effect on the Company's results of operations, financial condition and liquidity. In addition, changes in operations and other technology improvements may significantly impact the number of employees.

Severe Weather

CP is exposed to severe weather conditions including floods, avalanches, mudslides, extreme temperatures and significant precipitation that may cause business interruptions that can adversely affect the Company's entire rail network and result in increased costs, increased liabilities, and decreased revenue, which could have a material adverse effect on CP's operations, financial condition and liquidity.

Supplier Concentration

Due to the complexity and specialized nature of rail equipment and infrastructure, there can be a limited number of suppliers of this equipment and material available. Should these specialized suppliers cease production or experience capacity or supply shortages, this concentration of suppliers could result in CP experiencing cost increases or difficulty in obtaining rail equipment and materials. While CP manages this risk by sourcing key products and services from multiple suppliers whenever possible, widespread business failures of suppliers could have a material adverse effect on CP's operations, financial condition and liquidity.

General Risks

There are factors and developments that are beyond the influence or control of the railway industry generally and CP specifically which may have a material adverse effect on the Company's business or operating results. The Company's freight volumes and revenues are largely dependent upon the performance of the North American and global economies, which remains uncertain, and other factors affecting the volumes and patterns of international trade. CP's bulk traffic is dominated by grain, metallurgical coal, fertilizers and sulphur. Factors outside of CP's control which affect bulk traffic include:

- with respect to grain volumes, domestic production-related factors such as weather conditions, acreage plantings, yields and insect populations;
- with respect to coal volumes, global steel production;
- with respect to fertilizer volumes, grain and other crop markets, with both production levels and prices being important factors; and
- with respect to sulphur volumes, gas production levels in southern Alberta, industrial production and fertilizer production, both in North America and abroad.

The merchandise commodities transported by the Company include those relating to the forestry, energy, industrial, automotive and other consumer spending sectors. Factors outside of CP's control which affect this portion of CP's business include the general state of the North American economy, with North American industrial production, business investment and consumer spending being the general sources of economic demand. Housing, auto production and energy development are also specific sectors of importance. Factors outside of CP's control which affect the Company's intermodal traffic volumes include North American consumer spending and a technological shift toward containerization in the transportation industry that has expanded the range of goods moving by this means.

Adverse changes to any of the factors outside of CP's control which affect CP's bulk traffic, the merchandise commodities transported by CP or CP's intermodal traffic volumes or adverse changes to fuel prices could have a material adverse effect on CP's operations, financial condition and liquidity.

CP is also sensitive to factors including, but not limited to, natural disasters, security threats, commodity pricing, global supply and demand, and supply chain efficiency. Other business risks include: potential increases in maintenance and operational costs, uncertainties of litigation, risks and liabilities arising from derailments and technological changes.

23. CRITICAL ACCOUNTING ESTIMATES

To prepare consolidated financial statements that conform with GAAP, the Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported periods. Using the most current information available, the Company reviews estimates on an ongoing basis, including those related to environmental liabilities, pensions and other benefits, property, plant and equipment, deferred income taxes, legal and personal injury liabilities and goodwill.

The development, selection and disclosure of these estimates, and this MD&A, have been reviewed by the Board of Directors' Audit Committee, which is comprised entirely of independent directors.

Environmental Liabilities

CP estimates the probable cost to be incurred in the remediation of property contaminated by past railway use. The Company screens and classifies sites according to typical activities and scale of operations conducted, and develops remediation strategies for each property based on the nature and extent of the contamination, as well as the location of the property and surrounding areas that may be adversely affected by the presence of contaminants. CP also considers available technologies, treatment and disposal facilities and the acceptability of site-specific plans based on the local regulatory environment. Site-specific plans range from containment and risk management of the contaminants through to the removal and treatment of the contaminants and affected soils and ground water. The details of the estimates reflect the environmental liability at each property. The Company is committed to fully meeting regulatory and legal obligations with respect to environmental matters.

Liabilities for environmental remediation may change from time to time as new information about previously untested sites becomes known. The net liability may also vary as the courts decide legal proceedings against outside parties responsible for contamination. These potential charges, which cannot be quantified at this time, are not expected to be material to the Company's financial position, but may materially affect income in the period in which a charge is recognized. Material increases to costs would be reflected as increases to Other long-term liabilities and Accounts payable and accrued liabilities on the Company's Consolidated Balance Sheets and to Purchased services and other within Operating expenses on the Consolidated Statements of Income.

At December 31, 2014 and 2013, the accrual for environmental remediation on the Company's Consolidated Balance Sheets amounted to $91 million and $90 million respectively, of which the long-term portion amounting to $75 million in 2014 and $76 million in 2013 was included in Other long-term liabilities and the short-term portion amounting to $16 million in 2014 and $14 million in 2013 was included in Accounts payable and accrued liabilities. Total payments were $8 million in 2014 and $9 million in 2013. The U.S. dollar-denominated portion of the liability was affected by the change in FX, resulting in an increase in environmental liabilities of $6 million in 2014 and $4 million in 2013.

Pensions and Other Benefits

CP has defined benefit and defined contribution pension plans. Other benefits include post-retirement medical and life insurance for pensioners, and some post-employment workers' compensation and long-term disability benefits in Canada. Workers' compensation and long-term disability benefits are discussed in the Legal and Personal Injury Liabilities section below. Pension and post-retirement benefits liabilities are subject to various external influences and uncertainties.

Pension costs are actuarially determined using the projected-benefit method prorated over the credited service periods of employees. This method incorporates best estimates of expected plan investment performance, salary escalation and retirement ages of employees. The expected return on fund assets is calculated using market-related asset values developed from a five-year average of market values for the fund's public equity securities and absolute return strategies (with each prior year's market value adjusted to the current date for assumed investment income during the intervening period) plus the market value of the fund's fixed income, real estate and infrastructure securities, subject to the market-related asset value not being greater than 120% of the market value nor being less than 80% of the market value.

The discount rate used to determine the benefit obligation is based on market interest rates on high-quality corporate debt instruments with matching cash flows. Unrecognized actuarial gains and losses in excess of 10% of the greater of the benefit obligation and the market-related value of plan assets are amortized over the expected average remaining service period of active employees expected to receive benefits under the plan (approximately 10 years). Prior service costs arising from collectively bargained amendments to pension plan benefit provisions are amortized over the term of the applicable union agreement. Prior service costs arising from all other sources are amortized over the expected average remaining service period of active employees who were expected to receive benefits under the plan at the date of amendment.

The obligations with respect to post-retirement benefits, including health care and life insurance, are actuarially determined and are accrued using the projected-benefit method prorated over the credited service periods of employees. The obligations with respect to post-employment benefits, including some workers' compensation and long-term disability benefits in Canada are the actuarial present value of benefits payable to employees with existing claims for injuries or disability.

Pension Liabilities and Pension Assets

The Company included pension benefit liabilities of $279 million in Pension and other benefit liabilities and $9 million in Accounts payable and accrued liabilities on the Company's December 31, 2014 Consolidated Balance Sheets. The Company also included post-retirement benefits accruals

of $387 million in Pension and other benefit liabilities and $20 million in Accounts payable and accrued liabilities on the Company's December 31, 2014 Consolidated Balance Sheets. Accruals for self-insured workers compensation and long-term disability benefit plans, including $89 million in Pension and other benefit liabilities, are discussed in the Legal and Personal Injury Liabilities section below.

The Company included pension benefit assets of $304 million in Pension assets on the Company's December 31, 2014 Consolidated Balance Sheets.

Net Periodic Benefit Costs

Net periodic benefit costs for pensions and post-retirement benefits were included in Compensation and benefits on the December 31, 2014 Consolidated Statement of Income. Combined net periodic benefit credits for pensions and post-retirement benefits (excluding self-insured workers compensation and long-term disability benefits) were $19 million in 2014, compared with net periodic benefit costs of $77 million in 2013.

Net periodic benefit credits for pensions were $44 million in 2014, compared with net periodic benefit costs of $50 million in 2013. The benefit credit portion related to defined benefit pensions was $52 million in 2014, compared with the benefit cost portion of $43 million in 2013. The benefit cost portion related to defined contribution pensions (equal to contributions) was $8 million in 2014, compared with $7 million for 2013. Net periodic benefit costs for post-retirement benefits were $25 million in 2014, compared with $27 million in 2013.

CP estimates net periodic benefit costs for defined benefit pensions to be approximately $45 million in 2015, and net periodic benefit costs for defined contribution pensions to be approximately $8 million in 2015. Net periodic benefit costs for post-retirement benefits in 2015 are not expected to differ materially from the 2014 costs.

Pension Plan Contributions

The Company made contributions of $80 million to the defined benefit pension plans in 2014, compared with $98 million in 2013.

The Company's main Canadian defined benefit pension plan accounts for 96% of CP's pension obligation and can produce significant volatility in pension funding requirements, given the pension fund's size, the many factors that drive the pension plan's funded status, and Canadian statutory pension funding requirements. 2011, 2010 and 2009 contributions included voluntary prepayments of $600 million in December 2011, $650 million in September 2010 and $500 million in December 2009 to the Company's main Canadian defined benefit pension plan. CP continues to have significant flexibility with respect to the rate at which these voluntary prepayments are applied to reduce future years' pension contribution requirements, which allows us to manage the volatility of future pension funding requirements.

CP estimates its aggregate pension contributions, including its defined benefit and defined contribution plan, to be in the range of $90 million to $100 million in 2015, and in the range of $60 million to $110 million per year from 2016 to 2018. These estimates reflect the Company's current intentions with respect to the rate at which CP will apply the 2009, 2010 and 2011 voluntary prepayments against contribution requirements in the next few years.

Future pension contributions will be highly dependent on the Company's actual experience with such variables as investment returns, interest rate fluctuations and demographic changes, on the rate at which previous years' voluntary prepayments are applied against pension contribution requirements, and on any changes in the regulatory environment. CP will continue to make contributions to the pension plans that, at a minimum, meet pension legislative requirements.

Pension Plan Risks

Fluctuations in the liability and net periodic benefit costs for pensions result from favourable or unfavourable investment returns and changes in long-term interest rates. The impact of favourable or unfavourable investment returns is moderated by the use of a market-related asset value for the main Canadian defined benefit pension plan's public equity securities and absolute return strategies. The impact of changes in long-term rates on pension obligations is partially offset by their impact on the pension funds' investments in fixed income assets.

The plans' investment policy provides a target allocation of approximately 46% of the plans' assets to be invested in public equity securities. As a result, stock market performance is a key driver in determining the pension funds' asset performance. If the rate of investment return on the plans' public equity securities in 2014 had been 10 percentage points higher (or lower) than the actual 2014 rate of investment return on such securities, 2015 net periodic benefit costs for pensions would be lower (or higher) by $22 million.

Changes in bond yields can result in changes to discount rates and to changes in the value of fixed income assets. If the discount rate as at December 31, 2014 had been higher (or lower) by 0.1% with no related changes in the value of the pension funds' investment in fixed income assets, 2015 net periodic benefit costs for pensions would be lower (or higher) by $13 million. However, a change in bond yields would also lead to a change in the value of the pension funds' investment in fixed income assets, and this change would partially offset the impact to net periodic benefit costs noted above.

The Company estimates that an increase in the discount rate of 0.1% would decrease the defined benefit pension plans' projected benefit obligations by approximately $155 million, and estimates that a decrease in the discount rate of 0.1% would increase the defined benefit pension plans' projected benefit obligations by approximately $158 million. Similarly, for every 0.1% the actual return on assets varies above (or below) the estimated return for the year, the value of the defined benefit pension plans' assets would increase (or decrease) by approximately $11 million.

Adverse experience with respect to these factors could eventually increase funding and pension expense significantly, while favourable experience with respect to these factors could eventually decrease funding and pension expense significantly.

Fluctuations in the post-retirement benefit obligation also can result from changes in the discount rate used. A 0.1% increase (decrease) in the discount rate would decrease (increase) the obligation by approximately $6 million.

CP continues to review its pensioner mortality experience to ensure that the mortality assumption continues to be appropriate, or to determine what changes to the assumption is needed.

In 2014, the Canadian Institute of Actuaries and the Society of Actuaries each published updated mortality tables based on broad pension plan experience in Canada and the U.S., respectively. CP's obligations for defined benefit pension and post-retirement benefit plans at December 31, 2014 are based on these new mortality tables, with adjustments to reflect actual plan mortality experience to the extent that credible experience data was available. The changes to the new mortality tables increased the obligations for pensions and post-retirement benefits by approximately $225 million.

During 2014, the Board of Directors' Finance Committee approved changes to the asset allocation policy, including new allocation ranges of 35% to 55% public equity, 20% to 40% fixed income, 4% to 20% real estate and infrastructure, and up to 18% absolute return strategies.

Property, Plant and Equipment

The Company follows the group depreciation method under which a single depreciation rate is applied to the total cost in a particular class of property, despite differences in the service life or salvage value of individual properties within the same class. CP performs depreciation studies of each property group approximately every three years to update depreciation rates. The depreciation studies are based on statistical analysis of historical retirements of properties in the group and incorporate engineering estimates of changes in current operations and of technological advances. CP depreciates the cost of properties, net of salvage, on a straight-line basis over the estimated useful life of the property group. The estimates of economic lives are uncertain and can vary due to technological changes or in the rate of wear. Additionally, the depreciation rates are updated to reflect the change in residual values of the assets in the class. Under the group depreciation method, retirements or disposals of properties in the normal course of business are accounted for by charging the cost of the property less any net salvage to accumulated depreciation. For the sale or retirement of larger groups of depreciable assets that are unusual and were not included in the Company's depreciation studies, CP records a gain or loss for the difference between net proceeds and net book value of the assets sold or retired.

Due to the capital intensive nature of the railway industry, depreciation represents a significant part of operating expenses. The estimated useful lives of properties have a direct impact on the amount of depreciation recorded as a component of Properties on the Company's Consolidated Balance Sheets. At December 31, 2014 and 2013, accumulated depreciation was $6,505 million and $6,184 million respectively.

Revisions to the estimated useful lives and net salvage projections for properties constitute a change in accounting estimate and are addressed prospectively by amending depreciation rates. It is anticipated that there will be changes in the estimates of weighted average useful lives and net salvage for each property group as assets are acquired, used and retired. Substantial changes in either the useful lives of properties or the salvage assumptions could result in significant changes to depreciation expense. For example, if the estimated average life of road locomotives, the largest asset group, increased (or decreased) by 5%, annual depreciation expense would decrease (or increase) by approximately $3 million.

The Company reviews the carrying amounts of properties when circumstances indicate that such carrying amounts may not be recoverable based on future undiscounted cash flows. When such properties are determined to be impaired, recorded asset values are revised to their fair values and an impairment loss is recognized.

Deferred Income Taxes

CP accounts for deferred income taxes based on the liability method. This method focuses on a Company's balance sheet and the temporary differences otherwise calculated from the comparison of book versus tax values. It is assumed that such temporary differences will be settled in the deferred income tax assets and liabilities at the balance sheet date.

In determining deferred income taxes, the Company makes estimates and assumptions regarding deferred tax matters, including estimating the timing of the realization and settlement of deferred income tax assets (including the benefit of tax losses) and liabilities. Deferred income taxes are calculated using enacted federal, provincial, and state future income tax rates, which may differ in future periods.

A deferred income tax expense of $354 million was included in Income tax expense for 2014 and $212 million was included in Income tax expense in 2013. The increase in deferred income tax expense in 2014 was primarily due to higher pre-tax income and the asset impairment charge in 2013. At December 31, 2014 and 2013, deferred income tax liabilities of $2,773 million and $2,903 million, respectively, were recorded as a long-term liability and are comprised largely of temporary differences related to accounting for properties. Deferred income tax benefits of $56 million realizable within one year were recorded as a current asset, compared to $344 million in 2013.

Legal and Personal Injury Liabilities

The Company is involved in litigation in Canada and the U.S. related to CP's business. Management is required to establish estimates of the potential liability arising from incidents, claims and pending litigation, including personal injury claims and certain occupation-related and property damage claims.

Accruals for incidents, claims and litigation, including WCB accruals, totaled $156 million, net of insurance recoveries, at December 31, 2014 and $158 million at December 31, 2013. At December 31, 2014 and 2013 respectively, the total accrual included $89 million and $89 million in Pension and other benefit liabilities, $15 million and $14 million in Other long-term liabilities and $53 million and $63 million in Accounts payable and accrued liabilities, partially offset by $nil and $7 million in Accounts receivable, and $1 million and $1 million in Other assets.

Legal Liabilities

These estimates are determined on a case-by-case basis. They are based on an assessment of the actual damages incurred and current legal advice with respect to settlements in other similar cases. CP employs experienced claims adjusters who investigate and assess the validity of individual claims made against us and estimate the damages incurred.

A provision for incidents, claims or litigation is recorded based on the facts and circumstances known at the time. CP accrues for likely claims when the facts of an incident become known and investigation results provide a reasonable basis for estimating the liability. The lower end of the range is accrued if the facts and circumstances permit only a range of reasonable estimates and no single amount in that range is a better estimate than any other. Additionally, for administrative expediency, a general provision for lesser value injury cases is kept. Facts and circumstances related to asserted claims can change, and a process is in place to monitor accruals for changes in accounting estimates.

Personal Injury Liabilities

With respect to claims related to occupational health and safety in the provinces of Quebec, Ontario, Manitoba and B.C., claims administered through the WCB are actuarially determined. In the provinces of Saskatchewan and Alberta, the Company is assessed for an annual WCB contribution. As a result, this amount is not subject to estimation by management.

Railway employees in the U.S. are not covered by a workers' compensation program, but are covered by U.S. federal law for railway employees. For accrual purposes, a combination of case-by-case analysis and statistical analysis is utilized.

Provisions for incidents, claims and litigation charged to income, which are included in Purchased services and other on the Consolidated Statements of Income, amounted to $29 million in 2014 and $40 million in 2013.

Goodwill

As part of the acquisition of DM&E in 2007, CP recognized goodwill of U.S. $147 million on the allocation of the purchase price, determined as the excess of the purchase price over the fair value of the net assets acquired. Since the acquisition, the operations of DM&E have been integrated with CP's U.S. operations and the related goodwill is allocated to CP's U.S. reporting unit. Goodwill is tested for impairment at least once per year as at October 1st. The goodwill impairment test determines if the fair value of the reporting unit continues to exceed its net book value, or whether an impairment charge is required. The fair value of the reporting unit is affected by projections of its profitability including estimates of revenue growth, which are inherently uncertain.

The 2014 and 2013 annual test for impairment determined that the fair value of CP's U.S. reporting unit exceeded the carrying value of the allocated goodwill by approximately 102% and 47%, respectively.

The impairment test was performed primarily using an income approach based on discounted cash flows. A discount rate of 10.0% was used, based on the Company's weighted average cost of capital. The 2013 impairment test also used a discount rate of 10.0%. A change in discount rates of 0.25% would change the valuation by 4.0% to 4.4%. The valuation used revenue growth projections ranging from 4.0% to 14.8% annually. The revenue growth projection in the 2013 impairment test was 4.0% to 7.4%. A change in the long term growth rate of 0.25% would change the valuation by 2.5% to 2.75%. A secondary approach used in the valuation was a market approach which included a comparison of implied earnings multiples of CP U.S. to trading earnings multiples of comparable companies. The derived value of CP U.S. using the income approach compared favourably with the trading multiples of other Class I railroads. The income approach was chosen over the market approach; however, both approaches conclude that the assets of CP U.S. are fairly valued.

Decreases to the profit projections, which could be caused by a prolonged economic recession, or increases to the discount rate used in the valuation, could require an impairment in future periods. The carrying value of CP's goodwill changes from period to period due to changes in the exchange rate. At December 31, 2014, goodwill was $164 million and was $150 million in 2013, the increase was primarily due to the favourable impact of the change in FX partially offset by the portion of goodwill effectively disposed with the sale of the DM&E West, discussed further in Section 9, Operating Expenses.

24. SYSTEMS, PROCEDURES AND CONTROLS

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the U.S. Securities Exchange Act of 1934 (as amended)) to ensure that material information relating to the Company is made known to them. The Chief Executive Officer and Chief Financial Officer have a process to evaluate these disclosure controls and are satisfied that they are effective for ensuring that such material information is made known to them.

25. 2014 GUIDANCE UPDATES

2014 Guidance

In the 2013 annual MD&A, the Company outlined that it expected revenue growth to be 6-7%, operating ratio to be 65% or lower and Diluted earnings per share ("EPS") growth to be 30% or greater from 2013 annual Diluted EPS, excluding significant items, of $6.42. CP also outlined that it expected to spend approximately $1.2 billion to $1.3 billion on capital programs in 2014.

Variance from 2014 Guidance

The Company's 2014 actual results for revenue growth, Operating ratio, and adjusted EPS growth were in line with the latest guidance as disclosed by the Company. Revenue growth was 8%, operating ratio was 64.7%, and adjusted EPS was $8.50, an increase of 32%. Adjusted operating ratio and adjusted EPS are discussed further in Section 15, Non-GAAP Measures. Capital expenditures of $1.4 billion were higher than guidance, discussed further in Section 14, Liquidity and Capital Resources.

26. GLOSSARY OF TERMS

AAR: Association of American Railroads, representing North America's freight railroads and Amtrak.

Agency: The Canadian Transportation Agency, a regulatory agency under the Canada Transportation Act ("CTA"). The Agency regulates the grain revenue cap, commuter and passenger access, Final Offer Arbitration, and charges for ancillary services and railway noise.

Average terminal dwell: The average time a freight car resides within terminal boundaries expressed in hours. The timing starts with a train arriving in the terminal, a customer releasing the car to the Company, or a car arriving that is to be transferred to another railway. The timing ends when the train leaves, a customer receives the car from CP or the freight car is transferred to another railway. Freight cars are excluded if they are being stored at the terminal or used in track repairs.

Average train length – excluding local traffic: The average train length is the sum of each car and locomotive's equipment length multiplied by the distance travelled, divided by train miles. Local trains are excluded from this measure.

Average train speed: The average speed measures the line-haul movement from origin to destination including terminal dwell hours calculated by dividing the total train miles traveled by the total hours operated. This calculation does not include delay time related to customer or foreign railways and excludes the travel time and distance traveled by: i) trains used in or around CP's yards; ii) passenger trains; and iii) trains used for repairing track.

Average train weight – excluding local traffic: The average gross weight of CP trains, both loaded and empty. This excludes trains in short haul service, work trains used to move CP's track equipment and materials and the haulage of other railways' trains on CP's network.

Car miles per car day: The total car-miles for a period divided by the total number of active cars. Total car-miles include the distance travelled by every car on a revenue-producing train and a train used in or around the Company's yards. A car-day is assumed to equal one active car-day. An active car is a revenue-producing car that is generating costs to CP on an hourly or mileage basis. Excluded from this count are i) cars that are not on the track or are being stored; ii) cars that are in need of repair; iii) cars that are used to carry materials for track repair; iv) cars owned by customers that are on the customer's tracks; and v) cars that are idle and waiting to be reclaimed by CP.

Carloads: Revenue-generating shipments of containers, trailers and freight cars.

Casualty expenses: Includes costs associated with personal injuries, freight and property damages, and environmental mishaps.

Class I railroads: a railroad earning a minimum of U.S. $452.7 million in revenues annually as defined by the Surface Transportation Board in the United States.

CP, the Company: CPRL, CPRL and its subsidiaries, CPRL and one or more of its subsidiaries, or one or more of CPRL's subsidiaries, as the context may require.

CPRL: Canadian Pacific Railway Limited.

D&H: Delaware and Hudson Railway Company, Inc., a wholly owned indirect U.S. subsidiary of CPRL.

DM&E: Dakota, Minnesota & Eastern Railroad Corporation, a wholly owned indirect U.S. subsidiary of CPRL.

Employee: An individual, including trainees, who has worked more than 40 hours in a standard biweekly pay period. This excludes part time employees, contractors, and consultants.

FRA: U.S. Federal Railroad Administration, a regulatory agency whose purpose is to promulgate and enforce rail safety regulations; administer railroad assistance programs; conduct research and development in support of improved railroad safety and national rail transportation policy; provide for the rehabilitation of Northeast Corridor rail passenger service; and consolidate government support of rail transportation activities.

FRA personal injury rate per 200,000 employee-hours: The number of personal injuries multiplied by 200,000 and divided by total employee hours. Personal injuries are defined as injuries that require employees to lose time away from work, modify their normal duties or obtain medical treatment beyond minor first aid. FRA Employee-hours are the total hours worked, excluding vacation and sick time, by all employees, excluding contractors.

FRA train accidents rate: The number of train accidents, multiplied by 1,000,000 and divided by total train-miles. Train accidents included in this metric meet or exceed the FRA reporting threshold of U.S. $10,500 or CDN $11,000 in damage.

Freight revenue per carload: The amount of freight revenue earned for every carload moved, calculated by dividing the freight revenue for a commodity by the number of carloads of the commodity transported in the period.

Freight revenue per RTM: The amount of freight revenue earned for every RTM moved, calculated by dividing the total freight revenue by the total RTMs in the period.

FX or Foreign Exchange: The value of the Canadian dollar relative to the U.S. dollar (exclusive of any impact on market demand).

GAAP: Accounting principles generally accepted in the United States of America.

GTMs or gross ton-miles: The movement of total train weight over a distance of one mile. Total train weight is comprised of the weight of the freight cars, their contents and any inactive locomotives. An increase in GTMs indicates additional workload.

Locomotive productivity: The daily average GTMs divided by the active road horsepower. Active road horsepower excludes locomotives in yard and short haul service, in repair status, in storage and in use on other railways.

Operating income: Calculated as total revenues less total operating expenses and is a common measure of profitability used by management.

Operating ratio: The ratio of total operating expenses to total revenues. A lower percentage normally indicates higher efficiency.

RTMs or revenue ton-miles: The movement of one revenue-producing ton of freight over a distance of one mile.

Soo Line: Soo Line Railroad Company, a wholly owned indirect U.S. subsidiary of CPRL.

STB: U.S. Surface Transportation Board, a regulatory agency with jurisdiction over railway rate and service issues and rail restructuring, including mergers and sales.

U.S. gallons of locomotive fuel consumed per 1,000 GTMs: The total fuel consumed in freight and yard operations, including yard and commuter service, but excluding fuel used in capital projects and other non-freight activities, for every 1,000 GTMs traveled. This is calculated by dividing the total amount of fuel issued to the Company's locomotives, by the total freight-related GTMs. The result indicates how efficiently CP is using fuel.

Workforce: The total employees plus part time employees, contractors and consultants.

Canadian Pacific Railway Limited
CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

Accounting Principles Generally Accepted In the United States of America

Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The information in this report is the responsibility of management. The consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include some amounts based on management's best estimates and careful judgment. The consolidated financial statements include the accounts of Canadian Pacific Railway Limited, Canadian Pacific Railway Company and all of its subsidiaries (the "Company" or "CP"). The financial information of the Company included in the Company's Annual Report is consistent with that in the consolidated financial statements. The consolidated financial statements have been approved by the Board of Directors.

Our Board of Directors is responsible for reviewing and approving the consolidated financial statements and for overseeing management's performance of its financial reporting responsibilities. The Board of Directors carries out its responsibility for the consolidated financial statements principally through its Audit Committee (the "Audit Committee"), consisting of four members, all of whom are independent directors. The Audit Committee reviews the consolidated financial statements with management and the Independent Registered Public Accounting Firm prior to submission to the Board for approval. The Audit Committee meets regularly with management, internal auditors, and the Independent Registered Public Accounting Firm to review accounting policies, and financial reporting. The Audit Committee also reviews the recommendations of both the Independent Registered Public Accounting Firm and the Company's internal auditors for improvements to internal controls, as well as the actions of management to implement such recommendations. The internal auditors and Independent Registered Public Accounting Firm have full access to the Audit Committee, with or without the presence of management.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of the Company's internal control over financial reporting in accordance with the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *"Internal Control-Integrated Framework (2013)"*. Based on this assessment, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2014.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2014 has been audited by Deloitte LLP, Independent Registered Public Accounting Firm, as stated in their report, which is included herein.

/s/ Bart Demosky
Bart Demosky
Executive Vice-President and
Chief Financial Officer

February 23, 2015

/s/ E. Hunter Harrison
E. Hunter Harrison
Chief Executive Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Canadian Pacific Railway Limited:

We have audited the accompanying consolidated financial statements of Canadian Pacific Railway Limited and subsidiaries (the "Company"), which comprise the consolidated balance sheets as at December 31, 2014 and December 31, 2013, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of cash flows, and consolidated statements of changes in shareholders' equity for each of the years in the three-year period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Canadian Pacific Railway Limited and subsidiaries as at December 31, 2014 and December 31, 2013 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2014, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte LLP
Chartered Accountants
February 23, 2015
Calgary, Canada

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Canadian Pacific Railway Limited:

We have audited the internal control over financial reporting of Canadian Pacific Railway Limited and subsidiaries (the "Company") as of December 31, 2014, based on the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as at and for the year ended December 31, 2014 of the Company and our report dated February 23, 2015 expressed an unmodified opinion on those financial statements.

/s/ Deloitte LLP
Chartered Accountants
February 23, 2015
Calgary, Canada

CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31 (in millions of Canadian dollars)	**2014**	2013	2012
Revenues			
Freight	**$ 6,464**	$ 5,982	$ 5,550
Other	**156**	151	145
Total revenues	**6,620**	6,133	5,695
Operating expenses			
Compensation and benefits (Note 31)	**1,352**	1,385	1,474
Fuel	**1,048**	1,004	999
Materials (Note 31)	**193**	160	166
Equipment rents	**155**	173	206
Depreciation and amortization	**552**	565	539
Purchased services and other (Note 31)	**985**	998	1,044
Asset impairments (Note 3)	**–**	435	265
Labour restructuring (Note 4)	**(4)**	(7)	53
Total operating expenses	**4,281**	4,713	4,746
Operating income	**2,339**	1,420	949
Less:			
Other income and charges (Note 5)	**19**	17	37
Net interest expense (Note 6)	**282**	278	276
Income before income tax expense	**2,038**	1,125	636
Income tax expense (Note 7)	**562**	250	152
Net income	**$ 1,476**	$ 875	$ 484
Earnings per share (Note 8)			
Basic earnings per share	**$ 8.54**	$ 5.00	$ 2.82
Diluted earnings per share	**$ 8.46**	$ 4.96	$ 2.79
Weighted-average number of shares (millions) (Note 8)			
Basic	**172.8**	174.9	171.8
Diluted	**174.4**	176.5	173.2

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended December 31 (in millions of Canadian dollars)	**2014**	2013	2012
Net income	**$ 1,476**	$ 875	$ 484
Net (loss) gain in foreign currency translation adjustments, net of hedging activities	**(32)**	3	11
Change in derivatives designated as cash flow hedges	**(49)**	(1)	9
Change in pension and post-retirement defined benefit plans	**(941)**	1,681	(50)
Other comprehensive (loss) income before income taxes	**(1,022)**	1,683	(30)
Income tax recovery (expense) on above items (Note 9)	**306**	(418)	–
Equity accounted investments	**–**	–	(2)
Other comprehensive (loss) income (Note 9)	**(716)**	1,265	(32)
Comprehensive income	**$ 760**	$ 2,140	$ 452

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

As at December 31 (in millions of Canadian dollars except common shares)	2014	2013
Assets		
Current assets		
Cash and cash equivalents (Note 11)	**$ 226**	$ 476
Restricted cash and cash equivalents (Note 19)	**–**	411
Accounts receivable, net (Note 12)	**702**	580
Materials and supplies	**177**	165
Deferred income taxes (Note 7)	**56**	344
Other current assets	**116**	53
	1,277	2,029
Investments (Note 14)	**112**	92
Properties (Note 15)	**14,438**	13,327
Assets held for sale (Notes 3 and 13)	**182**	222
Goodwill and intangible assets (Note 16)	**176**	162
Pension asset (Note 24)	**304**	1,028
Other assets (Notes 17 and 32)	**151**	200
Total assets	**$ 16,640**	$ 17,060
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 18)	**$ 1,277**	$ 1,189
Long-term debt maturing within one year (Note 19)	**134**	189
	1,411	1,378
Pension and other benefit liabilities (Note 24)	**755**	657
Other long-term liabilities (Note 21)	**432**	338
Long-term debt (Note 19)	**5,659**	4,687
Deferred income taxes (Note 7)	**2,773**	2,903
Total liabilities	**11,030**	9,963
Shareholders' equity		
Share capital (Note 23)	**2,185**	2,240
Authorized unlimited common shares without par value. Issued and outstanding are 166.1 million and 175.4 million at December 31, 2014 and 2013, respectively.		
Authorized unlimited number of first and second preferred shares; none outstanding.		
Additional paid-in capital	**36**	34
Accumulated other comprehensive loss (Note 9)	**(2,219)**	(1,503)
Retained earnings	**5,608**	6,326
	5,610	7,097
Total liabilities and shareholders' equity	**$ 16,640**	$ 17,060

Commitments and contingencies (Note 27)

See Notes to Consolidated Financial Statements.

Approved on behalf of the Board:

/s/ Gary F. Colter
Gary F. Colter, Director,
Chair of the Board

/s/ Isabelle Courville
Isabelle Courville, Director,
Chair of the Audit Committee

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31 (in millions of Canadian dollars)	**2014**	2013	2012
Operating activities			
Net income	**$ 1,476**	$ 875	$ 484
Reconciliation of net income to cash provided by operating activities:			
Depreciation and amortization	**552**	565	539
Deferred income taxes (Note 7)	**354**	212	140
Pension funding in excess of expense (Note 24)	**(132)**	(55)	(61)
Asset impairments (Note 3)	**–**	435	265
Labour restructuring, net (Note 4)	**(17)**	(29)	50
Other operating activities, net	**14**	(51)	(84)
Change in non-cash working capital balances related to operations (Note 10)	**(124)**	(2)	(5)
Cash provided by operating activities	**2,123**	1,950	1,328
Investing activities			
Additions to properties (Note 15)	**(1,449)**	(1,236)	(1,148)
Proceeds from the sale of west end of Dakota, Minnesota and Eastern Railroad (Note 3)	**236**	–	–
Proceeds from sale of properties and other assets	**52**	73	145
Change in restricted cash and cash equivalents used to collateralize letters of credit (Note 19)	**411**	(411)	–
Other	**–**	(23)	(8)
Cash used in investing activities	**(750)**	(1,597)	(1,011)
Financing activities			
Dividends paid	**(244)**	(244)	(223)
Issuance of common shares (Note 23)	**62**	83	198
Purchase of CP Common shares (Note 23)	**(2,050)**	–	–
Issuance of long-term debt, excluding commercial paper (Note 19)	**–**	–	71
Repayment of long-term debt, excluding commercial paper (Note 19)	**(183)**	(56)	(50)
Net issuance of commercial paper (Note 19)	**771**	–	–
Settlement of foreign exchange forward on long-term debt (Note 20)	**17**	–	–
Net decrease in short-term borrowing (Note 19)	**–**	–	(27)
Other	**(3)**	(3)	1
Cash used in financing activities	**(1,630)**	(220)	(30)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	**7**	10	(1)
Cash position			
(Decrease) increase in cash and cash equivalents	**(250)**	143	286
Cash and cash equivalents at beginning of year	**476**	333	47
Cash and cash equivalents at end of year (Note 11)	**$ 226**	$ 476	$ 333

Supplemental disclosures of cash flow information:			
Income taxes paid (refunded)	**$ 226**	$ 31	$ (3)
Interest paid	**$ 309**	$ 295	$ 278

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of Canadian dollars except per share data)	Share capital	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
Balance at December 31, 2011	$ 1,854	$ 86	$ (2,736)	$ 5,445	$ 4,649
Net income	–	–	–	484	484
Other comprehensive loss (Note 9)	–	–	(32)	–	(32)
Dividends declared ($1.3500 per share)	–	–	–	(232)	(232)
Effect of stock-based compensation expense	–	25	–	–	25
Shares issued under stock option plan (Note 23)	273	(70)	–	–	203
Balance at December 31, 2012	2,127	41	(2,768)	5,697	5,097
Net income	–	–	–	875	875
Other comprehensive income (Note 9)	–	–	1,265	–	1,265
Dividends declared ($1.4000 per share)	–	–	–	(246)	(246)
Effect of stock-based compensation expense	–	17	–	–	17
Shares issued under stock option plan (Note 23)	113	(24)	–	–	89
Balance at December 31, 2013	2,240	34	(1,503)	6,326	7,097
Net income	–	–	–	1,476	1,476
Other comprehensive loss (Note 9)	–	–	(716)	–	(716)
Dividends declared ($1.4000 per share)	–	–	–	(241)	(241)
Effect of stock-based compensation expense	–	19	–	–	19
CP Common Shares repurchased (Note 23)	(136)	–	–	(1,953)	(2,089)
Shares issued under stock option plan (Note 23)	81	(17)	–	–	64
Balance at December 31, 2014	**$ 2,185**	**$ 36**	**$ (2,219)**	**$ 5,608**	**$ 5,610**

See Notes to Consolidated Financial Statements.

CANADIAN PACIFIC RAILWAY LIMITED
Notes to Consolidated Financial Statements
December 31, 2014

Canadian Pacific Railway Limited ("CPRL"), through its subsidiaries (collectively referred to as "CP" or "the Company"), operates a transcontinental railway in Canada and the United States. CP provides rail and intermodal transportation services over a network of approximately 13,700 miles, serving the principal business centres of Canada from Montreal, Quebec, to Vancouver, British Columbia, and the U.S. Northeast and Midwest regions. CP's railway network feeds directly into the U.S. heartland from the East and West coasts. Agreements with other carriers extend the Company's market reach east of Montreal in Canada, throughout the U.S. and into Mexico. CP transports bulk commodities, merchandise freight and intermodal traffic. Bulk commodities include grain, coal, fertilizers and sulphur. Merchandise freight consists of finished vehicles and automotive parts, as well as forest and industrial and consumer products. Intermodal traffic consists largely of retail goods in overseas containers that can be transported by train, ship and truck, and in domestic containers and trailers that can be moved by train and truck.

1 Summary of significant accounting policies

Generally accepted accounting principles in the United States of America ("GAAP")

These consolidated financial statements are expressed in Canadian dollars and have been prepared in accordance with GAAP.

Principles of consolidation

These consolidated financial statements include the accounts of CP and all its subsidiaries. The Company's investments in which it has significant influence are accounted for using the equity method. All intercompany accounts and transactions have been eliminated.

Use of estimates

The preparation of these consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the year, the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. Management regularly reviews its estimates, including those related to environmental liabilities, pensions and other benefits, depreciable lives of properties, goodwill, deferred income tax assets and liabilities, as well as legal and personal injury liabilities based upon currently available information. Actual results could differ from these estimates.

Principal subsidiaries

The following list sets out CPRL's principal railway operating subsidiaries, including the jurisdiction of incorporation. All of these subsidiaries are wholly owned, directly or indirectly, by CPRL as at December 31, 2014.

Principal subsidiary	Incorporated under the laws of
Canadian Pacific Railway Company	Canada
Soo Line Railroad Company ("Soo Line")	Minnesota
Delaware and Hudson Railway Company, Inc. ("D&H")	Delaware
Dakota, Minnesota & Eastern Railroad Corporation ("DM&E")	Delaware
Mount Stephen Properties Inc. ("MSP")	Canada

Revenue recognition

Railway freight revenues are recognized based on the percentage of completed service method. The allocation of revenue between reporting periods is based on the relative transit time in each reporting period with expenses recognized as incurred. Volume rebates to customers are accrued as a reduction of freight revenues based on estimated volume and contract terms as freight service is provided. Other revenues, including passenger revenue, revenue from leasing certain assets, switching fees, and revenue from logistics services, are recognized as service is performed or contractual obligations are met. Revenues are presented net of taxes collected from customers and remitted to government authorities.

Cash and cash equivalents

Cash and cash equivalents include highly-liquid short-term investments that are readily convertible to cash with original maturities of three months or less, but exclude cash and cash equivalents subject to restrictions.

Restricted cash and cash equivalents

Cash and cash equivalents that are restricted as to withdrawal or usage, in accordance with specific agreements, are presented as restricted cash and cash equivalents on the balance sheets.

Foreign currency translation

Assets and liabilities denominated in foreign currencies, other than those held through foreign subsidiaries, are translated into Canadian dollars at the year-end exchange rate for monetary items and at the historical exchange rates for non-monetary items. Foreign currency revenues and expenses are translated at the exchange rates in effect on the dates of the related transactions. Foreign exchange gains and losses, other than those arising from the translation of the Company's net investment in foreign subsidiaries, are included in income.

The accounts of the Company's foreign subsidiaries are translated into Canadian dollars using the year-end exchange rate for assets and liabilities and the average exchange rates during the year for revenues, expenses, gains and losses. Foreign exchange gains and losses arising from the translation of these foreign subsidiaries' accounts are included in "Other comprehensive (loss) income". The majority of U.S. dollar-denominated long-term debt has been designated as a hedge of the net investment in foreign subsidiaries. As a result, unrealized foreign exchange ("FX") gains and losses on U.S. dollar-denominated long-term debt, designated as a hedge, are offset against foreign exchange gains and losses arising from the translation of foreign subsidiaries' accounts in "Other comprehensive (loss) income".

Pensions and other benefits

Pension costs are actuarially determined using the projected-benefit method prorated over the credited service periods of employees. This method incorporates management's best estimates of expected plan investment performance, salary escalation and retirement ages of employees. The expected return on fund assets is calculated using market-related asset values developed from a five-year average of market values for the fund's public equity securities and absolute return strategies (with each prior year's market value adjusted to the current date for assumed investment income during the intervening period) plus the market value of the fund's fixed income, real estate and infrastructure securities, subject to the market-related asset value not being greater than 120% of the market value nor being less than 80% of the market value. The discount rate used to determine the projected benefit obligation is based on blended market interest rates on high-quality corporate debt instruments with matching cash flows. Unrecognized actuarial gains and losses in excess of 10% of the greater of the benefit obligation and the market-related value of plan assets are amortized over the expected average remaining service period of active employees expected to receive benefits under the plan (approximately 10 years). Prior service costs arising from collectively bargained amendments to pension plan benefit provisions are amortized over the term of the applicable union agreement. Prior service costs arising from all other sources are amortized over the expected average remaining service period of active employees who are expected to receive benefits under the plan at the date of amendment.

Costs for post-retirement and post-employment benefits other than pensions, including post-retirement health care and life insurance and some workers' compensation and long-term disability benefits in Canada, are actuarially determined on a basis similar to pension costs.

The over or under funded status of defined benefit pension and other post-retirement benefit plans are measured as the difference between the fair value of the plan assets and the benefit obligation, and are recognized on the balance sheets. In addition, any unrecognized actuarial gains and losses and prior service costs and credits that arise during the period are recognized as a component of "Other comprehensive (loss) income", net of tax.

Gains and losses on post-employment benefits that do not vest or accumulate, including some workers' compensation and long-term disability benefits in Canada, are included immediately in income as "Compensation and benefits".

Materials and supplies

Materials and supplies are carried at the lower of average cost or market and consist primarily of fuel and parts used in the repair and maintenance of track structures, equipment, locomotives and freight cars.

Properties

Fixed asset additions and major renewals are recorded at cost, including direct costs, attributable indirect costs and carrying costs, less accumulated depreciation and any impairment. When there is a legal obligation associated with the retirement of property, a liability is initially recognized at its fair value and a corresponding asset retirement cost is added to the gross book value of the related asset and amortized to expense over the estimated term to retirement. The Company reviews the carrying amounts of its properties whenever changes in circumstances indicate that such carrying amounts may not be recoverable based on future undiscounted cash flows. When such properties are determined to be impaired, recorded asset values are revised to their fair value.

The Company recognizes expenditures as additions to properties or operating expenses based on whether the expenditures increase the output or service capacity, lower the associated operating costs or extend the useful life of the properties and whether the expenditures exceed minimum physical and financial thresholds.

Much of the additions to properties, both new and replacement properties, are self-constructed. These are initially recorded at cost, including direct costs and attributable indirect costs, overheads and carrying costs. Direct costs include, among other things, labour costs, purchased services, equipment costs and material costs. Attributable indirect costs and overheads include incremental long-term variable costs resulting from the execution of capital projects. Indirect costs include largely local crew facilities, highway vehicles, work trains and area management costs. Overheads primarily include a portion of the cost of the Company's engineering department which plans, designs and administers these capital projects. These costs are allocated to projects by applying a measure consistent with the nature of the cost based on cost studies. For replacement properties, the project costs are allocated to dismantling and installation based on cost studies. Dismantling work is performed concurrently with the installation.

Ballast programs including undercutting, shoulder ballasting and renewal programs which form part of the annual track program are capitalized as this work, and the related added ballast material, significantly improves drainage which in turn extends the life of ties and other track materials. These costs are tracked separately from the underlying assets and depreciated over the period to the next estimated similar ballast program. Spot replacement of ballast is considered a repair which is expensed as incurred.

The costs of large refurbishments are capitalized and locomotive overhauls are expensed as incurred, except where overhauls represent a betterment of the locomotive in which case costs are capitalized.

The Company capitalizes development costs for major new computer systems.

The Company follows group depreciation which groups assets which are similar in nature and have similar economic lives. The property groups are depreciated on a straight-line basis reflecting their expected economic lives determined by studies of historical retirements of properties in the group and engineering estimates of changes in current operations and of technological advances. Actual use and retirement of assets may vary from current estimates, which would impact the amount of depreciation expense recognized in future periods. Rail and other track material in the U.S. are depreciated based directly on usage.

When depreciable property is retired or otherwise disposed of in the normal course of business, the book value, less net salvage proceeds, is charged to accumulated depreciation and if different than the assumptions under the depreciation study could potentially result in adjusted depreciation expense over a period of years. However, when removal costs exceed the salvage value on assets and the Company has no legal obligation to remove the assets, the removal costs incurred are charged to income in the period in which the assets are removed and are not charged to accumulated depreciation.

For the sale or retirement of larger groups of depreciable assets that are unusual and were not considered in depreciation studies, CP records a gain or loss for the difference between net proceeds and net book value of the assets sold or retired.

Equipment under capital lease is included in Properties and depreciated over the period of expected use.

Assets held for sale

Assets to be disposed that meet the held for sale criteria are reported at the lower of their carrying amount and fair value, less costs to sell, and are no longer depreciated.

Goodwill and intangible assets

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets upon acquisition of a business. Goodwill is assigned to the reporting units that are expected to benefit from the business acquisition which, after integration of operations with the railway network, may be different than the acquired business.

The carrying value of goodwill, which is not amortized, is assessed for impairment annually in the fourth quarter of each year, or more frequently as economic events dictate. The fair value of the reporting unit is compared to its carrying value, including goodwill. If the fair value of the reporting unit is less than its carrying value goodwill is potentially impaired. The impairment charge that would be recognized is the excess of the carrying value of the goodwill over the fair value of the goodwill, determined in the same manner as in a business combination.

Intangible assets with finite lives are amortized on a straight-line basis over the estimated useful lives of the respective assets. Favourable leases, customer relationships and interline contracts have amortization periods ranging from 15 to 20 years. When there is a change in the estimated useful life of an intangible asset with a finite life, amortization is adjusted prospectively.

Financial instruments

Financial instruments are contracts that give rise to a financial asset of one party and a financial liability or equity instrument of another party.

Financial instruments are recognized initially at fair value, which is the amount of consideration that would be agreed upon in an arm's length transaction between willing parties.

Subsequent measurement depends on how the financial instruments have been classified. Accounts receivable and investments, classified as loans and receivables, are measured at amortized cost, using the effective interest method. Certain equity investments, classified as available for sale, are

recognized at cost as fair value cannot be reliably established. Cash and cash equivalents are classified as held for trading and are measured at fair value. Accounts payable, accrued liabilities, short-term borrowings, dividends payable, other long-term liabilities and long-term debt, classified as other liabilities, are also measured at amortized cost.

Derivative financial instruments

Derivative financial and commodity instruments may be used from time to time by the Company to manage its exposure to risks relating to foreign currency exchange rates, stock-based compensation, interest rates and fuel prices. When CP utilizes derivative instruments in hedging relationships, CP identifies, designates and documents those hedging transactions and regularly tests the transactions to demonstrate effectiveness in order to continue hedge accounting.

All derivative instruments are classified as held for trading and recorded at fair value. Any change in the fair value of derivatives not designated as hedges is recognized in the period in which the change occurs in the Consolidated Statements of Income in the line item to which the derivative instrument is related. On the Consolidated Balance Sheets they are classified in "Other assets", "Other long-term liabilities", "Other current assets" or "Accounts payable and accrued liabilities" as applicable. Gains and losses arising from derivative instruments affect the following income statement lines: "Revenues", "Compensation and benefits", "Fuel", "Other income and charges", and "Net interest expense".

For fair value hedges, the periodic changes in values are recognized in income, on the same line as the changes in values of the hedged items are also recorded. For a cash flow hedge, the change in value of the effective portion is recognized in "Other comprehensive (loss) income". Any ineffectiveness within an effective cash flow hedge is recognized in income as it arises in the same income account as the hedged item. Should a cash flow hedging relationship become ineffective, previously unrealized gains and losses remain within "Accumulated other comprehensive loss" until the hedged item is settled and, prospectively, future changes in value of the derivative are recognized in income. The change in value of the effective portion of a cash flow hedge remains in "Accumulated other comprehensive loss" until the related hedged item settles, at which time amounts recognized in "Accumulated other comprehensive loss" are reclassified to the same income or balance sheet account that records the hedged item.

In the Consolidated Statements of Cash Flows, cash flows relating to derivative instruments designated as hedges are included in the same line as the related hedged items.

The Company from time to time enters into foreign exchange forward contracts to hedge anticipated sales in U.S. dollars, the related accounts receivable and future capital acquisitions. Foreign exchange translation gains and losses on foreign currency-denominated derivative financial instruments used to hedge anticipated U.S. dollar-denominated sales are recognized as an adjustment of the revenues when the sale is recorded. Those used to hedge future capital acquisitions are recognized as an adjustment of the property amount when the acquisition is recorded.

The Company from time to time enters into foreign exchange forward contracts as part of its short-term cash management strategy. These contracts are not designated as hedges due to their short-term nature and are carried on the Consolidated Balance Sheets at fair value. Changes in fair value are recognized in income in the period in which the changes occur.

The Company from time to time enters into interest rate swaps to manage the risk related to interest rate fluctuations. These swap agreements require the periodic exchange of payments without the exchange of the principal amount on which the payments are based. Interest expense on the debt is adjusted to include the payments owing or receivable under the interest rate swaps. These agreements are usually accounted for as cash flow hedges with gains and losses recorded in "Accumulated other comprehensive loss" and amortized to "Net interest expense" in the period that interest on the related debt is charged.

The Company from time to time enters into forward rate agreements to fix interest rates for anticipated issuances of debt. These agreements are usually accounted for as cash flow hedges with gains and losses recorded in "Accumulated other comprehensive loss" and amortized to "Net interest expense" in the period that interest on the related debt is charged.

Restructuring accrual

Restructuring liabilities are recorded at their present value. The discount related to liabilities is amortized to "Compensation and benefits" over the payment period. Provisions for labour restructuring are recorded in "Other long-term liabilities", except for the current portion, which is recorded in "Accounts payable and accrued liabilities".

Environmental remediation

Environmental remediation accruals, recorded on an undiscounted basis unless a reliably determinable estimate as to amount and timing of costs can be established, cover site-specific remediation programs. The accruals are recorded when the costs to remediate are probable and reasonably estimable. Certain future costs to monitor sites are discounted at a risk free rate. Provisions for environmental remediation costs are recorded in "Other long-term liabilities", except for the current portion, which is recorded in "Accounts payable and accrued liabilities".

Income taxes

The Company follows the liability method of accounting for income taxes. Deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The effect of a change in income tax rates on deferred income tax assets and liabilities is recognized in income in the period during which the change occurs.

When appropriate, the Company records a valuation allowance against deferred tax assets to reflect that these tax assets may not be realized. In determining whether a valuation allowance is appropriate, CP considers whether it is more likely than not that all or some portion of CP's deferred tax assets will not be realized, based on management's judgment using available evidence about future events.

At times, tax benefit claims may be challenged by a tax authority. Tax benefits are recognized only for tax positions that are more likely than not sustainable upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. A liability for "unrecognized tax benefits" is recorded for any tax benefits claimed in CP's tax returns that do not meet these recognition and measurement standards.

Investment and other similar tax credits are deferred on the Consolidated Balance Sheets and amortized to "Income tax expense" as the related asset is recognized in income.

Earnings per share

Basic earnings per share are calculated using the weighted average number of Common Shares outstanding during the year. Diluted earnings per share are calculated using the treasury stock method for determining the dilutive effect of options.

Stock-based compensation

CP follows the fair value based approach to account for stock options. Compensation expense and an increase in additional paid-in capital are recognized for stock options over their vesting period, or over the period from the grant date to the date employees become eligible to retire when this is shorter than the vesting period, based on their estimated fair values on the grant date, as determined using the Black-Scholes option-pricing model.

Any consideration paid by employees on exercise of stock options is credited to share capital when the option is exercised and the recorded fair value of the option is removed from additional paid-in capital and credited to share capital.

Compensation expense is also recognized for deferred share units ("DSUs"), performance share units ("PSUs") and restricted share units ("RSUs") using the fair value method. Compensation expense is recognized over the vesting period, or for PSUs and DSUs only, over the period from the grant date to the date employees become eligible to retire when this is shorter than the vesting period. Forfeitures of DSUs, PSUs and RSUs are estimated at issuance and subsequently at the balance sheet date.

The employee share purchase plan ("ESPP") gives rise to compensation expense that is recognized using the issue price by amortizing the cost over the vesting period or over the period from the grant date to the date employees become eligible to retire when this is shorter than the vesting period.

2 Accounting changes

Implemented in 2014

Unrecognized Tax Benefit Liability

In July 2013, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists, an amendment to FASB Accounting Standards Codification ("ASC") Topic 740. The amendments require an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, with certain exceptions. This ASU is effective prospectively for public entities for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of this ASU did not have a material impact to the Company's financial statements.

Future changes

Reporting discontinued operations and disclosures of disposals of components

In April 2014, the FASB issued ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, an amendment to FASB ASC Topic 205 and Topic 360. The update amends the definition of a discontinued operation in Topic 205, expands disclosure requirements for transactions that meet the definition of a discontinued operation and requires entities to disclose information about individually significant components that are disposed of or held for sale and do not qualify as discontinued operations. In addition, an entity is required to separately present assets and liabilities of a discontinued operation for all comparative periods and separately present assets and liabilities of assets held for sale in the initial period in which the disposal group is classified as held for sale on the face of the consolidated balance sheets. For each period in which assets and liabilities are separately presented on the consolidated balance sheets, those amounts should not be offset and presented as a single amount. This ASU will be effective for public entities for fiscal years, and interim periods within those years, beginning after December 15, 2014, and will be applied prospectively. The adoption of this ASU is not expected to have a material impact to the Company's financial statements.

Revenue from contracts with customers

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, a new FASB ASC, Topic 606, which supersedes the revenue recognition requirements in Topic 605 and most industry-specific guidance throughout the Industry Topics of the Codification. This new standard requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new standard requires enhanced disclosures about revenue to help users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This ASU will be effective for public entities for fiscal years, and interim periods within those years, beginning after December 15, 2016. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt the ASU. The Company has not, at this time, ascertained the full impact on the consolidated financial statements from the adoption of this new standard but does not expect the impact to be material.

3 Asset impairments

(in millions of Canadian dollars)		2013	2012
Dakota, Minnesota & Eastern Railroad – West	(a)	$ 435	$ –
Powder River Basin impairment and other investment[1]	(b)	–	185
Impairment loss on locomotives	(c)	–	80
Asset impairment, before tax		$ 435	$ 265

[1] Includes impairment of other investment of $5 million.

(a) Dakota, Minnesota & Eastern Railroad – West

On January 2, 2014, the Company executed an agreement with Genesee & Wyoming Inc. ("G&W") for the sale of a portion of CP's DM&E line between Tracy, Minnesota and Rapid City, South Dakota, Colony, Wyoming and Crawford, Nebraska and connecting branch lines ("DM&E West"). The sale was subject to regulatory approval by the U.S. Surface Transportation Board ("STB").

At December 31, 2013, CP classified DM&E West as an asset held for sale carried at CDN$222 million, being its estimated fair value less estimated direct selling costs. As a result, the Company recorded an asset impairment charge and accruals for future costs associated with the sale totaling CDN$435 million ($257 million after-tax) in 2013. The components of the asset impairment charge and charge for the accruals, which are subject to closing adjustments, that were recorded against income as "Asset impairments" are as follows:

(in millions of Canadian dollars)	2013
Property, plant and equipment	$ 426
Intangible assets	2
Goodwill (Note 16)	6
Total asset impairment charge	434
Accruals for future costs	1
Total charge	$ 435

On May 30, 2014, the Company completed the sale of DM&E West to G&W for net proceeds of U.S. $218 million (CDN$236 million).

(b) Powder River Basin impairment

As part of the acquisition of DM&E in 2007, CP acquired the option to build a 260 mile extension of its network into coal mines in the Powder River Basin ("PRB").

Due to continued deterioration in the market for domestic thermal coal, including a sharp deterioration in 2012, in 2012 CP deferred plans to extend its rail network into the PRB coal mines indefinitely. As a result of this decision and in light of the declined market conditions, CP evaluated the recoverability of the carrying amount of PRB assets and determined that this exceeded the estimated fair value by $180 million. The estimated fair value represents the expected proceeds from the sale of the acquired land, as determined by a comparable market assessment. Other costs associated with the acquisition of DM&E accumulated by CP since acquisition have been written down to $nil. The amount of impairment associated with this indefinite deferral was $180 million ($107 million after-tax). The components of the PRB impairment that were charged against income as "Asset impairments" in 2012 are as follows:

(in millions of Canadian dollars)	2012
Option impairment	$ 26
Construction plans, including capitalized interest	134
Land, land option appraisals, including capitalized interest	20
Total impairment	$ 180

(c) Impairment loss on locomotives

In 2012, CP reached a decision to dispose of a certain series of locomotives to improve operating efficiencies, and accordingly performed an impairment test on these assets. The impairment test determined that the net book value of these locomotives exceeded their estimated fair value by $80 million. The estimated fair value represented the expected future cashflows from the disposal of these locomotives at that time. The impairment charge of $80 million ($59 million after-tax) was recorded in "Asset impairments" and charged against income.

The Company has determined no further impairment is required.

4 Labour restructuring

CP recorded a recovery of $4 million in 2014 ($3 million after-tax) (2013 – a recovery of $7 million, $5 million after tax; 2012 – a charge of $53 million, $39 million after tax) for a labour restructuring initiative in 2012 which was included in "Labour restructuring" in the Consolidated Statements of Income, and "Accounts payable and accrued liabilities" and "Other long-term liabilities" in the Consolidated Balance Sheets. The resulting position reductions were largely achieved by the end of 2014 with a small number expected to be completed in 2015.

At December 31, 2014, the provision for restructuring was $24 million (2013 – $50 million; 2012 – $89 million). The restructuring accrual was primarily for labour liabilities arising for restructuring plans, including those from prior year initiatives. Payments are expected to continue in diminishing amounts until 2025.

Set out below is a reconciliation of CP's liabilities associated with its restructuring accrual:

(in millions of Canadian dollars)	**2014**	2013	2012
Opening balance, January 1	**$ 50**	$ 89	$ 55
Accrued[1]	**(7)**	(8)	54
Payments	**(21)**	(33)	(22)
Amortization of discount[2]	**2**	2	2
Closing balance, December 31	**$ 24**	$ 50	$ 89

[1] Includes recoveries of $4 million in the first quarter of 2014 and of $7 million in 2013 related to the fourth quarter 2012 labour restructuring initiative charge of $53 million.
[2] Amortization of discount is charged to income as "Compensation and benefits".

5 Other income and charges

(in millions of Canadian dollars)	2014	2013	2012
Foreign exchange loss (gain) on long-term debt	**$ 11**	$ 2	$ (2)
Accretion income on long-term floating rate notes	**–**	–	(3)
Loss in fair value of long-term floating rate notes	**–**	–	1
Other foreign exchange losses (gains)	**–**	2	(1)
Advisory fees (related to shareholder matters)	**–**	–	27
Other	**8**	13	15
Total other income and charges	**$ 19**	$ 17	$ 37

6 Net interest expense

(in millions of Canadian dollars)	2014	2013	2012
Interest cost	**$ 301**	$ 296	$ 294
Interest capitalized to Properties	**(15)**	(13)	(15)
Interest expense	**286**	283	279
Interest income	**(4)**	(5)	(3)
Net interest expense	**$ 282**	$ 278	$ 276

Interest expense includes interest on capital leases of $12 million for the year ended December 31, 2014 (2013 – $19 million; 2012 – $19 million).

7 Income taxes

The following is a summary of the major components of the Company's income tax expense:

(in millions of Canadian dollars)	2014	2013	2012
Current income tax expense	**$ 208**	$ 38	$ 12
Deferred income tax expense			
Origination and reversal of temporary differences	**317**	183	144
Effect of tax rate increases	**–**	7	11
Effect of hedge of net investment in foreign subsidiaries	**42**	29	(9)
Tax credits	**–**	–	(4)
Other	**(5)**	(7)	(2)
Total deferred income tax expense	**354**	212	140
Total income taxes	**$ 562**	$ 250	$ 152
Income before income tax expense			
Canada	**$ 1,269**	$ 1,019	$ 464
Foreign	**769**	106	172
Total income before income tax expense	**$ 2,038**	$ 1,125	$ 636
Income tax expense			
Current			
Canada	**$ 50**	$ 4	$ 6
Foreign	**158**	34	6
Total current income tax expense	**208**	38	12
Deferred			
Canada	**292**	256	120
Foreign	**62**	(44)	20
Total deferred income tax expense	**354**	212	140
Total income taxes	**$ 562**	$ 250	$ 152

The provision for deferred income taxes arises from temporary differences in the carrying values of assets and liabilities for financial statement and income tax purposes and the effect of loss carry forwards. The items comprising the deferred income tax assets and liabilities are as follows:

(in millions of Canadian dollars)	**2014**	2013
Deferred income tax assets		
Restructuring liability	**$ 7**	$ 16
Amount related to tax losses carried forward	**28**	96
Liabilities carrying value in excess of tax basis	**214**	66
Future environmental remediation costs	**32**	31
Tax credits carried forward including minimum tax	**20**	72
Other	**69**	46
Total deferred income tax assets	**370**	327
Deferred income tax liabilities		
Properties carrying value in excess of tax basis	**3,052**	2,847
Other long-term assets carrying value in excess of tax basis	**–**	9
Other	**35**	30
Total deferred income tax liabilities	**3,087**	2,886
Total net deferred income tax liabilities	**2,717**	2,559
Current deferred income tax assets	**56**	344
Long-term deferred income tax liabilities	**$ 2,773**	$ 2,903

The Company's consolidated effective income tax rate differs from the expected statutory tax rates. Expected income tax expense at statutory rates is reconciled to income tax expense as follows:

(in millions of Canadian dollars, except percentage)	**2014**	2013	2012
Statutory federal and provincial income tax rate	**26.31%**	26.32%	26.09%
Expected income tax expense at Canadian enacted statutory tax rates	**$ 536**	$ 296	$ 166
Increase (decrease) in taxes resulting from:			
Items not subject to tax	**(5)**	(6)	(4)
Canadian tax rate differentials	**(1)**	(1)	(1)
Foreign tax rate differentials	**36**	(36)	(17)
Effect of tax rate increases	**–**	7	11
Tax credits	**–**	–	(4)
Other	**(4)**	(10)	1
Income tax expense	**$ 562**	$ 250	$ 152

The Company has no unrecognized tax benefits from capital losses at December 31, 2014 and 2013.

The Company has not provided a deferred liability for the income taxes, if any, which might become payable on any temporary difference associated with its foreign investments because the Company intends to indefinitely reinvest in its foreign investments and has no intention to realize this difference by a sale of its interest in foreign investments.

During the third quarter of 2013, legislation was enacted to increase the province of British Columbia's corporate income tax rate. As a result, the Company recalculated its deferred income taxes as at January 1, 2013 based on this change and recorded an income tax expense of $7 million in the third quarter of 2013.

During the second quarter of 2012, legislation was enacted to cancel the previously planned province of Ontario's corporate income tax rate reductions. As a result of these changes, the Company recorded an income tax expense of $11 million in the second quarter of 2012, based on its deferred income tax balances as at January 1, 2012.

At December 31, 2014, the Company had income tax operating losses carried forward of $94 million, which have been recognized as a deferred tax asset. Certain of these losses carried forward will begin to expire in 2026, with the majority expiring between 2029 and 2034. The Company also has minimum tax credits of approximately $15 million that will begin to expire in 2016 as well as investment tax credits of $5 million, certain of which will begin to expire in 2018.

It is more likely than not that the Company will realize the majority of its deferred income tax assets from the generation of future taxable income, as the payments for provisions, reserves and accruals are made and losses and tax credits carried forward are utilized.

The following table provides a reconciliation of uncertain tax positions in relation to unrecognized tax benefits for Canada and the United States for the year ended December 31, 2014:

(in millions of Canadian dollars)	**2014**	2013	2012
Unrecognized tax benefits at January 1	**$ 16**	$ 19	$ 19
Increase in unrecognized:			
Tax benefits related to the current year	**2**	4	2
Dispositions:			
Gross uncertain tax benefits related to prior years	**(1)**	(7)	(2)
Unrecognized tax benefits at December 31	**$ 17**	$ 16	$ 19

If these uncertain tax positions were recognized, all of the amount of unrecognized tax positions as at December 31, 2014 would impact the Company's effective tax rate.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense in the Company's Consolidated Statements of Income. The total amount of accrued interest and penalties in 2014 was $1 million (2013 – credit of $1 million; 2012 – $nil). The total amount of accrued interest and penalties associated with the unrecognized tax benefit at December 31, 2014 was $5 million (2013 – $4 million; 2012 – $5 million).

The Company and its subsidiaries are subject to either Canadian federal and provincial income tax, U.S. federal, state and local income tax, or the relevant income tax in other international jurisdictions. The Company has substantially concluded all Canadian federal and provincial income tax matters for the years through 2009. The federal and provincial income tax returns filed for 2010 and subsequent years remain subject to examination by the taxation authorities.

All U.S. federal income tax returns and generally all U.S. state and local income tax returns are closed to 2007. The income tax returns for 2008 and subsequent years continue to remain subject to examination by the taxation authorities.

The Company does not anticipate any material changes to the unrecognized tax benefits previously disclosed within the next twelve months as at December 31, 2014.

8 Earnings per share

Basic earnings per share have been calculated using net income for the year divided by the weighted average number of shares outstanding during the year.

Diluted earnings per share have been calculated using the treasury stock method which assumes that any proceeds received from the exercise of in-the-money options would be used to purchase Common Shares at the average market price for the period. For purposes of this calculation, at December 31, 2014, there were 3.1 million dilutive options outstanding (2013 – 3.2 million; 2012 – 4.2 million).

The number of shares used in the earnings per share calculations is reconciled as follows:

(in millions)	**2014**	2013	2012
Weighted average basic shares outstanding	**172.8**	174.9	171.8
Dilutive effect of weighted average number of stock options	**1.6**	1.6	1.4
Weighted average diluted shares outstanding	**174.4**	176.5	173.2

In 2014, the number of options excluded from the computation of diluted earnings per share because their effect was not dilutive was 0.1 million (2013 – nil; 2012 – 0.2 million).

9 Other comprehensive (loss) income and accumulated other comprehensive loss

The components of "Accumulated other comprehensive loss", net of tax, are as follows:

(in millions of Canadian dollars)	2014	2013
Unrealized foreign exchange gain (loss) on translation of the net investment in U.S. subsidiaries	**$ 199**	$ (88)
Unrealized foreign exchange (loss) gain on translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries	**(84)**	193
Deferred losses on settled hedge instruments	**(16)**	(16)
Unrealized effective (losses) gains on cash flow hedges	**(34)**	3
Amounts for defined benefit pension and other post-retirement plans not recognized in income	**(2,282)**	(1,593)
Equity accounted investments	**(2)**	(2)
Accumulated other comprehensive loss	**$ (2,219)**	$ (1,503)

Components of other comprehensive (loss) income and the related tax effects are as follows:

(in millions of Canadian dollars)	Before tax amount	Income tax recovery (expense)	Net of tax amount
For the year ended December 31, 2014			
Unrealized foreign exchange gain (loss) on:			
Translation of the net investment in U.S. subsidiaries	**$ 287**	**$ –**	**$ 287**
Translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries (Note 20)	**(319)**	**42**	**(277)**
Change in derivatives designated as cash flow hedges:			
Realized loss on cash flow hedges recognized in income	**(3)**	**–**	**(3)**
Unrealized loss on cash flow hedges	**(46)**	**12**	**(34)**
Change in pension and other benefits actuarial gains and losses	**(873)**	**234**	**(639)**
Change in prior service pension and other benefit costs	**(68)**	**18**	**(50)**
Other comprehensive loss	**$ (1,022)**	**$ 306**	**$ (716)**
For the year ended December 31, 2013			
Unrealized foreign exchange gain (loss) on:			
Translation of the net investment in U.S. subsidiaries	$ 220	$ –	$ 220
Translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries (Note 20)	(217)	28	(189)
Change in derivatives designated as cash flow hedges:			
Realized loss on cash flow hedges recognized in income	(19)	–	(19)
Unrealized gain on cash flow hedges	18	–	18
Change in pension and other benefits actuarial gains and losses	1,603	(427)	1,176
Change in prior service pension and other benefit costs	78	(19)	59
Other comprehensive income	$ 1,683	$ (418)	$ 1,265

(in millions of Canadian dollars)	Before tax amount	Income tax recovery (expense)	Net of tax amount
For the year ended December 31, 2012			
Unrealized foreign exchange (loss) gain on:			
Translation of the net investment in U.S. subsidiaries	$ (58)	$ –	$ (58)
Translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries (Note 20)	69	(9)	60
Change in derivatives designated as cash flow hedges:			
Realized gain on cash flow hedges recognized in income	6	(1)	5
Unrealized gain on cash flow hedges	3	–	3
Change in pension and other benefits actuarial gains and losses	(62)	12	(50)
Change in prior service pension and other benefit costs	12	(2)	10
Equity accounted investments	(2)	–	(2)
Other comprehensive loss	$ (32)	$ –	$ (32)

Changes in accumulated other comprehensive loss (AOCL) by component:

(in millions of Canadian dollars)	Foreign currency net of hedging activities[1]	Derivatives and other[1]	Pension and post-retirement defined benefit plans[1]	Total[1]
Opening balance, 2014	**$ 105**	**$ (15)**	**$ (1,593)**	**$ (1,503)**
Other comprehensive income (loss) before reclassifications	**10**	**(34)**	**(781)**	**(805)**
Amounts reclassified from accumulated other comprehensive loss	**–**	**(3)**	**92**	**89**
Net current-period other comprehensive income (loss)	**10**	**(37)**	**(689)**	**(716)**
Closing balance, 2014	**$ 115**	**$ (52)**	**$ (2,282)**	**$ (2,219)**
Opening balance, 2013	$ 74	$ (14)	$ (2,828)	$ (2,768)
Other comprehensive income (loss) before reclassifications	31	17	1,078	1,126
Amounts reclassified from accumulated other comprehensive loss	–	(18)	157	139
Net current-period other comprehensive income (loss)	31	(1)	1,235	1,265
Closing balance, 2013	$ 105	$ (15)	$ (1,593)	$ (1,503)

[1] Amounts are presented net of tax.

Amounts in Pension and post-retirement defined benefit plans reclassified from Accumulated other comprehensive loss

	2014	2013
Amortization of prior service costs[a]	**$ (68)**	$ (58)
Recognition of net actuarial loss[a]	**192**	272
Total before income tax	**$ 124**	$ 214
Income tax recovery	**(32)**	(57)
Net of income tax	**$ 92**	$ 157

[a] Impacts Compensation and benefits on the Consolidated Statements of Income.

10 Change in non-cash working capital balances related to operations

(in millions of Canadian dollars)	**2014**	2013	2012
(Use) source of cash:			
Accounts receivable, net	**$ (112)**	$ (29)	$ (40)
Materials and supplies	**7**	(19)	7
Other current assets	**(75)**	5	15
Accounts payable and accrued liabilities	**56**	41	13
Change in non-cash working capital	**$ (124)**	$ (2)	$ (5)

11 Cash and cash equivalents

(in millions of Canadian dollars)	2014	2013
Cash	$ 226	$ 109
Short-term investments:		
Deposits with financial institutions	–	367
Total cash and cash equivalents	$ 226	$ 476

12 Accounts receivable, net

(in millions of Canadian dollars)	2014	2013
Freight	$ 535	$ 408
Non-freight	189	192
	724	600
Allowance for doubtful accounts	(22)	(20)
Total accounts receivable, net	$ 702	$ 580

The Company maintains an allowance for doubtful accounts based on expected collectability of accounts receivable. Credit losses are based on specific identification of uncollectible accounts, the application of historical percentages by aging category and an assessment of the current economic environment. At December 31, 2014, allowances of $22 million (2013 – $20 million) were recorded in "Accounts receivable, net". During 2014, provisions of $2 million of accounts receivable (2013 – $3 million; 2012 – $3 million) were recorded within "Purchased services and other".

13 Assets held for sale

On November 17, 2014, the Company announced a proposed agreement with Norfolk Southern Corporation ("NS") for the sale of approximately 283 miles of the Delaware and Hudson Railway Company, Inc.'s line between Sunbury, Pennsylvania, and Schenectady, New York. The assets expected to be sold to NS upon completion of this transaction have been classified as "Assets held for sale" on the Company's Consolidated Balance Sheets. The assets continue to be reported at their carrying value as this is lower than their expected fair value. The sale to NS, when agreed, will be subject to regulatory approval by the STB and is expected to close in 2015.

14 Investments

(in millions of Canadian dollars)	2014	2013
Rail investments accounted for on an equity basis	$ 82	$ 67
Other investments	30	25
Total investments	$ 112	$ 92

15 Properties

	2014	2014			2013		
(in millions of Canadian dollars)	Average annual depreciation rate	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Track and roadway	2.5%	$ 14,515	$ 4,126	$ 10,389	$ 13,459	$ 3,877	$ 9,582
Buildings	3.1%	571	150	421	535	138	397
Rolling stock	2.3%	3,737	1,414	2,323	3,466	1,338	2,128
Information systems[1]	12.4%	631	297	334	679	338	341
Other	4.5%	1,489	518	971	1,372	493	879
Total		$ 20,943	$ 6,505	$ 14,438	$ 19,511	$ 6,184	$ 13,327

[1] During 2014, CP capitalized costs attributable to the design and development of internal-use software in the amount of $69 million (2013 – $85 million; 2012 – $105 million). Current year depreciation expense related to internal use software was $70 million (2013 – $84 million; 2012 – $78 million).

Capital leases included in properties

(in millions of Canadian dollars)	2014 Cost	2014 Accumulated depreciation	2014 Net book value	2013 Cost	2013 Accumulated depreciation	2013 Net book value
Buildings	**$ 1**	**$ 1**	**$ –**	$ 1	$ 1	$ –
Rolling stock	**311**	**87**	**224**	511	195	316
Total assets held under capital lease	**$ 312**	**$ 88**	**$ 224**	$ 512	$ 196	$ 316

16 Goodwill and intangible assets

(in millions of Canadian dollars)	Goodwill	Intangible assets Cost	Intangible assets accumulated amortization	Net carrying amount
Balance at December 31, 2012	$ 146	$ 24	$ (9)	$ 15
Amortization	–	–	(1)	(1)
Foreign exchange impact	10	–	–	–
DM&E West impairment (Note 3)	(6)	(2)	–	(2)
Balance at December 31, 2013	$ 150	$ 22	$ (10)	$ 12
Amortization	–	–	(1)	(1)
Foreign exchange impact	14	–	1	1
Balance at December 31, 2014	**$ 164**	**$ 22**	**$ (10)**	**$ 12**

As part of the acquisition of DM&E in 2007, CP recognized goodwill of U.S. $147 million on the allocation of the purchase price, determined as the excess of the purchase price over the fair value of the net assets acquired. Since the acquisition, the operations of DM&E have been integrated with CP's U.S. operations and the related goodwill is allocated to CP's U.S. reporting unit. Goodwill is tested for impairment at least once per year as at October 1st. The goodwill impairment test determines if the fair value of the reporting unit continues to exceed its net book value, or whether an impairment charge is required. The fair value of the reporting unit is affected by projections of its profitability including estimates of revenue growth, which are inherently uncertain.

Intangible assets of $12 million (2013 – $12 million), acquired in the acquisition of DM&E, include favourable leases, customer relationships and interline contracts.

The estimated amortization expense for intangible assets for 2015 to 2019 is insignificant each year.

17 Other assets

(in millions of Canadian dollars)	2014	2013
Unamortized fees on long-term debt	**$ 43**	$ 44
Long-term materials	**30**	31
Long-term receivables	**28**	28
Contracted customer incentives	**9**	6
Prepaid leases	**9**	9
Deferred hedging gains (Note 20)	–	19
Other	**32**	63
Total other assets	**$ 151**	$ 200

Fees on long-term debt and contracted customer incentives are amortized to income over the term of the related debt and over the term of the related revenue contract, respectively.

18 Accounts payable and accrued liabilities

(in millions of Canadian dollars)	2014	2013
Trade payables	**$ 407**	$ 358
Accrued charges	**324**	343
Income and other taxes payable	**95**	46
Accrued interest	**75**	79
Payroll-related accruals	**72**	67
Accrued vacation	**66**	67
Dividends payable	**58**	62
Personal injury and other claims provision	**45**	57
Purchase of CP Common shares	**39**	–
Provision for environmental remediation (Note 21)	**16**	14
Stock-based compensation liabilities	**14**	20
Provision for restructuring (Note 4)	**11**	29
Other	**55**	47
Total accounts payable and accrued liabilities	**$ 1,277**	$ 1,189

19 Debt

(in millions of Canadian dollars)	Maturity	Currency in which payable	2014	2013
6.500% 10-year Notes (A)	May 2018	U.S.$	**$ 319**	$ 292
6.250% 10-year Medium Term Notes (A)	June 2018	CDN$	**374**	374
7.250% 10-year Notes (A)	May 2019	U.S.$	**405**	371
9.450% 30-year Debentures (A)	Aug. 2021	U.S.$	**290**	266
5.100% 10-year Medium Term Notes (A)	Jan. 2022	CDN$	**125**	125
4.500% 10-year Notes (A)	Jan. 2022	U.S.$	**287**	262
4.450% 12.5-year Notes (A)	Mar. 2023	U.S.$	**405**	371
7.125% 30-year Debentures (A)	Oct. 2031	U.S.$	**406**	372
5.750% 30-year Debentures (A)	Mar. 2033	U.S.$	**282**	258
5.950% 30-year Notes (A)	May 2037	U.S.$	**515**	471
6.450% 30-year Notes (A)	Nov. 2039	CDN$	**400**	400
5.750% 30-year Notes (A)	Jan. 2042	U.S.$	**284**	260
Secured Equipment Loan (B)	Aug. 2015	CDN$	**62**	80
5.41% Senior Secured Notes (C)	Mar. 2024	U.S.$	**121**	116
6.91% Secured Equipment Notes (D)	Oct. 2024	CDN$	**156**	167
5.57% Senior Secured Notes (E)	Dec. 2024	U.S.$	**65**	62
7.49% Equipment Trust Certificates (F)	Jan. 2021	U.S.$	**96**	96
3.88% Senior Secured Notes Series A & B (G)	Oct./Dec. 2026	U.S.$	**148**	140
4.28% Senior Secured Notes (H)	Mar. 2027	U.S.$	**77**	73
Other long-term loans (nil% – 5.50%)	2015 - 2025	U.S.$	**2**	2
Obligations under capital leases (6.313% – 6.99%) (I)	2022 - 2026	U.S.$	**147**	277
Obligations under capital leases (12.77%) (I)	Jan. 2031	CDN$	**3**	3
Commercial paper (J)		U.S.$	**783**	–
			5,752	4,838
Perpetual 4% Consolidated Debenture Stock (K)		U.S.$	**35**	32
Perpetual 4% Consolidated Debenture Stock (K)		G.B.£	**6**	6
			5,793	4,876
Less: Long-term debt maturing within one year			**134**	189
			$ 5,659	$ 4,687

At December 31, 2014, the gross amount of long-term debt denominated in U.S. dollars was U.S. $4,047 million (2013 – U.S. $3,527 million).

Annual maturities and principal repayments requirements, excluding those pertaining to capital leases, for each of the five years following 2014 are (in millions): 2015 – $131; 2016 – $816; 2017 – $29; 2018 – $725; 2019 – $439.

A. These debentures and notes pay interest semi-annually and are unsecured, but carry a negative pledge.

B. The Secured Equipment Loan is collateralized by specific locomotive units with a carrying value of $63 million at December 31, 2014. The floating interest rate is calculated based on a six-month average Canadian Dollar Offered Rate (calculated based on an average of Bankers' Acceptance rates) plus 53 basis points (2014 – 1.89%; 2013 – 1.93%; 2012 – 1.97%). The Company makes blended payments of principal and interest semi-annually. Final repayment of the remaining principal balance of $53 million is due in August 2015.

C. The 5.41% Senior Secured Notes are collateralized by specific locomotive units with a carrying value of $135 million at December 31, 2014. The Company pays equal blended semi-annual payments of principal and interest. Final repayment of the remaining principal of U.S. $44 million is due in March 2024.

D. The 6.91% Secured Equipment Notes are full recourse obligations of the Company collateralized by a first charge on specific locomotive units with a carrying value of $131 million at December 31, 2014. The Company pays equal blended semi-annual payments of principal and interest up to and including October 2024.

E. The 5.57% Senior Secured Notes are secured by specific locomotive units and other rolling stock with a combined carrying value of $57 million at December 31, 2014. The Company pays equal blended semi-annual payments of principal and interest up to and including December 2024. Final repayment of the remaining principal of U.S. $33 million is due in December 2024.

F. The 7.49% Equipment Trust Certificates are secured by specific locomotive units with a carrying value of $110 million at December 31, 2014. The Company makes semi-annual payments that vary in amount and are interest-only payments or blended principal and interest payments. Final repayment of the remaining principal of U.S. $11 million is due in January 2021.

G. These Notes are secured by locomotives previously acquired by the Company with a carrying value of $127 million at December 31, 2014. The Company pays equal blended semi-annual payments of principal and interest up to and including December 2026. Final repayment of the remaining principal of U.S. $69 million is due in the fourth quarter of 2026.

H. These Notes are secured by locomotives previously acquired by the Company with a carrying value of $66 million at December 31, 2014. The Company pays equal blended semi-annual payments of principal and interest up to and including March 2027. Final repayment of the remaining principal of U.S. $35 million is due in March 2027.

I. At December 31, 2014, capital lease obligations included in long-term debt were as follows:

(in millions of Canadian dollars)	Year	Capital leases
Minimum lease payments in:		
	2015	$ 14
	2016	14
	2017	14
	2018	14
	2019	14
	Thereafter	160
Total minimum lease payments		230
Less: Imputed interest		(80)
Present value of minimum lease payments		150
Less: Current portion		(3)
Long-term portion of capital lease obligations		$ 147

During 2014, the Company had no additions to property, plant and equipment under capital lease obligations (2013 – $nil; 2012 – $nil).

The carrying value of the assets collateralizing the capital lease obligations was $224 million at December 31, 2014.

J. During the fourth quarter of 2014, the Company established a commercial paper program which enabled it to issue commercial paper up to a maximum aggregate principal amount of U.S. $1 billion in the form of unsecured promissory notes. The commercial paper program is backed by a U.S. $1 billion committed, revolving credit facility, which matures on September 26, 2016. As at December 31, 2014, the Company had total commercial paper borrowings of U.S. $675 million (CDN $783 million) presented in "Long-term debt" on the Consolidated Balance Sheets (2013 – $nil) as the Company has the intent and the ability to renew these borrowings on a long-term basis. The weighted-average interest rate on these borrowings was 0.44%.

The Company presents issuances and repayments of commercial paper in the Consolidated Statements of Cash Flows on a net basis, all of which have a maturity less than 90 days.

K. The Consolidated Debenture Stock, authorized by an Act of Parliament of 1889, constitutes a first charge upon and over the whole of the undertaking, railways, works, rolling stock, plant, property and effects of the Company, with certain exceptions.

L. During November 2013, CP extended its revolving credit agreement with 13 highly rated financial institutions and also contains an uncommitted accordion feature. At December 31, 2013, the facility was undrawn.

At September 26, 2014, the Company terminated its existing revolving credit facility agreement dated as of November 29, 2013. On the same day, CP entered into a new revolving credit facility (the "facility") agreement with 15 highly rated financial institutions for a commitment amount of U.S. $2 billion. The facility includes a U.S. $1 billion five year portion and a U.S. $1 billion one year plus one year term out portion. The facility can accommodate draws of cash and/or letters of credit at market competitive pricing. At December 31, 2014, the facility is undrawn. The agreement requires the Company not to exceed a maximum debt to total capitalization ratio. At December 31, 2014, the Company satisfied this threshold stipulated in the financial covenant.

The weighted average annualized interest rate of the facility for drawn funds was not applicable in 2014 and 2013 compared to 2.94% in 2012.

During 2013, the Company entered into a series of committed and uncommitted bilateral letter of credit facility agreements with financial institutions to support its requirement to post letters of credit in the ordinary course of business. Under these agreements, the Company had the option to post collateral in the form of cash or cash equivalents, equal at least to the face value of the letter of credit issued.

In October 2014, CP terminated its existing uncommitted demand bilateral letter of credit facility agreements and entered into bilateral letter of credit facility agreements with six highly rated financial institutions to support its requirement to post letters of credit in the ordinary course of business. Under these agreements, the Company has the option to post collateral in the form of cash or cash equivalents, equal at least to the face value of the letter of credit issued. These new agreements permit CP to withdraw amounts posted as collateral at any time; therefore, the amounts posted as collateral are presented as "Cash and cash equivalents" on the Company's Consolidated Balance Sheet.

At December 31, 2014, under its bilateral facilities the Company had letters of credit drawn of $412 million from a total available amount of $600 million. Prior to these bilateral agreements, letters of credit were drawn under the Company's revolving credit facility. At December 31, 2014, under the terms of the new bilateral letter of credit facilities, no cash and cash equivalents was recorded as "Restricted cash and cash equivalents" (2013 – $411 million).

20 Financial instruments

A. Fair values of financial instruments

The Company categorizes its financial assets and liabilities measured at fair value in line with the fair value hierarchy established by GAAP that prioritizes, with respect to reliability, the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs consist of quoted prices (unadjusted) in active markets for identical assets and liabilities and give the highest priority to these inputs. Level 2 and 3 inputs are based on significant other observable inputs and significant unobservable inputs, respectively, and give lower priority to these inputs.

When possible, the estimated fair value is based on quoted market prices and, if not available, estimates from third party brokers. For non-exchange traded derivatives classified in Level 2, the Company uses standard valuation techniques to calculate fair value. Primary inputs to these techniques include observable market prices (interest, foreign exchange and commodity) and volatility, depending on the type of derivative and nature of the underlying risk. The Company uses inputs and data used by willing market participants when valuing derivatives and considers its own credit default swap spread as well as those of its counterparties in its determination of fair value.

The carrying values of financial instruments equal or approximate their fair values with the exception of long-term debt which has a fair value of approximately $6,939 million at December 31, 2014 (December 31, 2013 – $5,572 million) with a carrying value of $5,793 million (December 31, 2013 – $4,876 million). The estimated fair value of current and long-term borrowings has been determined based on market information where available, or by discounting future payments of interest and principal at estimated interest rates expected to be available to the Company at period end. All derivatives and long-term debt are classified as Level 2.

B. Fair values of non-financial assets

At December 31, 2013, CP classified DM&E West as an asset held for sale carried at its estimated fair value less estimated direct selling costs (Note 3). The sale of DM&E West was completed during 2014. During 2012, CP reviewed certain properties for impairment (Note 3) and estimated the fair values of those properties. These estimated fair values were based on measurements classified as Level 3 which resulted in the recording of a total impairment charge in 2013 of $434 million and in 2012 of $265 million (Note 3). CP used third party information that was corroborated with other internal information to estimate the fair value of these properties.

C. Financial risk management

Derivative financial instruments

Derivative financial instruments may be used to selectively reduce volatility associated with fluctuations in interest rates, foreign exchange ("FX") rates, the price of fuel and stock-based compensation expense. Where derivatives are designated as hedging instruments, the relationship between the hedging instruments and their associated hedged items is documented, as well as the risk management objective and strategy for the use of the hedging instruments. This documentation includes linking the derivatives that are designated as fair value or cash flow hedges to specific assets or liabilities on the Consolidated Balance Sheets, commitments or forecasted transactions. At the time a derivative contract is entered into and at least quarterly thereafter, an assessment is made whether the derivative item is effective in offsetting the changes in fair value or cash flows of the hedged items. The derivative qualifies for hedge accounting treatment if it is effective in substantially mitigating the risk it was designed to address.

It is not the Company's intent to use financial derivatives or commodity instruments for trading or speculative purposes.

Credit risk management

Credit risk refers to the possibility that a customer or counterparty will fail to fulfil its obligations under a contract and as a result create a financial loss for the Company.

The railway industry predominantly serves financially established customers and the Company has experienced limited financial losses with respect to credit risk. The credit worthiness of customers is assessed using credit scores supplied by a third party, and through direct monitoring of their financial well-being on a continual basis. The Company establishes guidelines for customer credit limits and should thresholds in these areas be reached, appropriate precautions are taken to improve collectability.

Counterparties to financial instruments expose the Company to credit losses in the event of non-performance. Counterparties for derivative and cash transactions are limited to high credit quality financial institutions, which are monitored on an on-going basis. Counterparty credit assessments are based on the financial health of the institutions and their credit ratings from external agencies. The Company does not anticipate non-performance that would materially impact the Company's financial statements. In addition, the Company believes there are no significant concentrations of credit risk.

Foreign exchange management

The Company conducts business transactions and owns assets in both Canada and the United States. As a result the Company is exposed to fluctuations in value of financial commitments, assets, liabilities, income or cash flows due to changes in FX rates. The Company may enter into foreign exchange risk management transactions primarily to manage fluctuations in the exchange rate between Canadian and U.S. currencies. FX exposure is primarily mitigated through natural offsets created by revenues, expenditures and balance sheet positions incurred in the same currency. Where appropriate, the Company may negotiate with customers and suppliers to reduce the net exposure.

Occasionally the Company will enter into short-term FX forward contracts as part of its cash management strategy.

Net investment hedge

The FX gains and losses on long-term debt are mainly unrealized and can only be realized when U.S. dollar denominated long-term debt matures or is settled. The Company also has long-term FX exposure on its investment in U.S. affiliates. The majority of the Company's U.S. dollar denominated long-term debt has been designated as a hedge of the net investment in foreign subsidiaries. This designation has the effect of mitigating volatility on net income by offsetting long-term FX gains and losses on U.S. dollar denominated long-term debt and gains and losses on its net investment. The effective portion recognized in "Other comprehensive income" in 2014 was an unrealized foreign exchange loss of $319 million (2013 – unrealized loss of $217 million; 2012 – unrealized gain of $69 million) (Note 9). The ineffectiveness during 2014 was negligible (2013 – $nil; 2012 – $nil).

Foreign exchange forward contracts

The Company may enter into FX forward contracts to lock-in the amount of Canadian dollars it has to pay on U.S. denominated debt maturities.

At December 31, 2014, the Company had no remaining FX forward contracts to fix the exchange rate on U.S. denominated debt maturities. During 2014, the Company settled the FX forward contract related to the repayment of a capital lease due in January 2014 for proceeds of $8 million. The Company also settled, prior to maturity, the FX forward contracts related to the repayment of the 6.50% Notes due in May 2018 and its 7.25% Notes due in May 2019 for proceeds of $17 million with the offset recorded as realized gains of $3 million in "Accumulated other comprehensive loss" and $14 million in "Retained earnings". Amounts remaining in "Accumulated other comprehensive loss" are being amortized to "Other income and charges" until the underlying debts, which were hedged, are repaid.

During 2014, the combined realized and unrealized foreign exchange gains were $3 million and were recorded in "Other income and charges" (2013 – unrealized gain of $18 million; 2012 – unrealized loss of $4 million) in relation to these derivatives. Gains recorded in "Other income and charges" were largely offset by unrealized losses on the underlying debt which the derivatives were designated to hedge. Similarly, losses were largely offset by unrealized gains on the underlying debt.

At December 31, 2014, the Company expected that, during the next 12 months, a negligible amount of pre-tax gain would be reclassified to "Other income and charges".

At December 31, 2013, the unrealized gain derived from these FX forwards was $25 million of which $6 million was included in "Other current assets" and $19 million in "Other assets" with the offset reflected as unrealized gains of $5 million in "Accumulated other comprehensive loss" and $20 million in "Retained earnings".

Interest rate management

The Company is exposed to interest rate risk, which is the risk that the fair value or future cash flows of a financial instrument will vary as a result of changes in market interest rates. In order to manage funding needs or capital structure goals, the Company enters into debt or capital lease agreements that are subject to either fixed market interest rates set at the time of issue or floating rates determined by on-going market conditions. Debt subject to variable interest rates exposes the Company to variability in interest expense, while debt subject to fixed interest rates exposes the Company to variability in the fair value of debt.

To manage interest rate exposure, the Company accesses diverse sources of financing and manages borrowings in line with a targeted range of capital structure, debt ratings, liquidity needs, maturity schedule, and currency and interest rate profiles. In anticipation of future debt issuances, the Company may enter into forward rate agreements, that are designated as cash flow hedges, to substantially lock in all or a portion of the effective future interest expense. The Company may also enter into swap agreements, designated as fair value hedges, to manage the mix of fixed and floating rate debt.

Forward starting swaps

During the fourth quarter of 2014, the Company entered into forward starting floating-to-fixed interest rate swap agreements ("forward starting swaps") totaling a notional U.S. $1.4 billion to fix the benchmark rate on cash flows associated with highly probable forecasted issuances of long-term notes. The effective portion of changes in fair value on the forward starting swaps is recorded in "Accumulated other comprehensive loss", net of tax, as cash flow hedges until the probable forecasted notes are issued. Subsequent to the notes issuance, amounts in "Accumulated other comprehensive loss" are reclassified to "Net interest expense". As at December 31, 2014, the unrealized loss derived from the forward starting swaps was $46 million of which $21 million was included in "Accounts payable and accrued liabilities" and $25 million in "Other long-term liabilities" with the offset reflected in "Other comprehensive (loss) income" on the Consolidated Statements of Comprehensive Income.

Interest rate swaps

During the fourth quarter of 2014, the Company entered into floating-to-fixed interest rate swap agreements totaling U.S. $600 million to hedge the variability in cash flow associated with fluctuations in interest rates on commercial paper issuances. These swaps expire in 2015 and are accounted for as a cash flow hedge. The effective portion of changes in fair value of the swaps is recorded in "Accumulated other comprehensive loss", net of tax. Subsequent to the commercial paper issuance, the amounts recorded in "Accumulated other comprehensive loss" are reclassified to "Net interest expense". At December 31, 2014, the unrealized gain recorded in "Other current assets" on the Consolidated Balance Sheets, was not significant. The offset was reflected in "Other comprehensive (loss) income" on the Consolidated Statements of Comprehensive Income. At December 31, 2013, the Company had no outstanding interest rate swaps, nor did it enter into or unwind any such transactions during 2013.

Treasury rate locks

At December 31, 2014, the Company had net unamortized losses related to interest rate locks, which are accounted for as cash flow hedges, settled in previous years totaling $21 million (December 31, 2013 – $22 million). This amount is composed of various unamortized gains and losses related to specific debts which are reflected in "Accumulated other comprehensive loss" and are amortized to "Net interest expense" in the period that interest on the related debt is charged. The amortization of these gains and losses resulted in a negligible increase to "Net interest expense" and "Other comprehensive income" in 2014 (2013 – negligible; 2012 – negligible). At December 31, 2014, the Company expected that, during the next 12 months, a negligible amount of loss related to these previously settled derivatives would be reclassified to "Net interest expense".

Fuel price management

The Company is exposed to commodity risk related to purchases of diesel fuel and the potential reduction in net income due to increases in the price of diesel. Fuel expense constitutes a large portion of the Company's operating costs and volatility in diesel fuel prices can have a significant impact on the Company's income. Items affecting volatility in diesel prices include, but are not limited to, fluctuations in world markets for crude oil and distillate fuels, which can be affected by supply disruptions and geopolitical events.

The impact of variable fuel expense is mitigated substantially through fuel cost recovery programs which apportion incremental changes in fuel prices to shippers through price indices, tariffs, and by contract, within agreed upon guidelines. While these programs provide effective and meaningful coverage, residual exposure remains as the fuel expense risk may not be completely recovered from shippers due to timing and volatility in the market.

21 Other long-term liabilities

(in millions of Canadian dollars)	2014	2013
Provision for environmental remediation, net of current portion[1]	**$ 75**	$ 76
Provision for restructuring, net of current portion[2] (Note 4)	**13**	21
Deferred gains on sale leaseback transactions	**25**	31
Deferred revenue on rights-of-way license agreements, net of current portion	**33**	31
Stock-based compensation liabilities, net of current portion	**145**	69
Asset retirement obligations (Note 22)	**23**	24
Deferred retirement compensation	**24**	16
Deferred hedging losses (Note 20)	**25**	–
Other, net of current portion	**69**	70
Total other long-term liabilities	**$ 432**	$ 338

[1] As at December 31, 2014, the aggregate provision for environmental remediation, including the current portion was $91 million (2013 – $90 million).

[2] As at December 31, 2014, the aggregate provision for restructuring, including the current portion was $24 million (2013 – $50 million).

The deferred revenue on rights-of-way license agreements, and deferred gains on sale leaseback transactions are being amortized to income on a straight-line basis over the related lease terms. Deferred income credits are being amortized over the life of the related asset.

Environmental remediation accruals

Environmental remediation accruals cover site-specific remediation programs. The estimate of the probable costs to be incurred in the remediation of properties contaminated by past railway use reflects the nature of contamination at individual sites according to typical activities and scale of operations conducted. CP has developed remediation strategies for each property based on the nature and extent of the contamination, as well as the location of the property and surrounding areas that may be adversely affected by the presence of contaminants, considering available technologies, treatment and disposal facilities and the acceptability of site-specific plans based on the local regulatory environment. Site-specific plans range from containment and risk management of the contaminants through to the removal and treatment of the contaminants and affected soils and ground water. The details of the estimates reflect the environmental liability at each property. Provisions for environmental remediation costs are recorded in "Other long-term liabilities", except for the current portion which is recorded in "Accounts payable and accrued liabilities". Payments are expected to be made over 10 years to 2024.

The accruals for environmental remediation represent CP's best estimate of its probable future obligation and include both asserted and unasserted claims, without reduction for anticipated recoveries from third parties. Although the recorded accruals include CP's best estimate of all probable costs, CP's total environmental remediation costs cannot be predicted with certainty. Accruals for environmental remediation may change from time to time as new information about previously untested sites becomes known, environmental laws and regulations evolve and advances are made in environmental remediation technology. The accruals may also vary as the courts decide legal proceedings against outside parties responsible for contamination. These potential charges, which cannot be quantified at this time, may materially affect income in the particular period in which a charge is recognized. Costs related to existing, but as yet unknown, or future contamination will be accrued in the period in which they become probable and reasonably estimable. Changes to costs are reflected as changes to "Other long-term liabilities" or "Accounts payable and accrued liabilities" on the Consolidated Balance Sheets and to "Purchased services and other" within operating expenses on the Consolidated Statements of Income. The amount charged to income in 2014 was $4 million (2013 – $6 million; 2012 – $4 million).

22 Asset retirement obligations

Asset retirement obligations are recorded in "Other long-term liabilities". The majority of these liabilities are discounted at 6.25%. Accretion expense is included in "Depreciation and amortization" on the Consolidated Statements of Income.

(in millions of Canadian dollars)	2014	2013
Opening balance, January 1	**$ 24**	$ 23
Accretion	**1**	1
Liabilities settled	**(1)**	–
Revision to estimated cash flows	**(1)**	–
Closing balance, December 31	**$ 23**	$ 24

Upon the ultimate retirement of grain-dependent branch lines, the Company has to pay a fee, levied under the Canada Transportation Act, of $30,000 per mile of abandoned track. The undiscounted amount of the liability was $38 million at December 31, 2014 (2013 – $39 million), which, when present valued, was $20 million at December 31, 2014 (2013 – $21 million). The payments are expected to be made in the 2015 – 2044 period.

The Company also has a liability for a joint facility that will have to be settled upon retirement based on a proportion of use during the life of the asset. The estimate of the obligation at December 31, 2014, was $21 million (2013 – $20 million), which, when present valued, was $3 million at December 31, 2014 (2013 – $3 million). For purposes of estimating this liability, the payment related to the retirement of the joint facility is anticipated to be made in 30 years.

23 Shareholders' equity

Authorized and issued share capital

The Company is authorized to issue an unlimited number of Common Shares, an unlimited number of First Preferred Shares and unlimited number of Second Preferred Shares. At December 31, 2014, no First or Second Preferred Shares had been issued.

An analysis of Common Share balances is as follows:

(number of shares in millions)	**2014**	2013	2012
Share capital, January 1	**175.4**	173.9	170.0
CP common shares repurchased	**(10.3)**	–	–
Shares issued under stock option plan	**1.0**	1.5	3.9
Share capital, December 31	**166.1**	175.4	173.9

The change in the "Share capital" balances includes $3 million (2013 – $5 million; 2012 – $6 million) related to the cancellation of the TSARs liability on exercise of tandem stock options, and $17 million (2013 – $24 million; 2012 – $70 million) of stock-based compensation transferred from "Additional paid-in capital".

Share repurchase

On February 20, 2014, the Board of Directors of the Company approved a share repurchase program, and in March 2014, the Company filed a new normal course issuer bid ("bid") to purchase, for cancellation, up to 5.3 million of its outstanding Common Shares. On September 29, 2014, the Company announced the amendment of the bid to increase the maximum number of its Common Shares that may be purchased from 5.3 million to 12.7 million of its outstanding Common Shares, effective October 2, 2014. Under the filing, share purchases may be made during the twelve month period that began March 17, 2014, and ends March 16, 2015. The purchases are made at the market price on the day of purchase, with consideration allocated to share capital up to the average carrying amount of the shares, and any excess allocated to retained earnings. The following table provides the activities under the share repurchase program:

	2014
Number of common shares repurchased	**10,476,074**
Weighted-average price per share[1]	**$ 199.42**
Amount of repurchase (in millions)[1]	**$ 2,089**

[1] Includes brokerage fees.

24 Pensions and other benefits

The Company has both defined benefit ("DB") and defined contribution ("DC") pension plans. At December 31, 2014, the Canadian pension plans represent approximately 99% of total combined pension plan assets and approximately 98% of total combined pension plan obligations.

The DB plans provide for pensions based principally on years of service and compensation rates near retirement. Pensions for Canadian pensioners are partially indexed to inflation. Annual employer contributions to the DB plans, which are actuarially determined, are made on the basis of being not less than the minimum amounts required by federal pension supervisory authorities.

CP reached agreements with all of the unions which it had been bargaining with in Canada in 2012. The new agreements introduced amendments to pension plans. Among other changes, the amendments established a cap on pension for each year of pensionable service, including a cap on some non-union employees' pensions. Under the amendments, plan participants will continue to earn additional pensionable years of service as before, but with a dollar limit on the pension amount for each year earned. Plan amendments resulting from collective bargaining are accounted for in the periods the new agreements are ratified. The plan amendments resulting from the December 2012 arbitration award were contingent on CP

making plan amendments for non-union employees, and consequently were accounted for in the period CP made such amendments. As a result of the plan amendments, the projected benefit obligation decreased by $135 million from December 31, 2012, with a corresponding increase to "Other comprehensive (loss) income" and a reduction of "Accumulated other comprehensive loss" as prior service credits. The prior service credits are recognized in net periodic pension expense over the remaining terms of the applicable union agreements (averaging approximately two years), and over the expected average remaining service life of non-union employees.

The Company has other benefit plans including post-retirement health and life insurance for pensioners, and post-employment long-term disability and workers' compensation benefits, which are based on Company-specific claims. At December 31, 2014, the Canadian other benefits plans represent approximately 96% of total combined other plan obligations.

The Finance Committee of the Board of Directors has approved an investment policy that establishes long-term asset mix targets which take into account the Company's expected risk tolerances. Pension plan assets are managed by a suite of independent investment managers, with the allocation by manager reflecting these asset mix targets. Most of the assets are actively managed with the objective of outperforming applicable benchmarks. In accordance with the investment policy, derivative instruments may be used to hedge or adjust existing or anticipated exposures.

To develop the expected long-term rate of return assumption used in the calculation of net periodic benefit cost applicable to the market-related value of assets, the Company considers the expected composition of the plans' assets, past experience and future estimates of long-term investment returns. Future estimates of investment returns reflect the expected annual yield on applicable fixed income capital market indices, and the long-term return expectation for public equity, real estate, infrastructure and absolute return investments and the expected added value (relative to applicable benchmark indices) from active management of pension fund assets.

The Company has elected to use a market-related value of assets for the purpose of calculating net periodic benefit cost, developed from a five-year average of market values for the plans' public equity and absolute return investments (with each prior year's market value adjusted to the current date for assumed investment income during the intervening period) plus the market value of the plans' fixed income, real estate and infrastructure securities.

The benefit obligation is discounted using a discount rate that is a blended interest rate for a portfolio of high-quality corporate debt instruments with matching cash flows. The discount rate is determined by management with the aid of third-party actuaries.

Net periodic benefit cost

The elements of net periodic benefit cost for DB pension plans and other benefits recognized in the year included the following components:

	Pensions			Other benefits		
(in millions of Canadian dollars)	**2014**	2013	2012	**2014**	2013	2012
Current service cost (benefits earned by employees in the year)	**$ 106**	$ 135	$ 131	**$ 14**	$ 16	$ 19
Interest cost on benefit obligation	**477**	445	452	**23**	21	24
Expected return on fund assets	**(757)**	(746)	(752)	**–**	–	–
Recognized net actuarial loss (gain)	**190**	267	208	**(2)**	(11)	3
Amortization of prior service costs	**(68)**	(58)	2	**–**	–	–
Net periodic benefit cost (recovery)	**$ (52)**	$ 43	$ 41	**$ 35**	$ 26	$ 46

Projected benefit obligation, fund assets, and funded status

Information about the Company's DB pension plans and other benefits, in aggregate, is as follows:

	Pensions		Other benefits	
(in millions of Canadian dollars)	**2014**	2013	**2014**	2013
Change in projected benefit obligation:				
Benefit obligation at January 1	**$ 9,921**	$ 10,647	**$ 483**	$ 535
Current service cost	**106**	135	**14**	16
Interest cost	**477**	445	**23**	21
Employee contributions	**51**	50	**–**	–
Benefits paid	**(579)**	(602)	**(27)**	(33)
Foreign currency changes	**15**	13	**2**	2
Plan amendments and other	**–**	(135)	**–**	–
Actuarial loss (gain)	**1,369**	(632)	**22**	(58)
Projected benefit obligation at December 31	**$ 11,360**	$ 9,921	**$ 517**	$ 483

(in millions of Canadian dollars)	Pensions 2014	Pensions 2013	Other benefits 2014	Other benefits 2013
Change in fund assets:				
Fair value of fund assets at January 1	**$ 10,722**	$ 9,763	**$ 8**	$ 9
Actual return on fund assets	**1,088**	1,404	**–**	–
Employer contributions	**80**	98	**26**	32
Employee contributions	**51**	50	**–**	–
Benefits paid	**(579)**	(602)	**(27)**	(33)
Foreign currency changes	**14**	9	**–**	–
Fair value of fund assets at December 31	**$ 11,376**	$ 10,722	**$ 7**	$ 8
Funded status – plan surplus (deficit)	**$ 16**	$ 801	**$ (510)**	$ (475)

	2014		2013	
	Pension plans in surplus	**Pension plans in deficit**	Pension plans in surplus	Pension plans in deficit
Projected benefit obligation at December 31	**$ (10,878)**	**$ (482)**	$ (9,533)	$ (388)
Fair value of fund assets at December 31	**11,182**	**194**	10,561	161
Funded Status	**$ 304**	**$ (288)**	$ 1,028	$ (227)

All Other benefits plans were in a deficit position at December 31, 2014 and 2013.

Pension asset and liabilities in the Company's Consolidated Balance Sheets

Amounts recognized in the Company's Consolidated Balance Sheets are as follows:

(in millions of Canadian dollars)	Pensions 2014	Pensions 2013	Other benefits 2014	Other benefits 2013
Pension asset	**$ 304**	$ 1,028	**$ –**	$ –
Accounts payable and accrued liabilities	**(9)**	(9)	**(34)**	(36)
Pension and other benefit liabilities	**(279)**	(218)	**(476)**	(439)
Total amount recognized	**$ 16**	$ 801	**$ (510)**	$ (475)

The defined benefit pension plans' accumulated benefit obligation as at December 31, 2014 was $10,975 million (2013 – $9,578 million). The accumulated benefit obligation is calculated on a basis similar to the projected benefit obligation, except no future salary increases are assumed in the projection of future benefits.

The measurement date used to determine the plan assets and the accrued benefit obligation is December 31. The most recent actuarial valuation for pension funding purposes for the Company's main Canadian pension plan was performed as at January 1, 2014. During 2015, the Company expects to file a new valuation with the pension regulator.

Accumulated other comprehensive losses

Amounts recognized in accumulated other comprehensive losses are as follows:

(in millions of Canadian dollars)	Pensions 2014	Pensions 2013	Other benefits 2014	Other benefits 2013
Net actuarial loss:				
Other than deferred investment gains	**$ 3,895**	$ 2,982	**$ 86**	$ 61
Deferred investment gains	**(803)**	(738)	**–**	–
Prior service cost	**(20)**	(88)	**5**	5
Deferred income tax	**(858)**	(613)	**(23)**	(16)
Total (Note 9)	**$ 2,214**	$ 1,543	**$ 68**	$ 50

The unamortized actuarial loss and the unamortized prior service cost included in "Accumulated other comprehensive loss" that are expected to be recognized in net periodic benefit cost during 2015 are $264 million and a recovery of $5 million, respectively, for pensions and $4 million and $1 million, respectively, for other post-retirement benefits.

Actuarial assumptions

Weighted-average actuarial assumptions used were approximately:

(percentages)	**2014**	2013	2012
Benefit obligation at December 31:			
Discount rate	**4.09**	4.90	4.28
Projected future salary increases	**3.00**	3.00	3.00
Health care cost trend rate	**7.00**[1]	8.00[2]	8.00[2]
Benefit cost for year ended December 31:			
Discount rate	**4.90**	4.28	4.55
Expected rate of return on fund assets	**7.75**	7.75	7.75
Projected future salary increases	**3.00**	3.00	3.00
Health care cost trend rate	**7.50**[2]	8.00[2]	8.00[2]

[1] The health care cost trend rate is assumed to be 7.00% in 2015 and 2016, and then decreasing by 0.50% per year to an ultimate rate of 5.00% per year in 2020 and thereafter.
[2] The health care cost trend rate was previously assumed to be 7.00% in 2015 (7.50% in 2014), and then decreasing by 0.50% per year to an ultimate rate of 5.00% per year in 2019 and thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in the assumed health care cost trend rate would have the following effects:

(in millions of Canadian dollars) Favourable (unfavourable)	**One percentage point increase**	**One percentage point decrease**
Effect on the total of service and interest costs	$ –	$ –
Effect on post-retirement benefit obligation	(6)	6

In 2014, the Canadian Institute of Actuaries and the Society of Actuaries each published updated mortality tables based on broad pension plan experience in Canada and the U.S., respectively. CP's obligations for defined benefit pension and post-retirement benefit plans at December 31, 2014 are based on these new mortality tables, with adjustments to reflect actual plan mortality experience to the extent that credible experience data was available. The changes to the new mortality tables increased the obligations for pensions and post-retirement benefits by approximately $225 million.

Plan assets

Plan assets are recorded at fair value. The major asset categories are public equity securities, debt securities, real estate, infrastructure and absolute return investments. The fair values of the public equity and debt securities are primarily based on quoted market prices. Real estate values are based on annual valuations performed by external parties, taking into account current market conditions and recent sales transactions where practical and appropriate. Infrastructure values are based on the fair value of each fund's assets as calculated by the fund manager, generally using a discounted cash flow analysis that takes into account current market conditions and recent sales transactions where practical and appropriate. Absolute return investments are a portfolio of units of externally managed hedge funds and are valued by the fund administrators.

The Company's pension plan asset allocation, the current weighted average asset allocation targets and the current weighted average policy range for each major asset class, were as follows:

Asset allocation (percentage)	**Current asset allocation target**	**Current policy range**	**Percentage of plan assets at December 31 2014**	2013
Cash and cash equivalents	0.5	0 – 5	**1.7**	4.1
Fixed income	29.5	20 – 40	**21.9**	20.6
Public equity	46.0	35 – 55	**52.5**	49.6
Real estate and infrastructure	12.0	4 – 20	**7.6**	10.8
Absolute return	12.0	0 – 18	**16.3**	14.9
Total	100.0		**100.0**	100.0

Summary of the assets of the Company's DB pension plans at fair values

The following is a summary of the assets of the Company's DB pension plans at fair values at December 31, 2014 and 2013:

(in millions of Canadian dollars)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
December 31, 2014				
Cash and cash equivalents	**$ 106**	**$ 83**	**$ –**	**$ 189**
Government bonds[1]	**–**	**1,180**	**–**	**1,180**
Corporate bonds[1]	**–**	**1,229**	**–**	**1,229**
Mortgages[2]	**–**	**77**	**–**	**77**
Public equities				
• Canada	**1,448**	**48**	**–**	**1,496**
• U.S. and international	**4,454**	**27**	**–**	**4,481**
Real estate[3]	**–**	**–**	**654**	**654**
Infrastructure[4]	**–**	**–**	**208**	**208**
Absolute return[5]				
• Funds of hedge funds	**–**	**–**	**652**	**652**
• Multi-strategy funds	**–**	**–**	**473**	**473**
• Credit funds	**–**	**–**	**490**	**490**
• Equity funds	**–**	**116**	**130**	**246**
Derivative assets[6]	**–**	**1**	**–**	**1**
	$ 6,008	**$ 2,761**	**$ 2,607**	**$ 11,376**
December 31, 2013				
Cash and cash equivalents	$ 155	$ 282	$ –	$ 437
Government bonds[1]	–	1,314	–	1,314
Corporate bonds[1]	–	849	–	849
Mortgages[2]	–	52	–	52
Public equities				
• Canada	1,304	37	–	1,341
• U.S. and international	3,979	20	–	3,999
Real estate[3]	–	–	847	847
Infrastructure[4]	–	–	314	314
Absolute return[5]				
• Funds of hedge funds	–	–	563	563
• Multi-strategy funds	–	–	403	403
• Credit funds	–	–	434	434
• Equity funds	–	–	193	193
Derivative liabilities[6][7]	–	(24)	–	(24)
	$ 5,438	$ 2,530	$ 2,754	$ 10,722

[1] Government & Corporate Bonds:
Fair values for bonds are based on market prices supplied by independent sources as of the last trading day.

[2] Mortgages:
The fair value measurement of $77 million (2013 – $52 million) of mortgages categorized as Level 2 is based on current market yields of financial instruments of similar maturity, coupon and risk factors.

[3] Real Estate:
The fair value of real estate investments of $654 million (2013 – $847 million) is based on property appraisals which use a number of approaches that typically include a discounted cash flow analysis, a direct capitalization income method and/or a direct comparison approach. Appraisals of real estate investments are generally performed semi-annually by qualified external accredited appraisers. There are no unfunded commitments for real estate as at December 31, 2014.

(4) Infrastructure:
Infrastructure fund values of $208 million (2013 – $314 million) are based on the fair value of the fund assets as calculated by the fund manager, generally using a discounted cash flow analysis that takes into account current market conditions and recent sales transactions where practical and appropriate. As at December 31, 2014, unfunded commitments for infrastructure was negligible (2013 – $23 million).

(5) Absolute Return:
The fair value of absolute return fund investments is based on the net asset value reported by the fund administrators. The funds have different redemption policies and periods. All hedge fund investments have contractual redemption frequencies, ranging from monthly to tri-annually, and redemption notice periods varying from 30 to 95 days. Hedge fund investments that have redemption dates less frequent than every four months or have restrictions on contractual redemption features at the reporting date are classified as Level 3. There are no unfunded commitments for absolute return investments as at December 31, 2014.

- Fund of hedge funds invest in a portfolio of hedge funds that allocate capital across a broad array of funds and/or investment managers.
- Multi-strategy funds include funds that invest in broadly diversified portfolios of equity, fixed income and derivative instruments.
- Credit funds invest in an array of fixed income securities.
- Equity funds invest primarily in U.S. and global equity securities.

(6) The Company's pension funds may utilize the following derivative instruments: equity futures to replicate equity index returns (Level 2); currency forwards to partially hedge foreign currency exposures (Level 2); bond forwards to reduce asset/liability interest rate risk exposures (Level 2); interest rate swaps to manage duration and interest rate risk (Level 2); credit default swaps to manage credit risk (Level 2); and options to manage interest rate risk and volatility (Level 2).

(7) At December 31, 2013, derivatives were primarily being used to partially hedge foreign currency exposures.

Portion of the assets of the Company's DB pension plans measured at fair value using unobservable inputs (Level 3)

During 2013 and 2014 the portion of the assets of the Company's DB pension plans measured at fair value using unobservable inputs (Level 3) changed as follows:

(in millions of Canadian dollars)	Real Estate	Infrastructure	Absolute Return	Total
As at January 1, 2013	$ 779	$ 333	$ –	$ 1,112
Contributions	–	–	1,500	1,500
Disbursements	(22)	(42)	–	(64)
Net realized gains	22	3	(2)	23
Increase in net unrealized gains	68	20	95	183
As at December 31, 2013	$ 847	$ 314	$ 1,593	$ 2,754
Contributions	–	–	29	29
Disbursements	(236)	(97)	–	(333)
Net transfer out of Level 3	–	–	(116)	(116)
Net realized gains	67	–	–	67
Increase (decrease) in net unrealized gains	(24)	(9)	239	206
As at December 31, 2014	**$ 654**	**$ 208**	**$ 1,745**	**$ 2,607**

Level 3 fair value measurements for absolute return, real estate and infrastructure investments are based on the net asset value reported by the fund administrator, property appraisals and discounted cash flow analysis, of which there are no reasonable alternative assumptions. Therefore it is not practicable to provide a sensitivity analysis.

Additional plan assets information

The Company's expected long-term target return is 7.75%, net of all fees and expenses. In identifying the asset allocation ranges, consideration was given to the long-term nature of the underlying plan liabilities, the solvency and going-concern financial position of the plan, long-term return expectations and the risks associated with key asset classes as well as the relationships of returns on key asset classes with each other, inflation and interest rates. When advantageous and with due consideration, derivative instruments may be utilized, provided the total value of the underlying assets represented by financial derivatives, excluding currency forwards, is limited to 30% of the market value of the fund.

When investing in foreign securities, the plans are exposed to foreign currency risk; the effect of which is included in the valuation of the foreign securities. The plans were 41% exposed to the U.S. dollar, 13% exposed to European currencies, and 5% exposed to various other currencies, as at December 31, 2014.

At December 31, 2014, fund assets consisted primarily of listed stocks and bonds, including 184,392 of the Company's Common Shares (2013 –129,444) at a market value of $41 million (2013 – $21 million) and 6.25% Unsecured Notes issued by the Company at a par value of $2 million (2013 – $2 million) and a market value of $2 million (2013 – $2 million).

Cash flows

In 2014, the Company contributed $88 million to its pension plans (2013 – $105 million; 2012 – $107 million), including $8 million to the DC plans (2013 – $7 million; 2012 – $5 million), $67 million to the Canadian registered and U.S. qualified DB pension plans (2013 – $86 million; 2012 – $89 million), and $13 million to the Canadian non-registered supplemental pension plan (2013 – $12 million; 2012 – $13 million). In addition, the Company made payments directly to employees, their beneficiaries or estates or to third-party benefit administrators of $26 million in 2014 (2013 – $32 million; 2012 – $35 million) with respect to other benefits.

Estimated future benefit payments

The estimated future defined benefit pension and other benefit payments to be paid by the plans for each of the next five years and the subsequent five-year period are as follows:

(in millions of Canadian dollars)	Pensions	Other benefits
2015	$ 562	$ 36
2016	579	35
2017	595	35
2018	610	34
2019	624	34
2020 – 2024	3,272	162

The benefit payments from the Canadian registered and U.S. qualified DB pension plans are payable from their respective pension funds. Benefit payments from the supplemental pension plan and from the other benefits plans are payable directly from the Company.

Defined contribution plan

Canadian non-unionized employees hired prior to July 1, 2010 had the option to participate in the Canadian DC plan. All Canadian non-unionized employees hired after such date must participate in this plan. Employee contributions are based on a percentage of salary. The Company matches employee contributions to a maximum percentage each year.

Effective July 1, 2010, a new U.S. DC plan was established. All U.S. non-unionized employees hired after such date must participate in this plan. Employees do not contribute to the plan. The Company annually contributes a percentage of salary.

The DC plans provide a pension based on total employee and employer contributions plus investment income earned on those contributions.

In 2014, the net cost of the DC plans, which generally equals the employer's required contribution, was $8 million (2013 – $7 million; 2012 – $5 million).

Contributions to multi-employer plans

Some of the Company's unionized employees in the U.S. are members of a U.S. national multi-employer benefit plan. Contributions made by the Company to this plan in 2014 in respect of post-retirement medical benefits were $4 million (2013 – $5 million; 2012 – $6 million).

25 Stock-based compensation

At December 31, 2014, the Company had several stock-based compensation plans, including stock option plan, various cash settled liability plans and an employee stock savings plan. These plans resulted in an expense in 2014 of $110 million (2013 – $92 million; 2012 – $64 million).

Accelerated vesting due to changes in the composition of the Board of Directors

Most of the stock-based compensation plans include a provision whereby vesting is accelerated should certain changes in the composition of the Board of Directors occur. These provisions were triggered on June 26, 2012 and the recognition of the revised vesting terms as outlined in the stock-based compensation plans resulted in a credit to "Compensation and benefits" of $8 million in the second quarter of 2012. From February 28, 2012, accelerated vesting will only occur when the definition of change of control under the stock-based compensation plans is triggered and the holder of the award is terminated without cause.

A. Stock Option Plan

Summary of stock options

The following table summarizes the Company's stock option plan as of December 31:

	Options outstanding		Nonvested options	
	Number of options	Weighted average exercise price	Number of options	Weighted average grant date fair value
Outstanding, January 1, 2014	3,360,483	$ 77.15	1,733,846	$ 25.35
New options granted	426,020	173.98	426,020	48.70
Exercised	(941,492)	64.76	–	–
Vested	–	–	(632,532)	23.58
Forfeited	(97,359)	132.67	(94,809)	36.71
Expired	(8,963)	102.52	(8,563)	28.63
Outstanding at December 31, 2014	2,738,689	94.35	1,423,962	32.35
Vested or expected to vest at December 31, 2014[1]	2,729,773	$ 94.19	N/A	N/A
Exercisable at December 31, 2014	1,314,727	$ 70.25	N/A	N/A

[1] As at December 31, 2014, the weighted average remaining term of vested or expected to vest options was 5.3 years with an aggregate intrinsic value of $355 million.

The following table provides the number of stock options outstanding and exercisable as at December 31, 2014 by range of exercise price and their related intrinsic aggregate value, and for options outstanding, the weighted-average years to expiration. The table also provides the aggregate intrinsic value for in-the-money stock options, which represents the amount that would have been received by option holders had they exercised their options on December 31, 2014 at the Company's closing stock price of $223.75.

	Options outstanding				Options exercisable		
Range of exercise prices	Number of options	Weighted average years to expiration	Weighted average exercise price	Aggregate intrinsic value (millions)	Number of options	Weighted average exercise price	Aggregate intrinsic value (millions)
$36.29 – $69.50	596,055	3.5	$ 55.63	$ 100	596,055	$ 55.63	$ 100
$69.51 – $74.55	794,950	6.7	73.08	120	469,950	72.87	71
$74.56 – $117.48	614,608	6.8	89.65	83	168,128	86.24	23
$117.49 – $222.88	733,076	8.7	152.84	52	80,594	129.76	8
Total[1]	2,738,689	6.5	$ 94.35	$ 355	1,314,727	$ 70.25	$ 202

[1] As at December 31, 2014, the total number of in-the-money stock options outstanding was 2,738,689 with a weighted-average exercise price of $94.35. The weighted-average year to expiration of exercisable stock options is 5.2 years.

Under the fair value method, the fair value of options at the grant date was approximately $21 million for options issued in 2014 (2013 – $20 million; 2012 – $28 million). The weighted average fair value assumptions were approximately:

	2014	2013	2012
Expected option life (years)[1]	**5.98**	6.25	6.03
Risk-free interest rate[2]	**1.66%**	1.60%	1.47%
Expected stock price volatility[3]	**29%**	30%	31%
Expected annual dividends per share[4]	**$ 1.40**	$ 1.40	$ 1.40
Estimated forfeiture rate[5]	**1.2%**	1.2%	1.2%
Weighted average grant date fair value of options granted during the year	**$ 48.88**	$ 35.40	$ 19.04

[1] Represents the period of time that awards are expected to be outstanding. Historical data on exercise behaviour or, when available, specific expectations regarding future exercise behaviour were used to estimate the expected life of the option.

(2) Based on the implied yield available on zero-coupon government issues with an equivalent remaining term at the time of the grant.
(3) Based on the historical stock price volatility of the Company's stock over a period commensurate with the expected term of the option.
(4) Determined by the current annual dividend at the time of grant. The Company does not employ different dividend yields throughout the contractual term of the option.
(5) The Company estimated forfeitures based on past experience. The rate is monitored on a periodic basis.

Certain of the Company's stock option plan are subject to post-vesting restrictions prior to expiry. The discount for these restrictions resulted in a reduction of the fair value at grant date of options issued in 2012 of $2 million. This discount was estimated using the fair value of put options that, together with the granted call options, mimicked the characteristics of the post-vesting restriction. The post-vesting restrictions do not relate to grants in 2013 and 2014.

In 2014, the expense for stock options (regular and performance) was $18 million (2013 – $17 million; 2012 – $24 million). At December 31, 2014, there was $16 million of total unrecognized compensation related to stock options which is expected to be recognized over a weighted-average period of approximately 1.3 years.

The total fair value of shares vested for the stock option plan during 2014 was $15 million (2013 – $5 million; 2012 – $34 million).

The following table provides information related to all options exercised in the stock option plan during the years ended December 31:

(in millions of Canadian dollars)	**2014**	2013	2012
Total intrinsic value	**$ 115**	$ 103	$ 118
Cash received by the Company upon exercise of options	**62**	83	198

B. Other Share-based Plans

Performance share units plan

During 2014, the Company issued 165,500 PSUs with a grant date fair value of $25 million. These units attract dividend equivalents in the form of additional units based on the dividends paid on the Company's Common Shares. PSUs vest and are settled in cash, or in CP common shares approximately three years after the grant date, contingent upon CP's performance (performance factor). The fair value of PSUs is measured, both on the grant date and each subsequent quarter until settlement, using a Monte Carlo simulation model. The model utilizes multiple input variables that determine the probability of satisfying the performance and market conditions stipulated in the grant.

In the second quarter of 2012, changes to the Board resulted in the immediate vesting of a pro-rata portion of all unvested PSUs with a total pay out of $31 million in 2012.

The performance period for the PSUs issued in 2014 is January 1, 2014 to December 31, 2016. The performance factors for these PSUs are Operating ratio, Free cash flow, Total Shareholder Return ("TSR") compared to the S&P/TSX60 index, and TSR compared to Class I railways. Beginning with PSUs granted in 2014, grant recipients who are eligible to retire and have provided six months of service during the performance period are entitled to the full award. Previous to 2014, only a pro-rata share of units was retained at retirement.

The performance period for the PSUs issued in the fourth quarter of 2012 and in 2013 is January 1, 2013 to December 31, 2015. The performance factors for these PSUs are Operating ratio, Free cash flow, Total Shareholder Return ("TSR") compared to the S&P/TSX60 index, and TSR compared to Class I railways.

The following table summarizes information related to the Company's PSUs as at December 31:

	2014	2013
Outstanding, January 1	**349,925**	200,702
Granted	**165,500**	206,405
Units, in lieu of dividends	**3,296**	3,498
Forfeited	**(57,938)**	(60,680)
Outstanding, December 31	**460,783**	349,925

In 2014, the expense for PSUs was $50 million (2013 – expense of $25 million; 2012 – expense recovery of $1 million). At December 31, 2014, there was $50 million of total unrecognized compensation related to PSUs which is expected to be recognized over a weighted-average period of approximately 1.4 years.

Deferred share units plan

The Company established the DSU plan as a means to compensate and assist in attaining share ownership targets set for certain key employees and Directors. A DSU entitles the holder to receive, upon redemption, a cash payment equivalent to the market value of a Common Share at the redemption date. DSUs vest over various periods of up to 48 months and are only redeemable for a specified period after employment is terminated.

Senior managers may elect to receive DSUs in lieu of cash payments for certain incentive programs. In addition, senior managers will be granted with a 25% company match of the amount elected when acquiring Common Shares to meet ownership targets. The election to receive eligible payments in DSUs is no longer available to a participant when the value of the participant's DSUs is sufficient to meet the Company's stock ownership guidelines. Senior managers have five years to meet their ownership targets.

An expense to income for DSUs is recognized over the vesting period for both the initial subscription price and the change in value between reporting periods.

The following table summarizes information related to the DSUs as of December 31:

	2014	2013
Outstanding, January 1	**332,221**	357,740
Granted	**58,460**	76,035
Units, in lieu of dividends	**2,572**	4,145
Forfeited	**(711)**	(2,372)
Redeemed	**(84,095)**	(103,327)
Outstanding, December 31	**308,447**	332,221

During 2014, the Company granted 58,460 DSUs with a grant date fair value of $9 million. In 2014, the expense for DSUs was $28 million (2013 – $32 million; 2012 – $23 million). At December 31, 2014, there was $3 million of total unrecognized compensation related to DSUs which is expected to be recognized over a weighted-average period of approximately 0.7 years.

Restricted share units plan

The Company issued 16,325 RSUs in 2014 with a grant date fair value of $3 million. The RSUs are notional full value shares that attract dividend equivalents in the form of additional units based on the dividends paid on the Company's Common Shares. RSUs have no performance factors attached to them and are subject to time vesting over various periods of up to 36 months. RSUs are settled in cash up to three years after the grant date. An expense to income for RSUs is recognized over the vesting period for both the initial subscription price and the change in value between reporting periods. In 2014, the expense for RSUs was $9 million (2013 – $10 million; 2012 – $7 million). At December 31, 2014, there was $3 million of total unrecognized compensation related to RSUs which is expected to be recognized over a weighted-average period of approximately 2.0 years.

The following table summarizes information related to the Company's RSUs as at December 31:

	2014	2013
Outstanding, January 1	**92,333**	173,234
Granted	**16,325**	–
Units, in lieu of dividends	**700**	1,304
Exercised	**(53,964)**	(70,211)
Forfeited	**(7,874)**	(11,994)
Outstanding, December 31	**47,520**	92,333

Summary of share based liabilities paid

The following table summarizes the total share based liabilities paid for each of the years ended December 31:

(in millions of Canadian dollars)	**2014**	2013	2012
Plan			
DSUs	**$ 17**	$ 17	$ 19
PSUs	**–**	–	55
RSUs	**12**	9	–
Total	**$ 29**	$ 26	$ 74

C. Employee share purchase plan

The Company has an employee share purchase plan whereby both employee and Company contributions are used to purchase shares on the open market for employees. The Company's contributions are expensed over the one-year vesting period. Under the plan, the Company matches $1 for every $3 contributed by employees up to a maximum employee contribution of 6% of annual salary.

The total number of shares purchased in 2014 on behalf of participants, including the Company contribution, was 176,906 (2013 – 271,934; 2012 – 445,951). In 2014, the Company's contributions totalled $5 million (2013 – $5 million; 2012 – $4 million) and the related expense was $5 million (2013 – $5 million; 2012 – $4 million).

26 Variable interest entities

The Company leases equipment from certain trusts, which have been determined to be variable interest entities financed by a combination of debt and equity provided by unrelated third parties. The lease agreements, which are classified as operating leases, have a fixed price purchase option which create the Company's variable interest and result in the trusts being considered variable interest entities.

Responsibility for maintaining and operating the leased assets according to specific contractual obligations outlined in the terms of the lease agreements and industry standards is the Company's. The rigor of the contractual terms of the lease agreements and industry standards are such that the Company has limited discretion over the maintenance activities associated with these assets. As such, the Company concluded these terms do not provide the Company with the power to direct the activities of the variable interest entities in a way that has a significant impact on the entities' economic performance.

The financial exposure to the Company as a result of its involvement with the variable interest entities is equal to the fixed lease payments due to the trusts. In 2014, lease payments after tax were $10 million. Future minimum lease payments, before tax, of $209 million will be payable over the next 16 years (Note 27).

The Company does not guarantee the residual value of the assets to the lessor; however, it must deliver to the lessor the assets in good operating condition, subject to normal wear and tear, at the end of the lease term.

As the Company's actions and decisions do not significantly affect the variable interest entities' performance, and the Company's fixed price purchase option is not considered to be potentially significant to the variable interest entities, the Company is not considered to be the primary beneficiary, and does not consolidate these variable interest entities.

27 Commitments and contingencies

In the normal course of its operations, the Company becomes involved in various legal actions, including claims relating to injuries and damage to property. The Company maintains provisions it considers to be adequate for such actions. While the final outcome with respect to actions outstanding or pending at December 31, 2014, cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the Company's financial position or results of operations.

Commitments

At December 31, 2014, the Company had committed to total future capital expenditures amounting to $427 million and operating expenditures relating to supplier purchase obligations, such as locomotive maintenance and overhaul agreements, as well as agreements to purchase other goods and services amounting to approximately $1.4 billion for the years 2015-2032 of which CP estimates approximately $700 million will be incurred in the next 5 years.

As at December 31, 2014, the Company's commitments under operating leases were estimated at $569 million in aggregate, with minimum annual payments in each of the next five years and thereafter as follows:

(in millions of Canadian dollars)	Operating leases
2015	$ 114
2016	88
2017	67
2018	55
2019	43
Thereafter	202
Total minimum lease payments	$ 569

Expenses for operating leases for the year ended December 31, 2014, were $121 million (2013 – $154 million; 2012 – $182 million).

Legal proceedings related to Lac-Mégantic rail accident

On July 6, 2013, a train carrying crude oil operated by Montreal Maine and Atlantic Railway ("MM&A") derailed and exploded in Lac-Mégantic, Quebec on a section of railway line owned by MM&A. The previous day CP had interchanged the train to MM&A, and after that interchange MM&A exercised exclusive control over the train.

Following this incident, the Minister of Sustainable Development, Environment, Wildlife and Parks of Quebec issued an order directing certain named parties to recover the contaminants and to clean up and decontaminate the derailment site. CP was added as a named party on August 14, 2013. CP is a party to an administrative appeal with respect to this order. No hearing date on the merits of CP's appeal has been scheduled.

A class action lawsuit has also been filed in the Superior Court of Quebec on behalf of a class of persons and entities residing in, owning or leasing property in, operating a business in or physically present in Lac-Mégantic. The lawsuit seeks damages caused by the derailment including for wrongful deaths, personal injuries, and property damages. CP was added as a defendant on August 16, 2013. The Superior Court of Quebec is not expected to release its judgment on the authorization of the class action before the end of February 2015.

In the wake of the derailment and ensuing litigation, MM&A filed for bankruptcy in Canada and the United States. In an Adversary Proceeding filed by the MM&A U.S. bankruptcy trustee against CP, Irving Oil and the World Fuel entities, CP has been accused of failing to ensure that World Fuel or Irving properly classified the oil lading and of not refusing to ship the oil in DOT-111 tank cars. CP intends to move to withdraw the bankruptcy court reference and will thereafter seek to have the claim against CP dismissed as federally preempted.

In addition, CP has received two damage to cargo notices of claims from the shipper of the oil on the derailed train, Western Petroleum. Western Petroleum has submitted U.S. and Canadian notices of claims for the same damages and, under the Carmack Amendment (the U.S. damage to cargo statute), seeks to recover for all injuries associated with, and indemnification for all claims arising from, the derailment. Both jurisdictions permit a shipper to recover the value of damaged lading against any carrier in the delivery chain, subject to limitations in the carrier's tariffs. CP's tariffs significantly restrict shipper damage claim rights.

At this early stage in the legal proceedings, any potential liability and the quantum of potential loss cannot be determined. Nevertheless, CP denies liability for MM&A's derailment and will vigorously defend itself in the proceedings described above and in any proceeding that may be commenced in the future.

28 Guarantees

In the normal course of operating the railway, the Company enters into contractual arrangements that involve providing certain guarantees, which extend over the term of the contracts. These guarantees include, but are not limited to:

- residual value guarantees on operating lease commitments of $120 million at December 31, 2014;
- guarantees to pay other parties in the event of the occurrence of specified events, including damage to equipment, in relation to assets used in the operation of the railway through operating leases, rental agreements, easements, trackage and interline agreements; and
- indemnifications of certain tax-related payments incurred by lessors and lenders.

The maximum amount that could be payable under these guarantees, excluding residual value guarantees, cannot be reasonably estimated due to the nature of certain of these guarantees. All or a portion of amounts paid under guarantees to other parties in the event of the occurrence of specified events could be recoverable from other parties or through insurance. The Company has accrued for all guarantees that it expects to pay. At December 31, 2014, these accruals amounted to $3 million (2013 – $6 million), recorded in "Accounts payable and accrued liabilities".

Indemnifications

Pursuant to a trust and custodial services agreement with the trustee of the Canadian Pacific Railway Company Pension Plan, the Company has undertaken to indemnify and save harmless the trustee, to the extent not paid by the fund, from any and all taxes, claims, liabilities, damages, costs and expenses arising out of the performance of the trustee's obligations under the agreement, except as a result of misconduct by the trustee. The indemnity includes liabilities, costs or expenses relating to any legal reporting or notification obligations of the trustee with respect to the defined contribution option of the pension plans or otherwise with respect to the assets of the pension plans that are not part of the fund. The indemnity survives the termination or expiry of the agreement with respect to claims and liabilities arising prior to the termination or expiry. At December 31, 2014, the Company had not recorded a liability associated with this indemnification, as it does not expect to make any payments pertaining to it.

29 Management transition

On May 17, 2012, following a proxy contest, Mr. Fred Green left his position as President and Chief Executive Officer of the Company. That same day, Mr. Stephen Tobias, a new Board member elected at the Company's annual shareholders meeting held on May 17, 2012, was appointed by the Board as Interim Chief Executive Officer and served in that role until June 28, 2012.

On June 28, 2012, Mr. E. Hunter Harrison was appointed by the Board as President and Chief Executive Officer. As a result of the appointment of Mr. Harrison, the Company recorded a charge of $38 million with respect to compensation and other transition costs, including $2 million of associated costs, in the second quarter of 2012. This charge was recorded in the Company's financial statements in "Compensation and benefits" and "Purchased services and other", in the amounts of $16 million and $22 million, respectively.

Included in this charge were amounts totalling $16 million in respect of deferred retirement compensation for Mr. Harrison and $20 million to Pershing Square Capital Management, L.P. ("Pershing Square") and related entities. In 2012, Pershing Square and related entities owned or control approximately 14% of the Company's outstanding shares, and two Board members, Mr. William Ackman and Mr. Paul Hilal, are partners of Pershing Square. The amount payable to Pershing Square and related entities was to reimburse them, on behalf of Mr. Harrison, for certain amounts they had previously paid to or incurred on behalf of Mr. Harrison pursuant to an indemnity in favour of Mr. Harrison in connection with losses suffered in legal proceedings commenced against Mr. Harrison by his former employer. The terms of Pershing Square's indemnity required Mr. Harrison to return any funds advanced under the indemnity in the event he accepted employment at CP. As a result, Mr. Harrison made it a precondition of accepting the Company's offer of employment that CP assumes the indemnity obligations and return the funds advanced by Pershing Square. As a result of the payment, the Company would have been entitled to enforce Mr. Harrison's rights in the aforementioned legal proceedings, allowing it to recover to the extent of Mr. Harrison's success in those proceedings; however on February 3, 2013 the Company and Mr. Harrison settled the legal proceedings with Mr. Harrison's former employer, providing the Company with partial recovery (U.S. $9 million) of the amounts in the dispute. The Company may receive repayment in other circumstances in the event of certain breaches by Mr. Harrison of his obligations under an employment agreement with the Company. Mr. Harrison was also granted stock options and DSUs upon commencing employment that had a grant date fair value of $12 million (Note 25).

In addition, the Company agreed to indemnify Mr. Harrison for certain other amounts, to a maximum of $3 million plus legal fees, but as a result of the settlement of the aforementioned legal proceedings, such indemnity is no longer applicable. Accordingly, no amount was accrued at December 31, 2012.

The Company also recorded a charge of $4 million in the second quarter of 2012 with respect to a retirement allowance for Mr. Green.

On February 5, 2013, as part of its long-term succession plan, the Company appointed Mr. Keith Creel as President and Chief Operating Officer. In connection with this appointment, Mr. Harrison's title changed to Chief Executive Officer.

30 Segmented information

Operating segment

The Company operates in only one operating segment: rail transportation. Operating results by geographic areas, railway corridors or other lower level components or units of operation are not reviewed by the Company's chief operating decision maker to make decisions about the allocation of resources to, or the assessment of performance of, such geographic areas, corridors, components or units of operation.

In the years ended December 31, 2014, 2013 and 2012, no one customer comprised more than 10% of total revenues and accounts receivable.

Geographic information

(in millions of Canadian dollars)	Canada	United States	Total
2014			
Revenues	**$ 4,655**	**$ 1,965**	**$ 6,620**
Long-term assets excluding financial instruments, mortgages receivable and deferred tax assets	**$ 10,114**	**$ 4,733**	**$ 14,847**
2013			
Revenues	$ 4,330	$ 1,803	$ 6,133
Long-term assets excluding financial instruments, mortgages receivable and deferred tax assets	$ 9,842	$ 4,237	$ 14,079
2012			
Revenues	$ 4,095	$ 1,600	$ 5,695
Long-term assets excluding financial instruments, mortgages receivable and deferred tax assets	$ 9,138	$ 4,249	$ 13,387

31 Reclassification of comparative figures

Billings to third parties for the recovery of costs incurred for freight car repairs and servicing have been reclassified from "Purchased services and other" to "Compensation and benefits" and "Materials" within "Operating expenses" in the Consolidated Statements of Income, in order to match the billings with the costs incurred on behalf of third parties. As a result, the changes to these components of "Operating expenses" for the year ended December 31, 2013 and 2012 are noted below. "Operating expenses" in total were unchanged as a result of this reclassification.

(in millions of Canadian dollars)	Compensation and benefits	Material	Purchased services and other
For the year ended December 31, 2013			
As previously reported	$ 1,418	$ 249	$ 876
(Decrease) increase	(33)	(89)	122
As reclassified	$ 1,385	$ 160	$ 998
For the year ended December 31, 2012			
As previously reported	$ 1,506	$ 238	$ 940
(Decrease) increase	(32)	(72)	104
As reclassified	$ 1,474	$ 166	$ 1,044

32 Subsequent events

Issuance of long-term debt and settlement of forward starting swaps

On January 28, 2015, CP announced the issuance of U.S. $700 million 2.900% 10-year Notes due February 1, 2025 for net proceeds of U.S. $694 million. This transaction closed on February 2, 2015.

On January 28, 2015, the Company settled a notional U.S. $700 million of forward starting swaps, designated as a cash flow hedge related to the issuance of the notes described above. The fair value of these derivative instruments was a loss of U.S. $50 million at the time of the settlement. Effective hedge losses were deferred in "Accumulated other comprehensive loss" and will be amortized to "Net interest expense" until the underlying notes, which were hedged, are repaid.

Resolution of certain legal proceedings

In 2013, CP provided an interest free loan pursuant to a court order in the amount of $20 million to a corporation owned by a court appointed trustee ("the judicial trustee") to facilitate the acquisition of a building. The building was held in trust during the legal proceedings with regard to CP's entitlement to an exercised purchase option of the building ("purchase option"). As at December 31, 2014, the loan of $20 million and the purchase option, book value of $8 million, were recorded as "Other assets" in the Company's Consolidated Balance Sheets.

In January 2015, CP reached a settlement with a third party that, following the sale of the building to an arm's length third party in February 2015, will result in CP receiving net proceeds of $59 million for the sale of the building and resolution of legal proceedings. The net proceeds would include repayment of the aforementioned loan to the judicial trustee. CP expects to record a gain of approximately $31 million ($27 million after-tax) to Purchased services and other in the first quarter of 2015.

CP HAS HEART

THE ARTERIES OF A NATION, THE PULSE OF COMMITMENT.

CP's new "CP Has Heart" community investment program has already contributed $1.97 million toward heart health education, medical advances and better quality care.

The vast majority of people today have at least one risk factor for heart disease. By 2020, experts believe heart disease will be the leading cause of death in the world, and CP has decided to step up and do something to help.

PUTTING OUR HEART INTO AN IMPORTANT CAUSE

"A railroad serves as the arteries of a nation, but at its heart is community." This is the sentiment behind our new CP Has Heart community investment program, formed to unify companywide efforts around a single cause to make a positive impact on the countless communities CP touches.

We launched the program through a partnership with the Heart and Stroke Foundation, tied to the Spruce Meadows Canadian Pacific Grand Prix and Canadian Pacific International, two world-class equestrian show jumping events. With every jump cleared, CP funded placement of automated external defibrillators and lifesaving training in locations where Calgary-area youth learn, gather and play.

Other 2014 program initiatives included a $1.3 million contribution to support paediatric cardiology research and care at the Children's Hospital, London Health Sciences Centre in Ontario, in association with the LPGA Canadian Pacific Women's Open golf tournament, and sponsorship of the CFL Grey Cup CP Has Heart Touchdown program, raising funds for critical cardiac care equipment. The sum total of contributions toward saving lives and improving heart health in 2014: $1.97 million.

THE START OF SOMETHING GREAT

Through CP Has Heart, we are excited about our potential to make a real difference in this highly preventable and increasingly treatable disease. Our activities and contributions in 2014 are just a start – we have many exciting initiatives and programs in the pipeline for 2015 and beyond.

CP HAS HEART



Paediatric cardiology patients, Owen Gillet and Rachael Wright, stand with Dr. Kambiz Norozi, Chief of Paediatric Cardiology in the brand new Canadian Pacific Healthy Hearts Lab at Children's Hospital, London Health Sciences Centre.

CHAIRMAN'S MESSAGE

DEAR FELLOW SHAREHOLDERS,

The year 2014 marked an important milestone for CP. It was the year in which we reached or surpassed the majority of the financial and operating goals the company set forth when we put a new management team in place in 2012.

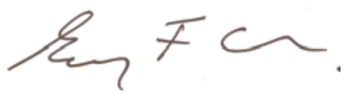
The Board could not be more pleased with CP's progress. Thanks to the leadership and vision of CEO E. Hunter Harrison, the skills and experience of his management team, and the dedication of the entire CP workforce, the company achieved its objectives two years ahead of plan and has an ambitious growth strategy in place for 2018.

I was proud to be elected by the Board to be its new Chairman in May of 2014, as my friend and colleague Paul G. Haggis completed his term. The Board would like to express its heartfelt gratitude for Paul's fine leadership during a time of profound change at CP. We are fortunate that he has chosen to remain on the Board, serving on our Audit and Finance committees.

We would also like to express our appreciation to Jim Prentice, who left the CP Board after winning the Alberta Progressive Conservative leadership election to become Alberta's 16th premier in late 2014. Needless to say, Jim brought extraordinary leadership qualities along with a strong combination of government and corporate experience to his role on the Board. We will miss both his enthusiasm and wise counsel.

This is an exciting time to be associated with CP. It is a great honour to serve as Chairman of this great Canadian icon, once again an industry leader. We are confident in the company's continued success as it begins its next phase of growth.

With sincere appreciation,



Gary F. Colter
Chairman of the Board

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CANADIAN PACIFIC BOARD OF DIRECTORS

E. HUNTER HARRISON (5)
Chief Executive Officer
Canadian Pacific Railway Limited
Wellington, Florida

GARY F. COLTER
Chairman of the Board
Canadian Pacific Railway Limited
President CRS Inc.
Mississauga, Ontario

WILLIAM A. ACKMAN (2)(3)
Founder, Chief Executive Officer
Pershing Square Capital
Management, L.P.
New York, New York

ISABELLE COURVILLE (1)*(5)
Corporate Director
Montreal, Quebec

PAUL G. HAGGIS (1)(3)
Chairman, Alberta Enterprise Corporation
Canmore Alberta

PAUL C. HILAL (3)(4)*
Partner
Pershing Square Capital
Management, L.P.
New York, New York

KRYSTYNA T. HOEG, C.A. (2)*(4)
Former President and
Chief Executive Officer
Corby Distilleries Limited
Corporate Director
Toronto, Ontario

REBECCA MACDONALD (2)(4)
Founder, Executive Chair
Just Energy Group Inc.
Toronto, Ontario

DR. ANTHONY R. MELMAN (3)*(5)
President and Chief Executive Officer
Acasta Capital
Toronto, Ontario

LINDA J. MORGAN (1)(5)
Partner
Nossaman LLP
Bethesda, Maryland

ANDREW F. REARDON (1)(4)
Retired Chairman
and Chief Executive Officer, TTX
Corporate Director
Marco Island, Florida

STEPHEN C. TOBIAS (4)(5)*
Former Vice-Chairman
and Chief Operating Officer
Norfolk Southern Corporation
Garnett, South Carolina

(1) Audit Committee (2) Corporate Governance and Nominating Committee
(3) Finance Committee (4) Management Resources and Compensation Committee
(5) Safety, Operations and Environment Committee
*Denotes Chair of the Committee

SHAREHOLDER INFORMATION

COMMON SHARE MARKET PRICES

TORONTO STOCK EXCHANGE

	2014		2013	
(Canadian dollars)	High	Low	High	Low
1st Quarter	**176.72**	**155.02**	132.92	102.14
2nd Quarter	**202.08**	**156.64**	144.43	118.25
3rd Quarter	**236.04**	**192.79**	134.90	121.39
4th Quarter	**247.56**	**197.14**	167.00	126.42
Year	**247.56**	**155.02**	167.00	102.14

NEW YORK STOCK EXCHANGE

	2014		2013	
(U.S. dollars)	High	Low	High	Low
1st Quarter	**159.77**	**139.37**	130.81	103.82
2nd Quarter	**186.00**	**142.73**	139.99	113.82
3rd Quarter	**210.87**	**179.90**	129.81	115.54
4th Quarter	**220.20**	**170.51**	156.96	122.50
Year	**220.20**	**139.37**	156.96	103.82

Number of registered shareholders at year end: **15,550**

Closing market prices at year end:
Toronto Stock Exchange: **$223.75 (CDN)**
New York Stock Exchange: **$192.69 (US)**

SHAREHOLDER ADMINISTRATION

Common Shares

Computershare Investor Services Inc., with transfer facilities in Montreal, Toronto, Calgary and Vancouver, serves as transfer agent and registrar for the Common Shares in Canada. Computershare Trust Company NA, Canton, Massachusetts, serves as co-transfer agent and co-registrar for the Common Shares in the United States.

For information concerning dividends, lost share certificates, estate transfers or for change in share registration or address, please contact the transfer agent and registrar by telephone at 1-877-4-CP-RAIL (1-877-427-7245) toll free North America or International (514) 982-7555, visit their website at www.investorcentre.com/cp; or write to:

Computershare Investor Services Inc.

100 University Avenue, 8th Floor
Toronto, Ontario, Canada M5J 2Y1

INFORMATION REGARDING DIRECT REGISTRATION

The Direct Registration System, or DRS, allows registered holders to hold securities in "book entry" form without having a physical certificate issued as evidence of ownership. Instead, securities are held in the name of the registered holder and registered electronically on the issuer's records maintained by the issuer's transfer agent. If you are a registered holder of shares and wish to hold your shares using the DRS, please contact the transfer agent at the phone number or address shown above.

For more information about direct registration, log on to Computershare's website at www.investorcentre.com/cp and click on "Got a question? Ask Penny".

DIRECT DEPOSIT OF DIVIDENDS

Registered shareholders are offered the option of having their Canadian and U.S. dollar dividends directly deposited into their personal bank accounts in Canada and the United States on the dividend payment dates. Shareholders can enroll for direct deposit either by phone or by completing a direct deposit enrolment form. For more information about direct deposit, please contact Computershare Investor Services Inc. at 1-877-4-CP-RAIL (1-877-427-7245).

4% CONSOLIDATED DEBENTURE STOCK

Inquiries with respect to Canadian Pacific Railway Company's 4% Consolidated Debenture Stock should be directed as follows:

For stock denominated in U.S. currency – The Bank of New York Mellon at (212) 815-2719 or by e-mail at lesley.daley@bnymellon.com; and

For stock denominated in pounds Sterling – BNY Trust Company of Canada at (416) 933-8504 or by e-mail at marcia.redway@bnymellon.com.

MARKET FOR SECURITIES

The Common Shares of Canadian Pacific Railway Limited are listed on the Toronto and New York stock exchanges. The Debenture Stock of Canadian Pacific Railway Company is listed on the London Stock Exchange (UK pounds sterling) and on the New York Stock Exchange (U.S. currency).

TRADING SYMBOL

Common Shares – CP

DUPLICATE ANNUAL REPORTS

While every effort is made to avoid duplication, some Canadian Pacific Railway Limited registered shareholders may receive multiple copies of shareholder information mailings such as this Annual Report. Registered shareholders who wish to consolidate any duplicate accounts which are registered in the same name are requested to write to Computershare Investor Services Inc.

CORPORATE GOVERNANCE

CP's Board of Directors and management are committed to a high standard of corporate governance. They believe effective corporate governance calls for the establishment of processes and structures that contribute to the sound direction and management of the Corporation's business, with a view to enhancing shareholder value.

A detailed description of CP's approach to corporate governance is contained in its Management Proxy Circular issued in connection with the Corporation's Annual Meeting of Shareholders and in its Corporate Governance Principles and Guidelines which are available on CP's website at www.cpr.ca.

GOVERNANCE STANDARDS

Any significant differences between the Corporation's corporate governance practices and the corporate governance listing standards of the New York Stock Exchange ("NYSE Listing Standards") are set forth on CP's website at www.cpr.ca under About CP, "Corporate governance".

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION

The certifications of the Chief Executive Officer and the Executive Vice-President and Chief Financial Officer of each of Canadian Pacific Railway Limited and Canadian Pacific Railway Company required by Section 302 of the Sarbanes-Oxley Act of 2002 (the "302 Certifications") and the rules promulgated by the U.S. Securities and Exchange Commission ("SEC") thereunder, have been filed with the SEC as an exhibit to the 2014 Annual Report of Canadian Pacific Railway Limited and Canadian Pacific Railway Company on Form 40-F. The 302 Certifications have also been filed in fulfillment of the requirements of CSA National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

2015 ANNUAL AND SPECIAL MEETING

The Annual and Special Meeting of Shareholders will be held on Thursday, May 14, 2015 in Calgary, Alberta.

SHAREHOLDER SERVICES

Shareholders having inquiries or wishing to obtain copies of the Corporation's Annual Information Form may contact Shareholder Services at 1-866-861-4289 or (403) 319-7538, or by e-mail at shareholder@cpr.ca, or by writing to:

Shareholder Services

Office of the Corporate Secretary
7550 Ogden Dale Road S.E.
Calgary, Alberta, Canada T2C 4X9

INVESTOR INFORMATION

Financial information is available under the "Investors" section on CP's website at www.cpr.ca.

COMMUNICATIONS AND PUBLIC AFFAIRS

Contact:
Communications and Public Affairs
Canadian Pacific
7550 Ogden Dale Road S.E.
Calgary, Alberta, Canada T2C 4X9

Canadian Pacific
7550 Ogden Dale Road S.E.
Calgary, Alberta, Canada T2C 4X9

www.cpr.ca

EXHIBIT 6.4

KANSAS CITY SOUTHERN FORM 10-K
FOR FISCAL YEAR ENDED DECEMBER 31, 2020
(JAN. 29, 2021)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 1-4717

KANSAS CITY SOUTHERN

(Exact name of registrant as specified in its charter)

Delaware		**44-0663509**
(State or other jurisdiction of incorporation or organization)		*(I.R.S. Employer Identification No.)*
427 West 12th Street		
Kansas City , Missouri		**64105**
(Address of principal executive offices)		*(Zip Code)*

816.983.1303
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Preferred Stock, Par Value $25 Per Share, 4%, Noncumulative	**KSU**	**New York Stock Exchange**
Common Stock, $.01 Per Share Par Value	**KSU**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

The aggregate market value of common stock held by non-affiliates of the registrant was $14.01 billion as of June 30, 2020. There were 90,847,847 shares of $.01 par common stock outstanding as of January 22, 2021.

DOCUMENTS INCORPORATED BY REFERENCE

Kansas City Southern's Definitive Proxy Statement for the 2021 Annual Meeting of Stockholders which will be filed no later than 120 days after December 31, 2020, is incorporated by reference in Part III.

KANSAS CITY SOUTHERN

2020 FORM 10-K ANNUAL REPORT

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Item 1. ***Business***

COMPANY OVERVIEW

Kansas City Southern, a Delaware corporation, is a holding company with domestic and international rail operations in North America that are strategically focused on the growing north/south freight corridor connecting key commercial and industrial markets in the central United States ("U.S.") with major industrial cities in Mexico. As used herein, "KCS" or the "Company" may refer to Kansas City Southern or, as the context requires, to one or more subsidiaries of Kansas City Southern.

KCS controls and owns all of the stock of The Kansas City Southern Railway Company ("KCSR"), a U.S. Class I railroad founded in 1887. KCSR serves a ten-state region in the midwest and southeast regions of the United States and has the shortest north/south rail route between Kansas City, Missouri and several key ports along the Gulf of Mexico in Alabama, Louisiana, Mississippi and Texas.

KCS controls and owns all of the stock of Kansas City Southern de México, S.A. de C.V. ("KCSM"). Through its 50-year concession from the Mexican government (the "Concession"), which could expire in 2047 unless extended, KCSM operates a key commercial corridor of the Mexican railroad system and has as its core route the most strategic portion of the shortest, most direct rail passageway between Mexico City and Laredo, Texas. Laredo is a principal international gateway through which a substantial portion of rail and truck traffic between the United States and Mexico crosses the border. KCSM serves most of Mexico's principal industrial cities and three of its major seaports. KCSM's rail lines provide exclusive rail access to the United States and Mexico border crossing at Nuevo Laredo, Tamaulipas. Under the Concession, KCSM has the right to use and operate the southern half of the rail bridge at Laredo, Texas, which spans the Rio Grande River between the United States and Mexico. The Company owns the northern half of this bridge through its ownership of Mexrail, Inc. ("Mexrail").

KCSM also provides exclusive rail access to the port of Lazaro Cardenas on the Pacific Ocean. The Mexican government developed the port at Lazaro Cardenas principally to serve Mexican markets and as an alternative to the U.S. west coast ports for Asian and South American traffic bound for North America.

The Company wholly owns Mexrail which, in turn, wholly owns The Texas Mexican Railway Company ("Tex-Mex"). Tex-Mex owns a 160-mile rail line extending from Laredo, Texas to the port city of Corpus Christi, Texas, which connects the operations of KCSR with KCSM.

The KCS coordinated rail network (KCSR, KCSM and Tex-Mex, including trackage rights) comprises approximately 7,100 route miles extending from the midwest and southeast portions of the United States south into Mexico and connects with all other Class I railroads, providing shippers with an effective alternative to other railroad routes and giving direct access to Mexico and the southeast and southwest United States through alternate interchange hubs.

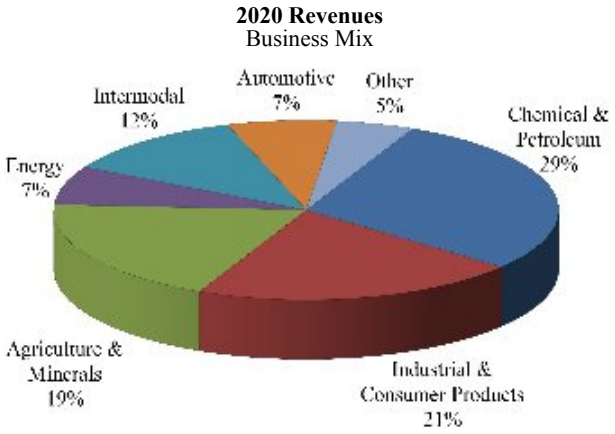
Panama Canal Railway Company ("PCRC"), an unconsolidated joint venture company owned equally by KCS and Mi-Jack Products, Inc. ("Mi-Jack"), was awarded a concession from the Republic of Panama to reconstruct and operate the Panama Canal Railway, a 47-mile railroad located adjacent to the Panama Canal that provides international container shipping companies with a railway transportation alternative to the Panama Canal. The concession was awarded in 1998 for an initial term of 25 years with an automatic renewal for an additional 25-year term. The Panama Canal Railway is a north-south railroad traversing the isthmus of Panama between the Atlantic and Pacific oceans.

Other subsidiaries and affiliates of KCS include the following:

- KCSM Servicios, S.A. de C.V. ("KCSM Servicios"), a wholly-owned and consolidated subsidiary that provides employee services to KCSM;
- Meridian Speedway, LLC ("MSLLC"), a seventy percent-owned consolidated affiliate that owns the former KCSR rail line between Meridian, Mississippi and Shreveport, Louisiana, which is the portion of the rail line between Dallas, Texas and Meridian known as the "Meridian Speedway." Norfolk Southern Corporation, through its wholly-owned subsidiary, The Alabama Great Southern Railroad Company, owns the remaining thirty percent of MSLLC;
- TFCM, S. de R.L. de C.V. ("TCM"), a forty-five percent-owned unconsolidated affiliate that operates a bulk liquid terminal in San Luis Potosí, Mexico;
- Ferrocarril y Terminal del Valle de México, S.A. de C.V. ("FTVM"), a twenty-five percent-owned unconsolidated affiliate that provides railroad services as well as ancillary services in the greater Mexico City area; and

- PTC-220, LLC ("PTC-220"), a fourteen percent-owned unconsolidated affiliate that holds the licenses to large blocks of radio spectrum and other assets for Positive Train Control ("PTC"). See Government Regulation section for further information regarding PTC.

MARKETS SERVED



Chemical and petroleum. This commodity group includes products such as chemicals, plastics, petroleum, liquefied petroleum gas, and petroleum refined products, such as gasoline and diesel. KCS transports these products across its network and through interchanges with other rail carriers. Refined fuels and liquefied petroleum gas groups of commodities supply Mexican demand. The chemical and plastic products are used in the automotive, housing and packaging industries as well as in general manufacturing. KCS hauls petroleum products across its network and as U.S. petroleum refineries have continued to increase their refining capacity, they have coordinated with KCS to develop additional long-term storage opportunities that complement a fluid freight railroad operation.

Industrial and consumer products. This commodity group includes forest products as well as metals and scrap. Forest products consist of shipments to and from paper and lumber mills in the southeast United States timber-producing region that KCS serves directly and indirectly through its various short-line connections. The United States is an important source of pulp paper and scrap paper for Mexico that ships by rail through KCS's network. Metals and scrap consist of shipments of flat steel and long product as well as other minor moves of ores such as iron, zinc and copper. The majority of steel produced and metallic ore mined in Mexico are consumed within Mexico. Steel slab is used to make steel coils and plate-products that usually ship via rail. Higher-end finished products such as steel coils are used by Mexican manufacturers in automobiles, household appliances, the oil and gas industry, and other consumer goods that are imported from the United States through land borders and the seaports served by KCS's rail network. KCS also transports steel coils, plates and pipe from U.S. and Mexican-based mini-mills to locations in the U.S. and Mexico for oil drilling, appliance and automotive applications. This commodity group also includes U.S. military transports, Mexico and U.S. domestic cement shipments and appliances manufactured in Mexico that are imported into the United States.

Agriculture and minerals. The agriculture and minerals commodity group consists primarily of grain and food products. Shipper demand for agriculture products is affected by competition among sources of grain and grain products, as well as price fluctuations in international markets for key commodities. In the United States, KCS's rail lines receive and originate shipments of grain and grain products for delivery to feed mills and food and industrial consumers in the U.S. and Mexico. United States export grain shipments and Mexico import grain shipments include primarily corn, wheat, and soybeans. Food products consist mainly of soybean meal, grain meal, oils, distillers dried grains, corn syrup and sugar. Other shipments consist of a variety of products including ores, minerals, clay and glass used across North America.

Energy. The energy commodity group includes coal, frac sand, petroleum coke and crude oil. KCS hauls unit trains (trains transporting a single commodity from one source to one destination) of coal for electric generating plants in the central United States. The coal originates from the Powder River Basin in Wyoming and is interchanged to KCS at Kansas City, Missouri. Coal mined in the midwest United States is transported in non-unit trains to industrial consumers such as paper mills, steel mills, and cement companies. Frac sand originating primarily in Wisconsin, Illinois or Iowa is delivered to transloads located in northeast Texas, northern Louisiana and south Texas for distribution to gas and oil wells in the region. Frac sand business in Mexico is primarily for industrial purposes such as auto glass and bottle manufacturing. KCS's shipments of frac sand to support the drilling industry have diminished over time as the use of in-basin frac sand has largely replaced frac sand originating in the upper Midwest. KCS transports petroleum coke from refineries in the United States to various industries in

the U.S. and Mexico including export through the Pabtex terminal located in Port Arthur, TX. The majority of crude by rail business originates in Canada, with spot shipments coming from west Texas, and is delivered to U.S. Gulf Coast refineries and tank farms in Texas, Louisiana, and Alabama.

Intermodal. The intermodal freight sector consists primarily of hauling freight containers or truck trailers on behalf of steamship lines, motor carriers, and intermodal marketing companies with rail carriers serving as long-distance haulers. KCS serves and supports the U.S. and Mexican markets, as well as cross-border traffic between the U.S. and Mexico. In light of the importance of trade between Asia and North America, the Company believes the Port of Lazaro Cardenas continues to be a strategically beneficial location for ocean carriers, manufacturers and retailers. Equally important, foreign direct investment in Mexico has caused the KCS Mexico/U.S. cross border corridor to emerge as an increasingly important tool for freight flow. The Company also provides premium service to customers over its line from Dallas through the Meridian Speedway— a critical link in creating the most direct route between the southwest and southeast/northeast U.S.

Automotive. KCS provides rail transportation to every facet of the automotive industry supply chain, including automotive manufacturers, assembly plants and distribution centers throughout North America. In addition, KCS transports finished vehicles imported and exported to and from various countries through a distribution facility at the Port of Lazaro Cardenas.

GOVERNMENT REGULATION

The Company's United States operations are subject to federal, state and local laws and regulations generally applicable to all businesses, subject to federal preemption under certain circumstances. Rail operations are also subject to the regulatory jurisdiction of the Surface Transportation Board ("STB"), the Federal Railroad Administration ("FRA") and the Pipeline and Hazardous Materials Safety Administration ("PHMSA") of the U.S. Department of Transportation ("DOT"), the Occupational Safety and Health Administration ("OSHA"), as well as other federal and state regulatory agencies. The STB has jurisdiction over disputes and complaints involving certain rates and charges, routes and services, the sale or abandonment of rail lines, applications for line extensions and construction, and consolidation or merger with, or acquisition of control of, rail common carriers. DOT and OSHA each has jurisdiction under several federal statutes over a number of safety and health aspects of rail operations, including the transportation of hazardous materials. In 2008, the President of the United States signed the Rail Safety Improvement Act of 2008 into law, which, among other things, revised hours of service for train and certain other employees and mandated implementation of PTC at certain locations by the end of 2015. PTC is a technology designed to help prevent train-to-train collisions, overspeed derailments, incursions into rail work zones, and entry into main line track if a switch is misaligned at certain locations, including main line track where toxic inhalation hazard or poison inhalation hazard movements occur or where passenger operations occur. The Surface Transportation Extension Act of 2015 amended the PTC deadline set by the Rail Safety Improvement Act of 2008 to require implementation of PTC by the end of 2018, and then further extended to December 31, 2020. By the end of 2018, the Company implemented PTC on all required sections of its rail network, locomotives and wayside assets. The Company completed interoperability with the required Class I freight railroads and Amtrak in June 2020 in compliance with the December 31, 2020 deadline. The implementation of PTC increased operating costs, and the number of employees the Company employs, and has required significant investments in new safety technology. The Company will continue to make investments in new safety technology.

KCS's U.S. subsidiaries are subject to extensive federal, state and local environmental regulations. These laws cover discharges to water, air emissions, toxic substances, and the generation, handling, storage, transportation and disposal of waste and hazardous materials. These regulations have the effect of increasing the costs, risks and liabilities associated with rail operations. Environmental risks are also inherent in rail operations, which frequently involve transporting chemicals and other hazardous materials.

Primary regulatory oversight of the Company's Mexican operations is provided by the Mexican Agencia Reguladora del Transporte Ferroviario ("Regulatory Agency of Rail Transportation" or "ARTF"). The ARTF establishes regulations concerning railway safety and operations, and is responsible for resolving disputes between railways and customers. KCSM must register its maximum rates with the ARTF and make regular reports to the ARTF and the Secretaría de Comunicaciones y Transportes ("Secretary of Communications and Transportation" or "SCT"). KCSM must provide reports on investments, traffic volumes, theft and vandalism on the general right of way, customer complaints, fuel consumption, number of locomotives, railcars and employees, and activities around maintenance of way, sidings and spurs, among other financial information and reports. The Company may freely set rates on a non-discriminatory basis up to the maximum rates registered with the ARTF. At any time, the ARTF may request additional information regarding the determination of such rates and may

issue recommendations with respect to proposed rate increases. If the ARTF or another party considers there to be no effective competition, they may request an opinion from the Comisión Federal de Competencia Económica ("Mexican Antitrust Commission" or "COFECE") regarding market conditions. If the COFECE determines that there is no effective competition for particular movements, the ARTF could set rates for those movements or grant limited trackage rights to another railroad while the condition of no effective competition remains.

KCSM holds a Concession from the Mexican government until June 2047 (exclusively through 2027, subject to certain trackage and haulage rights granted to other concessionaires), which is renewable under certain conditions for additional periods of up to 50 years. The Concession authorizes KCSM to provide freight transportation services over north-east rail lines, which are a primary commercial corridor of the Mexican railroad system. KCSM is required to provide freight railroad services to all users on a fair and non-discriminatory basis and in accordance with efficiency and safety standards approved periodically by the Mexican government. KCSM has the right to use, but does not own, all track and buildings that are necessary for the rail lines' operation. KCSM is obligated to maintain the right of way, track structure, buildings and related maintenance facilities to the operational standards specified in the Concession agreement and to return the assets in that condition at the end of the Concession period. During the remainder of the Concession period, KCSM is required to pay the Mexican government an annual concession duty equal to 1.25% of gross revenues. The ARTF may request information to verify KCSM´s compliance with the Concession and any applicable regulatory framework.

The Company's Mexican operations are subject to Mexican federal and state laws and regulations relating to the protection of the environment through the establishment of standards for water discharge, water supply, emissions, noise pollution, hazardous substances and transportation and handling of hazardous and solid waste. The Mexican government may bring administrative and criminal proceedings and impose economic sanctions against companies that violate environmental laws, and temporarily or even permanently close non-complying facilities.

Noncompliance with applicable legal provisions may result in the imposition of fines, temporary or permanent shutdown of operations or other injunctive relief, criminal prosecution or, with respect to KCSM, the termination of the Concession. KCS maintains environmental provisions that are believed by management to be appropriate with respect to known and existing environmental contamination of its properties that KCS may be responsible to remedy.

Government regulations are further discussed within Item 7, Management's Discussion and Analysis of Financial Information and Results of Operations — Mexico Regulatory and Legal Updates.

COMPETITION

The Company competes against other railroads, many of which are much larger and have significantly greater financial and other resources. The railroad industry in North America is dominated by a few very large carriers. The larger U.S. western railroads (BNSF Railway Company and Union Pacific Railroad Company), in particular, are significant competitors of KCS because of their substantial resources and competitive routes.

In Mexico, KCSM's operations are subject to competition from other railroads, particularly Ferrocarril Mexicano, S.A. de C.V. ("Ferromex") and Ferrosur, S.A. de C.V. ("Ferrosur"), both controlled by Grupo Mexico S.A.B. de C.V. Ferromex and Ferrosur together are much larger and have significantly greater financial and other resources than KCSM, serving most of the major ports and cities in Mexico and together owning fifty percent of FTVM, which serves industries located in the Mexico City area.

The ongoing impact of past and future rail consolidation is uncertain. However, KCS believes that its investments and strategic alliances continue to competitively position the Company to attract additional rail traffic throughout its rail network.

The Company is subject to competition from motor carriers, barge lines and other maritime shipping, which compete across certain routes in KCS's operating areas. In the past, truck carriers have generally eroded the railroad industry's share of total transportation revenues. Intermodal traffic and certain other traffic face highly price sensitive competition, particularly from motor carriers. However, rail carriers, including KCS, have placed an emphasis on competing in the intermodal marketplace and working with motor carriers to provide end-to-end transportation of products.

While deregulation of U.S. freight rates has enhanced the ability of railroads to compete with each other and with alternative modes of transportation, this increased competition has generally resulted in downward pressure on freight rates

since deregulation. Competition with other railroads and other modes of transportation is generally based on the rates charged, the quality and reliability of the service provided and the quality of the carrier's equipment for certain commodities.

RAIL SECURITY

The Company and its rail subsidiaries have continued to research, develop and implement multidisciplinary approaches to secure the Company's assets and personnel against transnational criminal organizations that actively target transportation networks. In addition, the Company has developed a variety of vertically integrated strategies to mitigate the risk terrorist attacks could pose to the Company, its personnel and assets. Many of the specific measures the Company utilizes for these efforts are required to be kept confidential through arrangements with government agencies, such as the Department of Homeland Security ("DHS"), or through jointly-developed and implemented strategies and plans with connecting carriers.

KCSR and KCSM developed a proprietary security plan based on an industry-wide plan developed by the Association of American Railroads ("AAR") members which focuses on comprehensive risk assessments in five areas — hazardous materials; train operations; critical physical assets; military traffic; and information technology and communications. The security plan is kept confidential, with access to the plan tightly limited to members of management with direct security and anti-terrorism implementation responsibilities. The Company participates with other AAR members in periodic drills under the industry plan to test and refine its various provisions.

The Company also uses information technology in various ways in its operations. The risks associated with this technology from cyber attacks has increased in recent years. The Company continues to monitor these threats and attempted cyber attacks, and has put in place various safeguards to protect the Company's operations as well as its assets and digital information from cyber attacks.

To protect the confidentiality and sensitivity of both the AAR plans and the proprietary strategies the Company has developed to safeguard against criminal enterprises, terrorism, and other security and safety threats, the following paragraphs will provide only a general overview of some of these efforts.

The Company's security activities range from periodically providing security awareness updates to KCS employees and including safety and security information on the Company's internet website (which can be found under the "Corporate Responsibility" tab at www.kcsouthern.com) to its ongoing implementation of security plans for rail facilities in areas labeled by the DHS as High Threat Urban Areas ("HTUAs"). The Company's other activities to bolster security against terrorism include, but are not limited to, the following:

- Conferring regularly with other railroads' security personnel and with industry experts on security issues;
- Routing shipments of certain chemicals, which might be toxic if inhaled, pursuant to federal regulations;
- Initiating a series of over 20 voluntary action items agreed to between AAR and DHS as enhancing security in the rail industry;
- Conducting constant and targeted security training as part of the scheduled training for operating employees and managers;
- Developing smartphone applications to ensure immediate information, live video and pictures from security supervisors and protection assets pertaining to potential operational risks;
- Developing a multi-layered security model using high-speed digital imaging, system velocity and covert and overt security filters to mitigate the risk of illicit activity;
- Measuring key security metrics to ensure positive risk mitigation and product integrity trends;
- Performing constant due diligence with the existing security model and by benchmarking rail security, including cyber security, on a world-wide basis to monitor threat streams related to rail incidents;
- Implementing a Tactical Intelligence Center by KCSM, which provides constant training with core members in new technology helping to prevent, detect, deter, deny and respond to potentially illicit activities; and
- Deploying an array of non-intrusive technologies including, but not limited to, digital video surveillance and analytics as part of an intelligent video security solution, including a closed circuit television platform with geo-fencing for intrusion detection, to allow for remote viewing access to monitor ports of entry, intermodal and rail yards.

In addition, the Company utilizes dedicated security personnel with extensive special operations forces, intelligence, and law enforcement backgrounds to oversee the ongoing and increasingly complex security efforts of the Company in both the United States and Mexico. While the risk of theft and vandalism is higher in Mexico, KCSM remains among the safest methods of transportation for freight shipments in Mexico. KCSM's record in rail safety is due in large part to the implementation of a multi-layered safety and security process throughout the KCSM network. In addition to having its own internal system, the process is connected to, and supported by a high level of federal, state and local law enforcement. A primary focus of this effort involves maintaining constant diligence, intelligence and counterintelligence operations, technology-reporting applications and active vigilance while enhancing overall system velocity, which reduces the residual risk for incidents to occur.

RAILWAY LABOR ACT

Labor relations in the U.S. railroad industry are subject to extensive governmental regulation under the Railway Labor Act ("RLA"). Under the RLA, national labor agreements are renegotiated on an industry-wide scale when they become open for modification, but their terms remain in effect until new agreements are reached or the RLA's procedures (which include mediation, cooling-off periods, and the possibility of presidential intervention) are exhausted. Contract negotiations with the various unions generally take place over an extended period of time and the Company rarely experiences work stoppages during negotiations. Wages, health and welfare benefits, work rules and other issues have traditionally been addressed during these negotiations.

COLLECTIVE BARGAINING

Approximately 70% of KCSR employees are covered by collective bargaining agreements. These agreements do not have expiration dates, but rather remain in place until modified by subsequent agreements. KCSR participates in industry-wide multi-employer bargaining as a member of the National Carriers' Conference Committee (the "NCCC"), as well as local bargaining for agreements that are limited to KCSR's property. Multi-employer agreements are subject to a procedure that allows requests for changes to be served every five years. Long-term agreements were reached voluntarily or through the arbitration process during 2017 and 2018 covering all of the participating unions. The terms of these agreements will remain in effect until new agreements are reached in the next bargaining round. In November 2019, KCSR and its unions commenced negotiations in connection with the 2020 bargaining round.

KCSM Servicios union employees are covered by one labor agreement, which was signed on April 16, 2012, between KCSM Servicios and the Sindicato de Trabajadores Ferrocarrileros de la República Mexicana ("Mexican Railroad Union"), and which remains in effect during the period of the Concession, for the purpose of regulating the relationship between the parties. Approximately 79% of KCSM Servicios employees are covered by this labor agreement. The compensation terms under this labor agreement are subject to renegotiation on an annual basis and all other benefits are subject to negotiation every two years. The parties finalized negotiations over compensation terms and benefits that will apply until June 30, 2021, along with other terms.

Union labor negotiations have not historically resulted in any strike, boycott or other disruption in the Company's business operations.

INFORMATION ABOUT EXECUTIVE OFFICERS

All executive officers are elected annually and serve at the discretion of the Board of Directors. All of the executive officers have employment agreements with KCS and/or its subsidiaries.

Patrick J. Ottensmeyer — President and Chief Executive Officer— 63 — Served in this capacity since July 1, 2016. Mr. Ottensmeyer has been a director of KCS since July 1, 2016 and served as President of KCS since March 1, 2015. He served as Executive Vice President Sales and Marketing of KCS from October 16, 2008 through March 1, 2015. Mr. Ottensmeyer joined KCS in May 2006 as Executive Vice President and Chief Financial Officer.

Warren K. Erdman — Executive Vice President — Administration and Corporate Affairs — 62 — Served in this capacity since April 2010. Mr. Erdman served as Executive Vice President — Corporate Affairs from October 2007 until April 2010. He served as Senior Vice President — Corporate Affairs of KCS and KCSR from January 2006 to September 2007. Mr. Erdman served as Vice President — Corporate Affairs of KCS from April 15, 1997 to December 31, 2005 and as Vice President — Corporate Affairs of KCSR from May 1997 to December 31, 2005. Prior to joining KCS, Mr. Erdman served as Chief of Staff to United States Senator Kit Bond of Missouri from 1987 to 1997.

Brian D. Hancock — Executive Vice President and Chief Innovation Officer — 55 — Served in this capacity since October 1, 2018. Mr. Hancock served as Executive Vice President and Chief Marketing Officer from August 2015 until September 2018. Prior to joining KCS, Mr. Hancock served as Senior Vice President of Supply Chain for Family Dollar Stores, Inc., a variety store chain, from 2013 to July 2015. From 2011 to 2013, Mr. Hancock served as President – North America for The Martin – Brower Company, L.L.C. From 2005 to 2011, he served as Vice President – Global Supply Chain for Whirlpool Corporation.

Jeffrey M. Songer — Executive Vice President and Chief Operating Officer — 51 — Served in this capacity since March 2016. Mr. Songer served as Senior Vice President Engineering and Chief Transportation Officer of the Company from August 2014 to February 2016 and as Vice President and Chief Engineer for KCSR from June 2012 to July 2014. Prior to serving as KCSR's Vice President and Chief Engineer, Mr. Songer served as Assistant Vice President — Engineering and Planning from March 2011 to June 2012, and as its General Director — Planning, Scheduling & Administration from January 2007 to March 2011.

Michael W. Upchurch — Executive Vice President and Chief Financial Officer — 60 — Served in this capacity since October 16, 2008. Mr. Upchurch joined KCS in March 2008 as Senior Vice President Purchasing and Financial Management. From 1990 through September 2006, Mr. Upchurch served in various senior financial leadership positions at Sprint Corporation, a telecommunications company, including Senior Vice President Financial Operations, Senior Vice President Finance Sprint Business Solutions and Senior Vice President Finance Long Distance Division.

Oscar Augusto Del Cueto Cuevas — President, General Manager and Executive Representative — KCSM — 54 — Served in this capacity since August 1, 2020. Mr. Del Cueto previously served as KCSM Servicios Vice President and General Director from November 2018 to July 2020 and as KCSM Servicios Vice President-Operations from January 2013 to October 2018. Mr. Del Cueto joined KCSM in 2006 and held various leadership positions prior to 2013. He has nearly 30 years of railway industry experience, working in institutional relations, communication, operations, planning and logistics.

Lora S. Cheatum — Senior Vice President — Human Resources — 64 — Served in this capacity since joining KCS in October 2014. Ms. Cheatum previously served as Senior Vice President Global Human Resources of Layne Christensen Company, a global water management, construction, and drilling company, from 2012 to October 2014. From 2010 to 2012, she served as Director — Field Operations at Fitness Together Holdings, Inc. Ms. Cheatum spent nine years with Kansas City Power & Light, from 2001 to 2010, where she was Vice President of Procurement and previously as Vice President Human Resources.

Michael J. Naatz — Executive Vice President and Chief Marketing Officer — 55 — Served in this capacity since October 1, 2018. Mr. Naatz served as Senior Vice President Operations Support and Chief Information Officer from August 2014 until September 2018 and as Senior Vice President and Chief Information Officer of the Company from May 2012 to July 2014. Prior to joining KCS, Mr. Naatz served as President of USF Holland, a YRC Worldwide, Inc. ("YRCW") company, a leading provider of transportation and global logistics services, from 2011 to May 2012. From 2010 to 2011, Mr. Naatz served as President and Chief Customer Officer - Customer Care Division at YRCW. From 2008 to 2010, he served as Executive Vice President and Chief Information & Service Officer at YRCW. From 2005 to 2007, he served as President — Enterprise Services Division at YRCW. From 1994 to 2005, he held various leadership positions with USF Corporation.

Suzanne M. Grafton — Vice President and Chief Accounting Officer — 45 — Served in this capacity since July 24, 2017. Ms. Grafton served as Vice President of Audit and Enterprise Risk Management of the Company from April 2016 to July 2017 and as Vice President of Accounting from May 2014 to March 2016. From September 2006 to May 2014, Ms. Grafton served in various accounting leadership positions at KCS.

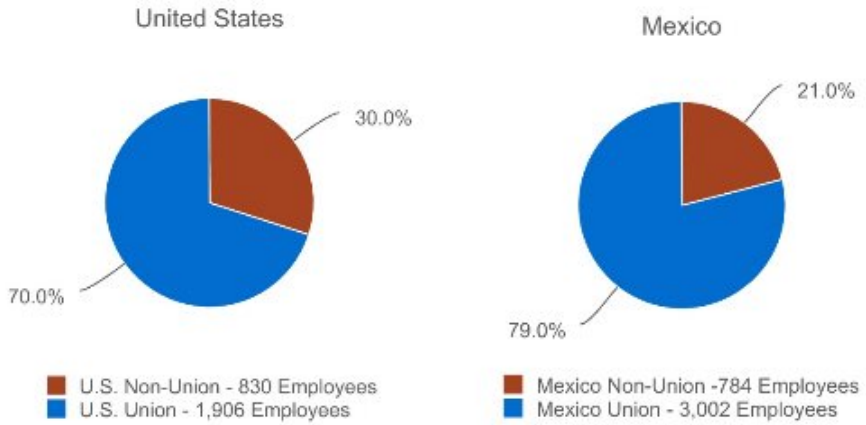
Adam J. Godderz — Senior Vice President — Chief Legal Officer and Corporate Secretary — 46 — Served in this capacity since February 1, 2020. Mr. Godderz served as General Counsel and Corporate Secretary from January 2019 to January 2020 and as Associate General Counsel and Corporate Secretary of the Company from June 2018 to December 2018. From November 2015 to May 2018, he served as Vice President of Labor Relations and Corporate Secretary. From January 2013 to November 2015, Mr. Godderz served as Associate General Counsel and Corporate Secretary. From September 2007 to January 2013, Mr. Godderz served as Associate General Counsel at KCS.

DESCRIPTION OF HUMAN CAPITAL RESOURCES

The employees of KCS are the Company's greatest asset. KCS employees are the foundation of the Company's success and keep the railroad moving every day, even during a global pandemic. The employees of KCS have a shared vision – to strive to be the fastest-growing, best-performing, most customer-focused transportation provider in North America.

A majority of the KCS workforce plays a critical role in the daily train operations and customer support. This portion of the workforce, including train crews, dispatchers, mechanical and engineering crews, field managers, and many others, cannot work from home. During the pandemic, these employees and freight rail transportation are part of what is deemed "critical infrastructure," essential to the economy and the communities KCS serves.

As of December 31, 2020, the Company had approximately 6,522 employees, with 58% based in Mexico and 42% based in the U.S. In 2020, approximately 75% of KCS employees were represented by a collective bargaining agreement.



In managing the Company's business, management focuses on a number of human capital measures and objectives rooted in the KCS Vision, Values and Culture (described further below, and as noted on the Company's website at https://www.kcsouthern.com/en-us/about-us/overview/vision-values, which is not incorporated into this Form 10-K) and include the following:

- ***Employee Health & Safety*** - KCS is committed to operating in a safe, secure and responsible manner for the benefit of its employees, customers and the communities KCS serves in the U.S. and Mexico. See below for further discussion of employee health and safety as well as noted in the Company's sustainability report at https://www.kcsouthern.com/corporate-responsibility/our-commitment/KCS-2019-Sustainability-Report.pdf (the sustainability report is not incorporated into this Form 10-K).
- ***Compensation and Benefits*** - KCS strives to offer competitive compensation, benefits and services that meets the needs of its employees including, short and long-term incentive packages, employee stock purchase plan, defined contribution plan, healthcare benefits, and wellness and employee assistance programs. Management monitors market compensation and benefits to be able to attract, retain, and promote employees and reduce turnover and its associated costs. In addition, KCS's short and long-term incentive programs are aligned with the Company's vision and key business objectives and are intended to motivate strong performance. KCS engages a nationally recognized outside consulting firm to objectively evaluate its compensation and benefits and benchmark them against industry peers and other similarly situated organizations.

For the year ended December 31, 2020, compensation and benefits expense totaled $476.5 million. See Item 7. *Management's Discussion and Analysis of Financial Condition and results of Operations* for further discussion of compensation and benefits expense.

- ***Productivity Measures*** – KCS measures productivity of its workforce by analyzing its headcount compared to total gross ton miles, which is the number of miles moved by a train multiplied by the total weight of the freight cars.

	Years Ended December 31,	
	2020	2019
Gross Ton Miles (GTM) (in millions) [(a)]	94,434	101,819
Average Employees - Total	6,655	7,069
Average Employees - Union	4,983	5,353
GTM's per Average Employee (in millions)	14.19	14.40

(a) Excludes Locomotive Gross Ton Miles

- ***KCS's Vision, Values and Culture ("KCS Culture")*** - The KCS Culture is critically important to KCS's success and is a set of guidelines, beliefs and behaviors that help define KCS and create a foundation for growth and success. KCS's strong culture and core values should allow KCS to fulfill its vision and continue to endure in times of stress. The KCS Culture helps guide how employees make decisions, treat each other and serve customers. All employees are responsible for upholding the KCS Culture and conformance with the KCS Culture statement is 25% of the annual performance appraisal process for all management employees. Management uses performance evaluations as a tool to help strengthen relationships with employees and KCS's Culture.

Employee Health and Safety Overview

Management seeks to instill a culture valuing employee health and safety at KCS via training, education, initiatives, equipment and a strict adherence to applicable safety rules as further described below.

Operational safety

KCS is subject to federal, state, and local government regulations in the U.S. and Mexico with regard to safety. These regulations direct safety practices in the placement of rail cars carrying certain commodities in the train, routes, inspection of equipment and track, security procedures, equipment design and construction, speed restrictions, and work rules.

Management strives to instill a culture of safety, providing on-the-job training and classroom instruction to employees. Many positions, such as locomotive engineers and conductors, have extensive requirements for certification and licensing, as required by federal regulation. Certification-eligibility is based on a variety of factors, including prior safety conduct of the applicant, compliance with applicable regulations, knowledge of operating rules and performance testing. The Company offers certification and training programs to operations groups as business needs require. These training programs focus on operating rules, safety rules, and procedures required for specific tasks.

KCS's operational testing program provides processes for ongoing validation and understanding of, and adherence to operating rules and procedures by employees, and allows management to identify, monitor and manage potential safety risks in the business. This training is designed to gauge employees' knowledge of and compliance with KCS rules and procedures and determine the need for remedial training or guidance. Testing plans are developed based upon, among other things, a particular location's risks, recent trends, injuries or accidents and prior operational test performance.

Safety technology

KCS uses advanced technologies to help employees enhance operational safety including the following:

- Advanced Inspection Equipment — KCS uses technology to monitor, in real-time, the approximately 7,100 route miles of track, bridges, and tunnels that KCS uses in its operations. KCS employees and contractors inspect railroad tracks using specialized equipment such as track geometry cars, ground-penetrating radar, and laser technology. Additionally, different types of wayside detectors are positioned along the rail network to monitor the condition of the wheels on passing trains. These specialized technologies alert railroads to potential defects and help enable KCS to schedule maintenance in a timely manner.

- PTC — Since 2008, KCSR has worked to implement PTC, the largest and most complex safety system in the history of the railroad industry. PTC is an advanced technology system designed to automatically stop a train before certain incidents occur and protect KCS's employees, customers and communities along the network. The Company has invested $257.4 million in PTC since 2008. PTC aims to prevent the following:
    - Train-to-train collisions;
    - Derailments caused by excessive train speed;
    - Train movements through misaligned track switches;
    - Unauthorized train entry into work zones.
- Asset Health Strategic Initiative ("AHSI") — AHSI is a multi-year rail industry program that applies information technology processes to help improve the safety and performance of freight cars and locomotives across North America. The program aims to help reduce mechanical service interruptions, improve the quality of railcar inspections, and increase rail yard and repair shop efficiencies by consolidating equipment information, including ownership information, repair and inspection history, and company recalls, among other things.

Health and Safety during COVID-19 pandemic

During the outbreak in March 2020 of the novel Coronavirus ("COVID-19"), which has been declared a pandemic, the U.S. and Mexico governments deemed rail transportation as "critical infrastructure" providing essential services during the global emergency. As a provider of critical infrastructure, Kansas City Southern has an obligation to keep employees working and freight operations moving. During this period, the Company strives to remain focused on protecting the health, safety, and well-being of its employees and the communities in which it operates while working to maintain the continuity of its business operations.

In response to the COVID-19 pandemic, KCS created a dedicated crisis team that implemented business continuity plans to help ensure the ongoing availability of its transportation services. KCS took a variety of health and safety measures, including separating dispatching and crew operations, implementing enhanced cleaning and hygiene protocols in its facilities and locomotives, implementing remote work policies where possible, performing temperature checks and requiring facial coverings. As a result, the Company did not experience significant COVID-19 related disruptions in its railroad operations during 2020. For the year ended December 31, 2020, the Company recognized approximately $10.0 million of expense related to COVID-19 for the protection of its employees and the continuity of business operations.

AVAILABLE INFORMATION

KCS's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, and amendments to those reports, are available for download at no cost on KCS's website (www.investors.kcsouthern.com) as soon as reasonably practicable after the electronic filing of these reports is made with the Securities and Exchange Commission. In addition, KCS's corporate governance guidelines, ethics and legal compliance policy, and the charters of the Audit Committee, the Finance and Strategic Investments Committee, the Nominating and Corporate Governance Committee and the Compensation and Organization Committee of the Board of Directors are available on KCS's website.

See Item 8, Financial Statements and Supplementary Data — Note 1, Description of the Business and Note 19, Geographic Information for more information on the description and general development of the Company's business and financial information about geographic areas.

Item 1A. Risk Factors

Risks Related to KCS's Operations and Business

Public health threats or outbreaks of communicable diseases could have a material adverse effect on the Company's operations and financial results.

The Company may face risks related to public health threats or outbreaks of communicable diseases. A widespread healthcare crisis, such as an outbreak of a communicable disease could adversely affect the global economy and the Company's and its business partners' ability to conduct business in the U.S. and Mexico for an indefinite period of time. COVID-19 has spread to multiple global regions, including the U.S. and Mexico, and has negatively impacted the global economy, disrupted

financial markets and international trade, resulted in increased unemployment levels and significantly impacted global supply chains, all of which negatively impacted the rail transportation industry and the Company's business. In an effort to halt the outbreak of COVID-19, both in the U.S. and Mexico, local, state, and federal governments have implemented various measures, including but not limited to, voluntary and mandatory quarantines, stay-at-home orders, travel restrictions, border closings, limitations on gatherings of people, and extended closures of nonessential businesses. The implementation of these measures resulted in a decline in demand that had a material impact on the Company's results of operations and financial condition during the year ended December 31, 2020. The Company's revenues decreased by approximately 8% during 2020, as compared to the prior year, and approximately $10.0 million in additional expenses were incurred due to COVID-19 as part of the Company providing a safe and healthy work environment for KCS employees.

Although the Company has taken numerous measures to overcome the adverse impact derived from the COVID-19 outbreak and continued with the Company's normal business activities, this pandemic could continue to materially impact revenues and profit. In addition, COVID-19 could:

- continue to impact customer demand of the Company's transportation services;
- continue to cause the Company to experience an increase in costs as a result of the Company's emergency measures, and delayed payments from customers;
- continue to cause delays and disruptions in the supply chain resulting in disruptions in the commercial operation dates of certain projects;
- continue to impact availability of qualified personnel; and
- cause other unpredictable events.

The situation surrounding COVID-19 remains fluid and for this reason, KCS cannot reasonably estimate with any degree of certainty the future impact COVID-19 may have on the Company's results of operations, financial position, and liquidity. The extent to which the COVID-19 pandemic may impact the Company's business, operating results, financial condition, or liquidity will depend on future developments, including the duration of the outbreak, travel restrictions, business and workforce disruptions, and the effectiveness of actions taken to contain and treat the disease.

Capacity constraints could materially adversely affect service and operating efficiency.

KCS may experience capacity constraints due to increased demand for rail services, unavailability of equipment, crew shortages, or extreme weather. Also, due to the interconnectivity between all railroads, especially in the U.S., congestion on other railroads could result in operational inefficiencies for KCS. Traffic congestion experienced in the U.S. or Mexican railroad system may result in overall traffic congestion which would impact the ability to move traffic to and from Mexico, which could result in operational inefficiencies for KCS and could have a material adverse effect on KCS's operations.

Significant expansions in the capacity of the Company's network can require a substantial amount of time and investment. Although KCS constantly monitors its network in an effort to optimize its rail services, there can be no assurance that such measures will adequately address capacity constraints on a timely basis.

KCS competes against other railroads and other transportation providers.

The Company's domestic and international operations are subject to competition from other railroads, as well as from truck carriers, barge lines, and other maritime shippers. Many of KCS's rail competitors are much larger and have significantly greater financial and other resources than KCS, which may enable rail competitors to reduce rates and make KCS's freight services less competitive. KCS's ability to respond to competitive pressures by matching rate reductions and decreasing rates without adversely affecting gross margins and operating results will depend on, among other things, the ability to reduce operating costs. KCS's failure to respond to competitive pressures, and particularly rate competition, in a timely manner could have a material adverse effect on the Company's consolidated financial statements.

The railroad industry is dominated by a few large carriers. These larger railroads could attempt to use their size and pricing power to block other railroads' access to gateways and routing options that are currently and have historically been available. In addition, if there is future consolidation in the railroad industry in the United States or Mexico, there can be no assurance that it will not have a material adverse effect on the Company's consolidated financial statements.

Trucking, maritime, and barge competitors provide rate and service competition to the railroad industry. These competitors are able to use public rights-of-way, require substantially smaller capital investment and maintenance expenditures than railroads and allow for more frequent and flexible scheduling. Continuing competitive pressures, any reduction in margins due to competitive pressures, developments that increase the quality or decrease the cost of alternative modes of transportation in the locations in which the Company operates, or legislation or regulations that provide motor carriers with additional advantages, such as increased size of vehicles and reduced weight restrictions, could result in downward pressure on freight rates, which in turn could have a material adverse effect on the Company's consolidated financial statements. KCS may also experience operational or service difficulties related to network capacity, fluctuations in customers' demand for rail service, or other events that could have a material adverse effect on KCS's consolidated financial statements.

A key part of KCS's growth strategy is based upon the conversion of truck traffic to rail. There can be no assurance the Company will succeed in its efforts to convert traffic from truck to rail transport or that the customers already converted will be retained. If the railroad industry in general is unable to preserve its competitive advantages vis-à-vis the trucking industry, revenue growth could be adversely affected. Additionally, revenue growth could be affected by, among other factors, an expansion in the availability, or an improvement in the quality, of the trucking services offered by carriers resulting from regulatory and administrative interpretations and implementation of certain provisions of current or future multinational trade agreements that are favorable to the trucking industry or unfavorable to the rail industry or KCS. Such actions may negatively impact KCS's ability to grow its existing customer base and capture additional cargo transport market share because of competition from the shipping industry and other railroads.

KCS's business strategy, operations and growth rely significantly on agreements with other railroads and third parties.

Operation of KCS's rail network and its plans for growth and expansion rely significantly on agreements with other railroads and third parties, including joint ventures and other strategic alliances, as well as interchange, trackage rights, haulage rights and marketing agreements with other railroads and third parties that enable KCS to exchange traffic and utilize trackage the Company does not own. KCS's ability to provide comprehensive rail service to its customers depends in large part upon its ability to maintain these agreements with other railroads and third parties, and upon the performance of the obligations under the agreements by the other railroads and third parties. The termination of, or the failure to renew, these agreements could have a material adverse effect on KCS's consolidated financial statements. KCS is also dependent in part upon the financial strength and efficient performance of other railroads. There can be no assurance that KCS would not be materially adversely affected by operational or financial difficulties of other railroads.

KCS depends on the stability, availability and security of its information technology systems to operate its business. Disruptions in KCS's information technology ("IT") systems could materially adversely affect the Company's business and operating results.

KCS relies on information technology in all aspects of its business. A significant disruption or failure of its IT systems, including its computer hardware, software, communications equipment, wayside equipment or locomotive onboard equipment could result in service interruptions, safety failures, security failures, regulatory compliance failures or other operational difficulties. Moreover, if KCS is not able to acquire new technology or to develop or implement new technology, KCS may suffer a competitive disadvantage, which could have a material adverse effect on KCS's consolidated financial statements.

The security risks associated with IT systems have increased in recent years because of the increased sophistication, activities and evolving techniques of perpetrators of cyber attacks. A failure in, or breach of, KCS's IT security systems, or those of its third party service providers, as a result of cyber attacks or unauthorized access to its network could disrupt KCS's business, result in the disclosure or misuse of confidential or proprietary information, increase its costs and/or cause losses and reputational damage. KCS also confronts the risk that a terrorist or nation-state sponsored group may seek to use its property, including KCS's information technology systems, to inflict major harm.

Although KCS has a comprehensive cyber security program designed to protect and preserve the integrity of its information technology systems, KCS has experienced and expects to continue to experience cyber attacks of its IT systems or networks. However, none of these cyber attacks to date had a material impact on KCS's operations or financial condition. While KCS devotes significant resources to network security, data encryption and other security measures to protect its systems and data, including its own proprietary information and the confidential and personally identifiable information of its customers, employees, and business partners, these measures cannot provide absolute security. The costs to eliminate or alleviate network security problems, bugs, viruses, ransomware, worms, malicious software programs and security

vulnerabilities could be significant, and KCS's efforts to address these problems may not be successful, resulting potentially in the theft, loss, destruction or corruption of information that KCS stores electronically, as well as unexpected interruptions, delays or cessation of service, any of which could cause harm to KCS's business operations. Moreover, if a computer security breach or cyber attack affects KCS's systems or results in the unauthorized release of proprietary or personally identifiable information, the Company's reputation could be materially damaged, customer confidence could be diminished, and KCS's operations could be impaired.

A significant disruption, failure or unauthorized access of KCS's information technology system could expose the Company to a risk of legal proceedings and potential liability and have a material adverse effect on KCS's consolidated financial statements. Further, legislative or regulatory action in these areas is evolving, and KCS may be unable to adapt its IT systems or to manage the IT systems of third parties to accommodate these changes.

Severe weather or other natural disasters could result in significant business interruptions that impact KCS's railroad operations and expenditures, and KCS's insurance coverage may not be sufficient to cover damages to KCS or all of KCS's liabilities.

The Company's railroad operations may be affected by severe weather or other natural disasters. The Company operates in and along the Gulf of Mexico, and its facilities, equipment, and railroad infrastructure may be materially adversely affected by hurricanes, floods, fires, earthquakes and other extreme weather conditions in the regions where the Company operates, and this could also adversely affect the Company's shipping, agricultural, chemical and other customers. Severe weather or other natural disasters could result in significant business interruption due to an increase in events such as train derailments or wash outs of track structure that could have a material adverse effect on KCS's consolidated financial statements. Insurance to protect against loss of business and other related consequences resulting from these natural occurrences is subject to coverage limitations and may not be sufficient to cover all of KCS's damages or damages to others. This insurance may not continue to be available at commercially reasonable rates. Even with insurance, if any natural occurrence leads to a catastrophic interruption of services, this could have a material adverse effect on KCS's consolidated financial statements.

KCS's business may be adversely affected by changes in general economic or other conditions.

KCS's operations may be materially adversely affected by changes in the economic conditions of the industries and geographic areas that produce and consume the freight that KCS transports. The relative strength or weakness of the United States and Mexican economies affects the businesses served by KCS. A significant and sustained decrease in crude oil prices could adversely affect the transport of crude oil by rail to the U.S. Gulf region as well as negatively impact railroad volumes related to equipment and other materials that support crude oil production. For example, energy revenues have historically decreased when oil prices decline due to lower frac sand and crude oil volumes. Prolonged negative changes in domestic and global economic conditions may affect KCS, as well as the producers and consumers of the commodities that KCS transports and may have a material adverse effect on KCS's consolidated financial statements.

The transportation industry is highly cyclical, generally tracking the cycles of the world economy. Although transportation markets are affected by general economic conditions, there are numerous specific factors within each particular market that may influence operating results. Some of KCS's customers do business in industries that are highly cyclical, including the energy, automotive, housing and agriculture industries. Any downturn or change in government policy in these industries could have a material adverse effect on operating results. Also, some of the products transported have had a historical pattern of price cyclicality which has typically been influenced by the general economic environment and by industry capacity and demand. KCS cannot assure that prices and demand for these products will not decline in the future, adversely affecting those industries and, in turn, this could have a material adverse effect on the Company's consolidated financial statements.

KCS may be subject to various claims and litigation that could have a material adverse effect on KCS's consolidated financial statements.

The Company is exposed to the potential of various claims and litigation related to labor and employment, personal injury, commercial disputes, freight loss and other property damage, and other matters that arise in the normal course of business. The Company may experience material judgments or incur significant costs to defend existing and future lawsuits. Although the Company maintains insurance to cover some of these types of claims and establishes reserves when appropriate, final amounts determined to be due on any outstanding matters may exceed the Company's insurance coverage or differ materially from the recorded reserves. Additionally, the Company could be impacted by adverse developments not currently reflected in the Company's reserve estimates. The Company is also subject to job-related personal injury and occupational

claims associated with the Federal Employer's Liability Act ("FELA"), which is applicable only to railroads. FELA's fault-based tort system produces results that are unpredictable and inconsistent as compared with a no-fault worker's compensation system. The variability inherent in this system could result in actual costs being different from the liability recorded. Any material changes to litigation trends or a catastrophic rail accident or series of accidents involving any or all of property damage, personal injury, and environmental liability could have a material adverse effect on KCS's consolidated financial statements.

A majority of KCS's employees belong to labor unions. Strikes or work stoppages could adversely affect operations.

The Company is a party to collective bargaining agreements with various labor unions in the United States and Mexico. As of December 31, 2020, approximately 70% and 79% of KCSR and KCSM Servicios employees, respectively, were covered by labor contracts subject to collective bargaining. The Company may be subject to, among other things, strikes, work stoppages or work slowdowns as a result of disputes under these collective bargaining agreements and labor contracts or KCS's potential inability to negotiate acceptable contracts with these unions. In the United States, because such agreements are generally negotiated on an industry-wide basis, determination of the terms and conditions of labor agreements have been and could continue to be beyond KCS's control. KCS is, therefore, subject to terms and conditions in industry-wide labor agreements that could have a material adverse effect on its consolidated financial statements. In the United States and Mexico, KCS is seeking to modernize its collective bargaining agreements and benefit from technological advancements in the industry. If the unionized workers in the United States or Mexico were to engage in a strike, work stoppage or other slowdown; if other employees were to become unionized or if KCS and its unions were unable to agree on the terms and conditions in future labor agreements, KCS could experience a significant disruption of its operations and higher ongoing labor costs. Although the U.S. Railway Labor Act imposes restrictions on the right of United States railway workers to strike, there is no law in Mexico imposing similar restrictions on the right of railway workers in that country to strike. Additionally, labor law reform adopted by Mexico introduces uncertainty into the existing union structure in Mexico, which may affect the risk of disruption in KCSM's operations.

KCS is dependent on certain key suppliers of core rail equipment.

KCS relies on a limited number of suppliers of core rail equipment (including locomotives, rolling stock equipment, rail and ties). The capital intensive nature and complexity of such equipment creates high barriers of entry for any potential new suppliers. If any of KCS's suppliers discontinue production or experience capacity or supply shortages, this could result in increased costs or difficulty in obtaining rail equipment and materials, which could have a material adverse effect on KCS's consolidated financial statements.

KCS's business is vulnerable to fluctuations in fuel costs and disruptions in fuel supplies.

KCS incurs substantial fuel costs in its railroad operations and these costs represent a significant portion of its transportation expenses. Significant price increases for fuel may have a material adverse effect on operating results. If KCS is unable to recapture its costs of fuel from its customers, operating results could be materially adversely affected. In addition, a severe disruption of fuel supplies resulting from supply shortages, political unrest, a disruption of oil imports, weather events, war, or otherwise, and the resulting impact on fuel prices could have a material adverse effect on KCS's consolidated financial statements.

KCS's business may be affected by future acts of terrorism, war or other acts of violence or crime.

Terrorist attacks and any government response thereto, and war or risk of war could have a material adverse effect on KCS's consolidated financial statements. KCS is involved in the transport of hazardous materials, which could result in KCS's rail lines, facilities, or equipment being direct targets or indirect casualties of acts of terror, which could cause significant business interruption and damage to KCS's property. As a result, acts of terrorism or war or acts of crime or violence could result in increased costs and liabilities and decreased revenues for KCS. In addition, insurance premiums charged for some or all of the applicable coverage currently maintained by KCS could increase dramatically or certain coverage may not be adequate to cover losses or may not be available in the future.

Risks Related to Laws and Regulations

KCS U.S. and Mexico rail common carrier subsidiaries are required by United States and Mexican laws, respectively, to transport hazardous materials, which could expose KCS to significant costs and claims.

Under United States federal statutes and applicable Mexican laws, KCS's common carrier responsibility requires it to transport hazardous materials. Any rail accident or other incident or accident on KCS's network, facilities, or at the facilities of KCS's customers involving the release of hazardous materials, including toxic inhalation hazard materials, could involve significant costs and claims for personal injury, property or natural resource damage, and environmental penalties and remediation in excess of the Company's insurance coverage for these risks, which could have a material adverse effect on KCS's consolidated financial statements. KCS is also required to comply with rules and regulations regarding the handling of hazardous materials. Noncompliance with these rules and regulations could subject KCS to significant penalties or other costs and exposure to litigation. Changes to these rules and regulations could also increase operating costs and negatively impact KCS's consolidated financial statements.

KCS's business is subject to regulation by federal, state and local legislatures and agencies that could impose significant costs on the Company's business operations.

KCS rail subsidiaries are subject to legislation and regulation enacted by federal, state and local legislatures and agencies in the U.S. and Mexico with respect to commercial terms with its customers and railroad operations, including with respect to health, safety, labor, environmental and other areas. Government regulation of the railroad industry is a significant determinant of the competitiveness and profitability of railroads. Changes in legislation or regulation could have a negative impact on KCS's ability to negotiate prices for rail services, could negatively affect competition among rail carriers, or could negatively impact operating practices, resulting in reduced efficiency, increased operating costs or increased capital investment, all of which could result in a material adverse effect on KCS's consolidated financial statements.

New economic regulation in the U.S. or Mexico in current or future proceedings could change the regulatory framework within which the Company operates which could materially change the Company's business and have a material adverse effect on the Company's consolidated financial statements.

KCS's failure or inability to comply with applicable laws and regulations could have a material adverse effect on the Company's consolidated financial statements and operations, including fines, penalties, or limitations on operating activities until compliance with applicable requirements is achieved. Congress and government agencies may change the legislative or regulatory framework within which the Company operates without providing any recourse for any adverse effects on the Company's business that occur as a result of such change. Additionally, some of the regulations require KCS to obtain and maintain various licenses, permits and other authorizations. Any failure to obtain or maintain these licenses, permits, and other authorizations could have a material adverse effect on KCS's business operations.

KCS is subject to environmental regulations, which may impose significant costs on the Company's business operations.

KCS subsidiaries' operations are subject to environmental regulation enacted by federal, state and local legislatures in the U.S. and Mexico. Environmental liability under federal and state law in the United States can also extend to previously owned or operated properties, leased properties and properties owned by third parties, as well as to properties currently owned and used by the Company. Environmental liabilities may also arise from claims asserted by adjacent landowners or other third parties. Given the nature of its business, the Company incurs, and expects to continue to incur, environmental compliance costs, including, in particular, costs necessary to maintain compliance with requirements governing chemical and hazardous material shipping operations, refueling operations and repair facilities. KCS presently has environmental investigation and remediation obligations at certain sites, and will likely incur such obligations at additional sites in the future.

The Company's Mexican subsidiaries' operations are subject to Mexican federal and state laws and regulations relating to the protection of the environment, including standards for, among other things, water discharge, water supply, emissions, noise pollution, hazardous substances and transportation and handling of hazardous and solid waste. Under applicable Mexican law and regulations, administrative and criminal proceedings may be brought and economic sanctions imposed against companies that violate environmental laws, and non-complying facilities may be temporarily or permanently closed. KCSM is also subject to the laws of various jurisdictions with respect to the discharge of materials into the environment and to environmental laws and regulations issued by the governments of each of the Mexican states in which KCSM's facilities are located. The terms of KCSM's Concession from the Mexican government also impose environmental compliance obligations on KCSM. Failure to

comply with any environmental laws or regulations may result in the termination of KCSM's Concession or in fines or penalties that may affect profitability.

Liabilities accrued for environmental costs represent the Company's best estimate of the probable future obligation for the remediation and settlement of matters related to these sites. However, remediation costs may exceed such estimates, due to various factors such as evolving environmental laws and regulations, changes in technology, the extent of other parties' participation, discovery of unidentified environmental conditions and matters, developments in environmental surveys and studies, and the extent of corrective action that may ultimately be required. The Company cannot predict the effect, if any, that unidentified environmental matters or the adoption of unknown additional or more stringent environmental laws and regulations would have on KCS's consolidated financial statements.

KCS's failure or inability to comply with applicable environmental laws and regulations could have a material adverse effect on the Company's consolidated financial statements and operations, including fines, penalties, or limitations on operating activities until compliance with applicable requirements is achieved. Government entities may change the legislative or regulatory framework within which the Company operates that could result in adverse effects on the Company's business that occur as a result of such change. Additionally, some of the regulations require KCS to obtain and maintain various licenses, permits and other authorizations. Any failure to obtain or maintain these licenses, permits, and other authorizations could have a material adverse effect on KCS's business operations.

KCS's business may be affected by climate change and the market and regulatory responses to climate change.

Climate change could have a material adverse effect on KCS's operations and KCS's consolidated financial statements. Restrictions, caps, taxes, or other controls on emissions of greenhouse gases, including diesel exhaust, could significantly impact operations and increase operating costs. Restrictions on emissions could also affect KCS's customers that use commodities that KCS transports to produce energy, use significant amounts of energy in producing or delivering the commodities KCS transports, or manufacture or produce goods that consume significant amounts of energy or burn fossil fuels, including coal-fired power plants, chemical producers, farmers and food producers, and automakers and other manufacturers. Significant cost increases, government regulation, or changes of consumer preferences for goods or services relating to alternative sources of energy or emissions reductions could materially affect the markets for the commodities KCS transports, which in turn could have a material adverse effect on KCS's consolidated financial statements. Government incentives encouraging the use of alternative sources of energy could also affect certain customers and their respective markets for certain commodities KCS transports in an unpredictable manner that could alter traffic patterns, including, for example, the impacts of ethanol incentives on farming and ethanol producers. Moreover, increasing frequency, intensity and duration of extreme weather events such as flooding, storms and fires may result in substantial costs, including costs associated with KCS's response during the event, KCS's recovery from the event and preventive measures. Any of these factors, individually or in conjunction with one or more of the other aforementioned factors, or other unforeseen impacts of climate change could have a material adverse effect on KCS's consolidated financial statements.

Risks Related to KCS's Foreign Operations

KCSM's Mexican Concession is subject to revocation or termination in certain circumstances, which would prevent KCSM from conducting rail operations under the Concession and would have a material adverse effect on the Company's consolidated financial statements.

KCSM operates under the Concession granted by the Mexican government until June 2047, which is renewable for an additional period of up to 50 years, subject to certain conditions. The Concession gives KCSM exclusive rights to provide freight transportation services over its rail lines through 2027 (the first 30 years of the 50-year Concession), subject to certain trackage and haulage rights granted to other concessionaires. The SCT and ARTF, which are principally responsible for regulating railroad services in Mexico, have broad powers to monitor KCSM's compliance with the Concession, and they can require KCSM to supply them with any technical, administrative and financial information they request. Among other obligations, KCSM must comply with the investment commitments established in its business plan, which forms an integral part of the Concession, and must update the plan every three years. The SCT treats KCSM's business plans confidentially. The SCT and ARTF also monitor KCSM's compliance with efficiency and safety standards established in the Concession. The SCT and ARTF review, and may amend, these standards from time to time.

Under the Concession, KCSM has the right to operate its rail lines, but it does not own the land, roadway or associated structures. If the Mexican government legally terminates the Concession, it would own, control, and manage such public domain assets used in the operation of KCSM's rail lines. All other property not covered by the Concession, including all locomotives and railcars otherwise acquired, would remain KCSM's property. In the event of early termination, or total or partial revocation of the Concession, the Mexican government would have the right to cause the Company to lease all service-related assets to it for a term of at least one year, automatically renewable for additional one-year terms for up to five years. The amount of rent would be determined by experts appointed by KCSM and the Mexican government. The Mexican government must exercise this right within four months after early termination or revocation of the Concession. In addition, the Mexican government would also have a right of first refusal with respect to certain transfers by KCSM of railroad equipment within 90 days after revocation of the Concession.

The Mexican government may also temporarily seize control of KCSM's rail lines and its assets in the event of a natural disaster, war, significant public disturbance or imminent danger to the domestic peace or economy. In such a case, the SCT may restrict KCSM's ability to operate under the Concession in such manner as the SCT deems necessary under the circumstances, but only for the duration of any of the foregoing events. Mexican law requires that the Mexican government pay compensation if it effects a statutory appropriation for reasons of the public interest. With respect to a temporary seizure due to any cause other than international war, the Mexican Regulatory Railroad Service Law and regulations provide that the Mexican government will indemnify an affected concessionaire for an amount equal to damages caused and losses suffered. However, these payments may not be sufficient to compensate KCSM for its losses and may not be made timely.

The SCT may revoke the Concession if KCSM is sanctioned for the same cause at least three times within a period of five years for any of the following: unjustly interrupting the operation of its rail lines or for charging rates higher than those it has registered with the ARTF; unlawfully restricting the ability of other Mexican rail operators to use its rail lines; failing to make payments for damages caused during the performance of services; failing to comply with any term or condition of the Mexican Regulatory Railroad Service Law and regulations or the Concession; failing to make the capital investments required under its three-year business plan filed with the SCT; or failing to maintain an obligations compliance bond and insurance coverage as specified in the Mexican Regulatory Railroad Service Law and regulations. In addition, the Concession would terminate automatically if KCSM changes its nationality or assigns or creates any lien on the Concession, or if there is a change in control of KCSM without the SCT's approval. The SCT may also terminate the Concession as a result of KCSM's surrender of its rights under the Concession, or for reasons of public interest or upon KCSM's liquidation or bankruptcy. If the Concession is terminated or revoked by the SCT for any reason, KCSM would receive no compensation and its interest in its rail lines, and all other fixtures covered by the Concession, as well as all improvements made by it, would revert to the Mexican government. Revocation or termination of the Concession could have a material adverse effect on the Company's consolidated financial statements.

KCS's ownership of KCSM and operations in Mexico subject it to Mexican economic and political risks.

The Mexican government has exercised, and continues to exercise, significant influence over the Mexican economy. Accordingly, Mexican governmental actions concerning the economy and state-owned enterprises could have a significant impact on Mexican private sector entities in general and on KCSM's operations in particular. For example, KCSM operations could be impacted with the introduction of new legislation or policies to regulate the railway industry, the energy market, or labor conditions. KCS cannot predict the impact that the political landscape, including multiparty rule, social unrest and civil disobedience, will have on the Mexican economy or KCSM's operations. For example, from time to time, social unrest in Mexico has resulted in service interruptions on KCSM's right of ways due to blockages from teachers' protests. Furthermore, KCS's consolidated financial statements and prospects may be adversely affected by currency fluctuations, inflation, interest rates, regulation, taxation and other political, social and economic developments in or affecting Mexico.

The social and political situation in Mexico could adversely affect the Mexican economy and KCSM's operations, and changes in laws, public policies and government programs could be enacted, each of which could also have a material adverse effect on KCS's consolidated financial statements.

The Mexican economy in the past has suffered balance of payment deficits and shortages in foreign exchange reserves. Although Mexico has imposed foreign exchange controls in the past, there are currently no exchange controls in Mexico. Any restrictive exchange control policy could adversely affect KCS's ability to obtain U.S. dollars or to convert Mexican pesos into dollars for purposes of making payments. This could have a material adverse effect on KCS's consolidated financial statements.

Downturns in the United States economy or in trade between the United States and Asia or Mexico and fluctuations in the peso-dollar exchange rates could have material adverse effects on KCS's consolidated financial statements.

The level and timing of KCS's Mexican business activity is heavily dependent upon the level of United States-Mexican trade and the effects of current or future multinational trade agreements on such trade. The Mexican operations depend on the United States and Mexican markets for the products KCSM transports, the relative position of Mexico and the United States in these markets at any given time, and tariffs or other barriers to trade. Failure to preserve trade provisions conducive to trade, or any other action imposing import duties or border taxes, could negatively impact KCS customers and the volume of rail shipments, and could have a material adverse effect on KCS's consolidated financial statements.

Downturns in the United States or Mexican economies or in trade between the United States and Mexico could have material adverse effects on KCS's consolidated financial statements and the Company's ability to meet debt service obligations. In addition, KCS has invested significant amounts in developing its intermodal operations, including the Port of Lazaro Cardenas, in part to provide Asian importers with an alternative to the west coast ports of the United States, and the level of intermodal traffic depends, to an extent, on the volume of Asian shipments routed through Lazaro Cardenas. Reductions in trading volumes, which may be caused by factors beyond KCS's control, including increased government regulations regarding the safety and quality of Asian-manufactured products, could have a material adverse effect on KCS's consolidated financial statements.

Additionally, fluctuations in the peso-dollar exchange rates could lead to shifts in the types and volumes of Mexican imports and exports. Although a decrease in the level of exports of some of the commodities that KCSM transports to the United States may be offset by a subsequent increase in imports of other commodities KCSM hauls into Mexico and vice versa, any offsetting increase might not occur on a timely basis, if at all. Future developments in United States-Mexican trade beyond the Company's control may result in a reduction of freight volumes or in an unfavorable shift in the mix of products and commodities KCSM carries.

Extreme volatility in the peso-dollar exchange rate may result in disruption of the international foreign exchange markets and may limit the ability to transfer or convert Mexican pesos into U.S. dollars. Although the Mexican government currently does not restrict, and for many years has not restricted, the right or ability of Mexican or foreign persons or entities to convert pesos into U.S. dollars or to transfer foreign currencies out of Mexico, the Mexican government could, as in the past, institute restrictive exchange rate policies that could limit the ability to transfer or convert pesos into U.S. dollars or other currencies for the purpose of making timely payments and meeting contractual commitments. Devaluation or depreciation of the peso against the U.S. dollar may also adversely affect U.S. dollar prices for KCS's securities.

Fluctuations in the peso-dollar exchange rates also have an effect on KCS's consolidated financial statements. A weakening of the peso against the U.S. dollar would cause reported peso-denominated revenues and expenses to decrease, and could increase reported foreign exchange loss due to the Company's net monetary assets that are peso-denominated. Exchange rate variations also affect the calculation of taxes under Mexican income tax law, and a strengthening of the peso against the U.S. dollar could cause an increase in the Company's cash tax obligation and effective income tax rate.

General Risk Factors

The unavailability of qualified personnel could adversely affect KCS's operations.

Changes in demographics, training requirements and the unavailability of qualified personnel could negatively affect KCS's ability to meet demand for rail service. Unforeseen increases in demand for rail services may exacerbate such risks, which could have a negative impact on KCS's operational efficiency and otherwise have a material adverse effect on KCS's consolidated financial statements.

Weaknesses in the short and long-term debt markets could negatively impact the Company's access to capital.

Due to the significant capital expenditures required to operate and maintain a safe and efficient railroad, the Company regularly obtains financing through the issuance of long-term debt instruments and commercial paper from time-to-time, as well as credit facilities provided by financial institutions. Significant, sustained instability or disruptions of the capital markets, including credit markets, or the deterioration of the Company's financial condition due to internal or external factors, could restrict or prohibit access and could increase the cost of financing sources. A significant deterioration of the Company's financial condition could also reduce credit ratings to below investment grade, limiting its access to external sources of capital,

and increasing the costs of short and long-term debt financing, and could have a material adverse effect on KCS's consolidated financial statements.

Item 1B. ***Unresolved Staff Comments***

None.

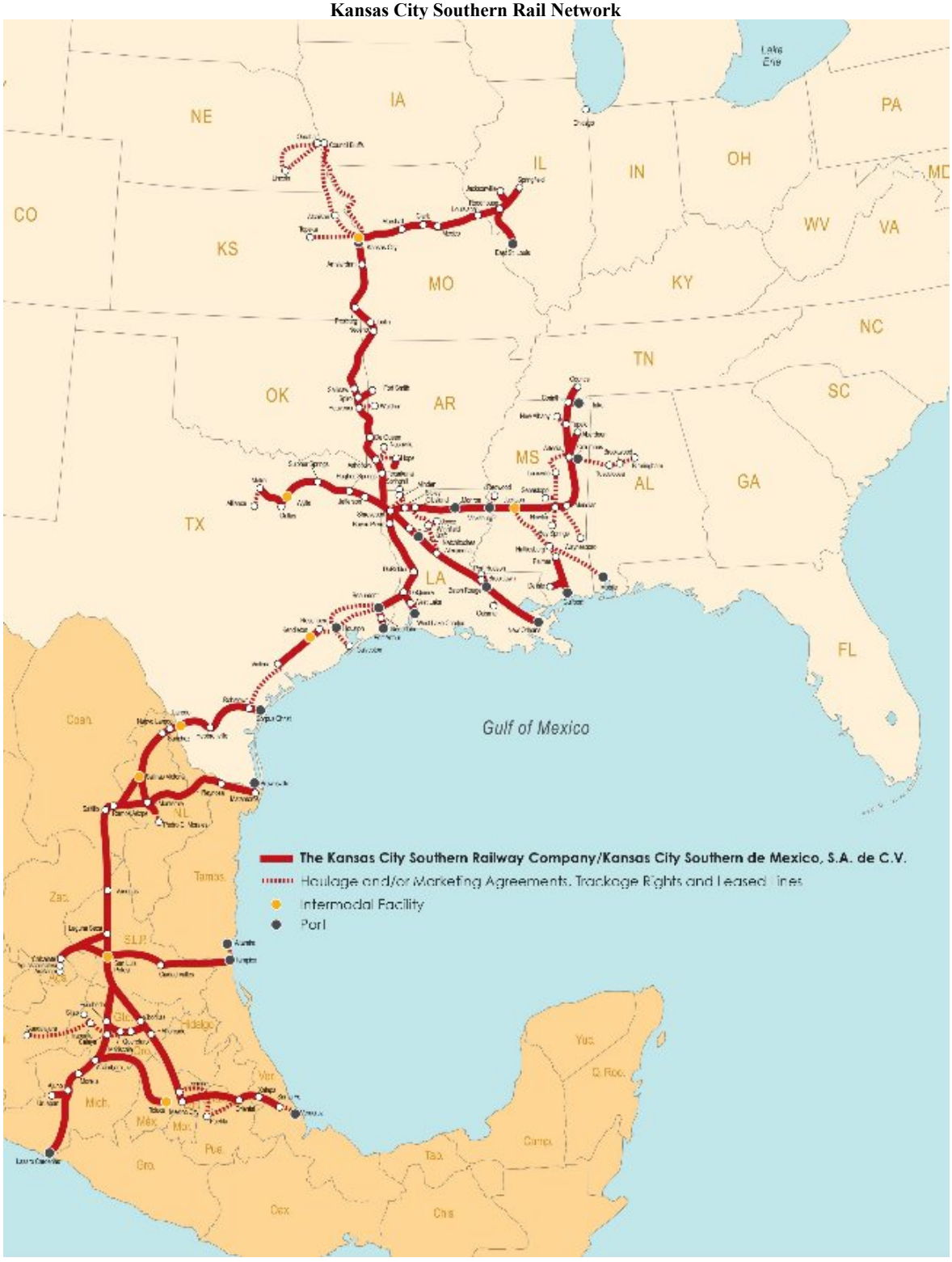
Item 2. ***Properties***

Track Configuration

The Kansas City Southern Railway Company ("KCSR") operates over a railroad system consisting of approximately 3,300 route miles in ten states from the midwest and southeast portions of the United States south to the Mexican border, which includes approximately 640 miles of trackage rights that permit KCSR to operate its trains with its crews over other railroads' tracks.

Kansas City Southern de México, S.A. de C.V. ("KCSM") operates over a railroad system consisting of approximately 3,800 route miles. This includes approximately 3,300 route miles operated under its concession from the Mexican government (the "Concession"), and approximately 550 miles of trackage rights. Under the concession, KCSM does not own the land, roadway, or associated structures, but is provided the exclusive right to operate across these routes, while also requiring KCSM to make investments as described in a business plan filed every three years with the Mexican government. See Item 1A, Risk Factors — "KCSM's Mexican Concession is subject to revocation or termination in certain circumstances which would prevent KCSM from operating its railroad and would have a material adverse effect on the Company's consolidated financial statements."

Kansas City Southern Rail Network



Equipment Configuration

As of December 31, 2020 and 2019, KCS owned and leased the following units of equipment:

	2020			2019		
	Owned	Leased	Total	Owned	Leased	Total (i)
Freight Cars:						
Box cars	2,093	712	2,805	2,106	716	2,822
Hoppers (covered and open top)	4,883	865	5,748	4,998	1,073	6,071
Gondolas	2,423	1,180	3,603	2,424	1,179	3,603
Automotive	3,310	356	3,666	3,316	535	3,851
Flat cars (intermodal and other)	818	54	872	869	54	923
Tank cars	—	416	416	—	477	477
Total	13,527	3,583	17,110	13,713	4,034	17,747
Locomotives:						
Freight	759	—	759	662	88	750
Switching	198	—	198	199	—	199
Total	957	—	957	861	88	949

(i) KCS has reclassified 1,273 cars from Flat cars (intermodal and other) to Gondolas, which consists of 252 owned and 1,021 leased cars.

Average Age (in Years) of Owned and Leased Locomotives:	2020	2019
Freight	16.5	15.5
Switching	46.9	45.8
All locomotives	22.9	21.9

Property and Facilities

KCS operates numerous facilities, including terminals for intermodal and other freight, rail yards for train-building, switching, storage-in-transit (the temporary storage of customer goods in rail cars prior to shipment) and other activities; offices to administer and manage operations; dispatch centers to direct traffic on the rail network; crew quarters to house train crews along the rail line; and shops and other facilities for fueling and maintenance and repair of locomotives, freight cars and other equipment.

Capital Expenditures

The Company's cash capital expenditures for the two years ended December 31, 2020 and 2019, and planned 2021 capital expenditures are included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital Expenditures. See also Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates — Capitalization, Depreciation and Amortization of Property and Equipment (including Concession Assets) regarding the Company's policies and guidelines related to capital expenditures.

Item 3. ***Legal Proceedings***

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. For more information on legal proceedings, see Item 1A, Risk Factors — "KCS may be subject to various claims and litigation that could have a material adverse effect on KCS's consolidated financial statements," Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations — Other Matters — Litigation, and Item 8, Financial Statements and Supplementary Data — Note 17, Commitments and Contingencies.

Item 4. ***Mine Safety Disclosures***

Not applicable.

Part II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Market Information

The Company's common stock is traded on the New York Stock Exchange under the ticker symbol "KSU".

Dividend Policy

Common Stock. Any declarations and payments of dividends to holders of the Company's common stock are at the discretion of the Board of Directors, and are based on many factors, including the Company's financial condition, earnings, capital requirements and other factors that the Board of Directors deems relevant. Subject to these qualifications, the Company expects to continue to pay dividends on an ongoing basis.

Holders

There were 2,037 record holders of KCS common stock on January 22, 2021; however, the number of actual holders of KCS common stock is greater due to the practice of brokerage firms registering many shares for clients in the brokerage firm's name.

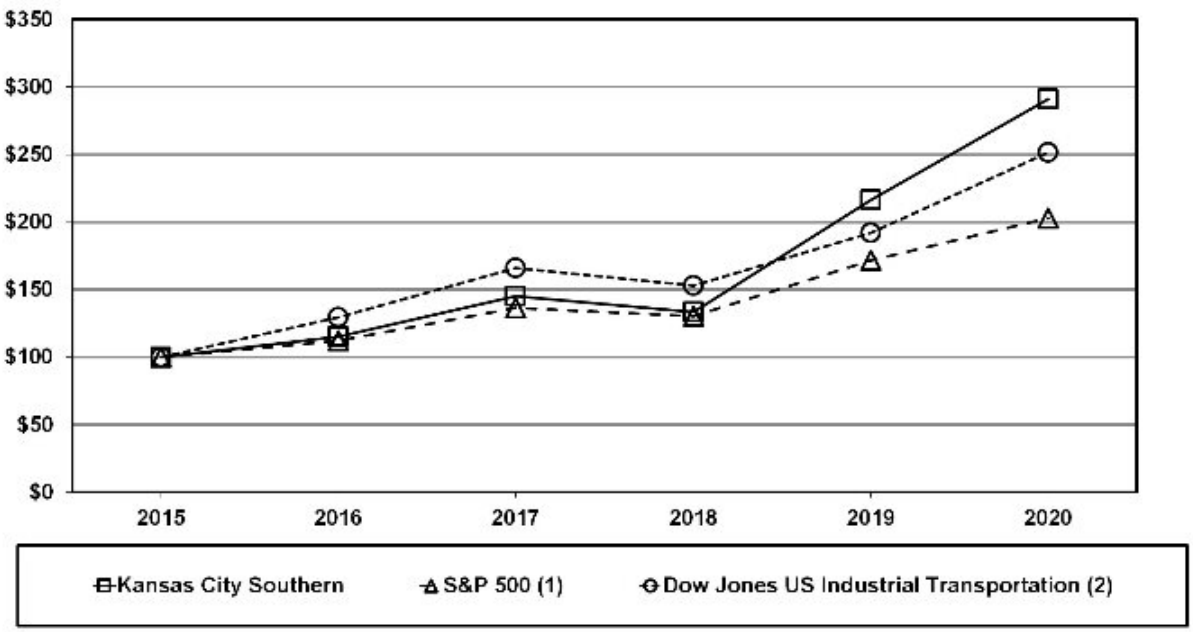
Securities Authorized for Issuance Under Equity Compensation Plans

See Item 12, Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters for information about securities authorized for issuance under KCS's equity compensation plans.

Performance Graph

The following graph shows the changes in value over the five years ended December 31, 2020, of an assumed investment of $100 in: (i) KCS's common stock; (ii) the stocks that comprise the Dow Jones U.S. Industrial Transportation Index; and (iii) the stocks that comprise the S&P 500 Index. The table following the graph shows the value of those investments on December 31 for each of the years indicated. The values for the assumed investments depicted on the graph and in the table have been calculated assuming that any cash dividends are reinvested.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN
Among Kansas City Southern, the S&P 500 Index
and the Dow Jones U.S. Industrial Transportation Index



	2015	2016	2017	2018	2019	2020
Kansas City Southern	$ 100.00	$ 115.34	$ 145.04	$ 133.34	$ 216.47	$ 291.27
S&P 500 [1]	100.00	111.96	136.40	130.42	171.49	203.04
Dow Jones U.S. Industrial Transportation [2]	100.00	129.51	166.08	153.07	191.82	251.63

(1) The S&P 500 is a registered trademark of Standard & Poor's, a division of S&P Global, Inc. The S&P 500 Index reflects the weighted average market value for 500 companies whose shares are traded on the New York Stock Exchange, American Stock Exchange and the Nasdaq Stock Market.

(2) The Dow Jones U.S. Industrial Transportation Index is a registered trademark of S&P Dow Jones Indices LLC, a division of S&P Global, Inc.

Purchases of Equity Securities

On November 10, 2020, the Company announced that the Board of Directors approved a new common share repurchase program, pursuant to which up to $3.0 billion in shares of common stock could be repurchased through December 31, 2023 (the "2020 Program"). The 2020 Program replaced KCS's $2.0 billion common share repurchase program announced on November 12, 2019 (the "2019 Program"), and eliminated the $588.3 million of remaining authorization under the 2019 Program.

During 2020, the Company entered into two accelerated share repurchase ("ASR") agreements under the 2019 Program, and paid $500.0 million. The agreements were settled during January 2021. During 2020, KCS repurchased 143,343 shares of common stock for $27.0 million under the 2020 Program, and 5,207,633 shares of common stock for $869.2 million under the 2019 Program. Refer to Item 8, Financial Statements and Supplementary Data — Note 15, Stockholders' Equity for additional detail on the Company's common share repurchase program and ASR agreements.

During 2020, KCS repurchased 7,426 shares of $25 par preferred stock for $0.2 million at an average price of $29.58 per share. See Item 8, Financial Statements and Supplementary Data — Note 15, Stockholders' Equity for additional information.

The following table presents stock repurchases during each month for the fourth quarter of 2020:

Period	(a) Total Number of Shares (or Units) Purchased [1]	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that may yet be purchased under the Plans or Programs
Common stock				
October 1-31, 2020 [2]	2,554,424	$ 179.30	2,554,424	$ 588,271,423
November 1-30, 2020	143,343	$ 188.24	143,343	$ 2,973,017,537
December 1-31, 2020	—	—	—	$ 2,973,017,537
Total	2,697,767		2,697,767	
$25 Par preferred stock				
October 1-31, 2020	—	—	—	—
November 1-30, 2020	2,970	$ 30.72	—	—
December 1-31, 2020	—	—	—	—
Total	2,970		—	

(1) All $25 par preferred stock repurchases were made other than through a publicly disclosed plan or program. Repurchases of $25 par preferred stock were made through open market purchases and/or privately negotiated transactions.

(2) On October 20, 2020, the Company paid $500.0 million under two ASR agreements and received an aggregate initial delivery of 2,374,168 shares. In January 2021, the ASR agreements were settled with the Company receiving 233,402 additional shares and a value of $75.0 million, which is not included in the number of shares or the average price paid per share in the table above. The average price paid per share upon completion of the ASR agreements was $191.75. See Item 8, Financial Statements and Supplementary Data — Note 15, Stockholders' Equity for additional information.

Item 6. ***Selected Financial Data***

The selected financial data below *(in millions, except per share amounts)* should be read in conjunction with Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations as well as the consolidated financial statements and the related notes.

	2020	2019	2018	2017	2016
Earnings From Continuing Operations					
Revenues	$ 2,632.6	$ 2,866.0	$ 2,714.0	$ 2,582.9	$ 2,334.2
Operating expenses (i) (ii) (iii) (iv)	1,629.6	1,979.7	1,727.7	1,661.3	1,515.7
Operating income	$ 1,003.0	$ 886.3	$ 986.3	$ 921.6	$ 818.5
Net income (v) (vi) (vii) (viii)	$ 619.1	$ 540.8	$ 629.4	$ 963.9	$ 479.9
Earnings per common share:					
Basic	$ 6.57	$ 5.42	$ 6.16	$ 9.18	$ 4.44
Diluted	6.54	5.40	6.13	9.16	4.43
Financial Position					
Total assets (ix)	$ 9,964.0	$ 9,786.8	$ 9,469.8	$ 9,198.7	$ 8,817.5
Total long-term debt obligations, including current portion and short-term borrowings	3,770.8	3,246.0	2,689.4	2,619.4	2,478.2
Total stockholders' equity	4,057.2	4,422.5	4,813.0	4,548.9	4,089.9
Total equity	4,383.6	4,745.9	5,132.7	4,865.4	4,404.5
Other Data Per Common Share					
Cash dividends declared per common share	$ 1.64	$ 1.48	$ 1.44	$ 1.38	$ 1.32

(i) During 2020, the Company recognized pre-tax expense of $13.6 million within operating expenses related to the write-off of software development costs.

(ii) During 2020 and 2019, the Company recognized pre-tax restructuring charges of $17.0 million and $168.8 million, respectively, within operating expenses related to the implementation of Precision Scheduled Railroading ("PSR") initiatives as well as the voluntary separation program.

(iii) During 2018, the Company recognized a pre-tax gain of $17.9 million within operating expenses for insurance recoveries related to damage from Hurricane Harvey in 2017.

(iv) During 2018, 2017 and 2016, the Company recognized a pre-tax benefit of $37.7 million, $44.1 million and $62.8 million, respectively, within operating expenses related to a credit that was available for the excise tax included in the price of fuel that was purchased and consumed in locomotives and certain work equipment in Mexico. Effective January 1, 2019, the Company began recognizing the benefit as a reduction of income tax expense due to changes in Mexican tax law; and beginning April 30, 2019, railroads in Mexico are no longer eligible for the tax credit due to changes in Mexican tax regulations.

(v) During 2020, the Company recognized a $14.5 million tax benefit for the reversal of 2018 and 2019 global intangible low-taxed income ("GILTI") tax expense recognized in prior years' consolidated financial statements, as the result of final regulations issued by the Treasury Department that provide for a high-tax exception to the GILTI tax retroactive to 2018.

(vi) During 2019 and 2018, the Company recognized pre-tax debt retirement costs of $1.1 million and $2.2 million, respectively, related to debt retirement and restructuring activities that occurred during the periods.

(vii) During 2019, the Company recognized a $12.8 million net tax benefit related to the Mexican fuel excise tax credit generated through April 29, 2019, noted in (iv) above.

(viii) During 2017, the Company recognized a provisional $413.0 million net tax benefit, as a result of the Tax Cuts and Jobs Act (the "Tax Reform Act"), which was signed into law December 22, 2017. During 2018, the Company recognized a $20.9 million net tax benefit for adjustments to the provisional tax impacts of the Tax Reform Act recognized in 2017.

(ix) During the first quarter of 2019, the Company adopted ASU No. 2016-02, Leases, also known as Accounting Standard Codification ("ASC") Topic 842. Prior to 2019, the Company accounted for leases under ASC Topic 840, Leases.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following is a discussion of Kansas City Southern's results of operations, certain changes in its financial position, liquidity, capital structure and business developments for the years ended December 31, 2020 and 2019. This discussion should be read in conjunction with the included consolidated financial statements, the related notes, and other information included in this report.

CAUTIONARY INFORMATION

The discussions set forth in this Annual Report on Form 10-K may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. In addition, management may make forward-looking statements orally or in other writings, including, but not limited to, in press releases, quarterly earnings calls, executive presentations, in the annual report to stockholders and in other filings with the Securities and Exchange Commission. Readers can usually identify these forward-looking statements by the use of such verbs as "may," "will," "should," "likely," "plans," "projects," "expects," "anticipates," "believes" or similar verbs or conjugations of such verbs. These statements involve a number of risks and uncertainties. Actual results could materially differ from those anticipated by such forward-looking statements. Such differences could be caused by a number of factors or combination of factors including, but not limited to, the factors identified below and those discussed under Item 1A, Risk Factors, of this Form 10-K. Readers are strongly encouraged to consider these factors and the following factors when evaluating any forward-looking statements concerning the Company:

- public health threats or outbreaks of communicable diseases, such as the ongoing COVID-19 pandemic and its impact on KCS's business, suppliers, consumers, customers, employees and supply chains;
- transportation of hazardous materials;
- United States, Mexican and global economic, political and social conditions;
- the adverse impact of any termination or revocation by the Mexican government of Kansas City Southern de México, S.A. de C.V.'s ("KCSM") Concession;
- changes in legislation and regulations or revisions of controlling authority;
- the effects of adverse general economic conditions affecting customer demand and the industries and geographic areas that produce and consume the commodities KCS carries;
- the effect of demand for KCS's services exceeding network capacity or traffic congestion on operating efficiencies and service reliability;
- KCS's reliance on agreements with other railroads and third parties to successfully implement its business strategy, operations and growth and expansion plans, including the strategy to convert customers from using trucking services to rail transportation services;
- the dependence on the stability, availability and security of the information technology systems to operate its business;
- acts of terrorism, war or other acts of violence or crime or risk of such activities;
- uncertainties regarding the litigation KCS faces and any future claims and litigation;
- the outcome of claims and litigation, including those related to environmental contamination, personal injuries and property damage;
- compliance with environmental regulations;
- natural events such as severe weather, fire, floods, hurricanes, earthquakes or other disruptions to the Company's operating systems, structures and equipment or the ability of customers to produce or deliver their products;
- Insurance coverage limitations;
- climate change and the market and regulatory responses to climate change;
- the impact of competition, including competition from other rail carriers, trucking companies and maritime shippers in the United States and Mexico;

- the effects of fluctuations in the peso-dollar exchange rate;
- changes in labor costs and labor difficulties, including strikes and work stoppages affecting either operations or customers' abilities to deliver goods for shipment;
- the effects of current and future multinational trade agreements on the level of trade among the United States, Mexico and Canada;
- the level of trade between the United States and Asia or Mexico;
- unavailability of qualified personnel;
- disruption in fuel supplies, changes in fuel prices and the Company's ability to recapture its costs of fuel from customers;
- KCS's reliance on certain key suppliers of core rail equipment; and
- material adverse changes in economic and industry conditions, including the availability of short and long-term financing, both within the United States and Mexico and globally.

Forward-looking statements reflect the information only as of the date on which they are made. The Company does not undertake any obligation to update any forward-looking statements to reflect future events, developments, or other information. If KCS does update one or more forward-looking statements, no inference should be drawn that additional updates will be made regarding that statement or any other forward-looking statements.

CORPORATE OVERVIEW

Kansas City Southern, a Delaware corporation, is a transportation holding company that has railroad investments in the U.S., Mexico and Panama. In the U.S., the Company serves the midwest and southeast regions of the U.S. Its international holdings serve northeastern and central Mexico and the port cities of Lazaro Cardenas, Tampico and Veracruz, and a fifty percent interest in Panama Canal Railway Company provides ocean-to-ocean freight and passenger service along the Panama Canal. KCS's North American rail holdings and strategic alliances are primary components of a railway system, linking the commercial and industrial centers of the U.S., Canada and Mexico. KCS's principal subsidiaries and affiliates include the following:

- The Kansas City Southern Railway Company ("KCSR"), a wholly-owned subsidiary;
- KCSM, a wholly-owned subsidiary;
- Mexrail, Inc. ("Mexrail"), a wholly-owned consolidated subsidiary which, in turn, wholly owns The Texas Mexican Railway Company ("Tex-Mex");
- KCSM Servicios, S.A. de C.V. ("KCSM Servicios"), a wholly-owned subsidiary;
- Meridian Speedway, LLC ("MSLLC"), a seventy percent-owned consolidated affiliate;
- Panama Canal Railway Company ("PCRC"), a fifty percent-owned unconsolidated affiliate;
- TFCM, S. de R.L. de C.V. ("TCM"), a forty-five percent-owned unconsolidated affiliate;
- Ferrocarril y Terminal del Valle de México, S.A. de C.V. ("FTVM"), a twenty-five percent-owned unconsolidated affiliate; and
- PTC-220, LLC ("PTC-220"), a fourteen percent-owned unconsolidated affiliate.

EXECUTIVE SUMMARY

COVID-19 Update

With the global outbreak of the Coronavirus Disease 2019 ("COVID-19") and the declaration of a pandemic by the World Health Organization on March 11, 2020, the U.S. and Mexico governments have deemed rail transportation as "critical infrastructure" providing essential services during this global emergency. As a provider of critical infrastructure, Kansas City Southern has an obligation to keep employees working and freight moving. KCS remains focused on protecting the health and well-being of its employees and the communities in which it operates while assuring the continuity of its business operations.

KCS created a dedicated crisis team that proactively implemented its business continuity plans to ensure the ongoing availability of its transportation services, while taking a variety of health and safety measures, including separating dispatching

and crew operations, implementing enhanced cleaning and hygiene protocols in its facilities and locomotives, implementing remote work policies, where possible, performing temperature checks and requiring facial coverings. As a result, to date, the Company has not experienced significant COVID-19 related disruptions in its railroad operations.

The Company began to experience the impacts of COVID-19 on customer demand in late March of 2020. Volumes significantly declined in the second quarter of 2020; however, by early June volumes began to rapidly rebound. By the end of the third quarter, weekly volumes were higher than pre-COVID-19 levels and had increased by approximately 60% from the lowest levels in the second quarter of 2020. Volumes remained relatively steady from the third quarter into the fourth quarter of 2020. For the year ended December 31, 2020, revenue decreased by 8% compared to the same period in 2019, primarily due to lower volumes as a result of COVID-19 and service interruptions at Lazaro Cardenas due to KCSM right-of-way blockages resulting from teachers' protests ("Teachers' Protests"), the weakening of the Mexican peso against the U.S dollar, and lower fuel surcharge due to lower fuel prices.

As revenues declined in the second quarter of 2020, the Company responded quickly and implemented a variety of cost-saving measures and accelerated Precision Scheduled Railroading ("PSR") initiatives by further consolidating trains, which increased train length and reduced crew costs. For the year ended December 31, 2020, operating expenses decreased by 18% compared to 2019, due to decreased restructuring charges, lower fuel prices, COVID-19 related volume declines, increased savings from PSR initiatives and the weakening of the Mexican peso against the U.S. dollar. See Strategic Initiatives for further discussion of PSR savings.

In the second quarter of 2020, the Company offered a voluntary separation program ("VSP") to its management employees, which resulted in a restructuring charge of $9.7 million for the year ended December 31, 2020, consisting of severance and benefit costs that will be paid out in either lump-sum payments or incrementally over a six to twelve-month period. Approximately 6% of management employees were irrevocably accepted into the voluntary separation program. Management expects the voluntary separation program reductions to result in annualized savings of approximately $11.0 million.

COVID-19 costs increased total expense for the year ended December 31, 2020 by approximately $10.0 million, primarily due to wages paid to certain high-risk employees who were allowed to stay home pursuant to a Mexican presidential decree, were symptomatic, or in quarantine, as well as expenses related to cleaning and decontamination of locomotives and other workspaces, and costs of protective gear for KCS employees.

KCS believes it has a strong liquidity position to continue business operations and service its debt obligations. As disclosed in the Liquidity and Capital Resources section, the Company has total available liquidity of $788.2 million as of December 31, 2020, consisting of cash on hand and a revolving credit facility, compared to available liquidity at December 31, 2019 of $748.8 million. Furthermore, the Company does not have any debt maturities until 2023. During the year ended December 31, 2020, KCS did not significantly alter the terms of its freight agreements with customers. Cash flows from operations remain strong; however, planned capital expenditures were reduced by $75.0 million, resulting in annual capital expenditures of $410.2 million in 2020. If the Company experienced another significant reduction in revenues, the Company would have additional alternatives to maintain liquidity, including decreases in capital expenditures and cost reductions as well as adjustments to its capital allocation policy. To date, the Company has not reduced or suspended its share repurchase program or dividend payments. See Liquidity and Capital Resources section for additional information.

KCS continues to monitor the rapidly evolving COVID-19 situation and guidance from international and domestic authorities, including federal, state, and local public health authorities and may take additional actions based on their recommendations. In these circumstances, there may be developments outside KCS' control requiring adjustments to operating plans. As such, given the dynamic nature of this situation, KCS cannot reasonably estimate with any degree of certainty the future impact COVID-19 may have on the Company's results of operations, financial position, and liquidity. See Part II, Item 1A - "Risk Factors" - "Public health threats or outbreaks of communicable diseases, including the ongoing COVID-19 pandemic, could have a material adverse effect on the Company's operations and financial results."

Strategic Initiatives

During 2019, KCS began implementing principles of PSR, focusing on operational excellence and driving the following improvements:

- Customer service — improve and sustain consistency and reliability of service and create a more resilient and dependable network;
- Facilitating growth — additional capacity for new opportunities;
- Improving asset utilization — meet growing or changing demand with the same or fewer assets; and,
- Improving the cost profile of the Company — increased profitability driven by volume and revenue growth and improved productivity and asset utilization.

As a result of the PSR initiatives in 2019, management approved four separate restructuring plans that totaled $168.8 million. The PSR plans included asset impairments, workforce reductions, and contract restructuring, which resulted in 2019 operating expense savings of approximately $58.0 million.

The Company established the following key metrics to measure PSR progress and performance:

	Years ended December 31,		Improvement/ (Deterioration)
	2020	2019	
Gross velocity (mph) (i)	15.1	13.5	12%
Terminal dwell (hours) (ii)	22.1	20.8	(6)%
Train length (feet) (iii)	6,671	5,981	12%
Car miles per day (iv)	110.6	110.9	—
Fuel efficiency (gallons per 1,000 GTM's) (v)	1.24	1.31	5%

(i) Gross velocity is the average train speed between origin and destination in miles per hour calculated as the sum of the miles traveled divided by the sum of total transit hours. Transit hours are measured as the difference between a train's origin departure and destination arrival date and times broken down by segment across the train route (includes all time spent including crew changes, terminal dwell, delays, and incidents).

(ii) Terminal dwell is the average amount of time in hours between car arrival to and departure from the yard (excludes cars that move through a terminal on a run-through train, stored, bad ordered, and maintenance-of-way cars). Calculated by dividing the total number of hours cars spent in terminals by the total count of car dwell events.

(iii) Train length is the average length of a train across its reporting stations, including the origin and intermediate stations. Length of a train is the sum of car and locomotive lengths measured in feet.

(iv) Car miles per day is the miles a car travels divided by total transit days. Transit days are measured from opening event to closing event (includes all time spent in terminals and on trains).

(v) Fuel efficiency is calculated by taking locomotive fuel consumed in gallons divided by thousand gross ton miles ("GTM's") net of detours with no associated fuel gallons. GTM's are the movement of one ton of train weight over one mile calculated by multiplying total train weight by distance the train moved. GTM's exclude locomotive gross ton miles.

As revenues declined rapidly in the second quarter of 2020 due to COVID-19, management accelerated PSR initiatives by rightsizing resources to volumes and further reduced costs. Train service plans were quickly adjusted as volumes began to decline and trains were consolidated, resulting in longer, more efficient trains. Record average train length reduced the number of train starts and crew costs, leading to operating efficiencies across the organization and record fuel efficiency. As volumes began to rebound rapidly in June and through the remainder of 2020, the Company remained focused on PSR initiatives and maintained cost reductions from consolidating trains and reducing crew costs. However, during the second half of 2020, the Company experienced four hurricanes and Teachers' Protests that negatively impacted the operating metrics for 2020.

At the beginning of 2020, the Company estimated incremental annual operating savings of approximately $61.0 million. Due to acceleration of PSR initiatives in the second quarter of 2020, the Company realized incremental annual operating savings of approximately $96.0 million. The Company estimates incremental annual savings of approximately $50.0 million in 2021 due to PSR initiatives. The Company remains focused on executing these strategic initiatives, which will deliver improved customer service, facilitate growth, and drive better asset utilization while improving the cost profile of the Company.

2020 Financial Overview

Revenues decreased 8% for the year ended December 31, 2020, as compared to 2019, due to a 6% decrease in carload/unit volumes and a 3% decrease in revenue per carload/unit. Revenues decreased primarily due to lower volumes as a result of COVID-19 and Teachers' Protests, the weakening of the Mexican peso against the U.S dollar, and lower fuel surcharge due to lower fuel prices.

Operating expenses decreased 18% compared to 2019, primarily due to decreased restructuring charges, lower fuel prices, COVID-19 related volume declines, increased savings from PSR initiatives and the weakening of the Mexican peso against the U.S. dollar. Operating expenses as a percentage of revenues ("operating ratio") decreased to 61.9% in 2020 from 69.1% in 2019.

The Company reported 2020 earnings per diluted share of $6.54, compared to 2019 earnings per diluted share of $5.40. The increase in earnings per diluted share was due to higher operating income, reduced income tax expense as a result of lower effective tax rate, and an increase in share repurchases. These increases were partially offset by a foreign exchange loss in 2020, compared to a gain in 2019, and an increase in interest expense due to the issuance of senior notes in the fourth quarter of 2019 and the second quarter of 2020.

RESULTS OF OPERATIONS

Year Ended December 31, 2020, compared with the Year Ended December 31, 2019

The following summarizes KCS's consolidated income statement components *(in millions):*

	2020	2019	Change
Revenues	$ 2,632.6	$ 2,866.0	$ (233.4)
Operating expenses	1,629.6	1,979.7	(350.1)
Operating income	1,003.0	886.3	116.7
Equity in net earnings (losses) of affiliates	(1.4)	1.0	(2.4)
Interest expense	(150.9)	(115.9)	(35.0)
Debt retirement costs	—	(1.1)	1.1
Foreign exchange gain (loss)	(29.6)	17.1	(46.7)
Other income, net	2.1	1.0	1.1
Income before income taxes	823.2	788.4	34.8
Income tax expense	204.1	247.6	(43.5)
Net income	619.1	540.8	78.3
Less: Net income attributable to noncontrolling interest	2.1	1.9	0.2
Net income attributable to Kansas City Southern and subsidiaries	$ 617.0	$ 538.9	$ 78.1

Revenues

The following summarizes revenues *(in millions),* carload/unit statistics *(in thousands)* and revenue per carload/unit:

	Revenues			Carloads and Units			Revenue per Carload/Unit		
	2020	2019	% Change	2020	2019	% Change	2020	2019	% Change
Chemical and petroleum	$ 763.8	$ 737.2	4 %	356.7	337.4	6 %	$ 2,141	$ 2,185	(2 %)
Industrial and consumer products	537.7	610.4	(12 %)	300.5	320.9	(6 %)	1,789	1,902	(6 %)
Agriculture and minerals	505.4	506.3	—	251.0	253.3	(1 %)	2,014	1,999	1 %
Energy	195.0	246.2	(21 %)	210.0	244.7	(14 %)	929	1,006	(8 %)
Intermodal	319.1	370.2	(14 %)	924.5	979.8	(6 %)	345	378	(9 %)
Automotive	172.7	255.6	(32 %)	110.7	154.9	(29 %)	1,560	1,650	(5 %)
Carload revenues, carloads and units	2,493.7	2,725.9	(9 %)	2,153.4	2,291.0	(6 %)	$ 1,158	$ 1,190	(3 %)
Other revenue	138.9	140.1	(1 %)						
Total revenues (i)	$ 2,632.6	$ 2,866.0	(8 %)						
(i) Included in revenues:									
Fuel surcharge	$ 208.7	$ 298.1							

Revenues include revenue for transportation services and fuel surcharges. For the year ended December 31, 2020, revenues and carload/unit volumes decreased 8% and 6%, respectively, compared to 2019. Revenues decreased primarily due to lower volumes as a result of COVID-19 and Teachers' Protests, the weakening of the Mexican peso against the U.S dollar, and lower fuel surcharge due to lower fuel prices.

The volume declines in the intermodal and automotive business units were due to auto plant shutdowns and lower overall automotive production in Mexico as a result of COVID-19. In addition, intermodal volumes decreased as a result of Teachers' Protests. Frac sand and crude oil volumes within the Energy business unit decreased due to the decline in oil prices and industrial and consumer business unit was impacted by lower market demand as a result of COVID-19. These decreases were partially offset by increased volumes in the chemical and petroleum business unit primarily due to refined fuel product shipments to Mexico.

For the year ended December 31, 2020, revenue per carload/unit decreased by 3%, compared to the prior year, due to the weakening of the Mexican peso against the U.S. dollar, shorter average length of haul, and lower fuel surcharge, partially offset by positive pricing impacts and mix. The average exchange rate of Mexican pesos per U.S. dollar was Ps.21.5 for 2020, compared to Ps.19.3 for 2019, which resulted in a decrease to revenues of approximately $43.0 million.

KCS's fuel surcharges are a mechanism to adjust revenue based upon changes in fuel prices above fuel price thresholds set in KCS's tariffs or contracts. Fuel surcharge revenue is calculated using a fuel price from a prior time period that can be up to 60 days earlier. In a period of volatile fuel prices or changing customer business mix, changes in fuel expense and fuel surcharge revenue may differ.

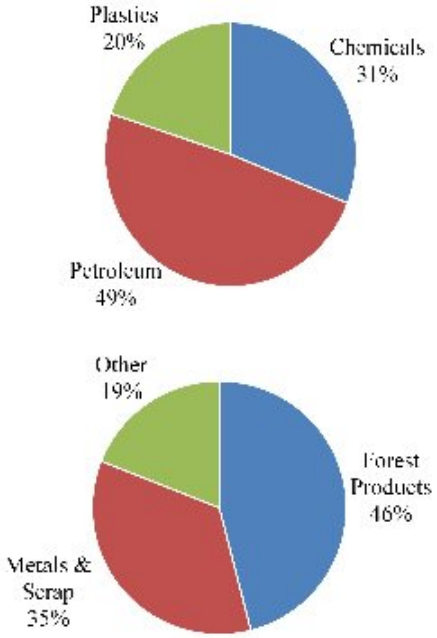
Fuel surcharge revenue decreased $89.4 million for the year ended December 31, 2020, compared to the prior year, primarily due to lower fuel prices and volumes.

The following discussion provides an analysis of revenues by commodity group:

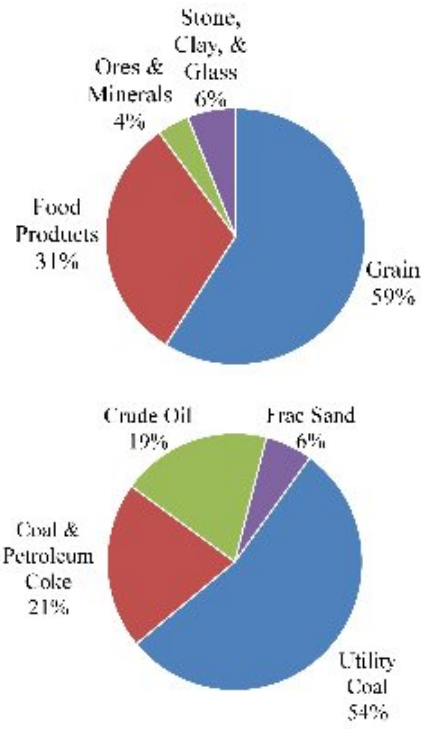
Chemical and petroleum. Revenues increased $26.6 million for the year ended December 31, 2020, compared to 2019, due to a 6% increase in carload/unit volumes, partially offset by a 2% decrease in revenue per carload/unit. Volumes increased due to refined fuel product shipments to Mexico. Revenue per carload/unit decreased due to shorter average length of haul, the weakening of the Mexican peso against the U.S. dollar, and lower fuel surcharge, partially offset by mix and positive pricing impacts.

Industrial and consumer products. Revenues decreased $72.7 million for the year ended December 31, 2020, compared to 2019, due to a 6% decrease in both carload/unit volumes and revenue per carload/unit. Volumes decreased primarily due to lower market demand as a result of the ongoing COVID-19 pandemic and weakness in the energy sector. Revenue per carload/unit decreased due to mix, the weakening of the Mexican peso against the U.S. dollar, lower fuel surcharge, and shorter average length of haul, partially offset by positive pricing impacts.

Revenues by commodity group for 2020



Revenues by commodity group for 2020



Agriculture and minerals. Revenues remained flat for year ended December 31, 2020, compared to 2019, as a 1% decrease in carload/unit volumes was offset by a 1% increase in revenue per carload/unit. Volumes decreased due to a decline in ores and minerals shipments due to lower demand as a result of weather delays impacting road infrastructure projects. Revenue per carload/unit increased due to mix, longer average length of haul, and positive pricing impacts, partially offset by lower fuel surcharge and the weakening of the Mexican peso against the U.S. dollar.

Energy. Revenues decreased $51.2 million for the year ended December 31, 2020, compared to 2019, due to a 14% decrease in carload/unit volumes and a 8% decrease in revenue per carload/unit. Utility coal volumes decreased as a result of low natural gas prices and warm weather. Frac sand and crude oil volumes decreased due to the declines in oil prices. In addition, frac sand volumes decreased as a result of in-basin sand competition. Revenue per carload/unit decreased due to mix, lower fuel surcharge, shorter average length of haul, and the weakening of the Mexican peso against the U.S. dollar, partially offset by positive pricing impacts.

Intermodal. Revenues decreased $51.1 million for the year ended December 31, 2020, compared to 2019, due to an 9% decrease in revenue per carload/unit and a 6% decrease in carload/unit volumes. Revenue per carload/unit decreased due to mix, shorter average length of haul, lower fuel surcharge, and the weakening of the Mexican peso against the U.S. dollar, partially offset by positive pricing impacts. Volumes decreased primarily due to COVID-19, auto plant shutdowns impacting cross-border traffic, and Teachers' Protests.

Automotive. Revenues decreased $82.9 million for the year ended December 31, 2020, compared to 2019, due to a 29% decrease in carload/unit volumes due to auto plant shutdowns and lower overall automotive production in Mexico as a result of COVID-19. In addition, revenue per carload/unit decreased 5% due to the weakening of the Mexican peso against the U.S. dollar, mix, and lower fuel surcharge, partially offset by positive pricing impacts.

Operating Expenses

Operating expenses, as shown below (*in millions*), decreased $350.1 million for the year ended December 31, 2020, compared to 2019, primarily due to decreased restructuring charges, lower fuel prices, COVID-19 related volume declines, increased savings from PSR initiatives and the weakening of the Mexican peso against the U.S. dollar.

The weakening of the Mexican peso against the U.S. dollar resulted in an expense reduction of approximately $36.0 million for expense transactions denominated in Mexican pesos. The average exchange rate of Mexican pesos per U.S. dollar was Ps.21.5 for 2020 compared to Ps.19.3 for 2019.

			Change	
	2020	2019	Dollars	Percent
Compensation and benefits	$ 476.5	$ 529.1	$ (52.6)	(10 %)
Purchased services	198.1	219.2	(21.1)	(10 %)
Fuel	219.8	340.4	(120.6)	(35 %)
Equipment costs	85.8	108.6	(22.8)	(21 %)
Depreciation and amortization	357.9	350.7	7.2	2 %
Materials and other	260.9	262.9	(2.0)	(1 %)
Write-off of software development costs	13.6	—	13.6	100 %
Restructuring charges	17.0	168.8	(151.8)	(90 %)
Total operating expenses	$ 1,629.6	$ 1,979.7	$ (350.1)	(18 %)

Compensation and benefits. Compensation and benefits decreased $52.6 million for the year ended December 31, 2020, compared to 2019, due to a decrease in headcount and work hours of approximately $54.0 million caused by volume declines as a result of COVID-19 and the continued application of PSR initiatives, the weakening of the Mexican peso against the U.S dollar of approximately $14.0 million and a decrease in incentive compensation of approximately $6.0 million, partially offset by wage inflation of approximately $17.0 million and approximately $5.0 million of wages related to COVID-19. Wages related to COVID-19 were paid to employees that were symptomatic, quarantined, or under a stay-at-home order per Mexican presidential decree for COVID-19.

Purchased services. Purchased services expense decreased $21.1 million for the year ended December 31, 2020, compared to 2019, due to decreases in repairs and maintenance and detour expense caused by COVID-19 related volume declines and the continued application of PSR initiatives of approximately $14.0 million, the weakening of the Mexican peso against the U.S. dollar of approximately $5.0 million, and savings from in-sourcing activities in 2019 related to PSR of approximately $2.0 million.

Fuel. Fuel expense decreased $120.6 million for the year ended December 31, 2020, compared to 2019, due to lower diesel fuel prices of approximately $37.0 million and $28.0 million in the U.S. and Mexico, respectively, lower consumption of approximately $17.0 million and $10.0 million in Mexico and the U.S., respectively, caused by volume declines as a result of the ongoing COVID-19 pandemic, increased efficiency of approximately $17.0 million and the weakening of the Mexican peso against the U.S. dollar of approximately $11.0 million. The average price per gallon was $1.90 in 2020, compared to $2.57 in 2019.

Equipment costs. Equipment costs decreased $22.8 million for the year ended December 31, 2020, compared to 2019, due to lower lease expense of approximately $17.0 million primarily due to the termination of locomotive leases during the second quarter of 2019 and the first quarter of 2020, and lower car hire expense of approximately $6.0 million primarily as a result of reduced cycle times due to PSR initiatives.

Depreciation and amortization. Depreciation and amortization expense increased $7.2 million for the year ended December 31, 2020, compared to 2019, due to a larger asset base, partially offset by lower depreciation as a result of PSR initiatives implemented during 2019.

Materials and other. Materials and other expense decreased $2.0 million for the year ended December 31, 2020, compared to 2019, due to lower employee expenses of approximately $13.0 million, the weakening of the Mexican peso against the U.S. dollar of approximately $6.0 million and lower materials and supplies expense of approximately $5.0 million. These decreases were partially offset by an increase in personal injury expense of approximately $10.0 million, a one-time, vendor settlement of approximately $5.0 million during 2019, higher derailments and casualty expense of approximately $4.0 million, and approximately $2.0 million of costs for decontamination services and enhanced facilities cleaning related to COVID-19.

Write-off of software development costs. For the year ended December 31, 2020, the Company recognized $13.6 million of expense related to costs previously capitalized for the development of internal-use software. The development of the software was cancelled prior to completion and had no further use.

Restructuring charges. For the year ended December 31, 2020, the Company recognized $17.0 million of restructuring charges primarily related to the VSP of $9.7 million and the purchase of impaired, leased locomotives of $6.0 million. For the year ended December 31, 2019, the Company recognized $168.8 million of restructuring charges related to the implementation of PSR initiatives, which included the impairment of certain locomotives and rail cars, workforce reduction, and contract restructuring activities. Refer to Item 8, Financial Statements and Supplementary Data — Note 3, Restructuring Charges for more information.

Non-Operating Expenses

Equity in net earnings (losses) of affiliates. Equity in net earnings (losses) of affiliates decreased $2.4 million for the year ended December 31, 2020, compared to 2019, due to a decrease in net earnings from the operations of Panama Canal Railway Company as a result of lower container volumes due to a bridge strike in late June 2020 that shut down the railroad for approximately three months. In addition, equity in net earnings from the operations of TCM decreased due to increased tax expense and foreign exchange losses. These decreases were partially offset by an increase in equity in net earnings from the operations of FTVM as a result of losses recognized in 2019 related to the cancellation of Mexico City's new international airport.

Interest expense. Interest expense increased $35.0 million for the year ended December 31, 2020, compared to 2019, due to higher average debt balances. For the year ended December 31, 2020, the average debt balance (including commercial paper) was $3,679.4 million, compared to $2,826.6 million in 2019. The average interest rate for the years ended December 31, 2020 and 2019 was 4.1% for both periods.

Debt retirement costs. The Company did not incur debt retirement costs during 2020. For the year ended December 31, 2019, debt retirement costs were $1.1 million related to the write-off of previously capitalized debt issuance costs associated with the establishment of the new revolving credit facility in the first quarter of 2019 and the call premiums and write-off of unamortized debt issuance costs and original issue discounts associated with the redemption of the KCS and KCSM 2.35% senior notes in the fourth quarter of 2019.

Foreign exchange gain (loss). For the year ended December 31, 2020, foreign exchange loss was $29.6 million, compared to a gain of $17.1 million in 2019. Foreign exchange gain (loss) includes the re-measurement and settlement of net monetary assets denominated in Mexican pesos and the gain (loss) on foreign currency derivative contracts. The significant fluctuation in foreign exchange gain (loss) is a result of weakening of the Mexican peso against the U.S. dollar partially resulting from the increased market volatility driven by the global COVID-19 pandemic.

For the years ended December 31, 2020 and 2019, the re-measurement and settlement of net monetary assets and liabilities denominated in Mexican pesos resulted in a foreign exchange loss of $7.1 million and a gain of $3.0 million, respectively.

The Company enters into foreign currency derivative contracts to hedge its net exposure to fluctuations in the Mexican cash tax obligation due to changes in the value of the Mexican peso against the U.S. dollar. For the year ended December 31, 2020, foreign exchange loss on foreign currency derivative contracts was $22.5 million, compared to a gain of $14.1 million in 2019.

Other income, net. Other income, net, increased $1.1 million for the year ended December 31, 2020, compared to 2019 primarily due to an increase in miscellaneous income.

Income tax expense. Income tax expense decreased $43.5 million for the year ended December 31, 2020, compared to 2019, due to a lower effective tax rate. The decrease in the effective tax rate was primarily due to fluctuations in the foreign exchange rate and the issuance of final global intangible low-taxed income ("GILTI") regulations that provide for a high-tax exception to the GILTI tax retroactive to 2018. See the tax rates reconciliation below.

The Treasury Department issued final regulations in July 2020 that provide for a high-tax exception to the GILTI tax. Specifically, if foreign earnings are subject to a foreign tax rate of at least 90% of the U.S. tax rate, an election can be made to not treat the high-taxed earnings as GILTI income. The final regulations can apply retroactive to tax years beginning after December 31, 2017, and render the GILTI tax immaterial to the consolidated financial statements. The Company recognized a $14.5 million tax benefit in 2020 for the reversal of 2018 and 2019 GILTI tax expense recognized in prior years' consolidated financial statements.

The fluctuations of the Mexican peso during 2020 decreased the Company's Mexican cash tax obligation by $13.0 million for the year ended December 31, 2020. The fluctuations of the Mexican peso during 2019 increased the Company's Mexican cash tax obligation by $8.9 million for the year ended December 31, 2019.

Differences between the Company's effective income tax rate and the U.S. federal statutory income tax rate of 21% for 2020 and 2019 follow *(in millions):*

	2020		2019		Change	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Income tax expense using the statutory rate in effect	$ 172.9	21.0 %	$ 165.6	21.0 %	$ 7.3	—
Tax effect of:						
Difference between U.S. and foreign tax rate	44.1	5.4 %	47.6	6.0 %	(3.5)	(0.6 %)
GILTI tax, net	(14.5)	(1.8 %)	2.7	0.3 %	(17.2)	(2.1 %)
Tax credits	(13.8)	(1.7 %)	(16.8)	(2.1 %)	3.0	0.4 %
State and local income tax provision, net	12.5	1.5 %	11.5	1.5 %	1.0	—
Withholding tax	9.9	1.2 %	9.5	1.2 %	0.4	—
Foreign exchange (i)	(3.4)	(0.4 %)	35.9	4.6 %	(39.3)	(5.0 %)
Mexican fuel excise tax credit, net (ii)	—	—	(12.8)	(1.6 %)	12.8	1.6 %
Other, net	(3.6)	(0.4 %)	4.4	0.5 %	(8.0)	(0.9 %)
Income tax expense	$ 204.1	24.8 %	$ 247.6	31.4 %	$ (43.5)	(6.6 %)

(i) Mexican income taxes are paid in Mexican pesos, and as a result, the effective income tax rate reflects fluctuations in the value of the Mexican peso against the U.S. dollar. The foreign exchange impact on income taxes includes the gain or loss from the revaluation of the Company's net U.S. dollar-denominated monetary liabilities into Mexican pesos which is included in Mexican taxable income under Mexican tax law. As a result, a strengthening of the Mexican peso against the U.S. dollar for the reporting period will generally increase the Mexican cash tax obligation and the effective income tax rate, and a weakening of the Mexican peso against the U.S. dollar for the reporting period will generally decrease the Mexican cash tax obligation and the effective tax rate. To hedge its exposure to this cash tax risk, the Company enters into foreign currency derivative contracts, which are measured at fair value each period and any change in fair value is recognized in foreign exchange gain (loss) within the consolidated statements of income. Refer to Note 11, Derivative Instruments for further information.

(ii) Not eligible for Mexican fuel excise tax credit for 2020. See discussion in the Mexico Tax Reform section below.

Mexico Regulatory and Legal Updates

Mexico Tax Reform. In December 2019, the Mexican government enacted changes in the tax law effective January 1, 2020 ("Mexico 2020 Tax Reform"). Mexico 2020 Tax Reform excluded railroads from eligibility for the Mexican fuel excise tax credit. Mexico 2020 Tax Reform also included permanent changes to the Value Added Tax ("VAT") Law, Income Tax Law and Federal Fiscal Code which, among other things, requires certain VAT withholding, limits the deduction of interest expense and certain payments to related parties in preferential tax regimes, adopts a general anti-avoidance rule, requires mandatory disclosure of reportable transactions beginning in 2021, and permanently eliminates universal compensation, which allowed Mexican taxpayers to offset recoverable tax balances against balances due for other federal taxes. As a result of the elimination of universal compensation, the refundable VAT balance increased to $103.1 million as of December 31, 2020. KCSM has a legal opinion supporting its right under Mexican law to recover the refundable VAT balance from the Mexican government and believes the VAT to be fully collectible.

See additional discussion on universal compensation in Liquidity and Capital Resources section below.

Proposed Changes to Law. KCSM currently insources its management and union employees, other than the President and Executive Representative of KCSM, from its affiliate, KCSM Servicios, a wholly-owned and consolidated subsidiary of the Company. On November 12, 2020, the President of Mexico filed an initiative before the Mexican Congress to amend several laws in order to prohibit outsourcing employees to third parties and insourcing employees from related, affiliate services companies. Under the proposed legislation, KCSM Servicios could be prohibited from providing certain outsourced employees to KCSM, resulting in some, if not all KCSM Servicios employees becoming employees of KCSM in order to be in compliance with the legislation. Failure to comply with the new law could result in a loss of tax deductions and VAT credits on third party and related party service payments and penalties. In December 2020, discussions and approval of this legislation were postponed until February 2021. The initiative will have preferential treatment when the Mexican Congress resumes its activities, which requires that action on the proposed legislation must be taken within 30 days. If approved, it is currently expected the changes will be effective immediately upon adoption, however the private sector is lobbying for a longer transition period.

Mexican employees are currently entitled under Mexican law to receive statutory profit sharing (Participacion a los Trabajadores de las Utilidades or "PTU") payments. The required cash payment to employees is equal to 10% of their employer's profit subject to PTU as prescribed by Mexican law, which differs from profit determined under U.S. GAAP.

KCSM Servicios's employees are eligible for PTU and receive PTU payments. KCSM does not have employees eligible for PTU under current law, and this proposed legislation does not change the Mexico PTU requirements. If the proposed legislation were to become law, some or possibly all of KCSM Servicios's employees may need to become employees of KCSM and thus, would be eligible to receive PTU from KCSM. Payment of PTU by KCSM to these employees, as calculated under current law, could have a material adverse effect on the consolidated financial results of the Company. However, the Mexican government may consider, as part of its negotiations with the private sector, limitations on the PTU distribution amount to employees in order to reduce the financial impact. As such, any incremental PTU expense cannot be determined as of the date of this filing due to the uncertainties surrounding this potential legislation.

For a comparison of the Company's results of operations for the fiscal years ended December 31, 2019 to the year ended December 31, 2018, see *Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations* in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the U.S. Securities and Exchange Commission on January 24, 2020.

LIQUIDITY AND CAPITAL RESOURCES

Overview

On November 10, 2020, the Company announced that its Board of Directors (the "Board") approved updates to its capital allocation policy (the "Policy"). Pursuant to the updated Policy, the Company intends to continue deploying available cash in the following manner:

- Approximately 40-50% to capital projects and strategic investments; and
- Approximately 50-60% to share repurchases and dividends.

In addition, from time to time, the Company also plans to prudently use additional debt to support the revised policy and intends to increase its Debt-to-EBITDA ratio to the mid-2x range, consistent with its current ratings from Standard & Poor's, Fitch and Moody's Ratings.

In connection with this updated Policy, the Board also approved the following actions:

- An increase in the quarterly dividend on KCS's common stock from $0.40 to $0.44 per share. The Board declared a cash dividend on its outstanding common stock for this increased amount payable on January 20, 2021, to stockholders of record at the close of business on December 31, 2020. In April 2021, the Company will implement a quarterly dividend approach that targets a low 20% range payout; and
- A new $3.0 billion share repurchase program (the "2020 Program"), expiring December 31, 2023. This new program replaces the $2.0 billion stock repurchase authorization announced in 2019 (the "2019 Program") under which the Company purchased approximately $1.4 billion of Company stock.

During the fourth quarter of 2020, the Company entered into two accelerated share repurchase ("ASR") agreements under the 2019 Program, and paid $500.0 million. The agreements were settled during January 2021. During 2020, KCS repurchased 143,343 shares of common stock for $27.0 million under the 2020 Program, and 5,207,633 shares of common stock for $869.2 million under the 2019 Program. Refer to Item 8, Financial Statements and Supplementary Data — Note 15, Stockholders' Equity for additional detail on the Company's common share repurchase program and ASR agreements.

During 2020, the Company repurchased 7,426 shares of its $25 par preferred stock for $0.2 million at an average price of $29.58 per share.

During 2020, the Company invested $410.2 million in capital expenditures. See Capital Expenditures section for further details.

On April 22, 2020, the Company issued $550.0 million principal amount of senior unsecured notes due May 1, 2050, which bear interest semiannually at a fixed annual rate of 3.50% (the "3.50% Notes"). The net proceeds from the offering were used for general corporate purposes, including the repurchase of shares of the Company's common stock in the fourth quarter of 2020.

During 2020, the Company made remaining principal payments of approximately $12.0 million in repayment of its 9.311% locomotive financing agreements, which matured in December 2020.

At December 31, 2020, the Company had $444.7 million principal amount outstanding of 3.00% senior notes that mature May 15, 2023 (the "3.00% Notes") and $200.0 million principal amount outstanding of 3.85% senior notes that mature November 15, 2023 (the "3.85% Notes). The Company has the intention and ability to refinance the 3.00% Notes and the 3.85% Notes into a new long-term debt instruments prior to maturity. The Company has executed treasury lock agreements with an aggregate notional value of $650.0 million and a weighted-average interest rate of 1.58% to hedge the U.S. Treasury benchmark interest rate associated with any future interest payments related to the anticipated refinancing of the 3.00% Notes and the 3.85% Notes. See Note 11, Derivative Instruments for further discussion of the treasury lock agreements.

The Company's financing instruments contain restrictive covenants that limit or preclude certain actions; however, the covenants are structured such that the Company expects to have sufficient flexibility to conduct its operations. The Company has been, and expects to continue to be, in compliance with all of its debt covenants.

For discussion regarding the agreements representing the indebtedness of KCS, refer to Note 12, Short-Term Borrowings and Note 13, Long-Term Debt of the consolidated financial statements.

During the first three quarters of 2020, the Company's Board of Directors declared quarterly cash dividends of $0.40 per share or $113.6 million on its common stock. During the last quarter of 2020, the Company's Board of Directors declared a cash dividend of $0.44 per share or $40.1 million on its common stock. Subject to the discretion of the Board of Directors, capital availability and a determination that cash dividends continue to be in the best interest of its stockholders, the Company intends to pay a quarterly dividend on an ongoing basis.

On December 31, 2020, total available liquidity (the cash balance plus revolving credit facility availability) was $788.2 million, compared to available liquidity at December 31, 2019 of $748.8 million.

As of December 31, 2020, the total cash and cash equivalents held outside of the U.S. in foreign subsidiaries was $72.8 million, after repatriating $196.3 million during 2020. The Company expects that this cash will be available to fund company operations without incurring significant additional income taxes.

Beginning January 2019, Mexico tax reform for 2019 eliminated universal compensation that allowed Mexican taxpayers the ability to offset other tax obligations with refundable VAT. Mexico 2020 Tax Reform permanently eliminated universal compensation. This negatively impacted KCSM's cash flow by approximately $43.0 million and $60.0 million in 2020 and 2019, respectively, while awaiting refunds of the value added tax from the Mexican government. As of December 31, 2020, the refundable VAT balance was $103.1 million. KCSM has a legal opinion supporting its right under Mexican law to recover the refundable VAT balance from the Mexican government and believes the VAT to be fully collectible.

Cash Flow Information and Contractual Obligations

Summary cash flow data follows *(in millions):*

	2020	2019
Cash flows provided by (used for):		
Operating activities	$ 1,080.0	$ 1,104.0
Investing activities	(526.0)	(676.3)
Financing activities	(510.3)	(378.9)
Effect of exchange rate changes on cash	(4.3)	(0.5)
Net increase in cash and cash equivalents	39.4	48.3
Cash and cash equivalents beginning of year	148.8	100.5
Cash and cash equivalents end of year	$ 188.2	$ 148.8

During 2020, cash and cash equivalents increased $39.4 million as a result of the impacts discussed below.

Operating Cash Flows. Net cash provided by operating activities decreased $24.0 million for 2020, as compared to 2019, primarily due to increased cash paid to settle foreign currency derivative instruments and an increase in advance Mexican income tax payments, partially offset by payments made for settlement of a treasury lock in 2019.

Investing Cash Flows. Net cash used for investing activities decreased $150.3 million for 2020, as compared to 2019, due to a $175.3 million decrease in capital expenditures and a $29.3 million decrease in investments in and advances to affiliates, partially offset by a $39.2 million increase in expenditures for the purchase or replacement of assets under existing operating leases and a $9.2 million decrease in proceeds from disposal of property. Additional information is included within the Capital Expenditure section of Liquidity and Capital Resources.

Financing Cash Flows. Net cash used for financing activities increased $131.4 million for 2020, as compared to 2019, due to a decrease in proceeds from issuance long-term debt of $301.9 million and an increase in shares repurchased, including under ASR agreements, of $96.4 million, partially offset by a decrease in repayment of long-term debt of $267.0 million.

For a comparison of liquidity and capital resources and the Company's cash flow activities for the fiscal year ended December 31, 2019 and 2018, see *Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations* in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the U.S. Securities and Exchange Commission on January 24, 2020.

Contractual Obligations. The following table outlines the material obligations and commitments as of December 31, 2020 *(in millions):*

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More than 5 years
Long-term debt and short-term borrowings (including interest and finance lease obligations) (i)	$ 7,188.3	$ 155.1	$ 947.9	$ 262.9	$ 5,822.4
Operating leases	74.5	26.6	31.1	13.7	3.1
Obligations due to uncertainty in income taxes	2.2	0.6	—	1.6	—
Capital expenditure obligations (ii)	401.1	142.7	258.4	—	—
Other contractual obligations (iii)	444.3	93.4	123.5	103.2	124.2
Total	$ 8,110.4	$ 418.4	$ 1,360.9	$ 381.4	$ 5,949.7

(i) For variable rate obligations, interest payments were calculated using the December 31, 2020 rate. For fixed rate obligations, interest payments were calculated based on the applicable rates and payment dates.

(ii) Capital expenditure obligations include minimum capital expenditures under the KCSM Concession agreement and other regulatory requirements.

(iii) Other contractual obligations include purchase commitments and certain maintenance agreements.

In the normal course of business, the Company enters into long-term contractual commitments for future goods and services needed for the operations of the business. Such commitments are not in excess of expected requirements and are not reasonably likely to result in performance penalties or payments that would have a material adverse effect on the Company's liquidity. Such commitments are not included in the above table.

The SCT requires KCSM to submit a three-year capital expenditures plan every three years. The most recent three-year plan was submitted in 2020 for the years 2021 — 2023. KCSM expects to continue capital spending at current levels in future years and will continue to have capital expenditure obligations past 2023, which are not included in the table above.

Capital Expenditures

KCS has funded, and expects to continue to fund, capital expenditures with operating cash flows and short and long-term debt.

The following table summarizes capital expenditures by type for the years ended December 31, 2020 and 2019, respectively *(in millions):*

	2020	2019
Roadway capital program	$ 239.8	$ 264.9
Locomotives and freight cars	45.2	182.8
Capacity	65.4	84.8
Information technology	40.6	29.8
Positive train control	15.9	15.5
Other	3.3	6.5
Total capital expenditures (accrual basis)	410.2	584.3
Change in capital accruals	1.7	2.9
Total cash capital expenditures	$ 411.9	$ 587.2
Total cash purchase or replacement of assets under operating leases	$ 78.2	$ 39.0

Generally, the Company's capital program consists of capital replacement and equipment. For 2021, internally generated cash flows are expected to fund cash capital expenditures, which are currently estimated to be approximately 17% of revenue in 2021, assuming constant currency and fuel price. In addition, the Company periodically reviews its equipment and property under operating leases. Any additional purchase or replacement of equipment and property under operating leases during 2021 is expected to be funded with internally generated cash flows and/or debt.

Property Statistics

The following table summarizes certain property statistics as of December 31:

	2020	2019
Track miles of rail installed	89	122
Cross ties installed (thousands)	538	627

SUPPLEMENTAL GUARANTOR FINANCIAL INFORMATION

The following is a description of the terms and conditions of the guarantees with respect to senior notes for which KCS is an issuer or provides full and unconditional guarantee.

Note Guarantees

As of December 31, 2020, KCS had outstanding $3,736.2 million principal amount of senior notes due through 2069. The Kansas City Southern Railway Company ("KCSR") had outstanding $2.7 million principal amount of senior notes due through 2045 (together, the "Senior Notes"). The senior notes for which KCS is the issuer are unconditionally guaranteed, jointly and severally, on an unsecured senior basis, by each of KCS's current and future domestic consolidated subsidiaries that from time to time guarantees certain of KCS's credit agreements, or any other debt of KCS, or any of KCS's significant subsidiaries that is a guarantor (each, a "Guarantor Subsidiary," and collectively, the "Guarantor Subsidiaries"). In addition, the senior notes for which KCSR is the issuer are unconditionally guaranteed, jointly and severally, on an unsecured senior basis, by KCS and each of its current and future domestic consolidated subsidiaries that from time to time guarantees KCSR's credit agreement, or any other debt of KCSR or any of KCSR's significant subsidiaries that is a Guarantor Subsidiary. The obligations of each Guarantor Subsidiary under its note guarantee are limited as necessary to prevent such note guarantee from constituting a fraudulent conveyance under applicable law. A guarantee of the Senior Notes by KCS or a Guarantor Subsidiary is subject to release in the following circumstances: (i) the sale, disposition, exchange or other transfer (including through merger, consolidation, amalgamation or otherwise) of the capital stock of the Guarantor Subsidiary made in a manner not in violation of the indenture; (ii) the designation of the subsidiary as an "Unrestricted Subsidiary" under the indenture; (iii) the legal defeasance or covenant defeasance of the Senior Notes in accordance with the terms of the indenture; or (iv) the Guarantor Subsidiary ceasing to be KCS's subsidiary as a result of any foreclosure of any pledge or security interest securing KCS's Revolving Credit Facility or other exercise of remedies in respect thereof.

KCSM and any other foreign subsidiaries of KCS do not, and will not, guarantee the Senior Notes ("Non-Guarantor Subsidiaries").

The following tables present summarized financial information for KCS and the Guarantor Subsidiaries on a combined basis after intercompany transactions have been eliminated, including adjustments to remove the receivable and payable balances, investment in, and equity in earnings from the Non-Guarantor Subsidiaries.

Summarized Financial Information

Income Statements	**KCS and Guarantor Subsidiaries**	
	Years ended December 31,	
	2020	**2019**
Revenues	$ 1,368.7	$ 1,472.0
Operating expenses	846.9	1,068.5
Operating income	521.8	403.5
Income before income taxes	375.4	291.7
Net income	329.8	235.0

Balance Sheets	**KCS and Guarantor Subsidiaries**	
	December 31, 2020	**December 31, 2019**
Assets:		
Current assets	$ 298.8	$ 332.9
Property and equipment (including concession assets), net	4,751.3	4,596.3
Other non-current assets	110.8	156.9
Liabilities and equity:		
Current liabilities	$ 318.2	$ 313.5
Non-current liabilities	4,841.2	4,267.7
Noncontrolling interest	326.4	323.4

Excluded from current assets in the table above are $183.7 million and $95.2 million of current intercompany receivables due to KCS and the Guarantor Subsidiaries from the Non-Guarantor Subsidiaries as of December 31, 2020 and December 31, 2019, respectively. Excluded from current liabilities in the table above are $235.8 million and $55.0 million of current intercompany payables due to the Non-Guarantor Subsidiaries from KCS and the Guarantor Subsidiaries as of December 31, 2020 and December 31, 2019, respectively.

The Senior Notes are structurally subordinated to the indebtedness and other liabilities of the Non-Guarantor Subsidiaries. The Non-Guarantor Subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Senior Notes or the indentures, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Any right that KCS or the Guarantor Subsidiaries have to receive any assets of any of the Non-Guarantor Subsidiaries upon the liquidation or reorganization of any Non-Guarantor Subsidiary, and the consequent rights of holders of Senior Notes to realize proceeds from the sale of any of a Non-Guarantor Subsidiary's assets, would be effectively subordinated to the claims of such Non-Guarantor Subsidiary's creditors, including trade creditors and holders of preferred equity interests, if any, of such Non-Guarantor Subsidiary. Accordingly, in the event of a bankruptcy, liquidation or reorganization of any of the Non-Guarantor Subsidiaries, the Non-Guarantor Subsidiaries will pay the holders of their debts, holders of preferred equity interests, if any, and their trade creditors before they will be able to distribute any of their assets to KCS or any Guarantor Subsidiary.

If a Guarantor Subsidiary were to become a debtor in a case under the U.S. Bankruptcy Code or encounter other financial difficulty, under federal or state fraudulent transfer or conveyance law, a court may avoid, subordinate or otherwise decline to enforce its guarantee of the Senior Notes. A court might do so if it is found that when such Guarantor Subsidiary entered into its guarantee of the Senior Notes, or in some states when payments became due under the Senior Notes, such Guarantor Subsidiary received less than reasonably equivalent value or fair consideration and either:

- was insolvent or rendered insolvent by reason of such incurrence;
- was left with unreasonably small or otherwise inadequate capital to conduct its business; or
- believed or reasonably should have believed that it would incur debts beyond its ability to pay.

The court might also avoid the guarantee of the Senior Notes without regard to the above factors, if the court found that a Guarantor Subsidiary entered into its guarantee with actual intent to hinder, delay or defraud its creditors.

A court would likely find that a Guarantor Subsidiary did not receive reasonably equivalent value or fair consideration for its guarantee of the Senior Notes, if such Guarantor Subsidiary did not substantially benefit directly or indirectly from the funding made available by the issuance of the Senior Notes. If a court were to avoid a guarantee of the Senior Notes provided by a Guarantor Subsidiary, holders of the Senior Notes would no longer have any claim against such Guarantor Subsidiary. The measures of insolvency for purposes of these fraudulent transfer or conveyance laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer or conveyance has occurred, such that the Company cannot predict what standards a court would use to determine whether or not a Guarantor Subsidiary was solvent at the relevant time or, regardless of the standard that a court uses, that the guarantee of a Guarantor Subsidiary would not be subordinated to such Guarantor Subsidiary's other debt. As noted above, each guarantee provided by a Guarantor Subsidiary includes a provision intended to limit the Guarantor Subsidiary's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer or conveyance. This provision may not be effective to protect those guarantees from being avoided under fraudulent transfer or conveyance law, or it may reduce that Guarantor Subsidiary's obligation to an amount that effectively makes its guarantee worthless, and the Company cannot predict whether a court will ultimately find it to be effective.

On the basis of historical financial information, operating history and other factors, the Company believes that each of the Guarantor Subsidiaries, after giving effect to the issuance of its guarantee of the Senior Notes when such guarantee was issued, was not insolvent, did not have unreasonably small capital for the business in which it engaged and did not and has not incurred debts beyond its ability to pay such debts as they mature. The Company cannot predict, however, as to what standard a court would apply in making these determinations or that a court would agree with the Company's conclusions in this regard.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

KCS's accounting and financial reporting policies are in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Management believes that the following accounting policies and estimates are critical to an understanding of KCS's historical and future performance. Management has discussed the development and selection of the following critical accounting estimates with the Audit Committee of KCS's Board of Directors and the Audit Committee has reviewed the selection, application and disclosure of the Company's critical accounting policies and estimates.

Capitalization, Depreciation and Amortization of Property and Equipment (including Concession Assets)

Due to the highly capital intensive nature of the railroad industry, capitalization and depreciation of property and equipment are a substantial portion of the Company's consolidated financial statements. Net property and equipment, including concession assets, comprised approximately 90% of the Company's total assets as of December 31, 2020, and related depreciation and amortization comprised approximately 22% of total operating expenses for the year ended December 31, 2020.

KCS capitalizes costs for self-constructed additions and improvements to property including direct labor and material, indirect costs, and interest during long-term construction projects. The Company has a process in place to determine which costs qualify for capitalization, which requires judgment. Direct costs are charged to capital projects based on the work performed and the material used. Indirect costs are allocated to capital projects as a standard percentage, which is evaluated annually, and applied to direct labor and material costs. Asset removal activities are performed in conjunction with replacement activities; therefore, removal costs are estimated based on a standard percentage of direct labor and indirect costs related to capital replacement projects. For purchased assets, all costs necessary to make the asset ready for its intended use are capitalized. Expenditures that significantly increase asset values, productive capacity, efficiency, safety or extend useful lives are capitalized. Repair and maintenance costs are expensed as incurred.

KCS capitalizes certain costs incurred in connection with developing or obtaining internal-use software. Capitalized software costs are included in "Property and Equipment" on the consolidated balance sheets. Costs incurred during the preliminary project and post-implementation stage, as well as maintenance and training costs, are expensed as incurred.

Property and equipment are carried at cost and are depreciated primarily on the group method of depreciation, which the Company believes closely approximates a straight line basis over the estimated useful lives of the assets measured in years. The group method of depreciation applies a composite rate to classes of similar assets rather than to individual assets. Composite depreciation rates are based upon the Company's estimates of the expected average useful lives of assets as well as expected net salvage value at the end of their useful lives. In developing these estimates, the Company utilizes periodic depreciation studies performed by an independent engineering firm. Depreciation rate studies are performed at least every three years for equipment and at least every six years for road property (rail, ties, ballast, etc.). The depreciation studies take into account factors such as:

- Statistical analysis of historical patterns of use and retirements of each asset class;
- Evaluation of any expected changes in current operations and the outlook for the continued use of the assets;
- Evaluation of technological advances and changes to maintenance practices;
- Historical and expected salvage to be received upon retirement;
- Review of accounting policies and assumptions; and
- Industry precedents and trends.

The depreciation studies may also indicate that the recorded amount of accumulated depreciation is deficient or in excess of the amount indicated by the study. Any such deficiency or excess is amortized as a component of depreciation expense over the remaining useful lives of the affected asset class, as determined by the study. The Company also monitors these factors in non-study years to determine if adjustments should be made to depreciation rates. The Company completed depreciation studies for KCSM in 2020 and KCSR in 2019. The impacts of the studies were immaterial to the consolidated financial results for all periods.

Also under the group method of depreciation, the cost of railroad property and equipment (net of salvage or sales proceeds) retired or replaced in the normal course of business is charged to accumulated depreciation with no gain or loss recognized. Actual historical costs are retired when available, such as with equipment costs. The use of estimates in recognizing the retirement of roadway assets is necessary as it is impractical to track individual, homogeneous network-type assets. Certain types of roadway assets are retired using statistical curves derived from the depreciation studies that indicate the relative distribution of the age of the assets retired. For other roadway assets, historical costs are estimated by deflating current costs using inflation indices and the estimated useful life of the assets as determined by the depreciation studies. The indices applied to the replacement value are selected because they closely correlate with the major costs of the items comprising the roadway assets. Because of the number of estimates inherent in the depreciation and retirement processes and because it is impossible to precisely estimate each of these variables until a group of assets is completely retired, the Company continually monitors the estimated useful lives of its assets and the accumulated depreciation associated with each asset group to ensure the depreciation rates are appropriate.

Estimation of the average useful lives of assets and net salvage values requires management judgment. Estimated average useful lives may vary over time due to changes in physical use, technology, asset strategies and other factors that could have an impact on the retirement experience of the asset classes. Accordingly, changes in the assets' estimated useful lives could significantly impact future periods' depreciation expense. Depreciation and amortization expense for the year ended December 31, 2020 was $357.9 million. If the weighted average useful lives of assets were changed by one year, annual depreciation and amortization expense would change approximately $11.0 million.

Gains or losses on dispositions of land or non-group property and abnormal retirements of railroad property are recognized through income. A retirement of railroad property would be considered abnormal if the retirement meets each of the following conditions: (i) is unusual in nature, (ii) is significant in amount, and (iii) varies significantly from the retirement profile identified through the depreciation studies. KCS recognized $1.3 million and $134.2 million as of December 31, 2020, and 2019, respectively, from asset impairments of certain locomotives and railcars as a result of the implementation of PSR. There were no other significant gains or losses from abnormal retirements of property or equipment for the year ended December 31, 2018. Refer to Note 3, Restructuring Charges of the consolidated financial statements for more information.

Costs incurred by the Company to acquire the Concession rights and related assets, as well as subsequent improvements to the Concession assets, are capitalized and amortized using the group method of depreciation over the lesser of the current expected Concession term, including probable renewal of an additional 50-year term, or the estimated useful lives of the assets and rights. The Company's ongoing evaluation of the useful lives of Concession assets and rights considers the aggregation of the following facts and circumstances:

- The Company's executive management is dedicated to ensuring compliance with the various provisions of the Concession and to maintaining positive relationships with the SCT and other Mexican federal, state, and municipal governmental authorities;
- During the time since the Concession was granted, the relationships between KCSM and the various Mexican governmental authorities have matured and the guidelines for operating under the Concession have become more defined with experience;
- There are no known supportable sanctions or compliance issues that would cause the SCT to revoke the Concession or prevent KCSM from renewing the Concession; and
- KCSM operations are an integral part of the KCS operations strategy, and related investment analyses and operational decisions assume that the Company's cross border rail business operates into perpetuity, and do not assume that Mexico operations terminate at the end of the current Concession term.

Based on the above factors, as of December 31, 2020, the Company continues to believe that it is probable that the Concession will be renewed for an additional 50-year term beyond the current term.

Impairment of long-lived assets

Long-lived assets, including property, plant and equipment, operating lease right-of-use assets and intangible assets with finite lives are reviewed for impairment and written down to fair value when events or circumstances indicate that the carrying amount of a long-lived asset or asset group may not be recoverable. If impairment indicators are present and the estimated future undiscounted cash flows are less than the carrying value of the long-lived assets, the carrying value would be reduced to

the estimated fair value. Future cash flow estimates for an impairment review would be based on the lowest level of identifiable cash flows, which are the Company's U.S. and Mexican operations. During the year ended December 31, 2020, $13.6 million of expense was recognized related to costs previously capitalized for the development of internal-use software. The development of the software was cancelled prior to completion and had no further use. Other than the abnormal impairments related to the implementation of Precision Scheduled Railroading ("PSR"), management did not identify any indicators of impairment for the years ended December 31, 2020 and 2019.

Income Taxes

Deferred income taxes represent a net asset or liability of the Company. For financial reporting purposes, management determines the current tax liability, as well as deferred tax assets and liabilities, in accordance with the asset and liability method of accounting for income taxes. The provision for income taxes is the sum of income taxes both currently payable and deferred into the future. Currently payable income taxes represent the liability related to the Company's U.S., state and foreign income tax returns for the current year and anticipated tax payments resulting from income tax audits, while the net deferred tax expense or benefit represents the change in the balance of net deferred tax assets or liabilities as reported on the balance sheet. The changes in deferred tax assets and liabilities are determined based upon the estimated timing of reversal of differences between the carrying amount of assets and liabilities for financial reporting purposes and the basis of assets and liabilities for tax purposes as measured using the currently enacted tax rates that will be in effect at the time these differences are expected to reverse. Additionally, management estimates whether taxable operating income in future periods will be sufficient to fully recognize any deferred tax assets. Valuation allowances are recorded as appropriate to reduce deferred tax assets to the amount considered likely to be realized.

Income tax expense related to Mexican operations has additional complexities such as the impact of exchange rate variations, which can have a significant impact on the effective income tax rate.

Management believes that the assumptions and estimates related to the provision for income taxes are critical to the Company's results of operations. For the year ended December 31, 2020, income tax expense totaled $204.1 million. For every 1% change in the 2020 effective rate, income tax expense would have changed by approximately $8.2 million. For further information on the impact of foreign exchange fluctuation on income taxes, refer to Item 7A, Quantitative and Qualitative Disclosures About Market Risk — Foreign Exchange Sensitivity.

OTHER MATTERS

Litigation. Occasionally, the Company is a party to various legal proceedings, regulatory examinations, investigations, administrative actions, and other legal matters, arising for the most part in the ordinary course of business, incidental to its operations. Included in these proceedings are various tort claims brought by current and former employees for job-related injuries and by third parties for injuries related to railroad operations. KCS aggressively defends these matters and has established liability provisions that management believes are adequate to cover expected costs. The outcome of litigation and other legal matters is always uncertain. KCS believes it has valid defenses to the legal matters currently pending against it, is defending itself vigorously, and has recorded accruals determined in accordance with U.S. GAAP, where appropriate. In making a determination regarding accruals, using available information, KCS evaluates the likelihood of an unfavorable outcome in legal or regulatory proceedings to which it is a party to and records a loss contingency when it is probable a liability has been incurred and the amount of the loss can be reasonably estimated. These subjective determinations are based on the status of such legal or regulatory proceedings, the merits of KCS's defenses and consultation with legal counsel. Actual outcomes of these legal and regulatory proceedings may materially differ from the current estimates. It is possible that resolution of one or more of the legal matters currently pending or threatened could result in losses material to KCS's consolidated results of operations, liquidity or financial condition.

Although it is not possible to predict the outcome of any legal proceeding, in the opinion of the Company's management, other than as described in Note 17, Commitments and Contingencies of the consolidated financial statements, such proceedings and actions should not, individually or in the aggregate, have a material adverse effect on the Company's consolidated financial statements.

Inflation. U.S. GAAP require the use of historical cost, which does not reflect the effects of inflation on the replacement cost of property. Due to the capital intensive nature of KCS's business, the replacement cost of these assets would be significantly higher than the amounts reported under the historical cost basis.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

KCS is exposed to certain market risks including interest rate, commodity, and foreign exchange risks and utilizes various financial instruments that have certain inherent market risks. These instruments have been entered into for hedging rather than trading purposes. The following information, together with information included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Item 8, Financial Statements and Supplementary Data — Note 11, Derivative Instruments, describe the key aspects of certain financial instruments that have market risk to KCS.

The analysis presented below for each of the Company's market risks uses a sensitivity model based on hypothetical changes (increases or decreases) to market risks using defined parameters and assumptions to quantify the potential impacts to the consolidated statements of income. The hypothetical changes to market risks do not represent KCS's view of future market changes. The effect of a change in a particular assumption was calculated without adjusting any other assumptions. These market risks and the potential impacts to the consolidated statements of income for the current year, have not materially fluctuated, individually or in the aggregate from the preceding year; thus only current year information is presented below.

Interest Rate Sensitivity. The Company is subject to interest rate risk associated with its debt. Changes in interest rates impact the fair value of outstanding fixed-rate debt, but there is no impact to current earnings or cash flow. Based upon the borrowing rates available to KCS and its subsidiaries for indebtedness with similar terms and average maturities, the fair value of long-term debt was approximately $4,368.6 million and $3,535.7 million at December 31, 2020 and 2019, respectively, compared with a carrying value of $3,770.8 million and $3,246.0 million at December 31, 2020 and 2019, respectively.

Changes in interest rates may impact the cost of future long-term debt issued by the Company, and as a result, represent interest rate risk to the Company. During 2020, the Company executed six 30-year treasury lock agreements with an aggregate notional value of $650.0 million and a weighted-average interest rate of 1.58%. The purpose of the treasury locks is to hedge the U.S. Treasury benchmark interest rate associated with future interest payments related to the anticipated refinancing of the $444.7 million principal amount of 3.00% senior notes due May 15, 2023 and the $200.0 million principal amount of 3.85% senior notes due November 15, 2023. The Company has designated the treasury locks as cash flow hedges, and for the year ended December 31, 2020, recognized an unrealized gain of $28.1 million, net of tax, in the consolidated statements of comprehensive income. A hypothetical 100 basis points change in the 30-year U.S. Treasury Rate would result in a change in unrealized gain or loss of approximately $147.0 million. Upon settlement in 2023, the unrealized gain or loss in accumulated other comprehensive income will be amortized to interest expense over the life of the future underlying debt issuances.

Alternatively, changes in interest rates do not affect the fair value of variable rate debt, but affect future earnings and cash flows. The Company's floating-rate indebtedness includes commercial paper borrowings, and any outstanding borrowings under revolving credit facilities. At December 31, 2020 and 2019, KCS had no commercial paper or revolving credit facility borrowings outstanding.

Commodity Price Sensitivity. KCS periodically participates in diesel fuel purchase commitments and derivative financial instruments. At December 31, 2020 and 2019, KCS did not have any outstanding fuel derivative financial instruments. The Company also holds fuel inventories for use in operations. These inventories are not material to KCS's overall financial position. Fuel costs are expected to reflect market conditions in 2021; however, fuel costs are unpredictable and subject to a variety of factors outside the Company's control. Assuming annual consumption of 117 million gallons, a hypothetical 10 cent change in the price per gallon of fuel would cause an $11.7 million change in operating expenses. KCS mitigates the impact of increased fuel costs through fuel surcharge revenues from customers; however, in a period of volatile fuel prices or changing customer business mix, changes in fuel expense and fuel surcharge revenue may differ.

Foreign Exchange Sensitivity. KCS's foreign subsidiaries use the U.S. dollar as their functional currency; however, a portion of the foreign subsidiaries' revenues and expenses is denominated in Mexican pesos. Based on the volume of revenue and expense transactions denominated in Mexican pesos, revenue and expense fluctuations have historically offset.

The Company has exposure to fluctuations in the value of the Mexican peso against the U.S. dollar due to its monetary assets and liabilities that are denominated in Mexican pesos. Monetary assets and liabilities include cash, accounts receivable and payable and other items that will convert to cash in the future and are remeasured into dollars using the current exchange rate. The remeasurement and settlement of monetary assets and liabilities is recognized in the consolidated statements of income as foreign exchange gains and losses. At December 31, 2020, the Company had Ps.2,688.8 million of net monetary assets denominated in Mexican pesos, as monetary assets exceeded monetary liabilities.

The following table presents the potential impacts to the consolidated statements of income that would result from a hypothetical change in the exchange rate of one Mexican peso per U.S. dollar at December 31, 2020:

	Hypothetical Change in Exchange Rate	Amount of Gain (Loss)	Affected Line Item in the Consolidated Statements of Income
Net monetary assets denominated in Mexican pesos at December 31, 2020:			
Ps.2,688.8 million	From Ps.19.9 to Ps.20.9	($6.4 million)	Foreign exchange gain (loss)
Ps.2,688.8 million	From Ps.19.9 to Ps.18.9	$7.1 million	Foreign exchange gain (loss)

Mexican income taxes are paid in Mexican pesos, and as a result, the effective income tax rate reflects fluctuations in the value of the Mexican peso against the U.S. dollar. Most significantly, any gain or loss from the revaluation of the Company's net U.S. dollar-denominated monetary liabilities into Mexican pesos is included in Mexican taxable income under Mexican tax law. As a result, a strengthening of the Mexican peso against the U.S. dollar for the reporting period will generally increase the Mexican cash tax obligation and the effective income tax rate, and a weakening of the Mexican peso against the U.S. dollar for the reporting period will generally decrease the Mexican cash tax obligation and the effective tax rate.

The following table presents the potential impacts to the effective income tax rate and income tax expense that would result from a hypothetical change in the exchange rate of one Mexican peso at December 31, 2020:

Hypothetical Change in Exchange Rate	Increase (Decrease) in Effective Income Tax Rate	Amount of Expense (Benefit)	Affected Line Item in the Consolidated Statements of Income
From Ps.19.9 to Ps.20.9	(1.3%)	($11.1 million)	Income tax expense (benefit)
From Ps.19.9 to Ps.18.9	1.5%	$12.2 million	Income tax expense (benefit)

The Company has executed derivative instruments to hedge its exposure to fluctuations in the Mexican cash tax obligation due to changes in the value of the Mexican peso against the U.S. dollar. These derivative instruments have historically offset the effects of foreign currency changes on income tax expense (benefit) resulting in minimal impact to net income. There were no outstanding foreign currency forward contracts as of December 31, 2020

During January 2021, the Company entered into several foreign currency forward contracts with an aggregate notional amount of $100.0 million, maturing in January and February of 2021. These contracts obligated the Company to purchase a total of Ps.1,993.5 million at a weighted-average exchange rate of Ps.19.9 to each U.S. dollar. During January 2021, the Company entered into offsetting contracts with an aggregate notional amount of $58.9 million, which matured during January 2021 and obligated the Company to sell a total of Ps.1,195.3 million at a weighted-average exchange rate of Ps.20.3 to each U.S. dollar, resulting in cash paid of $1.1 million. Given the settlement of these contracts during January 2021, the Company believes there was minimal market risk associated with these contracts at December 31, 2020. As of the date of this filing, there were $40.0 million aggregate notional amount of contracts outstanding, which obligate the Company to purchase a total of Ps.798.2 million at a weighted average exchange rate of Ps.20.0 to each U.S. dollar.

The following table presents the potential impacts to the consolidated statements of income that would result from a hypothetical change in the exchange rate of one Mexican peso at maturity date for the foreign currency forward contracts entered into during January 2021 and outstanding as of the date of this filing:

Aggregate notional amount:	Hypothetical Change in Exchange Rate	Amount of Gain (Loss)	Affected Line Item in the Consolidated Statements of Income
$40.0 million	From Ps.20.0 to Ps.21.0	($1.9 million)	Foreign exchange gain (loss)
$40.0 million	From Ps.20.0 to Ps.19.0	$2.1 million	Foreign exchange gain (loss)

The Company has not designated these foreign currency derivative instruments as hedging instruments for accounting purposes. The foreign currency derivative instruments will be measured at fair value each period and any change in fair value will be recognized in foreign exchange gain (loss) within the consolidated statements of income.

Item 8. ***Financial Statements and Supplementary Data***

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All schedules are omitted because they are not applicable, are insignificant, or the required information is shown in the consolidated financial statements or notes thereto.

Management's Report on Internal Control over Financial Reporting

The management of Kansas City Southern is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. KCS's internal control over financial reporting was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect material misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2020, based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework (2013)* (commonly referred to as the COSO Framework). Based on its evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2020, based on the criteria outlined in the COSO Framework.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2020, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which immediately follows this report.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Kansas City Southern

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Kansas City Southern and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Direct Costs that are Capitalized to Self-Constructed Property and Equipment (including Concession Assets)

As described in Note 2 to the consolidated financial statements, the Company capitalizes costs for self-constructed additions and improvements to property including direct labor and material, indirect costs, and interest during long-term construction projects. Expenditures that significantly increase asset values, productive capacity, efficiency, safety, or extend useful lives are capitalized. As disclosed by management, direct costs are charged to capital projects based on the work performed and the material used. Management has a process in place to determine which costs qualify for capitalization, which requires judgment. For the year-ended December 31, 2020, the Company capitalized costs of $410.2 million.

The principal considerations for our determination that performing procedures relating to direct costs that are capitalized to self-constructed property and equipment (including concession assets) is a critical audit matter are (i) the significance of direct costs and complexities in self-constructed property and equipment (including concession assets); (ii) the significant judgment by management in determining whether direct costs qualify for capitalization; and (iii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating evidence related to the capitalization of direct costs.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the capitalization of direct costs to self-constructed property and equipment (including concession assets). These procedures also included, among others, selecting a sample of direct costs and (i) obtaining evidence to support the accuracy of capitalized additions to self-constructed properties based on the work performed and the material used and (ii) evaluating whether these costs qualify for capitalization.

/s/PricewaterhouseCoopers LLP
Kansas City, Missouri
January 29, 2021

We have served as the Company's auditor since 2017.

Kansas City Southern and Subsidiaries

Consolidated Statements of Income
Years Ended December 31,

	2020	2019	2018
		(In millions, except share and per share amounts)	
Revenues	$ 2,632.6	$ 2,866.0	$ 2,714.0
Operating expenses:			
Compensation and benefits	476.5	529.1	495.7
Purchased services	198.1	219.2	200.7
Fuel	219.8	340.4	348.2
Mexican fuel excise tax credit	—	—	(37.7)
Equipment costs	85.8	108.6	126.1
Depreciation and amortization	357.9	350.7	346.7
Materials and other	260.9	262.9	265.9
Write-off of software development costs	13.6	—	—
Restructuring charges	17.0	168.8	—
Gain on insurance recoveries related to hurricane damage	—	—	(17.9)
Total operating expenses	1,629.6	1,979.7	1,727.7
Operating income	1,003.0	886.3	986.3
Equity in net earnings (losses) of affiliates	(1.4)	1.0	2.6
Interest expense	(150.9)	(115.9)	(110.0)
Debt retirement costs	—	(1.1)	(2.2)
Foreign exchange gain (loss)	(29.6)	17.1	7.8
Other income, net	2.1	1.0	2.4
Income before income taxes	823.2	788.4	886.9
Income tax expense	204.1	247.6	257.5
Net income	619.1	540.8	629.4
Less: Net income attributable to noncontrolling interest	2.1	1.9	2.0
Net income attributable to Kansas City Southern and subsidiaries	617.0	538.9	627.4
Preferred stock dividends	0.2	0.2	0.2
Net income available to common stockholders	$ 616.8	$ 538.7	$ 627.2
Earnings per share:			
Basic earnings per share	$ 6.57	$ 5.42	$ 6.16
Diluted earnings per share	$ 6.54	$ 5.40	$ 6.13
Average shares outstanding *(in thousands):*			
Basic	93,826	99,316	101,852
Effect of dilution	489	431	418
Diluted	94,315	99,747	102,270

See accompanying notes to consolidated financial statements.

Kansas City Southern and Subsidiaries

Consolidated Statements of Comprehensive Income
Years Ended December 31,

	2020	2019	2018
		(In millions)	
Net income	$ 619.1	$ 540.8	$ 629.4
Other comprehensive income (loss):			
Unrealized gain (loss) on interest rate derivative instruments, net of tax of $7.5 million, $(4.9) million and $1.0 million	28.1	(18.9)	2.6
Reclassification adjustment from cash flow hedges included in net income, net of tax of $0.5 million and less than $0.1 million	1.9	0.2	—
Foreign currency translation adjustments	(0.5)	0.5	0.1
Other comprehensive income (loss)	29.5	(18.2)	2.7
Comprehensive income	648.6	522.6	632.1
Less: comprehensive income attributable to noncontrolling interest	2.1	1.9	2.0
Comprehensive income attributable to Kansas City Southern and subsidiaries	$ 646.5	$ 520.7	$ 630.1

See accompanying notes to consolidated financial statements.

Kansas City Southern and Subsidiaries

Consolidated Balance Sheets
December 31,

	2020	2019
	(In millions, except share and per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 188.2	$ 148.8
Accounts receivable, net	247.1	274.2
Materials and supplies	127.2	150.6
Other current assets	63.3	155.0
Total current assets	625.8	728.6
Operating lease right-of-use assets	70.9	158.4
Investments	42.6	47.6
Property and equipment (including concession assets), net	8,997.8	8,806.3
Other assets	226.9	45.9
Total assets	$ 9,964.0	$ 9,786.8
LIABILITIES AND EQUITY		
Current liabilities:		
Long-term debt due within one year	$ 6.4	$ 18.0
Accounts payable and accrued liabilities	470.0	473.3
Total current liabilities	476.4	491.3
Long-term operating lease liabilities	45.4	85.7
Long-term debt	3,764.4	3,228.0
Deferred income taxes	1,185.4	1,128.0
Other noncurrent liabilities and deferred credits	108.8	107.9
Total liabilities	5,580.4	5,040.9
Stockholders' equity:		
$25 par, 4% noncumulative, preferred stock, 840,000 shares authorized, 649,736 shares issued; 215,199 and 222,625 shares outstanding at December 31, 2020 and 2019, respectively	5.4	5.6
$0.01 par, common stock, 400,000,000 shares authorized, 123,352,185 shares issued; 91,047,107 and 96,115,669 shares outstanding at December 31, 2020 and 2019, respectively	0.9	1.0
Additional paid-in capital	830.9	843.7
Retained earnings	3,219.6	3,601.3
Accumulated other comprehensive income (loss)	0.4	(29.1)
Total stockholders' equity	4,057.2	4,422.5
Noncontrolling interest	326.4	323.4
Total equity	4,383.6	4,745.9
Total liabilities and equity	$ 9,964.0	$ 9,786.8

See accompanying notes to consolidated financial statements.

Kansas City Southern and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31,

	2020	2019	2018
		(In millions)	
Operating activities:			
Net income	$ 619.1	$ 540.8	$ 629.4
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	357.9	350.7	346.7
Deferred income taxes	49.4	53.1	91.7
Equity in net (earnings) losses of affiliates	1.4	(1.0)	(2.6)
Share-based compensation	22.9	23.1	20.4
(Gain) loss on foreign currency derivative instruments	22.5	(14.1)	(6.3)
Foreign exchange (gain) loss	7.1	(3.0)	(1.5)
Restructuring charges	17.0	168.8	—
Write-off of software development costs	13.6	—	—
Gain on insurance recoveries related to hurricane damage	—	—	(17.9)
Distributions from affiliates	4.5	7.0	5.5
Settlement of foreign currency derivative instruments	(20.0)	11.9	13.9
Cash payments for restructuring charges	(10.0)	(6.3)	—
Refundable Mexican value added tax	(43.2)	(58.7)	—
Settlement of treasury lock agreements	—	(25.8)	—
Deemed mandatory repatriation tax	—	—	(18.7)
Insurance proceeds related to hurricane damage	—	—	17.9
Changes in working capital items:			
Accounts receivable	25.5	38.2	(67.4)
Materials and supplies	21.7	0.5	(4.5)
Other current assets	(22.8)	5.0	(39.2)
Accounts payable and accrued liabilities	16.0	9.4	(24.0)
Other, net	(2.6)	4.4	6.5
Net cash provided by operating activities	1,080.0	1,104.0	949.9
Investing activities:			
Capital expenditures	(411.9)	(587.2)	(520.3)
Purchase or replacement of assets under operating leases	(78.2)	(39.0)	(98.9)
Property investments in MSLLC	(24.8)	(27.5)	(26.1)
Investments in and advances to affiliates	(7.4)	(36.7)	(19.2)
Insurance proceeds related to hurricane damage	—	—	7.6
Proceeds from disposal of property	12.9	22.1	8.7
Other, net	(16.6)	(8.0)	(3.7)
Net cash used for investing activities	(526.0)	(676.3)	(651.9)
Financing activities:			
Net short-term borrowings	—	—	(348.1)
Proceeds from issuance of long-term debt	545.6	847.5	499.4
Repayment of long-term debt	(18.0)	(285.0)	(81.5)
Dividends paid	(152.3)	(144.3)	(147.5)
Shares repurchased	(888.9)	(792.5)	(243.5)
Debt issuance and retirement costs paid	(6.6)	(11.6)	(8.0)
Proceeds from employee stock plans	9.9	7.0	1.8
Net cash used for financing activities	(510.3)	(378.9)	(327.4)
Effect of exchange rate changes on cash	(4.3)	(0.5)	(4.2)
Cash and cash equivalents:			
Net increase (decrease) during each year	39.4	48.3	(33.6)
At beginning of year	148.8	100.5	134.1
At end of year	$ 188.2	$ 148.8	$ 100.5

Supplemental information continued on next page.

See accompanying notes to consolidated financial statements.

Kansas City Southern and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31,

Continued from previous page.

	2020	2019	2018
		(In millions)	
Supplemental cash flow information			
Non-cash investing and financing activities:			
Capital expenditures accrued but not yet paid at end of year	$ 22.3	$ 24.0	$ 26.9
Other investing activities accrued but not yet paid at the end of the year	31.9	31.2	53.8
Finance lease obligations incurred	0.8	—	—
Non-cash asset acquisitions	2.8	0.5	0.7
Dividends accrued but not yet paid at end of year	40.6	39.0	36.6
Cash payments:			
Interest paid, net of amounts capitalized	$ 144.5	$ 110.5	$ 105.0
Income tax payments, net of refunds	182.3	170.5	221.0

See accompanying notes to consolidated financial statements.

Kansas City Southern and Subsidiaries

Consolidated Statements of Changes in Equity

(In millions, except per share amounts)

	$25 Par Preferred Stock	$.01 Par Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total
Balance at December 31, 2017	$ 6.1	$ 1.0	$ 943.3	$ 3,611.4	$ (12.9)	$ 316.5	$ 4,865.4
Reclassification due to adoption of ASU 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income				0.7	(0.7)		—
Net income				627.4		2.0	629.4
Other comprehensive income					2.7		2.7
Contributions from noncontrolling interest						1.2	1.2
Dividends on common stock ($1.44/share)			—	(146.7)			(146.7)
Dividends on $25 par preferred stock ($1.00/share)				(0.2)			(0.2)
Share repurchases	(0.4)	—	(21.1)	(222.0)			(243.5)
Options exercised and stock subscribed, net of shares withheld for employee taxes		—	4.0				4.0
Share-based compensation			20.4				20.4
Balance at December 31, 2018	5.7	1.0	946.6	3,870.6	(10.9)	319.7	5,132.7
Net income				538.9		1.9	540.8
Other comprehensive loss					(18.2)		(18.2)
Contributions from noncontrolling interest						1.8	1.8
Dividends on common stock ($1.48/share)			—	(146.5)			(146.5)
Dividends on $25 par preferred stock ($1.00/share)				(0.2)			(0.2)
Share repurchases	(0.1)	—	(48.4)	(661.5)			(710.0)
Forward contract for accelerated share repurchases			(82.5)				(82.5)
Options exercised and stock subscribed, net of shares withheld for employee taxes		—	4.1				4.1
Share-based compensation			23.9				23.9
Balance at December 31, 2019	5.6	1.0	843.7	3,601.3	(29.1)	323.4	4,745.9
Net income				617.0		2.1	619.1
Other comprehensive income					29.5		29.5
Contributions from noncontrolling interest						0.9	0.9
Dividends on common stock ($1.64/share)			—	(153.7)			(153.7)
Dividends on $25 par preferred stock ($1.00/share)				(0.2)			(0.2)
Share repurchases	(0.2)	(0.1)	(51.3)	(844.8)			(896.4)
Forward contract for accelerated share repurchases			(75.0)				(75.0)
Settlement of forward contract for accelerated share repurchases			82.5				82.5
Options exercised and stock subscribed, net of shares withheld for employee taxes		—	6.2				6.2
Share-based compensation			24.8				24.8
Balance at December 31, 2020	$ 5.4	$ 0.9	$ 830.9	$ 3,219.6	$ 0.4	$ 326.4	$ 4,383.6

See accompanying notes to consolidated financial statements.

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements)

Note 1. Description of the Business

Kansas City Southern ("KCS" or the "Company"), a Delaware corporation, is a holding company with principal operations in rail transportation.

The Company is engaged in the freight rail transportation business operating through a single coordinated rail network under one reportable business segment. The Company generates revenues and cash flows by providing its customers with freight delivery services both within its regions, and throughout North America through connections with other Class I rail carriers. KCS's customers conduct business in a number of different industries, including electric-generating utilities, chemical and petroleum products, paper and forest products, agriculture and mineral products, automotive products, and intermodal transportation.

The primary subsidiaries of the Company consist of the following:

- The Kansas City Southern Railway Company ("KCSR"), a wholly-owned consolidated subsidiary. KCSR is a U.S. Class I railroad that services the midwest and southeast regions of the United States;
- Kansas City Southern de México, S.A. de C.V. ("KCSM"), a wholly-owned consolidated subsidiary which operates under the rights granted by the concession acquired from the Mexican government in 1997 (the "Concession") as described below;
- Mexrail, Inc. ("Mexrail"), a wholly-owned consolidated subsidiary; which wholly owns The Texas Mexican Railway Company ("Tex-Mex");
- KCSM Servicios, S.A. de C.V. ("KCSM Servicios"), a wholly-owned consolidated subsidiary which provides employee services to KCSM; and
- Meridian Speedway, LLC ("MSLLC"), a seventy percent-owned consolidated affiliate. MSLLC owns the former KCSR rail line between Meridian, Mississippi and Shreveport, Louisiana, which is the portion of the rail line between Dallas, Texas and Meridian known as the "Meridian Speedway".

Including equity investments in:

- Panama Canal Railway Company ("PCRC"), a fifty percent-owned unconsolidated affiliate which provides ocean to ocean freight and passenger services along the Panama Canal;
- TFCM, S. de R.L. de C.V. ("TCM"), a forty-five percent-owned unconsolidated affiliate that operates a bulk liquid terminal in San Luis Potosí, Mexico;
- Ferrocarril y Terminal del Valle de México, S.A. de C.V. ("FTVM"), a twenty-five percent-owned unconsolidated affiliate that provides railroad services as well as ancillary services in the greater Mexico City area; and
- PTC-220, LLC ("PTC-220"), a fourteen percent-owned unconsolidated affiliate that holds the licenses to large blocks of radio spectrum and other assets for positive train control.

The KCSM Concession. KCSM holds a concession (the "Concession") from the Mexican government until June 2047 (exclusive service through 2027, subject to certain trackage and haulage rights granted to other concessionaires), which is renewable under certain conditions for additional periods of up to 50 years under the Concession. The Concession is to provide freight transportation services over north-east rail lines which are a primary commercial corridor of the Mexican railroad system. KCSM has the right to use, but does not own, all track and buildings that are necessary for the rail lines' operation. KCSM is required to pay the Mexican government an annual concession duty equal to 1.25% of gross revenues during the Concession period.

Employees and Labor Relations. KCSR participates in industry-wide multi-employer bargaining as a member of the National Carriers' Conference Committee, as well as local bargaining for agreements that are limited to KCSR's property. Approximately 70% of KCSR employees are covered by collective bargaining agreements.

KCSM Servicios union employees are covered by one labor agreement, which was signed on April 16, 2012, between KCSM Servicios and the Sindicato de Trabajadores Ferrocarrileros de la República Mexicana ("Mexican Railroad Union"), and which remains in effect during the period of the Concession, for the purpose of regulating the relationship between the parties. Approximately 79% of KCSM Servicios employees are covered by this labor agreement.

Union labor negotiations have not historically resulted in any strike, boycott, or other disruption in the Company's business operations.

Note 2. Significant Accounting Policies

Principles of Consolidation. The accompanying consolidated financial statements are presented using the accrual basis of accounting and include the Company and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. Certain prior year amounts have been reclassified to conform to the current year presentation.

The equity method of accounting is used for all entities in which the Company or its subsidiaries have significant influence, but not a controlling interest. The Company evaluates less-than-majority-owned investments for consolidation pursuant to consolidation and variable interest entity guidance. The Company does not have any less-than-majority-owned investments requiring consolidation.

During the first quarter of 2020, the Company adopted Accounting Standards Update ("ASU") 2016-13, "*Financial Instruments - Credit Losses*," which required the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. This replaced the existing incurred loss model and is applicable to the measurement of credit losses on financial assets, including trade receivables. Adoption of the new standard did not have a material impact on the Company's consolidated financial statements.

During the first quarter of 2020, the Company early adopted the SEC's, *Financial Disclosures About Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralize a Registrant's Securities* rules, which simplify the disclosure requirements related to the Company's registered securities under Rule 3-10 of Regulation S-X. The final rule also allows for the simplified disclosure to be included within Management's Discussion and Analysis of Financial Condition and Results of Operations.

Use of Estimates. The accounting and financial reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include those related to the recoverability and useful lives of assets and income taxes. Changes in facts and circumstances may result in revised estimates and actual results could differ from those estimates.

Revenue Recognition. The primary performance obligation for the Company is to move customers' freight from an origin to a destination. A performance obligation is created when a customer under a transportation contract or public tariff submits a bill of lading for the transport of goods. The Company recognizes revenue proportionally as a shipment moves from origin to destination, using the distance shipped to measure progress, as the customer simultaneously receives and consumes the benefit over time. Related expenses are recognized as incurred. Revenue associated with in-transit shipments at period end is recognized based on the distance shipped as of the balance sheet date. Payment is received at the time or shortly after the performance obligation is satisfied.

The transaction price is generally in the form of a fixed fee determined at the inception of the transportation contract or the inception of the bill of lading. Certain customer agreements have variable consideration that are based on milestone achievements in the form of rebates, discounts or incentives. The Company makes judgments to determine whether the variable consideration is probable of occurring and should be included in the estimated transaction price at the beginning of the period to apply a more consistent rate throughout the year based on an analysis of historical experience with the customer, forecasted shipments and other economic indicators. The Company adjusts the estimate on a quarterly basis.

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

Other revenues, including switching, storage, and demurrage are distinct services and are recognized as services are performed or as contractual obligations are fulfilled. The consideration for other revenue is allocated between the separate services based upon the stand-alone transaction price.

Foreign Exchange Gain (Loss). For financial reporting purposes, foreign subsidiaries maintain records in U.S. dollars, which is the functional currency. The dollar is the currency that reflects the economic substance of the underlying events and circumstances relevant to the entity. Monetary assets and liabilities denominated in Mexican pesos ("pesos" or "Ps.") are remeasured into U.S. dollars ("dollars") using current exchange rates. The difference between the exchange rate on the date of the transaction and the exchange rate on the settlement date, or balance sheet date if not settled, is included in the income statement as foreign exchange gain or loss.

Cash Equivalents. Short-term liquid investments with an initial maturity of three months or less are classified as cash and cash equivalents.

Accounts Receivable, net. Accounts receivable are net of an allowance for uncollectible accounts as determined by historical experience and adjusted for economic uncertainties, known trends, and reasonable supportable forecasts. Accounts are charged to the allowance when a customer enters bankruptcy, when an account has been transferred to a collection agent or submitted for legal action, or when a customer is significantly past due and all available means of collection have been exhausted. At December 31, 2020 and 2019, the allowance for estimated credit losses was $7.8 million and $7.0 million, respectively. For the years ended December 31, 2020, 2019 and 2018, bad debt expense was $1.5 million, $0.4 million and $0.3 million, respectively.

Materials and Supplies. Materials and supplies consisting of diesel fuel, items to be used in the maintenance of rolling stock and items to be used in the maintenance or construction of road property are valued at the lower of average cost or net realizable value.

Derivative Instruments. Derivatives are measured at fair value and recorded on the balance sheet as either assets or liabilities. Changes in the fair value of derivatives are recorded either through current earnings or as other comprehensive income, depending on hedge designation. Gains and losses on derivative instruments classified as cash flow hedges are reported in other comprehensive income and are reclassified into earnings in the periods in which earnings are impacted by the variability of the cash flow of the hedged item.

Property and Equipment (including Concession Assets). KCS capitalizes costs for self-constructed additions and improvements to property including direct labor and material, indirect costs, and interest during long-term construction projects. For purchased assets, all costs necessary to make the asset ready for its intended use are capitalized. Expenditures that significantly increase asset values, productive capacity, efficiency, safety or extend useful lives are capitalized. Repair and maintenance costs are expensed as incurred. The Company has a process in place to determine which costs qualify for capitalization, which requires judgment.

KCS capitalizes certain costs incurred with developing or obtaining internal-use software. Costs incurred during the preliminary project and post-implementation stage, as well as maintenance and training costs are expensed as incurred.

Property and equipment are carried at cost and are depreciated primarily on the group method of depreciation, which the Company believes closely approximates a straight line basis over the estimated useful lives of the assets measured in years. The group method of depreciation applies a composite rate to classes of similar assets rather than to individual assets. Composite depreciation rates are based upon the Company's estimates of the expected average useful lives of assets as well as expected net salvage value at the end of their useful lives. In developing these estimates, the Company utilizes periodic depreciation studies performed by an independent engineering firm. Depreciation rate studies are performed at least every three years for equipment and at least every six years for road property (rail, ties, ballast, etc.). The Company completed depreciation studies for KCSM in 2020 and KCSR in 2019. The impacts of the studies were immaterial to the consolidated financial results for all periods.

Under the group method of depreciation, the cost of railroad property and equipment (net of salvage or sales proceeds) retired or replaced in the normal course of business is charged to accumulated depreciation with no gain or loss recognized.

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

Gains or losses on dispositions of land or non-group property and abnormal retirements of railroad property are recognized through income. A retirement of railroad property would be considered abnormal if the cause of the retirement is unusual in nature, is significant in amount, and varies significantly from the retirement profile identified through the depreciation studies.

Costs incurred by the Company to acquire the Concession rights and related assets, as well as subsequent improvements to the Concession assets, are capitalized and amortized using the group method of depreciation over the lesser of the current expected Concession term, including probable renewal of an additional 50-year term, or the estimated useful lives of the assets and rights.

Impairment of Long-Lived Assets. Long-lived assets, including property and equipment, operating lease right-of-use assets and intangible assets with finite lives are reviewed for impairment and written down to fair value when events or circumstances indicate that the carrying amount of a long-lived asset or asset group may not be recoverable. If impairment indicators are present and the estimated future undiscounted cash flows are less than the carrying value of the long-lived assets, the carrying value would be reduced to the estimated fair value. Future cash flow estimates for an impairment review would be based on the lowest level of identifiable cash flows, which are the Company's U.S. and Mexican operations. During the year ended December 31, 2020, $13.6 million of expense was recognized related to costs previously capitalized for the development of internal-use software. The development of the software was cancelled prior to completion and had no further use. Other than the abnormal impairments related to the implementation of Precision Scheduled Railroading ("PSR"), management did not identify any indicators of impairment for the years ended December 31, 2020 and 2019.

Leases. During the first quarter of 2019, the Company adopted ASU No. 2016-02, Leases, also known as Accounting Standard Codification ("ASC") Topic 842. Prior to 2019, the Company accounted for leases under ASC Topic 840, Leases and for the year ended December 31, 2018, had $49.3 million of rental expense under operating leases. The Company leases transportation equipment, as well as office and other operating facilities, under various finance and operating leases. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the implicit rate is not readily determinable in most of the Company's lease agreements, the Company uses its estimated secured incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Lease expense is recognized on a straight-line basis over the lease term.

The Company determines if an arrangement is a lease or contains a lease at inception. The Company's leases have remaining lease terms of approximately 1 year to 9 years, which may include the option to extend the lease when it is reasonably certain the Company will exercise that option. The Company does not separately identify lease and nonlease components (i.e. maintenance costs) except for fleet vehicles and real estate. The Company does not have lease agreements with residual value guarantees, sale leaseback terms or material restrictive covenants. Additionally, short-term leases and leases with variable lease costs are immaterial, and the Company does not have any sublease arrangements.

Goodwill. Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets acquired in business combinations. As of December 31, 2020 and 2019, the goodwill balance was $13.2 million, which is included in other assets in the consolidated balance sheets. Goodwill is not amortized, but is reviewed at least annually, or more frequently as indicators warrant, for impairment. An impairment loss would be recognized to the extent that the carrying amount exceeds the reporting units' fair values. The Company performed its annual impairment review for goodwill during the fourth quarter of 2020 and 2019, and concluded there was no impairment.

Investments and Impairment. The Company reviews equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable in accordance with generally accepted accounting principles. This determination requires significant judgment. In making this judgment, the Company considers available quantitative and qualitative evidence in evaluating potential impairment of these investments. If it is determined that an indicator of impairment exists, the Company assesses whether the carrying value exceeds the fair value of the asset. If the carrying value of the investment exceeds its fair value, the Company will evaluate, among other factors, general market conditions, the duration and extent to which the carrying value is greater than the fair value, and KCS's intent and ability to hold, or plans to sell, the investment. The Company also considers specific adverse conditions related to the financial health of and business outlook for the investee, including industry and sector performance, changes in technology, and operational and financing cash flow factors. Once a decline in fair value is determined to be other-than-temporary, an

impairment charge will be recorded and a new carrying basis in the investment will be established. No impairment charges were recognized during the years ended December 31, 2020 and 2019.

Fair Value of Financial Instruments. Non-financial assets and liabilities are recognized at fair value on a nonrecurring basis. These assets and liabilities are measured at fair value on an ongoing basis but are subject to recognition in the financial statements only in certain circumstances. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company determines the fair values of its financial instruments based on the fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy is broken down into three levels based upon the observability of inputs. Fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value in its entirety requires judgment and considers factors specific to the asset or liability.

Environmental Liabilities. The Company recognizes liabilities for remediation and restoration costs when the Company's obligation is probable and the costs can be reasonably estimated. Costs of future expenditures for environmental remediation and restoration are not discounted to their present value. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable. Costs of ongoing compliance activities related to current operations are expensed as incurred.

Personal Injury Claims. Personal injury claims in excess of self-insurance levels are insured up to certain coverage amounts, depending on the type of claim and year of occurrence. The Company's personal injury liability is based on actuarial studies performed on an undiscounted basis by an independent third party actuarial firm and reviewed by management. The liability is based on claims filed and an estimate of claims incurred but not yet reported. Adjustments to the liability are reflected as operating expenses in the period in which the adjustments are known. Legal fees related to personal injury claims are recognized in operating expense in the period incurred.

Health and Welfare and Postemployment Benefits. The Company provides certain medical, life and other postemployment benefits to certain active employees and retirees. The Company uses actuaries to assist management in measuring the benefit obligation and cost based on the current plan provisions, employee demographics, and assumptions about financial and demographic factors affecting the probability, timing and amount of expected future benefit payments. Significant assumptions include the discount rate, rate of increase in compensation levels, and the health care cost trend rate. Actuarial gains and losses determined at the measurement date (December 31) are recognized immediately in the consolidated statements of income.

Share-Based Compensation. The Company accounts for all share-based compensation in accordance with fair value recognition provisions. Under this method, compensation expense is measured at grant date fair value and is recognized over the requisite service period in which the award is earned. Forfeitures are recognized as they occur. The Company issues treasury stock to settle share-based awards.

Income Taxes. Deferred income tax effects of transactions reported in different periods for financial reporting and income tax return purposes are recognized under the asset and liability method of accounting for income taxes. This method gives consideration to the future tax consequences of the deferred income tax items and immediately recognizes changes in income tax laws in the year of enactment.

The Company has recognized a deferred tax asset, net of a valuation allowance, for net operating loss and tax credit carryovers. The Company projects sufficient future taxable income to realize the deferred tax asset recorded less the valuation

allowance. These projections take into consideration assumptions about future income, future capital expenditures and inflation rates. If assumptions or actual conditions change, the deferred tax asset, net of the valuation allowance, will be adjusted to properly reflect the expected tax benefit.

Treasury Stock. The excess of repurchase price over par value of shares held in treasury is allocated between additional paid-in capital and retained earnings.

Note 3. Restructuring Charges

COVID-19. In March 2020, the World Health Organization categorized Coronavirus Disease 2019 ("COVID-19") as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The U.S. and Mexico governments have deemed rail transportation as "critical infrastructure" providing essential services during this global emergency. As a provider of critical infrastructure, Kansas City Southern has an obligation to keep employees working and freight moving. KCS remains focused on protecting the health and well-being of its employees and the communities in which it operates while assuring the continuity of its business operations.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") which includes modifications to the limitation on business interest expense and net operating loss provisions, and provides a payment delay of employer payroll taxes during 2020 after the date of enactment. Payments of approximately $11.0 million of employer payroll taxes otherwise due in 2020, were delayed with 50% due by December 31, 2021 and the remaining 50% by December 31, 2022. The CARES Act did not have a material impact on the Company's consolidated financial statements.

The Company began to experience the impacts of COVID-19 on customer demand in late March 2020. Volumes significantly declined in the second quarter of 2020; however, by early June volumes began to rapidly rebound. For the year ended December 31, 2020, revenues declined 8%, as compared to the same period in 2019, primarily due to lower volumes as a result of COVID-19 and service interruptions at Lazaro Cardenas due to KCSM right-of-way blockages from teachers' protests, lower fuel surcharge due to lower fuel prices and the weakening of the Mexican peso against the U.S dollar.

As revenues declined in the second quarter of 2020, the Company responded quickly and implemented a variety of cost-saving measures and accelerated PSR initiatives by further consolidating trains, which increased train length and reduced crew costs. In June of 2020, the Company offered a voluntary separation program, which resulted in a restructuring charge of $9.7 million for the year ended December 31, 2020, consisting of severance and benefit costs that will be paid out in either lump-sum payments or incrementally over a six to twelve-month period. Approximately 6% of management employees were irrevocably accepted into the voluntary separation program.

PSR. During 2019, the Company began implementing principles of PSR, which focus on providing reliable customer service, facilitating growth, improving asset utilization, and improving the cost profile of the Company. As a result of the PSR initiatives in 2019, management approved four separate restructuring plans that totaled $168.8 million. The restructuring plans were substantially completed in 2019.

During 2020, the Company recognized approximately $7.3 million in additional restructuring charges related to PSR. During the first quarter of 2020, the Company purchased 91 locomotives for $78.2 million that were part of two existing leases. Of the 91 locomotives, 13 were impaired during the fourth quarter of 2019. The purchase of the impaired lease locomotives resulted in $6.0 million of make-whole payments recognized as incremental restructuring charges in the first quarter of 2020. During the second quarter of 2020, the Company recognized approximately $1.3 million of restructuring charges from the disposal of held for sale equipment.

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

Expenses related to PSR initiatives and the voluntary separation program are shown in the following table (*in millions*):

	Years ended	
	December 31, 2020	December 31, 2019
Restructuring charges:		
Asset impairments	$ 7.3	$ 157.8
Workforce reduction	9.7	7.0
Contract restructuring	—	4.0
Total restructuring charges	$ 17.0	$ 168.8

Asset Impairments. During 2019, the Company committed to plans to dispose of certain locomotives and freight cars to increase operational fluidity, reduce maintenance expense, and improve labor and fuel efficiency. Accordingly, the Company performed an impairment analysis to adjust the carrying amount of each asset to the lower of its depreciated book value or its estimated fair value, less costs to dispose, and stopped recognizing depreciation expense. Additionally, the Company wrote-off parts inventory associated with the locomotive and freight car models that were disposed. During 2020, the purchase of impaired lease locomotives resulted in make-whole payments recognized as incremental restructuring charges.

Workforce Reduction. The Company recognized severance costs associated with the voluntary separation program and PSR initiatives which focused on improving the cost profile of the Company.

Contract Restructuring. The Company terminated certain third-party vendor contracts in order to drive operational efficiencies, which resulted in contract termination penalties.

Note 4. Leases

Leases	Classification	December 31, 2020	December 31, 2019
Assets		*(in millions)*	
Operating	Operating lease right-of-use assets	$ 70.9	$ 158.4
Finance	Property and equipment (including Concession assets), net	5.7	8.7
Total leased assets		$ 76.6	$ 167.1
Liabilities			
Current			
Operating	Accounts payable and accrued liabilities	$ 24.6	$ 45.4
Finance	Long-term debt due within one year	2.3	1.9
Noncurrent			
Operating	Long-term operating lease liabilities	45.4	85.7
Finance	Long-term debt	5.2	6.8
Total lease liabilities		$ 77.5	$ 139.8

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

Lease Cost	Classification	Years ended December 31, 2020	Years ended December 31, 2019
		(in millions)	
Operating lease cost:			
	Equipment costs	$ 23.3	$ 43.0
	Materials and other	5.0	10.7
Finance lease cost:			
Amortization of finance lease assets	Depreciation and amortization	1.6	2.7
Interest on lease liabilities	Interest expense	0.9	1.1
Total lease cost		$ 30.8	$ 57.5

Cash Flow Information	Years ended December 31, 2020	Years ended December 31, 2019
	(in millions)	
Cash paid for operating leases included in operating activities	$ 45.6	$ 58.7
Cash paid for finance leases included in operating activities	0.9	1.1
Cash paid for finance leases included in financing activities	2.0	2.7
Right-of-use assets obtained in exchange for operating lease liabilities	18.4	35.2
Right-of-use assets obtained in exchange for financing lease liabilities	0.8	—

Lease Term and Discount Rate	December 31, 2020	December 31, 2019
Weighted-average remaining lease term *(years)*		
Operating leases	3.7	4.9
Finance leases	3.1	3.9
Weighted-average discount rate		
Operating leases	3.1 %	3.9 %
Finance leases	11.4 %	11.1 %

Remaining Maturities of Lease Liabilities

Year Ending December 31 (*in millions*),	Operating Leases	Finance Leases
2021	$ 26.6	$ 2.9
2022	18.5	2.9
2023	12.6	2.6
2024	10.3	0.3
2025	3.4	—
Thereafter	3.1	—
Total lease payments	74.5	8.7
Less imputed interest	4.5	1.2
Total	$ 70.0	$ 7.5

As of December 31, 2020, the Company did not have any additional operating or financing leases that had not yet commenced.

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

Note 5. Revenue

Disaggregation of Revenue

The following table presents revenues disaggregated by the major commodity groups as well as the product types included within the major commodity groups *(in millions)*. The Company believes disaggregation by product type best depicts how cash flows are affected by economic factors. See Note 19, Geographic Information in the consolidated financial statements for revenues by geographical area.

	Years ended December 31,		
	2020	2019	2018
Chemical & Petroleum			
Chemicals	$ 236.7	$ 246.9	$ 236.3
Petroleum	375.0	341.8	241.9
Plastics	152.1	148.5	143.9
Total	763.8	737.2	622.1
Industrial & Consumer Products			
Forest Products	247.8	261.4	268.0
Metals & Scrap	188.4	232.9	208.2
Other	101.5	116.1	114.8
Total	537.7	610.4	591.0
Agriculture & Minerals			
Grain	299.6	298.4	289.9
Food Products	154.6	149.4	145.7
Ores & Minerals	21.8	25.0	20.9
Stone, Clay & Glass	29.4	33.5	29.9
Total	505.4	506.3	486.4
Energy			
Utility Coal	105.6	126.9	117.3
Coal & Petroleum Coke	41.8	43.2	44.3
Frac Sand	11.3	27.4	37.4
Crude Oil	36.3	48.7	57.3
Total	195.0	246.2	256.3
Intermodal	319.1	370.2	382.8
Automotive	172.7	255.6	253.2
Total Freight Revenues	2,493.7	2,725.9	2,591.8
Other Revenue	138.9	140.1	122.2
Total Revenues	$ 2,632.6	$ 2,866.0	$ 2,714.0

Major customers

No individual customer makes up greater than 10% of total consolidated revenues.

Contract Balances

The amount of revenue recognized in 2020 from performance obligations partially satisfied in the previous year was $17.7 million. The performance obligations that were unsatisfied or partially satisfied as of December 31, 2020, were $28.0 million, which represents in-transit shipments that are fully satisfied the following month.

A receivable is any unconditional right to consideration, and is recognized as shipments have been completed and the relating performance obligation has been fully satisfied. At December 31, 2020 and 2019, the accounts receivable, net balance

was $247.1 million and $274.2 million, respectively. Contract assets represent a conditional right to consideration in exchange for goods or services. The Company did not have any contract assets at December 31, 2020 and 2019.

Contract liabilities represent consideration received in advance from customers, and are recognized as revenue over time as the relating performance obligation is satisfied. The amount of revenue recognized in 2020 that was included in the opening contract liability balance was $30.2 million. The Company has recognized contract liabilities within the accounts payable and accrued liabilities financial statement caption on the balance sheet. These are considered current liabilities as they will be settled in less than 12 months.

The following tables summarize the changes in contract liabilities *(in millions)*:

Contract liabilities	**Years ended December 31,**	
	2020	**2019**
Beginning balance	$ 30.5	$ 32.4
Revenue recognized that was included in the contract liability balance at the beginning of the period	(30.2)	(32.4)
Increases due to consideration received, excluding amounts recognized as revenue during the period	29.6	30.5
Ending balance	$ 29.9	$ 30.5

Note 6. Hurricane Harvey

In late August 2017, Hurricane Harvey made landfall on the Texas coast and caused flood damage to the Company's track infrastructure and significantly disrupted the Company's rail service. The Company filed a claim in the fourth quarter of 2017 under its insurance program for property damage, incremental expenses, and lost profits caused by Hurricane Harvey. In the third quarter of 2017, the Company recognized a receivable for probable insurance recovery offsetting the impact of incremental expenses recognized in the quarter. During 2018, the Company partially settled its insurance claim for $35.5 million. As a result of the nonrefundable partial settlement, the Company recognized gain on insurance recoveries of $17.9 million, net of the self-insured retention and insurance receivable. The Company received the nonrefundable cash proceeds of $25.5 million from the partial settlement in the fourth quarter of 2018. Final settlement of the insurance claim is dependent upon costs incurred with an ongoing bridge construction project expected to be completed in 2021 and will be immaterial to the consolidated financial statements.

Note 7. Earnings Per Share

Basic earnings per common share is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share adjusts basic earnings per common share for the effects of potentially dilutive common shares, if the effect is not anti-dilutive. Potentially dilutive common shares include the dilutive effects of shares issuable under the 2008 and 2017 Equity Incentive Plans and shares issuable upon the conversion of preferred stock to common stock.

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

The following table reconciles the basic earnings per share computation to the diluted earnings per share computation *(in millions, except share and per share amounts)*:

	2020	2019	2018
Net income available to common stockholders for purposes of computing basic and diluted earnings per share	$ 616.8	$ 538.7	$ 627.2
Weighted-average number of shares outstanding *(in thousands)*:			
Basic shares	93,826	99,316	101,852
Effect of dilution	489	431	418
Diluted shares	94,315	99,747	102,270
Earnings per share:			
Basic earnings per share	$ 6.57	$ 5.42	$ 6.16
Diluted earnings per share	$ 6.54	$ 5.40	$ 6.13

Potentially dilutive shares excluded from the calculation (*in thousands*):	2020	2019	2018
Stock options excluded as their inclusion would be anti-dilutive	75	121	117

Note 8. Property and Equipment (including Concession Assets)

The following tables list the major categories of property and equipment, including Concession assets, as well as the weighted-average composite depreciation rate for each category (*in millions*):

As of December 31, 2020	Cost	Accumulated Depreciation	Net Book Value	Depreciation Rates for 2020
Land	$ 227.5	$ —	$ 227.5	N/A
Concession land rights	141.1	(30.8)	110.3	1.0 %
Rail and other track material	2,147.5	(389.8)	1,757.7	1.8-3.2%
Ties	1,753.5	(420.2)	1,333.3	1.4-5.0%
Grading	998.5	(190.0)	808.5	1.0 %
Bridges and tunnels	858.5	(171.3)	687.2	1.3 %
Ballast	867.4	(245.3)	622.1	2.2-4.7%
Other (a)	1,549.0	(477.6)	1,071.4	2.7 %
Total road property	8,174.4	(1,894.2)	6,280.2	2.6 %
Locomotives	1,713.6	(478.7)	1,234.9	4.8 %
Freight cars	970.4	(210.6)	759.8	2.2 %
Other equipment	80.6	(36.6)	44.0	4.5 %
Total equipment	2,764.6	(725.9)	2,038.7	3.9 %
Technology and other	372.6	(253.4)	119.2	18.7 %
Construction in progress	221.9	—	221.9	N/A
Total property and equipment (including Concession assets)	$ 11,902.1	$ (2,904.3)	$ 8,997.8	N/A

(a) Other includes signals, buildings and other road assets.

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

As of December 31, 2019	Cost	Accumulated Depreciation	Net Book Value	Depreciation Rates for 2019
Land	$ 224.9	$ —	$ 224.9	N/A
Concession land rights	141.1	(29.4)	111.7	1.0 %
Rail and other track material	2,122.9	(373.3)	1,749.6	1.8-3.2%
Ties	1,738.4	(405.7)	1,332.7	1.4-5.0%
Grading	991.5	(179.4)	812.1	1.1 %
Bridges and tunnels	823.8	(163.0)	660.8	1.2 %
Ballast	835.6	(236.4)	599.2	2.2-4.7%
Other (a)	1,449.9	(438.5)	1,011.4	3.0 %
Total road property	7,962.1	(1,796.3)	6,165.8	2.8 %
Locomotives	1,593.9	(429.7)	1,164.2	5.2 %
Freight cars	980.8	(196.6)	784.2	2.4 %
Other equipment	77.9	(30.4)	47.5	4.5 %
Total equipment	2,652.6	(656.7)	1,995.9	4.1 %
Technology and other	345.1	(207.3)	137.8	16.3 %
Construction in progress	170.2	—	170.2	N/A
Total property and equipment (including Concession assets)	$ 11,496.0	$ (2,689.7)	$ 8,806.3	N/A

(a) Other includes signals, buildings and other road assets.

Concession assets, net of accumulated amortization of $709.7 million and $678.1 million, totaled $2,383.5 million and $2,335.5 million at December 31, 2020 and 2019, respectively.

Depreciation and amortization of property and equipment (including Concession assets) totaled $357.9 million, $350.7 million and $346.7 million, for 2020, 2019, and 2018, respectively.

In the fourth quarter of 2020, $13.6 million of expense was recognized related to costs previously capitalized for the development of internal-use software. The development of the software was cancelled prior to completion and had no further use. The expense was recognized in write-off of software development costs in the consolidated statements of income.

Note 9. Other Balance Sheet Captions

Other Current Assets. Other current assets included the following items at December 31 *(in millions):*

	2020	2019
Refundable Mexican value added tax	$ —	$ 60.2
Prepaid income taxes	15.8	0.3
Advances to affiliates	9.2	47.3
Prepaid expenses	23.3	21.0
Property held for sale	3.6	11.3
Other	11.4	14.9
Other current assets	$ 63.3	$ 155.0

Accounts Payable and Accrued Liabilities. Accounts payable and accrued liabilities included the following items at December 31 *(in millions):*

	2020	2019
Accounts payable	$ 174.6	$ 157.1
Income and other taxes	27.3	34.4
Accrued wages and vacation	82.4	79.0
Short-term operating lease liability	24.6	45.4
Derailments, personal injury and other claim provisions	39.0	38.5
Dividends payable	40.2	38.7
Contract liabilities	29.9	30.5
Interest payable	26.2	23.1
Other	25.8	26.6
Accounts payable and accrued liabilities	$ 470.0	$ 473.3

Note 10. Fair Value Measurements

The Company's assets and liabilities recognized at fair value have been categorized based upon a fair value hierarchy as described in Note 2, Significant Accounting Policies. As of December 31, 2020, the Company's derivative financial instruments are measured at fair value on a recurring basis and consist of foreign currency forward and option contracts and treasury lock agreements, which are classified as Level 2 valuations. The Company determines the fair value of its derivative financial instrument positions based upon pricing models using inputs observed from actively quoted markets and also takes into consideration the contract terms as well as other inputs, including market currency exchange rates and in the case of option contracts, volatility, the risk-free interest rate and the time to expiration.

The Company's short-term financial instruments include cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings. The carrying value of the short-term financial instruments approximates their fair value.

The fair value of the Company's debt is estimated using quoted market prices when available. When quoted market prices are not available, fair value is estimated based on current market interest rates for debt with similar maturities and credit quality. The carrying value of the Company's debt was $3,770.8 million and $3,246.0 million at December 31, 2020 and 2019, respectively. If the Company's debt were measured at fair value, the fair value measurements of the individual debt instruments would have been classified as Level 2 in the fair value hierarchy.

The fair value of the Company's financial instruments is presented in the following table *(in millions)*:

	December 31, 2020	December 31, 2019
	Level 2	Level 2
Assets		
Foreign currency derivative instruments	$ —	$ 2.5
Treasury lock agreements	35.6	—
Liabilities		
Debt instruments	4,368.6	3,535.7

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

Note 11. Derivative Instruments

The Company enters into derivative transactions in certain situations based on management's assessment of current market conditions and perceived risks. Management intends to respond to evolving business and market conditions and in doing so, may enter into such transactions as deemed appropriate.

Credit Risk. As a result of the use of derivative instruments, the Company is exposed to counterparty credit risk. The Company manages this risk by limiting its counterparties to large financial institutions which meet the Company's credit rating standards and have an established banking relationship with the Company. As of December 31, 2020, the Company did not expect any losses as a result of default of its counterparties.

Interest Rate Derivative Instruments. During 2020, the Company executed six 30-year treasury lock agreements with an aggregate notional value of $650.0 million and a weighted-average interest rate of 1.58%. The purpose of the treasury locks is to hedge the U.S. Treasury benchmark interest rate associated with future interest payments related to the anticipated refinancing of the $444.7 million principal amount of 3.00% senior notes due May 15, 2023 (the "3.00% Senior Notes") and the $200.0 million principal amount of 3.85% senior notes due November 15, 2023 (the "3.85% Senior Notes"). The Company has designated the treasury locks as cash flow hedges and recorded unrealized gains and losses in accumulated other comprehensive income (loss). Upon settlement, the unrealized gain or loss in accumulated other comprehensive income (loss) will be amortized to interest expense over the life of the future underlying debt issuances.

In May 2017, the Company executed four treasury lock agreements with an aggregate notional value of $275.0 million and a weighted-average interest rate of 2.85%. The purpose of the treasury locks was to hedge the U.S. Treasury benchmark interest rate associated with future interest payments related to the anticipated refinancing of the $275.0 million, 2.35% senior notes due May 15, 2020 (the "2.35% Senior Notes"). The Company designated the treasury locks as cash flow hedges and recorded unrealized gains and losses in accumulated other comprehensive income (loss). During the fourth quarter of 2019, KCS issued $425.0 million principal amount of 2.875% senior notes due November 15, 2029 (the "2.875% Senior Notes"), effectively completing the refinancing of the 2.35% Senior Notes, and settled the treasury lock agreements, resulting in cash paid of $25.8 million. This amount was included in accumulated other comprehensive income (loss) and is being amortized to interest expense over the life of the new 2.875% Senior Notes, increasing the effective interest rate on the notes to 3.60%. The settlement and amortization associated with treasury lock agreements are classified as operating activities within the consolidated statements of cash flows.

Foreign Currency Derivative Instruments. The Company's Mexican subsidiaries have net U.S. dollar-denominated monetary liabilities which, for Mexican income tax purposes, are subject to periodic revaluation based on changes in the value of the Mexican peso against the U.S. dollar. This revaluation creates fluctuations in the Company's Mexican income tax expense and the amount of income taxes paid in Mexico. The Company hedges its exposure to this cash tax risk by entering into foreign currency forward contracts and foreign currency option contracts known as zero-cost collars.

The foreign currency forward contracts involve the Company's purchase of Mexican pesos and/or U.S. dollars at an agreed-upon weighted-average exchange rate to each U.S dollar or Mexican Peso. The zero-cost collars involve the Company's purchase of a Mexican peso call option and a simultaneous sale of a Mexican peso put option, with equivalent U.S. dollar notional amounts for each option and no net cash premium paid by the Company.

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

Below is a summary of the Company's 2020, 2019 and 2018 foreign currency derivative contracts *(amounts in millions, except Ps./USD)*:

Foreign currency forward contracts

	Contracts to sell Ps./receive USD			Offsetting contracts to purchase Ps./pay USD			
	Notional amount	Notional amount	Weighted-average exchange rate *(in Ps./USD)*	Notional amount	Notional amount	Weighted-average exchange rate *(in Ps./USD)*	Cash received/(paid) on settlement
Contracts executed in 2020 and settled in 2020	$ 75.0	Ps. 1,555.5	Ps. 20.7	$ 78.0	Ps. 1,555.5	Ps. 20.0	$ (2.9)

	Contracts to purchase Ps./pay USD			Offsetting contracts to sell Ps./receive USD			
	Notional amount	Notional amount	Weighted-average exchange rate *(in Ps./USD)*	Notional amount	Notional amount	Weighted-average exchange rate *(in Ps./USD)*	Cash received/(paid) on settlement
Contracts executed in 2020 and settled in 2020	$ 555.0	Ps. 11,254.3	Ps. 20.3	$ 534.3	Ps. 11,254.3	Ps. 21.1	$ (20.7)
Contracts executed in 2019 and settled in 2020	$ 105.0	Ps. 2,041.2	Ps. 19.4	$ 108.6	Ps. 2,041.2	Ps. 18.8	$ 3.6
Contracts executed in 2019 and settled in 2019	$ 400.0	Ps. 7,892.5	Ps. 19.7	$ 410.7	Ps. 7,892.5	Ps. 19.2	$ 10.7
Contracts executed in 2018 and settled in 2019	$ 20.0	Ps. 410.9	Ps. 20.5	$ 20.9	Ps. 410.9	Ps. 19.6	$ 0.9

Foreign currency zero-cost collar contracts

	Notional amount	Cash received/(paid) on settlement
Contracts executed in 2018 and settled in 2019	$ 120.0	$ 0.3
Contracts executed in 2018 and settled in 2018	$ 220.0	$ 3.9
Contracts executed in 2017 and settled in 2018	$ 80.0	$ 10.0

The Company has not designated any of the foreign currency derivative contracts as hedging instruments for accounting purposes. The Company measures the foreign currency derivative contracts at fair value each period and recognizes any change in fair value in foreign exchange gain (loss) within the consolidated statements of income. The cash flows associated with these instruments is classified as an operating activity within the consolidated statements of cash flows.

Offsetting. The Company's treasury lock agreements and foreign currency forward and zero-cost collar contracts are executed with counterparties in the U.S. and are governed by an International Swaps and Derivatives Association agreement that includes standard netting arrangements. Asset and liability positions from contracts with the same counterparty are net settled upon maturity/expiration and presented on a net basis in the consolidated balance sheets prior to settlement. There was no offsetting of derivative assets or liabilities in the consolidated balance sheets as of December 31, 2020 and 2019.

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

The following table presents the fair value of derivative instruments included in the consolidated balance sheets at December 31 *(in millions)*:

		Derivative Assets	
	Balance Sheet Location	2020	2019
Derivatives designated as hedging instruments:			
Treasury lock agreements	Other assets	$ 35.6	$ —
Total derivatives designated as hedging instruments		35.6	—
Derivatives not designated as hedging instruments:			
Foreign currency forward contracts	Other current assets	—	2.5
Total derivatives not designated as hedging instruments		—	2.5
Total derivative assets		$ 35.6	$ 2.5

The following tables present the effects of derivative instruments on the consolidated statements of income and consolidated statements of comprehensive income for the years ended December 31 *(in millions)*:

Derivatives in Cash Flow Hedging Relationships	Amount of Gain/(Loss) Recognized in OCI on Derivative			Location of Gain/(Loss) Reclassified from AOCI into Income	Amount of Gain/(Loss) Reclassified from AOCI into Income		
	2020	2019	2018		2020	2019	2018
Treasury lock agreements	$ 35.6	$ (23.8)	$ 3.6	Interest expense	$ (2.4)	$ (0.2)	$ —
Total	$ 35.6	$ (23.8)	$ 3.6		$ (2.4)	$ (0.2)	$ —

Derivatives Not Designated as Hedging Instruments	Location of Gain/(Loss) Recognized in Income on Derivative	Amount of Gain/(Loss) Recognized in Income on Derivative		
		2020	2019	2018
Foreign currency forward contracts	Foreign exchange gain (loss)	$ (22.5)	$ 14.1	$ —
Foreign currency zero-cost collar contracts	Foreign exchange gain (loss)	—	—	6.3
Total		$ (22.5)	$ 14.1	$ 6.3

See Note 10, Fair Value Measurements, for the determination of the fair values of derivatives.

Note 12. Short-Term Borrowings

Commercial Paper. The Company's commercial paper program generally serves as the primary means of short-term funding. As of December 31, 2020, and 2019, KCS had no commercial paper outstanding. For the years ended December 31, 2020, 2019 and 2018, commercial paper borrowings were outstanding for less than 90 days and the related activity is presented on a net basis in the consolidated statements of cash flows.

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

Note 13. Long-Term Debt

Long-term debt at December 31 *(in millions):*

	2020			2019		
	Principal	Unamortized Discount and Debt Issuance Costs	Net	Principal	Unamortized Discount and Debt Issuance Costs	Net
Revolving credit facilities, variable interest rate, due 2024	$ —	$ —	$ —	$ —	$ —	$ —
KCS 3.00% senior notes, due 2023	439.1	1.7	437.4	439.1	2.5	436.6
KCS 3.85% senior notes, due 2023	199.2	0.8	198.4	199.2	1.1	198.1
KCS 3.125% senior notes, due 2026	250.0	2.0	248.0	250.0	2.4	247.6
KCS 2.875% senior notes, due 2029	425.0	3.8	421.2	425.0	4.2	420.8
KCS 4.30% senior notes, due 2043	448.7	8.5	440.2	448.7	8.8	439.9
KCS 4.95% senior notes, due 2045	499.2	6.9	492.3	499.2	7.2	492.0
KCS 4.70% senior notes, due 2048	500.0	5.8	494.2	500.0	6.0	494.0
KCS 3.50% senior notes, due 2050	550.0	10.8	539.2	—	—	—
KCS 4.20% senior notes, due 2069	425.0	6.9	418.1	425.0	7.0	418.0
KCSR 3.85% to 4.95% senior notes, due through 2045	2.7	—	2.7	2.7	—	2.7
KCSM 3.00% senior notes, due 2023	5.6	—	5.6	5.6	—	5.6
RRIF loans 2.96% to 4.29%, due serially through 2037	66.2	0.4	65.8	70.2	0.4	69.8
Financing agreements 9.311%, due serially through 2020	—	—	—	12.0	—	12.0
Finance lease obligations, due serially to 2025	7.5	—	7.5	8.7	—	8.7
Other debt obligations	0.2	—	0.2	0.2	—	0.2
Total	3,818.4	47.6	3,770.8	3,285.6	39.6	3,246.0
Less: Debt due within one year	6.4	—	6.4	18.0	—	18.0
Long-term debt	$ 3,812.0	$ 47.6	$ 3,764.4	$ 3,267.6	$ 39.6	$ 3,228.0

Revolving Credit Facility

KCS, with certain of its domestic subsidiaries named therein as guarantors, has a $600.0 million senior unsecured revolving credit facility (the "Revolving Credit Facility"), with a $25.0 million standby letter of credit facility which, if utilized, constitutes usage under the Revolving Credit Facility. The Revolving Credit Facility serves as a backstop for KCS's commercial paper program (the "Commercial Paper Program") which generally serves as the Company's primary means of short-term funding.

Borrowings under the Revolving Credit Facility bear interest at floating rates. Depending on the Company's credit rating, the margin that KCS would pay above the London Interbank Offered Rate ("LIBOR") at any point is between 1.000% and 1.750%. As of December 31, 2020, the margin was 1.25% based on KCS's current credit rating.

The Revolving Credit Facility is guaranteed by KCSR, together with certain domestic subsidiaries named therein as guarantors and matures on March 8, 2024. The Revolving Credit Facility agreement contains representations, warranties, covenants and events of default that are customary for credit agreements of this type. The occurrence of an event of default could result in the termination of the commitments and the acceleration of the repayment of any outstanding principal balance on the Revolving Credit Facility and the Commercial Paper Program.

As of December 31, 2020 and 2019, KCS had no outstanding borrowings under the revolving credit facility.

Senior Notes

The Company's senior notes include certain covenants that are customary for these types of debt instruments issued by borrowers with similar credit ratings.

The KCS notes are KCS's general unsecured senior obligations and are unconditionally guaranteed, jointly and severally, on an unsecured senior basis by each current and future domestic subsidiary of KCS that from time to time guarantees the Revolving Credit Facility or any other debt of KCS or any of KCS's significant subsidiaries that is a guarantor (collectively, the "Note Guarantors").

KCSR's senior notes are unconditionally guaranteed, jointly and severally, on an unsecured senior basis, by KCS and each current and future domestic subsidiary of KCS that guarantees the Revolving Credit Facility or certain other debt of KCS or a note guarantor. KCSR's senior notes and the note guarantees rank pari passu in right of payment with KCSR's, KCS's and the Note Guarantors' existing and future unsecured, unsubordinated obligations.

KCSM's senior notes are denominated in U.S. dollars; are unsecured, unsubordinated obligations; rank pari passu in right of payment with KCSM's existing and future unsecured, unsubordinated obligations and are senior in right of payment to KCSM's future subordinated indebtedness.

Senior notes are redeemable at the issuer's option, in whole or in part, at any time, by paying the greater of either 100% of the principal amount to be redeemed and a formula price based on interest rates prevailing at the time of redemption and time remaining to maturity, plus, in each case, accrued interest thereon to, but excluding the redemption date. In addition, KCSM senior notes are redeemable, in whole but not in part, at KCSM's option at any time at a redemption price of 100% of their principal amount, plus any accrued unpaid interest in the event of certain changes in the Mexican withholding tax rate.

On April 22, 2020, KCS issued $550.0 million principal amount of senior unsecured notes due May 1, 2050 (the "3.50% Senior Notes"), which bear interest semiannually at a fixed annual rate of 3.50%. The 3.50% Senior Notes were issued at a discount to par value, resulting in a $4.4 million discount and a yield to maturity of 3.543%. The net proceeds from the offering were used for general corporate purposes, including to repurchase shares of KCS's common stock.

RRIF Loan Agreements

The following loans were made under the Railroad Rehabilitation and Improvement Financing ("RRIF") Program administered by the Federal Railroad Administration ("FRA"):

KCSR RRIF Loan Agreement. On February 21, 2012, KCSR entered into an agreement with the FRA to borrow $54.6 million to be used to reimburse KCSR for a portion of the purchase price of thirty new locomotives (the "Locomotives") acquired by KCSR in the fourth quarter of 2011. The loan bears interest at 2.96% annually and the principal balance amortizes quarterly with a final maturity of February 24, 2037. The obligations under the financing agreement are secured by a first priority security interest in the Locomotives and certain related rights. In addition, the Company has agreed to guarantee repayment of the amounts due under the financing agreement and certain related agreements. The occurrence of an event of default could result in the acceleration of the repayment of any outstanding principal balance of the loan.

Tex-Mex RRIF Loan Agreement. On June 28, 2005, Tex-Mex entered into an agreement with the FRA to borrow $50.0 million to be used for infrastructure improvements in order to accommodate growing freight rail traffic related to the NAFTA corridor. The loan bears interest at 4.29% annually and the principal balance amortizes quarterly with a final maturity of July 13, 2030. The loan is guaranteed by Mexrail, which has issued a pledge agreement in favor of the lender equal to the gross revenues earned by Mexrail on per-car fees on traffic crossing the International Rail Bridge in Laredo, Texas. In addition, the Company has agreed to guarantee the scheduled principal payment installments due to the FRA from Tex-Mex under the loan agreement on a rolling five-year basis.

Locomotive Financing Agreements

During 2011, KCSM entered into financing agreements totaling $91.0 million to purchase locomotives. The agreements matured and final payment was made during December 2020. Prior to repayment, the financing agreements were payable on a quarterly basis and contained annual interest rates of 9.311%.

Debt Covenants Compliance

The Company was in compliance with all of its debt covenants as of December 31, 2020.

Other Debt Provisions

Certain loan agreements and debt instruments entered into or guaranteed by the Company and its subsidiaries provide for default in the event of a specified change in control of the Company or particular subsidiaries of the Company.

Debt Maturities

Minimum annual payments for debt maturities are as follows *(in millions)*:

Years	Long-Term Debt	Net Present Value Finance Leases	Total
2021	$ 4.1	$ 2.3	$ 6.4
2022	4.3	2.5	6.8
2023	649.2	2.4	651.6
2024	4.7	0.3	5.0
2025	5.1	—	5.1
Thereafter	3,143.5	—	3,143.5
Total	$ 3,810.9	$ 7.5	$ 3,818.4

Note 14. Income Taxes

Current income tax expense represents the amounts expected to be reported on the Company's income tax returns, and deferred tax expense or benefit represents the change in net deferred tax assets and liabilities. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates that will be in effect when these differences reverse. Valuation allowances are recorded as appropriate to reduce deferred tax assets to the amount considered likely to be realized.

Mexican Fuel Excise Tax Credit. Fuel purchases in Mexico are subject to an excise tax that is included in the price of fuel. Through April 29, 2019, the Company was eligible for a credit for the excise tax included in the price of fuel that is purchased and consumed in locomotives and certain work equipment in Mexico. For year 2018, the Mexican fuel excise tax credit ("IEPS credit") was utilized and realized through the offset of the total annual Mexico income tax liability and income tax withholding payment obligations of KCSM, with no carryforward to future periods and recognized as a benefit in operating expenses on the consolidated statements of income.

In December 2018, the Mexican government enacted changes in the tax law effective January 1, 2019 ("Mexico 2019 Tax Reform"), which, among other things, for 2019 eliminated the option to monetize the IEPS credit by offsetting income tax withholding payment obligations. As a result, the Company was allowed to offset the 2019 IEPS credit only against its Mexico corporate income tax liability on the 2019 annual income tax return. The elimination of the option to apply the IEPS credit to income tax withholding payment obligations required the Company to recognize the IEPS credit as a reduction of income tax expense rather than a reduction of operating expenses for 2019.

On April 29, 2019, the Servicio de Administración Tributaria (the "SAT"), the Mexican equivalent of the IRS, published the Miscellaneous Fiscal Resolution for 2019 ("2019 Resolution"), which eliminated the Company's eligibility for the IEPS credit effective beginning April 30, 2019. During the period of eligibility in 2019, the Company generated IEPS credits resulting in a $12.8 million net tax benefit, which was recognized as a reduction to income tax expense within the consolidated statements of income for the year ended December 31, 2019.

Tax Cuts and Jobs Act. On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (the "Tax Reform Act"). The legislation significantly changed U.S. tax law by, among other things, lowering corporate income tax rates, implementing a modified territorial tax system and imposing a repatriation tax on deemed repatriated earnings

of foreign subsidiaries. The Tax Reform Act permanently reduced the U.S. corporate income tax rate from a maximum of 35% to a 21% rate, effective January 1, 2018.

Included in the Tax Reform Act were the global intangible low-taxed income ("GILTI") provisions. The Company elected to account for GILTI tax in the period in which it is incurred. The GILTI provisions require the Company to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets. The Treasury Department issued final regulations in July 2020 that provide for a high-tax exception to the GILTI tax that were retroactive to tax years beginning after December 31, 2017. The Company recognized a $14.5 million tax benefit in 2020 for the reversal of 2018 and 2019 GILTI tax expense recognized in prior years' consolidated financial statements.

Tax Expense. Income tax expense consists of the following components *(in millions):*

	2020	2019	2018
Current:			
Federal	$ (1.9)	$ 22.3	$ (10.5)
State and local	1.6	1.8	0.7
Foreign	155.0	170.4	175.6
Total current	154.7	194.5	165.8
Deferred:			
Federal	49.4	27.5	77.6
State and local	13.8	14.8	9.1
Foreign	(13.8)	10.8	5.0
Total deferred	49.4	53.1	91.7
Total income tax expense	$ 204.1	$ 247.6	$ 257.5

Income before income taxes consists of the following *(in millions)*:

	2020	2019	2018
Income before income taxes:			
U.S.	$ 329.0	$ 250.3	$ 366.2
Foreign	494.2	538.1	520.7
Total income before income taxes	$ 823.2	$ 788.4	$ 886.9

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31 follow *(in millions):*

	2020	2019
Assets:		
Reserves not currently deductible for tax	$ 44.6	$ 36.8
Tax credit and loss carryovers	25.4	21.5
Compensation and benefits	24.7	23.1
Lease liability	19.7	35.1
Other	12.6	22.4
Gross deferred tax assets before valuation allowance	127.0	138.9
Valuation allowance	(3.5)	(4.4)
Net deferred tax assets	123.5	134.5
Liabilities:		
Property	(1,233.8)	(1,181.3)
Investments	(54.9)	(52.4)
Other	(20.2)	(28.8)
Gross deferred tax liabilities	(1,308.9)	(1,262.5)
Net deferred tax liability	$ (1,185.4)	$ (1,128.0)

Tax Rates. Differences between the Company's effective income tax rate and the U.S. federal statutory income tax rate of 21% follow *(in millions):*

	2020		2019		2018	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Income tax expense using the statutory rate in effect	$ 172.9	21.0 %	$ 165.6	21.0 %	$ 186.2	21.0 %
Tax effect of:						
Difference between U.S. and foreign tax rate	44.1	5.4 %	47.6	6.0 %	46.1	5.2 %
GILTI tax, net	(14.5)	(1.8 %)	2.7	0.3 %	11.8	1.3 %
Tax credits	(13.8)	(1.7 %)	(16.8)	(2.1 %)	(14.2)	(1.6 %)
State and local income tax provision, net	12.5	1.5 %	11.5	1.5 %	7.5	0.8 %
Withholding tax	9.9	1.2 %	9.5	1.2 %	11.2	1.3 %
Foreign exchange (i)	(3.4)	(0.4 %)	35.9	4.6 %	21.8	2.5 %
Mexican fuel excise tax credit, net (ii)	—	—	(12.8)	(1.6 %)	—	—
Change in U.S. tax rate	—	—	—	—	(2.2)	(0.3 %)
Deemed mandatory repatriation	—	—	—	—	(18.7)	(2.1 %)
Other, net	(3.6)	(0.4 %)	4.4	0.5 %	8.0	0.9 %
Income tax expense	$ 204.1	24.8 %	$ 247.6	31.4 %	$ 257.5	29.0 %

(i) Mexican income taxes are paid in Mexican pesos, and as a result, the effective income tax rate reflects fluctuations in the value of the Mexican peso against the U.S. dollar. The foreign exchange impact on income taxes includes the gain or loss from the revaluation of the Company's net U.S. dollar-denominated monetary liabilities into Mexican pesos

which is included in Mexican taxable income under Mexican tax law. As a result, a strengthening of the Mexican peso against the U.S. dollar for the reporting period will generally increase the Mexican cash tax obligation and the effective income tax rate, and a weakening of the Mexican peso against the U.S. dollar for the reporting period will generally decrease the Mexican cash tax obligation and the effective tax rate. To hedge its exposure to this cash tax risk, the Company enters into foreign currency derivative contracts, which are measured at fair value each period and any change in fair value is recognized in foreign exchange gain (loss) within the consolidated statements of income. Refer to Note 11, Derivative Instruments in the consolidated financial statements for further information.

(ii) Not eligible for Mexican fuel excise tax credit subsequent to April 30, 2019. See previous discussion within footnote.

Difference Attributable to Foreign Investments. The Company asserts that all foreign earnings will be indefinitely reinvested to the extent of local needs and earnings that would be distributed in a taxable manner. The Company therefore intends to limit distributions to earnings previously taxed in the U.S., or earnings that would qualify for the 100 percent dividends received deduction provided for in the Tax Reform Act, and earnings that would not result in any significant foreign taxes. Therefore, the Company has not recognized a deferred tax liability on its investment in foreign subsidiaries.

Tax Carryovers. The Company has U.S. state net operating losses which are carried forward from 10 to 20 years and are analyzed each year to determine the likelihood of realization. The state loss carryovers arise from both combined and separate tax filings from as early as 1999 and may expire as early as December 31, 2021 and as late as December 31, 2040. The state loss carryover at December 31, 2020 was $367.7 million resulting in a state deferred tax asset of $22.0 million.

The Mexico federal loss carryovers at December 31, 2020, were $9.3 million and, if not used, will begin to expire in 2026. A deferred tax asset was recognized in prior periods for the expected future tax benefit of these losses which will be carried forward to reduce only Mexican income tax payable in future years.

The valuation allowance for deferred tax assets as of December 31, 2020 and 2019, was $3.5 million and $4.4 million, respectively, primarily attributable to state net operating loss carryovers. The Company believes it is more likely than not that reversals of existing temporary differences that will produce future taxable income and the results of future operations will generate sufficient taxable income to realize the deferred tax assets, net of valuation allowances, related to loss carryovers.

Uncertain Tax Positions. The accounting guidance for uncertainty in income taxes prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance requires the Company to recognize in the consolidated financial statements the benefit of a tax position only if the impact is more likely than not of being sustained on audit based on the technical merits of the position. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (*in millions*):

	2020	2019
Balance at January 1,	$ 2.2	$ 2.2
Additions for tax positions of prior years	—	—
Balance at December 31,	$ 2.2	$ 2.2

The unrecognized tax benefit would affect the effective income tax rate if recognized, and is reasonably possible to be resolved over the next twelve months as part of an Internal Revenue Service (“IRS”) examination.

Interest and penalties related to uncertain tax positions are included in income before taxes on the consolidated statements of income. Accrued interest and penalties on unrecognized tax benefits and interest and penalty expense was immaterial to the consolidated financial statements for all periods presented.

Tax Contingencies. Tax returns filed in the U.S. for periods after 2015 and in Mexico for periods after 2012 remain open to examination by the taxing authorities. During the second quarter of 2020, the IRS initiated an examination of the 2017 deemed mandatory repatriation tax included in the 2017 U.S. federal tax return. In 2018, the IRS initiated an examination of the 2016 U.S. federal tax return. During the fourth quarter of 2020, the SAT initiated an audit of the KCSM 2015 Mexico tax

return. In 2019, the SAT initiated an audit of the KCSM 2013 and 2014 Mexico tax returns. The Company does not expect that these examinations will have a material impact on the consolidated financial statements. During the first quarter of 2017, the Company received audit assessments from the SAT for the KCSM 2009 and 2010 Mexico tax returns. In 2017, the Company commenced administrative actions with the SAT. During the first quarter of 2018, the audit assessments were nullified by the SAT. In the third quarter of 2018, the SAT issued new assessments and the Company filed administrative appeals with the SAT. The Company believes that it has strong legal arguments in its favor and it is more likely than not that it will prevail in any challenge of the assessments.

KCSM has not historically assessed value added tax ("VAT") on international import transportation services provided to its customers based on a written ruling that KCSM obtained from the SAT in 2008 stating that such services were not subject to VAT (the "2008 Ruling"). Notwithstanding the 2008 Ruling, in December 2013, the SAT unofficially informed KCSM of an intended implementation of new criteria effective as of January 1, 2014, pursuant to which VAT would be assessed on all international import transportation services on the portion of the services provided within Mexico. Additionally, in November 2013, the SAT filed an action to nullify the 2008 Ruling, potentially exposing the application of the new criteria to open tax years. In February 2014, KCSM filed an action opposing the SAT's nullification action. In December 2016, KCSM was notified of a resolution issued by the Mexican tax court confirming the 2008 Ruling. The SAT appealed this resolution. In October 2017, the circuit court resolved to not render a decision on the case but rather to send the SAT's appeal to the Supreme Court. In February 2018, the Supreme Court decided not to hear the case and remanded the SAT's appeal back to the circuit court for a decision. In July 2018, the circuit court ordered the tax court to consider certain arguments made by the SAT in the original court proceeding that were not addressed in the tax court's December 2016 resolution. In October 2018, the tax court issued a decision confirming the 2008 Ruling. The SAT appealed this decision. In September 2020, the Appeals Court dismissed the appeal filed by the SAT and confirmed the ruling issued by the tax court. The decision of the Appeals Court is final.

Refundable Mexican Value Added Tax. KCSM is not required to charge its customers VAT on international import or export transportation services, resulting in KCSM paying more VAT on its expenses than it collects from customers. These excess VAT payments are refundable under Mexican law. Prior to 2019, Mexican companies could offset its monthly refundable VAT balance with other tax obligations. In January 2019, Mexico tax reform eliminated the ability to offset other tax obligations with refundable VAT. From January 2019, KCSM has generated a refundable VAT balance of $103.1 million as of December 31, 2020, and filed refund claims with the SAT that are still under review. KCSM has a legal opinion supporting its right under Mexican law to recover the refundable VAT balance from the Mexican government and believes the VAT to be fully collectible. As of December 31, 2019, the KCSM refundable VAT balance was $60.2 million and was classified as a short-term asset. In the third quarter of 2020, the refundable VAT balance was reclassified from a short-term to long-term asset as result of the prolonged refund claim process.

Note 15. Stockholders' Equity

Information regarding the Company's capital stock at December 31 follows:

	Shares Authorized		Shares Issued	
	2020	2019	2020	2019
$25 par, 4% noncumulative, preferred stock	840,000	840,000	649,736	649,736
$1 par, preferred stock	2,000,000	2,000,000	—	—
$0.01 par, common stock	400,000,000	400,000,000	123,352,185	123,352,185

Shares outstanding at December 31:

	2020	2019
$25 par, 4% noncumulative, preferred stock	215,199	222,625
$0.01 par, common stock	91,047,107	96,115,669

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

Share Repurchases. In November 2020, the Company announced a new common share repurchase program authorizing the Company to purchase up to $3.0 billion of its outstanding shares of common stock through December 31, 2023 (the "2020 Program"). Share repurchases may be made in the open market, through privately negotiated transactions, or through Accelerated Share Repurchase ("ASR") transactions. The 2020 Program replaced KCS's $2.0 billion common share repurchase program announced on November 12, 2019 (the "2019 Program"), and eliminated the $588.3 million of remaining authorization under the 2019 Program.

Under an ASR agreement, the Company pays a specified amount to a financial institution and receives an initial delivery of shares. The final number and total cost of shares repurchased is then based on the volume-weighted average price of the Company's common stock during the term of the agreements. The transactions are accounted for as equity transactions with any excess of repurchase price over par value allocated between additional paid-in capital and retained earnings. At the time the shares are received, there is an immediate reduction in the weighted-average number of shares outstanding for purposes of the basic and diluted earnings per share computation.

During 2019 and 2020, the Company entered into ASR agreements under the 2019 Program. The terms of the agreements, structured as outlined above, were as follows:

Third Party Institution	Agreement Date	Settlement Date	Total Amount of Agreement *(in millions)*	Initial Shares Delivered	Fair Market Value of Initial Shares *(in millions)*	Additional Shares Delivered	Fair Market Value of Additional Shares *(in millions)*	Total Shares Delivered	Weighted-Average Price Per Share
ASR Agreement #1	November 2019	March 2020	$ 275.0	1,511,380	$ 233.75	224,244	$ 41.25	1,735,624	$ 158.44
ASR Agreement #2	November 2019	March 2020	$ 275.0	1,511,380	$ 233.75	221,692	$ 41.25	1,733,072	$ 158.68
Total			$ 550.0	3,022,760	$ 467.5	445,936	$ 82.5	3,468,696	$ 154.66
ASR Agreement #3	October 2020	January 2021	$ 250.0	1,187,084	$ 212.50	116,314	$ 37.50	1,303,398	$ 191.81
ASR Agreement #4	October 2020	January 2021	$ 250.0	1,187,084	$ 212.50	117,088	$ 37.50	1,304,172	$ 191.69
Total			$ 500.0	2,374,168	$ 425.0	233,402	$ 75.0	2,607,570	$ 191.75

As of December 31, 2020, the remaining $75.0 million was recognized as a forward contract indexed to the Company's own common stock and included in capital surplus within additional paid-in capital in the accompanying consolidated balance sheets.

During 2020, KCS repurchased 143,343 shares of common stock for $27.0 million under the 2020 Program, and 5,207,633 shares of common stock for $869.2 million under the 2019 Program. In total under the 2019 Program, including shares received in January 2021 to settle the October 2020 ASR agreements, the Company has repurchased 8,463,795 shares of common stock for $1,411.7 million at an average price of $166.80 per share.

During 2020, the Company repurchased 7,426 shares of its $25 par preferred stock for $0.2 million at an average price of $29.58 per share.

Treasury Stock. Shares of common stock in treasury and related activity follow:

	2020	2019	2018
Balance at beginning of year	27,236,516	22,455,507	20,315,380
Shares repurchased	5,350,976	5,076,530	2,272,213
Shares issued to fund stock option exercises	(133,951)	(109,560)	(24,024)
Employee stock purchase plan shares issued	(51,658)	(72,707)	(62,866)
Nonvested shares issued	(111,003)	(124,031)	(51,191)
Nonvested shares forfeited	14,198	10,777	5,995
Balance at end of year	32,305,078	27,236,516	22,455,507

Cash Dividends on Common Stock. The following table presents the amount of cash dividends declared per common share by the Company's Board of Directors:

	2020	2019	2018
Cash dividends declared per common share	$ 1.64	$ 1.48	$ 1.44

Note 16. Share-Based Compensation

On May 4, 2017, the Company' stockholders approved the Kansas City Southern 2017 Equity Incentive Plan (the "2017 Plan"). Upon approval, the Company ceased issuing awards under the Kansas City Southern 2008 Stock Option and Performance Award Plan (the "2008 Plan"). The Board of Directors and its Compensation and Organization Committee had previously adopted the 2017 Plan, subject to stockholder approval, on January 26, 2017, and February 17, 2017, respectively. The 2017 Plan provides for the granting of up to 3,750,000 shares of the Company's common stock to eligible persons as defined in the 2017 Plan. Outstanding equity awards granted under the 2008 Plan and the 2017 Plan (the "Plans") are to be governed by the terms and conditions of each individual plan and the related award agreements.

Stock Options. The exercise price for options granted under the Plans equals the closing market price of the Company's stock on the date of grant. Options generally have a 3-year vesting period and are exercisable over the 10-year contractual term, except that options outstanding become immediately exercisable upon certain defined circumstances constituting a change in control of the Company. The grant date fair value is recorded to expense on a straight-line basis over the vesting period.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model. The weighted-average assumptions used were as follows:

	2020	2019	2018
Expected dividend yield	1.04 %	1.33 %	1.36 %
Expected volatility	26.07 %	26.38 %	27.09 %
Risk-free interest rate	1.27 %	2.64 %	2.80 %
Expected term *(years)*	5.7	5.7	6.0
Weighted-average grant date fair value of stock options granted	$ 37.79	$ 27.70	$ 28.52

The expected dividend yield is calculated as the ratio of dividends paid per share of common stock to the stock price on the date of grant. The expected volatility is based on the historical volatility of the Company's stock price over a term equal to the estimated life of the options. The risk-free interest rate is determined based on U.S. Treasury rates for instruments with terms approximating the expected term of the options granted, which represents the period of time the awards are expected to be outstanding and is based on the historical experience of similar awards.

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

A summary of stock option activity is as follows:

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
			In years	In millions
Options outstanding at December 31, 2019	596,514	$ 92.73		
Granted	115,205	154.38		
Exercised	(133,951)	73.58		
Forfeited or expired	(5,820)	109.84		
Options outstanding at December 31, 2020	571,948	$ 109.46	6.6	$ 54.1
Exercisable at December 31, 2020	389,987	$ 97.81	5.6	$ 41.5

The aggregate intrinsic value in the table above, which is the amount by which the market value of the underlying stock exceeded the exercise price of outstanding options, represents the amount optionees would have realized if all in-the-money options had been exercised on the last business day of the period indicated.

Compensation cost of $4.0 million, $3.6 million, and $2.5 million was recognized for stock option awards for the years ended December 31, 2020, 2019, and 2018, respectively. The total income tax benefit recognized in the consolidated statements of income was $1.0 million, $0.9 million, and $0.6 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Additional information regarding stock option exercises appears in the table below *(in millions)*:

	2020	2019	2018
Aggregate grant-date fair value of stock options vested	$ 3.7	$ 3.0	$ 1.9
Intrinsic value of stock options exercised	13.9	7.2	1.0
Cash received from option exercises	9.9	7.0	1.8
Tax benefit from options exercised during the annual period	3.5	1.8	0.2

As of December 31, 2020, $1.9 million of unrecognized compensation cost relating to nonvested stock options is expected to be recognized over a weighted-average period of eleven months. At December 31, 2020, there were 2,959,191 shares available for future grants under the 2017 Plan.

Nonvested Stock. The Plans provide for the granting of nonvested stock awards to officers and other designated employees. The grant date fair value is based on the closing market price on the date of the grant. These awards are subject to forfeiture if employment terminates during the vesting period, which is generally 3 years or 5 years of vesting for employees. Awards granted to the Company's directors vest immediately on date of grant. The grant date fair value of nonvested shares is recorded to compensation expense on a straight-line basis over the vesting period.

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

A summary of nonvested stock activity is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
			In millions
Nonvested stock at December 31, 2019	220,195	$ 101.40	
Granted	85,199	147.82	
Vested	(97,165)	104.86	
Forfeited	(14,198)	110.94	
Nonvested stock at December 31, 2020	194,031	$ 119.35	$ 39.6

The fair value (at vest date) of shares vested during the years ended December 31, 2020, 2019, and 2018 was $15.3 million, $15.2 million, and $10.4 million, respectively.

The weighted-average grant date fair value of nonvested stock granted during 2020, 2019, and 2018 was $147.82, $114.69 and $106.52, respectively. Compensation cost for nonvested stock was $10.5 million, $10.7 million, and $10.8 million for the years ended December 31, 2020, 2019, and 2018, respectively. The total income tax benefit recognized in the consolidated statements of income was $2.6 million for each of the three years ended December 31, 2020, 2019, and 2018.

As of December 31, 2020, $11.9 million of unrecognized compensation costs related to nonvested stock is expected to be recognized over a weighted-average period of 1.2 years.

Performance Based Awards. The Company granted performance based nonvested stock awards during 2020 (the "2020 Awards"), 2019 (the "2019 Awards") and 2018 (the "2018 Awards"). The awards granted provide a target number of shares that generally vest at the end of a 3-year requisite service period following the grant date. In addition to the service condition, the number of nonvested shares to be received depends on the attainment of defined Company-wide performance goals based on operating ratio ("OR") and return on invested capital ("ROIC") over a 3-year performance period. The awards are also subject to a revenue growth multiplier based on a 3-year performance period calculated as defined in the related award agreement that can range from 80% to 125% of the award earned based on the OR and ROIC achieved. The number of nonvested shares ultimately earned will range between zero to 200% of the target award.

A summary of performance based nonvested stock activity at target is as follows:

	Target Number of Shares *	Weighted-Average Grant Date Fair Value
Nonvested stock, at December 31, 2019	148,185	$ 100.76
Granted	49,068	157.75
Vested	(51,299)	87.10
Forfeited	(5,394)	117.94
Nonvested stock, at December 31, 2020	140,560	$ 124.98

* For the 2020 Awards and the 2019 Awards, participants in the aggregate can earn up to a maximum of 88,122 and 92,582 shares, respectively. For the 2018 Awards, the performance shares earned were 71,074.

The weighted-average grant date fair value of performance based nonvested stock granted during 2020, 2019 and 2018 was $157.75, $110.13 and $105.83, respectively. The Company expenses the grant date fair value of the awards which are probable of being earned over the performance periods. Compensation cost on performance based awards was $8.6 million, $8.2 million and $5.8 million for the years ended December 31, 2020, 2019 and 2018, respectively. Total income tax benefit

recognized in the consolidated statements of income for performance based awards was $2.1 million, $2.0 million and $1.5 million for the years ended December 31, 2020, 2019 and 2018, respectively.

As of December 31, 2020, $5.3 million of unrecognized compensation cost related to performance based awards is expected to be recognized over a weighted-average period of eleven months. The fair value (at vest date) of shares vested for the years ended December 31, 2020, 2019 and 2018 was $7.8 million, $5.7 million, and $3.5 million, respectively.

Employee Stock Purchase Plan. The employee stock purchase plan ("ESPP") provides substantially all U.S. full-time employees of the Company, certain subsidiaries and certain other affiliated entities, with the right to subscribe to an aggregate of 4.0 million shares of common stock of the Company. Under the ESPP, eligible employees may contribute, through payroll deductions, up to 10% of their regular base compensation during six-month purchase periods at a purchase price equal to 85% of the closing market price on either the exercise date or the offering date, whichever is lower.

At the end of each purchase period, the accumulated deductions are applied toward the purchase of the Company's common stock. Both the discount in grant price and the share option purchase price are valued to derive the award's fair value. The awards vest and the expense is recognized ratably over the offering period.

The following table summarizes activity related to the various ESPP offerings:

	Exercise Date			Received from Employees(i) In millions
	Date Issued	Purchase Price	Shares Issued	
July 2020 offering	January 5, 2021	$ 122.91	23,292	$ 2.9
January 2020 offering	July 2, 2020	126.90	23,709	3.0
July 2019 offering	January 3, 2020	104.83	27,949	2.9
January 2019 offering	July 2, 2019	81.83	36,735	3.0
July 2018 offering	January 3, 2019	81.13	35,972	2.9
January 2018 offering	July 2, 2018	90.07	32,271	2.9

(i) Represents amounts received from employees through payroll deductions for share purchases under applicable offering.

The fair value of the ESPP stock purchase rights is estimated on the date of grant using the Black-Scholes option pricing model. The weighted-average assumptions used for each of the respective periods were as follows:

	Years Ended December 31,		
	2020	2019	2018
Expected dividend yield	1.07 %	1.36 %	1.22 %
Expected volatility	30.55 %	17.43 %	13.29 %
Risk-free interest rate	1.01 %	2.31 %	1.73 %
Expected term *(years)*	0.5	0.5	0.5
Weighted-average grant date fair value	$ 35.14	$ 21.56	$ 18.66

Compensation expense of $1.7 million, $1.4 million, and $1.3 million was recognized for ESPP option awards for the years ended December 31, 2020, 2019, and 2018, respectively. At December 31, 2020, there were 3.4 million remaining shares available for future ESPP offerings under the plan.

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

Note 17. Commitments and Contingencies

Concession Duty. Under KCSM's 50-year Concession, which could expire in 2047 unless extended, KCSM pays annual concession duty expense of 1.25% of gross revenues. For the year ended December 31, 2020, the concession duty expense, which is recorded within materials and other in operating expenses, was $17.4 million, compared to $18.9 million and $17.8 million for the same periods in 2019 and 2018, respectively.

Litigation. Occasionally, the Company is a party to various legal proceedings, regulatory examinations, investigations, administrative actions, and other legal matters, arising for the most part in the ordinary course of business, incidental to its operations. Included in these proceedings are various tort claims brought by current and former employees for job-related injuries and by third parties for injuries related to railroad operations. KCS aggressively defends these matters and has established liability provisions that management believes are adequate to cover expected costs. The outcome of litigation and other legal matters is always uncertain. KCS believes it has valid defenses to the legal matters currently pending against it, is defending itself vigorously, and has recorded accruals determined in accordance with U.S. GAAP, where appropriate. In making a determination regarding accruals, using available information, KCS evaluates the likelihood of an unfavorable outcome in legal or regulatory proceedings to which it is a party to and records a loss contingency when it is probable a liability has been incurred and the amount of the loss can be reasonably estimated. These subjective determinations are based on the status of such legal or regulatory proceedings, the merits of KCS's defenses and consultation with legal counsel. Actual outcomes of these legal and regulatory proceedings may materially differ from the current estimates. It is possible that resolution of one or more of the legal matters currently pending or threatened could result in losses material to KCS's consolidated results of operations, liquidity or financial condition.

Environmental Liabilities. The Company's U.S. operations are subject to extensive federal, state and local environmental laws and regulations. The major U.S. environmental laws to which the Company is subject include, among others, the federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA," also known as the Superfund law), the Toxic Substances Control Act, the Clean Water Act, and the Hazardous Materials Transportation Act. CERCLA can impose joint and several liabilities for cleanup and investigation costs, without regard to fault or legality of the original conduct, on current and predecessor owners and operators of a site, as well as those who generate, or arrange for the disposal of, hazardous substances. The Company does not believe that compliance with the requirements imposed by the environmental legislation will impair its competitive capability or result in any material additional capital expenditures, operating or maintenance costs. The Company is, however, subject to environmental remediation costs as described in the following paragraphs.

The Company's Mexico operations are subject to Mexican federal and state laws and regulations relating to the protection of the environment through the establishment of standards for water discharge, water supply, emissions, noise pollution, hazardous substances and transportation and handling of hazardous and solid waste. The Mexican government may bring administrative and criminal proceedings, impose economic sanctions against companies that violate environmental laws, and temporarily or even permanently close non-complying facilities.

The risk of incurring environmental liability is inherent in the railroad industry. As part of serving the petroleum and chemicals industry, the Company transports hazardous materials and has a professional team available to respond to and handle environmental issues that might occur in the transport of such materials.

The Company performs ongoing reviews and evaluations of the various environmental programs and issues within the Company's operations, and, as necessary, takes actions intended to limit the Company's exposure to potential liability. Although these costs cannot be predicted with certainty, management believes that the ultimate outcome of identified matters will not have a material adverse effect on the Company's consolidated financial statements.

Personal Injury. The Company's personal injury liability is based on semi-annual actuarial studies performed on an undiscounted basis by an independent third party actuarial firm and reviewed by management. This liability is based on personal injury claims filed and an estimate of claims incurred but not yet reported. Actual results may vary from estimates due to the number, type and severity of the injury, costs of medical treatments and uncertainties in litigation. Adjustments to the liability are reflected within operating expenses in the period in which changes to estimates are known. Personal injury claims in excess of self-insurance levels are insured up to certain coverage amounts, depending on the type of claim and year of

occurrence. The personal injury liability as of December 31, 2020, is based on an updated actuarial study of personal injury claims through October 31, 2020, and review of the last two months' experience. For the years ended December 31, 2020 and 2019, the Company recognized increases of $9.4 million and $0.2 million, respectively, in personal injury liability, due to changes in estimates as a result of the Company's claims development and settlement experience.

The personal injury liability activity was as follows *(in millions):*

	2020	2019
Balance at beginning of year	$ 20.9	$ 19.6
Accruals	6.3	6.3
Changes in estimate	9.4	0.2
Payments	(5.3)	(5.2)
Balance at end of year	$ 31.3	$ 20.9

Tax Contingencies. Information regarding tax contingencies is included in Note 14, Income Taxes — Tax Contingencies.

Contractual Agreements. In the normal course of business, the Company enters into various contractual agreements related to commercial arrangements and the use of other railroads' or governmental entities' infrastructure needed for the operations of the business. The Company is involved or may become involved in certain disputes involving transportation rates, product loss or damage, charges, and interpretations related to these agreements. While the outcome of these matters cannot be predicted with certainty, the Company believes that, when resolved, these disputes will not have a material effect on its consolidated financial statements.

Credit Risk. The Company continually monitors risks related to economic changes and certain customer receivables concentrations. Significant changes in customer concentration or payment terms, deterioration of customer creditworthiness, bankruptcy, insolvency or liquidation of a customer, or weakening in economic trends could have a significant impact on the collectability of the Company's receivables and its operating results. If the financial condition of the Company's customers were to deteriorate and result in an impairment of their ability to make payments, additional allowances may be required. The Company has recorded provisions for uncollectability based on its best estimate as of December 31, 2020.

Panama Canal Railway Company ("PCRC") Guarantees and Indemnities. At December 31, 2020, the Company had issued and outstanding $5.6 million under a standby letter of credit to fulfill its obligation to fund fifty percent of the debt service reserve and liquidity reserve established by PCRC in connection with the issuance of the 7.0% Senior Secured Notes due November 1, 2026 (the "PCRC Notes"). Additionally, KCS has pledged its shares of PCRC as security for the PCRC Notes.

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

Note 18. Quarterly Financial Data (Unaudited)

	Fourth	Third	Second	First
	(In millions, except per share amounts)			
2020				
Revenues	$ 693.4	$ 659.6	$ 547.9	$ 731.7
Operating income (i)(ii)	262.3	271.5	180.4	288.8
Net income (iii)	166.3	190.2	110.3	152.3
Net income attributable to Kansas City Southern and subsidiaries	165.7	189.8	109.7	151.8
Per share data:				
Basic earnings per common share	$ 1.81	$ 2.02	$ 1.16	$ 1.59
Diluted earnings per common share	1.80	2.01	1.16	1.58
2019				
Revenues	$ 729.5	$ 747.7	$ 714.0	$ 674.8
Operating income (iv)	236.0	282.0	208.0	160.3
Net income (v)	127.9	180.6	129.1	103.2
Net income attributable to Kansas City Southern and subsidiaries	127.2	180.2	128.7	102.8
Per share data:				
Basic earnings per common share	$ 1.31	$ 1.81	$ 1.29	$ 1.02
Diluted earnings per common share	1.30	1.81	1.28	1.02

(i) During the first, second and third quarters of 2020, the Company recognized pre-tax restructuring charges of $6.0 million, $10.5 million and $0.5 million, respectively, within operating expenses related to the Company's VSP program and the purchase of impaired, leased locomotives.

(ii) During the fourth quarter of 2020, the Company recognized $13.6 million of pre-tax expense within operating expenses related to the write-off of software development costs.

(iii) During the first, second and third quarters of 2020, the Company recognized tax expense of $2.2 million and $2.0 million, and a benefit of $4.2 million, respectively, for GILTI tax expense recognized in the first and second quarters of 2020, and subsequently reversed in the third quarter of 2020 when GILTI regulations were finalized. Additionally, during the third quarter of 2020, the Company recognized a $14.5 million tax benefit for the reversal of 2018 and 2019 GILTI tax expense recognized in prior years' consolidated financial statements.

(iv) During the first, second, third and fourth quarters of 2019, the Company recognized pre-tax restructuring charges of $67.5 million, $51.0 million, $12.0 million and $38.3 million, respectively, within operating expenses related to the implementation of PSR initiatives.

(v) During the first, second, third, and fourth quarters of 2019, the Company recognized, net, a tax benefit of $6.8 million, expense of $1.9 million, and benefits of $3.7 million, and $4.2 million, respectively, related to the Mexican fuel excise tax credit generated through April 29, 2019. Prior to 2019, the Company recognized a pre-tax benefit within operating expenses related to a credit that was available for the excise tax included in the price of fuel that was purchased and consumed in locomotives and certain work equipment in Mexico. Effective January 1, 2019, the Company began recognizing the benefit as a reduction of income tax expense due to changes in Mexican tax law; and beginning April 30, 2019, railroads in Mexico are no longer eligible for the tax credit due to changes in Mexican tax regulations.

Kansas City Southern and Subsidiaries

Notes to Consolidated Financial Statements-(Continued)

Note 19. Geographic Information

The Company strategically manages its rail operations as one reportable business segment over a single coordinated rail network that extends from the midwest and southeast portions of the United States south into Mexico and connects with other Class I railroads. Financial information reported at this level, such as revenues, operating income and cash flows from operations, is used by corporate management, including the Company's chief operating decision-maker, in evaluating overall financial and operational performance, market strategies, as well as the decisions to allocate capital resources. The Company's chief operating decision-maker is the chief executive officer.

The following tables provide information by geographic area *(in millions)*:

	Years ended December 31,		
	2020	2019	2018
Revenues			
U.S.	$ 1,388.5	$ 1,493.5	$ 1,424.8
Mexico	1,244.1	1,372.5	1,289.2
Total revenues	$ 2,632.6	$ 2,866.0	$ 2,714.0

	December 31,	
	2020	2019
Property and equipment (including Concession assets), net		
U.S.	$ 5,594.6	$ 5,435.9
Mexico	3,403.2	3,370.4
Total property and equipment (including Concession assets), net	$ 8,997.8	$ 8,806.3

Note 20. Subsequent Events

Foreign Currency Hedging

During January 2021, the Company entered into several foreign currency forward contracts with an aggregate notional amount of $100.0 million and maturity dates in January and February 2021. These contracts obligate the Company to purchase a total of Ps.1,993.5 million at a weighted-average exchange rate of Ps.19.9 to each U.S. dollar. During January 2021, the Company entered into offsetting contracts with an aggregate notional amount of $58.9 million, which matured during January 2021 and obligated the Company to sell a total of Ps.1,195.3 million at a weighted-average exchange rate of Ps.20.3 to each U.S. dollar, resulting in cash paid of $1.1 million. As of the date of this filing, there were $40.0 million aggregate notional amount of contracts outstanding, which obligate the Company to purchase a total of Ps.798.2 million at a weighted average exchange rate of Ps.20.0 to each U.S. dollar.

The Company has not designated these foreign currency derivative instruments as hedging instruments for accounting purposes. The Company will measure the foreign currency derivative instruments at fair value each period and will recognize any change in fair value in foreign exchange gain (loss) within the consolidated statements of income.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Not Applicable.

Item 9A. ***Controls and Procedures***

(a) Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2020. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2020, the design and operation of the Company's disclosure controls and procedures were effective to accomplish their objectives at a reasonable assurance level.

(b) Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

(c) Internal Control over Financial Reporting

The report of management on the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) is included as "Management's Report on Internal Control over Financial Reporting" in Item 8, Financial Statements and Supplementary Data.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the Company's financial statements contained herein, also audited the Company's internal control over financial reporting as of December 31, 2020. The audit report is included in Item 8, Financial Statements and Supplementary Data.

Item 9B. ***Other Information***

None.

Part III

The Company has incorporated by reference certain responses to the Items of this Part III pursuant to Rule 12b-23 under the Exchange Act and General Instruction G(3) to Form 10-K. The Company's definitive proxy statement for the 2020 annual meeting of stockholders ("Proxy Statement"), will be filed no later than 120 days after December 31, 2020.

Item 10. *Directors, Executive Officers and Corporate Governance*

(a) Directors of the Company

The sections of the Proxy Statement entitled "Proposal 1 — Election of Directors" and "The Board of Directors" are incorporated by reference herein.

(b) Executive Officers of the Company

See "Executive Officers of KCS and Subsidiaries" in Part I, Item 1 of this annual report incorporated by reference herein for information about the executive officers of the Company.

(c) Changes to Shareholder Nominating Procedures

None.

(d) Audit Committee and Audit Committee Financial Experts

The section of the Proxy Statement entitled "Board Committees — Audit Committee" is incorporated by reference herein.

(e) Compliance with Section 16(a) of the Exchange Act

The response to Item 405 of Regulation S-K under "Delinquent Section 16(a) Reports" in the Proxy Statement is incorporated by reference herein.

(f) Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics ("Code of Ethics") that applies to directors, officers (including, among others, the principal executive officer, principal financial officer and principal accounting officer) and employees. The Company has posted its Code of Ethics on its website (www.kcsouthern.com) and will post on its website any amendments to, or waivers from, a provision of its Code of Ethics that apply to the Company's principal executive officer, principal financial officer or principal accounting officer as required by applicable SEC and NYSE rules and regulations.

Item 11. *Executive Compensation*

The sections of the Proxy Statement entitled "Compensation Discussion and Analysis", "Compensation Committee Report", "Executive Compensation", "Board Committees - Compensation Committee Interlocks and Insider Participation", and "Director Compensation" are incorporated by reference herein.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The section of the Proxy Statement entitled "Beneficial Ownership" is incorporated by reference herein.

Equity Compensation Plan Information

The following table provides information as of December 31, 2020, about the common stock that may be issued upon the exercise of options, warrants and rights, as well as shares remaining available for future issuance under the Company's existing equity compensation plans.

Plan Category	Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights (i)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans-Excluding Securities Reflected in the First Column (ii)
Equity compensation plans:			
Approved by security holders	744,634	$ 112.90	6,326,987
Not approved by security holders	—	—	—
Total	744,634	$ 112.90	6,326,987

(i) Includes 571,948 outstanding options, 140,560 outstanding performance shares (at target), 8,834 outstanding deferred shares and dividend equivalents, and 23,292 ESPP shares purchased on December 31, 2020.

(ii) Includes 3,367,796 shares available for issuance under the 2009 Employee Stock Purchase Plan and 2,959,191 shares available for issuance under the 2017 Plan in the form of nonvested shares, bonus shares, performance units or performance shares or issued upon the exercise of options (including incentive stock options) or stock appreciation rights awarded under the 2017 Plan.

The Company has no knowledge of any arrangement the operation of which may at a subsequent date result in a change of control of the Company.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

The sections of the Proxy Statement entitled "Certain Transactions" and "Corporate Governance - Director Independence" are incorporated by reference herein.

Item 14. ***Principal Accountant Fees and Services***

The section of the Proxy Statement entitled "Independent Registered Public Accounting Firm" is incorporated by reference herein.

Part IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) List of Documents filed as part of this Report

(1) ***Financial Statements***

The consolidated financial statements and related notes, together with the report of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, appear in Item 8, Financial Statements and Supplementary Data.

(2) ***Financial Statement Schedules***

None.

(3) ***List of Exhibits***

(a) Exhibits

The Company has attached or incorporated by reference herein certain exhibits as specified below pursuant to Rule 12b-32 under the Exchange Act.

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation of Kansas City Southern, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on May 7, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.1.
3.1.1	Amendments to the Kansas City Southern Amended and Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 5, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.1.1.
3.1.2	Amendment to the Kansas City Southern Amended and Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 23, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.1.2.
3.2	Kansas City Southern Bylaws, amended and restated as of May 23, 2019, filed as Exhibit 3.2 to the Company's Current Report on Form 8-K filed on May 23, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.2.
4.1	As permitted by Item 601(b)(4)(iii)(A) of Regulation S-K, the Company has not filed with this Annual Report on Form 10-K certain instruments defining the rights of holders of long-term debt of the Company and its subsidiaries because the total amount of securities authorized under any of such instruments does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish a copy of any such agreements to the Securities and Exchange Commission upon request.
4.2	2043 Notes Indenture, dated April 29, 2013, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 29, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.2.
4.2.1	First Supplemental Indenture, dated November 23, 2015, among KCSR, the Guarantors and the U.S. Bank National Association, as trustee and paying agent, filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.2.1.
4.2.2	Form of Special Global Note representing KCSR's 4.30% Senior Notes due 2043, filed as Exhibit 4.2.4 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.2.2.
4.3	2023 KCSM Notes Indenture, dated May 3, 2013, filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 8, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.
4.3.1	First Supplemental Indenture, dated November 23, 2015, filed as exhibit 4.6 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.1.
4.3.2	Special Global Note representing the 3.0% Senior Notes due 2023, filed as Exhibit 4.5.3 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.2.

Exhibit	Description
4.4	2023 Notes Indenture, dated October 29, 2013, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 30, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.4.
4.4.1	First Supplemental Indenture, dated November 23, 2015, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.4.1.
4.4.2	Form of Special Global Note representing KCSR's 3.85% Senior Notes due 2023, filed as Exhibit 4.4.4 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.4.2.
4.5	2045 Notes Indenture, dated July 27, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.
4.5.1	First Supplemental Indenture, dated July 27, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.1.
4.5.2	Second Supplemental Indenture, dated November 23, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.3 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.2.
4.5.3	Form of Note representing 4.950% Senior Notes due 2045 (included in Exhibit 4.2), filed as exhibit 4.3 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.3.
4.6	Base Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.
4.6.1	Third Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.4 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.1.
4.6.2	Fourth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.5 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.2.
4.6.3	Fifth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.6 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.3.
4.6.4	Sixth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.7 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.4.
4.6.5	Seventh Supplemental Indenture, dated May 16, 2016, among the Company, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 17, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.5.
4.6.6	Form of Note representing 3.125% Senior Notes due 2026 (included in Exhibit 4.2), filed as exhibit 4.3 to the Company's Current Report on Form 8-K filed on May 17, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.6.
4.6.7	Eighth Supplemental Indenture, dated May 3, 2018, among the Company, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed on May 4, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.7.
4.6.8	Form of Note representing 4.700% Senior Notes due 2048 (included in Exhibit 4.2), filed as Exhibit 4.3 to the Company's Current Report on Form 8-K, filed on May 4, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.8.

Exhibit	Description
4.6.9	Ninth Supplemental Indenture, dated November 18, 2019, among the Company, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on November 18, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.9.
4.6.10	Form of Note representing 2.875% Senior Notes due 2029 (included in Exhibit 4.1), filed as Exhibit 4.3 to the Company's Current Report on Form 8-K, filed on November 18, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.10.
4.6.11	Tenth Supplemental Indenture, dated November 18, 2019, among the Company, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed on November 18, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.11.
4.6.12	Form of Note representing 4.200% Senior Notes due 2069 (included in Exhibit 4.2), filed as Exhibit 4.4 to the Company's Current Report on Form 8-K, filed on November 18, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.12.
4.6.13	Eleventh Supplemental Indenture, dated April 22, 2020, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 22, 2020 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.13.
4.6.14	Form of Note representing 3.500% Senior Notes due 2050 (included in Exhibit 4.1), filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on April 22, 2020 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.14.
4.7	Description of the Company's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 is attached to this Form 10-K as exhibit 4.7.
10.1	Form of Officer Indemnification Agreement, attached as Exhibit 10.1 to the Company's Form 10-K for the year ended December 31, 2001, filed on March 29, 2002 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.1.
10.2	Form of Director Indemnification Agreement, attached as Exhibit 10.2 to the Company's Form 10-K for the year ended December 31, 2001, filed on March 29, 2002 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.2.
10.3*	Directors Deferred Fee Plan, adopted August 20, 1982, as amended and restated effective May 2, 2007, filed as Exhibit 10.3 to the Company's Form 10-K for the year ended December 31, 2010, filed on February 9, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.3.
10.4*	Kansas City Southern Executive Plan (Amended and Restated January 23, 2018), filed as Exhibit 10.5 to the Company's Form 10-K for the year ended December 31, 2018, filed on January 25, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.
10.5*	Kansas City Southern Executive Deferred Compensation Plan, dated August 31, 2018, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2018, filed on October 19, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.5.
10.6*	Kansas City Southern Annual Incentive Plan, as amended and restated November 9, 2018, filed as Exhibit 10.7 to the Company's Form 10-K for the year ended December 31, 2018, filed on January 25, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.6.
10.7	English translation of concession title granted by the Secretaría de Comunicaciones y Transportes ("SCT") in favor of Ferrocarril del Noreste, S.A. de C.V. ("FNE"), dated December 2, 1996, filed as Exhibit 10.10 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.7.
10.7.1	English translation of amendment, dated February 12, 2001, filed as Exhibit 10.10.1 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, is incorporated herein by reference as Exhibit 10.7.1.
10.7.2	English translation of amendment no. 2, dated November 22, 2006, filed as Exhibit 10.10.2 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, as amended February 12, 2001, is incorporated herein by reference as Exhibit 10.7.2.

Exhibit	Description
10.7.3	English translation of amendment no. 3, dated December 31, 2013, of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, as amended February 12, 2001 and November 22, 2006, filed as Exhibit 10.8.3 to the Company's Form 10-K for the year ended December 31, 2016, filed on January 27, 2017 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.7.3.
10.7.4	English translation of amendment no. 4, dated December 20, 2017, of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, as amended February 12, 2001, November 22, 2006 and December 31, 2013, filed as Exhibit 10.3 to the Company's Form 10-Q for the quarter ended March 31, 2019, filed on April 17, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.7.4.
10.7.5	English translation of amendment no. 5, dated April 27, 2018, of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, as amended February 12, 2001, November 22, 2006, December 31, 2013 and December 20, 2017, filed as Exhibit 10.4 to the Company's Form 10-Q for the quarter ended March 31, 2019, filed on April 17, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.7.5.
10.8	Transaction Agreement, dated December 1, 2005, among the Company, KCSR, Norfolk Southern Corporation and The Alabama Great Southern Railroad Company (the "Transaction Agreement"), filed as Exhibit 10.46 to the Company's Form 10-K for the year ended December 31, 2005, filed on April 7, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.
10.8.1	Amendment No. 1 to the Transaction Agreement, dated January 17, 2006, filed as Exhibit 10.47 to the Company's Form 10-K for the year ended December 31, 2005, filed on April 7, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.1.
10.8.2	Amendment No. 2 to the Transaction Agreement, dated May 1, 2006, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2006, filed on May 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.2.
10.8.3	Limited Liability Company Agreement of Meridian Speedway, LLC, dated May 1, 2006, between the Alabama Great Southern Railroad Company and the Company, filed as Exhibit 10.3 to the Company's Form 10-Q for the quarter ended March 31, 2006, filed on May 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.3.
10.8.4	Amendment No. 1 and Waiver to Limited Liability Company Agreement, dated August 12, 2011, among Meridian Speedway, LLC, the Company, KCS Holdings, Inc. and The Alabama Great Southern Railroad Company, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended September 30, 2011, filed on October 21, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.4.
10.8.5	Amendment No. 2 to Limited Liability Company Agreement, dated December 9, 2013, among the Company, KCS Holdings, Inc. and The Alabama Great Southern Railroad Company, filed as Exhibit 10.11.5 to the Company's Form 10-K for the year ended December 31, 2016, filed on January 27, 2017 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.5.
10.9*	Kansas City Southern 2008 Stock Option and Performance Award Plan (Amended and Restated February 18, 2015) (the "2008 Plan"), filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.
10.9.1*	Form of Restricted Shares Award Agreement (Standard Form) under the 2008 Plan, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.1.
10.9.2*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the Kansas City Southern 2008 Stock Option and Performance Award Plan for the 2012 Long-Term Incentive Program, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 27, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.2.
10.9.3*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the Kansas City Southern 2008 Stock Option and Performance Award Plan for the 2013 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 27, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.3.
10.9.4*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the 2008 Plan for the 2014 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 26, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.4.

Exhibit	Description
10.9.5*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Non-United States Employees) under the 2008 Plan for the 2014 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 26, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.5.
10.9.6*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Employees) under the 2008 Plan for the 2015 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.6.
10.9.7*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Employees) under the 2008 Plan for the 2016 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 25, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.7.
10.9.8*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement under the 2008 Plan for the 2017 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 24, 2017 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.8.
10.10	Trackage Rights Agreement, dated February 9, 2010, between KCSM and Ferromex, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2010, filed on April 27, 2010 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.10.††
10.11	Form of Loan Agreement between Locomotives Structured Holdings LLC (as successor by assignment from General Electric Capital Corporation) and KCSM, dated September 1, 2011, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2011, filed on October 21, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.11.
10.12	Financing Agreement dated as of February 21, 2012, between The Kansas City Southern Railway Company and the United States of America represented by the Secretary of Transportation acting through the Administrator of the Federal Railroad Administration, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 22, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.
10.13	Financing Agreement between The Texas-Mexican Railway Company and the Federal Railroad Administration, dated June 28, 2005, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q, filed on August 15, 2005 (File No. 1-04717), are incorporated herein by reference as Exhibit 10.13.
10.13.1	Pledge Agreement between Mexrail, Inc. and the Federal Railroad Administration, and Guaranty of Mexrail, Inc. in favor of the Federal Railroad Administration, filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q, filed on August 15, 2005 (File No. 1-04717), are incorporated herein by reference as Exhibit 10.13.1.
10.14	Credit Agreement, dated March 8, 2019, among the Company, the guarantors party thereto, the various financial institutions and other persons from time to time parties thereto as lenders, Bank of America, N.A., as administrative agent, Citibank, N.A., JPMorgan Chase Bank, N.A., U.S. Bank National Association and Wells Fargo Bank, National Association, as co-syndication agents and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citibank, N.A., JPMorgan Chase Bank, N.A., U.S. Bank National Association and Wells Fargo Securities, LLC, as joint lead arrangers and joint bookrunning managers, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 11, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.14.
10.15*	Form of Executive Arbitration Agreement with the Company's executive officers, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on July 21, 2017 (File No. 1-04717), is incorporated herein by reference as Exhibit 10.15.
10.16*	Form of Severance Agreement (CEO Version, which the Company has entered into with Patrick J. Ottensmeyer), filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 21, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.16.
10.17*	Form of Severance Agreement (Officer Version, which the Company has entered into with each of Michael W.Upchurch, Jeffrey M. Songer, Brian D. Hancock, and Michael J. Naatz),filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 21, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.17.
10.18*	Kansas City Southern 2017 Equity Incentive Plan, effective May 4, 2017 (the "2017 Plan"), filed as exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 9, 2017 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.18.

Exhibit	Description
10.18.1*	Form of Restricted Shares Award Agreement (Standard Form) under the 2017 Plan, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 12, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.18.1.
10.18.2*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement under the 2017 Plan for the 2018 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 12, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.18.2.
10.18.3*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement under the 2017 Plan for the 2019 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 11, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.18.3.
10.18.4*	Form of Non-Management Director Deferred Stock Award Agreement under the 2017 Plan, filed as Exhibit 10.27.2 to the Company's Form 10-K for the year ended December 31, 2017, filed on January 26, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.18.4.
10.18.5*	Form of Restricted Shares Award Agreement (for use with the Executive Plan) under the 2017 Plan, filed as Exhibit 10.26.5 to the Company's Form 10-K for the year ended December 31, 2018, filed on January 25, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.18.5.
21.1	Subsidiaries of the Company
22.1	List of Issuers and Guarantor Subsidiaries, filed as Exhibit 22.1 to the Company's Form 10-Q for the quarter ended March 31, 2020, filed on April 17, 2020 (File No. 1-4717), is incorporated herein by reference as Exhibit 22.1.
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, is attached to this Form 10-K as Exhibit 23.1.
24.1	Power of Attorney (contained in the signature page herein).
31.1	Certification of Patrick J. Ottensmeyer, Chief Executive Officer of the Company, is attached to this Form 10-K as Exhibit 31.1.
31.2	Certification of Michael W. Upchurch, Chief Financial Officer of the Company, is attached to this Form 10-K as Exhibit 31.2.
32.1	Certification of Patrick J. Ottensmeyer, Chief Executive Officer of the Company, furnished pursuant to 18 U.S.C. Section 1350, is attached to this Form 10-K as Exhibit 32.1, furnished herewith.
32.2	Certification of Michael W. Upchurch, Chief Financial Officer of the Company, furnished pursuant to 18 U.S.C. Section 1350, is attached to this Form 10-K as Exhibit 32.2, furnished herewith.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
.	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, formatted in Inline XBRL (included within the Exhibit 101 attachments).

* Management contract or compensatory plan or arrangement.

†† Portions of this exhibit have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, which were subsequently approved.

Item 16. ***Form 10-K Summary***

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Kansas City Southern

By: /S/ PATRICK J. OTTENSMEYER

Patrick J. Ottensmeyer
President, Chief Executive Officer and Director

January 29, 2021

POWER OF ATTORNEY

Know all people by these presents, that each person whose signature appears below constitutes and appoints Patrick J. Ottensmeyer and Michael W. Upchurch, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any amendments to this annual report on Form 10-K, and to file the same, with all exhibits thereto, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as he or she might or could do in person, hereby confirming all that said attorneys-in-fact and agents or either of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities indicated on January 29, 2021.

Signature	Title
/S/ PATRICK J. OTTENSMEYER Patrick J. Ottensmeyer	President, Chief Executive Officer and Director (Principal Executive Officer).
/S/ MICHAEL W. UPCHURCH Michael W. Upchurch	Executive Vice President and Chief Financial Officer (Principal Financial Officer).
/s/ SUZANNE M. GRAFTON Suzanne M. Grafton	Vice President and Chief Accounting Officer (Principal Accounting Officer).
/S/ ROBERT J. DRUTEN Robert J. Druten	Chairman of the Board and Director.
/s/ LYDIA I. BEEBE Lydia I. Beebe	Director.
/S/ LU M. CÓRDOVA Lu M. Córdova	Director.

Signature	Title
/S/ ANTONIO O. GARZA, JR. Antonio O. Garza, Jr.	Director.
/S/ DAVID GARZA-SANTOS David Garza-Santos	Director.
/S/ JANET H. KENNEDY Janet H. Kennedy	Director.
/s/ MITCHELL J. KREBS Mitchell J. Krebs	Director.
/s/ HENRY J. MAIER Henry J. Maier	Director.
/S/ THOMAS A. MCDONNELL Thomas A. McDonnell	Director.

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES ACT OF 1934

The following description sets forth certain material terms and provisions of KCS's securities that are registered under Section 12 of the Securities Exchange Act of 1934, as amended.

DESCRIPTION OF CAPITAL STOCK

This description summarizes relevant provisions of Delaware law. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of Delaware law and KCS's Amended and Restated Certificate of Incorporation and Bylaws, copies of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4(j) is a part. KCS encourages you to read its Amended and Restated Certificate of Incorporation, Bylaws and the applicable provisions of Delaware law for additional information. As used herein, "**KCS**" refers to Kansas City Southern.

Authorized Capital Stock

Under KCS's Amended and Restated Certificate of Incorporation, KCS is authorized to issue (i) 400,000,000 shares of common stock, par value $0.01 per share ("**Common Stock**"), (ii) 840,000 shares of 4% Noncumulative, Preferred Stock, par value $25.00 per share ("**4% Preferred Stock**"), and (iii) 2,000,000 shares of New Series Preferred Stock, par value $1.00 per share ("**New Series Preferred Stock**"). As of December 31, 2020, 123,352,185 shares of Common Stock were issued and 91,047,107 shares of Common Stock were outstanding and 649,736 shares of 4% Preferred Stock were issued and 215,199 shares of 4% Preferred Stock were outstanding. KCS's Common Stock and 4% Preferred Stock are listed on the New York Stock Exchange under the ticker symbol "KSU".

Common Stock

Holders of KCS's Common Stock are entitled to receive dividends when, as and if declared by KCS's board of directors ("**Board of Directors**") out of funds legally available for the payment of dividends, provided that, if any shares of 4% Preferred Stock or New Series Preferred Stock are outstanding, no dividends or other distributions may be made with respect to the Common Stock unless full required dividends on the shares of 4% Preferred Stock and New Series Preferred Stock have been paid, including accumulated dividends in the case of any series of New Series Preferred Stock designated to receive cumulative dividends. The agreements governing KCS's indebtedness may impose certain limitations on KCS's ability to pay cash dividends on its Common Stock.

Holders of KCS's Common Stock are entitled to one vote per share on any matter brought before the stockholders. In the event of the voluntary or involuntary dissolution, liquidation or winding up of KCS, holders of KCS's Common Stock are entitled to receive pro rata, after satisfaction in full of the prior rights of creditors (including holders of its indebtedness) and holders of any 4% Preferred Stock and New Series Preferred Stock, all of KCS's remaining assets available for distribution. The issuance of additional shares of 4% Preferred Stock or New Series Preferred Stock may result in a dilution in the voting power and relative equity interests of the holders of KCS's Common Stock and would subject the Common Stock to the prior dividend and liquidation rights of the additional 4% Preferred Stock and New Series Preferred Stock issued. KCS's Common Stock is not redeemable and has no preemptive rights.

Preferred Stock

4% Preferred Stock. Holders of KCS's 4% Preferred Stock are entitled to receive dividends up to but not exceeding the rate of 4% per annum, before any dividends are declared or paid to Common Stock or New Series Preferred Stock for the same period. Such dividends are not cumulative, and the Holders of the 4% Preferred Stock are not entitled to receive any other earnings or profits. In case of liquidation or dissolution of KCS, the holders of 4% Preferred Stock are entitled to receive payment up to the amount of the par value before any payment or liquidation is made upon the Common Stock or New Series Preferred Stock. Holders of KCS 4% Preferred Stock are entitled to one vote per share on any matter brought before the stockholders.

New Series Preferred Stock. KCS's Board of Directors is authorized to issue up to 2,000,000 shares of New Series Preferred Stock in one or more series and to fix and determine the number of shares of preferred stock of any series, to determine the designation of any such series, to increase or decrease the number of shares of any such series subsequent to the issue of shares of that series, and to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any such series. As described above, there are currently no shares of New Series Preferred Stock outstanding.

Prior to the issuance of shares of each series of New Series Preferred Stock, KCS's Board of Directors is required to adopt resolutions and file a certificate of determination with the Secretary of State of the State of Delaware. The certificate of determination will fix for each series the designation and number of shares and the rights, preferences, privileges and restrictions of the shares including, but not limited to, the following:

- the title and stated value;
- voting rights, if any;
- any rights and terms of redemption (including sinking fund provisions);
- the dividend rate(s), period(s) and/or payment date(s) or method(s) of calculation;
- whether dividends are cumulative or non-cumulative, the date from which dividends will accumulate;
- the relative ranking and preferences of the preferred stock as to dividend rights and rights upon liquidation, dissolution or winding up of KCS's affairs;
- the terms and conditions, if applicable, upon which the preferred stock will be convertible into KCS's Common Stock, including the conversion price (or manner of calculation) and conversion period;
- the provision for redemption, if applicable;
- the provision for a sinking fund, if any;
- liquidation preferences;
- any limitations on issuance of any class or series of preferred stock ranking senior to or on a parity with the class or series of preferred stock as to dividend rights and rights upon liquidation, dissolution or winding up of KCS's affairs; and
- any other specific terms, preferences, rights, limitations or restrictions of the preferred stock.

All shares of preferred stock will, when issued, be fully paid and nonassessable and will not have any preemptive or similar rights.

In addition to the terms listed above, KCS will set forth in a prospectus supplement the following terms relating to the class or series of preferred stock being offered:

- the number of shares offered, the liquidation preference per share and the offering price;
- the procedures for any auction and remarketing, if any;
- any listing of the preferred stock on any securities exchange; and
- a discussion of any material and/or special U.S. federal income tax considerations.

Until the KCS's Board of Directors determines the rights of holders of a series of preferred stock, KCS cannot predict the effect of the issuance of any shares of preferred stock upon the rights of holders of its Common Stock. However, the effect could include one or more of the following:

- restricting dividends on KCS's Common Stock;
- diluting the voting power of KCS's Common Stock;
- impairing the liquidation rights of KCS's Common Stock; or
- delaying or preventing a change in control of KCS's without further action by its stockholders.

If issued, the preferred stock would rank, with respect to dividends and upon KCS's liquidation, dissolution or winding up:

- senior to all classes or series of KCS's Common Stock and to all of its equity securities ranking junior to the preferred stock;
- on a parity with all of KCS's equity securities the terms of which provide that the equity securities rank on a party with the preferred stock; and
- junior to all of KCS's equity securities the terms of which specifically provide that the equity securities rank senior to the preferred stock.

Certain Anti-takeover Effects

General. Certain provisions of KCS's Amended and Restated Certificate of Incorporation and Bylaws and the Delaware General Corporation Law, or DGCL, could make it more difficult to consummate an acquisition of control of KCS by means of a tender offer, a proxy fight, open market purchases or otherwise in a transaction not approved by its Board of Directors. The provisions described below may reduce KCS's vulnerability to an unsolicited proposal for the restructuring or sale of all or substantially all of its assets or an unsolicited takeover attempt which is unfair to its stockholders. The summary of the provisions set forth below does not purport to be complete and is qualified in its entirety by reference to KCS's Amended and Restated Certificate of Incorporation and Bylaws and the DGCL.

Business Combinations. Section 203 of the DGCL restricts a wide range of transactions ("**business combinations**") between a corporation and an interested stockholder. An "interested stockholder" is, generally, any person who beneficially owns, directly or indirectly, 15% or more of the corporation's outstanding voting stock. Business combinations are broadly defined to include (i) mergers or consolidations with, (ii) sales or other dispositions of more than 10% of the corporation's assets to, (iii) certain transactions resulting in the issuance or transfer of any stock of the corporation or any subsidiary to, (iv) certain transactions resulting in an increase in the proportionate share of stock of the corporation or any subsidiary owned by, or (v) receipt of the benefit (other than proportionately as a stockholder) of any loans, advances or other financial benefits by, an interested stockholder. Section 203 provides that an

interested stockholder may not engage in a business combination with the corporation for a period of three years from the time of becoming an interested stockholder unless (a) the board of directors approved either the business combination or the transaction which resulted in the person becoming an interested stockholder prior to the time that person became an interested stockholder; (b) upon consummation of the transaction which resulted in the person becoming an interested stockholder, that person owned at least 85% of the corporation's voting stock (excluding, for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, shares owned by persons who are directors and also officers and shares owned by certain employee stock plans); or (c) the business combination is approved by the board of directors and authorized by the affirmative vote of at least 66 2/3 % of the outstanding voting stock not owned by the interested stockholder. The restrictions on business combinations with interested stockholders contained in Section 203 of the DGCL do not apply to a corporation whose certificate of incorporation or bylaws contains a provision expressly electing not to be governed by the statute; however, neither KCS's Amended and Restated Certificate of Incorporation nor its Bylaws contains a provision electing to "opt-out" of Section 203.

Special Meetings. Pursuant to the DGCL, a special meeting of stockholders may be called by the board of directors or by any other person authorized to do so in the charter or the bylaws. KCS's Amended and Restated Certificate of Incorporation and Bylaws provides that special meetings of stockholders may only be called by the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer of KCS, or by the Secretary at the written request in proper form of one or more stockholders of record who have continuously held for at least one year prior to the date such request is delivered to the Secretary a "net long position" (as defined in the Bylaws) in shares of common stock of KCS representing in the aggregate at least fifteen percent (15%) of the outstanding shares of common stock of KCS. Special meetings of the stockholders may not be called by any other person or persons.

Additional Authorized Shares of Capital Stock. The additional shares of authorized common stock and preferred stock available for issuance under KCS's Amended and Restated Certificate of Incorporation could be issued at such times, under such circumstances and with such terms and conditions as to impede a change in control.

Advance Notice Requirements. KCS's Bylaws establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or other business to be brought before meetings of the stockholders. These procedures provide that notice of stockholder proposals of these kinds must be timely given in writing to the Secretary of KCS before the meeting at which the action is to be taken. Generally, to be timely, notice of stockholder proposals must be received at the principal executive offices of KCS not less than 60 nor more than 90 days before the one-year anniversary of the previous year's annual meeting; provided, however , that in the event that no annual meeting was held in the previous year or if the date of the annual meeting is advanced by more than 30 days prior to or delayed more than 60 days after the one-year anniversary of the previous year's annual meeting, then, for notice by the stockholder to be timely, it must be received by the Secretary of KCS not earlier than the close of business on the 90th day prior to such annual meeting and not later than the close of business on the later of (i) the 60th day prior to such annual meeting or (ii) the tenth day following the day on which a Public Announcement (as defined in the Bylaws) of the date of such annual meeting is first made. The notice must contain certain information specified in the Bylaws.

No Written Consent of Stockholders. KCS's Amended and Restated Certificate of Incorporation requires all stockholder actions to be taken by a vote of the stockholders at an annual or special meeting, and does not permit its stockholders to act by written consent without a meeting.

DESCRIPTION OF DEBT SECURITIES

The following description of KCS's 3.85% Senior Notes due 2023 (the "**3.85% Notes**"), 3.00% Senior Notes due 2023 (the "**3.00% Notes**"), 4.30% Senior Notes due 2043 (the "**4.30% Notes**"), 4.95% Senior Notes due 2045 (the "**4.95% Notes**"), 3.125% Senior Notes due 2026 (the "**3.125% Notes**"), 4.70% Senior Notes due 2048 (the "**4.70% Notes**"), 2.875% Senior Notes due 2029 (the "**2.875% Notes**") and 4.20% Senior Notes due 2069 (the "**4.20% Notes**") and 3.50% Senior Notes due 2050 (the "**3.50% Notes**," and together with the 3.85% Notes, the 3.00% Notes, the 4.30% Notes, the 4.95% Notes, the 3.125% Notes, the 4.70% Notes, the 2.875% Notes and the 4.20% Notes, the "**Notes**") is a summary and does not purport to be complete. This description is qualified in its entirety by reference to the Indenture, dated December 9, 2015 (as amended or supplemented, the "**Indenture**"), among KCS, as issuer, the guarantors party thereto and U.S. Bank National Association, as trustee. While the terms summarized below will apply generally to any future debt securities KCS may offer, KCS will describe the particular terms of any debt securities that it may offer in more detail in the applicable prospectus supplement.

KCS has an effective registration statement on Form S-3ASR (File No.: 333-249927), which was filed with the Securities and Exchange Commission (the "**SEC**") on November 6, 2020 and covers the registration of the Notes. In addition, KCSR and KCSM each have outstanding debt securities that were registered under other registration statements filed prior to November 6, 2020.

The Notes

The Notes were issued under the Indenture, which provides that debt securities may be issued under the Indenture from time to time in one or more series. The Indenture does not limit the amount of debt securities that KCS may issue under the Indenture. KCS may, without the consent of the holders of any series of Notes, issue additional notes ("**Additional Notes**") of a series having the same terms as the Notes of such series, except for the public offering price and the issue date and, if applicable, the initial interest accrual date and the initial interest payment date. Any Additional Notes of a series, together with the Notes of such series, will constitute a single series of Notes and will vote together as one class on all matters with respect to such series of Notes; provided, however, that any Additional Notes that are not fungible with existing Notes of such series for U.S. federal income tax purposes will have a separate CUSIP, ISIN and other identifying number from the existing Notes of such series.

The 3.85% Notes. KCSR issued $200.0 million in aggregate principal amount of senior unsecured notes on October 29, 2013. During the fourth quarter of 2015, $195.0 million of such notes were exchanged for the equivalent amount of 3.85% Notes issued by KCS. The 3.85% Notes bear interest at 3.85% per annum, and will mature on November 15, 2023. Interest on the 3.85% Notes is payable semi-annually on May 15 and November 15 of each year to the holders of record at the close of business on the immediately preceding May 1 and November 1. As of December 31, 2020, $199.2 million aggregate principal amount of the 3.85% Notes was outstanding.

The 3.00% Notes. KCSM issued $450.0 million in aggregate principal amount of senior unsecured notes on May 3, 2013. During the fourth quarter of 2015, $439.1 million of such notes were exchanged for the equivalent amount of 3.00% Notes issued by KCS. The 3.00% Notes bear interest at 3.00% per annum, and will mature on May 15, 2023. Interest on the 3.00% Notes is payable semi-annually on May 15 and November 15 of each year to the holders of record at the close of business on the immediately preceding May 1 and November 1. As of December 31, 2020, $439.1 million aggregate principal amount of the 3.00% Notes was outstanding.

The 4.30% Notes. KCSR issued $450.0 million in aggregate principal amount of senior unsecured notes on April 29, 2013. During the fourth quarter of 2015, $437.6 million of such notes were exchanged for the equivalent amount of 4.30% Notes issued by KCS. The 4.30% Notes bear interest at 4.30% per

annum, and will mature May 15, 2043. Interest on the 4.30% Notes is payable semi-annually on May 15 and November 15 of each year to the holders of record at the close of business on the immediately preceding May 1 and November 1. As of December 31, 2020, $448.7 million aggregate principal amount of the 4.30% Notes was outstanding.

The 4.95% Notes. KCSR issued $500.0 million in aggregate principal amount of senior unsecured notes on July 27, 2015. During the fourth quarter of 2015, $476.7 million of such notes were exchanged for the equivalent amount of 4.95% Notes issued by KCS. The 4.95% Notes bear interest at 4.95% per annum, and will mature on August 15, 2045. Interest on the 4.95% Notes is payable semi-annually on June 1 and December 1 of each year to the holders of record at the close of business on the immediately preceding May 15 and November 15. As of December 31, 2020, $499.2 million aggregate principal amount of the 4.95% Notes was outstanding.

The 3.125% Notes. KCS issued $250.0 million in aggregate principal amount of the 3.125% Notes on May 16, 2016. The 3.125% Notes bear interest at 3.125% per annum, and will mature on June 1, 2026. Interest on the 3.125% Notes is payable semi-annually on June 1 and December 1 of each year to the holders of record at the close of business on the immediately preceding May 15 and November 15. As of December 31, 2020, $250.0 million aggregate principal amount of the 3.125% Notes was outstanding.

The 4.70% Notes. KCS issued $500.0 million in aggregate principal amount of the 4.70% Notes on May 3, 2018. The 4.70% Notes bear interest at 4.70% per annum, and will mature on May 1, 2048. Interest on the 4.70% Notes is payable semi-annually on May 1 and November 1 of each year to the holders of record at the close of business on the immediately preceding April 15 and October 15. As of December 31, 2020, $500.0 million aggregate principal amount of the 4.70% Notes was outstanding.

The 2.875% Notes. KCS issued $425.0 million in aggregate principal amount of the 2.875% Notes on November 18, 2019. The 2.875% Notes bear interest at 2.875% per annum, and will mature on November 15, 2029. Interest on the 2.875% Notes is payable semi-annually on May 15 and November 15 of each year to the holders of record at the close of business on the immediately preceding May 1 and November 1. As of December 31, 2020, $425.0 million aggregate principal amount of the 2.875% Notes was outstanding.

The 4.20% Notes. KCS issued $425.0 million in aggregate principal amount of the 4.20% Notes on November 18, 2019. The 4.20% Notes bear interest at 4.20% per annum, and will mature on November 15, 2069. Interest on the 4.20% Notes is payable semi-annually on May 15 and November 15 of each year to the holders of record at the close of business on the immediately preceding May 1 and November 1. As of December 31, 2020, $425.0 million aggregate principal amount of the 4.20% Notes was outstanding.

The 3.50% Notes. KCS issued $550.0 million in aggregate principal amount of the 3.50% Notes on April 22, 2020. The 3.50% Notes bear interest at 3.50% per annum, and will mature on May 1, 2050. Interest on the 3.50% Notes is payable semi-annually on May 1 and November 1 of each year to the holders of record at the close of business on the immediately preceding April 15 and October 15. As of December 31, 2020, $550.0 million aggregate principal amount of the 3.50% Notes was outstanding.

Note Guarantees

The Notes are unconditionally guaranteed, jointly and severally, on an unsecured senior basis, by each of KCS's current and future Domestic Subsidiaries that from time to time Guarantees the applicable Credit Agreement or any other Debt of KCS or any of KCS's Significant Subsidiaries that is a Guarantor. The obligations of each Guarantor under its Note Guarantee are limited as necessary to prevent that Note

Guarantee from constituting a fraudulent conveyance under applicable law. For the avoidance of doubt, KCSM and any other foreign Subsidiaries of KCS do not and will not Guarantee the Notes.

The Note Guarantee of a Guarantor will be released:

(1) in connection with any sale, disposition or transfer of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) KCS or a Guarantor;
(2) in connection with any sale, disposition or transfer of all of the Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) KCS or a Guarantor;
(3) upon the release or discharge of such Guarantors' Guarantee of the applicable Credit Agreement or under the Debt that triggered such Guarantor's Note Guarantee;
(4) upon the liquidation or dissolution of such Guarantor; provided that no Default or Event of Default shall occur as a result thereof or has occurred and is continuing; or
(5) upon defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge."

Ranking

The Notes are KCS's general unsecured senior obligations and rank equally in right of payment with all existing and future senior indebtedness of KCS and senior in right of payment to all of KCS's future subordinated indebtedness. The Notes are effectively subordinated to KCS's secured indebtedness, if any, to the extent of the value of the assets securing such indebtedness and are structurally subordinated to all liabilities of any of KCS's subsidiaries that are not Guarantors.

Each Note Guarantee is a general unsecured senior obligation of that Guarantor, ranks equally in right of payment with all existing and future senior indebtedness of that Guarantor and senior in right of payment to any future subordinated indebtedness of that Guarantor. Each Note Guarantee is effectively subordinated to any existing and future secured indebtedness of that Guarantor to the extent of the value of any collateral securing such indebtedness.

Payment on the Notes

Principal of, premium, if any, and interest on the Notes is payable, and the Notes may be exchanged or transferred, at the office of the paying agent in the City of New York; provided that, at KCS's option, payment of interest may be made by check mailed to the holders at their addresses as they appear in the Notes register.

Optional Redemption

General. Prior to the applicable Par Call Date, each series of Notes is redeemable in whole or in part at any time and from time to time, at KCS's option, at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on such series of Notes to be redeemed that would have been made if such Notes matured on the Par Call Date (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the then-current Treasury Rate, plus (a) 20 basis points for the 3.85% Notes, the 3.00% Notes and the 2.875% Notes, (b) 25 basis points for the 4.30% Notes, the 3.125% Notes and the 4.70% Notes, (c) 30 basis points for the 4.95% Notes and the 4.20% Notes and (d) 35 basis points for the 3.50% Notes; plus, in each case, accrued interest thereon to but excluding the redemption date. On or after the applicable Par Call Date, the applicable series of Notes is redeemable in

whole or in part at any time and from time to time, at KCS's option, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued interest thereon to but excluding the redemption date.

Selection and Notice. If less than all of any series of Notes are to be redeemed at any time, the trustee will select the Notes of such series to be redeemed in compliance with the requirements of the principal national securities exchange, if any, on which such series of Notes is listed or, if such series of Notes is not listed on a national securities exchange, on a pro rata basis, by lot or by such other method as the applicable trustee in its sole discretion shall deem to be fair and appropriate; provided that no Note of $2,000 in principal amount or less shall be redeemed in part.

Notice of the redemption will be mailed to holders of a series of Notes to be redeemed by first-class mail at least 30 days but not more than 60 days prior to the redemption date, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of such series of Notes or a satisfaction and discharge of the Indenture. Notices of redemption may not be conditional.

If any series of Note is to be redeemed in part only, the notice of redemption that relates to such series of Note shall state the portion of the principal amount of such series of Notes that is to be redeemed. A Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on such series of Notes or portions of them called for redemption unless KCS defaults in making the applicable redemption price.

Certain Covenants

Limitation on Secured Indebtedness and Indebtedness of KCS's Subsidiaries that are not Guarantors

If KCS or any of KCS's Significant Subsidiaries that is a Guarantor creates or permits any lien of any kind upon (1) any stock, whether owned on the applicable Closing Date or thereafter acquired, of any of KCS's Significant Subsidiaries that is a Guarantor or (2) any indebtedness, whether owned on the applicable Closing Date or thereafter acquired, of KCS or any of KCS's Significant Subsidiaries that is a Guarantor, in each case, to secure any Debt (other than the applicable Notes) of KCS, any of KCS's Subsidiaries or any other person, KCS will cause the outstanding Notes to be secured equally and ratably with that Debt, unless the aggregate principal amount of all such secured Debt then outstanding (together with any Debt outstanding under clauses (1), (3), (4) and (5) of the following paragraph) would not exceed 10.0% of KCS's Consolidated Net Assets. This provision does not restrict any other property of KCS or its Subsidiaries. Subject to the following paragraph, the Indenture does not prohibit the sale by KCS or any of its Subsidiaries of any stock or indebtedness of any Subsidiary, including any Significant Subsidiary.

In addition, KCS shall not permit any Subsidiary of KCS that is not a Guarantor to incur any Debt, except (1) Debt with a final maturity of not more than 365 days, (2) intercompany Debt owed to KCS or any of its Subsidiaries, (3) Debt of any joint venture to which KCS or any of its Subsidiaries is a party, (4) any Existing KCSM Notes and any Secured Debt of any Subsidiary of KCS that is not a Guarantor, in each case, outstanding on the applicable Closing Date and (5) Debt not otherwise permitted by this paragraph in an aggregate principal amount, at any one time outstanding, not to exceed $150.0 million less the aggregate principal amount of any Existing KCSM Notes outstanding at the time of such incurrence (but not less than $0); *provided* that the limitations set forth in this paragraph shall not apply to Meridian Speedway, LLC.

Change of Control Repurchase Event

If a Change of Control Repurchase Event occurs, KCS will be required to make an offer to each holder with respect to a series of Notes to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of that holder's Notes at a repurchase price in cash equal to 101% of the aggregate principal amount of the Notes repurchased plus accrued interest, if any, to, but excluding, the date of repurchase. Within 30 days following a Change of Control Repurchase Event or, at KCS's option, prior to a Change of Control, but after the public announcement of the Change of Control, KCS will mail a notice to each holder of the Notes, with a copy to the applicable trustee, describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase the Notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on a Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice. KCS will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the Notes, KCS will comply with the applicable securities laws and regulations and will not be deemed to have breached KCS's obligations under the Change of Control Repurchase Event provisions of the Notes by virtue of such conflict.

On the repurchase date following a Change of Control Repurchase Event, KCS will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to KCS's offer;

(2) deposit with the paying agent an amount equal to the aggregate purchase price in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the trustee the Notes properly accepted, together with an officer's certificate stating the aggregate principal amount of Notes being purchased by KCS.

The paying agent will promptly mail to each holder of the Notes that are properly tendered the purchase price for the Notes, and the applicable trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note of the applicable series equal in principal amount to any unpurchased portion of any Notes surrendered; *provided* that each new Note will be in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

KCS will not be required to make an offer to repurchase Notes of a series upon a Change of Control Repurchase Event if (1) a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by KCS and such third party purchases all such Notes properly tendered and not withdrawn under its offer or (2) notice of redemption for all outstanding Notes of such series has been given pursuant to the Indenture as described above under the caption "—Optional Redemption."

Merger, Consolidation or Sale of Assets

Neither KCS nor any Guarantor will consolidate with, merge with or into, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its property and assets (as an entirety or

substantially as an entirety in one transaction or a series of related transactions) to, any Person or permit any Person to merge with or into KCS or such Guarantor unless:

(1) KCS or such Guarantor shall be the continuing Person, or the Person (if other than KCS or such Guarantor) formed by such consolidation or into which KCS or such Guarantor is merged or that acquired or leased such property and its assets shall be a corporation organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia (or in the case of a Guarantor, a corporation, partnership, limited liability company or similar entity organized and validly existing under the laws of the jurisdiction under which such Guarantor was organized) and shall expressly assume, by a supplemental indenture, executed and delivered to the trustee, in form reasonably satisfactory to the trustee, all of the obligations of KCS or such Guarantor under the Notes, the Note Guarantee and the Indenture, as applicable; *provided* that this clause (1) shall not apply with respect to a Guarantor whose Note Guarantee is released as described in the second paragraph under the caption "—Note Guarantees";

(2) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and

(3) KCS delivers to the trustee an officer's certificate and an opinion of counsel, in each case stating that such consolidation, merger, sale, assignment, conveyance, transfer, lease or other deposition and such supplemental indenture complies with this covenant.

Events of Default

Each of the following is an "Event of Default" with respect to the Notes of a series:

(1) default in the payment of principal of (or premium, if any, on) any Note of such series when the same becomes due at maturity, upon acceleration, redemption or otherwise;

(2) default in the payment of interest on any Note of such series when due and such default continues for a period of 30 days;

(3) default in the performance of any covenant of KCS or a Guarantor in the Indenture (other than a default specified in clause (1) or (2) above), and such default continues for a period of 90 days after written notice by the applicable trustee or the holders of 25% or more in aggregate principal amount of the Notes of such series;

(4) a court having jurisdiction in the premises enters a decree or order for:

(A) relief in respect of KCS or a Guarantor in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect,

(B) appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for KCS or a Guarantor or for all or substantially all of the property and assets of KCS or a Guarantor, or

(C) the winding-up or liquidation of the affairs of KCS or a Guarantor;

and, in each case, such decree or order shall remain unstayed and in effect for a period of 30 consecutive days with respect to the 3.85% Notes, the 3.00% Notes, the 4.30% Notes, the 4.95% Notes, the 3.125% Notes and the 4.70% Notes and for a period of 45 consecutive days with respect to the 2.875% Notes, the 4.20% Notes and the 3.50% Notes;

(5) KCS or a Guarantor:

(A) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law,

(B) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for KCS or a Guarantor or for all or substantially all of the property and assets of KCS or a Guarantor, or

(C) effects any general assignment for the benefit of creditors;

(6) any Note Guarantee with respect to the Notes of such series ceases to be in full force and effect (except as contemplated by the terms of the Indenture) or any Guarantor or Person acting on behalf of such Guarantor denies or disaffirms such Guarantor's obligations under the Indenture or any Note Guarantee with respect to such series of Notes and such default continues for a period of 10 days after written notice by the applicable trustee or the holders of 25% or more in aggregate principal amount of the Notes of such series; and

(7) (A) the Concession Title shall cease to grant to KCSM the rights provided therein as of the applicable Closing Date and such cessation has had a material adverse effect on KCS and its Subsidiaries taken as a whole,

(B) (x) the Concession Title shall for any reason be terminated (other than as a result of the expiration or termination of the Concession Title in June 2047 or, if extended, on any other expiration date pursuant to its terms) and not reinstated within 30 days or (y) rights provided therein which were originally exclusive to KCSM shall become nonexclusive and the cessation of such exclusivity has had a material adverse effect on KCS and its Subsidiaries taken as a whole, or

(C) the operations of the Northeast Rail Lines shall be commandeered or repossessed (*a requisa*) for a period of 90 days or more.

If an Event of Default described above shall have occurred and is continuing, either the applicable trustee or the holders of at least 25% in aggregate principal amount of such series of Notes then outstanding may declare all outstanding Notes of such series to be due and payable immediately. The holders of a majority in aggregate principal amount of the Notes of such series then outstanding may, by notice to the trustee, on behalf of the holders of all of Notes of such series, rescind an acceleration or waive any existing Default or Event of Default and its consequences under the Indenture, except a continuing Default or Event of Default in the payment of interest or premium, if any, on, or the principal of, the Notes. For information as to the waiver of Defaults, see "—Amendment, Supplement and Waiver."

The holders of a majority in aggregate principal amount of such series of Notes then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the applicable trustee or exercising any trust or power conferred on the trustee with respect to such series of Notes. However, the trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the trustee in personal liability, or that the trustee determines in good faith may be unduly prejudicial to the rights of holders of such series of Notes not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from holders of such series of Notes. A holder may not pursue any remedy with respect to the Indenture or the Notes of a series unless:

- the holder gives the trustee written notice of a continuing Event of Default;

- the holders of at least 25% in aggregate principal amount of such series of Notes then outstanding make a written request to the trustee to pursue the remedy;
- such holder or holders offer the trustee indemnity satisfactory to the trustee against any costs, liability or expense;
- the trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and
- during such 60-day period, the holders of a majority in aggregate principal amount of such series of Notes then outstanding do not give the trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any holder of Notes of a series to receive payment of the principal of, premium, if any, or interest on, such series of Notes or to bring suit for the enforcement of any such payment, on or after the due date expressed in such series of Notes, which right shall not be impaired or affected without the consent of the holder.

The Indenture requires certain of the KCS's officers to certify, on or before a date not more than 90 days after the end of each fiscal year, that a review has been conducted of KCS's activities and those of the Guarantors and of KCS's and the Guarantors' performance under the Indenture and that, to the best of such person's knowledge, KCS and the Guarantors have fulfilled all obligations thereunder, or, if there has been a Default in the fulfillment of any such obligation, specifying each such Default and the nature and status thereof. KCS will also be obligated to notify the applicable trustee of any Default or Defaults in the performance of any covenants or agreements under the Indenture.

Legal Defeasance and Covenant Defeasance

KCS may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an officer's certificate, elect to have all of its obligations with respect to the outstanding Notes of each series and all obligations of the Guarantors with respect to the Note Guarantees thereof discharged ("**Legal Defeasance**") except for:

(1) the rights of holders of such series of Notes then outstanding to receive payments in respect of the principal of, or interest, or premium, if any, on, such Notes when such payments are due from the trust referred to below;

(2) KCS's obligations with respect to such series of Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the trustee, and the obligations of KCS and the Guarantors in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, KCS may, at its option and at any time, elect to have the obligations of KCS and the Guarantors released with respect to certain covenants that are described in the Indenture ("**Covenant Defeasance**") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under "—Events of Default" will no longer constitute an Event of Default.

In order to exercise either Legal Defeasance or Covenant Defeasance with respect to the Notes of a series:

(1) KCS must irrevocably deposit with the applicable trustee, in trust, for the benefit of the holders of the applicable series of Notes, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, premium, if any, and interest on, such series of Notes then outstanding on the Stated Maturity thereof or on the applicable redemption date, as the case may be, and KCS must specify whether such series of Notes are being defeased to such Stated Maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, KCS must deliver to the trustee an opinion of counsel (or opinions of counsel) confirming that (x) KCS has received from, or there has been published by, the Internal Revenue Service a ruling or (y) since the date of the issuance of such series of Notes, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of such series of Notes then outstanding will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, KCS must deliver to the trustee an opinion of counsel (or opinions of counsel) confirming that the holders of such series of Notes then outstanding will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit or liens securing such borrowing) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which KCS is a party or by which KCS is bound;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture) to which KCS or any of its Subsidiaries is a party or by which KCS or any of its Subsidiaries is bound;

(6) KCS must deliver to the trustee an officer's certificate stating that the deposit was not made by KCS with the intent of preferring the holders of such series of Notes over the other creditors of KCS with the intent of defeating, hindering, delaying or defrauding any creditors of KCS or others; and

(7) KCS must deliver to the trustee an officer's certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Satisfaction and Discharge

The Indenture with respect to the Notes of a series will be discharged and will cease to be of further effect as to all Notes of a series issued thereunder when:

(1) either:

(A) all Notes of such series that have been authenticated thereunder, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to KCS, have been delivered to the trustee for cancellation; or

(B) all Notes of such series issued thereunder that have not been delivered to the trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and KCS has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the holders of such series of Notes, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on such series of Notes not delivered to the trustee for cancellation for principal, premium, if any, and accrued interest to the Stated Maturity or redemption, as the case may be;

(2) no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit or liens securing such borrowing) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which KCS is a party or by which KCS is bound;

(3) KCS has paid or caused to be paid all sums payable by it under the Indenture with respect to the Notes of such series; and

(4) KCS has delivered irrevocable instructions to the trustee under the Indenture to apply the deposited money toward the payment of the Notes of such series issued thereunder at Stated Maturity or on the redemption date, as the case may be.

In addition, KCS must deliver an officer's certificate and an opinion of counsel to the trustee stating that all conditions precedent to satisfaction and discharge with respect to the Notes of such series have been satisfied.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture with respect to the Notes of a series, the Notes of such series and the Note Guarantees thereof may be amended or supplemented with the consent of the holders of a majority in aggregate principal amount of such series of Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such series of Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture with respect to the Notes of such series, the Notes of such series or Note Guarantee thereof may be waived with the consent of the holders of a majority in aggregate principal amount of then outstanding Notes of such series (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such series of Notes).

Without the consent of each holder of Notes of a series affected, an amendment, supplement or waiver may not:

- change the Stated Maturity of the principal of, or any installment of interest on, any such series of Note;
- reduce the principal amount of, or premium, if any, or interest on, any such series of Note;
- change the place or currency of payment of principal of, or premium, if any, or interest on, any such series of Note;
- impair the right to institute suit for the enforcement of any payment on or with respect to any such series of Note;
- reduce the percentage or principal amount of such series of Notes outstanding, the consent of whose holders is necessary to modify or amend the Indenture or waive compliance with certain provisions of the Indenture or waive certain Defaults;
- waive a Default in the payment of principal of, premium, if any, or interest on, the Notes of such series; or
- release any Guarantor from any of its obligations under its applicable Note Guarantee or the Indenture, except as set forth under the caption "—Note Guarantees."

Notwithstanding the preceding, without the consent of any holder of a series of Notes, KCS, the Guarantors and the applicable trustee may amend or supplement the Indenture, the applicable series of Notes and the Note Guarantees with respect to the Notes of such series:

- to cure any ambiguity, omission, mistake, defect or inconsistency;
- to provide for uncertificated Notes in addition to or in place of certificated Notes of such series;
- to provide for the assumption of the obligations of KCS or a Guarantor to holders of the Notes of such series and the Note Guarantees with respect to the Notes of such series in the case of a merger or consolidation or a sale, assignment, transfer, conveyance, lease or other disposition of all or substantially all of the assets of KCS or such Guarantor, as applicable, in accordance with the terms of the Indenture;
- to make any change that would provide any additional rights or benefits to the holders of such series of Notes or that does not adversely affect the legal rights under the Indenture of any such holder;
- to comply with requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act of 1939, as amended;
- to conform the text of the Indenture, the Note Guarantees with respect to the Notes of such series and the Notes of such series to any provision of the relevant "Description of Notes" in the applicable prospectus or the applicable confidential offering memorandum and consent solicitation statement to the extent that such provision in such "Description of Notes" was intended to be a verbatim recitation of a provision of the applicable Indenture or the Notes of such series;
- to add a Guarantor or release any Guarantor from its Note Guarantee with respect to the Notes of such series if such release is in accordance with the terms of the applicable Indenture; or
- to provide for the issuance of Additional Notes of such series in accordance with the limitations set forth in the Indenture.

Governing Law

The Notes, the Note Guarantees and the Indenture are governed by the laws of the State of New York.

Information Concerning the Trustee

KCS and its Subsidiaries maintain ordinary banking relationships with U.S. Bank National Association and its affiliates. In addition, U.S. Bank acts as trustee, transfer agent, principal, payment agent and registrar with respect to other debt securities issued by KCS and its Subsidiaries, and may do so again for future issuances of debt securities by KCS and its Subsidiaries.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for the full definitions of all terms as well as any other capitalized term used herein for which no definition is provided.

"Below Investment Grade Ratings Event" means, with respect to a series of Notes, on any day within the 60-day period (which period shall be extended so long as the rating of such series of Notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies) after the earlier of (1) the occurrence of a Change of Control or (2) public notice by KCS of the occurrence of a Change of Control or KCS's intention to effect a Change of Control, that such series of Notes is rated below Investment Grade by two of the three Rating Agencies. Notwithstanding the foregoing, a Below Investment Grade Ratings Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Ratings Event for purposes of the definition of Change of Control Repurchase Event) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the trustee in writing at KCS's request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the ratings event).

"Business Day" means any calendar day that is not a Saturday, Sunday or legal holiday in New York, New York and on which banking institutions and trust companies are open for business in New York, New York.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in the equity of such Person, whether now outstanding or issued after the applicable Closing Date.

"Change of Control" means the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" or "group" (as those terms are used in Section 13(d)(3) of the Exchange Act), other than KCS and its Subsidiaries, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the combined voting power of the total Voting Stock of KCS or other Voting Stock into which KCS's Voting Stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares.

"Change of Control Repurchase Event" means the occurrence of both a Change of Control and a Below Investment Grade Ratings Event.

"Closing Date" means the date on which the applicable Notes were originally issued under the Indenture.

"Comparable Treasury Issue" means, with respect to each series of Notes, the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term (as measured from the date of redemption assuming, in the case of the 2.875% Notes, the 4.20% Notes and the 3.50% Notes, such Notes matured on the applicable Par Call Date) ("**Remaining Life**") of the Notes of the applicable series to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Remaining Life.

"Comparable Treasury Price" means, with respect to any redemption date, the average of the Reference Treasury Dealer Quotations for such redemption date.

"Concession Title" means KCSM's right for a period of 30 years to be the exclusive provider (subject to certain trackage rights) of freight transportation services over the Northeast Rail Lines and for an additional 20 years to be a non-exclusive provider of such services granted by the Mexican government pursuant to the Concession Title, subject in all cases to the terms and conditions of the Concession Title, as in effect on June 23, 1997 and as amended on February 12, 2001, November 22, 2006, December 31, 2013, December 20, 2017 and April 27, 2018.

"Consolidated Net Assets" means total assets after deducting therefrom all current liabilities as set forth on the most recent publicly filed balance sheet of KCS and its consolidated subsidiaries and computed in accordance with generally accepted accounting principles.

"Credit Agreement" means (1) with respect to the 3.85% Notes, the 3.00% Notes, the 4.30% Notes, the 4.95% Notes, the 3.125% Notes and the 4.70% Notes, the credit agreement, dated as of December 9, 2015, among KCS, the guarantors described therein, the lenders thereunder and the other parties thereto, as amended or supplemented from time to time, and (2) with respect to the 2.875% Notes, the 4.20% Notes and the 3.50% Notes, the credit agreement, dated as of March 8, 2019, among KCS, the guarantors described therein, the lenders thereunder and the other parties thereto, as amended or supplemented from time to time.

"Debt" means indebtedness for money borrowed or indebtedness evidenced by a bond, note, debenture or other evidence of indebtedness.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Domestic Subsidiary" means a Subsidiary of KCS that was formed under the laws of the United States or any state of the United States or the District of Columbia.

"Existing KCSM Notes" means any 3.00% Senior Notes due 2023 issued by KCSM.

"Fitch" means Fitch Ratings Inc. and any successor thereto.

"Government Securities" means direct obligations of, obligations fully and unconditionally guaranteed by, or participation in pools consisting solely of (or repurchase transactions relating to) obligations of or obligations fully and unconditionally guaranteed by the United States of America for the payment of which guarantee or obligations the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the option of KCS.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Debt of any other Person. The term "Guarantee" used as a verb has a corresponding meaning.

"Guarantor" means each subsidiary of KCS that executes a Note Guarantee, and its successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by KCS.

"Investment Grade" means a rating of Baa3 or better by Moody's (or its equivalent under any successor rating categories of Moody's), a rating of BBB- or better by S&P (or its equivalent under any successor rating categories of S&P), a rating of BBB- or better by Fitch (or its equivalent under any successor rating categories of Fitch) and the equivalent investment grade credit rating from any additional Rating Agency or Rating Agencies selected by KCS.

"KCSM" means Kansas City Southern de México, S.A. de C.V., a sociedad anónima de capital variable organized under the laws of the United Mexican States.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Northeast Rail Lines" means that portion of the Mexican railroad system that is the subject of the Concession Title.

"Note Guarantee" means each Guarantee of the obligations with respect to a series of Notes issued by a Person pursuant to the terms of the applicable Indenture.

"Par Call Date" means (1) with respect to the 3.85% Notes, August 15, 2023 (three months prior to the maturity date of the 3.85% Notes), (2) with respect to the 3.00% Notes, February 15, 2023 (three months prior to the maturity date of the 3.00% Notes), (3) with respect to the 4.30% Notes, November 15, 2042 (six months prior to the maturity date of the 4.30% Notes), (4) with respect to the 4.95% Notes, February 15, 2045 (six months prior to the maturity date of the 4.95% Notes), (5) with respect to the 3.125% Notes, March 1, 2026 (three months prior to the maturity date of the 3.125% Notes), (6) with respect to the 4.70% Notes, November 1, 2047 (six months prior to the maturity date of the 4.70% Notes), (7) with respect to the 2.875% Notes, August 15, 2029 (three months prior to the maturity date of the 2.875% Notes), (8) with respect to the 4.20% Notes, May 15, 2069 (six months prior to the maturity date of the 4.20% Notes)and (9) with respect to the 3.50% Notes, November 1, 2049 (six months prior to the maturity date of the 3.50% Notes).

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, government or agency or political subdivision thereof or any other entity.

"Rating Agency" means (1) each of Moody's, S&P and Fitch and (2) if any of Moody's, S&P or Fitch ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of KCS's control, a "nationally recognized statistical rating organization" as defined in Section 3(a)(62) of the Exchange Act, selected by KCS (as certified by a resolution of KCS's Board of Directors) as a replacement agency for Moody's, S&P or Fitch, or all of them, as the case may be, with respect to the Notes.

"Reference Treasury Dealer" means (1) with respect to the 3.85% Notes, the 3.00% Notes, the 4.30% Notes and the 4.95% Notes, each of BofA Securities, Inc., Citigroup Global Markets Inc., J.P.

Morgan Securities LLC and Morgan Stanley & Co. LLC (or their respective affiliates that are primary Government Securities dealers) and their respective successors and (2) with respect to the 3.125% Notes, the 4.70% Notes, the 2.875% Notes, the 4.20% Notes and the 3.50% Notes, each of BofA Securities, Inc., J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC (or their respective affiliates that are primary Government Securities dealers) and their respective successors; provided, however, that if any Reference Treasury Dealer is not at the applicable time a primary Government Securities dealer (a "**Primary Treasury Dealer**"), KCS shall substitute therefor another Primary Treasury Dealer selected by it.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue for the applicable Notes (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

"S&P" means S&P Global Ratings, a division of S&P Global Inc., and any successor thereto.

"Secured Debt" means Debt secured by a lien, mortgage, pledge, charge, security interest or encumbrance of any kind on any property or assets.

"Significant Subsidiary" means, at any date of determination, any of KCS's Subsidiaries that, together with its Subsidiaries, (i) for KCS's most recent fiscal year, accounted for more than 10.0% of the consolidated revenues of KCS and its Subsidiaries or (ii) as of the end of such fiscal year, was the owner of more than 10.0% of the consolidated assets of KCS and its Subsidiaries, in each case as set forth on KCS's most recently available consolidated financial statements for such fiscal year.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of indebtedness, the date on which the payment of interest or principal is scheduled to be paid in the documentation governing such indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subsidiary" means, with respect to any Person, any corporation, association or other business entity of which more than 50.0% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

"Treasury Rate" means, on any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the applicable Comparable Treasury Issue (if no maturity is within three months before or after the Remaining Life, yields for the two published maturities most closely corresponding to such Comparable Treasury Issue shall be determined and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the related Comparable Treasury Issue, calculated using a price for that Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate shall be calculated on the third Business Day preceding the redemption date.

"Voting Stock" means, with respect to any Person, all classes of Capital Stock of such Person then outstanding and entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

Exhibit 21.1

Subsidiaries of the Company

Kansas City Southern, a Delaware corporation, has no parent. All subsidiaries of the Company listed below are included in the consolidated financial statements unless otherwise indicated.

	Percent Ownership	Jurisdiction of Incorporation or Organization
Arrendadora KCSM, S. de R.L. de C.V.	100	Mexico
Canama Transportation	100	Cayman Islands
Caymex Transportation, Inc.	100	Delaware
Ferrocarril y Terminal del Valle de México, S.A. de C.V. (1)	25	Mexico
Financiera Inspira, S.A., de C.V., SOFOM, E.N.R.	100	Mexico
Gateway Eastern Railway Company	100	Illinois
Highstar Harbor Holdings Mexico, S. de R.L. de C.V.	100	Mexico
Internacional Railway Support S.A. de C.V.	100	Mexico
Joplin Union Depot Co.(1)	33	Missouri
Kansas City Southern de México, S.A. de C.V.	100	Mexico
Kansas City Southern International Ventures, S. de R.L. de C.V.	100	Mexico
Kansas City Southern Mexico Holdings, Inc.	100	Delaware
Kansas City Terminal Railway Company (1)	17	Missouri
KCS Holdings I, Inc.	100	Delaware
KCS Spectrum, Inc.	100	Delaware
KCS Ventures I, Inc.	100	Delaware
KCSM B.V.	100	Netherlands
KCSM Holdings LLC	100	Delaware
KSU Holdings LLC	100	Delaware
KCSM Servicios, S.A. de C.V.	100	Mexico
KCSRC y Compania, S. de N.C. de C.V.	100	Mexico
Meridian Speedway, LLC	70	Delaware
Mexrail, Inc.	100	Delaware
MTC Puerta Mexico, S. de R.L. de C.V.	100	Mexico
MTC Puerta Mexico Logistics, S. de R.L. de C.V.	100	Mexico
NAFTA Rail, S. de R.L. de C.V.	100	Mexico
North American Freight Transportation Rail Company, S. de R.L. de C.V.	100	Mexico
Pabtex, Inc.	100	Delaware
Panama Canal Railway Company (1)	50	Cayman Islands
Panarail Tourism Company (1)	50	Cayman Islands
PTC-220, LLC (1)	14	Delaware
Servicios de Apoyo al Ferrocarril, S. de R.L. de C.V.	100	Mexico
Servicios Puerta Mexico, S. de R.L. de C.V.	100	Mexico
Soporte Logistico Ferroviaria, S. de R.L. de C.V.	100	Mexico
Southern Development Company	100	Missouri
Southern Industrial Services, Inc.	100	Delaware
Stillwell RE Holdings, LLC	100	Delaware
TFCM, S. de R.L. de C.V. (1)	45	Mexico
The Kansas City Northern Railway Company	100	Delaware

The Kansas City Southern Railway Company	100	Missouri
The Texas Mexican Railway Company	100	Texas
TransFin Insurance, Ltd.	100	Missouri
Transportacion y Soluciones en Logistica Ferroviaria S. de R.L. de C.V.	100	Mexico
Trans-Serve, Inc. (d/b/a Superior Tie and Timber)	100	Delaware
Vamos a Mexico, S.A. de C.V.	100	Mexico
Veals, Inc.	100	Delaware

(1) Unconsolidated Subsidiary

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-179494, 033-50517, 033-50519, 033-64511, 333-91993, 333-73122, 333-58250, 333-51854, 333-126207, 333-154793, 333-217685, and 333-164240) and on Form S-3 (No. 333-249927) of Kansas City Southern of our report dated January 29, 2021 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Kansas City, Missouri
January 29, 2021

Exhibit 31.1

PRINCIPAL EXECUTIVE OFFICER'S CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Patrick J. Ottensmeyer, certify that:

1. I have reviewed this annual report on Form 10-K of Kansas City Southern (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PATRICK J. OTTENSMEYER
Patrick J. Ottensmeyer
President and Chief Executive Officer
(Principal Executive Officer)

Date: January 29, 2021

Exhibit 31.2

PRINCIPAL FINANCIAL OFFICER'S CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael W. Upchurch, certify that:

1. I have reviewed this annual report on Form 10-K of Kansas City Southern (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL W. UPCHURCH
Michael W. Upchurch
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: January 29, 2021

Exhibit 32.1

PRINCIPAL EXECUTIVE OFFICER'S CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Kansas City Southern (the "Company") on Form 10-K for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patrick J. Ottensmeyer, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PATRICK J. OTTENSMEYER
Patrick J. Ottensmeyer
President and Chief Executive Officer
(Principal Executive Officer)

Date: January 29, 2021

A signed original of this written statement required by Section 906 has been provided to Kansas City Southern and will be retained by Kansas City Southern and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

PRINCIPAL FINANCIAL OFFICER'S CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Kansas City Southern (the "Company") on Form 10-K for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael W. Upchurch, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MICHAEL W. UPCHURCH
Michael W. Upchurch
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: January 29, 2021

A signed original of this written statement required by Section 906 has been provided to Kansas City Southern and will be retained by Kansas City Southern and furnished to the Securities and Exchange Commission or its staff upon request.

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

EXHIBIT 7

FORM S-14 AND EQUIVALENTS
[SECTION 1180.6(b)(2)]

EXHIBIT 7.1

CANADIAN PACIFIC RAILWAY LIMITED FORM F-4 (OCT. 1, 2021)

As filed with the Securities and Exchange Commission on October 1, 2021

Registration No. 333-[—]

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM F-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Canadian Pacific Railway Limited

(Exact name of registrant as specified in its charter)

Canada	4011	98-0355078
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification Number)

7550 Ogden Dale Road S.E., Calgary, Alberta,
Canada, T2C 4X9
(403) 319-7000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

With copies to:

Jeffrey J. Ellis	Francis J. Aquila	Adam Godderz	Steven A. Rosenblum
Canadian Pacific Railway Limited	C. Andrew Gerlach	Kansas City Southern	Elina Tetelbaum
7550 Ogden Dale Road S.E.	Sullivan & Cromwell LLP	427 West 12th Street	Wachtell, Lipton, Rosen & Katz
Calgary, Alberta, Canada T2C 4X9	125 Broad Street	Kansas City, Missouri 64105	51 West 52nd Street
(403) 319-7000	New York, New York 10004	(816) 983-1303	New York, New York 10019
	(212) 558-4000		(212) 403-1000

Approximate date of commencement of proposed sale of the securities to the public:
As soon as practicable after the effectiveness of this registration statement and upon completion of the transaction described in the enclosed proxy statement/prospectus.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:
U.S. Exchange Act Rule 13e-4(i) (*Cross-Border Issuer Tender Offer*) ☐
U.S. Exchange Act Rule 14d-1(d) (*Cross-Border Third Party Tender Offer*) ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 7(a)(2)(B) of the Securities Act ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until this registration statement shall become effective on such date as the U.S. Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Canadian Pacific Railway Limited common shares	264,723,380(1)	N/A	$16,669,128,225.64(2)	$1,545,228.19(3)

(1) Represents the maximum number of Canadian Pacific Railway Limited ("CPRL") common shares estimated to be issuable or subject to stock-based awards that may be assumed by the registrant upon the completion of the transaction described herein. The calculation of the number of CPRL common shares being registered is based on (a) the sum of (i) 90,789,609, an estimate of the maximum number of shares of common stock, par value $0.01 per share, of Kansas City Southern ("KCS") issued and outstanding as of September 27, 2021, and (ii) 1,000,744.6654, the maximum number of shares of KCS common stock issuable upon the exercise or settlement of KCS options and time-based and performance-based awards (collectively, the "KCS equity awards") with respect to KCS common stock (together, the "estimated number"), multiplied by (b) the exchange ratio of 2.884 CPRL common shares for each share of KCS common stock.

(2) Calculated pursuant to Rules 457(c), 457(f)(1) and 457(f)(3) promulgated under the Securities Act of 1933, as amended (the "U.S. Securities Act"), and solely for the purpose of calculating the registration fee. The proposed maximum aggregate offering price of the securities being registered was calculated based on (a) the product of (i) $271.60, the average of the high and low prices for shares of KCS common stock as reported on the New York Stock Exchange on September 24, 2021, multiplied by (ii) the estimated number (which represents the estimated maximum number of shares of KCS common stock that may be exchanged in the transactions contemplated by the merger agreement described herein, as described in footnote (1) above), minus (b) $8,261,131,829.89 (which represents the estimated aggregate amount of cash that will be paid by CPRL to the holders of shares of KCS common stock in the transactions contemplated by the merger agreement described herein). In accordance with Rule 416, this registration statement also covers an indeterminate number of CPRL common shares as may be issuable as a result of stock splits, stock dividends or similar transactions.

(3) The registration fee for the securities registered hereby has been calculated pursuant to Section 6(b) of the U.S. Securities Act, by multiplying the proposed maximum aggregate offering price for the securities by 0.0000927.

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The information contained in this proxy statement/prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with the U.S. Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This proxy statement/prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

PRELIMINARY—SUBJECT TO COMPLETION—DATED OCTOBER 1, 2021

PROXY STATEMENT OF KANSAS CITY SOUTHERN **PROSPECTUS OF CANADIAN PACIFIC RAILWAY LIMITED**

MERGER PROPOSED—YOUR VOTE IS VERY IMPORTANT

Dear Stockholders of Kansas City Southern:

On September 15, 2021, Kansas City Southern (which we refer to as "KCS"), Canadian Pacific Railway Limited (which we refer to as "CPRL"), Cygnus Merger Sub 1 Corporation, a direct wholly owned subsidiary of CPRL (which we refer to as "surviving merger sub") and Cygnus Merger Sub 2 Corporation, a direct wholly owned subsidiary of surviving merger sub (which we refer to as "first merger sub" and, together with surviving merger sub, the "merger subs"), entered into an Agreement and Plan of Merger (which, as it may be amended from time to time, we refer to as the "merger agreement") that provides for the acquisition of KCS by CPRL. On the terms and subject to the conditions set forth in the merger agreement, (1) first merger sub will merge with and into KCS (which we refer to as the "first merger") with KCS surviving the first merger as a wholly owned subsidiary of surviving merger sub, and (2) immediately following the effective time of the first merger (which we refer to as the "effective time"), KCS will merge with and into surviving merger sub (which we refer to as the "second merger," and, together with the first merger, the "transaction") with surviving merger sub surviving the second merger as a direct wholly owned subsidiary of CPRL.

At the effective time, each share of common stock, par value $0.01 per share, of KCS (which we refer to as "KCS common stock") issued and outstanding immediately prior to the effective time (other than certain excluded shares as described in the merger agreement) that you own will be converted into the right to receive (a) 2.884 (which number we refer to as the "exchange ratio") CPRL common shares (which we refer to as the "CPRL common shares") and (b) $90.00 in cash, without interest (which we refer to, collectively, as the "merger consideration"), and each share of 4% noncumulative preferred stock of KCS, par value $25.00 (which we refer to as the "KCS preferred stock," and, together with the KCS common stock, the "KCS voting stock"), issued and outstanding immediately prior to the effective time (other than certain excluded shares as described in the merger agreement) that you own will be converted into the right to receive $37.50 per share in cash, without interest (which we refer to as the "preferred merger consideration").

The exchange ratio is fixed and will not be adjusted to reflect changes in the price of KCS common stock or CPRL common shares prior to the effective time. The CPRL common shares issued in connection with the transaction will be listed on the New York Stock Exchange (which we refer to as the "NYSE") and the Toronto Stock Exchange (which we refer to as the "TSX"). Based on the number of shares of KCS common stock and CPRL common shares outstanding on [—], 2021, upon completion of the transaction, we expect that former holders of KCS common stock and KCS preferred stock (who we collectively refer to as "KCS stockholders") would own approximately [—]% of the outstanding CPRL common shares immediately after the first merger, persons who were CPRL shareholders immediately prior to the transaction would own approximately [—]% of the outstanding CPRL common shares. CPRL common shares are traded on the NYSE and the TSX under the symbol "CP." KCS

common stock and KCS preferred stock are traded on the NYSE under the symbols "KSU" and "KSU-P," respectively. We encourage you to obtain current quotes for the KCS common stock and CPRL common shares.

Because the exchange ratio is fixed, the market value of the merger consideration to holders of KCS common stock will fluctuate with the market price of the CPRL common shares and will not be known at the time that KCS stockholders vote on the transaction. Based on the closing price of CPRL common shares of $72.71 on the NYSE on August 9, 2021, the last full trading day prior to that on which CPRL submitted a revised offer to acquire KCS, the implied value of the merger consideration to holders of KCS common stock was approximately $299.70 per share of KCS common stock. On [—], 2021, the latest practicable trading day before the date of this proxy statement/prospectus, the closing price of CPRL common shares on the NYSE was $[—] per share, resulting in an implied value of the merger consideration to holders of KCS common stock of $[—] per share of KCS common stock.

At the special meeting of KCS's stockholders to be held on [—], 2021 (which we refer to as the "KCS special meeting"), KCS stockholders will be asked to consider and vote on (1) a proposal to adopt the merger agreement (which we refer to as the "KCS merger proposal"), (2) a proposal to approve, on a non-binding advisory basis, the compensation that may be paid or become payable to KCS's named executive officers that is based on or otherwise relates to the transaction and (3) a proposal to adjourn the KCS special meeting if there are insufficient votes to approve the KCS merger proposal or to ensure that any supplement or amendment to this proxy statement/prospectus is timely provided to KCS stockholders (which we collectively refer to as the "KCS proposals"). **The board of directors of KCS (which we refer to as the "KCS board") unanimously recommends that KCS stockholders vote "FOR" each of the KCS proposals at the KCS special meeting.**

We cannot complete the transaction unless the KCS merger proposal is approved by KCS stockholders. Your vote on these matters is very important, regardless of the number of shares you own. Whether or not you plan to attend the KCS special meeting, please promptly mark, sign and date the accompanying proxy card and return it in the enclosed postage-paid envelope or call the toll-free telephone number or use the internet as described in the instructions included with your proxy card in order to authorize the individuals named on your proxy card to vote your shares at the KCS special meeting.

This proxy statement/prospectus provides you with important information about the KCS special meeting, the transaction and each of the KCS proposals. We encourage you to read the entire document carefully, in particular the "Risk Factors" section on page 21 for a discussion of risks relevant to the transaction.

We look forward to the successful completion of the transaction.

As noted above, the KCS board unanimously recommends that KCS stockholders vote "FOR" the KCS merger proposal and each of the other KCS proposals.

Sincerely,



Patrick J. Ottensmeyer
President and Chief Executive Officer
Kansas City Southern

Sincerely,



Keith Creel
President and Chief Executive Officer
Canadian Pacific Railway Limited

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY U.S. STATE OR CANADIAN PROVINCIAL OR TERRITORIAL SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE TRANSACTION OR DETERMINED IF THIS PROXY STATEMENT/PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this proxy statement/prospectus is [—], 2021, and it is first being mailed to KCS stockholders on or about [—], 2021.

ADDITIONAL INFORMATION

KCS and CPRL file annual, quarterly and other reports, proxy statements and other information with the U.S. Securities and Exchange Commission (which we also refer to as the "SEC"). This proxy statement/prospectus incorporates by reference important business and financial information about KCS and CPRL from documents that are not included in or delivered with this proxy statement/prospectus. For a listing of the documents incorporated by reference into this proxy statement/prospectus, see the section entitled "*Where You Can Find Additional Information*," on page 229. You can obtain copies of the documents incorporated by reference into this proxy statement/prospectus, without charge, from the SEC's website at www.sec.gov or on the System for Electronic Document Analysis and Retrieval (which we refer to as "SEDAR"), of the Canadian Securities Administrators, the Canadian equivalent of the SEC's system, at www.sedar.com.

You may also obtain copies of documents filed by KCS with the SEC from KCS's website at www.investors.kcsouthern.com under the tab "Financial Information" and then under the headings "Annual Reports & Proxy Statements" and "SEC Filings" and copies of documents filed by CPRL with the SEC and SEDAR from CPRL's website at investor.cpr.ca under the tab "Financials" and then under the headings "Annual Reports" and "SEC Filings."

We are not incorporating the contents of the websites of the SEC, KCS, CPRL or any other entity or any other website into this proxy statement/prospectus. We are providing the information about how you can obtain certain documents that are incorporated by reference into this proxy statement/prospectus at these websites only for your convenience.

You can also request copies of such documents incorporated by reference into this proxy statement/prospectus (excluding all exhibits, unless an exhibit has specifically been incorporated by reference into this proxy statement/prospectus), without charge, by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Kansas City Southern
427 West 12th Street
Kansas City, Missouri 64105
Attention: Corporate Secretary
Telephone: 1-888-800-3690

Canadian Pacific Railway Limited
7550 Ogden Dale Road S.E.
Calgary, Alberta, T2C 4X9
Attention: Office of the Corporate Secretary
Telephone: 1-403-319-7000

In addition, if you have questions about the transaction or the KCS special meeting, need additional copies of this proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, you may contact MacKenzie Partners, Inc., KCS's proxy solicitor, at the following address and telephone numbers:

MacKenzie Partners, Inc.
1407 Broadway, 27th Floor
New York, New York
10018 1-800-322-2885 (Toll-Free)
1-212-929-5500
proxy@mackenziepartners.com

You will not be charged for any of the documents that you request. If you would like to request documents, please do so by [—], 2021 (which is five business days before the date of the KCS special meeting) in order to receive them before the KCS special meeting.

ABOUT THIS PROXY STATEMENT/PROSPECTUS

This proxy statement/prospectus, which forms part of a registration statement on Form F-4 (File No. [—]) filed with the SEC by CPRL, constitutes a prospectus of CPRL under Section 5 of the U.S. Securities Act of 1933, as amended (which we refer to as the "U.S. Securities Act"), with respect to the CPRL common shares to be issued to holders of KCS common stock (which we refer to as "KCS common stockholders") pursuant to the Agreement and Plan of Merger, dated as of September 15, 2021, by and among CPRL, Cygnus Merger Sub 1 Corporation, Cygnus Merger Sub 2 Corporation and KCS, as it may be amended.

This proxy statement/prospectus also constitutes a notice of meeting and a proxy statement of KCS under Section 14(a) of the U.S. Securities Exchange Act of 1934, as amended (which we refer to as the "U.S. Exchange Act"), with respect to the KCS special meeting, at which KCS stockholders will be asked to consider and vote on, among other matters, a proposal to adopt the merger agreement.

You should rely only on the information contained in, or incorporated by reference into, this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated [—], 2021. The information contained in this proxy statement/prospectus is accurate only as of that date or, in the case of information in a document incorporated by reference, as of the date of such document, unless the information specifically indicates that another date applies. Neither the mailing of this proxy statement/prospectus to KCS stockholders nor the issuance by CPRL of common shares under the merger agreement will create any implication to the contrary.

This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which it is unlawful to make any such offer or solicitation in such jurisdiction.

The information concerning CPRL and the merger subs contained in, or incorporated by reference into, this proxy statement/prospectus has been provided by CPRL, and information concerning KCS contained in, or incorporated by reference into, this proxy statement/prospectus has been provided by KCS.

Unless otherwise specified, currency amounts referenced in this proxy statement/prospectus are in U.S. dollars.

CPRL intends to mail to CPRL shareholders a management information circular relating to the special meeting of CPRL's shareholders to be held for the purpose of obtaining the approval of a majority of the votes cast by the holders of outstanding CPRL common shares represented in person or by proxy and entitled to vote on such matter in favor of the issuance of CPRL common shares in connection with the first merger. A copy of such circular will be made available on the website maintained by CPRL (investor.cpr.ca) and filed on SEDAR (www.sedar.com). The web address of CPRL has been included as an inactive textual reference only. The CPRL management information circular and website are not incorporated by reference into, and do not form a part of, this proxy statement/prospectus.

CURRENCY EXCHANGE RATE DATA

The following table shows, for the years and dates indicated, certain information regarding the Canadian dollar/U.S. dollar exchange rate, as reported by the Bank of Canada. Such exchange rate on September 29, 2021 was C$1.2741 = US$1.00.

All references in this proxy statement/prospectus to "$" or "US$" are to U.S. dollars, unless otherwise indicated. All references in this proxy statement/prospectus to "C$" are to Canadian dollars. The rates set forth below may differ from the actual rates used in CP's accounting processes and in the preparation of CP's consolidated financial statements or the unaudited pro forma financial information presented herein.

	Period End	Average	Low	High
Year ended (C$ per US$)				
2020(1)	1.2732	1.3415	1.2718	1.4496
2019(2)	1.2988	1.3269	1.2988	1.36
2018(3)	1.3642	1.2957	1.2288	1.3642
2017(4)	1.2545	1.2986	1.2128	1.3743
2016(5)	1.3427	1.3248	1.2544	1.4589
Month ended (C$ per US$)				
September 2021			1.2518	1.2828
August 2021			1.2497	1.2856
July 2021			1.2343	1.2759
June 2021			1.204	1.2419
May 2021			1.2051	1.2315
April 2021			1.2285	1.2617
March 2021			1.2455	1.2668
February 2021			1.2530	1.2828
January 2021			1.2627	1.2810
December 2020			1.2718	1.2952
November 2020			1.2965	1.3257

(1) From January 2, 2020 through December 31, 2020
(2) From January 2, 2019 through December 31, 2019
(3) From January 2, 2018 through December 31, 2018
(4) From January 3, 2017 through December 29, 2017
(5) From January 4, 2016 through December 30, 2016

NOTICE OF SPECIAL MEETING OF KCS STOCKHOLDERS TO BE HELD ON [—], 2021

YOUR VOTE IS VERY IMPORTANT

To the Stockholders of Kansas City Southern:

Notice is hereby given that Kansas City Southern (which we refer to as "KCS") will hold a special meeting of its stockholders (which we refer to as the "KCS special meeting") virtually via the internet on [—], 2021, beginning at [—], Central Time.

In light of the ongoing COVID-19 (coronavirus) pandemic, the KCS special meeting will be held in a virtual meeting format only, via live audio webcast, and there will not be a physical meeting location. You will be able to attend the KCS special meeting online and to vote your shares electronically at the meeting by visiting [—] (which we refer to as the "special meeting website").

The KCS special meeting will be held for the following purposes:

- to consider and vote on a proposal (which we refer to as the "KCS merger proposal") to adopt the Agreement and Plan of Merger, dated as of September 15, 2021 (which, as it may be amended from time to time, we refer to as the "merger agreement"), by and among Canadian Pacific Railway Limited (which we refer to as "CPRL"), Cygnus Merger Sub 1 Corporation, a Delaware corporation and direct wholly owned subsidiary of CPRL (which we refer to as "surviving merger sub"), Cygnus Merger Sub 2 Corporation, a Delaware corporation and direct wholly owned subsidiary of surviving merger sub (which we refer to as "first merger sub" and, together with surviving merger sub, the "merger subs") and KCS;
- to consider and vote on a proposal (which we refer to as the "KCS compensation proposal") to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to KCS's named executive officers that is based on or otherwise relates to the transactions contemplated by the merger agreement; and
- to consider and vote on a proposal (which we refer to as the "KCS adjournment proposal") to adjourn the KCS special meeting to solicit additional proxies if there are not sufficient votes at the time of the KCS special meeting to approve the KCS merger proposal or to ensure that any supplement or amendment to this proxy statement/prospectus is timely provided to KCS stockholders.

KCS will transact no other business at the KCS special meeting, except, subject to obtaining the prior written consent of CPRL, such business as may properly be brought before the KCS special meeting or any adjournment or postponement thereof. The accompanying proxy statement/prospectus, including the merger agreement attached thereto as Annex A, contains further information with respect to these matters.

KCS stockholders of record at the close of business on [—], 2021 (which we refer to as the "record date") will be entitled to notice of and to vote at the KCS special meeting or any adjournment of the KCS special meeting.

The board of directors of KCS (which we refer to as the "KCS board") has unanimously approved and declared advisable the merger agreement and the transactions contemplated by the merger agreement, including (1) the merger of first merger sub with and into KCS (which we refer to as the "first merger") and (2) the merger of KCS with and into surviving merger sub (which we refer to as the "second merger" and, together with the first merger, the "transaction") on the terms and subject to the conditions set forth in the merger agreement. **The KCS board unanimously recommends that KCS stockholders vote "FOR" the KCS merger proposal, "FOR" the KCS compensation proposal and "FOR" the KCS adjournment proposal.**

Your vote is very important, regardless of the number of shares that you own. The parties cannot complete the transactions contemplated by the merger agreement, including the transaction, without approval of

the KCS merger proposal. Assuming a quorum is present, the approval of the KCS merger proposal requires the affirmative vote of at least a majority of the outstanding shares of KCS voting stock, which includes the common stock of KCS, par value $0.01 per share, and 4% noncumulative preferred stock of KCS, par value $25.00 per share, voting together as a single class.

Whether or not you plan to attend the KCS special meeting via the special meeting website, KCS urges you to please promptly mark, sign and date the accompanying proxy and return it in the enclosed postage-paid envelope, which requires no postage if mailed in the United States, or to submit your votes electronically by calling the toll-free telephone number or using the internet as described in the instructions included with the accompanying proxy card, so that your shares may be represented and voted at the KCS special meeting. If you hold your shares through a broker, bank or other nominee in "street name" (instead of as a registered holder), please follow the instructions on the voting instruction form provided by your bank, broker or nominee to vote your shares. The list of KCS stockholders entitled to vote at the KCS special meeting will be available at our headquarters for examination by any KCS stockholder for any purpose germane to the meeting for a period of at least 10 days prior to the KCS special meeting. If you would like to examine the list of KCS stockholders of record, please contact KCS's Corporate Secretary at 1-888-800-3690 to schedule an appointment or request access. If our headquarters are closed for health and safety reasons related to the coronavirus pandemic during such period, the list of stockholders will be made available for examination electronically upon request to our Corporate Secretary, subject to our satisfactory verification of stockholder status. The list of KCS stockholders entitled to vote at the KCS special meeting will also be available for examination by any KCS stockholder during the KCS special meeting via the special meeting website at [—].

If you have any questions about the transaction, please contact KCS at 1-888-800-3690 or write to Kansas City Southern, 427 West 12th Street, Kansas City, Missouri 64105, Attention: Corporate Secretary.

If you have any questions about how to vote or direct a vote in respect of your shares of KCS voting stock, you may contact KCS's proxy solicitor, MacKenzie Partners, Inc., toll-free at 1-800-322-2885. Banks and brokers may call collect at 1-212-929-5500.

By Order of the Board of Directors,

Adam J. Godderz
Senior Vice President – Chief Legal Officer and Corporate Secretary

Kansas City, Missouri

Dated: [—], 2021

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FREQUENTLY USED TERMS

Certain terms that are defined in and frequently used throughout this proxy statement/prospectus may be helpful for you to have in mind at the outset. Unless otherwise specified or if the context so requires, the following terms have the meanings set forth below for purposes of this proxy statement/prospectus:

- "alternative proposal" refers to any proposal, offer or indication of intent made by any third party relating to or concerning (i) a merger, reorganization, share exchange, consolidation, business combination, recapitalization or similar transaction involving CPRL or KCS, as applicable, in each case, as a result of which the shareholders or stockholders of CPRL or KCS, as applicable, immediately prior to such transaction would cease to own at least 75% of the total voting power of CPRL or KCS, as applicable, or the surviving entity (or any direct or indirect parent company thereof), as applicable, immediately following such transaction, (ii) the acquisition by any third party of more than 25% of the net revenues, net income or total assets of CPRL or KCS, as applicable, and its subsidiaries, on a consolidated basis, or (iii) the direct or indirect acquisition by any third party of more than 25% of the outstanding CPRL common shares or shares of KCS common stock, as applicable.
- "ARTF" refers to the Mexican *Agencia Reguladora del Transporte Ferroviario* (the Regulatory Agency of Rail Transportation of Mexico).
- "BofA Securities" refers to BofA Securities, Inc., financial advisor to KCS in connection with the transaction.
- "bridge facility" refers to the unsecured 364-day bridge facility in an aggregate principal amount of $8.5 billion contemplated under the commitment letter.
- "business day" refers to any day other than a Saturday, Sunday or a day on which the banks in New York, New York or Calgary, Canada, are authorized by law or executive order to be closed.
- "Canadian tax act" refers to the Income Tax Act (Canada), R.S.C., 1985, c.1 (5th Supp.) and the regulations thereunder.
- "cash consideration" refers to $90.00 in cash, without interest, per share of KCS common stock.
- "CBCA" refers to the Canada Business Corporations Act, R.S.C., 1985, c. C-44, as amended.
- "CFIUS" refers to the Committee on Foreign Investment in the United States.
- "closing" refers to the closing of the transaction.
- "closing date" refers to the date on which the closing of the transaction actually occurs.
- "CN" refers to Canadian National Railway Company, a Canadian corporation.
- "CN agreement" refers to the Agreement and Plan of Merger, dated as of May 21, 2021, among CN, Brooklyn Merger Sub, Inc. and KCS, which was terminated by KCS on September 15, 2021.
- "CN agreement termination payment" refers to the Company Termination Fee (as defined in the CN agreement) paid by KCS to CN.
- "CN proposal" refers to the unsolicited written proposal KCS received from CN on April 20, 2021 to acquire KCS for 1.059 CN common shares and $200.00 in cash per share of KCS common stock.
- "CN refund" refers to the CP Termination Fee Refund (as defined in the CN agreement) paid by KCS to an affiliate of CN.
- "CN termination amount refund" refers to $700.0 million in cash in return of such amount remitted by CPRL to KCS in connection with KCS's payment to CN of the CN agreement termination payment.
- "Code" refers to the U.S. Internal Revenue Code of 1986, as amended.
- "COFECE" refers to the *Comisión Federal de Competencia Económica* (the Mexican Antitrust Commission).

- "commitment letter" refers to the Commitment Letter, dated as of September 15, 2021, by and among GS Lending, BMO, CPRL and CPRC, in respect of an unsecured 364-day bridge facility in an aggregate principal amount of $8.5 billion.
- "completion of the CFIUS Process" means: (a) CFIUS has determined that there are no unresolved national security concerns with respect to the transactions contemplated by the merger agreement, and KCS and CPRL have received written notice from CFIUS that action under Section 721 has been concluded; (b) KCS and CPRL have received written notice from CFIUS that the transactions contemplated under the merger agreement are not "covered transactions" pursuant to Section 721; or (c) CFIUS has sent a report to the President of the U.S. requesting the decision of the President of the U.S. with respect to the transactions contemplated under the merger agreement and (i) the period under Section 721 during which the President of the U.S. may announce his decision to take action to suspend, prohibit or place any limitations on the transactions contemplated by the merger agreement has expired without any such action being threatened, announced or taken or (ii) the President of the U.S. has announced a decision not to, or otherwise declined to, take any action to suspend or prohibit the transactions contemplated by the merger agreement.
- "concession" refers to the Mexican government's 50-year concession to KCSM, through which KCSM operates a key commercial corridor of the Mexican railroad system.
- "control date" refers to the date on which CPRL is lawfully permitted to assume control over KCS's railroad operations pursuant to the STB final approval and following completion of the CFIUS process.
- "CP" refers to CPRL together with its subsidiaries.
- "CP termination payment" refers to the Company Termination Fee (as defined in the prior CP merger agreement).
- "CPRL" refers to Canadian Pacific Railway Limited, a Canadian corporation.
- "CPRL approvals" refers to (i) the filing of the certificates of merger in respect of the first merger and the second merger, (ii) authorizations from, or such other actions as are required to be made with or obtained from, the STB, (iii) authorizations from, or such other actions as are required to be made with or obtained from, the FCC, (iv) compliance with any applicable requirements of any antitrust laws, (v) authorizations from, or such other actions as are required to be made with or obtained from, COFECE and the IFT, (vi) the filing of notices with ARTF and SCT, (vii) compliance with the applicable requirements of the U.S. Securities Act, the U.S. Exchange Act and any applicable Canadian provincial or territorial securities laws, including the filing with the SEC of the Form F-4 (of which this proxy statement/prospectus forms a part) and the filing of a management information circular by CPRL with the Alberta Securities Commission and any other applicable securities commission or securities regulatory authority of a province or territory of Canada, (viii) compliance with the rules and regulations of the NYSE and the TSX, (ix) compliance with any applicable foreign or state securities or blue sky laws and (x) the other consents and/or notices set forth on the CPRL disclosure schedules, in each case as required in connection with the transactions contemplated by the merger agreement.
- "CPRL board" refers to the board of directors of CPRL.
- "CPRL common shares" refers to common shares in the capital of CPRL.
- "CPRL disclosure schedules" refers to the disclosure schedules to the merger agreement provided by CPRL.
- "CPRL shareholder approval" refers to the affirmative vote of a majority of the votes cast by the holders of outstanding CPRL common shares represented in person or by proxy and entitled to vote on such matter in favor of the issuance of CPRL common shares in connection with the first merger at the CPRL special meeting, or any adjournment or postponement thereof, in accordance with the rules and policies of the TSX.
- "CPRL shareholders" refers to the holders of CPRL common shares.

- "CPRL special meeting" refers to the special meeting of CPRL shareholders to be held on [—], 2021 and any adjournments or postponements thereof.
- "debt commitment letters" refers to the debt commitment letters delivered at signing of the merger agreement, including the commitment letter.
- "DGCL" refers to the Delaware General Corporation Law.
- "dissenting shares" refers to the shares of KCS common stock and KCS preferred stock held by KCS stockholders who do not vote for adoption of the merger agreement and who otherwise properly exercise and perfect appraisal rights for their shares in accordance with the DGCL.
- "effective time" refers to the effective time of the first merger.
- "end date" refers to February 21, 2022; provided, that to the extent the condition to obtain the authorizations required to be obtained from COFECE and the IFT with respect to the transactions contemplated by the merger agreement has not been satisfied or waived on or prior to February 21, 2022, but all other conditions to closing have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the closing), the end date will be automatically extended to May 21, 2022.
- "excepted shareholder" refers to a KCS stockholder who would be treated as a "five-percent transferee shareholder" within the meaning of Treasury Regulations Section 1.367(a)-3(c)(5)(ii) of CPRL following the transaction who does not enter into a five-year gain recognition agreement in the form provided in Treasury Regulations Section 1.367(a)-8 or does not comply with the requirements of that agreement and Treasury Regulations Section 1.367(a)-8 for avoiding the recognition of gain.
- "exchange ratio" refers to 2.884 validly issued, fully paid and non-assessable CPRL common shares for each share of KCS common stock.
- "FCC" refers to the Federal Communications Commission.
- "first merger" refers to the proposed merger of first merger sub with and into KCS, resulting in KCS surviving as a direct, wholly owned subsidiary of surviving merger sub.
- "first merger sub" refers to Cygnus Merger Sub 2 Corporation, a Delaware corporation and a direct wholly owned subsidiary of surviving merger sub.
- "first surviving corporation" refers to KCS as the company that, under the merger agreement, survives the first merger under Delaware law as a direct wholly owned subsidiary of surviving merger sub at the effective time.
- "Form F-4" refers to the registration statement on Form F-4 pursuant to which the offer and sale of CPRL common shares in connection with the first merger will be registered pursuant to the U.S. Securities Act and in which this proxy statement/prospectus is included, together with any supplements thereto.
- "fractional share cash amount" refers to the amount (rounded down to the nearest cent) representing the proportionate interest in the net proceeds from the sale by the exchange agent, on behalf of all holders of fractional shares of KCS common stock, of the aggregated number of fractional CPRL common shares that would otherwise have been issuable to such holders as part of the merger consideration.
- "IFT" refers to the *Instituto Federal de Telecomunicaciones* (the Mexican Federal Telecommunications Institute).
- "intervening event" refers to an event, change, occurrence, or development that is unknown and not reasonably foreseeable to the applicable party's board of directors, as of the date of the merger agreement (or if known or reasonably foreseeable, the material consequences of which were not known or reasonably foreseeable as of the date of the merger agreement); provided, that the receipt, existence or terms of an alternative proposal will not be deemed to be an intervening event under the merger agreement.

- "IRS" refers to the U.S. Internal Revenue Service.
- "KCS" refers to Kansas City Southern, a Delaware corporation.
- "KCS adjournment proposal" refers to the proposal to adjourn the KCS special meeting to solicit additional proxies if there are not sufficient votes at the time of the KCS special meeting to approve the KCS merger proposal or to ensure that any supplement or amendment to this proxy statement/prospectus is timely provided to KCS stockholders.
- "KCS approvals" refers to (i) the filing of the certificates of merger in respect of the first merger and the second merger, (ii) authorizations from, or such other actions as are required to be made with or obtained from, the STB, (iii) authorizations from, or such other actions as are required to be made with or obtained from, the FCC, (iv) compliance with any applicable requirements of any antitrust laws, (v) authorizations from, or such other actions as are required to be made with or obtained from, the COFECE and the IFT, (vi) the filing of notices with the ARTF and the SCT, (vii) compliance with the applicable requirements of the U.S. Securities Act and the U.S. Exchange Act, including the filing with the SEC of the Form F-4 (of which this proxy statement/prospectus forms a part), (viii) compliance with the rules and regulations of the NYSE, (ix) compliance with any applicable foreign or state securities or blue sky laws and (x) the other consents and/or notices set forth on the KCS disclosure schedules, in each case, as required in connection with the transactions contemplated by the merger agreement.
- "KCS board" refers to the board of directors of KCS.
- "KCS common stock" refers to shares of common stock of KCS, par value $0.01 per share.
- "KCS common stockholders" refers to the holders of KCS common stock.
- "KCS compensation proposal" refers to the proposal that KCS stockholders will vote on at the KCS special meeting to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to KCS's named executive officers that is based on or otherwise relates to the transactions contemplated by the merger agreement.
- "KCS director deferred stock" refers to an award of director deferred stock that corresponds to shares of KCS common stock.
- "KCS equity awards" collectively refers to the KCS stock options, KCS restricted share awards, KCS performance share awards and KCS director deferred stock.
- "KCS merger proposal" refers to the proposal to adopt the merger agreement that KCS stockholders will vote on at the KCS special meeting.
- "KCS performance share award" refers to an award of performance shares that corresponds to shares of KCS common stock.
- "KCS preferred stock" refers to the 4% noncumulative preferred stock of KCS, par value $25.00 per share.
- "KCS proposals" collectively refers to the KCS merger proposal, the KCS compensation proposal and the KCS adjournment proposal.
- "KCS restricted share award" refers to an award of shares of KCS common stock granted subject to any vesting, forfeiture or other lapse restrictions.
- "KCS special meeting" refers to the special meeting of KCS stockholders to be held on [—], 2021.
- "KCS stock option" refers to an award of options to purchase shares of KCS common stock.
- "KCS stockholder approval" refers to the affirmative vote of the holders of a majority of the outstanding shares of KCS voting stock in favor of the adoption of the merger agreement.
- "KCS stockholders" collectively refers to the holders of KCS common stock and KCS preferred stock.

- "KCS voting stock" refers collectively to KCS common stock and KCS preferred stock, as a single class.
- "KCSM" refers to Kansas City Southern de México, S.A. de C.V., a wholly owned subsidiary of KCS.
- "KCSR" refers to The Kansas City Southern Railway Company, a wholly owned subsidiary of KCS.
- "MacKenzie" refers to MacKenzie Partners, Inc., a proxy solicitation firm retained by KCS to assist in the solicitation of proxies for the KCS special meeting.
- "material adverse effect" refers to, under the merger agreement and with respect to KCS or CPRL, as applicable, an event, change, occurrence, effect or development that (x) has a material adverse effect on the business, operations or financial condition of such party and its subsidiaries, taken as a whole, or (y) would prevent, materially delay or materially impair the ability (i) in the case of KCS, KCS, and (ii) in the case of CPRL, CPRL or either merger sub, to consummate the transactions contemplated by the merger agreement or, in the case of CPRL, to obtain the debt financing, but, solely in the case of clause (x), will not include events, changes, occurrences, effects or developments relating to or resulting from;
  - changes in general economic or political conditions or the securities, equity, credit or financial markets in general, or changes in or affecting domestic or foreign interest or exchange rates;
  - any decline in the market price or trading volume of such party's shares, or any change in the credit rating of such party or any of its securities (provided that the facts and circumstances underlying such decline or change may be taken into account in determining whether a material adverse effect in respect of such party has occurred to the extent not otherwise excluded by the definition thereof);
  - changes or developments in the industries in which such party or its subsidiaries operate;
  - changes in law or the interpretation or enforcement thereof after the date of the merger agreement;
  - the execution, delivery or performance of the merger agreement or the public announcement or pendency or consummation of the transactions contemplated thereby, including the impact thereof on the relationships, contractual or otherwise, of such party or any of its subsidiaries with employees, partnerships, customers or suppliers or governmental entities;
  - in the case of KCS, the identity of CPRL or any of its affiliates as the acquiror of KCS;
  - compliance with the terms of, or the taking or omission of any action required by, the merger agreement or consented to (after disclosure to the other party of all material and relevant facts and information) or requested by such party in writing;
  - any act of civil unrest, civil disobedience, war, terrorism, cyberterrorism, military activity, sabotage or cybercrime, including an outbreak or escalation of hostilities involving Canada, the U.S. or any other governmental entity or the declaration by any governmental entity of a national emergency or war, or any worsening or escalation of any such conditions threatened or existing on the date of the merger agreement;
  - any hurricane, tornado, flood, earthquake, natural disaster, act of God or other comparable events;
  - any pandemic, epidemic or disease outbreak (including COVID-19) or other comparable events;
  - changes in generally accepted accounting principles or the interpretation or enforcement thereof after the date of the merger agreement;
  - any litigation relating to or resulting from the merger agreement or the transactions contemplated thereby; or
  - any failure of such party to meet internal or published projections, forecasts, guidance or revenue or earning predictions; provided, that the facts and circumstances underlying any such failure may

be taken into account in determining whether a material adverse effect in respect of such party has occurred to the extent not otherwise excluded by the definition thereof;

except, with respect to the first, third, eighth, ninth, tenth, and eleventh bullets above, if the impact thereof is materially and disproportionately adverse to such party and its subsidiaries, taken as a whole, relative to the impact thereof on the operations in the railroad industry of other participants in such industry, the incremental material disproportionate impact may be taken into account in determining whether there has been a material adverse effect in respect of such party.

- "merger agreement" refers to the Agreement and Plan of Merger, dated as of September 15, 2021, among CPRL, surviving merger sub, first merger sub, and KCS, as it may be amended from time to time.
- "merger consideration" collectively refers to the share consideration and the cash consideration.
- "merger holdco" refers to Cygnus Holding Corp., a Delaware corporation and an indirect wholly owned subsidiary of CPRL.
- "merger subs" collectively refers to first merger sub and surviving merger sub.
- "Mexican antitrust authorities" collectively refers to the COFECE and the IFT.
- "Morgan Stanley" refers to Morgan Stanley & Co. LLC, financial advisor to KCS in connection with the transaction.
- "NYSE" refers to the New York Stock Exchange.
- "preferred merger consideration" refers to $37.50 in cash, without interest, per share of KCS preferred stock.
- "prior CP merger agreement" refers to the Agreement and Plan of Merger, dated as of March 21, 2021, among CPRL, surviving merger sub, first merger sub, and KCS, which was terminated by KCS on May 21, 2021.
- "qualifying transaction" refers to an alternative proposal in respect of KCS or CPRL (as applicable) (for these purposes, substituting in the definition of alternative proposal "50%" for "25%" and for "75%" in each place each such phrase appears) that is publicly proposed or publicly disclosed after the date of the merger agreement and prior to the KCS special meeting or CPRL special meeting (as applicable), and is not publicly withdrawn at least two business days prior to the KCS special meeting or CPRL special meeting (as applicable).
- "record date" refers to [—], 2021.
- "representatives" refers to the officers, employees, accountants, consultants, legal counsel, financial advisors, agents and other representatives of a given party.
- "SCT" refers to the *Secretaría de Comunicaciones y Transportes* (the Secretary of Communications and Transportation of Mexico).
- "SEC" refers to the U.S. Securities and Exchange Commission.
- "SEC's website" refers to www.sec.gov.
- "second effective time" refers to the effective time of the second merger.
- "second merger" refers to the merger of KCS (as the surviving entity of the first merger) with and into surviving merger sub, to occur immediately after the first merger, resulting in surviving merger sub surviving as a direct wholly owned subsidiary of CPRL.
- "second surviving corporation" refers, following the second merger, to surviving merger sub as the entity surviving the second merger as a direct wholly owned subsidiary of CPRL at the second effective time.

- "Section 721" refers to Section 721 of the Defense Production Act of 1950, as amended, and the regulations promulgated thereunder.
- "SEDAR" refers to the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators.
- "share consideration" refers to 2.884 validly issued, fully paid and non-assessable CPRL common shares, for each share of KCS common stock.
- "special meeting website" refers to the website located at [—], where KCS stockholders will be able to attend the KCS special meeting online and vote their shares electronically.
- "STB" refers to the U.S. Surface Transportation Board.
- "STB denial" means that either (i) the STB final approval has not been obtained by December 31, 2023 or (ii) the STB has, by a final and non-appealable order, refused to provide the STB final approval.
- "STB final approval" refers to the final and non-appealable approval or exemption by the STB of the transactions contemplated by the merger agreement pursuant to 49 U.S.C. § 11323 *et seq*.
- "STB May 6 decision" refers to Decision No. 5 (Docket No. FD 36500) of the STB.
- "STB voting trust approval" refers to the approval or authorization of the STB to consummate the voting trust transaction.
- "superior proposal" refers to an unsolicited, bona fide written alternative proposal, made after the date of the merger agreement, substituting in the definition of alternative proposal "50%" for "25%" and for "75%" in each place each such phrase appears, made after September 15, 2021, that the applicable party's board of directors determines in good faith, after consultation with the applicable party's outside legal and financial advisors, and considering all legal, financial, financing and regulatory aspects of the proposal, the identity of the person(s) making the proposal and the likelihood of the proposal being consummated in accordance with its terms, would, if consummated, result in a transaction (A) that is more favorable to such party's shareholders or stockholders, as applicable from a financial point of view than the transactions contemplated by the merger agreement and (B) that is reasonably likely to be completed, taking into account any regulatory, financing or approval requirements and any other aspects considered relevant by such party's board of directors.
- "surviving merger sub" refers to Cygnus Merger Sub 1 Corporation, a Delaware corporation and a direct wholly owned subsidiary of CPRL.
- "total purchase consideration" collectively refers to the merger consideration, the preferred merger consideration, cash amounts payable at the effective time in respect of all KCS equity awards, amounts remitted by CPRL to KCS in connection with the CN agreement termination payment and CN refund, and other amounts as defined as consideration by the acquisition method of accounting.
- "transaction" collectively refers to the first merger and the second merger.
- "Treasury Regulations" refers to U.S. Treasury regulations promulgated under the Code.
- "trust stock" refers to all outstanding shares of the capital stock of the second surviving corporation at any time delivered to the trustee of the voting trust pursuant to the voting trust agreement.
- "trustee" refers to the person who will act as trustee of the voting trust established pursuant to the voting trust agreement, expected to be Mr. David L. Starling.
- "TSX" refers to the Toronto Stock Exchange.
- "U.S." refers to the United States of America.
- "U.S. Exchange Act" refers to the U.S. Securities Exchange Act of 1934, as amended.
- "U.S. Securities Act" refers to the U.S. Securities Act of 1933, as amended.

- "voting trust" refers to the independent, irrevocable voting trust to be established pursuant to the voting trust agreement.
- "voting trust agreement" refers to the voting trust agreement to be entered into by and among CPRL, merger holdco and the trustee following the second effective time.
- "voting trust transaction" refers to the deposit of all of the outstanding shares of capital stock of the second surviving corporation into an independent, irrevocable voting trust following the transaction.

QUESTIONS AND ANSWERS ABOUT THE TRANSACTION AND THE SPECIAL MEETING

The following are brief answers to certain questions that you, as a stockholder of KCS, may have regarding the transaction and the other matters being considered at the KCS special meeting. You are urged to carefully read this proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus in their entirety because this section may not provide all the information that is important to you regarding these matters. Please refer to the section entitled "Summary" on page 1 for a summary of important information regarding the merger agreement and the transactions contemplated thereby. Additional important information is contained in the annexes to, and the documents incorporated by reference into, this proxy statement/prospectus. You may obtain the information incorporated by reference in this proxy statement/prospectus, without charge, by following the instructions under the section entitled "Where You Can Find Additional Information," on page 229.

Q: Why am I receiving this proxy statement/prospectus?

A: You are receiving this proxy statement/prospectus because KCS has agreed to be acquired by CPRL through (1) a merger of first merger sub with and into KCS, with KCS surviving as a wholly owned subsidiary of surviving merger sub, and (2) immediately thereafter, a merger of KCS with and into surviving merger sub, with surviving merger sub surviving the second merger as a direct wholly owned subsidiary of CPRL (which we refer to as the "second surviving corporation" following the second merger). The merger agreement, which governs the terms and conditions of the transaction, is attached to this proxy statement/prospectus as Annex A.

Your vote is required in connection with the transaction. KCS is sending these materials to KCS stockholders to help them decide how to vote their shares with respect to the adoption of the merger agreement, among other important matters.

Q: What matters am I being asked to vote on?

A: In order to complete the transaction, among other things, KCS stockholders must approve the proposal to adopt the merger agreement in accordance with the DGCL (which proposal we refer to as the "KCS merger proposal").

KCS is holding the KCS special meeting to obtain approval of the KCS merger proposal. At the KCS special meeting, KCS stockholders will also be asked to consider and vote on:

- a proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to KCS's named executive officers that is based on or otherwise relates to the transactions contemplated by the merger agreement (which proposal we refer to as the "KCS compensation proposal"); and
- a proposal to adjourn the KCS special meeting to solicit additional proxies if there are not sufficient votes at the time of the KCS special meeting to approve the KCS merger proposal or to ensure that any supplement or amendment to this proxy statement/prospectus is timely provided to KCS stockholders (which proposal we refer to as the "KCS adjournment proposal").

Your vote is very important, regardless of the number of shares that you own. The approval of the KCS merger proposal is a condition to the obligations of the parties to complete the transaction. Neither the approval of the KCS compensation proposal nor the approval of the KCS adjournment proposal is a condition to the obligations of the parties to complete the transaction.

Q: When and where will the KCS special meeting take place?

A: The KCS special meeting will be held virtually via the internet on [—], 2021, beginning at [—], Central Time. The KCS special meeting will be held solely via live audio webcast and there will not be a physical meeting location. KCS stockholders will be able to attend the KCS special meeting online and vote their

shares electronically during the meeting by visiting [—] (which we refer to as the "special meeting website"). If you choose to attend the KCS special meeting and vote your shares during the KCS special meeting, you will need the control number located on your proxy card as described in the section entitled "*The KCS Special Meeting— Date, Time and Place of the KCS Special Meeting*" on page 40.

Even if you plan to attend the KCS special meeting, KCS recommends that you vote your shares in advance as described below so that your vote will be counted if you later decide not to or become unable to attend the KCS special meeting.

If you hold your shares in "street name", you must register in advance to attend the special meeting. To register you must submit proof of your proxy power (legal proxy) reflecting your holdings of our stock, along with your name and email address to Computershare. Requests for registration must be labeled as "Legal Proxy" and be received no later than [—], Eastern daylight time, on [—]. You will receive a confirmation email from Computershare of your registration. Requests for registration should be directed to Computershare at the following:

- By Email:

Forward the email from your broker, or attach an image of your legal proxy, to legalproxy@computershare.com.

Q: Does my vote matter?

A: Yes, your vote is very important, regardless of the number of shares that you own. The transaction cannot be completed unless, among other things, the KCS merger proposal is approved by KCS stockholders.

A failure to return or submit your proxy or to vote at the KCS special meeting as provided in this proxy statement/prospectus will have the same effect as a vote "**AGAINST**" the KCS merger proposal. The failure to return or submit your proxy and to attend the KCS special meeting will have no effect on the KCS compensation proposal (assuming a quorum is present) or the KCS adjournment proposal, but the failure of any shares present or represented by proxy at the KCS special meeting to vote on the proposal will have the same effect as a vote "**AGAINST**" the KCS compensation proposal and "**AGAINST**" the KCS adjournment proposal, as applicable. The KCS board unanimously recommends that you vote "**FOR**" the KCS merger proposal, "**FOR**" the KCS compensation proposal and "**FOR**" the KCS adjournment proposal.

Q: What will KCS stockholders receive for their shares if the transaction is completed?

A: Under the merger agreement, at the effective time, each share of common stock of KCS, par value $0.01 per share (which we refer to as "KCS common stock"), issued and outstanding immediately prior to the effective time of the first merger (which we refer to as the "effective time") (other than certain excluded shares as described in the merger agreement) will be converted into the right to receive (1) the "exchange ratio" of 2.884 validly issued, fully paid and non-assessable CPRL common shares (which we refer to as the "share consideration") and (2) $90.00 in cash, without interest (which we refer to as the "cash consideration" and, together with the share consideration, as the "merger consideration"), and each share of 4% noncumulative preferred stock of KCS, par value $25.00 per share (which we refer to as "KCS preferred stock"), issued and outstanding immediately prior to the effective time (other than certain excluded shares as described in the merger agreement), will be converted into the right to receive $37.50 in cash, without interest (which we refer to as the "preferred merger consideration"). Each holder of KCS common stock will receive cash (without interest and less any applicable withholding taxes) in lieu of any fractional CPRL common shares that such stockholder would otherwise receive as merger consideration in the transaction. Any cash amounts to be received by holders of KCS common stock in lieu of any fractional CPRL common shares will be rounded down to the nearest cent.

The exchange ratio is fixed and will not be adjusted to reflect changes in the price of KCS common stock or CPRL common shares prior to the effective time. The CPRL common shares issued in connection with the transaction will be listed on the New York Stock Exchange (which we refer to as the "NYSE") and the

Toronto Stock Exchange (which we refer to as the "TSX") under the symbol "CP." Based on the number of shares of KCS common stock and CPRL common shares outstanding on [—], 2021, upon completion of the transaction, we expect that former holders of KCS common stock would own approximately [—]% of the outstanding common shares of CPRL, and holders of CPRL common shares (whom we refer to as "CPRL shareholders") immediately prior to the transaction would own approximately [—]% of the outstanding common shares of CPRL. KCS common stock and KCS preferred stock are traded on the NYSE under the symbols "KSU" and "KSU-P," respectively. We encourage you to obtain current quotes for the CPRL common shares and the KCS common stock.

Because CPRL will issue a fixed number of CPRL common shares in exchange for each share of KCS common stock, the value of the merger consideration that holders of KCS common stock will receive in the transaction will depend on the market price of CPRL common shares at the effective time and will not be known at the time that KCS stockholders vote on the transaction. The market price of CPRL common shares that holders of KCS common stock receive at the effective time could be greater than, less than or the same as the market price of CPRL common shares on the date of this proxy statement/prospectus or at the time of the KCS special meeting. Accordingly, you should obtain current market quotations for CPRL common shares and KCS common stock before deciding how to vote with respect to the KCS merger proposal. Based on the closing price of CPRL common shares of $72.71 on the NYSE on August 9, 2021, the last full trading day prior to that on which CPRL submitted a revised offer to acquire KCS, the implied value of the merger consideration to holders of KCS common stock was approximately $299.70 per share of KCS common stock. On [—], 2021, the latest practicable trading day before the date of this proxy statement/prospectus, the closing price of CPRL common shares on the NYSE was $[—] per share, resulting in an implied value of the merger consideration to holders of KCS common stock of $[—] per share of KCS common stock.

For more information regarding the merger consideration to be received by KCS stockholders if the transaction is completed, see the section entitled "*The Merger Agreement—Merger Consideration*" on page 138.

Q: How does the KCS board recommend that I vote at the KCS special meeting?

A: The KCS board unanimously recommends that you vote "**FOR**" the KCS merger proposal, "**FOR**" the KCS compensation proposal and "**FOR**" the KCS adjournment proposal.

In considering the recommendations of the KCS board, KCS stockholders should be aware that KCS directors and executive officers have interests in the transaction that are different from, or in addition to, the interests of KCS stockholders generally. These interests may include the treatment of outstanding KCS stock options, KCS restricted share awards, KCS performance share awards and KCS director deferred stock (which we collectively refer to as "KCS equity awards") under the merger agreement, the potential payment of severance benefits and acceleration of outstanding KCS equity awards upon certain terminations of employment, retention awards and rights to ongoing indemnification and insurance coverage. For a more complete description of these interests, see the information provided in the section entitled "*The KCS Merger Proposal—Interests of KCS's Directors and Executive Officers in the Transaction*" on page 101.

Q: If my KCS stock is represented by physical stock certificates, should I send my stock certificates now?

A: No. After the transaction is completed, you will receive a transmittal form from the exchange agent with instructions for the surrender of your KCS stock certificates. ***Please do not send your stock certificates with your proxy card.***

Q: Who may vote at the KCS special meeting?

A: All holders of record of shares of KCS voting stock who held shares at the close of business on [—], 2021 (which we refer to as the "record date") are entitled to receive notice of, and to vote at, the KCS special

meeting. Shares held through the KCS 401(k) Plan must be voted prior to the meeting and by [—] Central Time on [—], 2021. Each such holder of KCS voting stock is entitled to cast one vote on each matter properly brought before the KCS special meeting for each share of KCS voting stock that such holder owned of record as of the record date. Attendance at the KCS special meeting is not required to vote. See below and the section entitled "*The KCS Special Meeting—Voting by Proxy or in Person*" on page 43 for instructions on how to vote your shares without attending the KCS special meeting.

Q: What is a proxy?

A: A proxy is a stockholder's legal designation of another person to vote shares owned by such stockholder on their behalf. The document used to designate a proxy to vote your shares of KCS voting stock is referred to as a "proxy card."

Q: How many votes does each share of KCS voting stock have?

A: Each KCS stockholder is entitled to one vote for each share of KCS voting stock held of record as of the record date. As of the record date, there were [—] outstanding shares of KCS voting stock.

Q: How many votes must be present to hold the KCS special meeting?

A: A quorum is the minimum number of shares required to be represented, either by the appearance of the stockholder in person (including virtually) or through representation by proxy, to hold a valid meeting.

Holders of a majority of the aggregate voting power of the KCS capital stock issued and outstanding and entitled to vote must be present via the special meeting website or represented by proxy at the KCS special meeting in order to constitute a quorum.

If a quorum is not present, the KCS special meeting may be adjourned or postponed until the holders of the number of shares of KCS voting stock required to constitute a quorum attend.

Q: Where will the CPRL common shares that I receive in the transaction be publicly traded?

A: The CPRL common shares to be issued to holders of KCS common stock in the transaction will be listed for trading on the NYSE and TSX under the symbol "CP."

Q: What happens if the transaction is not completed?

A: If the KCS merger proposal is not approved by KCS stockholders, or if the transaction is not completed for any other reason, KCS stockholders will not receive the merger consideration, the preferred merger consideration or any other consideration in connection with the transaction, and their shares of KCS stock will remain outstanding.

If the transaction is not completed, CPRL and KCS will each remain public companies independent of one another, the KCS common stock will continue to be listed and traded on the NYSE under the symbol "KSU" and the KCS preferred stock will continue to be listed and traded on the NYSE under the symbol "KSU-P."

In the event that the transaction is completed, but STB final approval is not obtained and CPRL is not permitted to acquire control over KCS's railroad operations, KCS stockholders will retain the merger consideration, the preferred merger consideration and any other consideration received in connection with the transaction, and thus will continue to hold any CPRL common shares issued in connection with the transaction.

If the merger agreement is terminated under specified circumstances, KCS may be required to pay CPRL a termination payment of $700.0 million and/or the CN termination amount refund of $700.0 million. If the merger agreement is terminated under specified circumstances, CPRL may be required to pay KCS a

termination payment of either $700.0 million or $1.0 billion, depending on the reason for termination. See the section entitled "*The Merger Agreement—Termination or Abandonment of the Merger Agreement*" on page 163 for a more detailed discussion of the termination payments.

Q: What is a "broker non-vote"?

A: Under the NYSE rules, banks, brokers and other nominees may use their discretion to vote "uninstructed" shares (i.e., shares of record held by banks, brokers or other nominees, but with respect to which the beneficial owner of such shares has not provided instructions on how to vote on a particular proposal) with respect to matters that are considered to be "routine," but not with respect to "non-routine" matters. All of the KCS proposals are "non-routine" matters under NYSE rules.

A "broker non-vote" occurs on an item when (1) a bank, broker or other nominee has discretionary authority to vote on one or more proposals to be voted on at a meeting of stockholders, but is not permitted to vote on other proposals without instructions from the beneficial owner of the shares, and (2) the beneficial owner fails to provide the bank, broker or other nominee with such instructions. Because all of the KCS proposals are non-routine matters under NYSE rules for which brokers do not have discretionary authority to vote, KCS does not expect there to be any broker non-votes at the KCS special meeting.

Q: What stockholder vote is required for the approval of each proposal at the KCS special meeting? What will happen if I fail to vote or abstain from voting on each proposal at the KCS special meeting?

A: *Proposal 1: KCS Merger Proposal*. Assuming a quorum is present at the KCS special meeting, approval of the KCS merger proposal requires the affirmative vote of at least a majority of the outstanding shares of KCS voting stock entitled to vote on the KCS merger proposal. Accordingly, a KCS stockholder's abstention from voting or the failure of any KCS stockholder to vote (including the failure of a KCS stockholder who holds their shares in "street name" through a bank, broker or other nominee to give voting instructions to such bank, broker or other nominee with respect to the KCS merger proposal) will have the same effect as a vote "**AGAINST**" the KCS merger proposal.

Proposal 2: KCS Compensation Proposal. Assuming a quorum is present at the KCS special meeting, approval of the advisory KCS compensation proposal requires the affirmative vote of at least a majority of the shares of KCS voting stock present at the KCS special meeting in person (including virtually) or represented by proxy and entitled to vote on the KCS compensation proposal. Accordingly, if a KCS stockholder present in person (including virtually) at the KCS special meeting abstains from voting, or responds by proxy with an "abstain" vote, it will have the same effect as a vote cast "**AGAINST**" the KCS compensation proposal. If a KCS stockholder is not present in person (including virtually) at the KCS special meeting and does not respond by proxy, it will have no effect on the vote count for the KCS compensation proposal (assuming a quorum is present).

Proposal 3: KCS Adjournment Proposal. Approval of the KCS adjournment proposal requires the affirmative vote of at least a majority of the shares of KCS voting stock present at the KCS special meeting in person (including virtually) or represented by proxy and entitled to vote on the KCS adjournment proposal (whether or not a quorum is present). Accordingly, if a KCS stockholder present in person (including virtually) at the KCS special meeting abstains from voting, or responds by proxy with an "abstain" vote, it will have the same effect as a vote cast "**AGAINST**" the KCS adjournment proposal. If a KCS stockholder is not present in person (including virtually) at the KCS special meeting and does not respond by proxy, it will have no effect on the vote count for such proposal.

Q: Why am I being asked to consider and vote on a proposal to approve, by non-binding, advisory vote, the compensation that may be paid or become payable to KCS's named executive officers (i.e., the KCS compensation proposal)?

A: Under SEC rules, KCS is required to seek a non-binding, advisory vote of its stockholders with respect to the compensation that may be paid or become payable to KCS's named executive officers that is based on or otherwise relates to the transactions contemplated by the merger agreement.

Q: What happens if KCS stockholders do not approve, by non-binding, advisory vote, the compensation that may be paid or become payable to KCS's named executive officers (i.e., the KCS compensation proposal)?

A: Because the vote to approve the KCS compensation proposal is advisory in nature, the outcome of the vote will not be binding upon KCS or the combined company, and the completion of the transaction is not conditioned or dependent upon the approval of the KCS compensation proposal. Accordingly, the compensation that is subject to the vote, which is described in the section entitled "*The KCS Merger Proposal—Interests of KCS's Directors and Executive Officers in the Transaction*" on page 101 of this proxy statement/prospectus, may be paid to KCS's named executive officers even if KCS's stockholders do not approve the KCS compensation proposal.

Q: How can I vote my shares at the KCS special meeting?

A: Shares held directly in your name as the stockholder of record of KCS may be voted during the KCS special meeting via the special meeting website. If you choose to vote your shares during the virtual meeting, you will need the control number included on your proxy card in order to access the special meeting website and to vote as described in the section entitled "*The KCS Special Meeting—Voting by Proxy or in Person*" on page 43.

If you hold your shares held in "street name", you must register in advance to attend the special meeting. To register you must submit proof of your proxy power (legal proxy) reflecting your holdings of our stock, along with your name and email address to Computershare. Requests for registration must be labeled as "Legal Proxy" and be received no later than [—], Eastern daylight time, on [—]. You will receive a confirmation email from Computershare of your registration. Requests for registration should be directed to Computershare at the following:

- By Email:

Forward the email from your broker, or attach an image of your legal proxy, to legalproxy@computershare.com.

Even if you plan to attend the KCS special meeting, KCS recommends that you vote your shares in advance as described below so that your vote will be counted if you later decide not to or become unable to attend the KCS special meeting.

Additional information on attending the KCS special meeting can be found under the section entitled "*The KCS Special Meeting*" on page 40.

Q: How do participants in the KCS 401(k) Plan vote?

A: If you participate in the KCS 401(k) and Profit Sharing Plan (the "KCS 401(k) Plan") and own shares of KCS common stock in your account, you should have received a full set of printed proxy materials, including a voting instruction form to instruct the trustee of the KCS 401(k) Plan how to vote the shares of KCS common stock held on your behalf. The trustee is required under the trust agreement to vote the shares in accordance with the instructions given on the voting instruction form. Voting instructions may also be given by Internet or telephone by participants in the KCS 401(k) Plan. The voting instruction form contains the Internet address and toll-free number. If voting instructions are not received from a participant, the trustee must vote those shares, as well as any unallocated shares, in the same proportions as the shares for which voting instructions were received from plan participants. Voting instructions by Internet or telephone must be given by [—], Central Time, on [—], 2021. Unless you give voting instructions by Internet or telephone, the voting instruction form should be returned in the envelope provided to Computershare. The voting instruction form should not be returned to us. KCS 401(k) Plan participants who wish to revoke their voting instructions must contact the trustee and follow its procedures.

Q: Are the votes of participants in the KCS 401(k) Plan confidential?

A: Under the terms of the KCS 401(k) Plan, the trustee is required to establish procedures to ensure that the instructions received from participants are held in confidence and not divulged, released or otherwise utilized in a manner that might influence the participants' free exercise of their voting rights.

Q: How can I vote my shares without attending the KCS special meeting?

A: Whether you hold your shares directly as the stockholder of record of KCS or beneficially in "street name," you may direct your vote by proxy without attending the KCS special meeting via the special meeting website. If you are a stockholder of record, you can vote by proxy over the internet, or by telephone or by mail by following the instructions provided in the enclosed proxy card. Please note that if you hold shares beneficially in "street name," you should follow the voting instructions provided by your bank, broker or other nominee.

Additional information on voting procedures can be found under the section entitled "*The KCS Special Meeting*" on page 40.

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner of shares held in "street name?"

A: If your shares of KCS voting stock are registered directly in your name with Computershare, the transfer agent for KCS, you are considered the stockholder of record with respect to those shares. As the stockholder of record, you have the right to vote your shares directly at the KCS special meeting. You may also grant a proxy for your vote directly to KCS or to a third party to vote your shares at the KCS special meeting.

If your shares of KCS voting stock are held by a bank, broker or other nominee, you are considered the beneficial owner of shares held in "street name." Your bank, broker or other nominee will send you, as the beneficial owner, a package describing the procedures for voting your shares and you must instruct the bank, broker or other nominee on how to vote them by following the instructions that the bank, broker or other nominee provides to you with these proxy materials. Most banks, brokers and other nominees offer the ability for stockholders to submit voting instructions by mail by completing a voting instruction card, by telephone, and by the internet.

Q: If my shares of KCS voting stock are held in "street name" by my bank, broker or other nominee, will my bank, broker or other nominee automatically vote those shares for me?

A: No. Your bank, broker or other nominee will only be permitted to vote your shares of KCS voting stock if you instruct your bank, broker or other nominee how to vote. You should follow the procedures provided by your bank, broker or other nominee regarding the voting of your shares. Under NYSE rules, banks, brokers and other nominees who hold shares of KCS voting stock in "street name" for their customers have authority to vote on "routine" proposals when they have not received instructions from beneficial owners. However, banks, brokers and other nominees are prohibited from exercising their voting discretion with respect to non-routine matters, which include all the KCS proposals. As a result, absent specific instructions from the beneficial owner of such shares, banks, brokers and other nominees are not empowered to vote such shares.

Since there are no items on the agenda that your broker has discretionary authority to vote upon, your shares will not be counted as present at the KCS special meeting for the purposes of determining a quorum if you fail to instruct your broker on how to vote on the KCS proposals. If you fail to submit any instruction to your bank, broker or other nominee, it will have no effect on the KCS compensation proposal, assuming that a quorum is otherwise present, and it will have no effect on the KCS adjournment proposal. However, failure to instruct your bank, broker or other nominee on how to vote will have the same effect as a vote "**AGAINST**" the KCS merger proposal.

Q: What should I do if I receive more than one set of voting materials for the KCS special meeting?

A: If you hold shares of KCS voting stock in "street name" and also directly in your name as a stockholder of record or otherwise, or if you hold shares of KCS voting stock in more than one brokerage account, you may receive more than one set of voting materials relating to the KCS special meeting.

Record Holders. For shares held directly, please complete, sign, date and return each proxy card (or cast your vote by telephone or via the internet as provided on each proxy card) or otherwise follow the voting instructions provided in this proxy statement/prospectus in order to ensure that all of your shares of KCS voting stock held directly by you are voted.

Shares in "street name." For shares held in "street name" through a bank, broker or other nominee, you should follow the procedures provided by your bank, broker or other nominee to make sure that you vote all of your shares held in "street name."

Q: If a stockholder gives a proxy, how are the shares of KCS voting stock voted?

A: Regardless of the method you choose to vote, the individuals named on the enclosed proxy card will vote your shares of KCS voting stock in the way that you indicate. For each item before the KCS special meeting, you may specify whether your shares of KCS voting stock should be voted for or against, or should abstain from voting.

Q: How will my shares of KCS voting stock be voted if I return a blank proxy?

A: If you sign, date and return your proxy and do not indicate how you want your shares of KCS voting stock to be voted, then your shares of KCS voting stock will be voted in accordance with the recommendations of the KCS board: "**FOR**" the KCS merger proposal, "**FOR**" the KCS compensation proposal and "**FOR**" the KCS adjournment proposal.

Q: Can I change my vote after I have submitted my proxy?

A: Any KCS stockholder giving a proxy has the right to revoke the proxy and change their vote before the proxy is voted at the KCS special meeting by doing any of the following:

- subsequently submitting a new proxy (including by submitting a proxy via the internet or telephone) for the KCS special meeting that is received by the deadline specified on the accompanying proxy card;
- giving written notice of your revocation to KCS's Corporate Secretary; or
- voting at the KCS special meeting.

Execution or revocation of a proxy will not in any way affect your right to attend the KCS special meeting and vote thereat. Written notices of revocation and other communications with respect to the revocation of proxies should be addressed to:

Kansas City Southern
427 West 12th Street,
Kansas City, Missouri 64105
1-888-800-3690
Attention: Corporate Secretary

For more information, see the section entitled "*The KCS Special Meeting—Revocability of Proxies and Changes to a KCS Stockholder's Vote*" on page 44.

Q: If I hold my shares in "street name," can I change my voting instructions after I have submitted voting instructions to my bank, broker or other nominee?

A: If your shares are held in the name of a bank, broker or other nominee and you previously provided voting instructions to your bank, broker or other nominee, you should follow the instructions provided by your bank, broker or other nominee to revoke or change your voting instructions.

Q: Where can I find the voting results of the KCS special meeting?

A: The preliminary voting results for the KCS special meeting are expected to be announced at the KCS special meeting. In addition, within four business days following certification of the final voting results KCS will file the final voting results of the KCS special meeting (or, if the final voting results have not yet been certified, the preliminary results) with the SEC on a Current Report on Form 8-K.

Q: Do KCS stockholders have dissenters' or appraisal rights?

A: Yes. If a KCS stockholder wants to exercise appraisal rights and receive the fair value of shares of KCS common stock or KCS preferred stock in cash instead of the merger consideration or preferred merger consideration, as applicable, then you must file a written objection with KCS prior to the KCS special meeting stating, among other things, that you will exercise your right to dissent if the transaction is completed. Also, you may not vote in favor of the KCS merger proposal and must follow other procedures, both before and after the KCS special meeting, as described in Annex D to this proxy statement/prospectus. Note that if you return a signed proxy card without voting instructions or with instructions to vote "**FOR**" the KCS merger proposal, then your shares will automatically be voted in favor of the KCS merger proposal and you will lose all appraisal rights available under Delaware law. A summary of these provisions can be found under "*The Merger Agreement—Shares Subject to Properly Exercised Appraisal Rights*" on page 138. Due to the complexity of the procedures for exercising the right to seek appraisal, KCS stockholders who are considering exercising such rights are encouraged to seek the advice of legal counsel. Failure to strictly comply with the applicable Delaware law provisions will result in the loss of the right of appraisal.

Q: Are there any risks that I should consider in deciding whether to vote for the approval of the KCS merger proposal?

A: Yes. You should read and carefully consider the risk factors set forth in the section entitled "*Risk Factors*" on page 21. You also should read and carefully consider the risk factors with respect to KCS and CPRL that are contained in the documents that are incorporated by reference into this proxy statement/prospectus.

Q: What happens if I sell my shares of KCS voting stock after the record date but before the KCS special meeting?

A: The record date is earlier than the date of the KCS special meeting. If you sell or otherwise transfer your shares of KCS voting stock after the record date but before the KCS special meeting, you will, unless special arrangements are made, retain your right to vote at the KCS special meeting.

Q: Who is paying for the KCS special meeting and this proxy solicitation?

A: KCS has engaged MacKenzie Partners, Inc. (which we refer to as "MacKenzie") to assist in the solicitation of proxies for the KCS special meeting. KCS estimates that it will pay MacKenzie a fee of approximately $[—], plus reimbursement for certain out-of-pocket fees and expenses. KCS has agreed to indemnify MacKenzie against various liabilities and expenses that relate to or arise out of its solicitation of proxies (subject to certain exceptions).

KCS also may be required to reimburse banks, brokers and other custodians, nominees and fiduciaries or their respective agents for their expenses in forwarding proxy materials to beneficial owners of KCS voting

stock. KCS's directors, officers and employees and CPRL's directors, officers and employees also may solicit proxies by telephone, by electronic means or in person. They will not be paid any additional amounts for soliciting proxies.

Q: When is CPRL's acquisition of KCS expected to be completed?

A: CPRL's acquisition of control over KCS's railroad operations will be completed in two stages. First, the transaction will occur and, following the post-closing contributions described in this proxy statement/prospectus, all of the outstanding shares of capital stock of the second surviving corporation, as successor to KCS, will be deposited by Cygnus Holding Corp., a Delaware corporation and an indirect wholly owned subsidiary of CPRL (which we refer to as "merger holdco") into an independent, irrevocable voting trust (which we refer to as the "voting trust") under a voting trust agreement (which we refer to as the "voting trust agreement") to be entered into by and among CPRL, merger holdco and the trustee, expected to be Mr. David L. Starling (whom we refer to as the "trustee"), pending receipt of the final and non-appealable approval or exemption by the U.S. Surface Transportation Board (which we refer to as the "STB") of the transactions contemplated by the merger agreement pursuant to 49 U.S.C. § 11323 *et seq.* (which we refer to as "STB final approval").

Subject to the satisfaction or waiver of the closing conditions described under the section entitled "*The Merger Agreement—Conditions that Must Be Satisfied or Waived for the Transaction to Occur*" on page 140, including approval of the KCS merger proposal by KCS stockholders, the transaction is expected to be completed in the first quarter of 2022. However, neither KCS nor CPRL can predict the actual date on which the transaction will be completed, or if the transaction will be completed at all, because completion of the transaction is subject to conditions and factors outside the control of both companies, including the receipt of certain required regulatory approvals. The merger agreement requires the first step of CPRL's acquisition of KCS to be completed by the end date of February 21, 2022 (provided, that to the extent the condition to obtain the authorizations required to be obtained from COFECE and the IFT with respect to the transactions contemplated by the merger agreement has not been satisfied or waived on or prior to February 21, 2022, but all other conditions to closing have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the closing), the end date will be automatically extended to May 21, 2022).

Following completion of the first step of CPRL's acquisition of KCS through the transaction and pending receipt of STB final approval and approval from other applicable regulatory authorities in order to complete the combination of CPRL and KCS, all outstanding shares of capital stock of the second surviving corporation will be held in the voting trust. STB review of the transaction is expected to be completed in the second half of 2022. If STB final approval and approval from other applicable regulatory authorities is obtained, the voting trust would be terminated and CPRL (through its indirect wholly owned subsidiary, merger holdco) would acquire control over KCS's railroad operations. For more information on the required regulatory approvals, the applicable regulatory processes and the conditions to the completion of CPRL's acquisition of KCS, see the section entitled "*The KCS Merger Proposal—Regulatory Approvals Required for the Transaction*" on page 109.

Q: What equity stake will KCS stockholders hold in CPRL immediately following the transaction?

A: Based on the number of CPRL common shares and shares of KCS common stock outstanding on [—], 2021, at the effective time, former holders of KCS common stock are expected to own approximately [—]% of the outstanding CPRL common shares, and persons who were CPRL shareholders immediately prior to the transaction are expected to own approximately [—]% of the outstanding CPRL common shares. The relative ownership interests of CPRL shareholders and former holders of KCS common stock in CPRL immediately following the transaction will depend on the number of CPRL common shares and shares of KCS common stock issued and outstanding immediately prior to the transaction.

Q: If I am a holder of KCS common stock or KCS preferred stock, how will I receive the merger consideration or preferred merger consideration to which I am entitled?

A: If you hold your shares of KCS common stock or KCS preferred stock in book-entry form, whether through The Depository Trust Company or otherwise, you will not be required to take any specific actions to exchange your shares for CPRL common shares and the cash consideration. Your shares of KCS common stock or KCS preferred stock will, at the effective time, be automatically exchanged for, as applicable, the CPRL common shares and cash (including any cash in lieu of any fractional CPRL common shares) to which you are entitled. If you instead hold your shares of KCS common stock or KCS preferred stock in certificated form, then, after receiving the proper and completed documentation from you following the completion of the transaction, Computershare Investor Services Inc. or a bank or trust company or similar institution selected by CPRL with KCS's prior approval (which we refer to as the "exchange agent") will deliver to you the CPRL common shares and cash (including any cash in lieu of any fractional CPRL common shares) to which you are entitled as merger consideration or preferred merger consideration, as applicable. More information may be found in the sections entitled "*The Merger Agreement—Merger Consideration*" and "*The Merger Agreement—No Fractional Shares*" on pages 138 and 138, respectively.

Q: Will the CPRL common shares to be issued to holders of KCS common stock at the effective time be traded on an exchange?

A: Yes. It is a condition to the completion of the transaction that the CPRL common shares to be issued in connection with the first merger be approved for listing on the NYSE, subject to official notice of issuance, and the TSX, subject to customary listing conditions. All CPRL common shares received by holders of KCS common stock in connection with the transaction will be listed on the NYSE and the TSX under the symbol "CP" and may be traded on the exchanges by stockholders.

CPRL common shares to be issued to KCS common stockholders in connection with the transaction will be freely transferable, except for CPRL common shares issued to any stockholder deemed to be an "affiliate" of CPRL for purposes of United States (which we refer to as the "U.S.") federal securities law. CPRL common shares to be issued to KCS common stockholders in connection with the transaction will not be legended and may be resold in Canada through registered dealers provided that (i) the trade is not a "control distribution" as defined in National Instrument 45-102—Resale of Securities of the Canadian securities administrators, (ii) no unusual effort is made to prepare the market or to create a demand for the CPRL common shares, (iii) no extraordinary commission or consideration is paid to a person in respect of such sale, and (iv) if the selling security holder is an insider or officer of CPRL, as the case may be, the selling security holder has no reasonable grounds to believe that CPRL is in default of applicable Canadian securities law. For more information, see the section entitled "*The KCS Merger Proposal—Restrictions on Resales of CPRL Common Shares Received in the Transaction*" on page 118.

Q: What are the material U.S. federal income tax consequences of the transaction?

A: CPRL and KCS intend that the transaction will qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the "Code") and that Section 367(a)(1) of the Code will not apply to cause the transaction to result in gain recognition by holders of KCS common stock that exchange their shares of KCS common stock for the merger consideration (other than any such holder of KCS common stock who would be treated as a "five-percent transferee shareholder" (within the meaning of Section 1.367(a)-3(c)(5)(ii) of the U.S. Treasury regulations promulgated under the Code, which we refer to as the "Treasury Regulations") of CPRL following the transaction who does not enter into a five-year gain recognition agreement in the form provided in Treasury Regulations Section 1.367(a)-8 or does not comply with the requirements of that agreement and Treasury Regulations Section 1.367(a)-8 for avoiding the recognition of gain, which we refer to as an "excepted shareholder"). The obligation of KCS to complete the transaction is conditioned upon the receipt of an opinion from Wachtell, Lipton, Rosen & Katz, special counsel to KCS, or another nationally recognized tax

counsel, to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, the transaction will qualify as a "reorganization" within the meaning of Section 368(a) of the Code and that the transaction will not result in gain recognition under Section 367(a)(1) of the Code by holders of KCS common stock (other than any excepted shareholder).

Accordingly, on the basis of such opinion that the transaction will qualify as a reorganization and that Section 367(a) does not apply to require gain recognition, a U.S. holder (other than an excepted shareholder) that exchanges shares of KCS common stock for the merger consideration in the transaction will generally recognize gain (but not loss) in an amount equal to the lesser of: (i) the cash consideration (excluding cash received in lieu of fractional CPRL common shares, if any) received by such U.S. holder in the transaction; and (ii) the excess, if any, of (a) the sum of the cash consideration (excluding cash received in lieu of fractional CPRL common shares, if any) plus the fair market value of the share consideration (including any fractional CPRL common shares deemed received) received by such U.S. holder in exchange for its shares of KCS common stock in the transaction, over (b) such U.S. holder's tax basis in its shares of KCS common stock exchanged. In addition, a U.S. holder of KCS common stock generally will recognize gain or loss with respect to any cash received in lieu of fractional CPRL common shares.

The exchange of KCS preferred stock for cash pursuant to the transaction generally will be a taxable transaction for U.S. federal income tax purposes. U.S. holders of KCS preferred stock will generally recognize gain or loss in an amount equal to the difference, if any, between the amount of cash received with respect to their shares of KCS preferred stock pursuant to the transaction and their adjusted tax basis in such shares.

For the definition of "U.S. holder" and a more detailed discussion of the material U.S. federal income tax consequences of the transaction to U.S. holders, see the section entitled "*The KCS Merger Proposal—Certain U.S. Federal Income Tax Consequences*" on page 119.

The U.S. federal income tax consequences described above may not apply to all KCS stockholders. The tax consequences to KCS stockholders will depend on their individual situations. Accordingly, all KCS stockholders are urged to consult their own tax advisors for a full understanding of the particular tax consequences of the transaction to them.

Q: What are the material Canadian federal income tax consequences of the transaction?

A: A Canadian resident holder (as defined in the section entitled "*The KCS Merger Proposal—Certain Canadian Federal Income Tax Consequences*," on page 124) who disposes of their KCS common stock for CPRL common shares and cash consideration (including cash received in lieu of a fractional CPRL common share) in connection with the first merger will generally realize a capital gain (or capital loss) for Canadian federal income tax purposes equal to the amount by which the sum of the aggregate of the fair market value of the CPRL common shares and cash consideration received exceeds (or is less than) the adjusted cost base of the Canadian resident holder's KCS common stock determined immediately before the disposition and any reasonable costs of disposition.

A Canadian resident holder who disposes of their KCS preferred stock for cash consideration in connection with the first merger will generally realize a capital gain (or capital loss) for Canadian federal income tax purposes equal to the amount by which the cash consideration received exceeds (or is less than) the adjusted cost base of the Canadian resident holder's KCS preferred stock determined immediately before the disposition and any reasonable costs of disposition.

A non-Canadian resident holder (as defined in the section entitled "*The KCS Merger Proposal—Certain Canadian Federal Income Tax Consequences*," on page 124) will not be subject to tax under the Canadian tax act on any capital gain realized on a disposition of KCS common stock or KCS preferred stock, as the case may be, in connection with the first merger, or on a subsequent disposition of a CPRL common share acquired as result of the first merger, as applicable, unless the relevant share is "taxable Canadian property," and is not "treaty-protected property" (as those terms are defined in the Canadian tax act) of the non-Canadian resident holder, at the time of the disposition.

For more information, see the section entitled "*The KCS Merger Proposal—Certain Canadian Federal Income Tax Consequences*," on page 124.

Q: Is the exchange ratio subject to adjustment based on changes in the prices of KCS common stock or CPRL common shares? Can it be adjusted for any other reason?

A: For the share consideration portion of the merger consideration, for each share of KCS common stock, you will receive a fixed number of CPRL common shares equal to the exchange ratio of 2.884, not a number of shares that will be determined based on a fixed market value. The market value of CPRL common shares and the market value of KCS common stock at the effective time may vary significantly from their respective values on the date that the merger agreement was executed or at other dates, such as the date of this proxy statement/prospectus or the date of the KCS special meeting. Stock price changes may result from a variety of factors, including changes in CPRL's or KCS's respective businesses, operations or prospects, regulatory considerations, and general business, market, industry or economic conditions. The exchange ratio will not be adjusted to reflect any changes in the market value of CPRL common shares or the market value of KCS common stock. Therefore, the aggregate market value of the CPRL common shares that you are entitled to receive at the effective time could vary significantly from the value of such shares on the date of this proxy statement/prospectus or the date of the KCS special meeting. See the risk factor entitled "*Because the exchange ratio is fixed and the market price of shares of CPRL common shares has fluctuated and will continue to fluctuate, KCS stockholders cannot be sure of the value of the merger consideration they will receive in the transaction prior to the closing of the transaction*," on page 21.

However, the merger consideration will be equitably adjusted to provide you and CPRL with the same economic effect as contemplated by the merger agreement in the event of any further reclassification, stock split (including a reverse stock split), stock dividend or distribution, recapitalization, merger or other similar transaction involving KCS common stock or CPRL common shares prior to the effective time.

Q: What should I do now?

A: You should read this proxy statement/prospectus carefully and in its entirety, including the annexes, and return your completed, signed and dated proxy card(s) by mail in the enclosed postage-paid envelope or submit your voting instructions by telephone or over the internet as soon as possible so that your shares will be voted in accordance with your instructions.

Q: How can I find more information about KCS or CPRL?

A: You can find more information about KCS or CPRL from various sources described in the section entitled "*Where You Can Find Additional Information*," on page 229 of this proxy statement/prospectus.

Q: Whom do I call if I have questions about the KCS special meeting or the transaction?

A: If you have questions about the KCS special meeting or the transaction, or desire additional copies of this proxy statement/prospectus or additional proxies, you may contact:

MacKenzie Partners, Inc.
KCS Stockholders call toll-free from the U.S. and Canada
at 1-800-322-2885
or direct at 1-212-929-5500 from other locations
Banks and brokers may call collect at 1-212-929-5500

xxx

SUMMARY

This summary highlights information contained elsewhere in this proxy statement/prospectus and may not contain all of the information that might be important to you. KCS and CPRL urge you to read carefully the remainder of this proxy statement/prospectus, including the attached annexes, the documents incorporated by reference into this proxy statement/prospectus and the other documents to which KCS and CPRL have referred you. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled "Where You Can Find Additional Information" on page 229. Each item in this summary includes a page reference to direct you to a more complete description of the topics presented in this summary.

Information about the Companies (page 133)

Canadian Pacific Railway Limited

7550 Ogden Dale Road S.E.
Calgary, Alberta T2C 4X9
1-403-319-7000

CPRL, together with its subsidiaries (which we collectively refer to as "CP"), owns and operates a transcontinental freight railway in Canada and the United States. CP provides rail and intermodal transportation services over a network of approximately 13,000 miles, connecting the Atlantic coast to the Pacific coast across six Canadian provinces and 11 U.S. states. CP's railway network feeds directly into the U.S. heartland from the East and West coasts. Agreements with other carriers extend CP's market reach in Canada, through the U.S. and into Mexico. CP transports bulk commodities, merchandise freight and intermodal traffic.

CPRL was incorporated on June 22, 2001, under the CBCA, and controls and owns all of the common shares of Canadian Pacific Railway Company (which we refer to as "CPRC"), which was incorporated in 1881 by Letters Patent pursuant to an Act of the Parliament of Canada and is governed by the CBCA. CPRL's registered, executive and corporate head office is located at 7550 Ogden Dale Road S.E., Calgary, Alberta T2C 4X9. CPRL common shares are listed on the NYSE and the TSX under the symbol "CP."

Additional information about CPRL can be found on its website at www.cpr.ca. The information contained in, or that can be accessed through, CPRL's website is not intended to be incorporated into this proxy statement/prospectus. For additional information about CPRL, see the section entitled "*Where You Can Find Additional Information*" on page 229.

Cygnus Merger Sub 1 Corporation

120 South 6th Street
Suite 800
Minneapolis, MN 55402
1-888-333-6370

Surviving merger sub, a Delaware corporation and a direct wholly owned subsidiary of CPRL, was formed solely for the purpose of facilitating the transactions contemplated by the merger agreement. Surviving merger sub has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the merger agreement. By operation of the second merger, KCS will merge with and into surviving merger sub. As a result, immediately following the second merger, surviving merger sub will survive as a direct wholly owned subsidiary of CPRL.

Following the closing of the transaction (which we refer to as the "closing"), all of the outstanding shares of capital stock of the second surviving corporation, as successor to KCS, will be deposited by merger holdco into the voting trust subject to the voting trust agreement, pending receipt of STB final approval.

Surviving merger sub's principal executive offices are located at 120 South 6th Street, Suite 800, Minneapolis, MN 55402, and its telephone number is 1-888-333-6370.

Cygnus Merger Sub 2 Corporation

120 South 6th Street
Suite 800
Minneapolis, MN 55402
1-888-333-6370

First merger sub, a Delaware corporation and a direct wholly owned subsidiary of surviving merger sub, was formed solely for the purpose of facilitating the transactions contemplated by the merger agreement. First merger sub has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transaction. By operation of the first merger, first merger sub will merge with and into KCS. As a result, KCS will survive as a direct wholly owned subsidiary of surviving merger sub, before immediately merging with and into surviving merger sub. Upon completion of the first merger, first merger sub will cease to exist as a separate entity.

First merger sub's principal executive offices are located at 120 South 6th Street, Suite 800, Minneapolis, MN 55402, and its telephone number is 1-888-333-6370.

Kansas City Southern

427 West 12th Street
Kansas City, MO 64105
1-816-983-1303

KCS, a Delaware corporation, is a holding company with domestic and international rail operations in North America that are strategically focused on the growing north/south freight corridor connecting key commercial and industrial markets in the central U.S. with major industrial cities in Mexico. As used below, "Kansas City Southern" may refer to KCS or, as the context requires, to one or more subsidiaries of KCS.

Kansas City Southern controls and owns all of the stock of The Kansas City Southern Railway Company (which we refer to as "KCSR"), a U.S. Class 1 railroad founded in 1887. KCSR serves a ten-state region in the Midwest and Southeast regions of the U.S. and has the shortest north/south rail route between Kansas City, Missouri and several key ports along the Gulf of Mexico in Alabama, Louisiana, Mississippi and Texas.

Kansas City Southern controls and owns all of the stock of Kansas City Southern de México, S.A. de C.V. (which we refer to as "KCSM"). Through its 50-year concession from the Mexican government (which we refer to as the "concession"), which could expire in 2047 unless extended, KCSM operates a key commercial corridor of the Mexican railroad system and has as its core route the most strategic portion of the shortest, most direct rail passageway between Mexico City and Laredo, Texas. Laredo is a principal international gateway through which a substantial portion of rail and truck traffic between the U.S. and Mexico crosses the border. KCSM serves most of Mexico's principal industrial cities and three of its major seaports. KCSM's rail lines provide exclusive rail access to the U.S. and Mexico border crossing at Nuevo Laredo, Tamaulipas. Under the concession, KCSM has the right to use and operate the southern half of the rail bridge at Laredo, Texas, which spans the Rio Grande River between the U.S. and Mexico. KCS owns the northern half of this bridge through its ownership of Mexrail, Inc. (which we refer to as "Mexrail").

KCSM also provides exclusive rail access to the port of Lazaro Cardenas on the Pacific Ocean. The Mexican government developed the port at Lazaro Cardenas principally to serve Mexican markets and as an alternative to the U.S. west coast ports for Asian and South American traffic bound for North America.

Kansas City Southern wholly owns Mexrail which, in turn, wholly owns The Texas Mexican Railway Company (which we refer to as "Tex-Mex"). Tex-Mex owns a 160-mile rail line extending from Laredo, Texas to the port city of Corpus Christi, Texas, which connects the operations of KCSR with KCSM.

The Kansas City Southern coordinated rail network (KCSR, KCSM and Tex-Mex, including trackage rights) comprises approximately 7,100 route miles extending from the Midwest and Southeast regions of the U.S. south into Mexico and connects with all other Class 1 railroads, providing shippers with an effective alternative to other railroad routes and giving direct access to Mexico and the Southeast and Southwest U.S. through alternate interchange hubs.

Panama Canal Railway Company (which we refer to as "PCRC"), an unconsolidated joint venture company owned equally by Kansas City Southern and Mi-Jack Products, Inc. (which we refer to as "Mi-Jack"), was awarded a concession from the Republic of Panama to reconstruct and operate the Panama Canal Railway, a 47-mile railroad located adjacent to the Panama Canal that provides international container shipping companies with a railway transportation alternative to the Panama Canal. The concession was awarded in 1998 for an initial term of 25 years with an automatic renewal for an additional 25-year term. The Panama Canal Railway is a north-south railroad traversing the isthmus of Panama between the Atlantic and Pacific oceans.

Other subsidiaries and affiliates of Kansas City Southern include the following:

- Meridian Speedway, LLC, a 70% owned consolidated affiliate that owns the former KCSR rail line between Meridian, Mississippi and Shreveport, Louisiana, which is the portion of the rail line between Dallas, Texas and Meridian known as the "Meridian Speedway." Norfolk Southern Corporation, through its wholly owned subsidiary, The Alabama Great Southern Railroad Company, owns the remaining 30% of MSLLC;
- TFCM, S. de R.L. de C.V., a 45% owned unconsolidated affiliate that operates a bulk liquid terminal in San Luis Potosí, Mexico;
- Ferrocarril y Terminal del Valle de México, S.A. de C.V., a 25% owned unconsolidated affiliate that provides railroad services as well as ancillary services in the greater Mexico City area; and
- PTC-220, LLC, a 14% owned unconsolidated affiliate that holds the licenses to large blocks of radio spectrum and other assets for positive train control.

KCS is a public company. KCS common stock and KCS preferred stock are traded on the NYSE under the symbols "KSU" and "KSU-P," respectively. KCS's principal executive offices are located at 427 West 12th Street, Kansas City, MO 64105, and its telephone number is 1-816-983-1303.

Additional information about KCS can be found on its website at www.kcsouthern.com. The information contained in, or that can be accessed through, KCS's website is not intended to be incorporated into this proxy statement/prospectus. For additional information about KCS, see the section entitled "*Where You Can Find Additional Information*," on page 229.

Risk Factors (page 21)

The transactions contemplated by the merger agreement involve risks, some of which are related to the transaction. In considering the transaction, including whether to vote for the KCS merger proposal, the KCS

compensation proposal and the KCS adjournment proposal, you should carefully consider the information about these risks set forth under the section entitled "*Risk Factors*" on page 21, together with the other information included or incorporated by reference in this proxy statement/prospectus.

The Transaction and the Merger Agreement (page 49)

The merger agreement provides, among other things, that, upon the terms and subject to the satisfaction or waiver of the conditions set forth therein, (i) at the effective time, first merger sub will merge with and into KCS, with KCS surviving the first merger as a direct, wholly owned subsidiary of surviving merger sub, and (ii) immediately following the first merger at the effective time of the second merger (which we refer to as the "second effective time"), KCS will merge with and into surviving merger sub, with surviving merger sub surviving the second merger as a direct, wholly owned subsidiary of CPRL.

Immediately following the second merger and immediately prior to the deposit of all of the outstanding shares of capital stock of the second surviving corporation into the independent, irrevocable voting trust (which we refer to as the "voting trust transaction"), CPRL and certain subsidiaries of CPRL will be involved in an internal reorganization that will result in the second surviving corporation becoming an indirect wholly owned subsidiary of CPRL. See the section entitled "*The KCS Merger Proposal—Transaction Structure*," on page 47 for a description of each step involved in the internal reorganization.

The terms and conditions of the transaction are contained in the merger agreement, which is described in this proxy statement/prospectus and attached to this proxy statement/prospectus as Annex A. You are encouraged to read the merger agreement carefully, as it is the legal document that governs the transaction. All descriptions in this summary and elsewhere in this proxy statement/prospectus of the terms and conditions of the transaction are qualified in their entirety by reference to the full text of the merger agreement. For a summary of the merger agreement, see the section entitled "*The Merger Agreement*," on page 136.

Merger Consideration (page 48)

Upon the terms and subject to the conditions set forth in the merger agreement, at the effective time, each share of KCS common stock that is outstanding immediately prior to the effective time (other than certain excluded shares as described in the merger agreement) will be converted automatically into the right to receive the merger consideration, being the share consideration of 2.884 validly issued, fully paid and non-assessable CPRL common shares and the cash consideration of $90.00 in cash, without interest, and each share of KCS preferred stock that is outstanding immediately prior to the effective time (other than certain excluded shares as described in the merger agreement) will be converted into the right to receive the preferred merger consideration of $37.50 in cash, without interest.

The merger consideration and/or the preferred merger consideration will be equitably adjusted in the event of any stock dividend, subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination or exchange of shares involving KCS common stock, KCS preferred stock or CPRL common shares prior to the effective time, to proportionally reflect such change.

For a full description of the treatment of KCS equity awards in the transaction, see the sections entitled "*The Merger Agreement—Treatment of KCS Equity Awards*" and "*The Merger Agreement—Merger Consideration*," on pages 140 and 138, respectively.

KCS Board of Directors' Recommendation (page 64)

The KCS board unanimously recommends that you vote "**FOR**" the KCS merger proposal, "**FOR**" the KCS compensation proposal and "**FOR**" the KCS adjournment proposal. For a description of some of the factors considered by the KCS board in reaching its decision to approve the merger agreement and additional

information on the recommendation of the KCS board that KCS stockholders vote to adopt the merger agreement, see the section entitled "*The KCS Merger Proposal—Recommendation of the KCS Board; KCS's Reasons for the Transaction*," on page 64.

The Voting Trust (page 168)

Certain activities of CPRL, KCS and their subsidiaries are regulated by the STB. STB approval or exemption is required for, among other things, CPRL's or merger holdco's acquisition of control of KCS. Upon consummation of the transaction, merger holdco will establish the voting trust. Following the transaction and pending STB final approval or exemption of the transaction pursuant to 49 U.S.C. § 11323 et seq., all of the outstanding shares of capital stock of the second surviving corporation will be deposited by merger holdco into the voting trust in accordance with the terms and conditions of the voting trust agreement. The trustee will agree to act as voting trustee in respect of the voting trust; in such capacity, the trustee will vote all shares of the capital stock of the second surviving corporation at any time delivered to the trustee of the voting trust pursuant to the voting trust agreement (which shares we refer to as "trust stock"). Although merger holdco will remain the beneficial owner of the trust stock, both it and CPRL will be unable to exercise control over KCS while the trust stock is held by the trustee. The deposit of the outstanding shares of capital stock of the second surviving corporation into the voting trust by merger holdco will insulate the second surviving corporation from control by CPRL or merger holdco until STB final approval has been either obtained (or is otherwise no longer required by law) or denied. The management and board of directors of KCS will continue to manage the second surviving corporation while its outstanding shares of capital stock are held in the voting trust, pursuing its independent business plan and growth strategies. For a summary of the terms of the voting trust, see the section entitled "The Voting Trust," on page 168.

Comparative Per Share Market Price Information (page 38)

The following table presents the closing price per share of CPRL common shares on the TSX and the NYSE and of KCS common stock on the NYSE on (a) March 19, 2021, the last full trading day prior to the public announcement of the signing of the prior CP merger agreement, (b) August 9, 2021, the last full trading day prior to that on which CPRL submitted a revised offer to acquire KCS, (c) September 14, 2021, the last full trading day prior to the public announcement of the signing of the merger agreement, and (d) September 30, 2021, the last practicable trading day prior to the mailing of this proxy statement/prospectus. This table also shows the implied value of the merger consideration payable for each share of KCS common stock, which was calculated by multiplying the closing price of CPRL common shares on the NYSE on those dates by the exchange ratio and adding $90.00 in respect of the cash consideration.

Date	CPRL common shares TSX[2] (C$)	CPRL common shares NYSE[2] (US$)	KCS common stock NYSE[2] (US$)	Equivalent value of merger consideration per share of KCS stock based on price of CPRL common shares on NYSE (US$)
March 19, 2021	94.85(1)	75.70(1)	224.16	308.31
August 9, 2021	91.50	72.71	269.60	299.70
September 14, 2021	86.48	68.14	280.00	286.52
September 30, 2021	82.71	65.07	270.64	277.66

(1) On May 13, 2021, CPRL effected a five-for-one share split of the issued and outstanding CPRL common shares (the "share split"). The per share amount listed herein has been retrospectively adjusted to reflect the share split.

(2) Share prices are based on closing prices.

Opinions of KCS's Financial Advisors (page 71)

Opinion of Morgan Stanley

Morgan Stanley & Co. LLC (which we refer to as "Morgan Stanley") was retained by the KCS board to act as its financial advisor in connection with the transaction. On September 15, 2021, Morgan Stanley rendered its oral opinion, which was confirmed by delivery of a written opinion dated September 15, 2021, to the KCS board to the effect that, as of such date, and based upon and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley as set forth in its written opinion, the merger consideration to be received by the holders of shares of KCS common stock, other than shares held in treasury or held by CPRL, the merger subs or KCS (in each case, other than shares held on behalf of third parties) or shares with respect to which the holders thereof have not voted in favor of the adoption of the merger agreement or consented thereto in writing and who have properly exercised appraisal rights with respect thereto in accordance with, and who have complied with, Section 262 of the DGCL (collectively, "excluded shares"), under the merger agreement was fair from a financial point of view to such holders of KCS common stock.

The full text of Morgan Stanley's written opinion to the KCS board, dated September 15, 2021, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion, is attached to this proxy statement/prospectus as Annex B and is incorporated by reference herein in its entirety. The foregoing summary of Morgan Stanley's opinion is qualified in its entirety by reference to the full text of the opinion. You are encouraged to read Morgan Stanley's opinion, this section and the summary of Morgan Stanley's opinion below carefully and in their entirety. Morgan Stanley's opinion was for the benefit of the KCS board, in its capacity as such, and addressed only the fairness from a financial point of view of the merger consideration to be received by the holders of shares of KCS common stock (other than excluded shares) pursuant to the merger agreement as of the date of the opinion and did not address any other aspects or implications of the transaction. Morgan Stanley's opinion was not intended to, and does not, constitute an opinion or recommendation as to how the shareholders of KCS or CPRL should vote at the shareholders' meetings to be held in connection with the transaction.

Opinion of BofA Securities

On September 15, 2021, at a meeting of the KCS board held to evaluate the transaction, BofA Securities, Inc. ("BofA Securities"), KCS's financial advisor, delivered to the KCS board an oral opinion, which was confirmed by delivery of a written opinion dated September 15, 2021, to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in BofA Securities' written opinion, the merger consideration to be received in the transaction by holders of KCS common stock (other than excluded shares) was fair, from a financial point of view, to such holders.

The full text of BofA Securities' written opinion to the KCS board, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex C to this proxy statement/prospectus and is incorporated by reference herein in its entirety. The summary of BofA Securities' opinion included in this proxy statement/prospectus is qualified in its entirety by reference to the full text of BofA Securities' written opinion. BofA Securities delivered its opinion to the KCS board for the benefit and use of the KCS board (in its capacity as such) in connection with and for purposes of its evaluation of the transaction. BofA Securities' opinion does not address any other terms or other aspects or implications of the transaction and no opinion or view was expressed as to the relative merits of the transaction in comparison to other strategies or transactions that might be available to KCS or in which KCS might engage or as to the underlying business decision of KCS to

proceed with or effect the transaction. BofA Securities' opinion does not address any other aspect of the transaction and does not express any opinion or recommendation as to how any stockholder should vote or act in connection with the transaction or any related matter. See the section entitled "*The KCS Merger Proposal—Opinions of KCS's Financial Advisors—Opinion of BofA Securities,*" on page 84.

The KCS Special Meeting (page 40)

Date, Time and Place of the KCS Special Meeting

The KCS special meeting will be held virtually via the internet on [—], 2021 at [—], Central Time. In light of ongoing developments related to the COVID-19 (coronavirus) pandemic, KCS has elected to hold the KCS special meeting solely by means of remote communication via the internet. The KCS special meeting will be held solely via live audio webcast and there will not be a physical meeting location. KCS stockholders will be able to attend the KCS special meeting online and vote their shares electronically during the meeting by visiting the special meeting website at [—].

Record Date and Outstanding Shares of KCS Voting Stock

Only holders of record of shares of KCS voting stock outstanding as of the close of business on [—], 2021, the record date for the KCS special meeting, are entitled to notice of, and to vote at, the KCS special meeting or any adjournment or postponement of the KCS special meeting. KCS stockholders may cast one vote for each share of KCS voting stock that KCS stockholders own of record as of that record date.

Quorum

A quorum of KCS stockholders is necessary to transact business at the KCS special meeting. A quorum will exist at the KCS special meeting if holders of a majority of the aggregate voting power of the KCS capital stock issued and outstanding and entitled to vote are present in person (including virtually) or represented by proxy. All shares of KCS voting stock represented by a valid proxy and all abstentions will be counted as present for purposes of establishing a quorum. All of the KCS proposals are considered "non-routine" matters under the NYSE rules, and, therefore, brokers are not permitted to vote on any of the matters to be considered at the KCS special meeting unless they have received instructions from the beneficial owners. As a result, no "broker non-votes" are expected at the meeting, and shares held in "street name" will not be counted as present for the purpose of determining the existence of a quorum unless the beneficial owner provides their bank, broker or other nominee with voting instructions for at least one of the proposals brought before the KCS special meeting.

Required Vote to Approve the KCS Merger Proposal

Assuming a quorum is present at the KCS special meeting, approval of the KCS merger proposal requires the affirmative vote of at least a majority of the outstanding shares of KCS voting stock entitled to vote on the KCS merger proposal. Accordingly, a KCS stockholder's abstention from voting or the failure of any KCS stockholder to vote (including the failure of a KCS stockholder who holds their shares in "street name" through a bank, broker or other nominee to give voting instructions to such bank, broker or other nominee with respect to the KCS merger proposal) will have the same effect as a vote "**AGAINST**" the KCS merger proposal.

Required Vote to Approve the KCS Compensation Proposal

Assuming a quorum is present at the KCS special meeting, approval of the KCS compensation proposal requires the affirmative vote of at least a majority of the shares of KCS voting stock present at the KCS special meeting in person (including virtually) or represented by proxy and entitled to vote on the KCS compensation proposal. Accordingly, if a KCS stockholder present in person (including virtually) at the KCS special meeting abstains

from voting, or responds by proxy with an "abstain" vote, it will have the same effect as a vote cast "**AGAINST**" the KCS compensation proposal. If a KCS stockholder is not present in person (including virtually) at the KCS special meeting and does not respond by proxy, it will have no effect on the vote count for the KCS compensation proposal (assuming a quorum is present).

Required Vote to Approve the KCS Adjournment Proposal

Approval of the KCS adjournment proposal requires the affirmative vote of at least a majority of the shares of KCS voting stock present at the KCS special meeting in person (including virtually) or represented by proxy and entitled to vote on the KCS adjournment proposal (whether or not a quorum is present). Accordingly, if a KCS stockholder present in person (including virtually) at the KCS special meeting abstains from voting, or responds by proxy with an "abstain" vote, it will have the same effect as a vote cast "**AGAINST**" the KCS adjournment proposal. If a KCS stockholder is not present in person (including virtually) at the KCS special meeting and does not respond by proxy, it will have no effect on the vote count for such proposal.

Voting by Directors and Executive Officers

As of [—], 2021, the latest practicable date prior to the date of this proxy statement/prospectus, KCS directors and executive officers, and their affiliates, as a group, owned and were entitled to vote approximately [—]% of the total outstanding shares of KCS common stock and [—]% of the total outstanding shares of KCS preferred stock. Although no KCS director or executive officer has entered into any agreement obligating them to do so, KCS currently expects that all of its directors and executive officers will vote their shares "**FOR**" the KCS merger proposal, "**FOR**" the KCS compensation proposal and "**FOR**" the KCS adjournment proposal. See the section entitled "*The KCS Merger Proposal—Interests of KCS's Directors and Executive Officers in the Transaction*" on page 101 and the arrangements described in Part III of KCS's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, KCS's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 and KCS's Definitive Proxy Statement on Schedule 14A for KCS's 2021 annual meeting of stockholders filed with the SEC on April 9, 2021, all of which are incorporated into this proxy statement/prospectus by reference.

The CPRL Special Meeting and Shareholder Approval (page 107)

Under Section 611(c) of the TSX Company Manual, security holder approval is required if the number of securities issued or issuable by a listed issuer in payment of the purchase price for an acquisition, exceeds 25% of the number of securities of the listed issuer which are outstanding, on a pre-acquisition, non-diluted basis. Under the terms of the merger agreement, CPRL has agreed to issue 2.884 CPRL common shares and $90.00 in cash, without interest, in exchange for each share of KCS common stock issued and outstanding immediately prior to the effective time. Issuances by KCS of shares of KCS common stock are restricted under the terms of the merger agreement, subject to certain limited exceptions or the prior written consent of CPRL. As a result, the actual number of CPRL common shares that will be issued at the effective time will depend on the number of shares of KCS common stock, KCS restricted share awards and KCS director deferred stock outstanding at such time.

CPRL shareholders will be required to approve the issuance of such number of CPRL common shares as is necessary under the merger agreement to issue the share consideration. As described in the TSX listing application to be filed by CPRL, based on the number of shares of KCS common stock outstanding as of September 9, 2021, CPRL anticipated up to 277,960,197 CPRL common shares to be issuable to KCS common stockholders under the terms of the merger agreement, which represents approximately 42% of the issued and outstanding CPRL common shares as of September 9, 2021 (which we refer to as the "CPRL common share issuance"). Accordingly, the TSX requires that the share issuance resolution be approved by an ordinary

resolution of CPRL shareholders (i.e., a majority of the votes cast by holders of outstanding CPRL common shares represented in person or by proxy and entitled to vote at the CPRL special meeting). Despite the fact that CPRL shareholders are being asked to approve the issuance of up to 277,960,197 CPRL common shares, based on the number of shares of KCS common stock outstanding as of September 9, 2021, CPRL expects that it would issue (at the direction of surviving merger sub and on behalf of surviving merger sub) up to approximately 264,723,997 CPRL common shares in the first merger and is seeking CPRL shareholder approval for the issuance of up to 13,236,200 additional CPRL common shares to accommodate the effects of rounding and for other administrative purposes in accordance with the policies of the TSX.

The actual number of CPRL common shares to be issued or reserved for issuance under the merger agreement will be determined immediately prior to the effective time based on the exchange ratio, the number of shares of KCS common stock outstanding at such time and the number of KCS restricted share awards and KCS director deferred stock outstanding at such time.

CPRL will be holding the special meeting of CPRL shareholders on [—], 2021 (which we refer to, including any adjournments or postponements thereof, as the "CPRL special meeting") to vote on the resolutions necessary to complete the transaction and other matters to be considered by the CPRL shareholders at such special meeting. In addition to the above-mentioned resolution approving the CPRL common share issuance, at the CPRL special meeting, CPRL shareholders entitled to vote at the CPRL special meeting will be asked to approve a special resolution authorizing and approving an amendment to the articles of CPRL to change its name to "Canadian Pacific Kansas City," which amendment is conditional upon completion of the combination of CPRL and KCS following receipt of STB final approval. CPRL will separately prepare the management information circular in accordance with applicable Canadian securities and corporate laws and distribute such management information circular to its shareholders in connection with the CPRL special meeting.

Listing of CPRL Common Shares (page 100)

The completion of the transaction is conditional upon the approval for listing of CPRL common shares issuable under the merger agreement on the NYSE, subject to official notice of issuance, and the TSX, subject to customary listing conditions, prior to the effective time.

Delisting and Deregistration of KCS Common Stock (page 101)

If the transaction is completed, KCS common stock will be delisted from the NYSE and deregistered under the U.S. Exchange Act, and KCS will no longer be required to file periodic reports with the SEC with respect to KCS common stock.

KCS has agreed to cooperate with CPRL and use its reasonable best efforts to take, or cause to be taken, all actions reasonably necessary, proper or advisable under applicable laws and rules and policies of the NYSE and the SEC to delist the KCS common stock from the NYSE and to terminate its registration under the U.S. Exchange Act as promptly as practicable after the effective time.

Debt Financing (page 118)

As of June 30, 2021, CP had total long-term debt of approximately C$8.7 billion (U.S.$7.0 billion converted at the Bank of Canada exchange rate on June 30, 2021) and KCS had total long-term debt of approximately U.S.$3.8 billion.

Under the Commitment Letter (which we refer to as the "commitment letter"), dated as of September 15, 2021, by and among Goldman Sachs Lending Partners LLC (which we refer to as "GS Lending"), the Bank of Montreal (which we refer to as "BMO"), CPRL and CPRC, BMO and GS Lending have committed to provide an

unsecured 364-day bridge facility (the "bridge facility") in an aggregate principal amount of U.S.$8.5 billion to bridge the debt financing required to fund a portion of the cash consideration and preferred merger consideration, and transaction fees and expenses associated with, the transaction. CPRL expects to pre-fund and reduce the commitments under the bridge facility with an offering of debt securities before the closing of the transaction into the voting trust.

Effective as of April 9, 2021, CPRL amended its existing revolving credit facility to modify certain provisions relating to the calculation of the financial covenant ratio in its credit facility. In addition, effective as of September 24, 2021, CPRL entered into an amendment to extend the two-year tranche and the five-year tranche of its existing revolving credit facility to September 27, 2023 and September 27, 2026, respectively. Effective as of September 29, 2021, CPRL entered into a further amendment to its existing revolving credit facility in order to provide financial covenant flexibility for the anticipated acquisition financing pertaining to the transaction, which is in place for a two-year period from the date the transaction closes.

In addition, pursuant to the credit agreement, dated as of September 15, 2021, by and among CPRL and CPRC, BMO, the other lenders and financial institutions party thereto and BMO, as administrative agent, CPRC borrowed the aggregate amount of U.S.$500 million in unsecured term loans, which have an initial six-month maturity. Borrowings under such credit facility, together with commercial paper issuance and cash on hand were used to enable CPRL to make certain remittances in connection with the payments made by KCS in connection with the termination of the CN agreement.

Certain U.S. Federal Income Tax Consequences (page 119)

CPRL and KCS intend that the transaction will qualify as a "reorganization" within the meaning of Section 368(a) of the Code and that Section 367(a)(1) of the Code will not apply to cause the transaction to result in gain recognition by holders of KCS common stock that exchange their shares of KCS common stock for the merger consideration (other than any excepted shareholder). The obligation of KCS to complete the transaction is conditioned upon the receipt of an opinion from Wachtell, Lipton, Rosen & Katz, special counsel to KCS, or another nationally recognized tax counsel, to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, the transaction will qualify as a "reorganization" within the meaning of Section 368(a) of the Code and that the transaction will not result in gain recognition under Section 367(a)(1) of the Code by holders of KCS common stock (other than any excepted shareholder).

Accordingly, on the basis of such opinion that the transaction will qualify as a reorganization and that Section 367(a) does not apply to require gain recognition, a U.S. holder (other than an excepted shareholder) that exchanges shares of KCS common stock for the merger consideration in the transaction will generally recognize gain (but not loss) in an amount equal to the lesser of: (i) the cash consideration (excluding cash received in lieu of fractional CPRL common shares, if any) received by such U.S. holder in the transaction; and (ii) the excess, if any, of (a) the sum of the cash consideration (excluding cash received in lieu of fractional CPRL common shares, if any) plus the fair market value of the share consideration (including any fractional CPRL common shares deemed received) received by such U.S. holder in exchange for its shares of KCS common stock in the transaction, over (b) such U.S. holder's tax basis in its shares of KCS common stock exchanged. In addition, a U.S. holder of KCS common stock generally will recognize gain or loss with respect to any cash received in lieu of fractional CPRL common shares.

The exchange of KCS preferred stock for cash pursuant to the transaction generally will be a taxable transaction for U.S. federal income tax purposes. U.S. holders of KCS preferred stock will generally recognize gain or loss in an amount equal to the difference, if any, between the amount of cash received with respect to their shares of KCS preferred stock pursuant to the transaction and their adjusted tax basis in such shares.

For the definition of "U.S. holder" and a more detailed discussion of the material U.S. federal income tax consequences of the transaction to U.S. holders, see the section entitled "*The KCS Merger Proposal—Certain U.S. Federal Income Tax Consequences*," on page 119.

The U.S. federal income tax consequences described above may not apply to all KCS stockholders. The tax consequences to KCS stockholders will depend on their individual situations. Accordingly, all KCS stockholders are urged to consult their own tax advisors for a full understanding of the particular tax consequences of the transaction to them.

Certain Canadian Federal Income Tax Consequences (page 124)

A Canadian resident holder (as defined in the section entitled "*The KCS Merger Proposal—Certain Canadian Federal Income Tax Consequences*," on page 124) who disposes of their KCS common stock for CPRL common shares and cash consideration (including cash received in lieu of a fractional CPRL common share) in connection with the first merger will generally realize a capital gain (or capital loss) for Canadian federal income tax purposes equal to the amount by which the sum of the aggregate of the fair market value of the CPRL common shares and cash consideration received exceeds (or is less than) the adjusted cost base of the Canadian resident holder's KCS common stock determined immediately before the disposition and any reasonable costs of disposition.

A Canadian resident holder who disposes of their KCS preferred stock for cash consideration in connection with the first merger will generally realize a capital gain (or capital loss) for Canadian federal income tax purposes equal to the amount by which the cash consideration received exceeds (or is less than) the adjusted cost base of the Canadian resident holder's KCS preferred stock determined immediately before the disposition and any reasonable costs of disposition.

A non-Canadian resident holder (as defined in the section entitled "*The KCS Merger Proposal—Certain Canadian Federal Income Tax Consequences*," on page 124) will not be subject to tax under the Canadian tax act on any capital gain realized on a disposition of KCS common stock or KCS preferred stock, as the case may be, in connection with the first merger, or on a subsequent disposition of a CPRL common share acquired as a result of the first merger, as applicable, unless the relevant share is "taxable Canadian property," and is not "treaty-protected property" (as those terms are defined in the Canadian tax act) of the non-Canadian resident holder, at the time of the disposition.

For more information, see the section entitled "*The KCS Merger Proposal—Certain Canadian Federal Income Tax Consequences*," on page 124.

Accounting Treatment of the Transaction (page 108)

In accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP"), CP will account for the transaction using the acquisition method of accounting for business combinations.

Upon the closing, and only for the period that the outstanding shares of capital stock of the second surviving corporation (as successor to KCS) are held in the voting trust, CPRL will account for its indirect 100% equity ownership of the second surviving corporation using the equity method of accounting. Once the STB has completed its review of the transaction and approved CPRL's acquisition of control of KCS, CPRL will consolidate KCS prospectively, and the equity method investment will be remeasured to fair value immediately before the consolidation occurs, with the resulting gain or loss recognized in net income. As the ultimate outcome of the transaction, assuming receipt of STB final approval, will be a business combination, the unaudited Pro Forma Financial Statements presented in this proxy statement/prospectus have been prepared on a consolidated basis on the basis of a business combination.

For a more detailed discussion of the accounting treatment of the transaction, see the section entitled "*The KCS Merger Proposal—Accounting Treatment of the Transaction*," on page 108.

Regulatory Approvals Required for the Transaction (page 109)

As more fully described in this proxy statement/prospectus and in the merger agreement, and subject to the terms and conditions of the merger agreement, KCS and CPRL have agreed to promptly obtain all necessary actions or nonactions, authorizations, permits, waivers, consents, clearances, approvals and expirations or terminations of waiting periods and make all necessary registrations, notices, notifications, petitions, applications, reports and other filings and take all steps as may be necessary, proper or advisable to obtain an approval, clearance or waiver from, or to avoid an action or proceeding by, any governmental entity (collectively, "consents").

KCS and CPRL are not currently aware of any material consents or other filings that are required prior to the combination of CPRL and KCS other than those described in this proxy statement/prospectus.

Although CPRL and KCS believe that they will receive the required authorizations and approvals described herein to complete the transactions contemplated by the merger agreement, there can be no assurance as to the timing of these consents and approvals, CPRL's or KCS's ultimate ability to obtain such consents or approvals (or any additional consents or approvals that may otherwise become necessary), or the conditions or limitations that such approvals may contain or impose. For more information regarding factors that could impact the closing of the transaction, see the section entitled "*Risk Factors*," on page 21.

For a more detailed discussion of the regulatory approvals required to close the transaction see the sections of this proxy statement/prospectus entitled "*The Merger Agreement—Conditions that Must Be Satisfied or Waived for the Transaction to Occur*" and "*The Merger Agreement—Regulatory Filings and Efforts; Other Actions*," on pages 140 and 159, respectively.

STB

The transactions contemplated by the merger agreement are subject to review by the STB pursuant to 49 U.S.C. 11323 *et seq.*, which prohibits the acquisition of control of two or more U.S. rail carriers subject to the jurisdiction of the STB by a person that is not a carrier and the acquisition or control of a U.S. rail carrier by a person that is not a carrier but that controls any number of carriers. STB approval or exemption is required for, among other things, CPRL's acquisition of control of KCS.

On April 23, 2021, the STB issued a decision finding that the waiver provision under 49 C.F.R. § 1180.0(b) applies to the CP/KCS transaction, and that the transaction will therefore be subject to the regulations set forth at 49 C.F.R. part 1180 (2000) rather than the 2001 version of those rules. Under the pre-2001 rules that govern the transaction, no formal STB approval is required for use of a voting trust. In March 2021, the parties agreed to seek, and sought, a written informal advisory opinion of the STB staff to the effect that the proposed deposit of all outstanding shares of capital stock of the second surviving corporation into the independent, irrevocable voting trust immediately following the completion of the post-closing contributions, subject to the voting trust agreement, would preclude unlawful control of KCS by CPRL and its affiliates and would not result in a violation of 49 U.S.C. 11323 (which we refer to as the "STB voting trust opinion").

On May 6, 2021, the STB issued a decision indicating that it had conducted a full review of the voting trust submitted to the STB Staff in March 2021 and granted approval for the use of the voting trust to consummate the transaction, subject to the condition that the voting trust agreement be modified to prohibit the trustee from owning securities of CPRL or its affiliates during the existence of the voting trust. CP made the requisite modification. The voting trust agreement proposed for use with the transaction is unchanged from that modified in response to the STB's May 6 decision.

On September 15, 2021, CPRL and KCS filed with the STB an Amended Notice of Intent indicating that they had entered a new agreement providing for CPRL's acquisition of KCS, that they would file an application seeking STB control approval on or shortly after October 20, 2021, and that CPRL intended to indirectly acquire the shares of KCS prior to receiving control approval via the use of a voting trust that was substantially identical to that reviewed and approved by the STB in its May 6 decision.

On September 30, 2021, the STB issued a decision confirming that the transaction described in the September 15 Amended Notice of Intent was the "same transaction" that had been noticed in March 2021 and that the STB's May 6, 2021 approval for CPRL's proposed use of a voting trust to acquire KCS applies to the voting trust proposed for use with the transaction agreed to on September 15.

Under the merger agreement, CPRL and KCS must use reasonable best efforts to prosecute all filings and other presentations made, and promptly make any subsequent filings or presentations, with the STB with diligence, diligently oppose any third party's objections to, appeals from or petitions to reconsider or reopen any approval, opinion, exemption or other authorization obtained from the STB, and take all such further action as in the reasonable judgment of CPRL and KCS may facilitate obtaining STB final approval.

CFIUS

The transactions contemplated by the merger agreement are subject to review by the Committee on Foreign Investment in the United States (which we refer to as "CFIUS") pursuant to Section 721 of the Defense Production Act of 1950, as amended, and the regulations promulgated thereunder (which we refer to as "Section 721"). Under the terms of the merger agreement, CPRL may not assume control over KCS's railroad operations until: (a) CFIUS has determined that there are no unresolved national security concerns with respect to the transactions contemplated by the merger agreement, and the parties have received written notice from CFIUS that action under Section 721 has been concluded; (b) the parties have received written notice from CFIUS that the transactions contemplated by the merger agreement are not "covered transactions" pursuant to Section 721; or (c) CFIUS has sent a report to the President of the U.S. requesting the decision of the President of the U.S. with respect to the transactions contemplated by the merger agreement and (i) the period under Section 721 during which the President of the U.S. may announce his decision to take action to suspend, prohibit or place any limitations on the transactions contemplated by the merger agreement has expired without any such action being threatened, announced or taken or (ii) the President of the U.S. has announced a decision not to, or otherwise declined to, take any action to suspend or prohibit the transactions contemplated by the merger agreement (which we collectively refer to as "completion of the CFIUS Process").

The merger agreement provides for CPRL and KCS to cooperate regarding the preparation and filing with CFIUS of a declaration and/or a joint voluntary notification in connection with the transactions contemplated by the merger agreement. Please refer to the section entitled "*The KCS Merger Proposal—Regulatory Approvals Required for the Transaction*," on page 109 for additional detail regarding CFIUS.

COFECE and the IFT

Pursuant to the Mexican Federal Economic Competition Law and the Federal Telecommunications and Broadcasting Law, consummation of the transactions contemplated by the merger agreement requires the approval of the *Comisión Federal de Competencia Económica* (the Mexican Antitrust Commission) (which we refer to as "COFECE") and the *Instituto Federal de Telecomunicaciones* (the Mexican Federal Telecommunications Institute) (which we refer to as the "IFT," and, together with COFECE, the "Mexican antitrust authorities"), autonomous constitutional entities responsible for enforcing the Federal Economic Competition Law in the sectors of their respective jurisdiction, including reviewing and authorizing concentrations, when applicable. Such notifications may be submitted in parallel, and the procedures follow the same rules and legal time frame.

The merger agreement provides that KCS, CPRL, first merger sub and surviving merger sub were obligated to promptly, but in any event no later than 30 business days after the date of the merger agreement, file any and all notifications and report forms to the Mexican antitrust authorities, in each case as required under applicable law with respect to the transactions contemplated by the merger agreement, and take all other actions necessary to cause the expiration or termination of the process under applicable law as soon as practicable after the date of the merger agreement (*i.e.*, September 15, 2021).

Notifications of the transaction were submitted to the Mexican antitrust authorities on [—], 2021. The Mexican antitrust authorities will each have 60 business days to review the transaction and issue a resolution (as such period is calculated and may be extended under Mexican law, as described in the Section entitled "*The KCS Merger Proposal—Regulatory Approvals Required for the Transaction*," on page 109). If the Mexican antitrust authorities do not issue a resolution within the relevant review period (including any extension, if applicable), the transaction will be deemed approved. Failure to obtain clearance from the Mexican antitrust authorities precludes the parties from closing the transaction in Mexico.

ARTF and SCT

KCS and CPRL (through KCSM) have filed notices with the Mexican Agencia Reguladora del Transporte Ferroviario (the Regulatory Agency of Rail Transportation of Mexico) (which we refer to as "ARTF") and the Secretaría de Comunicaciones y Transportes (the Secretary of Communications and Transportation of Mexico) (which we refer to as "SCT"), which are responsible for regulating railroad services in Mexico, prior to the effective time. The notice process is for informational purposes only, and no approval is required from either ARTF or SCT to consummate the transaction.

Mexican Rail Union

KCS has provided an informal notification to the Mexican rail union; no approval on the part of the Mexican rail union is required in order to consummate the transaction.

FCC

KCS is subject to regulation by the Federal Communications Commission (which we refer to as the "FCC") under the Communications Act of 1934, as amended. FCC approval of the transfer of KCS's FCC licenses will be required. Failure to receive FCC approval prior to transferring control of the FCC licenses could result in civil fines, revocation of the subject licenses, and/or other remedial actions by the FCC. Initial approval from the FCC is expected before closing into the voting trust.

In October 2021, CPRL and KCS anticipate filing all required applications for FCC consent to the transfer of control of the subject FCC licenses from KCS to the voting trust. While CPRL and KCS believe that FCC approval will ultimately be obtained, this approval is not assured.

Additionally, if the transaction is consummated, then the FCC will also preside over a similar post-closing approval process. CPRL and KCS anticipate, but cannot guarantee, that the FCC will ultimately approve this post-closing transfer of control of the FCC licenses. CPRL and KCS are not aware of any cases where FCC approval did not follow STB approval.

For a more detailed discussion of the regulatory approvals required for the transaction, see the section entitled "*The KCS Merger Proposal—Regulatory Approvals Required for the Transaction*," on page 109.

Treatment of KCS Equity Awards (page 140)

KCS Stock Options

Each option to purchase shares of KCS common stock (which we refer to as a "KCS stock option"), whether vested or unvested, that is outstanding as of immediately prior to the effective time will, at the effective time, become fully vested and be converted into the right to receive an amount of cash equal to (i) the excess, if any of (A) the value of the merger consideration over (B) the per share exercise price of such option multiplied by (ii) the total number of shares of KCS common stock subject to such option as of immediately prior to the effective time, less applicable tax withholding.

KCS Restricted Share Awards

Each award of shares of KCS common stock granted subject to any vesting, forfeiture or other lapse restrictions (which we refer to as a "KCS restricted share award") that is outstanding as of immediately prior to the effective time and was granted prior to March 21, 2021, will, at the effective time, become fully vested and be converted into the right to receive (i) the merger consideration in respect of each share of KCS common stock subject to such KCS restricted share award as of immediately prior to the effective time and (ii) the accrued but unpaid cash dividends corresponding to each share of KCS common stock subject to such KCS restricted share award, less applicable tax withholding.

Each KCS restricted share award that is outstanding as of immediately prior to the effective time and was granted on or after March 21, 2021, will, at the effective time, be converted into an award that entitles the holder thereof, upon vesting, to receive (i) an amount in cash equal to the value of the merger consideration in respect of each share of KCS common stock subject to such KCS restricted share award and (ii) the accrued but unpaid cash dividends corresponding to each share of KCS common stock subject to such KCS restricted share award. Each such cash-based award will have the same terms and conditions (including vesting terms and conditions) as applied to the corresponding KCS restricted share award, except that such award will vest in full upon a qualifying termination.

KCS Performance Share Awards

Each award of performance shares that corresponds to shares of KCS common stock (which we refer to as a "KCS performance share award") that is outstanding as of immediately prior to the effective time will, at the effective time, be converted into an award that entitles the holder thereof, upon vesting, to receive an amount in cash equal to the value of the merger consideration multiplied by 200% of the target number of shares of KCS common stock covered by the KCS performance share award as of immediately prior to the effective time. Each such cash-based award will have the same terms and conditions (including vesting terms and conditions) as applied to the corresponding KCS performance share award, except that performance-based vesting conditions will no longer apply and the award will vest in full upon a qualifying termination.

KCS Director Deferred Stock

Each share of director deferred stock of KCS that is outstanding as of immediately prior to the effective time, will, at the effective time, be converted into the right to receive the merger consideration, less applicable tax withholding.

Appraisal or Dissenters' Rights (page 113)

If the transaction is completed, KCS stockholders who do not vote in favor of the adoption of the merger agreement and who otherwise comply with the applicable provisions of Section 262 of the DGCL will be entitled

to exercise appraisal rights thereunder and obtain payment in cash for the fair value of their shares of KCS, subject to certain limitations under the DGCL. Any shares of KCS voting stock that are held by a KCS stockholder on the date of making an appraisal demand, who continues to own such shares through the effective time, who has not voted in favor of the adoption of the merger agreement and who has properly demanded appraisal for such shares in accordance with the DGCL will not be converted into the right to receive the merger consideration or preferred merger consideration, as applicable, and a KCS stockholder who holds such shares will have the right to obtain payment in cash for the fair value of their shares of KCS in lieu of the merger consideration or preferred merger consideration, as applicable, unless such KCS stockholder fails to perfect, effectively withdraws, waives or otherwise loses such stockholder's appraisal rights under the DGCL. If, after the effective time, such holder of KCS voting stock fails to perfect, effectively withdraws, waives or otherwise loses his, her or its appraisal rights, each such share will be treated as if it had been converted as of the effective time into a right to receive the merger consideration or preferred merger consideration, as applicable, without any interest thereon. Due to the complexity of the procedures for exercising your appraisal rights, KCS stockholders who are considering exercising such rights are encouraged to seek the advice of legal counsel. Failure to strictly comply with these provisions will result in the loss of appraisal rights. See the section entitled "*The KCS Merger Proposal—Appraisal or Dissenters' Rights*," on page 113, for additional information and the text of Section 262 of the DGCL, which is included as Annex D to this proxy statement/prospectus, which you are encouraged to read carefully and in their entirety.

Conditions to the Transaction (page 140)

Mutual Conditions to Completion

The respective obligations of each party to effect the transaction are subject to the satisfaction or waiver at or prior to the closing of the transaction of each the following conditions:

- obtaining the affirmative vote of the holders of a majority of the outstanding shares of KCS voting stock in favor of the adoption of the merger agreement (which we refer to as the "KCS stockholder approval");
- obtaining the affirmative vote in favor of the CPRL common share issuance by a majority of the votes cast by the holders of outstanding CPRL common shares represented in person or by proxy and entitled to vote on such matter at the CPRL special meeting or any adjournment or postponement thereof (which we refer to as the "CPRL shareholder approval");
- effectiveness of the Form F-4 (of which this proxy statement/prospectus forms a part) in accordance with the provisions of the U.S. Securities Act and no stop order suspending the effectiveness of the Form F-4 having been issued and remaining in effect and no proceeding to that effect having been commenced;
- no injunction or similar order by any court or other governmental entity of competent jurisdiction having been entered and continuing to be in effect that prohibits or makes illegal the consummation of the transaction or the voting trust transaction;
- the authorizations required to be obtained from COFECE and the IFT with respect to the transactions contemplated by the merger agreement having been obtained; and
- the CPRL common shares to be issued in the first merger having been approved for listing on the NYSE, subject to official notice of issuance, and the TSX, subject to customary listing requirements.

Conditions to the Obligations of KCS

The obligation of KCS to effect the transaction is also subject to the satisfaction or waiver by KCS, at or prior to the closing of the transaction, of the following conditions:

- the representations and warranties of CPRL and each merger sub contained in the merger agreement being true and correct as of the date of the merger agreement and as of the date on which the closing occurs (which we refer to as the "closing date") as though made as of the closing date (except to the extent expressly made as of an earlier date, in which case, as of such date), subject to the materiality standards provided in the merger agreement;
- CPRL and each merger sub having performed in all material respects the obligations and complied in all material respects with all covenants required by the merger agreement to be performed or complied with by them prior to the closing;
- since September 15, 2021, no event, change, occurrence, effect or development having occurred that has had, or is reasonably likely to have, a material adverse effect on CPRL;
- KCS's receipt of a certificate of the chief executive officer or another senior officer of CPRL, certifying that the conditions set forth in the bullets directly above have been satisfied; and
- KCS's receipt of an opinion of Wachtell, Lipton, Rosen & Katz, or, if Wachtell, Lipton, Rosen & Katz is unable to provide such opinion, another nationally recognized tax counsel dated as of the closing date, to the effect that the transaction will qualify as a "reorganization" within the meaning of Section 368(a) of the Code and the transaction will not result in gain recognition under Section 367(a)(1) of the Code by persons who are stockholders of KCS immediately prior to the effective time (with certain exceptions).

Conditions to the Obligations of CPRL and the Merger Subs

The obligations of CPRL and the merger subs to effect the transaction are also subject to the satisfaction or waiver by CPRL, at or prior to the closing of the transaction, of the following conditions:

- the representations and warranties of KCS contained in the merger agreement being true and correct as of the date of the merger agreement and as of the closing date as though made as of the closing date (except to the extent expressly made as of an earlier date, in which case, as of such date), subject to the materiality standards provided in the merger agreement;
- KCS having performed in all material respects the obligations and complied in all material respects with all covenants required by the merger agreement to be performed or complied with by it at or prior to the closing;
- since September 15, 2021, no event, change, occurrence, effect or development having occurred that has had, or is reasonably likely to have, a material adverse effect on KCS; and
- CPRL's receipt of a certificate of the chief executive officer or another senior officer of KCS, certifying that the conditions set forth in the bullets directly above have been satisfied.

No Solicitation (page 150)

The merger agreement generally restricts the ability of CPRL, KCS and their respective subsidiaries, directors and officers to: (i) solicit, initiate or knowingly encourage or knowingly facilitate any inquiry regarding, or the making or submission of any proposal, offer or indication of intent that constitutes, or would reasonably be expected to lead to, or result in, an alternative proposal, (ii) engage in, continue or otherwise participate in any discussions or negotiations with any person regarding an alternative proposal or any inquiry, proposal or offer that would reasonably be expected to lead to, or result in, an alternative proposal (except to notify such person

that the provisions of the merger agreement prohibit any such discussions or negotiations), (iii) furnish any nonpublic information relating to such party or its subsidiaries in connection with or for the purpose of facilitating an alternative proposal or any inquiry, proposal, offer or indication of intent that would reasonably be expected to lead to, or result in, an alternative proposal, (iv) recommend or enter into any other letter of intent, memorandum of understanding, agreement in principle, option agreement, acquisition agreement, merger agreement, joint venture agreement, partnership agreement or other similar agreement with respect to an alternative proposal, or (v) approve, authorize or agree to do any of the actions outlined in clauses (i)-(iv) above or otherwise knowingly facilitate any effort or attempt to make an alternative proposal.

However, prior to the time, but not after, in the case of KCS, the KCS stockholder approval is obtained or, in the case of CPRL, the CPRL shareholder approval is obtained, if such party receives a superior proposal or the relevant party's board of directors has determined in good faith after consultation with its outside legal and financial advisors that such proposal could reasonably be expected to lead to a superior proposal, such party may take various actions, including providing information in response to a request therefor (including non-public information) to the third party who made such alternative proposal (including its officers, employees, accountants, consultants, legal counsel, financial advisors and agents and other representatives, which we collectively refer to as "representatives," and prospective equity and debt financing sources) (subject to the terms and conditions of the merger agreement) and engaging or participating in discussions or negotiations with any such third party (including its representatives) regarding such alternative proposal.

CPRL and KCS are each required to promptly give notice to the other party if it or any of its representatives receives (i) any inquiries, proposals or offers with respect to an alternative proposal or (ii) any request for information that, to the knowledge of such party, has been or is reasonably likely to have been made in connection with any alternative proposal. CPRL or KCS, as applicable, will be required to thereafter keep the other party reasonably informed, on a reasonably current basis, of any material developments regarding any alternative proposal or any material change to the terms of any such alternative proposal and any material change to the status of any such discussions or negotiations with respect thereto.

For more detailed information, see the section entitled "*The Merger Agreement—No Solicitation*," on page 150.

Financing (page 154)

CPRL has agreed to use its reasonable best efforts, and will cause each of its subsidiaries to use its reasonable best efforts to obtain funds sufficient, together with cash and other sources of funds immediately available to CPRL on the closing date, for the satisfaction of CPRL's and its affiliates' obligations under the merger agreement and the debt commitment letters delivered at signing of the merger agreement, including the commitment letter (the "debt commitment letters"), including payment of the cash consideration and preferred merger consideration and any fees and expenses of or payable by CPRL, the merger subs, or CPRL's affiliates, and for any repayment or refinancing of any outstanding indebtedness of KCS and/or its subsidiaries contemplated by, or required in connection with the transaction (the "financing amounts"), including using reasonable best efforts to take, or cause to be taken, all actions, and do, or cause to be done, all things necessary, proper or advisable to obtain the proceeds of the financing contemplated by the debt commitment letters. Other than the commitment letter in respect of the bridge facility, all debt commitment letters have been terminated.

In the event any portion of the debt financing contemplated by the debt commitment letters becomes unavailable regardless of the reason therefor, (A) CPRL will promptly notify KCS in writing of such unavailability and the reason therefor and (B) CPRL will use its reasonable best efforts, and will cause each of its subsidiaries to use their reasonable best efforts, to obtain as promptly as practicable following the occurrence of such event, alternative debt financing for any such portion from alternative sources (the "alternative financing") in an amount sufficient, when taken together with cash and the other sources of immediately available funds to CPRL at the closing to pay the financing amounts and that do not include any conditions to the consummation of such

alternative financing that are more onerous than the conditions set forth in the debt commitment letters. To the extent requested in writing by KCS from time to time, CPRL will keep KCS informed on a reasonably current basis of the status of its efforts to arrange and consummate the debt financing. CPRL will promptly notify KCS in writing if there exists any actual or threatened material breach, default, repudiation, cancellation or termination by any party to the debt commitment letters or any definitive agreement and a copy of any written notice or other written communication from any financing party with respect to any actual material breach, default, repudiation, cancellation or termination by any party to the debt commitment letters or any definitive agreement or any provision thereof.

KCS has agreed to use its reasonable best efforts, and will cause each of its subsidiaries to use its reasonable best efforts, and each of them will use their reasonable best efforts to cause their respective representatives to use their reasonable best efforts, to provide customary cooperation, to the extent reasonably requested by CPRL in writing, in connection with the offering, arrangement, syndication, consummation, issuance or sale of any debt financing or alternative financing (provided, that such requested cooperation does not unreasonably interfere with the ongoing operations of KCS and its affiliates and is otherwise subject to certain specified limitations).

For more detailed information, see the section entitled "*The Merger Agreement—Financing*," on page 154.

Termination or Abandonment of the Merger Agreement (page 163)

Subject to conditions and circumstances described in the merger agreement, the merger agreement may be terminated and abandoned at any time prior to the effective time whether before or after any approval by the KCS stockholders or CPRL shareholders of the matters presented in connection with the transaction:

- by mutual written consent of KCS and CPRL;
- by either KCS or CPRL, if:
  - the effective time has not occurred on or before the end date; provided, that the party seeking to terminate the merger agreement has not breached in any material respect its obligations under the merger agreement in any manner that has been the primary cause of the failure to consummate the transaction on or before such date;
  - any governmental entity of competent jurisdiction has issued or entered an injunction or similar order that prohibits or makes illegal the consummation of the transaction or the voting trust transaction, and such injunction or similar order has become final and non-appealable; provided, that the party seeking to terminate the merger agreement has not breached in any material respect its obligations under the merger agreement in a manner that has been the primary cause of such injunction or order;
  - the KCS stockholder approval is not obtained at the KCS special meeting or at any adjournment or postponement thereof; or
  - the CPRL shareholder approval is not obtained at the CPRL special meeting or at any adjournment or postponement thereof;
- by KCS:
  - if there has been a breach or failure to perform in any material respect by CPRL or the merger subs of any representation, warranty, covenant or agreement set forth in the merger agreement and such breach or failure would result in a failure of certain conditions to closing and such breach or failure is not curable by the end date, or if curable by the end date, has not been cured within 45 business days after the giving of notice thereof by KCS; however, the right to terminate the merger agreement due to such a breach or failure will not be available to KCS if KCS is in material breach of any representation, warranty, agreement or covenant contained in the merger agreement;

- prior to receipt of the KCS stockholder approval, in order to enter into a definitive agreement providing for a KCS superior proposal; or
- prior to receipt of the CPRL shareholder approval if the board of directors of CPRL (which we refer to as the "CPRL board") has effected a change of recommendation; or

- by CPRL:
  - if there has been a breach or failure to perform in any material respect by KCS of any representation, warranty, covenant or agreement set forth in the merger agreement and such breach or failure would result in a failure of certain conditions to closing and such breach or failure is not curable by the end date, or if curable by the end date, has not been cured within 45 business days after the giving of notice thereof by CPRL; however, the right to terminate the merger agreement due to such a breach or failure will not be available to CPRL if CPRL or any merger sub is in material breach of any representation, warranty, agreement or covenant contained in the merger agreement; or
  - prior to receipt of the KCS stockholder approval, if the KCS board has effected a change of recommendation.

For a more detailed explanation of the termination provisions of the merger agreement, as well as a discussion of the effect of termination and potential termination payments, see the section entitled "*The Merger Agreement—Termination or Abandonment of the Merger Agreement*," on page 163.

Your Rights as a CPRL Shareholder Will Be Different from Your Rights as a KCS Stockholder (page 194)

At the effective time, each eligible share of KCS common stock will be converted into the right to receive the merger consideration, consisting of (1) 2.884 CPRL common shares and (2) $90.00 in cash, without interest. As a result, holders of KCS common stock will have different rights once they become CPRL shareholders due to differences between the organizational documents of CPRL and KCS and differences between Delaware law, where KCS is incorporated, and the laws of Canada, where CPRL is incorporated. For a summary of the material differences between the rights of CPRL shareholders and the existing rights of holders of KCS common stock, see the section entitled "*Comparison of Rights of CPRL Shareholders and KCS Stockholders*," on page 194.

Interests of KCS's Directors and Executive Officers in the Transaction (page 101)

In considering the recommendation of the KCS board to adopt the merger agreement, KCS stockholders should be aware that KCS's directors and executive officers have interests in the transaction that may be different from, or in addition to, the interests of KCS stockholders generally, including potential severance benefits, treatment of outstanding KCS equity awards in connection with the transaction, potential transaction bonuses, tax gross-ups with respect to taxes imposed under Section 4999 of the Code, and rights to ongoing indemnification and insurance coverage. The KCS board was aware of these interests and considered them, among other matters, in evaluating and negotiating the merger agreement, in reaching its decision to approve and declare advisable the merger agreement and the transactions contemplated by the merger agreement, and in recommending to KCS stockholders that the merger agreement be approved.

These interests are discussed in more detail in the section entitled "*The KCS Merger Proposal—Interests of KCS's Directors and Executive Officers in the Transaction*," on page 101. The KCS board was aware of the different or additional interests described herein and considered these interests along with other matters in approving and adopting the merger agreement.

RISK FACTORS

You should consider carefully the following risk factors, as well as the other information set forth in and incorporated by reference into this proxy statement/prospectus, before making a decision on the KCS merger proposal, the KCS compensation proposal and the KCS adjournment proposal. As CPRL shareholders following the effective time, holders of KCS common stock will be subject to all risks inherent in the business of CPRL in addition to the risks relating to KCS. The market value of CPRL common shares will reflect the performance of the business relative to, among other things, that of the competitors of CPRL and KCS and general economic, market and industry conditions. The value of your investment may increase or may decline and could result in a loss.

In addition, KCS's and CPRL's respective businesses are subject to numerous risks and uncertainties, including the risks and uncertainties described, in the case of KCS, in its Annual Report on Form 10-K for the year ended December 31, 2020 and its Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2021 and June 30, 2021, and in the case of CPRL, in its Annual Report on Form 10-K for the year ended December 31, 2020 and its Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2021 and June 30, 2021, each of which is incorporated by reference into this proxy statement/prospectus. For more information, please see the section entitled "Where You Can Find Additional Information" on page 229.

Risks Relating to the Transaction

Because the exchange ratio is fixed and the market price of shares of CPRL common shares has fluctuated and will continue to fluctuate, KCS stockholders cannot be sure of the value of the merger consideration they will receive in the transaction prior to the closing of the transaction.

At the effective time, each share of KCS common stock that is outstanding immediately prior to the effective time (other than certain excluded shares as described in the merger agreement) will be converted into the right to receive 2.884 CPRL common shares and $90.00 in cash, without interest. Because the exchange ratio is fixed, the value of the share consideration will depend on the market price of CPRL common shares at the effective time. The market price of CPRL common shares has fluctuated since the date of the announcement of the transaction and is expected to continue to fluctuate from the date of this proxy statement/prospectus until the closing date, which could occur a considerable amount of time after the date hereof. Changes in the price of CPRL common shares may result from a variety of factors, including, among others, general market and economic conditions, changes in CPRL's and KCS's respective businesses, operations and prospects, risks inherent in their respective businesses, changes in market assessments of the likelihood that the proposed acquisition will be completed and/or the value that may be generated by the proposed acquisition and changes with respect to expectations regarding the timing of the proposed acquisition and regulatory considerations. Many of these factors are beyond KCS's and CPRL's control.

The CPRL common shares to be received by holders of KCS common stock at the effective time will have different rights from shares of KCS common stock.

At the effective time, holders of KCS common stock will no longer be stockholders of KCS but will instead become shareholders of CPRL. The rights of former holders of KCS common stock as stockholders will then be governed by Canadian law and by the terms of CPRL's articles of incorporation and by-laws, which are in some respects materially different than the terms of KCS's certificate of incorporation and by-laws, which currently govern the rights of KCS stockholders. See the section of this proxy statement/prospectus entitled "*Comparison of Rights of CPRL Shareholders and KCS Stockholders*," on page 194 for a discussion of the different rights associated with CPRL common shares and KCS common stock.

The transaction is subject to various closing conditions, including regulatory and stockholder/shareholder approvals as well as other uncertainties, and there can be no assurances as to whether and when it may be completed.

Closing of the transaction is subject to the satisfaction or waiver of a number of conditions specified in the merger agreement, and it is possible that such conditions may prevent, delay or otherwise materially adversely

affect the completion of the transaction. These conditions include, among other things: (1) receipt of the KCS stockholder approval; (2) receipt of the CPRL shareholder approval; (3) effectiveness of the Form F-4 (of which this proxy statement/prospectus forms a part) in accordance with the provisions of the U.S. Securities Act and no stop order suspending the effectiveness of the Form F-4 having been issued and remaining in effect and no proceeding to that effect having been commenced; (4) the absence of any injunction or similar order prohibiting or making illegal the consummation of the transaction or the voting trust transaction; (5) approval by COFECE and the IFT of the transactions contemplated by the merger agreement; (6) the CPRL common shares issuable in the first merger having been approved for listing on the NYSE, subject to official notice of issuance, and the TSX, subject to customary listing requirements; (7) the accuracy of each party's representations and warranties, subject to certain materiality standards set forth in the merger agreement; (8) compliance by each party in all material respects with such party's obligations under the merger agreement; and (9) with respect to CPRL, the absence of a Company Material Adverse Effect, and with respect to KCS, the absence of a Parent Material Adverse Effect (as such terms are defined in the merger agreement).

The governmental authorities from which authorizations are required have broad discretion in administering the governing laws and regulations, and may take into account various facts and circumstances in their consideration of the transactions contemplated by the merger agreement. These governmental authorities may initiate proceedings or otherwise seek to prevent the transaction. As a condition to authorization of the transactions contemplated by the merger agreement, these governmental authorities also may impose requirements, limitations or costs, require divestitures or place restrictions on the conduct of CPRL's business after the combination of CPRL and KCS following receipt of STB final approval.

We cannot provide any assurance that all required consents and approvals will be obtained or that all closing conditions will otherwise be satisfied (or waived, if applicable), and, if all required consents and approvals are obtained and all closing conditions are satisfied (or waived, if applicable), we cannot provide any assurance as to the terms, conditions and timing of such consents and approvals or the timing of the completion of the transaction. Many of the conditions to completion of the transaction are not within either KCS's or CPRL's control, and neither company can predict when or if these conditions will be satisfied (or waived, if applicable). Any delay in completing the transaction could cause KCS and/or CPRL not to realize some or all of the benefits that each expects to achieve if the transaction is successfully completed within the expected timeframe.

In order to complete the transaction, CPRL and KCS must obtain certain governmental approvals, and if such approvals are not granted or are granted with conditions that become applicable to the parties, completion of the transaction may be delayed, jeopardized or prevented and the anticipated benefits of the transaction could be reduced.

No assurance can be given that the required consents, orders and approvals will be obtained or that the required conditions to the completion of the transaction will be satisfied. Even if all such consents, orders and approvals are obtained and such conditions are satisfied, no assurance can be given as to the terms, conditions and timing of such consents, orders and approvals. For example, these consents, orders and approvals may impose conditions on or require divestitures relating to the divisions, operations or assets of KCS and CPRL or may impose requirements, limitations or costs or place restrictions on the conduct of KCS's or CPRL's business, and if such consents, orders and approvals require an extended period of time to be obtained, such extended period of time could increase the chance that an adverse event occurs with respect to KCS or CPRL. Such extended period of time also may increase the chance that other adverse effects with respect to KCS or CPRL could occur, such as the loss of key personnel. Even if all necessary approvals are obtained, no assurance can be given as to the terms, conditions and timing of such approvals. For more information, see the sections entitled "*The KCS Merger Proposal—Regulatory Approvals Required for the Transaction*" and "*The Merger Agreement—Conditions that Must be Satisfied or Waived for the Transaction to Occur*," on pages 109 and 140, respectively.

The KCS special meeting may take place before all of the required regulatory approvals have been obtained and before all conditions to such approvals, if any, are known. Notwithstanding the foregoing, if the KCS merger

proposal is approved by KCS stockholders, KCS may not be required to seek further approval of KCS stockholders.

After CPRL's combination with KCS following receipt of STB approval, CPRL may fail to realize projected benefits and cost savings of the combination, which could adversely affect the value of CPRL common shares.

CPRL and KCS have operated and, until the receipt of STB final approval, will continue to operate (even while the voting trust is in effect), independently. The success of CPRL's combination with KCS will depend, in part, on CPRL's ability to realize the anticipated benefits and synergies from combining the businesses of KCS and CPRL following the (which we refer to as the "control date"), including operational and other synergies that we believe the combined company will achieve. The anticipated benefits and synergies of CPRL's combination with KCS may not be realized fully or at all, may take longer to realize than expected or could have other adverse effects that we do not currently foresee. Some of the assumptions that we have made, such as the achievement of operating synergies, may not be realized. The integration process may, for KCS and CPRL, result in the loss of key employees, the disruption of ongoing businesses or inconsistencies in standards, controls, procedures and policies. There could be potential unknown liabilities and unforeseen expenses associated with the transaction that were not discovered in the course of performing due diligence. Coordinating certain aspects of the operations and personnel of CPRL with KCS after the combination of CPRL and KCS following receipt of STB final approval will involve complex operational, technological and personnel-related challenges, which may be made more difficult in light of the COVID-19 pandemic. Additionally, the integration will require significant time and focus from management following the combination which may disrupt the business of the combined company.

The announcement and pendency of the transaction could adversely affect each of KCS's and CPRL's business, results of operations and financial condition.

The announcement and pendency of the transaction could cause disruptions in and create uncertainty surrounding KCS's and CPRL's business, including affecting KCS's and CPRL's relationships with its existing and future customers, suppliers and employees, which could have an adverse effect on KCS's or CPRL's business, results of operations and financial condition, regardless of whether the transaction is completed. In particular, KCS and CPRL could potentially lose important personnel as a result of the departure of employees who decide to pursue other opportunities in light of the transaction. KCS and CPRL could also potentially lose customers or suppliers, and new customer or supplier contracts could be delayed or decreased. The attention of KCS's and CPRL's respective management may be directed towards closing the transaction, including obtaining regulatory approvals and other transaction-related considerations and may be diverted from the day-to-day business operations of KCS and CPRL and matters related to the transaction may require commitments of time and resources that could otherwise have been devoted to other opportunities that might have been beneficial to KCS and CPRL. Additionally, the merger agreement requires each party to obtain the other party's consent prior to taking certain specified actions while the transaction is pending. These restrictions may prevent CPRL and KCS from pursuing otherwise attractive business opportunities prior to the closing of the transaction, and in some cases for KCS, completion of the combination. Any of these matters could adversely affect the businesses of, or harm the results of operations, financial condition or cash flows of CPRL and the market value of CPRL common shares.

If the transaction does not close, the prices of KCS common stock and CPRL common shares may fall to the extent that the current prices of KCS common stock and CPRL common shares reflect a market assumption that the transaction will close. In addition, the failure to close the transaction may result in negative publicity or a negative impression of KCS in the investment community and may affect KCS's and CPRL's relationship with employees, customers, suppliers and other partners in the business community.

KCS and CPRL will incur substantial transaction fees and costs in connection with the transaction.

KCS and CPRL have incurred and expect to incur additional material non-recurring expenses in connection with the transactions contemplated by the merger agreement, including costs relating to obtaining required approvals

and, in the case of KCS, compensation payments to its executives triggered by the change in control of KCS as a result of the transaction. KCS and CPRL have incurred significant financial services, accounting, tax and legal fees in connection with the process of negotiating and evaluating the terms of the transaction. Additional significant unanticipated costs may be incurred in the course of coordinating and combining the businesses of KCS and CPRL following receipt of STB final approval. Even if the transaction does not close, KCS and CPRL will need to pay certain costs relating to the transaction incurred prior to the date the transaction was abandoned, such as financial advisory, accounting, tax, legal, filing and printing fees. Such costs may be significant and could have an adverse effect on the parties' future results of operations, cash flows and financial condition. In addition to its own fees and expenses, if the merger agreement is terminated under specified circumstances, KCS will be required to pay to CPRL a $700.0 million termination payment and/or the $700.0 million CN termination amount refund. In addition to its own fees and expenses, if the merger agreement is terminated under specified circumstances, CPRL may be required to pay either $700.0 million or $1.0 billion to KCS, depending on the reason for the termination. For more information, see the section entitled "*The Merger Agreement—Termination or Abandonment of the Merger Agreement*," on page 163.

Significant demands will be placed on CPRL and KCS as a result of the combination of the two companies.

As a result of the combination of CPRL and KCS following receipt of STB final approval, significant demands will be placed on the managerial, operational and financial personnel and systems of CPRL and KCS. CPRL and KCS cannot assure you that their respective systems, procedures and controls will be adequate to support the expansion of operations following and resulting from the combination of the two companies. The future operating results of the combined company will be affected by the ability of its officers and key employees to manage changing business conditions and to implement and expand its operational and financial controls and reporting systems in response to the transaction.

The unaudited pro forma condensed consolidated financial information of KCS and CPRL is presented for illustrative purposes only and may not be indicative of the results of operations or financial condition of the combined company following the combination of CPRL and KCS following receipt of STB final approval.

The unaudited pro forma condensed consolidated financial information included in this proxy statement/prospectus has been prepared using the consolidated historical financial statements of CPRL and KCS, is presented for illustrative purposes only and should not be considered to be an indication of the results of operations or financial condition of the combined company after the combination of CPRL and KCS following receipt of STB final approval. In addition, the unaudited pro forma condensed consolidated financial information included in this proxy statement/prospectus is based in part on certain assumptions regarding the transaction. These assumptions may not prove to be accurate, and other factors may affect the combined company's results of operations or financial condition following the combination of CPRL and KCS following receipt of STB final approval. Accordingly, the historical information incorporated by reference in this proxy statement/prospectus and unaudited pro forma condensed consolidated financial information included in this proxy statement/prospectus does not necessarily represent the combined company's results of operations and financial condition had KCS and CPRL operated as a combined entity during the periods presented, or of the combined company's results of operations and financial condition after the combination of CPRL and KCS following receipt of STB final approval. The combined company's potential for future business success and operating profitability must be considered in light of the risks, uncertainties, expenses and difficulties typically encountered by recently combined companies.

In preparing the unaudited pro forma condensed consolidated financial information contained in this proxy statement/prospectus, CPRL has given effect to, among other items, the combination of CPRL and KCS following receipt of STB final approval, the payment of the merger consideration and the preferred merger consideration and the indebtedness of CPRL on a consolidated basis after giving effect to the combination of CPRL and KCS following receipt of STB final approval, including the indebtedness of KCS. The unaudited pro forma condensed consolidated financial information may not reflect all of the costs that are expected to be

incurred by KCS and CPRL in connection with the transaction. For more information, see the section entitled "*Unaudited Pro Forma Condensed Consolidated Financial Information*," on page 170, including the notes thereto.

The substantial additional indebtedness that CP will incur in connection with the transaction could adversely affect CP's (and after the combination of CPRL and KCS following receipt of STB final approval, the combined company's) financial position, including by decreasing its business flexibility, ability to satisfy its debt obligations and credit ratings.

After the combination of CPRL and KCS following receipt of STB final approval, the combined company will have substantially increased borrowings compared to CP's historical level of borrowings. CP's consolidated borrowings were approximately C$8.7 billion (U.S.$7.0 billion converted at the Bank of Canada exchange rate on June 30, 2021) as at June 30, 2021. The combined company's pro forma borrowings as at June 30, 2021, if the acquisition of KCS had been completed on that same date, would have been approximately U.S.$20.3 billion, of which U.S.$9.0 billion would have been at variable rates of interest when assuming borrowings for the transaction are made under the bridge facility.

CP expects to incur approximately U.S.$13.3 billion of additional debt in connection with the transaction, as a result of obtaining financing to complete the transaction and refinancing of debt assumed in the transaction as required. Also, in connection with the transaction, the existing indebtedness of KCS is expected to remain outstanding to the extent the transaction closes into the voting trust. This increased level of borrowings could have the effect, among other things, of reducing CP's liquidity and the combined company's flexibility to respond to changing business and economic conditions. Also, the combined company's ability to make payments of principal and interest on its indebtedness will depend upon its future performance, which will be subject to general economic, financial and business conditions, sufficient cash flow from KCS during the period in which it is in the voting trust, the implementation of the integration with KCS and other factors affecting its operations, many of which will be beyond the combined company's control.

Accordingly, the amount of cash required to service the combined company's increased borrowing levels and increased aggregate dividends after the combination of CPRL and KCS following receipt of STB final approval, and thus the demands on the combined company's cash resources, will be greater than the amount of cash flows required to service CP's borrowings and pay dividends prior to the combination. If CP completes the acquisition of KCS and obtains control of KCS but CP does not achieve the expected benefits and cost savings from the acquisition, or if the financial performance of the combined company does not meet current expectations, then CP's ability to service CP's indebtedness may be adversely impacted. The increased levels of borrowings and dividends after the combination of CPRL and KCS following receipt of STB final approval could also reduce funds available for the combined company's investments in research and development and capital expenditures and other activities and may create competitive disadvantages for the combined company relative to other companies with lower debt levels.

The agreements that will govern CP's indebtedness that would be incurred in connection with the acquisition of KCS may contain various affirmative and negative covenants that may, subject to certain customary exceptions, restrict the combined company's ability to, among other things, create liens over its property, change its line of business and/or merge or consolidate with any other person or sell or convey certain of its assets to another person. In addition, some of the agreements that will govern the combined company's new debt financings may contain financial covenants that will require it to maintain certain financial ratios. Various risks, uncertainties and events beyond the combined company's control could affect its ability to comply with these covenants and failure to comply with them could result in an event of default, which, if not cured or waived, could accelerate repayment obligations. Under these circumstances, the combined company may not have sufficient funds or other resources to satisfy all of its obligations.

CP's credit ratings impact the cost and availability of future borrowings and, accordingly, CP's cost of capital. CP's credit ratings reflect each credit rating organization's opinion of CP's financial and business strength,

operating performance and ability to meet CP's debt obligations. If any of CP's credit ratings are reduced, CP may not be able to sell additional debt securities, borrow money, refinance the transaction facilities if drawn or establish alternatives to the transaction facilities in the amounts, at the times or interest rates or upon the more favorable terms and conditions that might be available if CP's current credit ratings are maintained.

In addition, future borrowings under circumstances in which the combined company's debt is rated below investment grade may contain further restrictions that impose significant restrictions on the way the combined company operates after the combination of CPRL and KCS following receipt of STB final approval.

CPRL or KCS may waive one or more of the closing conditions without re-soliciting shareholder approval or stockholder approval, respectively.

Certain conditions to CPRL's and KCS's obligations, respectively, to close the transaction may be waived, in whole or in part, to the extent legally permissible, either unilaterally or by agreement of CPRL and KCS. In the event that any such waiver does not require re-solicitation of CPRL's shareholders or an amendment of this proxy statement/prospectus or any re-solicitation of proxies or voting cards, as applicable, the parties will have the discretion to close the transaction without seeking further approval of CPRL shareholders or KCS stockholders, as applicable.

The opinions of KCS's financial advisors rendered to the KCS board do not reflect changes in circumstances between the signing of the merger agreement and the closing of the transaction.

The KCS board has received opinions from Morgan Stanley and BofA Securities, KCS's financial advisors, dated September 15, 2021, to the effect that, as of the date of the opinions and based on and subject to assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by each financial advisor as described in the written opinions, the merger consideration to be received pursuant to the merger agreement by holders of KCS common stock (other than excluded shares) was fair, from a financial point of view, to such holders, but has not obtained updated opinions as of the date of this proxy statement/prospectus. Changes in the operations and prospects of CPRL or KCS, general market and economic conditions and other factors that may be beyond the control of CPRL or KCS, and on which the forecasts and assumptions used by KCS's financial advisors in connection with rendering their respective opinions may have been based, may significantly alter the value of CPRL or KCS or the prices of the CPRL common shares or of the shares of KCS common stock by the time the transaction is completed. Each opinion did not speak as of the time the transaction will be completed or as of any date other than the date of such opinion and the KCS board does not anticipate asking its financial advisors to update their respective opinions. The KCS board's recommendation that KCS stockholders vote "**FOR**" approval of the KCS merger proposal, "**FOR**" the non-binding compensation advisory proposal and "**FOR**" the KCS adjournment proposal, however, is made as of the date of this proxy statement/prospectus.

For a description of the opinions that the KCS board received from its financial advisors, see the sections entitled "*The KCS Merger Proposal—Opinion of BofA Securities*" and "*The KCS Merger Proposal—Opinion of Morgan Stanley*" on pages 84 and 71, respectively. Copies of the opinions of Morgan Stanley and BofA Securities are attached as Annexes B and C to this proxy statement/prospectus and are incorporated by reference herein in its entirety.

While the transaction is pending and during the pendency of the voting trust, KCS is subject to business uncertainties and contractual restrictions that could materially adversely affect KCS's operating results, financial position and/or cash flows or result in a loss of employees, suppliers, vendors or customers.

The merger agreement generally requires KCS to use commercially reasonable efforts to conduct its business in all material respects in the ordinary course prior to the earlier of the termination of the merger agreement and the control date. In addition, the merger agreement includes a variety of specified restrictions on the conduct of

KCS's business, which, in the event the merger agreement is not earlier terminated, expire either on the closing date or the control date. Among other things and subject to the other terms of the merger agreement and certain other exceptions and limitations, KCS may not, outside of the ordinary course of business, incur additional indebtedness, issue additional shares of KCS's common stock outside of its equity incentive plans, repurchase common stock, pay dividends, acquire assets, securities or property, dispose of businesses or assets, enter into certain material contracts or make certain additional capital expenditures. KCS may find that these and other contractual restrictions in the merger agreement delay or prevent KCS from making certain changes, or limit its ability to make certain changes, during such period, even if KCS's management believes that making certain changes may be advisable. The pendency of the transaction may also divert management's attention and KCS's resources from ongoing business and operations.

During the period in which KCS is in the voting trust, its existing revolving credit agreement will remain in place, which includes certain limitations on dividends and distributions to its shareholders, including CPRL at such time. Such limitations may restrict the combined company from receiving the full benefit of the cash generated by KCS during such period.

KCS's employees, suppliers, vendors or customers may experience uncertainties about the effects of the transaction. It is possible that some employees, suppliers, vendors or customers and other parties with whom KCS has a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationship with KCS as a result of the proposed acquisition. Similarly, current and prospective employees may experience uncertainty about their future roles with KCS following completion of the transaction, which may materially and adversely affect KCS's ability to attract and retain key employees. If any of these effects were to occur, it could materially and adversely impact KCS's operating results, financial position, cash flows and/or stock price.

CP expects to refinance its credit facility entered into for the purpose of the transaction but cannot guarantee that it will be able to obtain new financing on terms acceptable to it or at all.

CP anticipates that the funds needed to consummate the transaction will be derived from a combination of some or all of: (i) cash on hand; (ii) borrowings under the credit facility which will be entered into for the purpose of the transaction, its existing credit facilities and/or new credit facilities; and (iii) the proceeds from the sale of new debt securities and the issuance of any commercial paper. While CP intends to refinance the credit facility for which it has obtained commitments for the purpose of the transaction, CP's ability to obtain any new debt financing will depend on, among other factors, prevailing market conditions and other factors beyond CP's control. CP cannot assure you that it will be able to obtain new debt financing on terms acceptable to it or at all on or before the maturity date of its credit facilities, and therefore any such failure to refinance could materially adversely affect its operations and financial condition.

In particular, CP has entered into the commitment letter to backstop permanent debt financings to fund a portion of the cash consideration and preferred merger consideration and transaction expenses. However, CP has not entered into definitive agreements for such debt financing, and the obligation of the lenders to provide the debt financing under the commitment letter is subject to a number of customary conditions. There can be no assurance that CP will be able to obtain the debt financing under the commitment letter. In the event that the debt financing contemplated above is not available, other financing may not be available on acceptable terms, in a timely manner or at all. If CP is unable to obtain debt financing, the transaction may be delayed or not be completed. CPRL's obligation to complete the transaction is not conditioned upon the receipt of any financing.

CPRL's combination with KCS is subject to final approval by the STB, and there can be no assurance as to whether and when it may be approved or if such approval will be granted with conditions applicable to the parties; accordingly, CPRL's combination with KCS may be delayed, jeopardized or prevented entirely and the anticipated benefits of the combination could be reduced.

Although the STB has approved the proposed voting trust agreement, there can be no assurance that third parties will not ask the STB to reconsider that approval. The STB also has the authority to impose conditions on its

approval of a control transaction to alleviate competitive or other concerns, and, if such conditions are imposed, the anticipated benefits of the combination of CPRL and KCS might be reduced. There is no assurance that STB final approval will be obtained or obtained on terms acceptable to CPRL.

In addition, under existing law, railroad competitors of CPRL and KCS and other interested parties may intervene to oppose the STB application or seek protective conditions in the event approval by the STB is granted, which might delay the approval process or reduce the anticipated benefits of the combination of CPRL and KCS. Furthermore, if the STB does not provide STB final approval or imposes conditions on its approval in a final order, and CPRL and KCS decide to appeal such final order from the STB, any such appeal might not be resolved for a substantial period of time after the entry of such order by the STB.

If either (i) STB final approval has not been obtained by December 31, 2023 or (ii) the STB has, by a final and non-appealable order, refused to provide STB final approval (which we refer to collectively as an "STB denial"), CPRL would be required to dispose of its initial investment in KCS. Similarly, if the STB imposes onerous conditions on STB final approval, CPRL may choose to dispose of its initial investment in KCS rather than agreeing to the conditions imposed by the STB. In either case, CPRL would be obligated under the voting trust agreement to directly or indirectly divest of the trust stock in a manner that is acceptable to the STB. CPRL and KCS expect that, in case of a divestiture, the market and divestiture alternatives for the trust stock might be limited, and such a disposition could cause CPRL to incur significant losses and expenses in connection with the transaction, which could have a significant adverse impact on the business and financial condition of CPRL.

Failure by KCS to successfully execute its business strategy and objectives may materially adversely affect the future results of the combined company and, consequently, the market value of CPRL common shares.

The success of the combination of CPRL and KCS will depend, in part, on the ability of KCS to successfully execute its business strategy, including making deliveries in a safe and reliable manner, minimizing service interruptions and investing in its infrastructure to maintain its rail system and serve its customer base. These objectives are capital intensive. Furthermore, KCS's business strategy, operations and plans for growth and expansion rely significantly on agreements with other railroads and third parties, including joint ventures and other strategic alliances, as well as interchange, trackage rights, haulage rights and marketing agreements with other railroads and third parties that enable KCS to exchange traffic and utilize trackage that it does not own. KCS's ability to provide comprehensive rail service to its customers depends in large part upon its ability to maintain these agreements with other railroads and third parties, and upon the performance of the obligations under the agreements by the other railroads and third parties. The termination of, or the failure to renew, these agreements could have a material adverse effect on KCS's consolidated financial statements and interfere with its business strategy, operations and plans for growth. If KCS is not able to achieve its business strategy, is not able to achieve its business strategy on a timely basis, or otherwise fails to perform in accordance with CPRL's expectations, the anticipated benefits of the combination of CPRL and KCS may not be realized fully or at all, and the combination may materially adversely affect the results of operations, financial condition and prospects of the combined company and, consequently, the market value of CPRL common shares.

Failure to complete the transactions contemplated by the merger agreement could negatively impact the price of KCS voting stock, and future business and financial results.

If the transactions contemplated by the merger agreement are not completed for any reason, including as a result of the failure to obtain the KCS stockholder approval or the CPRL shareholder approval, KCS's ongoing business may be materially and adversely affected and KCS would be subject to a number of risks, including the following:

- KCS may experience negative reactions from the financial markets, including negative impacts on trading prices of KCS common stock, and from KCS's employees, suppliers, vendors, regulators or customers;

- KCS will be required to pay CPRL a termination payment of $700.0 million, in consideration for the disposition by CPRL of its contractual rights under the merger agreement, if the merger agreement is terminated in certain circumstances, including because the KCS board has changed its recommendation in favor of the transaction or in certain circumstances where, after the date of the merger agreement, KCS enters into an agreement providing for an alternative proposal (for these purposes, substituting in the definition of alternative proposal "50%" for "25%" and for "75%" in each place each such phrase appears, and such proposal, a "qualifying transaction") in respect of KCS that is publicly proposed or publicly disclosed prior to, and not publicly withdrawn at least two business days prior to, the KCS special meeting following termination of the merger agreement;
- KCS will be required to pay to CPRL the $700.0 million CN termination amount refund if the merger agreement is terminated in certain circumstances, including (i) by KCS prior to receipt of the KCS stockholder approval, in order to enter into a definitive agreement providing for a superior proposal in respect of KCS; (ii) by CPRL on the basis of a breach by KCS of its representations, warranties, covenants or other agreements contained in the merger agreement; or (iii) by CPRL because the KCS board has effected a change of recommendation;
- the merger agreement places certain restrictions on the conduct of KCS's business, and such restrictions, the waiver of which is subject to the consent of CPRL, may prevent KCS from making certain material acquisitions, entering into or amending certain contracts, taking certain other specified actions or otherwise pursuing business opportunities during the pendency of the transaction or, with respect to certain actions, prior to the control date, that KCS would have made, taken or pursued if these restrictions were not in place; and
- matters relating to the transaction (including integration planning) will require substantial commitments of time and resources by KCS's management and the expenditure of significant funds in the form of fees and expenses, which would otherwise have been devoted to day-to-day operations and other opportunities that may have been beneficial to KCS as an independent company.

In addition, KCS could be subject to litigation related to any failure to complete the acquisition or related to any proceeding to specifically enforce KCS's performance obligations under the merger agreement.

If any of these risks materialize, they may materially and adversely affect KCS's business, financial condition, financial results and stock prices.

Directors and executive officers of KCS have interests in the transaction that may differ from the interests of KCS stockholders generally, including, if the transaction is completed, the receipt of financial and other benefits.

In considering the recommendations of the KCS board, KCS stockholders should be aware that KCS's directors and executive officers have interests in the transaction that are different from, or in addition to, the interests of KCS stockholders generally. These interests may include, among others, the treatment of outstanding KCS equity awards under the merger agreement, the potential payment of severance benefits and acceleration of outstanding KCS equity awards upon certain terminations of employment, retention awards and rights to ongoing indemnification and insurance coverage. These interests are described in more detail in the section entitled "*The KCS Merger Proposal—Interests of KCS's Directors and Executive Officers in the Transaction*," on page 101.

Except in specified circumstances, if the effective time has not occurred by the end date, either KCS or CPRL may choose not to proceed with the transaction.

Either KCS or CPRL may terminate the merger agreement if the effective time has not occurred by February 21, 2022 (*i.e.*, the end date); provided, that to the extent the condition to obtain the authorizations required to be obtained from COFECE and the IFT with respect to the transactions contemplated by the merger agreement has

not been satisfied or waived on or prior to February 21, 2022, but all other conditions to closing have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the closing), the end date will be automatically extended to May 21, 2022. However, this right to terminate the merger agreement will not be available to KCS or CPRL if such party has breached in any material respect its obligations under the merger agreement in any manner that has been the primary cause of the failure to consummate the transaction on or before the end date. For more information, see the section entitled "*The Merger Agreement—Termination or Abandonment of the Merger Agreement*," on page 163.

There may be less publicly available information concerning CPRL than there is for issuers that are not foreign private issuers because, as a foreign private issuer, CPRL is exempt from a number of rules under the U.S. Exchange Act and is permitted to file less information with the SEC than issuers that are not foreign private issuers and CPRL, as a foreign private issuer, is permitted to follow home country practice in lieu of the listing requirements of NYSE, subject to certain exceptions.

For so long as CPRL remains a foreign private issuer under the U.S. Exchange Act, CPRL is exempt from certain rules under the U.S. Exchange Act. Although CPRL has chosen to file annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K with the SEC, CPRL is currently not required to do so. CPRL is also not required to file periodic reports and financial statements with the SEC as frequently or as promptly as companies whose securities are registered under the U.S. Exchange Act but are not foreign private issuers, or to comply with Regulation FD, which restricts the selective disclosure of material non-public information. In addition, CPRL is exempt from certain disclosure and procedural requirements applicable to proxy solicitations under Section 14 of the U.S. Exchange Act. The members of the CPRL board, officers and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the U.S. Exchange Act. Accordingly, there may be less publicly available information concerning CPRL than there is for companies whose securities are registered under the U.S. Exchange Act but are not foreign private issuers, and such information may not be provided as promptly as it is provided by such companies. In addition, certain information may be provided by CPRL in accordance with Canadian law, which may differ in substance or timing from such disclosure requirements under the U.S. Exchange Act. For example, disclosure with respect to CPRL annual meetings of shareholders will be governed by Canadian law. Further, as a foreign private issuer, under NYSE rules CPRL is subject to less stringent corporate governance requirements, although CPRL's current corporate governance practices are consistent with all applicable Canadian and U.S. regulatory guidelines and standards. Subject to certain exceptions, the rules of NYSE permit a foreign private issuer to follow its home country practice in lieu of the listing requirements of NYSE, including, for example, certain internal controls as well as board, committee and director independence requirements. CPRL is required to disclose any significant ways in which its corporate governance practices differ from those followed by U.S. domestic companies under NYSE listing standards in its annual report filed with the SEC or on its website. Accordingly, CPRL shareholders may not have the same protections afforded to shareholders of companies that are required to comply with all of the NYSE corporate governance requirements.

CPRL is organized under the laws of Canada and a substantial portion of its assets are, and many of its directors and officers reside, outside of the U.S. As a result, it may not be possible for shareholders to enforce civil liability provisions of the securities laws of the U.S. against CPRL, its officers, or members of the CPRL board.

CPRL is organized under the laws of Canada. A substantial portion of CPRL's assets are located outside the U.S., and many of CPRL's directors and officers and some of the experts named in this proxy statement/prospectus are residents of jurisdictions outside of the U.S. and the assets of such persons may be located outside of the U.S. As a result, it may be difficult for investors to effect service within the U.S. upon CPRL and those directors, officers and experts, or to enforce judgments obtained in U.S. courts against CPRL or such persons either inside or outside of the U.S., or to enforce in U.S. courts judgments obtained against CPRL or such persons in courts in jurisdictions outside the U.S., in any action predicated upon the civil liability provisions of the federal securities laws of the U.S.

There is no certainty that civil liabilities predicated solely upon the federal securities laws of the U.S. can be enforced in Canada, whether by original action or by seeking to enforce a judgment of U.S. courts. In addition, punitive damages awards in actions brought in the U.S. or elsewhere may be unenforceable in Canada.

Resales of CPRL common shares following the transaction may cause the market value of CPRL common shares to decline.

Based on the number of shares of KCS common stock, KCS restricted share awards and KCS director deferred stock outstanding as of September [—], 2021, CPRL expects to issue (at the direction of surviving merger sub and on behalf of surviving merger sub) up to approximately [—] CPRL common shares at the effective time in connection with the transaction. The issuance of these new CPRL common shares could have the effect of depressing the market value for CPRL common shares. The increase in the number of CPRL common shares may lead to sales of such CPRL common shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market value of, CPRL common shares.

The market value of CPRL common shares may decline as a result of the combination of CPRL and KCS following receipt of STB final approval.

The market value of CPRL common shares may decline as a result of the combination of CPRL and KCS following receipt of STB final approval if, among other things, the combined company is unable to achieve the expected growth in revenues and earnings, or if the operational cost savings estimates in connection with the integration of KCS's and CPRL's businesses are not realized or if the transaction costs related to the transaction are greater than expected. The market value of CPRL common shares also may decline if the combined company does not achieve the perceived benefits of the combination as rapidly or to the extent anticipated by the market or if the effect of the combination on the combined company's financial position, results of operations or cash flows is not consistent with the expectations of financial or industry analysts. In addition, some KCS common stockholders may decide not to continue to hold the CPRL common shares they receive as a result of the transaction, and any such sales of CPRL common shares could have the effect of depressing their market price. Moreover, general fluctuations in stock markets could have a material adverse effect on the market for, or liquidity of, CPRL common shares, regardless of CPRL's actual operating performance after the combination of CPRL and KCS following receipt of STB final approval.

Current CPRL shareholders and KCS common stockholders will have a reduced ownership and voting interest after the transaction and will exercise less influence over the management of the combined company.

Based on the number of shares of KCS common stock, KCS restricted share awards and KCS director deferred stock outstanding as of September [—], 2021, at the effective time, CPRL expects to issue (at the direction of surviving merger sub and on behalf of surviving merger sub) up to approximately [—] CPRL common shares at the effective time in connection with the transaction. As a result, it is expected that, immediately after the effective time, former KCS common stockholders would own approximately [—]% of the outstanding CPRL common shares. See the section of this proxy statement/prospectus entitled "*The Merger Agreement—Treatment of KCS Equity Awards*," on page 140 for a more detailed explanation. Consequently, current CPRL shareholders in the aggregate will have less influence over the management and policies of the combined company than they currently have over the management and policies of CPRL, and KCS common stockholders in the aggregate will have significantly less influence over the management and policies of the combined company than they currently have over the management and policies of KCS.

KCS and CPRL may be targets of securities class action and derivative lawsuits which could result in substantial costs and may delay or prevent the transaction from being completed.

Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into merger agreements. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert management time and resources. Additionally, if a plaintiff is successful in obtaining

an injunction prohibiting consummation of the transaction, then that injunction may delay or prevent the transaction from being completed.

The combined company may be exposed to increased litigation, which could have an adverse effect on the combined company's business and operations.

The combined company may be exposed to increased litigation from stockholders, customers, suppliers, consumers and other third parties due to the combination of CPRL's business and KCS's business following receipt of STB final approval. Such litigation may have an adverse impact on the combined company's business and results of operations or may cause disruptions to the combined company's operations.

If the transaction is not treated as a "reorganization" for U.S. federal income tax purposes, or if the requirements of Section 367(a) of the Code are not met, holders of KCS common stock may be required to recognize a greater amount of gain for U.S. federal income tax purposes upon their exchange shares of KCS common stock for the merger consideration.

Although KCS's obligation to complete the transaction is conditioned on its receipt of an opinion from external counsel, to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, the transaction will qualify as a "reorganization" within the meaning of Section 368(a) of the Code and that Section 367(a)(1) of the Code will not generally apply to cause the transaction to result in gain recognition to holders of KCS common stock (other than excepted shareholders), neither CPRL nor KCS has applied for, or expects to obtain, a ruling from the U.S. Internal Revenue Service (the "IRS") with respect to the U.S. federal income tax consequences of the transaction. Accordingly, no assurance can be given that the IRS will agree with the conclusions reached in such opinion or that it will not challenge the intended U.S. federal income tax consequences of the transaction. If the transaction were to fail to qualify as a reorganization for U.S. federal income tax purposes, U.S. holders (as defined below in the section entitled "*The KCS Merger Proposal—Certain U.S. Federal Income Tax Consequences*," on page 119) of KCS common stock would recognize gain or loss on their exchange of KCS common stock for the merger consideration. If the transaction qualified as a reorganization but were to fail to satisfy the requirements of Section 367(a)(1) of the Code, U.S. holders of KCS common stock would be required to recognize the full amount of any gain, but not loss, on their exchange of KCS common stock for the merger consideration.

For a more detailed discussion of the material U.S. federal income tax consequences of the transaction to U.S. holders, see the section entitled "*The KCS Merger Proposal—Certain U.S. Federal Income Tax Consequences*," on page 119.

The IRS may not agree that CPRL should be treated as a foreign corporation for U.S. federal income tax purposes.

Under current U.S. federal income tax law, a corporation generally will be considered to be a U.S. corporation for U.S. federal income tax purposes only if it is created or organized in the U.S. or under the law of the U.S. or of any State. Accordingly, under generally applicable U.S. federal income tax rules, CPRL, which is organized under the laws of Canada, would generally be classified as a foreign corporation. Section 7874 of the Code and the Treasury Regulations promulgated thereunder, however, contain specific rules that may cause a foreign corporation to be treated as a U.S. corporation for U.S. federal income tax purposes (or to be subject to certain other adverse tax consequences). CPRL believes that it should not be treated as a U.S. corporation for U.S. federal income tax purposes under Section 7874 of the Code immediately following the transaction. There can be no assurance, however, that the IRS will not take a contrary position or that the relevant U.S. federal income tax law will not be changed (possibly with retroactive effect) in a manner that would result in a contrary conclusion. If it were determined that CPRL is treated as a U.S. corporation for U.S. federal income tax purposes under Section 7874 of the Code and the Treasury Regulations promulgated thereunder, CPRL could be subject to substantial U.S. tax liability and its non-U.S. shareholders could be subject to U.S. withholding tax on any dividends.

CPRL and KCS may have difficulty attracting, motivating and retaining executives and other key employees in light of the combination of CPRL and KCS.

CPRL's success after its combination with KCS following receipt of STB final approval will depend in part on the ability of CPRL to retain key executives and other employees of CPRL and KCS with critical skills and knowledge which are crucial to achieve key milestones and synergy realization. To promote retention and incentivize the closing of the transaction, CPRL may implement a retention bonus program following the closing of the transaction for a select number of key individuals. In addition, upon the occurrence of the control date, CPRL may award key senior executives, including NEOs (but excluding the CEO), long-term performance-based equity awards, such as PSUs and/or stock options tied to the expected synergies of the combined company. These arrangements may require the payment of certain one-time retention, transition or other bonuses as determined by the CPRL board. The amounts and recipients under such programs have yet to be determined. Uncertainty about the effect of the transaction on CPRL and KCS employees may have an adverse effect on each of CPRL and KCS separately and consequently the combined company. This uncertainty may impair CPRL's and/or KCS's ability to attract, retain and motivate key personnel. Employee retention may be particularly challenging during the pendency of the transaction, as employees of CPRL and KCS may experience uncertainty about their future roles in the combined company.

Additionally, KCS's officers and employees may hold shares of KCS voting stock, and, if the transaction closes, these officers and employees may be entitled to the merger consideration or preferred merger consideration, as applicable, in respect of such shares of KCS voting stock. Under agreements between KCS and certain of its key employees, such employees could potentially resign from employment on or after the effective time following specified circumstances constituting good reason or constructive termination (as set forth in the applicable agreement) that could result in severance payments to such employees and accelerated vesting of their equity awards. These payments and accelerated vesting benefits, individually or in the aggregate, could make retention of KCS key employees more difficult.

Furthermore, if key employees of CPRL or KCS depart or are at risk of departing, including because of issues relating to the uncertainty and difficulty of integration, financial security or a desire not to become employees of the combined company, CPRL may have to incur significant costs in retaining such individuals or in identifying, hiring and retaining replacements for departing employees and may lose significant expertise and talent, and the combined company's ability to realize the anticipated benefits of the transaction may be materially and adversely affected. No assurance can be given that the combined company will be able to attract or retain key employees to the same extent that CP and KCS have been able to attract or retain employees in the past.

The merger agreement contains provisions that make it more difficult for CPRL and KCS to pursue alternatives to the transaction and may discourage other companies from trying to acquire KCS for greater consideration than what CPRL has agreed to pay.

The merger agreement contains provisions that make it more difficult for KCS to sell its business to a party other than CPRL, or for CPRL to sell its business. These provisions include a general prohibition on each party soliciting any alternative proposal. Further, there are only limited circumstances in which KCS may terminate the merger agreement to accept an alternative proposal and limited exceptions to each party's agreement that its board of directors will not withdraw or modify in a manner adverse to the other party the recommendation of its board of directors in favor of the adoption of the merger agreement. In the event that the KCS board makes an adverse recommendation change, then KCS may be required to pay to CPRL a termination payment of $700.0 million and the CN termination amount refund of $700.0 million. In the event that the CPRL board makes an adverse recommendation change, then CPRL may be required to pay to KCS a termination payment of $700.0 million. See "*The Merger Agreement—No Solicitation*" and "*The Merger Agreement—Termination or Abandonment of the Merger Agreement*," on pages 150 and 163, respectively, of this proxy statement/prospectus.

The parties believe these provisions are reasonable and not preclusive of other offers, but these restrictions might discourage a third party that has an interest in acquiring all or a significant part of either KCS or CPRL from considering or proposing an alternative proposal.

If an alternative proposal to acquire KCS is made, consummation of the transaction may be delayed.

If an alternative proposal to acquire KCS is made, the attention of KCS's and CPRL's respective management may be diverted away from the transaction, which may delay or impede consummation of the transaction. Matters related to such alternative proposal, including any potential related litigation, may require commitments of time and resources of both parties and their respective representatives, which could otherwise have been devoted to the transaction.

The financial forecasts are based on various assumptions that may not be realized.

The financial estimates set forth in the forecasts included under the sections entitled "*The KCS Merger Proposal—KCS Unaudited Prospective Financial Information*" on page 96 were based on assumptions of, and information available to, the management team of KCS when prepared and these estimates and assumptions are subject to uncertainties, many of which are beyond the control of KCS and may not be realized. Many factors mentioned in this proxy statement/prospectus, including the risks outlined in this "*Risk Factors*" section and the events or circumstances described under "*Cautionary Statement Regarding Forward-Looking Statements*," will be important in determining the combined company's future results. As a result of these contingencies, actual future results may vary materially from the estimates. In view of these uncertainties, the inclusion of financial estimates in this proxy statement/prospectus is not and should not be viewed as a representation that the forecasted results will necessarily reflect actual future results.

The financial estimates set forth in the forecasts included under the sections entitled "*The KCS Merger Proposal—KCS Unaudited Prospective Financial Information*" on page 96 were based on assumptions that were not prepared with a view toward public disclosure, and such financial estimates were not prepared with a view toward compliance with published guidelines of any regulatory or professional body. Further, any forward-looking statement speaks only as of the date on which it is made, and KCS and CPRL do not undertake any obligation, other than as required by applicable law, to update the financial estimates in this proxy statement/prospectus to reflect events or circumstances after the date those financial estimates were prepared or to reflect the occurrence of anticipated or unanticipated events or circumstances. The prospective financial information included in this proxy statement/prospectus has been prepared by, and is the responsibility of, KCS's management. This prospective financial information was not prepared with a view toward compliance with published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation or presentation of prospective financial information. See "*The KCS Merger Proposal—KCS Unaudited Prospective Financial Information*" on page 96 for more information. PricewaterhouseCoopers LLP has not audited, reviewed, examined, compiled nor applied agreed-upon procedures with respect to the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report incorporated by reference in this document relates to KCS's previously issued financial statements. It does not extend to the prospective financial information and should not be read to do so.

Exchange rate fluctuations may adversely affect the foreign currency value of CPRL common shares and any dividends.

CPRL common shares are quoted in Canadian dollars on the TSX and U.S. dollars on the NYSE. Dividends in respect of CPRL common shares, if any, are anticipated to be declared in Canadian dollars, consistent with CPRL's current dividend practice. CPRL's financial statements are prepared in Canadian dollars. Fluctuations in the exchange rate between the U.S. dollar and Canadian dollar will affect, among other matters, the U.S. dollar value of CPRL common shares and of any dividends in respect of such shares.

Risks Related to KCS's Business

You should read and consider the risk factors specific to KCS's business that will also affect the combined company following receipt of STB final approval. These risks are described in KCS's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and its Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2021 and June 30, 2021, which are incorporated by reference into this proxy statement/prospectus, and in other documents that are incorporated by reference into this proxy statement/prospectus. See the section entitled "*Where You Can Find Additional Information*," on page 229 for the location of information incorporated by reference into this proxy statement/prospectus.

Risks Related to CPRL's Business

You should read and consider the risk factors specific to CPRL's business that will also affect the combined company following receipt of STB final approval. These risks are described in CPRL's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and its Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2021 and June 30, 2021, which are incorporated by reference into this proxy statement/prospectus, and in other documents that are incorporated by reference into this proxy statement/prospectus. See the section entitled "*Where You Can Find Additional Information*," on page 229 for the location of information incorporated by reference into this proxy statement/prospectus.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

From time to time, CPRL and KCS make written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. This proxy statement/prospectus, including information incorporated by reference into this proxy statement/prospectus, may contain certain forward-looking statements and forward-looking information (which we refer to as "FLI") to provide CPRL and KCS shareholders and potential investors with information about CPRL, KCS and their respective subsidiaries and affiliates, including each company's management's respective assessment of CPRL, KCS and their respective subsidiaries' future plans and operations, which FLI may not be appropriate for other purposes. FLI is typically identified by words such as "anticipate," "expect," "project," "estimate," "forecast," "plan," "intend," "target," "believe," "likely" and similar words suggesting future outcomes or statements regarding an outlook. All statements other than statements of historical fact may be FLI.

Although we believe that the FLI is reasonable based on the information available today and processes used to prepare it, such statements are not guarantees of future performance and you are cautioned against placing undue reliance on FLI. By its nature, FLI involves a variety of assumptions, which are based upon factors that may be difficult to predict and that may involve known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by these FLI, including, but not limited to, the following: the timing and completion of the transaction, including receipt of regulatory and shareholder approvals and the satisfaction of other conditions precedent; interloper risk; the realization of anticipated benefits and synergies of the transaction and the timing thereof; the success of integration plans; the focus of management time and attention on the transaction and other disruptions arising from the transaction; changes in business strategy and strategic opportunities; estimated future dividends; financial strength and flexibility; debt and equity market conditions, including the ability to access capital markets on favorable terms or at all; cost of debt and equity capital; potential changes in the CPRL share price which may negatively impact the value of consideration offered to KCS shareholders; the ability of management of CPRL, its subsidiaries and affiliates to execute key priorities, including those in connection with the transaction; general Canadian, U.S., Mexican and global social, economic, political, credit and business conditions; risks associated with agricultural production such as weather conditions and insect populations; the availability and price of energy commodities; the effects of competition and pricing pressures, including competition from other rail carriers, trucking companies and maritime shippers in Canada, the U.S. and Mexico; North American and global economic growth; industry capacity; shifts in market demand; changes in commodity prices and commodity demand; uncertainty surrounding timing and volumes of commodities being shipped; inflation; geopolitical instability; changes in laws, regulations and government policies, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; changes in fuel prices; disruption in fuel supplies; uncertainties of investigations, proceedings or other types of claims and litigation; compliance with environmental regulations; labor disputes; changes in labor costs and labor difficulties; risks and liabilities arising from derailments; transportation of dangerous goods; timing of completion of capital and maintenance projects; sufficiency of budgeted capital expenditures in carrying out business plans; services and infrastructure; the satisfaction by third parties of their obligations; currency and interest rate fluctuations; exchange rates; effects of changes in market conditions and discount rates on the financial position of pension plans and investments; trade restrictions or other changes to international trade arrangements; the effects of current and future multinational trade agreements on the level of trade among Canada, the U.S. and Mexico; climate change and the market and regulatory responses to climate change; anticipated in-service dates; success of hedging activities; operational performance and reliability; customer, shareholder, regulatory and other stakeholder approvals and support; regulatory and legislative decisions and actions; the adverse impact of any termination or revocation by the Mexican government of KCSM's concession; public opinion; various events that could disrupt operations, including severe weather, such as droughts, floods, avalanches and earthquakes, and cybersecurity attacks, as well as security threats and governmental response to them, and technological changes; acts of terrorism, war or other acts of violence or crime or risk of such activities; insurance coverage limitations; material adverse changes in economic and industry conditions,

including the availability of short- and long-term financing; and the pandemic created by the outbreak of COVID-19 and its variants, and resulting effects on economic conditions, the demand environment for logistics requirements and energy prices, restrictions imposed by public health authorities or governments, fiscal and monetary policy responses by governments and financial institutions, and disruptions to global supply chains.

We caution that the foregoing list of factors is not exhaustive and is made as of the date hereof. Additional information about these and other assumptions, risks and uncertainties can be found in reports and filings by CPRL and KCS with Canadian and U.S. securities regulators, including any proxy statement, prospectus, material change report, management information circular or registration statement to be filed in connection with the transaction. Reference should be made to "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations —Forward Looking Statements" in CPRL's and KCS's annual and interim reports on Form 10-K and 10-Q. Due to the interdependencies and correlation of these factors, as well as other factors, the impact of any one assumption, risk or uncertainty on FLI cannot be determined with certainty.

Except to the extent required by law, we assume no obligation to publicly update or revise any FLI, whether as a result of new information, future events or otherwise. All FLI in this proxy statement/prospectus is expressly qualified in its entirety by these cautionary statements.

For additional information about factors that could cause CPRL's and KCS's results to differ materially from those described in the forward-looking statements, please see the section entitled "*Risk Factors*," on page 21 as well as in the reports that KCS and CPRL have filed with the SEC and SEDAR, as applicable, described in the section entitled "*Where You Can Find Additional Information*," on page 229.

COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION

CPRL common shares are currently listed on the TSX and the NYSE under the symbol "CP" and KCS common stock is currently listed on the NYSE under the symbol "KSU."

The table below sets forth, for the periods indicated, the per share high and low sales prices for CPRL common shares as reported on the TSX and the NYSE and for KCS common stock as reported on the NYSE.

	CPRL Common Shares TSX		CPRL Common Shares NYSE		KCS Common Stock NYSE	
	High(2)	Low(2)	High(2)	Low(2)	High(2)	Low(2)
	(in C$)		(in US$)		(in US$)	
Annual information for the past five calendar years						
2020	89.11(1)	52.70(1)	69.80(1)	36.27(1)	204.13	100.54
2019	67.30(1)	47.10(1)	51.43(1)	34.88(1)	155.10	92.87
2018	57.74(1)	43.20(1)	44.56(1)	33.68(1)	119.88	90.84
2017	46.45(1)	37.95(1)	36.70(1)	28.29(1)	113.44	80.82
2016	41.37(1)	29.97(1)	31.26(1)	20.83(1)	99.47	64.35
Quarterly information for the past two years and subsequent quarters						
2021						
Third Quarter (through September 30, 2021)	96.79	82.68	77.57	64.64	295.92	261.05
Second Quarter	99.32(1)	88.80(1)	82.65(1)	71.02(1)	313.45	256.40
First Quarter	96.16(1)	84.63(1)	76.75(1)	66.06(1)	263.92	200.98
2020						
Fourth Quarter	89.11(1)	79.44(1)	69.80(1)	59.59(1)	204.13	173.26
Third Quarter	81.44(1)	68.45(1)	61.56(1)	50.71(1)	193.78	142.84
Second Quarter	71.49(1)	59.66(1)	53.15(1)	41.88(1)	162.56	121.00
First Quarter	72.57(1)	52.70(1)	54.71(1)	36.27(1)	177.20	100.54
2019						
Fourth Quarter	67.3(1)	55.45(1)	51.43(1)	41.59(1)	155.10	126.58
Third Quarter	64.45(1)	58.37(1)	49.25(1)	43.98(1)	133.25	115.79
Second Quarter	63.46(1)	55.20(1)	48.07(1)	41.38(1)	125.25	112.05
First Quarter	55.24(1)	47.10(1)	41.75(1)	34.88(1)	116.51	92.87

(1) The per share amount listed herein has been retrospectively adjusted to reflect the share split.
(2) Share prices are based on closing prices.

The above table shows only historical data. The data may not provide meaningful information to KCS stockholders in determining whether to adopt the merger agreement. KCS stockholders are urged to obtain current market quotations for KCS common stock and CPRL common shares and to review carefully the other information contained in, or incorporated by reference into, this proxy statement/prospectus, when considering whether to adopt the merger agreement. For more information, see the section entitled "*Where You Can Find Additional Information*," on page 229.

The following table presents the closing price per share of CPRL common shares on the TSX and the NYSE and of KCS common stock on the NYSE on (a) March 19, 2021, the last full trading day prior to the public announcement of the signing of the prior CP merger agreement, (b) August 9, 2021, the last full trading day prior to that on which CPRL submitted a revised offer to acquire KCS, (c) September 14, 2021, the last full trading day prior to the public announcement of the signing of the merger agreement, and (d) September 30, 2021, the last practicable trading day prior to the mailing of this proxy statement/prospectus. This table also shows the implied

value of the merger consideration payable for each share of KCS common stock, which was calculated by multiplying the closing price of CPRL common shares on the NYSE on those dates by the exchange ratio and adding $90.00 in respect of the cash consideration.

Date	CPRL common shares TSX (C$)	CPRL common shares NYSE (US$)	KCS common stock NYSE (US$)	Equivalent value of merger consideration per share of KCS stock based on price of CPRL common shares on NYSE (US$)
March 19, 2021	94.85(1)	75.70(1)	224.16	308.31
August 9, 2021	91.50	72.71	269.60	299.70
September 14, 2021	86.48	68.14	280.00	286.52
September 30, 2021	82.71	65.07	270.64	277.66

(1) The per share amount of dividends listed herein has been retrospectively adjusted to reflect the share split.

KCS common stockholders will not receive the merger consideration until the effective time, which may occur a substantial period of time after the KCS special meeting, or not at all. There can be no assurance as to the trading prices of KCS common stock or CPRL common shares at the effective time. The market prices of KCS common stock and CPRL common shares are likely to fluctuate prior to the effective time and cannot be predicted. We urge you to obtain current market quotations for both KCS common stock and CPRL common shares.

The table below sets forth the dividends declared per CPRL common share and the dividends declared per share of KCS common stock for the periods indicated.

	CPRL (C$)	CPRL (US$)*	KCS (US$)
Nine Months Ended September 30, 2021	0.57(1)	0.46(1)	1.62
Year Ended December 31,			
2020	0.71(1)	0.53(1)	1.64
2019	0.63(1)	0.47(1)	1.48
2018	0.50(1)	0.39(1)	1.44
2017	0.44(1)	0.34(1)	1.38
2016	0.37(1)	0.28(1)	1.32

* Based on CPRL annual dividend converted to US$ at the Canadian dollar/U.S. dollar annual exchange rate, as reported by the Bank of Canada; CPRL dividend for nine months ended September 30, 2021 converted to US$ at the average Canadian dollar/U.S. dollar exchange rate from January 1, 2021 to September 30, 2021.

(1) The per share amount listed herein has been retrospectively adjusted to reflect the share split.

THE KCS SPECIAL MEETING

This proxy statement/prospectus is being provided to KCS stockholders in connection with the solicitation of proxies by the KCS board for use at the KCS special meeting and at any adjournments or postponements of the KCS special meeting. KCS stockholders are encouraged to read the entire document carefully, including the annexes to and documents incorporated by reference into this document, for more detailed information regarding the merger agreement and the transactions contemplated by the merger agreement.

Date, Time and Place of the KCS Special Meeting

The KCS special meeting is scheduled to be held virtually via the internet at [—] [a.m. / p.m.], on [—], 2021, beginning at [—], Central Time, unless postponed to a later date.

In light of ongoing developments with respect to the COVID-19 (coronavirus) pandemic, KCS has elected to hold the KCS special meeting solely by means of remote communication (via the internet). The KCS special meeting will be held solely via live audio webcast and there will not be a physical meeting location. KCS stockholders will be able to attend the KCS special meeting online and vote their shares electronically by visiting the special meeting website at [—]. KCS stockholders will need the control number found on their proxy card in order to access the special meeting website.

KCS will entertain questions at the KCS special meeting in accordance with the rules of conduct for the meeting to the extent that the question posed by a stockholder are relevant to the KCS special meeting and the proposals presented. Any questions or comments that are unrelated to the business of the KCS special meeting will not be addressed at the meeting.

Purpose of the KCS Special Meeting

At the KCS special meeting, KCS stockholders will be asked to consider and vote on the following proposals, which we collectively refer to as the "KCS proposals":

- **Proposal 1**: *Adoption of the Merger Agreement*. To consider and vote on the KCS merger proposal;
- **Proposal 2**: *Approval, on an Advisory (Non-Binding) Basis, of Certain Merger-Related Compensatory Arrangements with KCS's Named Executive Officers*. To consider and vote on the advisory KCS compensation proposal; and
- **Proposal 3**: *Adjournment of the KCS Special Meeting*. To consider and vote on the KCS adjournment proposal.

Recommendation of the KCS Board

The KCS board unanimously recommends that KCS stockholders vote:

- **Proposal 1:** "**FOR**" the KCS merger proposal;
- **Proposal 2:** "**FOR**" the KCS compensation proposal; and
- **Proposal 3:** "**FOR**" the KCS adjournment proposal.

At a special meeting of the KCS board held on September 12, 2021, the KCS board unanimously: (1) determined that it was in the best interests of KCS and its stockholders, and declared it advisable, to enter into the merger agreement; (2) approved the execution, delivery and performance of the merger agreement and the transactions contemplated by the merger agreement; (3) recommended that the stockholders of KCS adopt the merger agreement; and (4) directed that the merger agreement be submitted to a vote at a meeting of KCS's stockholders.

See also the section entitled "*The KCS Merger Proposal—KCS's Reasons for the Transaction; Recommendation of the KCS Board*," on page 64.

Record Date and Outstanding Shares of KCS Voting Stock

The record date to determine stockholders who are entitled to receive notice of and to vote at the KCS special meeting or any adjournments or postponements thereof is [—], 2021. As of the record date, there were [—] shares of KCS common stock and [—] shares of KCS preferred stock, issued and outstanding, for a total of [—] shares of KCS voting stock eligible to vote at the KCS special meeting.

Quorum; Abstentions and Broker Non-Votes

A quorum of KCS stockholders is necessary to conduct the KCS special meeting. The presence (including virtually) or representation by proxy, of the holders of a majority of the aggregate voting power of the KCS capital stock issued and entitled to vote at the KCS special meeting will constitute a quorum. Shares of KCS voting stock represented at the KCS special meeting by attendance via the special meeting website or represented by proxy and entitled to vote, but not voted, including shares for which a stockholder directs an "abstention" from voting, will be counted for purposes of determining a quorum. However, because all of the KCS proposals are considered "non-routine" matters under NYSE rules (as described below), shares held in "street name" will not be counted as present for the purpose of determining the existence of a quorum unless the stockholder provides their bank, broker or other nominee with voting instructions for at least one of the proposals before the KCS special meeting. If a quorum is not present, the KCS special meeting may be adjourned or postponed until the holders of the number of shares of KCS voting stock required to constitute a quorum attend.

Under the NYSE rules, banks, brokers or other nominees who hold shares in "street name" on behalf of the beneficial owner of such shares have the authority to vote such shares in their discretion on certain "routine" proposals when they have not received voting instructions from the beneficial owners. However, banks, brokers or other nominees are not allowed to exercise their voting discretion with respect to matters that under the NYSE rules, as applicable, are "non-routine." This can result in a "broker non-vote", which occurs on an item when (i) a bank, broker or other nominee has discretionary authority to vote on one or more "routine" proposals to be voted on at a meeting of stockholders, but is not permitted to vote on other "non-routine" proposals without instructions from the beneficial owner of the shares and (ii) the beneficial owner fails to provide the bank, broker or other nominee with voting instructions on a "non-routine" matter. All of the KCS proposals are considered "non-routine" matters under the NYSE rules, and banks, brokers or other nominees will not have discretionary authority to vote on any matter before the meeting. As a result, KCS does not expect any broker non-votes at the KCS special meeting and, if you hold your shares of KCS voting stock in "street name", your shares will not be represented and will not be voted on any matter unless you affirmatively instruct your bank, broker or other nominee how to vote your shares in accordance with the voting instructions provided by your bank, broker or other nominee. It is therefore critical that you cast your vote by instructing your bank, broker or other nominee on how to vote. Brokers will not be able to vote on any of the KCS proposals unless they have received voting instructions from the beneficial owners.

Required Vote

Except for the KCS adjournment proposal, the vote required to approve each of the KCS proposals listed below assumes the presence of a quorum at the KCS special meeting. As described above, KCS does not expect there to be any broker non-votes at the KCS special meeting.

Proposal	Required Vote	Effect of Certain Actions
Proposal 1: *KCS Merger Proposal*	Approval requires the affirmative vote of at least a majority of the shares of KCS voting stock outstanding as of the record date and entitled to vote on the KCS merger proposal (assuming a quorum is present).	Shares of KCS voting stock not present at the KCS special meeting, shares that are present and not voted on the KCS merger proposal, including due to the failure of any KCS stockholder who holds their shares in "street name" through a bank, broker or other nominee to give voting instructions to such bank, broker or other nominee with respect to the KCS merger proposal, and abstentions will have the same effect as a vote "**AGAINST**" the KCS merger proposal.
Proposal 2: *KCS Compensation Proposal*	Approval requires the affirmative vote of at least a majority of the shares of KCS voting stock present at the KCS special meeting in person (including virtually) or represented by proxy and entitled to vote on the KCS compensation proposal (assuming a quorum is present).	Shares of KCS voting stock that are present and not voted on the KCS compensation proposal and abstentions will have the same effect as a vote "**AGAINST**" the KCS compensation proposal. Shares of KCS voting stock not present at the KCS special meeting will have no effect on the vote count for the KCS compensation proposal.
Proposal 3: *KCS Adjournment Proposal*	Approval requires the affirmative vote of at least a majority of the shares of KCS voting stock present at the KCS special meeting in person (including virtually) or represented by proxy and entitled to vote on the KCS adjournment proposal (whether or not a quorum is present).	Shares of KCS voting stock that are present and not voted on the KCS adjournment proposal and abstentions will have the same effect as a vote "**AGAINST**" the KCS adjournment proposal. Shares of KCS voting stock not present at the KCS special meeting, including due to the failure of any KCS stockholder who holds their shares in "street name" through a bank, broker or other nominee to give voting instructions to such bank, broker or other nominee with respect to the KCS adjournment proposal, will have no effect on the a vote count for the KCS adjournment proposal.

Adjournment and Postponement

If a quorum is present at the KCS special meeting but there are not sufficient votes at the time of the KCS special meeting to approve the KCS merger proposal, then KCS stockholders may be asked to vote on the KCS adjournment proposal.

At any subsequent reconvening of the KCS special meeting at which a quorum is present, any business may be transacted that might have been transacted at the original meeting and all proxies will be voted in the same manner as they would have been voted at the original convening of the KCS special meeting, except for any proxies that have been effectively revoked prior to the time the proxy is voted at the reconvened meeting.

Voting by Directors and Executive Officers

As of [—], 2021, the latest practicable date prior to the date of this proxy statement/prospectus, KCS directors and executive officers, and their affiliates, as a group, owned and were entitled to vote approximately [—]% of the total outstanding shares of KCS common stock and [—]% of the total outstanding shares of KCS preferred stock, for a total of [—]% of the total outstanding shares of KCS voting stock. Although no KCS director or executive officer has entered into any agreement obligating them to do so, KCS currently expects that all of its directors and executive officers will vote their shares "FOR" the KCS merger proposal, "FOR" the KCS compensation proposal and "FOR" the KCS adjournment proposal. See the section entitled "*Interests of KCS's Directors and Executive Officers in the Transaction*," on page 101 and the arrangements described in Part III of KCS's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, KCS's Quarterly Report on Form 10-Q for the quarters ended March 31, 2021 and June 30, 2021 and KCS's Definitive Proxy Statement on Schedule 14A for KCS's 2021 annual meeting of stockholders filed with the SEC on April 9, 2021, each of which are incorporated into this proxy statement/prospectus by reference.

Voting by Proxy or in Person

Voting and Submitting a Proxy for KCS Voting Stock Held by Holders of Record

If you are a KCS stockholder of record, you may vote at the KCS special meeting by proxy through the internet, by telephone or by mail, or by attending the KCS special meeting and voting via the special meeting website, as described below.

- **By Internet:** By visiting the internet address provided on the proxy card and following the instructions provided on your proxy card.
- **By Telephone:** By calling the number located on the proxy card and following the recorded instructions.
- **By Mail:** If you have received a paper copy of the proxy materials by mail, you may complete, sign, date and return by mail the enclosed proxy card in the envelope provided to you with your proxy materials.
- **Via the Special Meeting Website:** All stockholders of record may vote at the KCS special meeting by attending the meeting via the special meeting website. Stockholders who plan to attend the KCS special meeting will need the control number included on their proxy card in order to access the special meeting website and to attend and vote thereat.

Shares held through the KCS 401(k) Plan must be voted prior to the meeting and by [—] Central Time on [—], 2021.

Unless properly and timely revoked in one of the manners set forth in the section entitled "*The KCS Special Meeting—Revocability of Proxies and Changes to a KCS Stockholder's Vote*," on page 44, all duly executed proxies representing shares of KCS voting stock entitled to vote will be voted at the KCS special meeting and,

where a choice has been specified on the proxy card, will be voted in accordance with such specification. If you submit an executed proxy without providing instructions with respect to any proposal, then the KCS officers identified on the proxy will vote your shares consistent with the recommendation of the KCS board on such proposal. If you are a stockholder of record, proxies submitted over the internet or by telephone as described above must be received by [—] Central Time, on [—], 2021. To reduce administrative costs and help the environment by conserving natural resources, KCS asks that you vote through the internet or by telephone.

By executing and delivering a proxy in connection with the KCS special meeting, you designate certain KCS directors identified therein as your proxies at the KCS special meeting. If you deliver an executed proxy, but do not specify a choice with respect to any proposal properly brought before the KCS special meeting, such proxies will vote your underlying shares of KCS voting stock on such uninstructed proposal in accordance with the recommendation of the KCS board. KCS does not expect that any matter other than the KCS proposals will be brought before the KCS special meeting and the KCS by-laws provide that the only business that may be conducted at the KCS special meeting are those proposals brought before the meeting by or at the direction of the KCS board.

Voting and Submitting a Proxy for KCS Voting Stock Held in "Street Name"

If you hold your shares through a bank, broker or other nominee in "street name" instead of as a registered holder, you must follow the voting instructions provided by your bank, broker or other nominee in order to vote your shares. Your voting instructions must be received by your bank, broker or other nominee prior to the deadline set forth in the information from your bank, broker or other nominee on how to submit voting instructions. If you do not provide voting instructions to your bank, broker or other nominee with respect to a proposal, your shares of KCS voting stock will not be voted on that proposal as your bank, broker or other nominee does not have discretionary authority to vote on any of the KCS proposals; see the section entitled "*The KCS Special Meeting—Quorum; Abstentions and Broker Non-Votes*," on page 41.

If your are shares held in "street name", you must register in advance to attend the special meeting. To register you must submit proof of your proxy power (legal proxy) reflecting your holdings of our stock, along with your name and email address to Computershare. Requests for registration must be labeled as "Legal Proxy" and be received no later than [—], Eastern daylight time, on [—]. You will receive a confirmation email from Computershare of your registration. Requests for registration should be directed to Computershare at the following:

- By Email:
  Forward the email from your broker, or attach an image of your legal proxy, to legalproxy@computershare.com.

Revocability of Proxies and Changes to a KCS Stockholder's Vote

Any stockholder giving a proxy has the right to revoke it at any time before the proxy is voted at the KCS special meeting. If you are a KCS stockholder of record, you may revoke your proxy by any of the following actions:

- by voting again by internet or telephone as instructed on your proxy card before the closing of the voting facilities at [—], Central Time, on [—], 2021;
- by sending a signed written notice of revocation to KCS's Corporate Secretary, provided such statement is received no later than [—], 2021;
- by submitting a properly signed and dated proxy card with a later date that is received by KCS no later than the close of business on [—], 2021; or
- by attending the KCS special meeting via the special meeting website and requesting that your proxy be revoked or voting via the website as described above.

Only your last submitted proxy card will be considered.

Execution or revocation of a proxy will not in any way affect a stockholder's right to attend the KCS special meeting and vote thereat.

Written notices of revocation and other communications with respect to the revocation of proxies should be addressed to:

Kansas City Southern
427 West 12th Street,
Kansas City, Missouri 64105
1-888-800-3690
Attention: Corporate Secretary

If your shares are held in "street name" and you previously provided voting instructions to your broker, bank or other nominee, you should follow the instructions provided by your broker, bank or other nominee to revoke or change your voting instructions. You may also change your vote by submitting proof of your proxy power (legal proxy) reflecting your holdings of our stock, along with your name and email address to Computershare. Requests must be labeled as "Legal Proxy" and be received no later than [—], Eastern daylight time, on [—]. You will receive a confirmation email from Computershare. Requests should be directed to Computershare at the following:

- By Email: Forward the email from your broker, or attach an image of your legal proxy, to legalproxy@computershare.com.

Tabulation of Votes

The KCS board will appoint an independent inspector of elections for the KCS special meeting. The inspector of elections will, among other matters, determine the number of shares of KCS voting stock represented at the KCS special meeting to confirm the existence of a quorum, determine the validity of all proxies and ballots and certify the results of voting on all proposals submitted to KCS stockholders at the KCS special meeting.

Solicitation of Proxies; Expenses of Solicitation

KCS is soliciting proxies to provide an opportunity to all KCS stockholders to vote on agenda items at the KCS special meeting, whether or not the stockholders are able to attend the KCS special meeting or any adjournment or postponement thereof. KCS will bear the entire cost of soliciting proxies from its stockholders. In addition to the solicitation of proxies by mail, KCS will request that banks, brokers and other nominee record holders send proxies and proxy material to the beneficial owners of KCS voting stock and secure their voting instructions, if necessary. KCS may be required to reimburse those banks, brokers and other nominees on request for their reasonable expenses in taking those actions.

KCS has also retained MacKenzie to assist in soliciting proxies and in communicating with KCS stockholders and estimates that it will pay them a fee of approximately $[—] plus reimbursement for certain out-of-pocket fees and expenses. KCS also has agreed to indemnify MacKenzie against various liabilities and expenses that relate to or arise out of its solicitation of proxies (subject to certain exceptions). Proxies may be solicited on behalf of KCS or by KCS directors, officers and other employees in person, by mail, by telephone, by facsimile, by messenger, via the internet or by other means of communication, including electronic communication. Directors, officers and employees of KCS will not be paid any additional amounts for their services or solicitation in this regard.

Householding

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to

as “householding,” potentially provides extra convenience for stockholders and cost savings for companies. KCS and some brokers “household” proxy materials, delivering a single proxy statement to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or KCS that they or KCS will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, or if you are receiving multiple copies of the proxy statement and wish to receive only one, please notify your broker if your shares are held in a brokerage account, or KCS if you hold shares directly in your name. Written requests should be made to Kansas City Southern, 427 West 12th Street, Kansas City, Missouri 64105, Attention: Corporate Secretary, and oral requests may be made by calling KCS’s Corporate Secretary’s Office at 1-888-800-3690.

Assistance

If you need assistance voting or in completing your proxy card or have questions regarding the KCS special meeting, please contact MacKenzie, KCS’s proxy solicitor for the KCS special meeting:

MacKenzie Partners, Inc.
Shareholders call toll-free from the U.S. and Canada at 1-800-322-2885
or direct at 1-212-929-5500 from other locations
Banks and brokers may call collect at 1-212-929-5500.

KCS STOCKHOLDERS SHOULD CAREFULLY READ THIS PROXY STATEMENT/PROSPECTUS IN ITS ENTIRETY FOR MORE DETAILED INFORMATION CONCERNING THE MERGER AGREEMENT AND THE TRANSACTION. IN PARTICULAR, KCS STOCKHOLDERS ARE DIRECTED TO THE MERGER AGREEMENT, WHICH IS ATTACHED AS ANNEX A HERETO.

THE KCS MERGER PROPOSAL

This section of this proxy statement/prospectus describes the various aspects of the transaction and related matters. This section may not contain all of the information that is important to you. You should carefully read this entire proxy statement/prospectus and the documents incorporated by reference into this proxy statement/prospectus, including the full text of the merger agreement, a copy of which is attached to this proxy statement/prospectus as Annex A, for a more complete understanding of the transaction. In addition, important business and financial information about each of KCS and CPRL is included in or incorporated by reference into this proxy statement/prospectus. For a listing of the documents incorporated by reference into this proxy statement/prospectus, see the section entitled "Where You Can Find Additional Information" on page 229.

The approval by KCS stockholders of the KCS merger proposal is required by Section 251 of the DGCL and is a condition to the closing of the transaction.

Approval of the merger proposal requires the affirmative vote of a majority of the shares of KCS voting stock outstanding as of the close of business on the record date and entitled to vote. Abstentions will have the same effect as a vote "**AGAINST**" the proposal.

IF YOU ARE A KCS STOCKHOLDER, THE KCS BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE KCS MERGER PROPOSAL (PROPOSAL 1).

Transaction Structure

The merger agreement provides, among other things, that, subject to the terms and conditions set forth therein of the merger agreement, (i) at the effective time, first merger sub will merge with and into KCS with the separate corporate existence of first merger sub ceasing and KCS surviving as a direct wholly owned subsidiary of surviving merger sub (the first merger), and (ii) immediately following the first merger, KCS, as the entity surviving the first merger, will merge with and into surviving merger sub, with the separate corporate existence of KCS ceasing and surviving merger sub surviving as a direct wholly owned subsidiary of CPRL (the second merger). Immediately following the second merger, the following internal transactions will take place in sequential order: (i) CPRL will transfer all of the outstanding shares of capital stock of the second surviving corporation to CPRC as a capital contribution; (ii) CPRC will immediately thereafter transfer all of the outstanding shares of capital stock of the second surviving corporation to merger holdco as a capital contribution; (iii) merger holdco will immediately thereafter assume any indebtedness of the second surviving corporation owing to CPRC or its affiliates (being the amount borrowed by surviving merger sub to pay the cash consideration and preferred merger consideration) in consideration for a non-interest bearing promissory note issued by second surviving corporation to merger holdco, which promissory note will immediately thereafter be transferred to second surviving corporation as a capital contribution and the promissory note will accordingly be extinguished; and (iv) CPRC will immediately thereafter transfer all of the capital stock of merger holdco to Cygnus Canadian Holding Company Ltd., a corporation incorporated under the CBCA by CPRC and an indirect wholly owned subsidiary of CPRL (which we refer to as "Canadian holdco") as a capital contribution (which we collectively refer to as the "post-closing contributions"). Immediately following the post-closing contributions, CPRL will directly own CPRC which will, in turn, own Canadian holdco, which will, in turn, own merger holdco, which will, in turn, own the second surviving corporation. Immediately following the post-closing contributions, all of the outstanding shares of capital stock of the second surviving corporation, as successor to KCS, will be deposited by merger holdco into an independent, irrevocable voting trust subject to the terms and conditions of a voting trust agreement, by and among CPRL, merger holdco (a Delaware corporation and direct wholly owned subsidiary of Canadian holdco) and the trustee, substantially in the form attached to this proxy statement/prospectus as Exhibit A of the merger agreement attached to this proxy statement/prospectus as Annex A, pending receipt of STB final approval.

The terms and conditions of the transaction are contained in the merger agreement, which is described in this proxy statement/prospectus and attached to this proxy statement/prospectus as Annex A. You are encouraged to

read the merger agreement carefully, as it is the legal document that governs the transaction. All descriptions in this summary and elsewhere in this proxy statement/prospectus of the terms and conditions of the transaction are qualified in their entirety by reference to the full text of the merger agreement.

Merger Consideration

Under the merger agreement, at the effective time, each share of KCS common stock that is outstanding immediately prior to the effective time (other than certain excluded shares as described in the merger agreement) will be converted automatically into the right to receive the share consideration, being 2.884 validly issued, fully paid and non-assessable CPRL common shares and the cash consideration, being $90.00 in cash, without interest, and each share of KCS preferred stock that is outstanding immediately prior to the effective time (other than certain excluded shares as described in the merger agreement) will be converted into the right to receive the preferred merger consideration, being $37.50 in cash, without interest.

The merger consideration and/or the preferred merger consideration will be equitably adjusted in the event of any stock dividend, subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination or exchange of shares involving KCS common stock, KCS preferred stock or CPRL common shares prior to the effective time, to proportionally reflect such change.

As used in this proxy statement/prospectus, the term “total purchase consideration” collectively refers to the merger consideration, the preferred merger consideration, cash amounts payable at the effective time in respect of all KCS equity awards, amounts remitted by CPRL to KCS in connection with the CN agreement termination payment and CN refund, and other amounts as defined as consideration by the acquisition method of accounting.

Based on the number of shares of KCS common stock, KCS restricted share awards and KCS director deferred shares outstanding as of [—], 2021, CPRL expects to issue (at the direction of surviving merger sub and on behalf of surviving merger sub) up to approximately [—] CPRL common shares to KCS common stockholders at the effective time under the merger agreement. The actual number of CPRL common shares to be issued under the merger agreement will be determined immediately prior to the effective time based on the exchange ratio, the number of shares of KCS common stock outstanding at such time and the number of KCS restricted share awards and KCS director deferred shares. Based on the number of shares of KCS common stock, KCS restricted share awards and KCS director deferred shares outstanding as of [—], 2021, and the number of CPRL common shares outstanding as of [—], 2021, immediately after the first merger, former KCS common stockholders are expected to own approximately [—]% of the issued and outstanding CPRL common shares.

Based on the closing price of CPRL common shares of $72.71 on the NYSE on August 9, 2021, the last full trading day prior to that on which CPRL submitted a revised offer to acquire KCS, the implied value of the merger consideration to holders of KCS common stock was approximately $299.70 per share of KCS common stock. The merger consideration provides a premium to KCS stockholders of approximately 34%, based on closing share price of CPRL common shares on August 9, 2021, and the unaffected closing price of KCS common stock on March 19, 2021, the last full trading day before the public announcement of the prior CP merger agreement. The implied value of the merger consideration will fluctuate, however, as the market price of CPRL common shares fluctuates, because the merger consideration that is payable per share of KCS common stock is a fixed fraction of a CPRL common share. As a result, the value of the merger consideration that KCS common stockholders will receive upon the closing of the transaction could be greater than, less than or the same as the value of the merger consideration on the date of this proxy statement/prospectus or at the time of the KCS special meeting. Accordingly, you are encouraged to obtain current share price quotations for KCS common stock and CPRL common shares before deciding how to vote with respect to the approval of the merger agreement. KCS common stock trades on the NYSE under the symbol “KSU” and CPRL common shares trade on the NYSE and the TSX under the symbol “CP.” The price of CPRL common shares on the NYSE is reported in U.S. dollars, while the price of CPRL common shares on the TSX is reported in Canadian dollars.

Background of the Transaction

The KCS board and senior management team periodically review and evaluate KCS's long-term strategy and the range of strategic opportunities that might be available to it to strengthen KCS's business and to enhance stockholder value. As part of this ongoing evaluation, management maintains a long-range plan (the "KCS long-range plan"), which is periodically updated and reviewed with the KCS board, that reflects management's financial and business outlook for KCS over a ten-year period. In addition, the KCS board and management team have, from time to time in the past, discussed and considered the possibility of entering into strategic transactions with other parties.

On July 29, 2020, Patrick Ottensmeyer, President and Chief Executive Officer of KCS, and Keith Creel, President and Chief Executive Officer of CPRL, had a lunch meeting at which they discussed a variety of industry topics. During this meeting, Mr. Creel raised whether KCS would be amenable to discussing a business combination of CPRL and KCS. No further actions were taken by the KCS management team or board at the time with respect to Mr. Creel's inquiry.

Beginning on July 31, 2020, several financial media outlets reported that an investor consortium was considering making a takeover proposal for KCS. Following these reports, the KCS board and senior management reached out to its financial advisor, Morgan Stanley, and its outside counsel, Wachtell, Lipton, Rosen & Katz ("Wachtell Lipton"), to discuss the reports and the question of how KCS should respond if a proposal were made.

On August 11, 2020, the KCS board met, together with members of senior management and representatives of Morgan Stanley and Wachtell Lipton, to discuss the financial media reports and the possibility of a proposal, including the KCS board's fiduciary duties under Delaware law and preliminary perspectives on valuation for KCS based on the KCS long-range plan and Wall Street research analyst forecasts. Thereafter, KCS reached out to BofA Securities to join Morgan Stanley as KCS's and the KCS board's financial advisor. KCS and the KCS board determined to engage both Morgan Stanley and BofA based on, among other things, each firm's overall reputation and experience as an investment banking firm, each firm's substantial experience in the transportation sector, and the belief that having the benefit of both firms' advice would be in the best interests of KCS and its stockholders.

On August 17, 2020, Robert Druten, the Chairman of the KCS board, and Mr. Ottensmeyer received an unsolicited written proposal from an investor consortium ("Party A") to acquire KCS for $195.00 per share in cash. The proposal indicated that Party A intended to finance the acquisition through a combination of equity financing and $6.5 billion in debt financing, and that Party A anticipated obtaining all regulatory approvals within four to six months of signing a definitive agreement. Messrs. Druten and Ottensmeyer notified the KCS board of the receipt of Party A's proposal and, later that day, Mr. Ottensmeyer and Michael Upchurch, the Executive Vice President and Chief Financial Officer of KCS, participated in a conversation with representatives of Party A to discuss the terms of the proposal.

A special meeting of the KCS board was convened on August 18, 2020, with members of senior management, and representatives of Morgan Stanley and Wachtell Lipton, to discuss Party A's proposal and potential next steps. Representatives of Morgan Stanley shared their perspectives on the financial terms of Party A's proposal. Members of management also reviewed the KCS long-range plan and the opportunities and risks associated with executing on KCS's long-term strategy. The KCS board discussed these considerations and perspectives and concluded that KCS should remain focused on its long-term strategic plans and should not pursue Party A's proposal. Messrs. Ottensmeyer and Upchurch subsequently conveyed the KCS board's conclusion to representatives of Party A.

On August 21, 2020, Mr. Creel called Mr. Ottensmeyer to propose that CPRL and KCS consider entering into a merger-of-equals transaction in which KCS stockholders would receive consideration consisting solely of CPRL common shares, in an at-market transaction. Mr. Creel expressed his view that, relative to the other Class I

railroad companies, a transaction involving CPRL and KCS would likely face the least amount of regulatory uncertainty given the companies' status as the two smallest Class I railroad companies in North America and their lack of geographic overlap. During the same week, a representative of Party A contacted Mr. Ottensmeyer to request a meeting to further discuss the possibility of a transaction.

During the following week, Jean-Jacques Ruest, President and Chief Executive Officer of CN, contacted Mr. Ottensmeyer telephonically to note the financial media reports regarding a possible takeover proposal. Mr. Ruest stated that, if KCS was interested in a sale, CN would be interested in discussing such a transaction. No further actions were taken by the KCS management team or board to engage with CN at the time.

On August 28, 2020, the KCS board met with members of senior management and a representative of Wachtell Lipton. The KCS board discussed Party A's request for a meeting and instructed Mr. Ottensmeyer to accept the request. Representatives of KCS management then reviewed possible exchange ratios implied by the historical trading prices of KCS common stock and CPRL common shares, as well as possible exchange ratios implied by the relative contributions of various financial metrics of KCS and CPRL. The KCS board discussed potential responses and determined not to take action with respect to CPRL's proposal at the time, pending Mr. Ottensmeyer's discussion with Party A and Party A's response. Mr. Ottensmeyer also described his conversation with Mr. Ruest of CN. In the days following the KCS board meeting, Messrs. Ottensmeyer and Upchurch had a discussion with representatives of Party A with respect to Party A's interest in a possible transaction.

On August 31, 2020, Party A submitted an updated, unsolicited written proposal to acquire KCS for $208.00 per share in cash, subject otherwise to the same terms and conditions set forth in Party A's August 17th proposal. The next day, Messrs. Ottensmeyer and Upchurch participated in a conversation with representatives of Party A to discuss the updated proposal.

A meeting of the KCS board was held on September 2, 2020, with members of senior management and representatives of Morgan Stanley, BofA Securities and Wachtell Lipton. Representatives of Morgan Stanley and BofA Securities discussed the terms of Party A's proposal and CPRL's proposal and presented preliminary perspectives on valuation for KCS based on the KCS long-range plan. After consideration of these and other factors, the KCS board again concluded that KCS should remain focused on its long-term strategic plans and determined that KCS should not pursue either Party A's proposal or CPRL's proposal. The KCS board did, however, believe that KCS should engage in discussions with CPRL about possible commercial opportunities or arrangements that could be in both companies' interests. Thereafter, Mr. Ottensmeyer communicated the KCS board's conclusions to representatives of Party A and to Mr. Creel.

From September to November 2020, the KCS board continued to discuss and review KCS's long-term strategic plan and strategic opportunities in consultation with senior management and KCS's external advisors. In addition, representatives of KCS and CPRL met on September 14 and 15, 2020 to discuss possible commercial opportunities or arrangements outside the context of a combination. The representatives of CPRL also provided their views on a potential at-market combination of KCS and CPRL.

On September 23, 2020, the KCS board met with members of management to further analyze and consider KCS's financial and business outlook and strategic options, including KCS's outlook as an independent company and an analysis of combinations with various other railroads. The KCS board also discussed the investor feedback received by KCS management following the publication of a September 9th financial media report that KCS had rejected the acquisition proposal that had reportedly been made for $208.00 per share in cash.

On October 20, 2020, the KCS board convened a meeting for informational purposes with members of management and representatives of Morgan Stanley, BofA Securities and Wachtell Lipton to discuss various strategic alternatives that might be available to the Company. This included a discussion led by representatives of Morgan Stanley and BofA Securities regarding illustrative buyout and ability-to-pay analyses with respect to Party A and various railroads who could be potential buyers.

On November 11, 2020, Mr. Ottensmeyer and Mr. Creel had a telephonic discussion on which they agreed that, given the political uncertainties following the recent U.S. election and the fact that KCS and CPRL were each focused on closing the fiscal year and preparing for the upcoming earnings season, KCS and CPRL would discontinue their discussions regarding potential commercial opportunities at such time and potentially revisit the idea of a strategic combination of the two companies in the future.

On November 17, 2020, Mr. Ottensmeyer received a call from a representative of another Class I railroad company expressing interest in a potential acquisition of a portion of KCS's assets. Mr. Ottensmeyer reported this conversation to the KCS board, but no further actions were taken by the KCS management team or KCS board to engage with such railroad company.

On November 23, 2020, representatives of Party A contacted Mr. Ottensmeyer to inform him that Party A intended to submit a revised proposal to acquire KCS for $230.00 per share in cash, which Party A submitted later that day. The revised proposal noted that Party A had high confidence that it would be able to obtain firm commitments from its equity partners and lenders once the parameters of a transaction had been agreed upon.

The KCS board met on December 2, 2020, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors, to discuss Party A's revised proposal and potential next steps. Mr. Upchurch discussed the KCS long-range plan and KCS's general strategic positioning. Representatives of Morgan Stanley and BofA Securities provided their preliminary perspectives on valuation for KCS based on the KCS long-range plan. The KCS board discussed the terms of Party A's proposal and the possibility of contacting CPRL, and potentially other Class I railroads, to determine their interest in submitting a proposal to acquire KCS. The KCS board reviewed potential synergy estimates and the possible merger consideration such parties could offer to KCS stockholders. The KCS board also discussed the timing and certainty of consummating a transaction with a Class I railroad company in light of the regulatory framework for such a transaction. Among other things, the KCS board and management team discussed the possibility of addressing potential uncertainties by employing a voting trust structure in which an acquiring Class I railroad would close the acquisition and immediately deposit the shares of KCS into an independent voting trust, with KCS stockholders receiving their merger consideration at that time and prior to the acquiror's receipt of final control approval from the STB.

After deliberation, the KCS board determined that Party A's proposal was not at a value that the KCS board was prepared to accept, but authorized management to begin providing Party A with due diligence materials, subject to the execution of a mutually acceptable confidentiality agreement, so that Party A could have an opportunity to submit an improved proposal. The KCS board also directed Mr. Ottensmeyer to notify Mr. Creel that KCS was now considering a potential transaction and would be willing to consider an acquisition proposal from CPRL that contemplated a significant control premium and a voting trust structure to address timing and regulatory issues. After consideration of the risks associated with a broader outreach effort, the KCS board determined not to contact other parties at the time and to revisit the question of reaching out to additional parties at a later date. After the KCS board meeting, Mr. Ottensmeyer reached out to Party A and to Mr. Creel with the messages determined by the KCS board.

On December 4, 2020, KCS entered into a confidentiality agreement with Party A, which contained customary standstill restrictions on Party A (which restrictions would terminate in the event any person acquired or became the owner of, or entered into a definitive agreement to acquire or become the owner of, more than 50% of the outstanding voting securities of KCS or assets of KCS representing more than 50% of its consolidated earning power).

On December 8, 2020, KCS entered into formal engagement letters with Morgan Stanley and with BofA Securities to provide advice to KCS and the KCS board with respect to KCS's strategic alternatives.

On December 9, 2020, CPRL submitted a written proposal to acquire KCS for 0.469 of a CPRL common share (equivalent to 2.345 shares after giving effect to the share split) and $77.00 in cash per share of KCS common stock (equal to approximately $235.00 per share of KCS common stock based on the market price of CPRL

common shares at the time). The proposal also contemplated that a transaction would be effectuated using a voting trust structure, which CPRL anticipated consummating within four months of signing a definitive agreement, with CPRL taking control of KCS following STB final approval within eight to twelve months thereafter. Mr. Ottensmeyer and other members of management subsequently participated in a call with Mr. Creel and other members of CPRL management to discuss the terms of CPRL's proposal. On December 9, 2020, KCS entered into a mutual confidentiality agreement with CPRL, which contained customary standstill restrictions on CPRL (which restrictions would terminate in the event any person acquired or became the owner of, or entered into a definitive agreement to acquire or become the owner of, more than 50% of the outstanding voting securities of KCS or assets of KCS representing more than 50% of its consolidated earning power).

On December 10, 2020, senior executives of each of CPRL and KCS (including Mr. Creel and Mr. Ottensmeyer) met, and CPRL presented the terms of its December 9 proposal.

The KCS board held a meeting on December 14, 2020 at which it discussed CPRL's proposal and the substance of the management team's conversation with CPRL. The KCS board then determined that CPRL's proposal was not at a value that the KCS board was prepared to accept, but authorized management to begin providing CPRL with due diligence materials under the mutual confidentiality agreement, so that CPRL could have an opportunity to submit an improved proposal.

Through December 2020, KCS provided Party A and CPRL with access to a virtual data room and various business and legal due diligence materials, including a copy of the KCS long-range plan and hosted management presentations and diligence sessions for the benefit of Party A and CPRL. CPRL also provided KCS with access to a virtual data room and various reverse diligence materials.

On December 22, 2020, the KCS board held a special meeting, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors. Mr. Upchurch presented an update to the KCS long-range plan, which had been adjusted upwards to reflect management's more optimistic financial and operational outlook for KCS as a result of the expected recovery from the COVID-19 pandemic and a lower cost structure resulting from an acceleration of Precision Scheduled Railroading initiatives. Members of management then provided an update regarding the status of Party A's and CPRL's ongoing diligence efforts, as well as internal discussions regarding the regulatory process and potential issues associated with a strategic transaction. Representatives of Morgan Stanley and BofA Securities also shared their perspectives on the financial terms of Party A's and CPRL's latest proposals and refreshed their perspectives on valuation for KCS to reflect the new financial terms of those proposals and the updated KCS long-range plan.

On December 28, 2020, Party A sent an updated written proposal to Messrs. Ottensmeyer and Upchurch to acquire KCS for $235.00 per share in cash. The proposal noted that, pursuant to the restrictions in its confidentiality agreement with KCS, Party A had not informed its equity partners or lenders of its recent conversations with KCS, but that Party A remained highly confident of the availability of financing for a transaction.

On December 30, 2020, Mr. Ottensmeyer reached out to Mr. Creel to alert him that KCS would need CPRL to promptly provide a revised offer if CPRL was still interested in pursuing a potential transaction, so that KCS could determine whether it would be willing to move towards a deal with CPRL or with a competing bidder.

On December 31, 2020, CPRL submitted an updated written proposal to acquire KCS for 0.489 of a CPRL common share (equivalent to 2.445 CPRL common shares after giving effect to the share split) and $78.00 in cash per share of KCS common stock (equal to approximately $248.00 per share of KCS common stock based on the market price of CPRL common shares at the time).

The KCS board met on January 7, 2021, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors. Mr. Ottensmeyer provided an update on the status of KCS's discussions with Party A and with CPRL and outlined potential next steps. Mr. Ottensmeyer offered his

perspective that a potential combination with CPRL would be attractive for KCS and its stockholders and his expectation that CPRL could further increase its purchase price given potential synergies. Members of the KCS board and management also entered into a discussion regarding the updated KCS long-range plan and a range of potential synergies for a combination with CPRL. Representatives of Morgan Stanley and BofA Securities provided their perspectives on the latest proposals received from Party A and from CPRL. The Company's Chief Legal Officer then described the expected regulatory approval process and potential timeline in the event KCS pursued a transaction with a Class I railroad company. After discussion, the KCS board determined not to accept either of the proposals that had been most recently submitted by Party A and by CPRL. The KCS board directed Mr. Ottensmeyer to communicate to representatives of each party that the KCS board was not prepared to proceed with a transaction at its proposed purchase price, but that the KCS board was willing to allow each party to complete its confirmatory due diligence (and, in the case of Party A, to reengage with its financing partners) with the expectation that the parties would complete diligence efforts by early-to-mid February and revert with their best and final offers. In addition, the KCS board again discussed the possibility of reaching out to other parties to ascertain their potential interest in a transaction, but, for the same reasons considered at its previous meeting on December 2, 2020, determined not to do so at the time and to revisit the question again in the future.

In the days following the meeting, Mr. Ottensmeyer communicated the KCS board's decisions to representatives of Party A and CPRL. Through the course of January and February 2021, members of KCS management, together with representatives of KCS's legal and financial advisors, continued to engage with and to address due diligence requests from Party A and from CPRL. Members of the KCS board also periodically met and consulted with members of management regarding the status of the process and to discuss transaction-related issues. On January 22 and 23, 2021, representatives of KCS, including Messrs. Druten and Ottensmeyer, met with representatives of CPRL to discuss CPRL's views on regulatory considerations and other issues relating to a potential combination with CPRL.

Following a meeting of the CPRL board on January 25, 2021, Mr. Creel contacted Mr. Ottensmeyer to discuss the potential transaction and the timeline to announcing a transaction. Mr. Ottensmeyer informed Mr. Creel that KCS expected to receive a revised offer from a competing bidder by mid-February and noted that the competing bidder's offer would not have the regulatory complexity and need for a voting trust structure that would exist in a transaction with CPRL. Mr. Ottensmeyer explained that KCS remained committed to evaluating offers from both CPRL and the competing bidder and continuing to hold working sessions with CPRL and its representatives to determine whether there was a path to a potential transaction with CPRL. Mr. Creel conveyed to Mr. Ottensmeyer that CPRL would be committed to engaging with KCS to complete its diligence and finalize the transaction structure and the terms of the merger agreement over the coming weeks, and that CPRL would be prepared to provide its final offer on value and price by mid-February, such that CPRL and KCS would be in a position to announce a transaction by the end of February 2021 should KCS choose to move forward with CPRL.

On January 26, 2021, the KCS board held a meeting with members of management and its legal advisors to specifically discuss potential regulatory considerations and issues relating to a strategic combination, including an assessment of the process for a voting trust transaction and obtaining final regulatory approval for the potential merger. The KCS board also convened meetings on February 4, 2021 and February 15, 2021, at which the KCS board reviewed the status of KCS's discussions with Party A and CPRL and discussed potential next steps.

On February 16, 2021, Mr. Creel called Mr. Ottensmeyer to inform him that CPRL would not be submitting a revised proposal until KCS confirmed that it had also received a revised competing proposal from the competing bidder. Mr. Ottensmeyer subsequently had separate discussions with both Mr. Creel and representatives of Party A regarding the status and timing with respect to the submission of revised bids.

On March 3, 2021, KCS received updated acquisition proposals from Party A and from CPRL. Party A's proposal contemplated an all-cash purchase price of $245.00 per share. The proposal indicated that Party A had re-engaged with its equity partners and that it was highly confident that the equity partners would be able to

secure final internal approvals upon confirmation of the key transaction terms over a two- to three-week period. The proposal also noted that Party A believed the credit committee approvals that its lenders had received in August 2020 remained valid, although it had not engaged in any recent discussions with its lenders in light of the restrictions in its confidentiality agreement with KCS. CPRL's proposal contemplated a purchase price of 0.489 of a CPRL common share (equivalent to 2.445 CPRL common shares after giving effect to the share split) and $81.00 in cash per share of KCS common stock (equal to approximately $260.00 per share of KCS common stock based on the market price of CPRL common shares at the time). The proposal indicated that CPRL anticipated consummating the voting trust transaction within four to six months after the signing of the merger agreement, with the acquisition of control within eight to twelve months thereafter. CPRL's proposal also contemplated a $400.0 million reverse termination fee payable to KCS in the event the merger agreement was terminated due to the inability to complete the voting trust transaction as a result of STB regulatory issues. Furthermore, CPRL's proposal contemplated the renaming of the combined company to "Canadian Pacific Kansas City", with the U.S. headquarters of the combined company to be located in Kansas City, and indicated that CPRL would be open to considering KCS director representation on its board following consummation of the voting trust transaction.

In the subsequent days, with the authorization of the KCS board, members of KCS management circulated a draft merger agreement to representatives of CPRL. The draft included, among other terms, a customary "fiduciary out" provision that would permit the KCS board to terminate its existing agreement with an acquirer in order to accept an alternative acquisition proposal from a third party under certain circumstances. In addition, the draft merger agreement provided to CPRL contemplated a reverse termination fee representing 7.0% of the transaction consideration (or approximately $1.7 billion based on CPRL's then proposed purchase price) and a one-way exchange ratio collar in which KCS stockholders would receive a fixed dollar amount of stock consideration in the event the acquirer's stock price fell below a specified threshold, up to a maximum number of shares.

On March 5, 2021, Mr. Ottensmeyer had a discussion with Mr. Creel regarding the key issues in the draft merger agreement received from KCS the prior day, including with respect to the transaction structure and regulatory termination fee size and structure as proposed in KCS's draft, as well as the one-way exchange ratio collar.

On March 6, 2021, the KCS board convened a meeting to discuss the updated proposals submitted by CPRL and Party A. Mr. Ottensmeyer reviewed the terms of each proposal and again expressed his views on the strategic options available to the Company. Representatives of Morgan Stanley and BofA Securities also shared their perspectives on the financial terms of the proposals. The directors discussed with members of management and representatives of the financial advisors the potential synergies from a transaction involving CPRL and the possible benefits and risks associated with accepting merger consideration that included an acquirer's common stock. Among other things, the KCS board discussed various mechanisms to protect against a potential decline in an acquirer's stock price, including the one-way exchange ratio collar proposed in the draft merger agreement provided to CPRL. The KCS board discussed again with the Company's legal advisors the regulatory uncertainties and timeline for a strategic combination. The KCS board then directed management and the financial advisors to ask Party A and CPRL to submit final proposals and merger agreement markups by no later than March 15, and to inform Party A that it could reach out to its lending sources to confirm financing. The KCS board also again considered whether or not to reach out to other parties. After considering, among other factors, the various risks associated with further opening up the process, and the "fiduciary out" provisions included in the proposed merger agreement, the KCS board determined to focus its efforts on negotiating a transaction with either Party A or CPRL and not to reach out to other potential counterparties at the time.

Following the KCS board meeting, representatives of KCS and their advisors sent a letter to representatives of each of Party A and CPRL outlining the process and request for final proposals. In addition, representatives of KCS sent a draft merger agreement to representatives of Party A. Similar to the draft merger agreement provided to CPRL, the draft merger agreement contemplated a customary "fiduciary out" provision that would permit the

KCS board to terminate its existing agreement with an acquirer in order to accept an alternative acquisition proposal under certain circumstances. It also included a reverse termination fee representing 7.0% of the transaction consideration (or approximately $1.6 billion based on Party A's then proposed purchase price) in the event the transaction did not close due to the failure to obtain financing.

On March 9, 2021, the finance committee of the KCS board held a meeting for the purpose of further analyzing and discussing the possible benefits and risks associated with accepting merger consideration that included an acquirer's common stock. At the meeting, representatives of Morgan Stanley and BofA Securities reviewed the mechanics of the one-way exchange ratio collar proposed in the draft merger agreement provided to CPRL and a range of other mechanisms that could be used to protect against a potential decline in an acquirer's stock price, together with a summary of the frequency with which such mechanisms had been employed or not employed in recent M&A transactions.

On March 10, 2021, KCS and CPRL executed a clean team agreement to facilitate the sharing of certain sensitive diligence materials. Also on March 10, 2021, representatives of the CPRL management team held a reverse due diligence call with representatives of KCS.

On March 11, 2021, Wachtell Lipton sent to Sullivan & Cromwell LLP, CPRL's outside counsel ("Sullivan & Cromwell"), an initial draft of the KCS disclosure schedules to the merger agreement.

On March 15, 2021, Party A and CPRL submitted revised acquisition proposals, including markups of the forms of merger agreement previously provided by KCS. Party A's proposal contemplated an all-cash purchase price of $250.00 per share, which it noted was its "final proposal." The proposal indicated that Party A's lenders had received full credit committee approvals to increase the overall debt financing to $10.3 billion and that all but one of Party A's equity partners had received the required internal approvals to fund the transaction (Party A informed KCS subsequently that this final approval had been obtained). CPRL's proposal contemplated merger consideration of 0.489 of a CPRL common share (equivalent to 2.445 CPRL common shares after giving effect to the share split), without any provision for a collar, and $86.00 in cash per share of KCS common stock (equal to approximately $268.00 per share of KCS common stock based on the market price of CPRL common shares at the time). CPRL's proposal also contemplated, among other things, an increased $800.0 million reverse termination fee and the elimination of the right of the KCS board to terminate the merger agreement in order to accept a superior proposal in certain circumstances.

On March 16, 2021, the KCS board met, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors, to review the proposals received from Party A and CPRL. Representatives of Morgan Stanley and BofA Securities reviewed the history of KCS's discussions with Party A and with CPRL, including the financial terms of the proposals that each party had submitted since August 2020. Representatives of Wachtell Lipton also provided an overview of the merger agreement markups delivered by Party A and CPRL. The KCS board entered into a discussion with members of management and representatives of the Company's financial advisors regarding Party A's proposed financing structure and its potential capacity to further increase its purchase price. It was the view of the KCS board based on this discussion, as well as Party A's statement that it had made its "final proposal", that Party A would have minimal room to further increase its offer. The KCS board considered these facts and perspectives, as well as the facts and perspectives previously discussed and reviewed at prior meetings, and determined to focus its efforts on negotiating a transaction with CPRL, subject to CPRL agreeing to specific improvements to the terms of its proposal. To that end, the KCS board directed Mr. Ottensmeyer to communicate to Mr. Creel that the KCS board would be willing to proceed with a transaction if CPRL were to improve its proposal by, among other things, increasing its contemplated exchange ratio from 0.489 to 0.5 of a CPRL common share, increasing the amount of the reverse termination fee from $800.0 million to $1.3 billion, and accepting the KCS board's right to terminate the merger agreement in order to accept a superior proposal in certain circumstances. A member of management and representatives of KCS's outside compensation advisor also reviewed the terms of a proposed retention

program and severance arrangements proposed to be submitted for approval by the KCS board were it to approve a transaction with CPRL. The KCS board discussed the terms of and reasons for the proposed retention program and severance arrangements.

Later that day, Mr. Ottensmeyer called Mr. Creel to communicate the KCS board's requests. Mr. Creel said that he would need to consult with members of the CPRL board. Mr. Creel subsequently responded by stating that CPRL was prepared to offer an increased merger consideration of $90 in cash and 0.489 of a CPRL common share (equivalent to 2.445 shares after giving effect to the share split) for each share of KCS common stock (equal to approximately $272 per share of KCS common stock based on the market price of CPRL common shares at the time), to increase the reverse termination fee to $1 billion, and to agree to the right of the KCS board to terminate the merger agreement to accept a superior proposal from a third party in certain circumstances. The following day, CPRL submitted a revised written proposal reflecting these terms. Mr. Ottensmeyer informed the KCS board of the terms of CPRL's proposal, and at the direction of the KCS board and management, representatives of Wachtell Lipton proceeded to negotiate final terms of the transaction documents with representatives of Sullivan & Cromwell, with the goal of announcing a signed merger agreement no later than the morning of March 21, 2021. From March 17 through March 20, 2021, representatives of Wachtell Lipton and Sullivan & Cromwell exchanged further revised drafts of the merger agreement and participated in calls to resolve the remaining open issues.

On March 20, 2021, the KCS board held a meeting, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors. A representative of Wachtell Lipton again discussed with the board its fiduciary duties under Delaware law. Thereafter, representatives of each of the financial advisors presented to the KCS board their respective financial analyses and each financial advisor rendered to the KCS board its oral opinion, which was subsequently confirmed in writing on the same date, to the effect that, as of such date and based upon and subject to the matters considered, the procedures followed, the assumptions made and various limitations of and qualifications to the review undertaken, as set forth in each financial advisor's respective written opinion, the consideration to be received in the transaction by holders of KCS common stock (other than certain excluded shares as described in the merger agreement) was fair, from a financial point of view, to such holders. The Wachtell Lipton representative then summarized the terms of the merger agreement compared to the terms previously reviewed. After further discussion and deliberation, the KCS board unanimously approved the merger agreement and resolved to recommend that the stockholders of KCS adopt the merger agreement. The KCS board also approved the proposed retention and severance arrangements previously discussed.

Following the completion of the KCS board meeting, representatives of Wachtell Lipton and Sullivan & Cromwell finalized the merger agreement, and in the early morning of March 21, 2021, KCS and CPRL executed the prior CP merger agreement. KCS and CPRL issued a joint press release announcing the transaction in the morning of March 21, 2021.

On March 22, 2021, representatives of CPRL submitted a letter to STB Staff requesting an informal opinion that CPRL's proposed voting trust agreement comported with the standards set forth in 49 C.F.R. § 1013.3(a).

On April 20, 2021, KCS received an unsolicited written proposal from CN (the "CN proposal") to acquire KCS for 1.059 common shares of CN and $200.00 in cash per share of KCS common stock (valued at $325.00 per share of KCS common stock based on the market price of CN common shares at the time). The proposal contemplated that CN and KCS would enter into a merger agreement with substantially similar terms to those of the prior CP merger agreement, including the use of a voting trust arrangement and a commitment to obtain regulatory approvals on the same terms as in the prior CP merger agreement.

The KCS board met on April 20, 2021, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors, for a preliminary review of the CN proposal. Representatives of Morgan Stanley and BofA Securities reviewed and discussed their preliminary perspectives

on the financial terms of the CN proposal in comparison to the financial terms of the prior CP merger agreement. The KCS board also reviewed potential synergy estimates for a combination with CN relative to the synergies estimated for the transaction with CPRL.

On April 23, 2021, the STB announced a decision that the waiver provision under 49 C.F.R. § 1180.0(b) applied to the proposed transaction between CPRL and KCS and stated that the agency's review of the transaction would be governed by the regulations set forth at 49 C.F.R. part 1180 (2000).

On April 24, 2021, the KCS board held a meeting, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors. Representatives of Morgan Stanley and BofA Securities again shared their perspectives on the financial terms of the CN proposal in comparison to the financial terms of the prior CP merger agreement. The KCS board reviewed the potential synergies for a combination with each of CPRL and CN and discussed with the advisors the likely capacity of each party to further increase its purchase price and other enhancements that could be requested of CPRL and CN with respect to the terms of a transaction. The KCS board also discussed the regulatory considerations and issues relating to a combination with CN relative to CPRL, including an assessment of the process for approval of the proposed voting trust and for obtaining final regulatory approval for the potential combination. After consideration of these facts and perspectives, as well as the facts and perspectives previously discussed and reviewed at the KCS board's April 20th meeting, the KCS board determined that the CN proposal could reasonably be expected to lead to a "Company Superior Proposal", as defined in the prior CP merger agreement (which we refer to as a "company superior proposal"). Accordingly, the KCS board determined that KCS should provide information to CN, and engage in discussions and negotiations with CN, with respect to the CN proposal. KCS management subsequently notified representatives of CN and CPRL of the KCS board's determination, after which KCS issued a press release announcing its decision and intent to engage in discussions with CN. On the evening of April 24, 2021, representatives of Cravath, Swaine & Moore LLP (which we refer to as "Cravath"), CN's outside counsel, sent to Wachtell Lipton proposed forms of a merger agreement and a voting trust agreement reflecting the terms described in the CN proposal.

On April 26, 2021, representatives of CN submitted an application to the STB requesting approval of CN's proposed voting trust agreement, pursuant to 49 C.F.R. § 1180.4(b)(4)(iv) (and not under the waiver provision under 49 C.F.R. § 1180.0(b)). Also on April 26, 2021, KCS entered into a confidentiality agreement and clean team agreement with CN in substantially the same forms as the confidentiality agreements entered into with CPRL and Party A, other than the absence of standstill provisions and other immaterial changes. Through the subsequent weeks, KCS provided CN with access to a virtual data room and various business and legal due diligence materials, including a copy of the KCS long-range plan. Representatives of CN participated in management presentations and diligence sessions hosted by KCS. In addition, CN provided KCS with access to a virtual data room and various reverse diligence materials.

On May 6, 2021, the STB announced a decision finding that the voting trust agreement proposed by CPRL was acceptable, subject to certain modifications.

On May 8, 2021, the KCS board convened a meeting with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors to discuss KCS's ongoing engagement with CN and potential next steps. Members of management and representatives of Wachtell Lipton reviewed the terms of CN's draft merger agreement and presented a proposed list of enhancements to request from CN with respect to the CN proposal, including (1) increasing the exchange ratio from 1.059 shares so that the transaction could qualify as a "reorganization" within the meaning of Section 368(a) of the Code, (2) increasing the reverse termination fee payable to KCS in the event the merger agreement was terminated due to the inability of the parties to complete the voting trust transaction as a result of STB regulatory issues from $1.0 billion to $2.0 billion, (3) requiring CN to reimburse KCS upon payment of the $700.0 million termination fee by KCS to CPRL in the event KCS terminated the prior CP merger agreement to enter into a merger agreement with CN and (4) enhancing the flexibility of KCS to undertake certain actions following the execution of a merger agreement with CN without CN's prior written consent, including with respect to the terms of KCS's retention program and

severance arrangements. The KCS board also reviewed a proposed timeline for soliciting a revised proposal from CN. The KCS board then directed management, together with KCS's legal advisors, to seek the enhancements to the CN proposal discussed with the KCS board and to request that CN submit a revised binding proposal so that the KCS board could be in a position to make a determination as to whether such revised proposal constituted a company superior proposal at a meeting scheduled for May 13, 2021. The KCS board also directed management to notify CPRL of the KCS board's intention to make a determination with respect to the CN proposal at its next meeting and to suggest that CPRL submit any revisions with respect to the prior CP merger agreement before such time.

Following the meeting, Mr. Ottensmeyer communicated the KCS board's requests to Mr. Ruest and to Mr. Creel. Representatives of Wachtell Lipton also reached out to Cravath to review the requested enhancements with respect to the CN proposal.

On May 11, 2021, representatives of Cravath contacted Wachtell Lipton to convey CN's responses to KCS's requested enhancements. The representatives of Cravath expressed that CN was prepared to accept several of KCS's requests for enhanced flexibility during the pendency of the transaction, including with respect to the terms of KCS's retention program and severance arrangements. The representatives of Cravath also expressed that CN was prepared to accept KCS's proposal that CN (or an affiliate of CN) reimburse KCS for the $700.0 million termination fee that would be payable by KCS to CPRL in connection with the termination of the prior CP merger agreement, subject to KCS refunding such reimbursement in the event (i) KCS terminated the merger agreement with CN in order to accept a superior proposal, (ii) CN terminated the merger agreement upon a change of recommendation by the KCS board, (iii) CN terminated the merger agreement on the basis of a breach by KCS of its representations, warranties or covenants in a manner that would entitle CN not to consummate the merger or (iv) CN terminated the merger agreement on the basis of the occurrence of a material adverse effect on the business and operations of KCS. The Cravath representatives indicated that CN was unwilling to increase the exchange ratio or the reverse termination fee.

On May 12, 2021, Mr. Ottensmeyer called Mr. Ruest to request that CN increase its exchange ratio so as to restore the $325.00 per share valuation of the CN proposal based on the current market price of CN common shares. Mr. Ottensmeyer further requested that CN consider increasing the amount of the reverse termination fee payable to KCS in the event the merger agreement was terminated due to the inability of the parties to complete the voting trust transaction as a result of STB regulatory issues. Mr. Ottensmeyer also spoke with Mr. Creel and encouraged CPRL to submit any proposed revisions to the prior CP merger agreement before the KCS board's next meeting.

On the morning of May 13, 2021, representatives of Cravath sent to representatives of Wachtell Lipton a proposed form of offer letter and revised drafts of the merger agreement and other transaction documents. CN's revised proposal contemplated an increase in the exchange ratio to 1.129 shares of CN common shares while maintaining the $200.00 per share cash component of the proposed consideration (restoring the $325.00 per share valuation of the CN proposal based on the closing price of CN common shares on May 12, 2021), an obligation by an affiliate of CN to reimburse KCS for the $700.0 million termination fee payable to CPRL (subject to KCS refunding such reimbursement in the event (i) KCS terminated the merger agreement with CN in order to accept a superior proposal, (ii) CN terminated the merger agreement upon a change of recommendation by the KCS board or (iii) CN terminated the merger agreement on the basis of a breach by KCS of its representations, warranties or covenants in a manner that would entitle CN not to consummate the merger), and enhanced flexibility on the part of KCS to undertake certain actions without CN's prior written consent during the pendency of the transaction, including with respect to the terms of KCS's retention program and severance arrangements. Through the morning and early afternoon, representatives of Wachtell Lipton and Cravath discussed various minor revisions to the transaction documents. Representatives of Cravath then submitted a binding offer letter on behalf of CN, together with proposed final and binding forms of merger agreement and schedules (collectively, the "revised CN proposal"). The offer letter indicated that the revised CN proposal could be accepted by KCS at any time prior to 5:00 pm Eastern Time on May 21, 2021.

On the afternoon of May 13, 2021, the KCS board met, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors, to discuss the revised CN proposal. The KCS board reviewed the terms of the revised CN proposal relative to the terms of the prior CP merger agreement and discussed various regulatory considerations relating to a combination with CN and with CPRL, including the STB's decision to apply the waiver provision under 49 C.F.R. § 1180.0(b) to the potential CPRL transaction and CPRL's receipt of STB voting trust approval. The KCS board discussed potential next steps and the requirements of the prior CP merger agreement with respect to any further engagement with CN. Among other things, the KCS board considered the fact that, in the event the KCS board determined that the revised CN proposal constituted a company superior proposal, KCS would be required to provide CPRL the opportunity for at least five business days to attempt to match the terms of the revised CN proposal prior to terminating the prior CP merger agreement and entering into a definitive agreement with CN. Representatives of Morgan Stanley and BofA Securities also provided to the KCS board their respective financial analyses. The representatives stated that they had each reviewed the terms of the revised CN proposal with their respective fairness committees and that, absent any material developments following the conclusion of the meeting, the financial advisors stood ready to deliver customary fairness opinions with respect to the revised CN proposal at such time as the KCS board were to consider terminating the prior CP merger agreement and entering into a merger agreement in relation to the revised CN proposal. The KCS board determined that the revised CN proposal constituted a company superior proposal and directed management to notify CPRL of the KCS board's intention to terminate the prior CP merger agreement and to enter into a definitive agreement with respect to the revised CN proposal unless, at the end of the five business day period following the notice, the KCS board determined that the revised CN proposal no longer constituted a company superior proposal. Members of KCS management communicated the KCS board's determination to representatives of CN and CPRL after the end of the meeting, and later on the evening of May 13, 2021, KCS issued a press release announcing the KCS board's determination.

On May 17, 2021, the STB announced a decision finding that application of the waiver provision under 49 C.F.R. § 1180.0(b) to a potential transaction between CN and KCS was not warranted and stated that the agency's review of the transaction would be governed by the regulations set forth at 49 C.F.R. part 1180, as adopted in Major Rail Consolidation Procedures, 5 S.T.B. 539 (2001). The STB also denied CN's motion to approve its proposed voting trust agreement as incomplete, without prejudice to filing a new motion.

On the morning of May 20, 2021, Mr. Creel contacted Mr. Ottensmeyer to notify him that CPRL did not intend to propose revisions to the prior CP merger agreement, explaining that, in CPRL's view, it would be destructive to CPRL's and KCS's mutual interests to engage in a bidding war with CN. Shortly thereafter, Mr. Creel publicly announced CPRL's intention not to increase its offer. Later that afternoon, the KCS board convened a meeting to discuss next steps with respect to the revised CN proposal. The KCS board reviewed again with KCS's financial and legal advisors the financial terms of the revised CN proposal in comparison to the financial terms of the prior CP merger agreement. The KCS board also discussed the regulatory considerations associated with pursuing a transaction with CN and CPRL, including the STB's determinations with respect to CN's and CPRL's proposed voting trust agreements, and considered the possibility of seeking additional enhancements to CN's proposal. The KCS board then directed management to reach out to CN to request a further increase in the exchange ratio so as to restore the $325.00 per share valuation of the CN proposal based on the current market price of CN common shares and a revised "escalating" reverse termination fee that would increase by $100.0 million per month in the event CN were unable to obtain STB voting trust approval within three months of the execution of a merger agreement with KCS.

Following the meeting, Mr. Ottensmeyer contacted Mr. Ruest to convey the requests from the KCS board. Later that evening, Mr. Ruest reached out to Mr. Ottensmeyer to indicate that CN was not willing to make any further changes to the revised CN proposal.

On the morning of May 21, 2021, the KCS board met again. Mr. Ottensmeyer updated the KCS board as to his conversations with Mr. Ruest, after which a discussion followed among the directors as to potential next steps. A representative of Wachtell Lipton discussed with the board its fiduciary duties under Delaware law. Thereafter,

representatives of each of the financial advisors presented to the KCS board their respective financial analyses and each financial advisor rendered to the KCS board its oral opinion, which was subsequently confirmed in writing on the same date, to the effect that, as of such date and based upon and subject to the matters considered, the procedures followed, the assumptions made and various limitations of and qualifications to the review undertaken, as set forth in each financial advisor's respective written opinion, the consideration to be received in the transaction with CN by holders of KCS common stock (other than certain excluded shares as described in the merger agreement) was fair, from a financial point of view, to such holders. After further discussion and deliberation, the KCS board unanimously determined that the revised CN proposal continued to constitute a company superior proposal and approved the termination of the prior CP merger agreement, KCS's payment of the $700.0 million CP termination payment to CPRL pursuant to the terms of the prior CP merger agreement and KCS's entry into the merger agreement with CN. The KCS board also approved the updated retention and severance arrangements set forth in the revised CN proposal.

Following the completion of the KCS board meeting, KCS management notified CPRL of the KCS board's determination, after which KCS terminated the prior CP merger agreement and paid the $700.0 million CP termination payment to CPRL. Shortly thereafter, KCS delivered an executed signature page to the CN agreement, which had already been executed by CN, and KCS and CN issued a joint press release announcing the transaction. Following execution of the CN agreement, an affiliate of CN reimbursed KCS for the $700.0 million CP termination payment paid to CPRL.

On May 26, 2021, representatives of KCS and CN jointly filed with the STB a renewed motion for approval of CN's proposed voting trust agreement. The motion included, among other things, a commitment by CN to divest KCS's 70-mile line between New Orleans and Baton Rouge following the consummation of a transaction and STB final approval.

On June 8, 2021, the STB issued a timetable for reviewing CN's proposed voting trust agreement. The STB directed KCS and CN to file certain additional materials relating to the financial condition of CN with the STB by June 14, 2021 and requested public comments on CN's proposed voting trust on June 28, 2021 and KCS's and CN's replies on July 6, 2021.

On June 22, 2021, CN filed with the SEC a preliminary Form F-4 registration statement with respect to the CN common shares issuable in the proposed merger with KCS. The registration statement included a preliminary proxy statement of KCS relating to the KCS stockholder meeting proposed to be convened to vote on the CN merger (the "KCS-CN merger approval stockholder meeting") .

On July 2, 2021, KCS fixed and announced August 19, 2021 as the date for the KCS-CN merger approval stockholder meeting.

On July 7, 2021, CN filed with the SEC a final prospectus with respect to the CN common shares issuable in the proposed merger with KCS and KCS filed a definitive proxy statement with respect to KCS-CN merger approval stockholder meeting.

On July 29, 2021, CPRL filed with the SEC a preliminary proxy statement in connection with the solicitation of votes against the CN merger at the KCS-CN merger approval stockholder meeting. On August 9, 2021, CPRL filed with the SEC a definitive proxy statement in connection with the solicitation of votes against the CN merger at the KCS-CN merger approval stockholder meeting.

On the morning of August 10, 2021, KCS received an unsolicited written proposal from CPRL (the "revised CPRL proposal") to acquire KCS for 2.884 CPRL common shares and $90.00 in cash per share of KCS common stock (valued at $300.00 per share of KCS common stock based on the market price of CPRL common shares at the time). The revised CPRL proposal contemplated that CPRL and KCS would enter into a merger agreement with substantially similar terms to those of the CN agreement and included proposed forms of a merger agreement and a voting trust agreement. The revised CPRL proposal indicated that, in connection with KCS's termination of the CN agreement, CPRL would remit $1.4 billion to KCS to reimburse KCS for the payment of

the $700.0 million termination payment that would be due to CN and the $700.0 million refund that would be due to an affiliate of CN with respect to the CN affiliate's reimbursement of the CP termination payment previously paid by KCS to CPRL. The revised CPRL proposal contemplated that KCS would be required to refund the full amount of the reimbursement in connection with the termination of a merger agreement under specified circumstances. In the afternoon of August 10, 2021, the STB announced that it expected to issue a decision on CN's proposed voting trust no later than August 31, 2021. The KCS board convened a meeting on the same day, together with members of senior management and representatives of KCS's legal advisors for a preliminary review of the revised CPRL proposal and to discuss the STB's announcement and potential next steps. The KCS board instructed Mr. Ottensmeyer to reach out to Mr. Ruest to inquire as to whether CN would be willing to increase its purchase price or otherwise improve the terms of its proposed merger in light of the receipt of the revised CPRL proposal and the STB's recent announcement.

On August 11, 2021, Mr. Ottensmeyer contacted Mr. Ruest to communicate the KCS board's inquiry. Later that day, Mr. Ruest indicated that CN was not prepared to increase its proposed purchase price or otherwise modify the terms of the proposed transaction, but that CN would support a decision by the KCS board (if the KCS board so decided) to adjourn the KCS-CN merger approval stockholder meeting to take place after the STB's announcement of a final ruling on the CN voting trust.

On August 12, 2021, the KCS board held a meeting, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors. Representatives of Morgan Stanley and BofA Securities shared their perspectives on the financial terms of the revised CPRL proposal in comparison to the financial terms of the CN agreement. The KCS board reviewed the potential synergies for a combination with each of CN and CPRL and discussed with management and the advisors the potential capacity of each party to further enhance the terms of a transaction, including the feedback Mr. Ottensmeyer had received from Mr. Ruest regarding CN's unwillingness to improve the terms of its proposal. The KCS board also discussed the feedback received from investors and the potential paths available to KCS and reviewed again the regulatory considerations and issues relating to a combination with CPRL relative to CN. The KCS board then determined that the revised CPRL proposal did not constitute, and could not reasonably be expected to lead to, a "Company Superior Proposal", as defined in the CN agreement (which, for purposes of the remainder of this section of this proxy statement/prospectus, we refer to as a "company superior proposal"). The KCS board also determined to adjourn the KCS-CN merger approval stockholder meeting in the event the STB did not release a public decision on the CN voting trust by August 17, 2021, at 6:00 p.m., Central Time. Shortly thereafter, KCS issued a press release announcing its decision. Because the STB had not yet released its decision on the CN voting trust, on August 19, 2021, KCS convened and adjourned the KCS-CN merger approval stockholder meeting until September 3, 2021.

On August 31, 2021, the STB announced a unanimous decision rejecting the use of a voting trust agreement in connection with the proposed transaction between KCS and CN. Later that day, Mr. Creel called Mr. Ottensmeyer to renew and reaffirm the terms of the revised CPRL proposal, which Mr. Creel conveyed in writing to Mr. Ottensmeyer shortly after the conclusion of their call, together with proposed forms of a merger agreement and a voting trust agreement. The letter indicated that the revised CPRL proposal would expire at 11:59 p.m., Eastern Time, on September 12, 2021, if KCS did not deliver evidence to CPRL by that time that KCS had delivered to CN notice of its intention to terminate the CN agreement and enter into a merger agreement with CPRL. At 8:00 p.m., Eastern Time, the KCS board convened a meeting, with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors, to discuss the developments of the day. After deliberation, in light of these developments, the KCS board determined to further adjourn the KCS-CN merger approval stockholder meeting.

On September 3, 2021, KCS convened and adjourned the KCS-CN merger approval stockholder meeting until September 24, 2021.

On the morning of September 4, 2021, the KCS board held a meeting, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors, to discuss the

revised CPRL proposal and potential next steps. Representatives of Morgan Stanley and BofA Securities again provided their perspectives on the financial terms of the revised CPRL proposal in comparison to the financial terms of the CN agreement. The KCS board reviewed an illustrative expected value comparison with respect to the CN and CPRL offers weighted, respectively, by a range of probabilities of consummating a voting trust transaction in connection with each offer. Mr. Ottensmeyer also informed the KCS board that Mr. Ruest had indicated that CN would be willing to join KCS in an appeal of the STB ruling denying approval of the CN voting trust, and would be willing to explore the possibility of pursuing a combination of KCS and CN without a voting trust, but that CN would not be willing to increase the merger consideration or the reverse termination fee that would be payable to KCS if regulatory approval were not obtained.

The KCS board then discussed a proposed list of potential enhancements to request from CN and CPRL. These included, with respect to CN, requests to appeal the STB decision and increase the proposed purchase price and reverse termination fee due to KCS (notwithstanding Mr. Ruest's statements to Mr. Ottensmeyer), and with respect to CPRL, requests to increase the proposed purchase price, reduce the amount of the reimbursement that would be refundable by KCS under certain circumstances from $1.4 billion to $700.0 million, permit KCS to pay a one-time special dividend to KCS stockholders prior to closing, revise the contemplated transaction structure so that the transaction could qualify as a "reorganization" within the meaning of Section 368(a) of the Code (as was contemplated in the prior CP merger agreement) and enhance the flexibility of KCS to undertake certain actions following the execution of a merger agreement with CPRL without CPRL's prior written consent (such as with respect to the terms of KCS's retention program and severance arrangements). The KCS board also reviewed a proposed timeline for soliciting revised proposals from CN and CPRL. After consideration of these perspectives, together with analysis of the STB's ruling on the CN voting trust and the other events of the week, the KCS board determined that the revised CPRL proposal could reasonably be expected to lead to a company superior proposal. Accordingly, the KCS board determined that KCS should provide information to CPRL, and engage in discussions and negotiations with CPRL, with respect to the revised CPRL proposal. The KCS board then directed management, together with KCS's legal advisors, to seek from CN and CPRL the enhancements discussed with the KCS board. KCS management subsequently notified representatives of CN and CPRL of the KCS board's determination, after which KCS issued a press release announcing its decision and intent to engage in discussions with CPRL.

Over the following week, KCS provided CPRL with renewed access to a virtual data room and various business and legal due diligence materials, including a copy of the KCS long-range plan, and responded to diligence requests and questions from CPRL. In addition, CPRL provided KCS with renewed access to a virtual data room and various reverse diligence materials, including a copy of CPRL's internal five-year financial forecast (the "CPRL five-year plan"). Additionally, during this time, members of KCS management and representatives of KCS's legal advisors discussed with their counterparts at CN and CPRL the proposed enhancements sought by the KCS board with respect to their respective proposals. On September 5, 2021, representatives of Wachtell Lipton sent to representatives of Sullivan & Cromwell a revised draft of the merger agreement reflecting these requested enhancements.

On September 6, 2021, Mr. Creel reached out to Mr. Ottensmeyer to express that CPRL was prepared to reduce the amount of the reimbursement that would be refundable by KCS under certain circumstances from $1.4 billion to $700.0 million, revise the contemplated transaction structure so that the transaction could qualify as a "reorganization" within the meaning of Section 368(a) of the Code and accept several of KCS's requests for enhanced flexibility during the pendency of the transaction, including with respect to the terms of KCS's retention program and severance arrangements. Mr. Creel indicated that CPRL was unwilling to accept KCS's other requests, including the request for any additional merger consideration and the ability to pay a one-time special dividend to KCS stockholders. On the next day, representatives of Sullivan & Cromwell sent to representatives of Wachtell Lipton revised drafts of the transaction documents reflecting the positions communicated by Mr. Creel. Representatives of Wachtell Lipton and Sullivan & Cromwell subsequently discussed various minor revisions to the transaction documents.

On September 9, 2021, Mr. Ruest reiterated CN's position that CN would be willing to pursue an appeal of the STB ruling and to explore the possibility of pursuing a combination of KCS and CN without a voting trust, but that CN would not be willing to increase its merger consideration or reverse termination fee.

On the night of September 11, 2021, representatives of Sullivan & Cromwell sent to representatives of Wachtell Lipton a binding offer letter, dated September 12, 2021, and final forms of merger agreement and other transaction documents (collectively, the "final CPRL proposal"). The binding offer letter indicated that the final CPRL proposal could be accepted at any time prior to 5:00 p.m. Eastern Time on September 20, 2021, assuming that the KCS board determined that the final CPRL proposal constituted a company superior proposal and KCS delivered to CN, no later than 11:59 p.m. Eastern Time on September 12, 2021, notice of KCS's intention to terminate the CN agreement and enter into a merger agreement with CPRL.

On the morning of September 12, 2021, the KCS board met, together with members of senior management and representatives of Morgan Stanley, BofA Securities and KCS's legal advisors, to discuss the final CPRL proposal. The KCS board reviewed the terms of the final CPRL proposal relative to the terms of the CN agreement and discussed potential next steps and the requirements of the CN agreement with respect to any further engagement with CPRL, including the obligation of KCS to provide CN the opportunity for at least five business days to attempt to match the terms of the final CPRL proposal in the event the KCS board determined that the final CPRL proposal constituted a company superior proposal. Representatives of Morgan Stanley and BofA Securities also provided to the KCS board their respective financial analyses. The representatives stated that they had each reviewed the terms of the final CPRL proposal with their respective fairness committees and that, absent any material developments following the conclusion of the meeting, the financial advisors stood ready to deliver customary fairness opinions with respect to the final CPRL proposal at such time as the KCS board were to consider terminating the CN agreement and accept the final CPRL proposal.

Following these presentations and discussions, the KCS board determined that the final CPRL proposal constituted a company superior proposal and directed management to notify CN of the KCS board's intention to terminate the CN agreement and to enter into a definitive agreement with respect to the final CPRL proposal unless, at the end of the five business day period following the notice, the KCS board determined that the final CPRL proposal no longer constituted a company superior proposal. After the end of the meeting, members of KCS management communicated the KCS board's determination to representatives of CN and CPRL and KCS issued a press release announcing the KCS board's determination.

On September 13, 2021, members of KCS and CN management and representatives of their respective legal advisors began discussing the possibility of entering into a waiver letter agreement pursuant to which CN would agree to waive the five business day match period under the CN agreement. Representatives of CN reiterated the position that CN was unwilling to offer any additional merger consideration or increase the amount of the reverse termination fee contemplated by CN's proposed transaction with KCS. On September 14, 2021, representatives of CN communicated to KCS that CN was prepared to enter into the waiver letter agreement. Shortly thereafter, representatives of KCS notified CPRL of CN's intention to waive the five business day match period under the CN agreement and that, as such, the KCS board would convene a meeting the next morning to make a final determination as to whether or not to terminate the CN agreement and accept the final CPRL proposal.

On the morning of September 15, 2021, the KCS board held a meeting. A representative of Wachtell Lipton discussed with the board its fiduciary duties under Delaware law. Thereafter, representatives of each of the financial advisors presented to the KCS board their respective financial analyses and each financial advisor rendered to the KCS board its oral opinion, which was confirmed by delivery of its written opinion dated September 15, 2021, to the effect that, as of such date and based upon and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by such financial advisor, as set forth in such financial advisor's written opinion, the consideration to be received by holders of KCS common stock (other than certain excluded shares as described in the merger agreement) in the transaction with CPRL was fair, from a financial point of view, to such holders. The full text of the written opinion of each of Morgan Stanley and BofA Securities is attached to this proxy statement as Annexes B and C, respectively, and is incorporated by reference in this proxy statement in its entirety. See also the sections entitled

"*The KCS Merger Proposal—Opinion of Morgan Stanley*" and "*The KCS Merger Proposal—Opinion of BofA Securities*" on pages 71 and 84, respectively. After further discussion and deliberation, the KCS board unanimously determined that the final CPRL proposal continued to constitute a company superior proposal and approved the proposed waiver letter agreement with CN, termination of the CN merger agreement, KCS's payment of the $700.0 million CN agreement termination payment and the $700.0 million CN refund owed to CN (or its affiliates) under the terms of the CN agreement, and KCS's entry into the merger agreement with CPRL. The KCS board also approved the updated retention and severance arrangements set forth in the final CPRL proposal.

Following the completion of the KCS board meeting, KCS management notified CN of the KCS board's determination, after which KCS and CN entered into the waiver letter agreement and KCS terminated the CN agreement and paid the $700.0 million CN agreement termination payment. Shortly thereafter, KCS delivered an executed signature page to the merger agreement with CPRL, which had already been executed by CPRL, and KCS and CPRL issued a joint press release announcing the transaction. Following execution of the merger agreement, CPRL remitted to KCS $700.0 million in connection with the payment of the CN agreement termination payment made by KCS to CN, KCS paid the $700.0 million CN refund to an affiliate of CN, and CPRL remitted to KCS $700.0 million in connection with the payment of the CN refund made by KCS to an affiliate of CN.

Recommendation of the KCS Board; KCS's Reasons for the Transaction

At a special meeting held on September 15, 2021, the KCS board unanimously: (1) determined that it was in the best interests of KCS and its stockholders, and declared it advisable, to enter into the merger agreement with CPRL; (2) approved the execution, delivery and performance of the merger agreement and the transactions contemplated by the merger agreement (including the merger); (3) recommended that the stockholders of KCS adopt the merger agreement; and (4) directed that the merger agreement be submitted to a vote at a meeting of KCS's stockholders. **The KCS board unanimously recommends that KCS stockholders vote "FOR" the merger proposal.**

In evaluating the transaction and in reaching its determinations and making its recommendations with respect to the merger agreement, the KCS board consulted with KCS senior management and outside legal and financial advisors over the course of several meetings, and considered a number of factors, including the following material factors that weighed in favor of the transaction.

Strategic Considerations and Synergies:

- The KCS board believes the transaction will create the first rail network connecting the U.S., Mexico and Canada, with the ability to deliver dramatically expanded market reach for KCS and CPRL customers, provide new competitive transportation options, provide infrastructure, public safety and environmental benefits through truck to rail conversion opportunities, and support North American economic growth;
- The KCS board believes CPRL and KCS are the fastest growing Class I railroads, with significant success in the transformation to Precision Scheduled Railroading;
- The KCS board considered a synergy analysis (based on CPRL's synergies analysis) showing annualized EBITDA synergies for the combined company of approximately $990 million (plus $20 million of capital expenditure and depreciation and amortization synergies) expected to be realized within the first three years after the transaction, primarily by executing the combined growth strategies of KCS and CPRL with new efficiencies for customers and improved on-time performance under their respective PSR programs; the KCS board also considered a more conservative synergy analysis
  prepared by KCS management showing EBITDA synergies of approximately $377 million (plus

$23 million of capital expenditure and depreciation and amortization synergies) over three years, and assessed both synergy analyses in making its decision, as further described in the section entitled "*KCS Unaudited Prospective Financial Information*";

- The KCS board believes that the combined company will have the scale, balance sheet strength, financial flexibility, and free cash flow to fund future growth, and improved ability to access the capital markets on more favorable terms than available to KCS as an independent company, which would allow the combined company to be more competitive in capturing strategic opportunities;
- The KCS board received information from and had discussions with KCS's management, in consultation with outside financial advisors, regarding CPRL's business, results of operations, financial and market position, KCS management's expectations concerning the combined company's business and financial prospects, and historical and current trading prices of CPRL common shares;

Attractive Value and Mix of Consideration

- The KCS board considered the aggregate value and nature of the consideration to be received in the transaction by KCS stockholders, including:
  - that the merger consideration had an implied value per share of KCS common stock of $300, based on the closing price of CPRL common shares on the NYSE as of August 9, 2021 (the last full trading day prior to the date on which CPRL submitted the revised CPRL proposal), which represented a premium of approximately 34% to KCS stockholders based on the unaffected closing price of KCS common stock on March 19, 2021 (the last trading day before the KCS board's approval of and the announcement of the prior CP merger agreement);
  - that based on CPRL's market price on September 13, 2021, approximately 69% of the merger consideration consists of CPRL common shares, with the CPRL common shares to be issued to KCS common stockholders constituting approximately 28% of the outstanding shares of CPRL common shares following the transaction, offering KCS common stockholders the opportunity for meaningful ownership participation in the future earnings, dividends, synergies and growth of the combined company, a company which the KCS board considers to be an attractive investment for the reasons discussed above in the section entitled "*Strategic Considerations and Synergies*";
  - that based on CPRL's market price on September 13, 2021, approximately 31% of the merger consideration consists of cash, which provides KCS stockholders with immediate liquidity for a portion of their shares; and
  - that the first merger and the second merger, taken together, are intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Code and that Section 367(a)(1) of the Code will not apply to cause the mergers to result in gain recognition by holders of KCS common stock that exchange their shares of KCS common stock for the merger consideration (other than any Excepted Shareholder), as more fully described in the section entitled "*Material U.S. Federal Income Tax Consequences*";

Attractive Strategic Alternative:

- The KCS board believes that the transaction with CPRL is attractive in comparison to the alternative of remaining independent and continuing to execute on KCS's long-range business strategy and is also attractive in comparison to other alternatives, including the CN agreement. In this regard, the KCS board considered:
  - the course and history of KCS's discussions and competitive negotiations with Party A and CN, including: (i) the fact that, after six rounds of bidding, Party A's last proposal to acquire KCS for

$250.00 per share in cash was significantly lower in value than both CN's and CPRL's proposals and did not offer the opportunity for ongoing participation in the combined company's future performance; and (ii) the fact that CN determined that it was unwilling to increase the consideration or otherwise enhance the transaction terms offered in its proposal to acquire KCS following the announcement by the STB of its unanimous decision to reject CN's proposed voting trust;

- the fact that the STB had already approved the CPRL voting trust, and that the merger agreement, including the form of voting trust, was substantially identical to the prior CP merger agreement but for the increase in the share consideration of the merger consideration;
- the confidence of CPRL in its ability to obtain approval for the full combination of CPRL and KCS as demonstrated by its willingness to close into a voting trust, as more fully described below under "*Terms of the Merger Agreement*";
- the fact that, in the six months following public announcement of the prior CP merger agreement, no party other than CN had submitted a competing proposal, and the fact that the merger agreement, like the CN agreement, would permit KCS to terminate the merger agreement to accept a superior proposal, subject to certain conditions, were an unsolicited proposal to be made after announcement of the transaction, as more fully described below under "*Terms of the Merger Agreement*";

Opinions of KCS's Financial Advisors

- The KCS board considered the financial presentations by KCS's financial advisors and the oral opinion of each such financial advisor rendered to the KCS board, which was confirmed by delivery of a written opinion dated September 15, 2021, to the effect that, as of such date and based upon and subject to the assumptions made, the procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by such financial advisor, as set forth in such financial advisor's written opinion, the consideration to be received by the holders of KCS common stock (other than certain excluded shares as described in the merger agreement) in the transaction was fair, from a financial point of view, to such holders. The full text of the written opinion of each of Morgan Stanley and BofA Securities is attached to this proxy statement as Annexes B and C, respectively, and is incorporated by reference in this proxy statement in its entirety. See also the sections entitled "The KCS Merger Proposal—Opinion of Morgan Stanley" and "The KCS Merger Proposal—Opinion of BofA Securities" on pages 71 and 84, respectively;

Timing and Likelihood of Completion of the Transaction

- The KCS board considered the willingness of CPRL to close into a voting trust, allowing KCS stockholders to receive the merger consideration immediately following the completion of the voting trust transaction, which is currently expected to be completed in the first quarter of 2022, rather than waiting for CPRL to obtain STB final approval from the STB before KCS stockholders would receive the merger consideration;
- The KCS board considered the limited closing conditions to the completion of the transaction, the absence of a financing condition or similar contingency that is based on CPRL's ability to obtain financing and the strong commitment made by CPRL to obtain regulatory approvals, as further described in the section entitled "*The KCS Merger Proposal—Regulatory Approvals Required for the Transaction*" on page 109 and "*The Merger Agreement—Regulatory Filings and Efforts; Other Actions*" on page 159;

Terms of the Merger Agreement

- The KCS board considered the ability of KCS, subject to specified limitations, to respond to and

engage in discussions regarding unsolicited third-party acquisition proposals under certain circumstances and, ultimately, to terminate the merger agreement in order to enter into a definitive agreement providing for a superior proposal to the merger with CPRL, subject to compliance with the procedural terms and conditions set forth in the merger agreement and the payment of the $700.0 million CP termination payment to CPRL and the $700.0 million CN termination amount refund, as further discussed in the section entitled "*The Merger Agreement—Termination or Abandonment of the Merger Agreement*" on page 163;

- The KCS board considered the terms of the merger agreement that restrict CPRL's ability to solicit alternative business combination transactions and to provide information to, or engage in discussions with, a third party interested in pursuing an alternative business combination transaction with CPRL, as further discussed in the section entitled "*The Merger Agreement—No-Solicitation*";
- The KCS board considered the obligation of CPRL to pay to KCS a termination payment of $1.0 billion upon termination of the merger agreement under specified circumstances, including if (i) the transaction has not been consummated by February 21, 2022 (or, in the event the authorizations required to be obtained from COFECE and the IFT with respect to the transactions contemplated by the merger agreement are the only outstanding conditions to be satisfied or waived as of February 21, 2022, by May 21, 2022) because there is an injunction or similar order prohibiting the transaction or the voting trust transaction arising out of the STB review process or under Section 721 or (ii) such an injunction or order has become final and non-appealable, in each case, as further discussed in the section entitled "*The Merger Agreement—Termination or Abandonment of the Merger Agreement*" on page 163;

Governance Matters

- The KCS board considered the fact that, following STB final approval (or at such earlier date following the closing of the transaction as may be approved by the STB), four KCS directors will be appointed to the CPRL board, which will allow for oversight of and input into the strategy of the combined company;

The KCS board weighed these factors that it viewed as supporting the merger agreement and the transaction against a number of potentially negative factors, including:

- the fact that completion of the transaction depends on certain factors outside of KCS's control, including regulatory approvals and CPRL shareholder approval, and that there can be no assurance that the conditions to the transaction will be satisfied even if the merger proposal is approved by KCS stockholders;
- the potential consequences of non-consummation of the transaction, including the potential negative impacts on KCS, its business and the trading price of its shares of common stock;
- CPRL's unwillingness to agree to adjustments in the fixed exchange ratio to protect against any decrease in the trading price of CPRL common shares prior to the consummation of the transaction;
- the terms of the merger agreement that restrict KCS's ability to solicit alternative acquisition proposals and to provide information to, or engage in discussions with, a third party interested in pursuing an alternative acquisition proposal, as further discussed in the section entitled "*The Merger Agreement—No Solicitation*" on page 150, though the KCS board also considered that such terms do not prevent such discussions if certain criteria are met;
- the obligation of KCS to pay to CPRL the CP termination payment of $700.0 million upon termination of the merger agreement and to pay to CPRL the $700.0 million CN termination amount refund in the event KCS accepts a superior proposal, though the KCS board determined that the obligation was reasonable and not preclusive or coercive;

- the potential for diversion of management and employee attention, and potential retention challenges, due to the possible effects of the announcement and pendency of the transaction, though the KCS board also considered and approved a retention program and severance arrangements in connection with the transaction, as discussed in the sections entitled "*Interests of KCS's Directors and Executive Officers in the Transaction—Executive Severance Arrangements*" on page 102 and "*Interests of KCS's Directors and Executive Officers in the Transaction—Retention Program*" on page 104;
- the difficulty and costs inherent in integrating large and diverse businesses;
- the fact that forecasts of future results of operations and synergies are necessarily estimates based on assumptions, and that for these and other reasons there is a risk of not realizing anticipated performance or capturing potential synergies and other benefits expected to be obtained as a result of the transaction; and
- the risks and other considerations of the type and nature described under the sections entitled "*Risk Factors*" on page 21 and "*Cautionary Statement Regarding Forward-Looking Statements*" on page 36.

The KCS board considered the factors described above as a whole, including through engaging in discussions with KCS senior management and KCS's outside legal and financial advisors. Based on this review and consideration, the KCS board unanimously concluded that these factors, on balance, supported a determination that the merger agreement and the transactions contemplated by the merger agreement, including the transaction, were advisable and in the best interests of KCS stockholders, and to make its recommendation to KCS stockholders that they vote to adopt the merger agreement.

In addition, the KCS board was aware of and considered the fact that KCS's directors and executive officers may have certain interests in the transaction that are different from, or in addition to, the interests of KCS stockholders generally, including the treatment of equity awards held by such directors and executive officers in the transaction, as described in the section entitled "*Interests of KCS's Directors and Executive Officers in the Transaction*" on page 101.

The foregoing discussion describes the material factors that the KCS board considered, but is not, and is not intended to be, exhaustive. The KCS board collectively reached the conclusion to approve the merger agreement and the consummation of the transactions contemplated by the merger agreement, including the merger, in light of the various factors described above and other factors that the members of the KCS board believed appropriate. In view of the complexity and wide variety of factors, both positive and negative, that the KCS board considered in connection with its evaluation of the transaction, the KCS board did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative or specific weights or values to any of the factors it considered in reaching its decision. In considering the factors discussed above, individual directors may have given different weights to different factors.

The foregoing discussion of the information and factors considered by the KCS board in approving the merger agreement is forward-looking in nature. This information should be read in light of the factors discussed in the section entitled "*Cautionary Statement Regarding Forward-Looking Statements*" on page 36.

Board of Directors and Management of CPRL after the Transaction

Board of Directors

All current members of the CPRL board will continue to serve as directors of the combined company. Under the merger agreement, CPRL has agreed to appoint four of the members of the KCS board to serve as directors on the CPRL board as of the control date, in each case until such director's successor is elected and qualified or the earlier of such director's death, resignation or removal, in each case in accordance with CPRL's constating documents. In the event that after the effective time any of such four directors indicates that he or she plans to resign as a director of KCS and is willing to become a director of CPRL, CPRL will be required to seek the approval of the STB in order for such director to be appointed prior to the control date.

Management

Following the effective time, the management and board of directors of KCS will continue to manage the second surviving corporation while its outstanding shares of capital stock are held in the voting trust, pursuing its independent business plan and growth strategies. Following receipt of STB final approval, CPRL (through its indirect wholly owned subsidiary, merger holdco) will acquire control of KCS, the two companies will be combined and Mr. Keith Creel, the current President and Chief Executive Officer of CPRL, will serve as Chief Executive Officer of the combined company as of the control date. The other members of the executive management team of CPRL following the control date have not yet been determined, and will be communicated in due course.

Information about the current directors and senior management of CPRL and KCS can be found in the documents listed under the section entitled "*Where You Can Find Additional Information*" on page 229.

CPRL's Reasons for the Transaction

At its meeting held on September 11, 2021, after due consideration and extensive consultation with CPRL's management and outside legal and financial advisors to both CPRL and the CPRL board, the CPRL board unanimously approved the merger agreement and the transactions contemplated by the merger agreement and authorized the issuance of CPRL common shares under the merger agreement. In doing so, the CPRL board considered the business, assets and liabilities, results of operations, financial performance, strategic direction and prospects of CPRL and KCS, with a view to the best interests of CPRL. In making its determination, the CPRL board considered a number of factors (which are not necessarily presented in order of relative importance) with a view to the best interests of CPRL, including the following:

- the creation, as a result of the transaction, of the first rail network connecting the U.S., Mexico and Canada and the expected ability to deliver significantly expanded market reach for customers served by CPRL and KCS and provide new competitive transportation service options, including new single-line hauls across the combined company's continent-wide network, while improving route efficiency and reducing transit times; the expected benefits to CPRL's business, assets, financial condition, results of operations, business plan and prospects after CPRL's combination with KCS following receipt of STB final approval, including the expected pro forma effect of the transaction on the combined company;
- the expectation that, after CPRL's combination with KCS following receipt of STB final approval, a single integrated rail system will connect premier ports on the U.S. Gulf, Atlantic and Pacific coasts with key overseas markets, and that CPRL and KCS's combined network will result in increased efficiency and simplicity for the combined company's customers, including grain, automotive, auto-parts, energy, intermodal and other shippers;
- the belief that CPRL's and KCS's cultures are aligned and rooted in the highest safety, service and performance standards and that CPRL and KCS are both committed to improving sustainability and have made science-based pledges in-line with the Paris Agreement to improve fuel efficiency and lower emissions in support of a more sustainable North American supply chain;
- the expectation that the combination will create a more competitive network, while remaining the smallest of six U.S. Class 1 railroads by revenue, and spur greater rail-to-rail competition and greater support for customers in growing their rail volumes;
- CPRL management's identification of approximately $1,000 million in annualized synergies (comprised of cost savings of $180 million and $820 million in EBITDA growth from market opportunities) expected to be realized within the first three years after receipt of STB final approval and the expectation that CPRL's combination with KCS following receipt of STB final approval would be accretive to CPRL's adjusted diluted earnings per share;
- the CPRL board's knowledge of, and CPRL's discussions with KCS management regarding, KCS's business operations, financial condition, earnings and prospects and its knowledge of CPRL's business,

operations, financial condition, earnings and prospects, taking into account KCS's publicly filed information and the results of CPRL's due diligence investigation of KCS;

- the expectation the combined company will benefit from the continued strong leadership of CPRL's experienced President and Chief Executive Officer and the addition of KCS's seasoned management team will bring valuable expertise and talent to the operations of the combined company;
- the exchange ratio is fixed and will not be adjusted for fluctuations in the market price of CPRL common shares or shares of KCS common stock between the date of the merger agreement and the closing of the transaction;
- the aggregate cash consideration is fixed, which gives CPRL additional certainty regarding the amount of cash required to be paid by CPRL to consummate the transaction;
- the belief, after a thorough review of other business combination and strategic opportunities reasonably available to CPRL, that the transaction represents the most attractive opportunity for CPRL and that its review did not present a better alternative;
- the ability of CPRL, in specified circumstances, to provide information to and to engage in discussions or negotiations with a third party that makes an unsolicited acquisition proposal, as further described in the section entitled "*The Merger Agreement – No Solicitation*," on page 150;
- the ability of the CPRL board, in specified circumstances, to change its recommendation to CPRL shareholders concerning the transaction, as further described in the section entitled "*The Merger Agreement—Change of Recommendation*," on page 152;
- other favorable terms of the merger agreement, including:
  - restrictions on KCS's ability to solicit alternative business combination transactions and to provide confidential due diligence information to, or engage in discussions with, a third party interested in pursuing an alternative business combination transaction with KCS, as further discussed in the section entitled "*The Merger Agreement—No Solicitation*" on page 150;
  - the obligation of KCS to pay CPRL a termination payment of $700.0 million upon termination of the merger agreement under specified circumstances and/or the CN termination amount refund of $700.0 million under specified circumstances; and
  - the requirement that KCS hold a stockholder vote on the adoption of the merger agreement, even though the KCS board may have withdrawn or changed its recommendation; and
- the probability that the conditions to the transaction will be satisfied.

In connection with its deliberations relating to the transaction, the CPRL board also considered potential risks and negative factors concerning the transactions contemplated by the merger agreement (which are not necessarily presented in order of relative importance), including the following:

- the risk that the KCS stockholders may not approve the KCS merger proposal or that CPRL shareholders may not approve the issuance of CPRL common shares to KCS common stockholders in connection with the transaction and the risk that the transaction might not be completed in a timely manner or at all, despite CPRL's efforts;
- the effect that the length of time from announcement until closing could have on the market price of CPRL common shares, CPRL's operating results (particularly in light of the significant costs incurred in connection with the transaction) and the relationships with CPRL's employees, CPRL shareholders, customers, suppliers, regulators, partners and others that do business with CPRL;
- the risk that the anticipated benefits of the transaction will not be realized in full or in part, including the risk that expected synergies will not be achieved or will not be achieved in the expected time frame;

- the risk that regulatory authorities may not approve the transaction or may impose burdensome terms or conditions, giving rise to increased pre-tax transaction costs, and the risk that divestitures or other accommodations required by antitrust regulatory authorities may decrease or eliminate the anticipated strategic and other benefits of the transaction to CPRL;
- the risk of diverting the attention of CPRL's senior management from other strategic priorities to implement the transaction and make arrangements for integration of CPRL's and KCS's operations and infrastructure following receipt of STB final approval;
- certain restrictions on the conduct of CPRL's business during the pendency of the transaction, including restrictions on CPRL's ability to solicit alternative business combination transactions, although the CPRL board believed that such restrictions were reasonable;
- the requirement that CPRL hold a shareholder vote on the issuance of CPRL common shares in connection with the first merger, even though the CPRL board may have withdrawn or changed its recommendation;
- the obligation of CPRL to pay KCS a termination payment of (i) $1.0 billion upon termination of the merger agreement if certain regulatory approvals are not obtained; or (ii) a termination payment of $700.0 million upon termination of the merger agreement under specified circumstances;
- the exchange ratio is fixed and will not be adjusted in the event that the market price of CPRL common shares increases relative to the market price of shares of KCS common stock between the date of the merger agreement and the closing of the transaction;
- the potential impact on the market price of CPRL common shares as a result of the issuance of the share consideration to KCS common stockholders;
- the ownership dilution to pre-merger holders of CPRL common shares as a result of the issuance of CPRL common shares in connection with the transaction;
- the risks associated with the occurrence of events that may materially and adversely affect the financial condition, properties, assets, liabilities, business or results of operations of KCS and/or its subsidiaries but not entitle CPRL to terminate the merger agreement; and
- the risks described in the section entitled "*Risk Factors*," on page 21.

After consideration of these factors, the CPRL board determined that, overall, the potential benefits of the transaction outweighed the potential risks.

The foregoing discussion of factors considered by the CPRL board is not intended to be exhaustive and may not include all the factors considered by the CPRL board. In view of the wide variety of factors considered in connection with its evaluation of the transaction and the complexity of these matters, the CPRL board did not attempt to quantify, rank or otherwise assign any relative or specific weights to the factors that it considered in reaching its determination to approve the merger agreement. In addition, individual members of the CPRL board may have given differing weights to different factors. The CPRL board conducted an overall review of the factors described above and other material factors, including through discussions with, and inquiry of, CPRL's management and outside legal and financial advisors.

The foregoing description of CPRL's consideration of the factors supporting the transaction is forward-looking in nature. This information should be read in light of the factors discussed in the section entitled "*Cautionary Statement Regarding Forward-Looking Statements*," on page 36.

Opinions of KCS's Financial Advisors

Opinion of Morgan Stanley

The KCS board retained Morgan Stanley to act as its financial advisor and to provide it with a financial opinion in connection with the transaction. KCS selected Morgan Stanley to act as its financial advisor based on Morgan

Stanley's qualifications, expertise and reputation and its knowledge of the industry, business and affairs of KCS. At the meeting of the KCS board on September 15, 2021, Morgan Stanley rendered its oral opinion, which was confirmed by delivery of a written opinion dated September 15, 2021, to the KCS board to the effect that, as of such date, and based upon and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley as set forth in its written opinion, the merger consideration to be received by the holders of shares of KCS common stock (other than excluded shares) pursuant to the merger agreement was fair from a financial point of view to such holders of KCS common stock.

The full text of Morgan Stanley's written opinion to the KCS board, dated September 15, 2021, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion, is attached to this proxy statement/prospectus as Annex B and is incorporated by reference herein in its entirety. The foregoing summary of Morgan Stanley's opinion is qualified in its entirety by reference to the full text of the opinion. You are encouraged to read Morgan Stanley's opinion and the summary of Morgan Stanley's opinion below carefully and in their entirety. Morgan Stanley's opinion was for the benefit of the KCS board, in its capacity as such, and addressed only the fairness from a financial point of view of the merger consideration to be received by the holders of shares of KCS common stock (other than excluded shares) pursuant to the merger agreement as of the date of the opinion and did not address any other aspects or implications of the transaction. Morgan Stanley's opinion was not intended to, and does not, constitute advice or a recommendation as to how the shareholders of KCS or CPRL should vote at the shareholder meetings to be held in connection with the transaction.

In connection with rendering its opinion, Morgan Stanley, among other things:

(a) reviewed certain publicly available financial statements and other business and financial information of KCS and CPRL, respectively;
(b) reviewed certain internal financial statements and other financial and operating data concerning KCS and CPRL, respectively;
(c) reviewed the KCS management unaudited KCS projections, the KCS management assumed synergies and the KCS management unaudited CPRL projections (each as defined and described in the below section entitled "KCS Unaudited Prospective Financial Information"), in each case prepared by the management of KCS;
(d) reviewed information relating to certain strategic, financial and operational benefits anticipated from the transaction, prepared by the managements of KCS and CPRL, respectively;
(e) discussed the past and current operations and financial condition and the prospects of KCS, including information relating to certain strategic, financial and operational benefits anticipated from the transaction, with senior executives of KCS;
(f) discussed the past and current operations and financial condition and the prospects of CPRL, including information relating to certain strategic, financial and operational benefits anticipated from the transaction, with senior executives of CPRL;
(g) reviewed the reported prices and trading activity for KCS common stock and CPRL common shares;
(h) compared the financial performance of KCS and CPRL and the prices and trading activity of KCS common stock and CPRL common shares with that of certain other publicly-traded companies comparable with KCS and CPRL, respectively, and their securities;
(i) reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;
(j) participated in certain discussions and negotiations among representatives of KCS and CPRL and certain parties and their financial and legal advisors;

(k) reviewed a draft of the merger agreement dated September 10, 2021 (the "draft agreement"), the debt commitment letters, the STB May 6 decision, the form of the voting trust agreement, and certain related documents; and

(l) performed such other analyses, reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to Morgan Stanley by KCS and CPRL, respectively, and formed a substantial basis for its opinion. With respect to the KCS management unaudited KCS projections and the KCS management assumed synergies, Morgan Stanley assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of KCS of the future financial performance of KCS. With respect to the KCS management unaudited CPRL projections, Morgan Stanley assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of KCS of the future financial performance of CPRL, including following consummation of the transaction. In addition, Morgan Stanley assumed that the transaction will be consummated in accordance with the terms set forth in the merger agreement without any waiver, amendment or delay of any terms or conditions, including, among other things, (i) that the transaction will be treated as a tax-free reorganization pursuant to the Code, (ii) that CPRL will obtain financing in accordance with the terms set forth in the debt commitment letters, (iii) that the STB will permit the transaction to close into the voting trust in accordance with the terms of the STB May 6 decision and the voting trust agreement and (iv) that the definitive merger agreement would not differ in any material respect from the draft agreement. Morgan Stanley assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the transaction, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the transaction. Morgan Stanley relied upon, without independent verification, the assessment by the managements of KCS and CPRL of: (i) the strategic, financial and other benefits expected to result from the transaction; (ii) the timing and risks associated with the integration of KCS and CPRL; (iii) their ability to retain key employees of KCS and CPRL, respectively, and (iv) the validity of, and risks associated with, KCS and CPRL's existing and future technologies, intellectual property, products, services and business models. Morgan Stanley is not a legal, tax or regulatory advisor. Morgan Stanley is a financial advisor only and relied upon, without independent verification, the assessment of CPRL and KCS and their legal, tax or regulatory advisors with respect to legal, tax or regulatory matters. Morgan Stanley expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of KCS's officers, directors or employees, or any class of such persons, relative to the merger consideration to be received by the holders of shares of KCS common stock in the transaction. Morgan Stanley's opinion does not address the relative merits of the transactions contemplated by the merger agreement as compared to other business or financial strategies that might be available to KCS, nor does it address the underlying business decision of KCS to enter into the merger agreement or proceed with any other transaction contemplated by the merger agreement. Morgan Stanley expressed no opinion with respect to the treatment of the KCS preferred stock, in the transaction. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of KCS or CPRL, nor was it furnished with any such valuations or appraisals. Morgan Stanley's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Morgan Stanley as of, the date of its opinion. Events occurring after such date may affect Morgan Stanley's opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion.

The following is a summary of the material financial analyses performed by Morgan Stanley in connection with the preparation of its opinion to the KCS board. The following summary is not a complete description of Morgan Stanley's opinion or the financial analyses performed and factors considered by Morgan Stanley in connection with its opinion, nor does the order of analyses described represent the relative importance or weight given to those analyses. The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the

text of each summary. The tables alone do not constitute a complete description of the financial analyses. The analyses listed in the tables and described below must be considered as a whole; considering any portion of such analyses and of the factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Morgan Stanley's opinion. Morgan Stanley considered a number of factors in analyzing the merger consideration. The fact that points in the ranges of implied equity value per share of KCS common stock derived below were less than or greater than the merger consideration is not necessarily dispositive in connection with Morgan Stanley's analysis of the merger consideration, but is one of many factors Morgan Stanley considered. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before September 13, 2021 and is not necessarily indicative of current market conditions.

In performing the financial analyses summarized below and in arriving at its opinion, Morgan Stanley, at the direction of the KCS board, used and relied upon the KCS management unaudited KCS projections, the KCS management assumed synergies and the KCS management unaudited CPRL projections. For more information, please see the section of this proxy statement captioned "*The KCS Merger Proposal – KCS Unaudited Prospective Financial Information*" on page 96.

Analyses Related to KCS

Discounted Cash Flow Analysis

Morgan Stanley performed a discounted cash flow analysis, which is designed to provide an implied value of a company by calculating the present value of the estimated future unlevered free cash flows and terminal value of such company. Morgan Stanley calculated a range of implied equity values per share of KCS common stock as of June 30, 2021, based on estimates of future unlevered free cash flows for the six months ending December 31, 2021 and fiscal years 2022 through 2029 contained in the KCS management unaudited KCS projections, including net debt of KCS as of June 30, 2021 of $3,787 million. Morgan Stanley also calculated a range of terminal values for KCS based on next twelve months ("NTM") EBITDA exit multiple range of 10.75x to 12.25x, which was selected based on Morgan Stanley's professional judgment and experience. The estimated unlevered free cash flows and the range of terminal values were then discounted to June 30, 2021 by applying a discount rate range of 6.1% to 7.3%, which was selected based on Morgan Stanley's professional judgment and experience, to reflect KCS's estimated weighted average cost of capital. Morgan Stanley used a discount rate range of 6.1% to 7.3% to reflect KCS's estimated weighted average cost of capital, which was calculated by multiplying the cost of each capital source (debt and equity) by its relevant weight, and then adding the products together to determine the value. Cost of equity was calculated using the Capital Asset Pricing Model ("CAPM"). The CAPM takes into account market risk premium, risk-free rate and beta of the underlying stock. Morgan Stanley used an EBITDA exit multiple range of 10.75x to 12.25x based on KCS's and comparable companies' EBITDA multiples over time.

This analysis indicated a range of implied equity values per share of KCS common stock of $226.00 to $280.00, in each case rounded to the nearest $1.00.

Morgan Stanley compared the foregoing range of implied equity values per share of KCS common stock to the closing trading price of KCS common stock as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $224.16 and the implied value of the merger consideration to be received by holders of shares of KCS common stock in the transaction as of September 13, 2021 of $288.00, rounded to the nearest $1.00.

Comparable Public Company Analysis

Morgan Stanley performed a comparable public company analysis, which attempts to provide an implied value of a company by comparing it to similar companies that are publicly traded. Morgan Stanley reviewed and

compared certain financial information of KCS with corresponding publicly available financial information for other Class 1 Rail companies that shared certain similar characteristics to KCS to derive an implied valuation range for KCS. The companies used in this comparison were the following:

- CPRL
- CN
- Union Pacific Corporation
- Norfolk Southern Corporation
- CSX Corporation

The above companies were chosen based on Morgan Stanley's knowledge of the industry and because they have businesses that may be considered similar to KCS's. Although none of such companies are identical or directly comparable to KCS, these companies are publicly traded companies with operations and/or other criteria, such as lines of business, markets, business risks, growth prospects, maturity of business and size and scale of business, that for purposes of its analysis Morgan Stanley considered similar to KCS.

For purposes of this analysis, Morgan Stanley analyzed the following statistics of each of these companies, based on public filings, publicly available research estimates and publicly available financial information published by Capital IQ as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) for KCS and CPRL, as of April 19, 2021 (which was the last trading day prior to the announcement of the CN proposal) for CN and as of September 13, 2021 for Union Pacific Corporation, Norfolk Southern Corporation and CSX Corporation:

- the ratio of aggregate value ("AV"), calculated as the market value of equity plus short-term debt, long-term debt, preferred equity and non-controlling interests, net of cash, cash equivalents and investments to estimated fiscal year 2022 EBITDA (which is referred to below as the "2022E AV/EBITDA Ratio"); and
- the ratio of stock price to estimated fiscal year 2022 earnings per share (which is referred to below as the "2022E P/E Ratio").

The results of Morgan Stanley's analysis were presented for the comparable companies, as indicated in the following table:

	2022E AV/EBITDA Ratio	2022E P/E Ratio
KCS	13.4x	21.4x
CPRL	14.6x	21.1x
CN	14.2x	22.5x
Union Pacific Corporation	12.9x	18.3x
Norfolk Southern Corporation	12.4x	18.4x
CSX Corporation	11.8x	18.1x
Mean	**13.2x**	**20.0x**
Median	**13.2x**	**19.8x**

Based on its analysis of the relevant metrics for each of the comparable companies and upon the application of its professional judgment and experience, Morgan Stanley selected representative ranges of 2022E AV/EBITDA Ratio and 2022E P/E Ratio and applied these ranges to KCS's estimated fiscal year 2022 EBITDA of $1,839 million based on consensus analyst estimates and of $1,827 million based on the KCS management unaudited KCS projections, and to KCS's estimated fiscal year 2021 earnings per share of $10.50 based on consensus analyst estimates and of $10.75 based on the KCS management unaudited KCS projections. For purposes of this analysis, Morgan Stanley utilized the KCS management unaudited KCS projections and

consensus analyst estimates. Morgan Stanley then calculated a range of implied equity values per share of KCS common stock as follows, in each case rounded to the nearest $1.00:

	Selected Representative Range	Implied Equity Value Per Share of KCS Common Stock
2022E AV/EBITDA Ratio (KCS management unaudited KCS projections)	12.0x – 14.5x	$ 199.00-$248.00
2022E P/E Ratio (KCS management unaudited KCS projections)	18.5x – 22.5x	$ 199.00-$242.00
2022E AV/EBITDA Ratio (Consensus)	12.0x – 14.5x	$ 200.00-$250.00
2022E P/E Ratio (Consensus)	18.5x – 22.5x	$ 194.00-$236.00

Morgan Stanley compared the foregoing ranges of implied equity values per share of KCS common stock to the closing trading price of KCS common stock as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $224.16 per share and the implied value of the merger consideration to be received by holders of shares of KCS common stock in the transaction as of September 13, 2021 of $288.00 per share, rounded to the nearest $1.00.

No company included in the comparable public company analysis is identical to KCS. In evaluating comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of KCS. These include, among other things, the impact of competition on the business of KCS and the industry generally, industry growth, and the absence of any adverse material change in the financial condition and prospects of KCS and the industry, and in the financial markets in general. Mathematical analysis is not in itself a meaningful method of using comparable company data.

Morgan Stanley used a 12.0x to 14.5x representative range for 2022E AV/EBITDA Ratio for both KCS and CPRL. This range was based on market data multiples for KCS, CPRL and the four other public Class I railroads (CN, Union Pacific Corporation, CSX Corporation and Norfolk Southern Corporation). The KCS and CPRL market data were as of March 19, 2021 (the unaffected date for KCS's share price), the CN market data was as of April 19, 2021 (the unaffected date for CN's share price), and the Union Pacific Corporation, CSX Corporation and Norfolk Southern Corporation market data were as of September 13, 2021.

Summary Statistics for 2022E AV / EBITDA Ratio	
Minimum	11.8x
Median	13.2x
Mean	13.2x
Maximum	14.6x

Morgan Stanley used a 18.5x to 22.5x representative range for 2022E P/E Ratio for both KCS and CPRL. This range was based on market data multiples for KCS, CPRL and the four other public Class I railroads (CN, Union Pacific Corporation, CSX Corporation and Norfolk Southern Corporation). The KCS and CPRL market data were as of March 19, 2021 (the unaffected date for KCS's share price), the CN market data was as of April 19, 2021 (the unaffected date for CN's share price), and the Union Pacific Corporation, CSX Corporation and Norfolk Southern Corporation market data were as of September 13, 2021.

Summary Statistics for 2022E P / E Ratio	
Minimum	18.1x
Median	19.8x
Mean	20.0x
Maximum	22.5x

Precedent Transactions and Premia Paid Analysis

Morgan Stanley performed a precedent transactions analysis, which attempts to imply a value of a company based on publicly available financial terms and premia of selected transactions. Morgan Stanley reviewed the publicly available financial information for certain transactions in the railroad industry since June 1994.

For purposes of this analysis, based on publicly available financial information, Morgan Stanley analyzed the ratio of the implied AV to last twelve months EBITDA, referred to as the AV/LTM EBITDA Ratio, for each of the target companies in the selected transactions. The transactions reviewed, the date that each transaction was announced and the corresponding AV/LTM EBITDA Ratios were as follows:

Date Announced	Acquiror	Target	AV/LTM EBITDA Ratio	Transaction Value (in millions)
July 2019	Brookfield Infrastructure Partners L.P. / GIC Pte. Ltd.	Genesee & Wyoming Inc.	13.4x	$8,432
March 2017	GMexico Transportes S.A. de C.V.	Florida East Coast Railway Holdings Corp.	13.6x	$2,100
October 2016	Genesee & Wyoming Australia Pty Ltd.	Glencore Rail (NSW) Pty Limited	11.4x (1)	$866
October 2016	Macquarie Infrastructure and Real Assets	Genesee & Wyoming Australia Pty Ltd. (49%)	11.2x (1)	$1,534
March 2016	Rail Consortium(2)	Pacific National Holdings Pty Ltd.	10.3x	$6,594
February 2015	Genesee & Wyoming Inc.	Freightliner Group Limited (95%)	9.5x	$807
July 2012	Genesee & Wyoming Inc.	RailAmerica, Inc.	10.3x	$2,008
November 2009	Berkshire Hathaway Inc.	Burlington Northern Santa Fe Corp.	8.8x	$43,847
September 2007	Canadian Pacific Railway Limited	Dakota, Minnesota & Eastern Railroad Corporation	15.2x	$1,480
November 2006	Fortress Investment Group LLC	RailAmerica, Inc.	11.7x	$1,055
August 2005	Toll Holding Ltd.	Patrick Corporation	15.0x	$5,284
December 2004	Kansas City Southern	Transportacion Ferroviaria Mexicana, S.A. de C.V. (51%)	6.1x	$1,320
November 2003	Canadian National Railway Company	BC Rail Ltd.	14.4x	$1,204
January 2001	Canadian National Railway Company	Wisconsin Central Ltd.	9.8x	$1,191
February 1998	Canadian National Railway Company	Illinois Central Corp.	11.4x	$2,973
April 1997	CSX Corp. / Norfolk Southern Corporation	Conrail Inc.	12.1x	$12,329
August 1995	Union Pacific Corp.	Southern Pacific Rail Corp.	12.3x	$5,388
March 1995	Union Pacific Corp.	Chicago and North Western Holdings Corporation	8.4x	$2,614
June 1994	Burlington Northern Inc.	Santa Fe Pacific Corporation	7.2x	$5,087
Median			**11.4x**	

(1) G&W Australia transaction multiple was based on NTM projections since LTM were unavailable. All other transactions reflect AV/LTM EBITDA Ratios.

(2) Rail Consortium consists of CPP Investments Limited (33%), Global Infrastructure Partners Inc. (27%), China Investment Corporation (16%), GIC Pte. Ltd. (12%), and British Columbia Investment Management Corporation (12%).

The selected precedent transactions varied significantly based upon company scale, business risks, growth prospects and geography, as well as prevailing market trends. Based on its analysis of the relevant metrics for each of the precedent transactions and upon the application of its professional judgment and experience, Morgan Stanley selected a representative range of AV/LTM EBITDA Ratio and applied this range to KCS's last 12 months ("LTM") COVID-Adjusted EBITDA as of June 30, 2021 of $1,600 million as provided by KCS management, which reflects an add-back of $128 million, as provided by KCS management, for the estimated impact of COVID-19 for the third and the fourth quarters of 2020.

Based on this analysis, Morgan Stanley calculated a range of implied equity values per share of KCS common stock as follows, in each case rounded to the nearest $1.00:

	Selected Representative Range	Implied Equity Value Per Share of KCS Common Stock
AV/LTM EBITDA Ratio	11.0x – 15.0x	$ 151.00 – $221.00

Morgan Stanley also reviewed the premia paid for transactions announced between January 1, 2007 and December 31, 2020 with a publicly announced transaction value of more than $1,000 million, as published by Thomson Reuters. The premia paid were calculated based on each of (i) the target company's closing stock price and (ii) the 52-week high of the target company's stock price, in each case on the last trading day prior to the public announcement of the transactions. Based on its analysis of the relevant metrics and upon the application of its professional judgment and experience, Morgan Stanley (A) selected a representative range of premia of 15% to 35% with respect to the target companies' closing stock prices and applied this range of premia to the closing trading price of KCS common stock as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $224.16 and (B) selected a representative range of premia of (5%) to 20% with respect to the 52-week highs of such target companies' stock prices and applied this range of premia to the 52-week high price per share of KCS common stock as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $224.16.

Morgan Stanley's premia paid analysis was based on precedent transactions with transaction values greater than $1,000 million from 2007 to 2020. The multiple range of 11.0x to 15.0x for the precedent transactions analysis was selected based on Morgan Stanley's professional experience and judgment.

These analyses indicated ranges of implied equity values per share of KCS common stock of (i) $258.00 to $303.00 and (ii) $213.00 to $269.00, respectively, in each case rounded to the nearest $1.00.

Morgan Stanley compared the foregoing ranges of implied equity values per share of KCS common stock to the closing trading price of KCS common stock as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $224.16, and the implied value of the merger consideration to be received by holders of shares of KCS common stock in the transaction as of September 13, 2021 of $288.00, rounded to the nearest $1.00.

No company or transaction used in the precedent transactions or premia paid analysis is identical to KCS or the transaction. In evaluating the precedent transactions, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of KCS. These include, among other things, the impact of competition on the business of KCS or the industry generally, industry growth, and the absence of any adverse material change in the financial condition and prospects of KCS or the industry, and in the financial markets in general. Mathematical analysis is not in itself a meaningful method of using precedent transactions data.

Other Factors

Morgan Stanley observed certain additional factors that were not considered part of its financial analyses with respect to its opinion but were referenced for informational purposes, including, among other things, the following:

- *Historical Trading Range.* For reference only and not as a component of its fairness analysis, Morgan Stanley reviewed the low and high per share trading range of shares of KCS common stock for the 12-month period ending March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement). Morgan Stanley observed that during such period the trading range was $101.00 to $224.00 per share of KCS common stock, rounded to the nearest $1.00.
- *Equity Research Analysts' Price Targets.* For reference only and not as a component of its fairness analysis, Morgan Stanley reviewed the undiscounted price targets for shares of KCS common stock prepared and published by 20 equity research analysts as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement). These targets generally reflect each analyst's estimate of the future public market trading price of shares of KCS common stock. In order to better compare the equity analysts' stock price targets with the merger consideration, Morgan Stanley discounted each analyst's price target to present value by applying, for a one year discount period, a discount rate of 7.4%, selected by Morgan Stanley based on the application of its professional judgment and experience to reflect KCS's cost of equity. This analysis resulted in a discounted analyst price target range for shares of KCS common stock of $186.00 to $239.00 per share, rounded to the nearest $1.00. Morgan Stanley used a discount rate of 7.4% to reflect KCS's estimated cost of equity. Cost of equity was calculated using the CAPM. The CAPM takes into account market risk premium, risk-free rate and beta of the underlying stock.
- *Discounted Equity Value Analysis.* For reference only and not as a component of its fairness analysis, Morgan Stanley performed a discounted equity value analysis, which is designed to provide insight into a theoretical estimate of the future implied value of a company's common equity as a function of such company's estimated future earnings and a theoretical range of trading multiples. The resulting estimated future implied value of equity is subsequently discounted back to the present day at the company's cost of equity in order to arrive at an illustrative estimate of the present value for the company's theoretical future implied stock price. Morgan Stanley used a discount rate of 7.4% to reflect KCS's estimated cost of equity. Cost of equity was calculated using the CAPM. The CAPM takes into account market risk premium, risk-free rate and beta of the underlying stock. Morgan Stanley used a NTM P/E multiple range of 17.0x to 21.0x based on KCS's and comparable companies' NTM P/E multiples over time.

  In arriving at the estimated equity values per share of KCS common stock, Morgan Stanley selected a representative range of ratio of stock price to future earnings per share ("P/E Multiple") utilizing the next 12 months ("NTM") estimated earnings per share and applied this range of multiples to an estimate of fiscal year 2029 earnings per share from the KCS management unaudited KCS projections. Morgan Stanley then discounted the resulting equity values per share to June 30, 2021 at a discount rate of 7.4%, selected by Morgan Stanley based on the application of its professional judgment and experience to reflect KCS's cost of equity. Based on this analysis, Morgan Stanley derived a range of implied equity values per share of KCS common stock as follows, each rounded to the nearest $1.00:

	Selected Representative Range	Implied Equity Value Per Share of KCS common stock
P/E Multiple	17.0x–21.0x	$ 269.00–$328.00

Analyses Related to CPRL

Discounted Cash Flow Analysis

Morgan Stanley performed a discounted cash flow analysis, which is designed to provide an implied value of a company by calculating the present value of the estimated future unlevered free cash flows and terminal value of such company. Morgan Stanley calculated a range of implied equity values per CPRL common share as of June 30, 2021, based on estimates of future unlevered free cash flows for the six months ending December 31, 2021 and fiscal years 2022 through 2029 contained in the KCS management unaudited CPRL projections, including net debt of CPRL as of June 30, 2021 of $6,027 million. Morgan Stanley also calculated a range of terminal values for CPRL based on NTM EBITDA exit multiple range of 11.75x to 13.25x, which was selected based on Morgan Stanley's professional judgment and experience. The estimated unlevered free cash flows and the range of terminal values were then discounted to June 30, 2021 by applying a discount rate range of 5.4% to 6.7%, which was selected based on Morgan Stanley's professional judgment and experience, to reflect CPRL's estimated weighted average cost of capital. Morgan Stanley used a discount rate range of 5.4% to 6.7% to reflect CPRL's estimated weighted average cost of capital, which was calculated by multiplying the cost of each capital source (debt and equity) by its relevant weight, and then adding the products together to determine the value. Cost of equity was calculated using the CAPM. The CAPM takes into account market risk premium, risk-free rate and beta of the underlying stock. Morgan Stanley used an EBITDA exit multiple range of 11.75x to 13.25x based on CPRL's and comparable companies' EBITDA multiples over time.

This analysis indicated a range of implied equity values per CPRL common share of $76.00 to $93.00, in each case rounded to the nearest $1.00.

Morgan Stanley compared the foregoing range of implied equity values per CPRL common share to the closing trading price of CPRL common shares on September 13, 2021 of $68.55 and to the closing trading price per CPRL common share on March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $75.70 (taking into account the share split).

Comparable Public Company Analysis

Morgan Stanley performed a comparable public company analysis, which attempts to provide an implied value of a company by comparing it to similar companies that are publicly traded. Morgan Stanley reviewed and compared certain financial information of CPRL with corresponding publicly available financial information for other Class 1 Rail companies that shared certain similar characteristics to CPRL to derive an implied valuation range for CPRL. The companies used in this comparison were the following:

- KCS
- CN
- Union Pacific Corporation
- Norfolk Southern Corporation
- CSX Corporation

The above companies were chosen based on Morgan Stanley's knowledge of the industry and because they have businesses that may be considered similar to CPRL's. Although none of such companies are identical or directly comparable to CPRL, these companies are publicly traded companies with operations and/or other criteria, such as lines of business, markets, business risks, growth prospects, maturity of business and size and scale of business, that for purposes of its analysis Morgan Stanley considered similar to CPRL.

For purposes of this analysis, Morgan Stanley analyzed the following statistics of each of these companies, based on public filings, publicly available research estimates and publicly available financial information published by

Capital IQ as of March 19, 2021(which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) for KCS and CPRL, as of April 19, 2021 (which was the last trading day prior to the announcement of the CN proposal) for CN and as of September 13, 2021 for Union Pacific Corporation, Norfolk Southern Corporation and CSX Corporation:

- the 2022E AV/EBITDA Ratio; and
- the 2022E P/E Ratio.

The results of Morgan Stanley's analysis were presented for the comparable companies, as indicated in the following table:

	2022E AV/EBITDA Ratio	2022 E P/E Ratio
KCS	13.4x	21.4x
CPRL	14.6x	21.1x
CN	14.2x	22.5x
Union Pacific Corporation	12.9x	18.3x
Norfolk Southern Corporation	12.4x	18.4x
CSX Corporation	11.8x	18.1x
Mean	**13.2x**	**20.0x**
Median	**13.2x**	**19.8x**

Based on its analysis of the relevant metrics for each of the comparable companies and upon the application of its professional judgment and experience, Morgan Stanley selected representative ranges of 2022E AV/EBITDA Ratio and 2022E P/E Ratio and applied these ranges to CPRL's estimated fiscal year 2022 EBITDA of $3,900 million based on consensus analyst estimates and of $3,862 million based on the KCS management unaudited CPRL projections, and to CPRL's estimated fiscal year 2022 earnings per share of $3.63 based on consensus analyst estimates and of $3.67 based on the KCS management unaudited CPRL projections. For purposes of this analysis, Morgan Stanley utilized the KCS management unaudited CPRL projections and consensus analyst estimates.

Morgan Stanley then calculated a range of implied equity values per CPRL common share as follows, in each case rounded to the nearest $1.00:

	Selected Representative Range	Implied Equity Value Per CPRL Common Share
2022E AV/EBITDA Ratio (KCS management unaudited CPRL projections)	12.0x – 14.5x	$ 60.00-$74.00
2022E P/E Ratio (KCS management unaudited CPRL projections)	18.5x – 22.5x	$ 68.00-$82.00
2022E AV/EBITDA Ratio (Consensus)	12.0x – 14.5x	$ 61.00-$75.00
2022E P/E Ratio (Consensus)	18.5x – 22.5x	$ 67.00-$82.00

Morgan Stanley compared the foregoing ranges of implied equity values per CPRL common share to the closing trading price of CPRL common shares on September 13, 2021 of $68.55 and to the closing trading price on March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $75.70.

No company included in the comparable public company analysis is identical to CPRL. In evaluating comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of CPRL. These include, among other things, the impact of competition on the business of CPRL and the industry generally, industry growth, and the absence of any adverse material change in the financial condition and prospects of CPRL and the industry, and in the financial markets in general. Mathematical analysis is not in itself a meaningful method of using comparable company data.

Other Factors

Morgan Stanley observed certain additional factors that were not considered part of its financial analyses with respect to its opinion but were referenced for informational purposes, including, among other things, the following:

- *Historical Trading Range.* For reference only and not as a component of its fairness analysis, Morgan Stanley reviewed the low and high per share trading range of CPRL common shares for the 12-month period ending March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement). Morgan Stanley observed that during such period the trading range was $36.00 to $77.00 per CPRL common share (taking into account the share split), rounded to the nearest $1.00.
- *Equity Research Analysts' Price Targets.* For reference only and not as a component of its fairness analysis, Morgan Stanley reviewed the undiscounted price targets for CPRL common shares prepared and published by 24 equity research analysts as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement). These targets generally reflect each analyst's estimate of the future public market trading price of CPRL common shares. In order to better compare the equity analysts' stock price targets with the trading price of CPRL common shares on September 13, 2021 of $68.55 and to the closing trading price of $75.70 on March 19, 2021 (which was the last trading day prior to the execution of the prior CP merger agreement), Morgan Stanley discounted each analyst's price target to present value by applying, for a one year discount period, a discount rate of 6.4%, selected by Morgan Stanley based on the application of its professional judgment and experience to reflect CPRL's cost of equity. This analysis resulted in a discounted analyst price target range for CPRL common shares of $64.00 to $76.00 per share, rounded to the nearest $1.00. Morgan Stanley used a discount rate of 6.4% to reflect CPRL's estimated cost of equity. Cost of equity was calculated using the CAPM. The CAPM takes into account market risk premium, risk-free rate and beta of the underlying stock.

Summary of Material Pro Forma Financial Analysis

Has/Gets Analysis

Morgan Stanley performed a Has/Gets Analysis to calculate the theoretical change in value for holders of KCS common stock resulting from the transaction based on a comparison of (i) the pro forma ownership by holders of KCS common stock of CPRL giving effect to the transaction, and (ii) the 100% ownership by holders of KCS common stock of the KCS common stock on a standalone basis. For KCS common stock on a standalone basis, Morgan Stanley used the reference range obtained in the discounted cash flow analysis described above under "*Summary of Material Financial Analyses of KCS – Discounted Cash Flow Analysis*." Morgan Stanley then performed the same analysis by calculating the range of implied per share equity values allocable to holders of KCS common stock on a pro forma basis, giving effect to the transaction, by assuming approximately 28% pro forma ownership, based on the number of CPRL common shares estimated to be issued to holders of KCS common stock in the transaction, utilizing the results of the standalone discounted cash flow analyses for KCS and CPRL described above under "*Summary of Material Financial Analyses of KCS – Discounted Cash Flow Analysis*" and under "*Summary of Material Financial Analyses of CPRL – Discounted Cash Flow Analysis*," and

taking into account the KCS management assumed synergies on the basis of (1) a projected $990 million in EBITDA synergies as provided by KCS management (referred to in this section as the "$990 million synergy case"), which also included $20 million of projected D&A and Capex synergies, for total projected gross synergies of $1,010 million, and (2) a projected $377 million in EBITDA synergies as provided by KCS management (referred to in this section as the "$377 million synergy case"), which also included $23 million of projected D&A and Capex synergies for total projected gross synergies of $400 million. Morgan Stanley then compared these implied per share equity value ranges, which were further adjusted by an estimated additional net debt from the transaction and $90.00 per share cash merger consideration, to the implied per share equity value ranges derived for KCS common stock on a standalone basis utilizing the results of the standalone discounted cash flow analysis for KCS described above.

This analysis yielded the following implied per share equity value ranges for KCS common stock on a standalone and on a pro forma basis (rounded to the nearest $1.00):

Implied Equity Value Per Share of KCS common stock		
Standalone	Pro-Forma $990 million synergy case	Pro-Forma $377 million synergy case
$226.00 - $280.00	$310.00 - $365.00	$291.00 - $343.00

Other Considerations

In connection with the review of the transaction by the KCS board, Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Morgan Stanley believes that selecting any portion of its analyses, without considering all analyses as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley's view of the actual value of KCS or CPRL.

In performing its analyses, Morgan Stanley made numerous assumptions with regard to industry performance, general business, regulatory, economic, market and financial conditions and other matters, which are beyond the control of KCS or CPRL. These include, among other things, the impact of competition on the businesses of KCS and CPRL or the industry generally, industry growth, and the absence of any adverse material change in the financial condition and prospects of KCS, CPRL or the industry, and in the financial markets in general. Any estimates contained in Morgan Stanley's analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Morgan Stanley conducted the analyses described above solely as part of its analysis of the fairness, from a financial point of view, of the merger consideration to be received by the holders of shares of KCS common stock (other than excluded shares) pursuant to the merger agreement, and in connection with the delivery of its opinion to the KCS board. These analyses do not purport to be appraisals or to reflect the prices at which shares of KCS common stock or CPRL common shares might actually trade.

The merger consideration to be received by the holders of shares of KCS common stock was determined through arm's-length negotiations between KCS and CPRL and was approved by the KCS board. Morgan Stanley acted as financial advisor to the KCS board during these negotiations but did not, however, recommend any specific merger consideration to KCS, nor opine that any specific merger consideration constituted the only appropriate merger consideration for the transaction. In addition, Morgan Stanley's opinion does not in any manner address the prices at which CPRL common shares will trade following consummation of the transaction or at any other time and Morgan Stanley expressed no opinion or recommendation as to how KCS's or CPRL's shareholders should vote at any shareholder meetings to be held in connection with the transaction.

Morgan Stanley's opinion and its presentation to the KCS board was one of many factors taken into consideration by the KCS board in deciding to approve the merger agreement. Consequently, the analyses as described above should not be viewed as determinative of the recommendation of the KCS board with respect to the merger consideration or of whether the KCS board would have been willing to agree to different merger consideration. Morgan Stanley's opinion was approved by a committee of Morgan Stanley investment banking and other professionals in accordance with its customary practice.

KCS has agreed to pay Morgan Stanley for its services in connection with the transaction an aggregate fee, which is currently estimated, based on the information available as of the date of announcement, to be approximately $63 million, a portion of which was paid upon the execution and announcement of the prior CP merger agreement in March 2021, a portion of which was paid to Morgan Stanley upon the rendering of a fairness opinion in connection with the CN agreement announced in May 2021, a portion of which was payable upon the rendering of its opinion in connection with the transaction and the remainder of which is payable upon the closing of the transaction. KCS has also agreed to reimburse Morgan Stanley for certain of its expenses incurred in performing its services, including fees and expenses of outside counsel to Morgan Stanley. In addition, KCS has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including certain liabilities under the federal securities laws, related to or arising out of Morgan Stanley's engagement.

In the two years prior to the date of its opinion, Morgan Stanley or its affiliates have provided financial advisory and financing services to KCS and its affiliates and have received aggregate fees of approximately $5 million to $15 million in connection with such services (which includes the fee received upon delivery of its opinion in connection with the prior CP merger agreement announced in March 2021 and the fee received upon delivery of its opinion in connection with the CN agreement announced in May 2021). In addition, Morgan Stanley or one of its affiliates is currently a lender to each of KCS and CPRL under their respective revolving credit facilities, and is also currently engaged to provide financing services to CPRL that are unrelated to the transaction, for which Morgan Stanley expects to receive customary fees. Morgan Stanley may also seek to provide financial advisory and financing services to KCS, CPRL and their respective affiliates in the future and would expect to receive fees for the rendering of these services.

Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Its securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of CPRL, KCS, their respective affiliates or any other company, or any currency or commodity, that may be involved in the transaction, or any related derivative instrument.

Opinion of BofA Securities

KCS retained BofA Securities to act as its financial advisor in connection with the transaction. BofA Securities is an internationally recognized investment banking firm which is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. KCS selected BofA Securities to act as KCS's financial advisor in connection with the transaction on the basis of BofA Securities' experience in transactions similar to the transaction, its reputation in the investment community and its familiarity with KCS and its business.

On September 15, 2021, at a meeting of the KCS board held to evaluate the transaction, BofA Securities delivered to the KCS board an oral opinion, which was confirmed by delivery of a written opinion dated

September 15, 2021, to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in BofA Securities' written opinion, the merger consideration to be received in the transaction by holders of KCS common stock (other than "excluded shares") was fair, from a financial point of view, to such holders.

The full text of BofA Securities' written opinion to the KCS board, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex C to this proxy statement/prospectus and is incorporated by reference herein in its entirety. The following summary of BofA Securities' opinion is qualified in its entirety by reference to the full text of BofA Securities' written opinion. BofA Securities delivered its opinion to the KCS board for the benefit and use of the KCS board (in its capacity as such) in connection with and for purposes of its evaluation of the mergers. BofA Securities' opinion does not address any other terms or other aspects or implications of the transaction and no opinion or view was expressed as to the relative merits of the transaction in comparison to other strategies or transactions that might be available to KCS or in which KCS might engage or as to the underlying business decision of KCS to proceed with or effect the transaction. BofA Securities' opinion does not address any other aspect of the transaction and does not express any opinion or recommendation as to how any stockholder should vote or act in connection with the transaction or any related matter.

In connection with rendering its opinion, BofA Securities, among other things:

(1) reviewed certain publicly available business and financial information relating to KCS and CPRL;
(2) reviewed certain internal financial and operating information with respect to the business, operations and prospects of KCS furnished to or discussed with BofA Securities by the management of KCS, including the KCS management unaudited KCS projections (as defined and described in the below section entitled "*KCS Unaudited Prospective Financial Information*") relating to KCS prepared by the management of KCS;
(3) reviewed certain internal financial and operating information with respect to the business, operations and prospects of CPRL furnished to or discussed with BofA Securities by the management of KCS, including the KCS management unaudited CPRL projections (as defined and described in the below section entitled "KCS Unaudited Prospective Financial Information,") relating to CPRL prepared by the management of KCS;
(4) reviewed the KCS management assumed synergies (as defined and described in the below section entitled "*KCS Unaudited Prospective Financial Information*") anticipated by the managements of KCS and CPRL to result from the transaction;
(5) discussed the past and current business, operations, financial condition and prospects of KCS with members of senior managements of KCS and CPRL, and discussed the past and current business, operations, financial condition and prospects of CPRL with members of senior managements of KCS and CPRL;
(6) reviewed the trading histories for KCS common stock and CPRL common shares and a comparison of such trading histories with the trading histories of other companies BofA Securities deemed relevant;
(7) compared certain financial and stock market information of KCS and CPRL with similar information of other companies BofA Securities deemed relevant;
(8) compared certain financial terms of the transaction to financial terms, to the extent publicly available, of other transactions BofA Securities deemed relevant;
(9) reviewed the draft agreement, the debt commitment letters, the STB May 6 decision, the form of the voting trust agreement, and certain related documents; and

(10) performed such other analyses and studies and considered such other information and factors as BofA Securities deemed appropriate.

In arriving at its opinion, BofA Securities assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with BofA Securities and has relied upon the assurances of the managements of KCS and CPRL that they were not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the KCS management unaudited KCS projections, BofA Securities was advised by KCS, and assumed, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of KCS as to the future financial performance of KCS. With respect to the KCS management unaudited CPRL projections and the KCS management assumed synergies, in each case, BofA Securities was advised by KCS, and assumed, with the consent of KCS, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of KCS as to the future financial performance of CPRL and other matters covered thereby. BofA Securities also relied, at the direction of KCS, on the assessments of the managements of KCS and CPRL, respectively, as to CPRL's ability to achieve the KCS management assumed synergies and was advised by KCS and CPRL, and assumed, with the consent of KCS, that the KCS management assumed synergies would be realized in the amounts and at the times projected. BofA Securities did not make and was not provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of KCS or CPRL, nor did BofA Securities make any physical inspection of the properties or assets of KCS or CPRL. BofA Securities did not evaluate the solvency or fair value of KCS or CPRL under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. BofA Securities assumed, at the direction of KCS, that the transaction would be consummated in accordance with the terms set forth in the merger agreement, without waiver, modification or amendment of any material term, condition or other agreement contemplated therein or thereby and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the transaction, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, would be imposed that would have an adverse effect on KCS, CPRL or the contemplated benefits of the transaction. BofA Securities also assumed, at the direction of KCS, that (i) the transaction would qualify for federal income tax purposes as a reorganization under the provisions of Section 368(a) of the Code, (ii) CPRL would obtain financing in accordance with the terms set forth in the commitment letters, (iii) the STB would permit the transaction to close into the voting trust in accordance with the terms of the STB May 6 decision and the voting trust agreement and (iv) the final executed merger agreement would not differ in any material respect from the draft agreement reviewed by BofA Securities.

BofA Securities expressed no view or opinion as to any terms or other aspects of the transaction (other than the merger consideration to the extent expressly specified in its opinion), including, without limitation, the form or structure of the transaction. BofA Securities' opinion was limited to the fairness, from a financial point of view, of the merger consideration to be received by the holders of shares of KCS common stock (other than excluded shares) in the transaction and no opinion or view was expressed with respect to any consideration to be received by the holders of KCS preferred stock or any other class of securities, creditors or other constituencies of any party. In addition, no opinion or view was expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the transaction, or class of such persons, relative to the merger consideration. Furthermore, no opinion or view was expressed as to the relative merits of the transaction in comparison to other strategies or transactions that might be available to KCS or in which KCS might engage or as to the underlying business decision of KCS to proceed with or effect the transaction. BofA Securities did not express any opinion as to what the value of CPRL common shares actually would be when issued or the prices at which KCS common stock or CPRL common shares would trade at any time, including following the announcement or consummation of the transaction. In addition, BofA Securities expressed no opinion or recommendation as to how any stockholder should vote or act in connection with the transaction or any related matter.

BofA Securities' opinion was necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to BofA Securities as of, the date of its opinion. While the credit, financial and stock markets have been experiencing unusual volatility, BofA Securities expressed no opinion or view as to any potential effects of such volatility on KCS, CPRL or the transaction. It should be understood that subsequent developments may affect BofA Securities' opinion, and BofA Securities does not have any obligation to update, revise, or reaffirm its opinion. The issuance of BofA Securities' opinion was approved by a fairness opinion review committee of BofA Securities.

The discussion set forth below in the subsections entitled "*—Summary of Material Financial Analyses of KCS*," "*—Summary of Material Financial Analyses of CPRL,*" and "*—Summary of Material Pro Forma Financial Analysis,*" beginning on pages 87, 91, and 93, respectively, represents a brief summary of the material financial analyses presented by BofA Securities to the KCS board in connection with its opinion. **The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by BofA Securities, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses performed by BofA Securities. Considering the data set forth in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by BofA Securities.**

Summary of Material Financial Analyses of KCS

Selected Publicly Traded Companies Analysis.

BofA Securities reviewed publicly available financial and stock market information of the following five selected publicly traded companies in the rail transportation industry:

- Union Pacific Corporation
- CN
- CSX Corporation
- Norfolk Southern Corporation
- CPRL

BofA Securities reviewed, among other things, the closing price per share as of September 13, 2021 for Union Pacific Corporation, CSX Corporation and Norfolk Southern, as of April 19, 2021 for CN (which was the last trading day prior to the announcement of the CN proposal) and as of March 19, 2021 for CPRL (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement), as a multiple of Wall Street analyst consensus estimates of calendar year 2022 earnings per share ("EPS") for the applicable company (such multiples are referred to in this section as "2022E Price/EPS"). BofA Securities also reviewed the estimated enterprise value, calculated as the market value of equity plus short-term debt, long-term debt, preferred equity and non-controlling interest, minus cash, marketable securities and investments, as applicable ("EV") for each selected company, as a multiple of Wall Street analyst consensus estimates of calendar year 2022 EBITDA (such multiples are referred to in this section as "2022E EV/EBITDA"). Financial data of the selected companies were derived from their public filings and publicly available Wall Street research analysts' estimates published by FactSet as of September 13, 2021.

The results of BofA Securities' analysis were presented for the selected publicly traded companies, as indicated in the following table:

Company	Price/EPS 2022E	EV/EBITDA 2022E
Union Pacific Corporation	18.3x	12.8x
CN	22.6x	14.5x
CSX Corporation	18.2x	11.7x
Norfolk Southern Corporation	18.5x	12.4x
CPRL	21.2x	14.7x

The overall low to high 2022E Price/EPS multiples observed for the selected companies were 18.2x to 22.6x (with a mean of 19.8x and median of 18.5x). Based on BofA Securities' review of the 2022E Price/EPS multiples for the selected companies and on its professional judgment and experience, BofA Securities applied a 2022E Price/EPS multiple reference range of 18.5x to 22.0x to KCS management's estimated calendar year 2022 EPS as reflected in the KCS management unaudited KCS projections to calculate an implied equity value reference range per share of KCS common stock (rounded to the nearest $0.05). The selected multiple range of 18.5x to 22.0x was based on BofA Securities' professional judgment and experience as well as the observable range of the selected publicly traded companies.

The overall low to high 2022E EV/EBITDA multiples observed for the selected companies were 11.7x to 14.7x (with a mean of 13.2x and median of 12.8x). Based on BofA Securities' review of the 2022E EV/EBITDA multiples for the selected companies and on its professional judgment and experience, BofA Securities applied a 2022E EV/EBITDA multiple reference range of 12.0x to 15.0x to KCS management's estimated calendar year 2022 EBITDA as reflected in the KCS management unaudited KCS projections to calculate an implied equity value reference range per share of KCS common stock (rounded to the nearest $0.05). The selected multiple range of 12.0x to 15.0x was based on BofA Securities' professional judgment and experience as well as the observable range of the selected publicly traded companies.

This analysis indicated the following approximate implied equity value reference ranges per share of KCS common stock, as compared to the implied value of the merger consideration, calculated by adding the $90.00 in cash consideration to $198, the implied value of the 2.884 CPRL common shares included in the merger consideration based on the $68.55 closing price of CPRL common shares on September 13, 2021 ("implied consideration value"):

	Implied Equity Value Reference Range Per Share of KCS Common Stock	Implied Consideration Value
2022E Price/EPS	$ 198.90 - $236.55	
2022E EV/EBITDA	$198.60 – $258.40	$ 288

No selected publicly traded company used in this analysis is identical or directly comparable to KCS. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics (reflected, among other things, in differences in historical trading levels of these companies) and other factors that could affect the public trading or other values of the companies to which KCS was compared.

Selected Precedent Transactions Analysis.

BofA Securities reviewed, to the extent publicly available, financial information relating to 21 selected transactions involving acquisitions of rail transportation companies since 1994. For each of these transactions, BofA Securities reviewed the merger values for each transaction based on the merger consideration paid to the

shareholders of the target company in the selected transactions (with the full transaction value implied for transactions with less than 100% being acquired), as multiples of estimates of the target company's EBITDA, for the last twelve months for the year in which the applicable transaction was announced except with respect to the Glencore Rail/Genesee & Wyoming Australia and the Genesee & Wyoming Australia/Macquarie Infrastructure & Real Assets transactions, where, in each case, such multiple was based on the estimated EBITDA for the twelve months following the announcement made in October 2016, and based on publicly available information at that time (such multiples are referred to in this section as "TV/LTM EBITDA").

Date Announced	Target	Acquiror	TV /LTM EBITDA	Transaction Value (1)
07/19	Genesee & Wyoming Inc.	Brookfield Infrastructure Partners L.P. / GIC Pte. Ltd.	13.4x	$ 8,432
03/17	Florida East Coast Railway Holdings Corp.	GMéxico Transportes S.A. de C.V.	13.6x	2,100
10/16	Glencore Rail (NSW) Pty Limited	Genesee & Wyoming Australia Pty Ltd	11.4x	866
10/16	Genesee & Wyoming Australia Pty Ltd. (49%)	Macquarie Infrastructure and Real Assets	11.2x	1,534
03/16	Pacific National Holdings Pty Ltd.	Rail Consortium(2)	10.3x	6,594
02/15	Freightliner Group Limited (95%)	Genesee & Wyoming Inc.	9.5x	807
07/12	RailAmerica, Inc.	Genesee & Wyoming Inc.	10.3x	2,008
11/09	Burlington Northern Santa Fe Corp.	Berkshire Hathaway Inc.	8.8x	43,847
09/07	Dakota, Minnesota & Eastern Railroad Corporation	Canadian Pacific Railway Limited	15.2x	1,480
05/07	Florida East Coast Industries Inc.	Fortress Investment Group LLC	NA	3,475
11/06	RailAmerica, Inc.	Fortress Investment Group LLC	11.7x	1,055
12/05	Meridian Speedway, LLC	Kansas City Southern (70%) / Norfolk Southern Corporation (30%)	NA	1,000
08/05	Patrick Corporation	Toll Holding Ltd.	15.0x	5,284
12/04	Transportacion Ferroviaria Mexicana, S.A. de C.V. (51%)	Kansas City Southern	6.1x	1,320
11/03	BC Rail Ltd.	Canadian National Railway Company	14.4x	1,204
01/01	Wisconsin Central Ltd.	Canadian National Railway Company	9.8x	1,191
02/98	Illinois Central Corp.	Canadian National Railway Company	11.4x	2,973
04/97	Conrail Inc.	CSX Corp./Norfolk Southern Corporation	12.1x	12,329
08/95	Southern Pacific Rail Corp.	Union Pacific Corp.	12.3x	5,388
03/95	Chicago and North Western Holdings Corporation	Union Pacific Corp.	8.4x	2,614
06/94	Santa Fe Pacific Corporation	Burlington Northern Inc.	7.2x	5,087

(1) Full transaction value implied when less than 100% stake. All amounts in USD millions.

(2) CPP Investments Limited (33%), Global Infrastructure Partners Inc. (27%), China Investment Corporation (16%), GIC Pte Ltd. (12%) and British Columbia Investment Management Corporation (12%).

The overall low to high TV/LTM EBITDA multiples of the target companies in the selected transactions were 6.1x to 15.2x (with a mean of 11.2x and a median of 11.4x).

Based on BofA Securities' review of the TV/LTM EBITDA multiples for the selected transactions and on its professional judgment and experience, BofA Securities applied a TV/LTM EBITDA multiple reference range of

11.5x to 14.0x to KCS's COVID-Adjusted EBITDA for the twelve month period ended June 30, 2021 of $1,600 million as provided by KCS management, which reflects an add-back of $128 million, as provided by KCS management, for the estimated impact of COVID-19 for the third quarter through the fourth quarter of 2020, to calculate a range of implied EV for KCS. BofA Securities then calculated an implied equity value reference range per share of KCS common stock (rounded to the nearest $0.05). The selected multiple range of 11.5x to 14.0x was based on BofA Securities' professional judgment and experience as well as the observable implied transaction multiples. This analysis indicated the following approximate implied equity value reference ranges per share of KCS common stock (rounded to the nearest $0.05), as compared to the implied consideration value:

Implied Equity Value Reference Range Per Share of KCS Common Stock	Implied Consideration Value
$160.10 - $203.75	$ 288

No selected precedent transaction used in this analysis or the applicable business or target company is identical or directly comparable to KCS or the transaction. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics, market conditions and other factors that could affect the acquisition or other values of the companies or transactions to which KCS and the transaction were compared.

Discounted Cash Flow Analysis

BofA Securities performed a discounted cash flow analysis of KCS to calculate a range of implied present values per share of KCS common stock utilizing estimates of the standalone, unlevered, after-tax free cash flows that KCS was expected to generate during the six-month period ending December 31, 2021 and for the fiscal years 2022 through 2029 based on the KCS management unaudited KCS projections. BofA Securities calculated terminal values for KCS by applying a selected range of perpetuity growth rates of 2.25% to 2.75% to KCS's normalized free cash flows in the terminal year. BofA Securities then calculated implied equity value reference ranges per share of KCS common stock (rounded to the nearest $0.05) by deducting from this range of present values KCS's net debt, preferred equity and non-controlling interest as of June 30, 2021, as reflected in KCS's public filings, at the direction of KCS management, and dividing the result by the number of fully-diluted shares of KCS common stock outstanding (calculated on a treasury stock method basis, based on information provided by the management of KCS). The cash flows were discounted to present value as of June 30, 2021, utilizing mid-year discounting convention, and using a discount rate range of 6.0% to 7.5%, which was based on an estimate of KCS's weighted average cost of capital. A growth rate range of 2.25% to 2.75% was based on BofA Securities' professional judgment and experience and represents long-term growth outlook for the business. The discount rate range reflected KCS's estimated weighted average cost of capital, which was calculated by multiplying the estimated cost of each capital source (debt and equity) by its relevant weight, and then adding the products together. The estimated cost of equity was obtained using the capital asset pricing model (which takes into account the risk-free rate, the levered beta and the applicable equity market risk premium) and the estimated cost of debt was based on KCS's estimated borrowing cost. KCS's net debt as of June 30, 2021 was based on KCS's Form 10-Q for the quarter ended June 30, 2021, which reported debt of $3,780 million and cash of $326 million. The calculation for fully diluted shares was based on approximately 91 million common shares outstanding as provided by KCS management and other dilutive shares such as options, performance shares and deferred shares. Preferred equity of $5 million and non-controlling interest of $327 million were based on the balance sheet provided in KCS's Form 10-Q for the quarter ended June 30, 2021. This analysis indicated the following approximate implied equity value reference range per share of KCS common stock (rounded to the nearest $0.05), as compared to the implied consideration value:

Implied Equity Value Reference Range Per Share of KCS Common Stock	Implied Consideration Value
$206.00 - $351.95	$ 288

Other Factors

BofA Securities also noted certain additional factors that were not considered part of BofA Securities' financial analyses with respect to its opinion but were referenced for informational purposes, including, among other things the following:

- *52-Week Trading Range.* BofA Securities reviewed the trading range of the shares of KCS common stock for the 52-week period ended March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement), which was $100.54 to $224.16.
- *Wall Street Analysts Price Targets.* BofA Securities reviewed 20 publicly available equity research analyst price targets for the shares of KCS common stock available as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement), and noted that the range of such price targets (discounted by one year at KCS's estimated mid-point cost of equity of 7.7% and rounded to the nearest $0.05) was $185.70 to $238.65. The 7.7% discount rate applied by BofA reflected KCS's estimated mid-point cost of equity, which was selected based on KCS's observable cost of equity.
- *Present Value of Future Stock Price.* BofA Securities calculated a range of present values of KCS future stock prices discounted back to June 30, 2021 by using KCS' estimated calendar year 2029 EPS based on the KCS management unaudited KCS projections, a range of price to next twelve months EPS multiples of 16.0x to 22.0x and KCS's estimated mid-point cost of equity of 7.7%, as well as the expected future dividend payments as provided by KCS management, which indicated a range of implied present values of future stock prices of KCS common stock of $247.85 per share to $334.55 per share, in each case rounded to the nearest $0.05 per share. Multiples used were based on BofA Securities' professional judgment and experience as well as observable historical trading data of KCS and selected publicly traded companies. The discount rate (cost of equity) used was based on KCS's observable cost of equity.

Summary of Material Financial Analyses of CPRL

Selected Publicly Traded Companies Analysis.

BofA Securities reviewed publicly available financial and stock market information of the following five selected publicly traded companies in the rail transportation industry:

- Union Pacific Corporation
- CSX Corporation
- Norfolk Southern Corporation
- CN
- KCS

BofA Securities reviewed, among other things, the closing price per share as of September 13, 2021 for Union Pacific Corporation, CSX Corporation and Norfolk Southern, as of April 19, 2021 for CN (which was the last trading day prior to the announcement of the CN proposal) and as of March 19, 2021 for KCS (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement), as a multiple of Wall Street analyst consensus estimates of calendar year 2022 "EPS" for the applicable company (such multiples are referred to in this section as "2022E Price/EPS"). BofA Securities also reviewed the estimated "EV" for each selected company, as a multiple of Wall Street analyst consensus estimates of calendar year 2022 "EBITDA" (such multiples are referred to in this section as "2022E EV/EBITDA"). Financial data of the selected companies were derived from their public filings and publicly available Wall Street research analysts' estimates published by FactSet as of September 13, 2021.

The results of BofA Securities' analysis were presented for the selected publicly traded companies, as indicated in the following table:

Company	Price/EPS 2022E	EV/EBITDA 2022E
Union Pacific Corporation	18.3x	12.8x
CSX Corporation	18.2x	11.7x
Norfolk Southern Corporation	18.5x	12.4x
CN	22.6x	14.5x
KCS	21.4x	13.5x

The overall low to high 2022E Price/EPS multiples observed for the selected companies were 18.2x to 22.6x (with a mean of 19.8x and median of 18.5x). Based on BofA Securities' review of the 2022E Price/EPS multiples for the selected companies and on its professional judgment and experience, BofA Securities applied a 2022E Price/EPS multiple reference range of 18.5x to 22.0x to KCS management's estimated calendar year 2022 EPS as reflected in the KCS management unaudited CPRL projections to calculate an implied equity value reference range per share of CPRL common shares (rounded to the nearest $0.05). The selected multiple range of 18.5x to 22.0x was based on BofA Securities' professional judgment and experience as well as the observable range of the selected publicly traded companies.

The overall low to high 2022E EV/EBITDA multiples observed for the selected companies were 11.7x to 14.5x (with a mean of 13.0x and median of 12.8x). Based on BofA Securities' review of the 2022E EV/EBITDA multiples for the selected companies and on its professional judgment and experience, BofA Securities applied a 2022E EV/EBITDA multiple reference range of 12.0x to 15.0x to KCS management's estimated calendar year 2022 EBITDA as reflected in the KCS management unaudited CPRL projections to calculate an implied equity value reference range per share of CPRL common shares (rounded to the nearest $0.05). The selected multiple range of 12.0x to 15.0x was based on BofA Securities' professional judgment and experience as well as the observable range of the selected publicly traded companies.

This analysis indicated the following approximate implied equity value reference ranges per share of CPRL common shares, as compared to the closing price of the CPRL common shares on September 13, 2021 of $68.55 and the closing price of CPRL common shares on March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $75.70 (taking into account the share split):

	Implied Equity Value Reference Range Per Share of CPRL Common Stock
2022E Price/EPS	$ 67.80 - $80.65
2022E EV/EBITDA	$ 60.15 –$77.30

No selected publicly traded company used in this analysis is identical or directly comparable to CPRL. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics (reflected, among other things, in differences in historical trading levels of these companies) and other factors that could affect the public trading or other values of the companies to which CPRL was compared.

Discounted Cash Flow Analysis

BofA Securities performed a discounted cash flow analysis of CPRL to calculate a range of implied present values per share of CPRL common shares utilizing estimates of the standalone, unlevered, after-tax free cash flows that CPRL was expected to generate during the six-month period ending December 31, 2021 and for the fiscal years 2022 through 2029 based on the KCS management unaudited CPRL projections. BofA Securities calculated terminal values for CPRL by applying a selected range of perpetuity growth rates of 2.25% to 2.75%

to CPRL's normalized free cash flows in the terminal year. BofA Securities then calculated implied equity value reference ranges per share of CPRL common shares (rounded to the nearest $0.05) by deducting from this range of present values CPRL's net debt as of June 30, 2021, as provided by KCS management, and adding net pension assets as of June 30, 2021, as reflected in CPRL's public filings, at the direction of KCS management, and dividing the result by the number of fully-diluted shares of CPRL common shares outstanding (calculated on a treasury stock method basis, based on information provided by the management of KCS). The cash flows were discounted to present value as of June 30, 2021, utilizing mid-year discounting convention, and using a discount rate range of 6.0% to 7.5%, which was based on an estimate of CPRL's weighted average cost of capital. A growth rate range of 2.25% to 2.75% was based on BofA Securities' professional judgment and experience and represents long-term growth outlook for the business. The discount rate range reflects CPRL's estimated weighted average cost of capital, which was calculated by multiplying the estimated cost of each capital source (debt and equity) by its relevant weight, and then adding the products together. The estimated cost of equity was obtained using the capital asset pricing model (which takes into account the risk-free rate, the levered beta and the applicable equity market risk premium) and the estimated cost of debt was based on CPRL's estimated borrowing cost. Net debt as of June 30, 2021 was based on the balance sheet provided in CPRL's Form 10-Q dated July 29, 2021, which reported debt of $6,978 million and cash of $714 million. The calculation of fully diluted shares was based on 666.8 million common shares outstanding and other dilutive shares such as options and performance shares. Net pension assets as of June 30, 2021 were based on the balance sheet provided in CPRL's Form 10-Q dated July 29, 2021, which reported $237 million.. This analysis indicated the following approximate implied equity value reference range per share of CPRL common shares (rounded to the nearest $0.05), as compared to the closing price of the CPRL common shares on September 13, 2021 of $68.55 and the closing price of the CPRL common shares on March 19, 2021(which was the last trading day prior to the announcement of the execution of the prior CP merger agreement) of $75.70:

Implied Equity Value Reference Range Per Share of CPRL Common Shares (taking into account the share split)
$67.25 - $111.50

Other Factors

BofA Securities also noted certain additional factors that were not considered part of BofA Securities' financial analyses with respect to its opinion but were referenced for informational purposes, including, among other things the following:

- *52-Week Trading Range.* BofA Securities reviewed the trading range of the shares of CPRL common shares for the 52-week period ended March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement), which was $36.27 to $76.75 (taking into account the share split).
- *Wall Street Analysts Price Targets.* BofA Securities reviewed 26 publicly available equity research analyst price targets for the CPRL common shares available as of March 19, 2021 (which was the last trading day prior to the announcement of the execution of the prior CP merger agreement), and noted that the range of such price targets (discounted by one year at CPRL's estimated mid-point cost of equity of 7.3% and rounded to the nearest $0.05) was $63.90 to $75.50 (taking into account the share split). The 7.3% discount rate reflects CPRL's estimated mid-point cost of equity, which was selected based on CPRL's observable cost of equity.

Summary of Material Pro Forma Financial Analysis

Has/Gets Analysis

BofA Securities performed a Has/Gets Analysis to calculate the theoretical change in value for holders of KCS common stock resulting from the transaction based on a comparison of (i) the pro forma ownership by holders of KCS common stock of CPRL after giving effect to the transaction, and (ii) the 100% ownership by holders of

KCS common stock of KCS common stock on a stand-alone basis. For KCS common stock on a stand-alone basis, BofA Securities used the reference range obtained in its discounted cash flow analysis described above under "*Summary of Material Financial Analyses of KCS – Discounted Cash Flow Analysis*." BofA Securities then performed the same analysis by calculating the range of implied per share equity values allocable to holders of KCS common stock on a pro forma basis, giving effect to the transaction, by assuming approximately 28% pro forma ownership, based on the number of shares of CPRL common shares estimated to be issued to holders of KCS common stock in the transaction, utilizing the results of the standalone discounted cash flow analyses for KCS and CPRL described above under "*Summary of Material Financial Analyses of KCS – Discounted Cash Flow Analysis*" and under "*Summary of Material Financial Analyses of CPRL – Discounted Cash Flow Analysis*," and taking into account the KCS management assumed synergies on the basis of (i) a projected $990 million in EBITDA synergies as provided by KCS management (referred to in this section as the "$990 million synergy case"), which also included $20 million of projected D&A and Capex synergies, for total projected gross synergies of $1,010 million, and (ii) a projected $377 million in EBITDA synergies as provided by KCS management (referred to in this section as the "$377 million synergy case"), which also included $23 million of projected D&A and Capex synergies for total projected gross synergies of $400 million. BofA Securities calculated the present value of the synergies (including after-tax costs to achieve such synergies) as of June 30, 2021 by using a discount rate range of 6.0% to 7.5%. The discount rate range of 6.0% to 7.5% was based on BofA Securities' professional judgment and experience and obtained using the capital asset pricing model for the estimated cost of equity (which takes into account the risk-free rate, the levered beta and the applicable equity market risk premium) and the estimated cost of debt. Estimated additional net debt of $10.3 billion was based on announced transaction debt of $8.5 billion and estimated transaction fees and expenses as well as inclusion of $1.4 billion in break fees and reimbursements. BofA Securities then compared these implied per share equity value reference ranges, which were further adjusted by an estimated additional net debt from the transaction and $90.00 per share cash consideration, to the implied per share equity value reference ranges derived for KCS on a standalone basis utilizing the results of the standalone discounted cash flow analysis for KCS described above.

This analysis yielded the following implied per share equity value reference ranges for KCS common stock on a stand-alone basis and on a pro forma basis (rounded to the nearest $1.00):

Range Per Share of KCS common stock	Implied Equity Value Reference	
	Pro-Forma $990 Million Synergy Case	Pro-Forma $377 Million Synergy Case
Stand-Alone		
$206 - $352	$290 - $444	$268 - $409

Miscellaneous

As noted above, the discussion set forth above in "*Summary of Material Financial Analyses of KCS*," "*Summary of Material Financial Analyses of CPRL*" and "*Summary of Material Pro Forma Financial Analysis*" represents a brief summary of the material financial analyses presented by BofA Securities to the KCS board in connection with its opinion, and is not a comprehensive description of all analyses undertaken or factors considered by BofA Securities in connection with its opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to partial analysis or summary description. BofA Securities believes that its analyses summarized above must be considered as a whole. BofA Securities further believes that selecting portions of its analyses and the factors considered or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying BofA Securities' analyses and opinion. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that such analysis was given greater weight than any other analysis referred to in the summary.

In performing its analyses, BofA Securities considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of KCS and CPRL. The estimates of the

future performance of KCS and CPRL in or underlying BofA Securities' analyses are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those estimates or those suggested by BofA Securities' analyses. These analyses were prepared solely as part of BofA Securities' analysis of the fairness, from a financial point of view, to the holders of KCS common stock of the merger consideration, to be received by such holders in the transaction and were provided to the KCS board in connection with the delivery of BofA Securities' opinion. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or acquired or the prices at which any securities have traded or may trade at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be BofA Securities' view of the actual values of KCS or CPRL.

The type and amount of consideration payable in the transaction was determined through negotiations between KCS and CPRL, rather than by any financial advisor, and was approved by the KCS board. The decision to enter into the merger agreement was solely that of the KCS board. As described above, BofA Securities' opinion and analyses were only one of many factors considered by the KCS board in its evaluation of the transaction and should not be viewed as determinative of the views of the KCS board or management or any other party with respect to the transaction or the merger consideration.

KCS has agreed to pay BofA Securities for its services in connection with the transaction an aggregate fee, which is currently estimated, based on the information available as of the date of announcement, to be approximately $63 million, $5 million of which was paid to BofA Securities upon delivery of its opinion in connection with the execution of the prior CP merger agreement announced in March 2021, $2.5 million of which was paid upon delivery of BofA Securities' opinion in connection with the alternate proposed transaction involving CN announced in May 2021, $2.5 million of which is payable upon the rendering of its opinion in connection with the transaction and the remainder of which is payable upon the closing of the transaction. KCS also has agreed to reimburse BofA Securities for its expenses incurred in connection with BofA Securities' engagement and to indemnify BofA Securities, any of its affiliates, its and their respective directors, officers, employees and agents and each other person controlling BofA Securities or any of its affiliates, against certain liabilities, including liabilities under the federal securities laws, arising out of BofA Securities' engagement.

BofA Securities and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of BofA Securities' businesses, BofA Securities and its affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of KCS, CPRL and certain of their respective affiliates.

BofA Securities and its affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to KCS and its affiliates and have received, or in the future may receive, compensation for the rendering of these services, including (i) having acted as a joint bookrunner on certain debt capital markets transactions for KCS, (ii) having acted as a dealer-manager on an accelerated share repurchase transaction for KCS and (iii) having acted or acting as administrative agent, co-lead arranger and joint bookrunner for, and as a lender (including a letter of credit lender) under, KCS's $600 million senior unsecured revolving credit facility due March 8, 2024. From September 1, 2019, through August 31, 2021, BofA Securities and its affiliates derived aggregate revenues from KCS and its affiliates of approximately $10.4 million for corporate and/or investment banking services, which includes the fee received upon delivery of its opinion in connection with the CN proposal.

In addition, BofA Securities and its affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to CPRL and its affiliates and

have received or in the future may receive compensation for the rendering of these services, including (i) having acted as a bookrunning manager and/or co-manager on certain debt capital markets transactions for CPRL, (ii) having acted or acting as a lender under CPRL's $1.3 billion revolving credit facility, which consists of a $1.0 billion tranche and a $300 million tranche, which was amended on September 24, 2021 to extend the maturity dates of such tranches to September 27, 2026 and September 27, 2023, respectively, and (iii) having provided or providing certain treasury services and products to CPRL. From September 1, 2019, through August 31, 2021, BofA Securities and its affiliates derived aggregate revenues from CPRL of approximately $6.6 million for corporate and/or investment banking services. In addition, BofA Securities received a customary fee of less than $100,000 in connection with its commitment to act as a lender under CPRL's amended revolving credit facility, which was received subsequent to such period.

KCS Unaudited Prospective Financial Information

The prospective financial information included in this section has been prepared by, and is the responsibility of, KCS's management. This prospective financial information was not prepared with a view toward compliance with published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation or presentation of prospective financial information.

Neither Deloitte LLP nor PricewaterhouseCoopers LLP has audited, reviewed, examined, compiled nor applied agreed-upon procedures with respect to the accompanying prospective financial information and, accordingly, neither Deloitte LLP nor PricewaterhouseCoopers LLP expresses an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report incorporated by reference in this document relates to KCS's previously issued financial statements. It does not extend to the prospective financial information and should not be read to do so.

Summary of KCS Prospective Financial Information

KCS Unaudited Prospective Financial Information

As described under the section of this proxy statement/prospectus entitled "*The KCS Merger Proposal—Background of the Transaction*," on page 49, KCS management maintains the KCS long-range plan, which is periodically updated and reviewed with the KCS board, that reflects KCS management's financial and business outlook for KCS over a ten-year period. This KCS long-range plan was reviewed by the KCS board in connection with its consideration of a transaction with CPRL, CN and other potential strategic alternatives throughout the latter half of 2020 continuing through its meeting on September 15, 2021. The KCS long-range plan included certain unaudited prospective financial information concerning KCS on a standalone basis for the fiscal years ending December 31, 2021 through December 31, 2029. We refer to these unaudited projections as the "KCS management unaudited KCS projections". The KCS management unaudited KCS projections were provided to Morgan Stanley and BofA Securities, which were directed by KCS management to use and rely upon the KCS management unaudited KCS projections for purposes of their respective financial analyses and fairness opinions. In addition, certain of the KCS management unaudited KCS projections were provided to CPRL, the CPRL board and their respective financial advisors, BMO, Goldman Sachs and Evercore.

In connection with the transaction, KCS management also prepared certain unaudited prospective financial information concerning CPRL on a standalone basis using (i) the CPRL five-year plan (as prepared by CPRL management and provided to KCS management) and (ii) extrapolations prepared by KCS management on the basis of the CPRL five-year plan for the fiscal years ending December 31, 2026 through December 31, 2029. Such unaudited prospective financial information was translated into U.S. dollar amounts from the original Canadian dollar amounts presented in the CPRL five-year plan based on an assumed foreign exchange ratio of 1.25x. We refer to these unaudited projections as the "KCS management unaudited CPRL projections," and the KCS management unaudited KCS projections and the KCS management unaudited CPRL projections, collectively, as the "KCS management unaudited projections". The KCS management unaudited CPRL

projections were provided to the KCS board in connection with its consideration of the transaction as well as to Morgan Stanley and BofA Securities, which were directed by KCS management to use and rely upon the KCS management unaudited CPRL projections for purposes of their respective financial analyses and fairness opinions.

The KCS management unaudited projections were prepared treating KCS and CPRL, respectively, on a standalone basis, without giving effect to the transaction, including any impact of the negotiation or execution of the transaction, the expenses that may be incurred in connection with the transaction or the consummation thereof, the potential synergies that may be achieved by the combined company as a result of the transaction, the effect of any business or strategic decision or action that has been or will be taken as a result of the merger agreement having been executed or in anticipation of the transaction, or the effect of any business or strategic decisions or actions which would likely have been taken if the merger agreement had not been executed but which were instead altered, accelerated, postponed or not taken in anticipation of the transaction.

In connection with the transaction, KCS management prepared pro forma analyses, which were presented to the KCS board, that included CPRL's estimated potential earnings before interest, taxes, depreciation and amortization (which we refer to as "EBITDA") synergies of $990 million (consisting of $810 million from revenue synergies and $180 million from operating and expense synergies), together with an alternative case showing a lower estimate of potential EBITDA synergies of $377 million (consisting of $222 million from revenue synergies and $155 million from operating and expense synergies). The primary difference between the two cases was a more conservative assumption on revenue synergies (specifically the combined company's share of bulk commodities) in the $377 million EBITDA synergies case. The assumptions used in the $990 million EBITDA synergies case were based on CPRL's assessment of market opportunities that the combined company could reasonably be expected to capture, leading to a substantially greater estimate of revenue synergies. KCS management believed, however, that for purposes of the KCS board's consideration of the transaction, the KCS board should also consider a synergies estimate reflecting the more conservative assumptions. The $377 million EBITDA synergies case also used slightly more conservative assumptions with respect to operating and expense synergies. The pro forma analyses, in each case, assumed a phase-in of synergies over the three years following CPRL's receipt of STB final approval, beginning in fiscal year 2023. KCS management, among other things, assumed that the aggregate cost of achieving the projected synergies would be, with respect to the $990 million synergies case, $180 million, and with respect to the $377 million synergies case, $155 million, with half of the costs to be incurred in the first year of the phase-in and the remaining half to be incurred in the second year of the phase-in. KCS management also assumed, with respect to the $990 million synergies case, no dissynergies, $20 million of capital expenditure and depreciation and amortization synergies and a one-time capital investment of $50 million, and, with respect to the $377 million synergies case, $50 million of dissynergies and $23 million of capital expenditure and depreciation and amortization synergies. These assumed dissynergies or additional synergies were subtracted from or added to the EBITDA synergies estimates. The assumed EBITDA synergies, including the cost to achieve such synergies, included in the two cases (which we refer to collectively as the "KCS management assumed synergies") are not reflected in the KCS management unaudited projections. The KCS management assumed synergies were provided to Morgan Stanley and BofA Securities, which were directed by KCS management to use and rely upon the KCS management assumed synergies for purposes of their respective financial analyses and fairness opinions.

Other than annual financial guidance provided to investors, which is generally updated each quarter, KCS does not as a matter of course make public long-term forecasts or projections as to future performance, revenues, earnings or other results, due to, among other reasons, the inherent difficulty of accurately predicting financial performance for future periods and the uncertainty of the underlying assumptions and estimates. However, the financial projections by KCS management are being included in this proxy statement/prospectus to give shareholders access to certain non-public information provided to the KCS board and KCS's financial advisors and to CPRL and the CPRL board and their respective financial advisors. The inclusion of the financial projections by KCS should not be regarded as an indication that the KCS board, KCS, the CPRL board, CPRL, Morgan Stanley, BofA Securities, BMO, Goldman Sachs or Evercore or any other recipient of this information

considered, or now considers, it to be an assurance of the achievement of future results or an accurate prediction of future results, and they should not be relied on as such.

This prospective financial information was not prepared with a view toward compliance with published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation or presentation of prospective financial information, or GAAP, but, in the view of KCS's management were prepared on a reasonable basis, reflected the best available estimates and judgments at the time of preparation, and presented as of the time of preparation, to the best of KCS's management's knowledge and belief, the expected course of action and the expected future financial performance of KCS or CPRL, as applicable. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this proxy statement/prospectus are cautioned not to place undue reliance on the KCS management unaudited projections or the KCS management assumed synergies. Although KCS's management believes there is a reasonable basis for the KCS management unaudited projections and the KCS management assumed synergies, KCS cautions stockholders that future results could be materially different from the KCS management unaudited projections and the KCS management assumed synergies. This summary of the KCS management unaudited projections and the KCS management assumed synergies is included in this proxy statement/prospectus because the KCS management unaudited projections and the KCS management assumed synergies were provided to KCS's financial advisors and to the KCS board for purposes of considering and evaluating the transaction and the merger agreement.

Other than annual financial guidance provided to investors, CPRL does not as a matter of course share with third parties long-term forecasts or projections as to future performance, revenues, earnings or other results due to, among other reasons, the inherent difficult of accurately predicting financial performance for future periods and the uncertainty of underlying assumptions and estimates. CPRL's management prepared and provided to KCS's management the CPRL five-year plan solely in connection with KCS's consideration of a transaction with CPRL. The fact that the CPRL five-year plan was provided to KCS management should not be regarded as an indication that the CPRL board, CPRL, KCS or any other recipient of the CPRL five-year plan considered, or now considers, it to be an assurance of the achievement of future results or an accurate prediction of future results of CPRL, and it should not be relied on as such.

The KCS management unaudited projections and the KCS management assumed synergies are subject to estimates and assumptions in many respects and, as a result, subject to interpretation. While presented with numerical specificity, the KCS management unaudited projections and the KCS management assumed synergies are based upon a variety of estimates and assumptions that are inherently uncertain, though considered reasonable by KCS's management as of the date of their preparation. These estimates and assumptions may prove to be inaccurate for any number of reasons, including general economic conditions, industry trends, the regulatory environment, competition, and the risks discussed in this proxy statement/prospectus under the sections entitled "*Cautionary Statement Regarding Forward-Looking Statements*" and "*Risk Factors*" beginning on pages 36 and 21, respectively. See also "*Where You Can Find Additional Information*" beginning on page 229. The KCS management unaudited projections and the KCS management assumed synergies also reflect assumptions as to certain business decisions that are subject to change. Because the KCS management unaudited projections were developed for KCS on a standalone basis without giving effect to the transaction, they do not reflect any divestitures or other restrictions that may be imposed in connection with the receipt of any necessary governmental or regulatory approvals, any synergies that may be realized as a result of the transaction or any changes to KCS's or CPRL's operations or strategy that may be implemented after completion of the transaction. There can be no assurance that the KCS management unaudited projections or the KCS management assumed synergies will be realized, and actual results may differ materially from those shown. Generally, the further out the period to which the KCS management unaudited projections and the KCS management assumed synergies relate, the less predictable and more unreliable the information becomes.

The KCS management unaudited projections contain certain non-GAAP financial measures that KCS believes are helpful in understanding its past financial performance and future results. KCS management regularly uses a

variety of financial measures that are not in accordance with GAAP for forecasting, budgeting and measuring financial performance. The non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures. While KCS believes that these non-GAAP financial measures provide meaningful information to help investors understand the operating results and to analyze KCS's financial and business trends on a period-to-period basis, there are limitations associated with the use of these non-GAAP financial measures. These non-GAAP financial measures are not prepared in accordance with GAAP, are not reported by all of KCS's competitors and may not be directly comparable to similarly titled measures of KCS's competitors due to potential differences in the exact method of calculation.

Financial measures included in projections provided to a financial advisor and a board of directors in connection with a business combination transaction are excluded from the definition of "non-GAAP financial measures" under the rules of the SEC, and therefore such financial measures are not subject to SEC rules regarding disclosures of non-GAAP financial measures, which may otherwise require a reconciliation of a non-GAAP financial measure to a GAAP financial measure. Reconciliations of non-GAAP financial measures were not provided to and were not relied on by Morgan Stanley or BofA Securities for purposes of their respective financial analyses and opinions or by the KCS board in connection with its consideration of the transaction, nor were they provided to CPRL or its financial advisors. Accordingly, a reconciliation of these non-GAAP financial measures has not been provided.

None of KCS, CPRL, the combined company or their respective affiliates, advisors, officers, directors or other representatives can provide any assurance that actual results will not differ from the KCS management unaudited projections or the KCS management assumed synergies, and none of them undertakes any obligation to update, or otherwise revise or reconcile, the KCS management unaudited projections or the KCS management assumed synergies to reflect circumstances existing after the date the KCS management unaudited projections or the KCS management assumed synergies were prepared or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the KCS management unaudited projections or the KCS management assumed synergies, as applicable, are shown to be in error. Except as required by applicable securities laws, KCS does not intend to make publicly available any update or other revision to the KCS management unaudited projections or the KCS management assumed synergies, even in the event that any or all assumptions are shown to be in error. None of KCS or its affiliates, advisors, officers, directors or other representatives has made or makes any representation to any KCS stockholder or other person regarding KCS's ultimate performance compared to the information contained in the KCS management unaudited projections or the KCS management assumed synergies or that forecasted results will be achieved. KCS has made no representation to CPRL, in the merger agreement or otherwise, concerning the KCS management unaudited projections or the KCS management assumed synergies.

The prospective financial information included in this document has been prepared by, and is the responsibility of, KCS management. Neither PricewaterhouseCoopers LLP nor Deloitte LLP have audited, reviewed, examined, compiled nor applied agreed-upon procedures with respect to the accompanying prospective financial information and, accordingly, neither PricewaterhouseCoopers LLP nor Deloitte LLP express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report incorporated in this document relates to KCS's previously issued financial statements, and the Deloitte LLP reports incorporated in this document relate to CPRL's previously issued financial statements. These reports do not extend to the prospective financial information and should not be read to do so.

The following table presents a summary of the KCS management unaudited KCS projections that were reviewed by the KCS board in connection with its consideration of the transaction and provided to Morgan Stanley and BofA Securities for purposes of their respective financial analyses and fairness opinions. In addition, certain of the KCS management unaudited KCS projections were provided to CPRL.

(Dollars in millions)	FY'21	FY'22	FY'23	FY'24	FY'25	FY'26	FY'27	FY'28	FY'29
Revenue	$ 2,992	$ 3,292	$ 3,554	$ 3,748	$ 3,946	$ 4,143	$ 4,344	$ 4,556	$ 4,770
EBITDA(1)	1,551	1,827	2,033	2,174	2,318	2,462	2,610	2,768	2,928
Capital Expenditures	500	541	586	618	651	684	717	752	787
EPS(2)	8.29	10.75	12.60	14.21	16.06	18.04	20.20	22.60	25.20
Unlevered Free Cash Flow(3)	364(4)	779	940	1,013	1,089	1,164	1,242	1,324	1,408

(1) EBITDA is defined as earnings before interest, taxes, depreciation and amortization.
(2) EPS is defined as diluted earnings per share adjusted for the depreciation component of income tax driven by the difference in the Mexican peso to U.S. dollar exchange rate that existed at the time assets in Mexico were put into service and the current Mexican peso to U.S. dollar exchange rate.
(3) Unlevered Free Cash Flow is defined as EBITDA less depreciation and amortization, plus other income, less other expenses, tax affected, plus depreciation and amortization, adjusted for changes in net working capital, less capital expenditures and less other investing activities. The calculation of Unlevered Free Cash Flow was not expressly included in the KCS management unaudited KCS projections but was derived from the KCS management unaudited KCS projections and is included for reference.
(4) Figure represents July – December 2021.

The following table presents a summary of the KCS management unaudited CPRL projections that were provided to the KCS board in connection with its consideration of the transaction as well as to Morgan Stanley and BofA Securities for purposes of their respective financial analyses and fairness opinions.

(Dollars in millions)	FY'21	FY'22	FY'23	FY'24	FY'25	FY'26	FY'27	FY'28	FY'29
Revenue	$ 6,580	$ 7,086	$ 7,498	$ 7,875	$ 8,287	$ 8,694	$ 9,111	$ 9,551	$ 9,995
EBITDA(1)	3,526	3,862	4,127	4,376	4,652	4,943	5,242	5,558	5,878
Capital Expenditures	1,260	1,240	1,200	1,224	1,249	1,310	1,373	1,439	1,506
Unlevered Free Cash Flow(2)	852(3)	1,989	2,267	2,457	2,666	2,603	2,775	2,958	3,143

(1) EBITDA is defined as earnings before interest, taxes, depreciation and amortization.
(2) Unlevered Free Cash Flow is defined as EBITDA less depreciation and amortization, plus other income, less other expenses, tax affected, plus depreciation and amortization, less capital expenditures, less other cash/non-cash expenses, plus land sales and others and plus increase in deferred tax liability.
(3) Figure represents July – December 2021.

Listing of CPRL Common Shares

It is a condition to the completion of the transaction that the CPRL common shares issuable under the merger agreement are approved for listing on the NYSE, subject to official notice of issuance, and the TSX, subject to customary listing requirements.

CPRL must use its reasonable best efforts to cause the CPRL common shares to be issued in the first merger to be approved for listing on the NYSE, subject to official notice of issuance, and the TSX, subject to customary listing conditions, prior to the effective time. Listing will be subject to CPRL fulfilling all the listing requirements of the NYSE and TSX. There can be no assurance that the CPRL common shares will be accepted for listing on the NYSE or the TSX.

Delisting and Deregistration of KCS Common Stock

If the transaction is completed, KCS common stock will be delisted from the NYSE and deregistered under the U.S. Exchange Act, and KCS will no longer be required to file periodic reports with the SEC with respect to KCS common stock.

KCS has agreed to cooperate with CPRL and use its reasonable best efforts to take, or cause to be taken, all actions reasonably necessary, proper or advisable under applicable laws and rules and policies of the NYSE and the SEC to delist the KCS common stock from the NYSE and to terminate its registration under the U.S. Exchange Act as promptly as practicable after the effective time.

Interests of KCS's Directors and Executive Officers in the Transaction

In considering the recommendations of the KCS board, KCS stockholders should be aware that the directors and executive officers of KCS have interests in the transaction that are different from, or in addition to, the interests of KCS stockholders generally. The KCS board was aware of these interests and considered them, among other matters, in evaluating and negotiating the merger agreement, in reaching its decision to approve and declare advisable the merger agreement and the transactions contemplated by the merger agreement, and in recommending to KCS stockholders that the merger agreement be adopted. KCS stockholders should take the interests described below into account in deciding whether to vote "**FOR**" the KCS merger proposal. Note that the transaction will constitute a "change in control" for purposes of the KCS compensation arrangements described below. For purposes of this section, a "qualifying termination" generally means (i) a termination by CPRL, KCS or any of their respective subsidiaries without "cause" or (ii) a termination of employment with "good reason," in each case occurring during the period that begins on the effective time and ends on the second anniversary of the control date.

For purposes of this disclosure, the named executive officers of KCS are as follows:

Name of Executive Officer	Position
Patrick J. Ottensmeyer	President and Chief Executive Officer
Michael W. Upchurch	Executive Vice President and Chief Financial Officer
Jeffrey M. Songer	Executive Vice President Strategic Merger Planning
Brian D. Hancock(1)	Executive Vice President and Chief Innovation Officer
Michael J. Naatz	Executive Vice President and Chief Marketing Officer

(1) Mr. Hancock's employment with KCS terminated on July 2, 2021.

For purposes of this disclosure, the other executive officers are John F. Orr, Executive Vice President, Operations; Warren K. Erdman, Executive Vice President, Administration and Corporate Affairs; Oscar Augusto Del Cueto Cuevas, KCSM President, General Manager and Executive; Representative Lora S. Cheatum, Senior Vice President and Chief Human Resources Officer; Suzanne M. Grafton, Vice President and Chief Accounting Officer; and Adam J. Godderz, Senior Vice President and Chief Legal Officer and Corporate Secretary.

Treatment of KCS Equity Awards

Treatment of KCS Stock Options. Each KCS Stock Option, whether vested or unvested, that is outstanding as of immediately prior to the effective time will, at the effective time, become fully vested and be converted into the right to receive an amount of cash equal to (i) the excess, if any of (A) the value of the merger consideration over (B) the per share exercise price of such option multiplied by (ii) the total number of shares of KCS common stock subject to such option as of immediately prior to the effective time, less applicable tax withholding.

Treatment of KCS Restricted Share Awards. Each KCS restricted share award that is outstanding as of immediately prior to the effective time and was granted prior to March 21, 2021, will, at the effective time, become fully vested and be converted into the right to receive (i) the merger consideration in respect of each share of KCS common stock subject to such KCS restricted share award as of immediately prior to the effective time and (ii) the accrued but unpaid cash dividends corresponding to each share of KCS common stock subject to such KCS restricted share award, less applicable tax withholding.

Each KCS restricted share award that is outstanding as of immediately prior to the effective time and was granted on or after March 21, 2021, will, at the effective time, be converted into an award that entitles the holder thereof, upon vesting, to receive (i) an amount in cash equal to the value of the merger consideration in respect of each share of KCS common stock subject to such KCS restricted share award and (ii) the accrued but unpaid cash dividends corresponding to each share of KCS common stock subject to such KCS restricted share award. Each such cash- based award will have the same terms and conditions (including vesting terms and conditions) as applied to the corresponding KCS restricted share award, except that such award will vest in full upon a qualifying termination.

Treatment of KCS Performance Share Awards. Each award of performance shares that corresponds to shares of KCS common stock (which we refer to as a "KCS performance share award") that is outstanding as of immediately prior to the effective time will, at the effective time, be converted into an award that entitles the holder thereof, upon vesting, to receive an amount in cash equal to the value of the merger consideration multiplied by 200% of the target number of shares of KCS common stock covered by the KCS performance share award as of immediately prior to the effective time. Each cash-based award will have the same terms and conditions (including vesting terms and conditions) as applied to the corresponding KCS performance share award, except that performance-based vesting conditions will no longer apply and the award will vest in full upon a qualifying termination.

Treatment of Director Deferred Stock Awards. Each share of director deferred stock of KCS that is outstanding as of immediately prior to the effective time, will, at the effective time, be converted into the right to receive the merger consideration, less applicable tax withholding.

For an estimate of the value of unvested equity awards that would vest assuming that the transaction closes on December 31, 2021 and each of the named executive officers experiences a qualifying termination on that date, see "*Quantification of Potential Payments and Benefits to KCS's Named Executive Officers in Connection with the Transaction*" below on page 105. The estimated aggregate value of unvested and outstanding equity awards and any corresponding accrued but unpaid cash dividends held by all six KCS executive officers, other than the KCS named executive officers, that would vest assuming that the transaction closes on December 31, 2021 and all such executive officers experience qualifying terminations on that date is $16,646,120 (in the aggregate). Additionally, upon the completion of the merger, non-employee directors of KCS will receive amounts previously earned in connection with their service on the board of directors of KCS that were deferred in the form of KCS director deferred stock awards.

Executive Severance Arrangements

Each of KCS's executive officers is party to a severance agreement with KCS. In connection with the transactions contemplated by the merger agreement, on September 15, 2021, KCS entered into letter agreements with seven of KCS's executive officers, including each of KCS's named executive officers other than Mr. Hancock. The letter agreements: (1) provide that the protection period for enhanced change in control severance (the "protection period") will run from the date the transaction is completed through the two-year anniversary of the control date; (2) clarify that, for purposes of determining an executive officer's pro-rata bonus and target bonus portion of cash severance, the "target award" will be the greater of the target award for the calendar year in which the executive officer's employment is terminated and the target award for the calendar year in which the change in control occurs and (3) for Mr. Upchurch and two executive officers who are not

named executive officers, establish the multiple applicable to the base salary and target bonus components of his or her severance during the protection period at three times in exchange for waiving certain rights these officers had under their severance agreement in connection with the change in control resulting from the transaction.

In addition, in consideration of (1) certain acknowledgments from the applicable executive officers that the completion of the transaction will not, in and of itself, constitute "good reason" under the executive officers' severance arrangements and (2) the extension by one year of the post-termination non-competition period for each of the executive officers other than Mr. Songer, the letter agreements provide that, in the event that an executive officer receives any payments or benefits that are subject to tax under Section 4999 of the Code, the executive officer will receive a payment that puts the executive officer in the same after-tax position as though such tax did not apply.

One executive officer who is not a named executive officer is party to an employment agreement with KCS that was in effect prior to entry into the merger agreement and already provided for a make-whole payment and severance benefits as described below.

One executive officer who is not a named executive officer and was not previously party to a severance agreement, entered into an employment agreement with KCS providing for severance payments and benefits consistent with those provided to the other executive officers, as described in the paragraph below, as well as a make-whole payment on the same terms and conditions described above.

One executive officer who is not a named executive officer is entitled to receive 90 days of salary, plus an additional 20 days of salary for each year of service upon a qualifying termination, as well as other statutory benefits in connection with the executive officer's service, pursuant to Mexican law.

Upon a qualifying termination, each executive officer, other than the executive officer described in the immediately preceding paragraph, will be entitled to receive:

(i) cash severance equal to:

(A) three times the sum of the executive officer's base salary and target bonus, in the case of Messrs. Ottensmeyer, Upchurch and two executive officers who are not named executive officers;

(B) two times the sum of the executive officer's base salary and target bonus, in the case of Messrs. Songer, Naatz and one executive officer who is not a named executive officer; and

(C) 320% of base salary for two executive officers who are not named executive officers,

(ii) for all executive officers, other than two executive officers who are not named executive officers, the executive officer's target bonus for the fiscal year in which the termination occurs, prorated for the number of days in the calendar year prior to the executive officer's termination of employment,

(iii) for all executive officers, other than one executive officer who is not a named executive officer, monthly cash reimbursement payments for the difference between the monthly COBRA premium paid by the executive officer and the monthly premium amount paid by similarly situated active executives of KCS for an 18-month period,

(iv) for one executive officer, who is not a named executive officer, regardless of whether he incurs a qualifying termination, three years of continued participation in all of KCS's health, benefit, welfare, retirement and other similar plans, including employee stock ownership plans, and

(v) for all executives, other than two executive officers, who are not named executive officers, outplacement benefits for one year, with a maximum value of $25,000.

The severance amounts described in clause (i) above are payable in equal installments over 12 months.

Other than in the case of one executive officer who is not a named executive officer, the severance benefits described above are subject to the executive officer executing an arbitration agreement and signing a general release of employment-related claims in favor of KCS. In addition, the agreements include, for each executive officer other than one executive officer who is not a named executive officer, a prohibition on competition for a period of two years following the executive officer's termination of employment (one year for each of Messrs. Songer and Hancock and one executive officer who is not a named executive officer), and a perpetual non-disparagement obligation and employee and customer non-solicitation restrictions that apply for a period of two years following the executive officer's termination of employment (one year for each of Messrs. Songer and Hancock and one executive officer who is not a named executive officer). All executive officers are also subject to a perpetual confidentiality obligation.

The estimated value of the make-whole payment for each named executive officer is set forth below in the table entitled "Golden Parachute Compensation Table" and, for purposes of this quantification, does not reflect the impact of any common approaches to mitigating potential tax exposure under Section 4999 of the Code, such as ascribing value to post-closing non-competition covenants or otherwise treating amounts paid as reasonable compensation for services rendered following the closing. Based on the same assumptions set forth in the subsection below entitled "*Quantification of Potential Payments and Benefits to KCS's Named Executive Officers in Connection with the Transaction*" and in footnote 4 to the "Golden Parachute Compensation Table," the estimated aggregate make-whole payments for all of KCS's executive officers who are not named executive officers would be $8,121,350, which value is a conservative estimate and does not reflect the impact of any common approaches to mitigating potential tax exposure under Section 4999 of the Code, such as ascribing value to post-closing non-competition covenants or otherwise treating amounts paid as reasonable compensation for services rendered following the closing.

The estimated value of the severance payments and benefits for each of the named executive officers is set forth below in the table entitled "Golden Parachute Compensation Table." Based on the same assumptions set forth in the subsection below entitled "*Quantification of Potential Payments and Benefits to KCS's Named Executive Officers in Connection with the Transaction*" and in footnote 1 to the "Golden Parachute Compensation Table," the estimated aggregate cash severance payment for all of KCS's executive officers who are not named executive officers, is $10,417,300, of which the portion applicable to the non-U.S. executive officer was converted from pesos to USD based on the September 27, 2021 exchange rate published by the Bank of Mexico.

Retention Program

KCS has established a cash-based retention program for KCS employees that is designed to promote retention, incentivize the completion of the transaction and reward extraordinary effort. Each award granted pursuant to the retention program will vest and become payable in two installments: (1) 25% on the earlier of (a) the closing date and (b) February 21, 2022, and (2) 75% on the earlier of (a) ninety (90) days after the control date and (b) June 1, 2023, subject, in each case, to the recipient's continued employment through the applicable vesting dates; *provided, however*, that if the recipient experiences a qualifying termination, then the recipient will be entitled to any then unpaid portion of the recipient's award. KCS has granted retention awards in the amount of $2,120,000; $1,082,000; $1,076,000 and $1,018,000 to each of Messrs. Ottensmeyer, Upchurch, Songer and Naatz, respectively. KCS has granted retention awards equal to $4,384,500 in the aggregate to the KCS executive officers who are not named executive officers.

Treatment of 2021 and 2022 Bonuses

KCS and CPRL have agreed that, with respect to the 2021 and 2022 annual bonuses for all employees, including the executive officers, if the control date has not occurred prior to the date that such annual bonuses are payable,

KCS will be permitted to pay such bonuses at the greater of (i) target performance and (ii) 130% of actual performance, but in no event greater than 200% of target, and if the control date has occurred prior to the date that such annual bonuses are payable, then CPRL will pay such bonuses at the applicable greater of amount.

Continued Indemnification and Insurance

From and after the effective time, CPRL and the second surviving corporation will indemnify and hold harmless each current and former director, officer or employee of KCS and each person who served as a director, officer, member, trustee or fiduciary of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise at the request of or for the benefit of KCS or its subsidiaries, in each case determined as of the effective time, against any costs or expenses, judgments, fines, losses, claims, damages, obligations, costs, liabilities and amounts paid in settlement incurred in connection with any actual or threatened claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of, relating to or in connection with any action or omission occurring or alleged to have occurred at or prior to the effective time, whether asserted or claimed prior to, at or after the effective time.

Prior to the effective time, KCS will obtain and fully pay for "tail" insurance policies with a claims period of at least six years from and after the effective time with respect to directors' and officers' liability insurance and fiduciary liability insurance on terms and conditions providing substantially equivalent benefits as KCS's existing policies with respect to matters existing or occurring at or prior to the effective time, subject to certain limitation and premium thresholds. For additional details regarding the indemnification and insurance described herein, see the discussion under the section entitled "*The KCS Merger Proposal—Indemnification and Insurance*," on page 157.

Arrangements with CPRL

As of the date hereof, none of our executive officers has entered into any agreement with CPRL or any of its affiliates regarding employment with CPRL or one or more of its affiliates following the consummation of the transaction. Prior to or following the control date certain of our executive officers may have discussions, or may enter into agreements with, CPRL or one of its affiliates regarding employment with CPRL or one or more of its affiliates.

Quantification of Potential Payments and Benefits to KCS's Named Executive Officers in Connection with the Transaction

The information set forth in the table below is intended to comply with Item 402(t) of the SEC's Regulation S-K, which requires disclosure of information about certain compensation for each named executive officer KCS that is based on, or otherwise related to, the transaction. For additional details regarding the terms of the payments and benefits described herein, see the discussion under the subsection entitled "*Interests of KCS's Directors and Executive Officers in the Transaction*," on page 101. The amounts shown in the table below are estimates based on multiple assumptions that may or may not actually occur or be accurate on the relevant date, including the assumptions described below and in the footnotes to the table, and do not reflect certain compensation actions that may occur after the date hereof and before the transaction closes. For purposes of calculating such amounts, the following assumptions were used:

- The relevant price per share of KCS common stock is $273.70, which is the average closing price per share of KCS common stock as reported on the NYSE over the first five business days following the first public announcement of the transaction on September 15, 2021;
- The transaction closes on December 31, 2021, which is the assumed closing date solely for purposes of the disclosure in this section;
- Each named executive officer of KCS experiences a qualifying termination on the assumed closing date of December 31, 2021 and immediately following the closing of the transaction;

- Each named executive officer's base salary rate and annual target bonus remain unchanged from those in effect as of September 27, 2021; and
- Each named executive officer's unvested and outstanding equity awards are as of September 27, 2021 and no named executive officer receives any additional equity grants on or prior to the completion of the transaction.

For purposes of this golden parachute disclosure, "single trigger" refers to payments and benefits that arise as a result of the closing of the transaction and "double trigger" refers to payments and benefits that require two conditions, which are the closing of the transaction and a qualifying termination of employment.

Golden Parachute Compensation Table

Named Executive Officer	Cash ($)(1)	Equity($)(2)	Benefits($)(3)	Make-Whole Payments($)(4)	Total ($)
Patrick J. Ottensmeyer	10,176,000	29,700,200	33,837	11,504,794	51,414,831
Michael W. Upchurch	4,328,000	6,953,418	51,558	3,497,027	14,830,003
Jeffrey M. Songer	3,443,200	7,801,906	51,558	3,104,394	14,401,058
Brian D. Hancock(5)	—	—	—	—	—
Michael J. Naatz	3,104,900	6,814,903	51,508	2,886,389	12,857,700

(1) *Cash Severance and Retention Bonus for Named Executive Officers*. Pursuant to each named executive officer's severance agreement and the amendments to those severance agreements, as applicable, upon a qualifying termination, each named executive officer will become entitled to a cash severance payment equal to (i) the applicable multiple of the applicable named executive officer's base salary and target bonus award plus (ii) the prorated target bonus award for the fiscal year in which the termination occurs. The applicable multiple is 3.0 for Messrs. Ottensmeyer and Upchurch and 2.0 for all other named executive officers. These cash severance payments are conditioned upon the named executive officer executing an arbitration agreement and signing a general release of employment-related claims in favor of KCS. In addition, the named executive officers are subject to non-competition and non-solicitation provisions that apply for a period of two years following the executive officer's qualifying termination of employment (one year for each of Messrs. Songer and Hancock). This column also includes the value of the named executive officer's retention bonus, if any.

The amounts in this column are considered "double trigger" amounts as they will generally only become payable in the event of a qualifying termination of employment following the completion of the transaction or, in the case of the retention bonuses, based on the named executive officer's continued employment for a specified period of time. For additional disclosure related to the amounts disclosed in this column, see the subsections above entitled "*Executive Severance Arrangements*" and "*Retention Program*."

Named Executive Officer	Base Salary Component of Severance ($)	Bonus Component of Severance ($)	Prorated Current-Year Bonus ($)	Retention Bonus ($)	Total ($)
Patrick J. Ottensmeyer	3,180,000	3,657,000	1,219,000	2,120,000	10,176,000
Michael W. Upchurch	1,623,000	1,217,250	405,750	1,082,000	4,328,000
Jeffrey M. Songer	1,076,000	860,800	430,400	1,076,000	3,443,200
Brian D. Hancock	—	—	—	—	—
Michael J. Naatz	1,018,000	712,600	356,300	1,018,000	3,104,900

(2) *Outstanding and Unvested Equity Awards*. The amounts in this column represent the estimated value that may be received by the KCS named executive officers in respect of their unvested and outstanding KCS equity awards. The KCS unvested stock options will vest and be converted at the effective time into the right to receive a cash payment. The value of the cash payment for the KCS stock options is calculated by multiplying the excess of $273.70 over the per share exercise price of the applicable KCS stock option by the number of shares subject to that KCS stock option. The value of the cash payment for the KCS restricted

share awards is calculated by multiplying the number of shares subject to the KCS restricted share award by $273.70 and then adding the accrued but unpaid cash dividends corresponding to each share subject to that KCS restricted share award. The KCS performance share awards will be converted into a cash-based award equal to $273.70 multiplied by 200% of the target number of shares covered by the KCS Performance Share Award. The amounts payable with respect to the KCS stock options and the KCS restricted share awards in this column are considered "single trigger" amounts, as such awards will become payable solely as a result of the closing of the transaction. The amounts payable with respect to the KCS performance share awards are considered "double trigger" amounts, as such awards will become payable in the event of a qualifying termination following the closing of the transaction. The table below assumes that the closing date occurs on December 31, 2021 and reflects the outstanding and unvested equity awards as of September 27, 2021 based on a per share value of $273.70, less the applicable exercise price in the case of stock options.

Named Executive Officer	Value of Unvested Stock Options ($)	Value of Unvested Restricted Share Awards ($)	Value of Unvested Performance Share Awards ($)	Total ($)
Patrick J. Ottensmeyer	4,642,402	3,456,299	21,601,499	29,700,200
Michael W. Upchurch	1,085,604	821,881	5,045,933	6,953,418
Jeffrey M. Songer	1,033,410	1,978,199	4,790,297	7,801,906
Brian D. Hancock	—	—	—	—
Michael J. Naatz	985,402	1,257,069	4,572,432	6,814,903

(3) *Benefits*. The amounts in this column represent the estimated value of the KCS-paid group health care plan continuation coverage during the 18-month period following a qualifying termination of employment for each of the named executive officers and outplacement services of $25,000 for each of the named executive officers. The amounts in this column are considered "double-trigger" amounts as they will only become payable in the event of a qualifying termination of employment following the closing of the transaction.

(4) *Make-Whole Payments*. The amounts listed in this column represent the estimated make-whole payment each named executive officer could become entitled to receive on a "double-trigger" basis upon a qualifying termination of employment following the closing of the transaction (and, for purposes of this quantification, does not contemplate any common approaches to mitigating potential tax exposure under Section 4999 of the Code, such as ascribing value to post-closing non-competition covenants or otherwise treating amounts paid as reasonable compensation for services rendered following the closing). However, in the event that a named executive officer is subject to excise taxes under Section 4999 of the Code solely as a result of "single-trigger" payments and benefits, that named executive officer would also be entitled to receive a make-whole payment, as applicable. In addition to the assumptions described immediately prior to the table above, the amounts in this column are calculated based on a 20% excise tax rate and each named executive officer's estimated effective tax rate, including a federal marginal income tax rate of 37% and applicable federal, state, local and payroll taxes. The actual amount of the make whole-payment for each named executive officer, if any, will not be determinable until after the closing of the transaction. For additional disclosure related to the amounts disclosed in this column, see the sections above titled "*—Executive Severance Arrangements*."

(5) *Mr. Hancock's Separation*. On June 7, 2021, Mr. Hancock notified KCS of his intention to retire effective July 2, 2021. In connection with his retirement, Mr. Hancock entered into a Confidential Separation Agreement and Full and General Release, dated June 8, 2021 with KCS, pursuant to which Mr. Hancock will receive payments totaling $2,000,000 through July 2, 2022, as well as company-provided subsidized medical insurance through such date. Mr. Hancock is not receiving any compensation as a result of the transaction and his unvested KCS equity awards were forfeited upon his retirement.

The CPRL Special Meeting and Shareholder Approval

CPRL shareholders will be required to approve the issuance of such number of CPRL common shares as is necessary under the merger agreement to issue the share consideration. As described in the TSX listing

application to be filed by CPRL, based on the number of shares of KCS common stock outstanding as of September 9, 2021, CPRL anticipated up to 277,960,197 CPRL common shares to be issuable to KCS common stockholders under the terms of the merger agreement, which represents approximately 42% of the issued and outstanding CPRL common shares as of September 9, 2021.

Accordingly, the TSX requires that the share issuance resolution be approved by an ordinary resolution of CPRL shareholders (i.e., a majority of the votes cast by holders of outstanding CPRL common shares represented in person or by proxy and entitled to vote at the CPRL special meeting). Despite the fact that CPRL shareholders are being asked to approve the issuance of up to 277,960,197 CPRL common shares, based on the number of shares of KCS common stock outstanding as of September 9, 2021, CPRL expects that it would issue (at the direction of surviving merger sub and on behalf of surviving merger sub) up to 264,723,997 CPRL common shares in the first merger and is seeking CPRL shareholder approval for the issuance of up to 13,236,200 additional CPRL common shares to accommodate the effects of rounding and for other administrative purposes in accordance with the policies of the TSX.

At the close of business on [—], 2021, there were approximately [—] shares of KCS common stock outstanding (including [—] shares of KCS common stock subject to outstanding KCS restricted share awards) and an aggregate of [—] shares of KCS common stock issuable in connection with KCS director deferred stock. Additionally, up to an aggregate of [—] shares of KCS common stock are issuable under KCS options and KCS performance share awards outstanding and exercisable prior to the effective time. On this basis, up to [—] CPRL common shares may be issued or reserved for issuance under the merger agreement as share consideration to holders of shares of KCS common stock and holders of KCS restricted share awards and KCS director deferred stock. Immediately following the first merger, former holders of KCS common stock are expected to own approximately [—]% of the outstanding CPRL common shares, on a fully diluted basis ([—]% on a basic basis).

The actual number of CPRL common shares to be issued or reserved for issuance under the merger agreement will be determined immediately prior to the effective time based on the exchange ratio, the number of shares of KCS common stock outstanding at such time and the number of KCS restricted share awards and KCS director deferred stock outstanding at such time.

CPRL will be holding the CPRL special meeting to vote on the resolutions necessary to complete the transaction and other matters to be considered by the CPRL shareholders at such special meeting. In addition to the above-mentioned resolution approving the issuance of CPRL common shares to KCS common stockholders in connection with the transaction, at the CPRL special meeting, CPRL shareholders will be asked to approve a special resolution authorizing and approving an amendment to CPRL's articles to change its name to "Canadian Pacific Kansas City," which amendment is conditional upon the occurrence of the control date. CPRL will separately prepare the management information circular in accordance with applicable Canadian securities and corporate laws and distribute such management information circular to its shareholders in connection with the CPRL special meeting.

Accounting Treatment of the Transaction

In accordance with U.S. GAAP, the transaction will be accounted for as a business combination applying the acquisition method of accounting. Accordingly, the total purchase consideration paid by CPRL in connection with the transaction will be allocated to KCS's net assets based on their fair values as of the closing of the transaction. The excess of the total purchase consideration over the fair value of the identifiable assets acquired and liabilities assumed from KCS at their respective net fair value of such assets and liabilities will be recorded as goodwill. The results of operations of KCS will be included in CP's consolidated results of operations only for periods subsequent to the closing of the transaction.

Upon the closing, and only for the period that the outstanding shares of capital stock of the second surviving corporation (as successor to KCS) are held in the voting trust, CPRL will account for its indirect 100% equity

ownership of the second surviving corporation using the equity method of accounting. Once the STB has completed its review of the transaction and approved CPRL's acquisition of control of KCS, CPRL will consolidate KCS prospectively, and the equity method investment will be remeasured to fair value immediately before the consolidation occurs, with the resulting gain or loss recognized in net income. As the ultimate outcome of the transaction, assuming receipt of STB final approval, will be a business combination, the Unaudited Pro Forma Condensed Consolidated Financial Information presented in this proxy statement/prospectus have been prepared on a consolidated basis on the basis of a business combination.

Regulatory Approvals Required for the Transaction

As more fully described in this proxy statement/prospectus and in the merger agreement, and subject to the terms and conditions of the merger agreement, KCS and CPRL have agreed to promptly obtain all necessary actions or nonactions, authorizations, permits, waivers, consents, clearances, approvals and expirations or terminations of waiting periods and make all necessary registrations, notices, notifications, petitions, applications, reports and other filings and take all steps as may be necessary, proper or advisable to obtain an approval, clearance or waiver from, or to avoid an action or proceeding by, any governmental entity.

KCS and CPRL are not currently aware of any material consents or other filings that are required prior to the combination of CPRL and KCS other than those described in this proxy statement/prospectus. There can be no assurance, however, if and when any of the consents required to be obtained for the transactions contemplated by the merger agreement will be obtained or as to the conditions or limitations that such approvals may contain or impose.

Although CPRL and KCS believe that they will receive the required authorizations and approvals described below to complete the transactions contemplated by the merger agreement, there can be no assurance as to the timing of these consents and approvals, CPRL's or KCS's ultimate ability to obtain such consents or approvals (or any additional consents or approvals that may otherwise become necessary), or the conditions or limitations that such approvals may contain or impose.

For more information see the sections of this proxy statement/prospectus entitled "*The Merger Agreement—Conditions that Must Be Satisfied or Waived for the Transaction to Occur*" and "*The Merger Agreement—Regulatory Filings and Efforts; Other Actions*," on pages 140 and 159, respectively.

STB

Certain activities of CPRL, KCS and their subsidiaries are regulated by the STB. The provisions of subtitle IV, title 49 of the United States Code require approval of, or the granting of an exemption from approval by, the STB for (i) the acquisition of control of two or more carriers subject to the jurisdiction of the STB by a person that is not a carrier and (ii) the acquisition or control of a carrier by a person that is not a carrier but that controls any number of carriers. STB approval or exemption is required for, among other things, CPRL's acquisition of control of KCS.

The parties intend to consummate the transaction prior to having obtained STB final approval for CPRL to control KCS, through the use of a voting trust. A voting trust is a mechanism that allows the transfer of beneficial ownership of the shares of a rail carrier to an acquiror, while keeping that rail carrier independent and avoiding premature control of that rail carrier pending STB review of the proposed transaction. Accordingly, the outstanding shares of capital stock of the second surviving corporation (as successor to KCS) would remain in the voting trust pending the STB's review of CPRL's acquisition of control of KCS. On May 6, 2021, the STB issued a decision indicating that it had conducted a full review of the voting trust submitted to the STB Staff in March 2021 and granted approval for the use of the voting trust to consummate the transaction, subject to the condition that the voting trust agreement be modified to prohibit the trustee from owning securities of CPRL or its affiliates during the existence of the voting trust. CPRL made the requisite modification. The voting trust

agreement proposed for use with the transaction is unchanged from that modified in respect to the STB's May 6 decision.

Under the merger agreement, CPRL will, via the post-closing contributions, cause the contribution of all of the outstanding shares of capital stock of the second surviving corporation to merger holdco, an indirect wholly owned subsidiary of CPRL. CPRL and merger holdco intend, immediately after the closing of the transaction and the post-closing contributions, to deposit the certificates for all of the outstanding shares of capital stock of the second surviving corporation into the voting trust to ensure that CPRL and merger holdco do not acquire and directly or indirectly exercise control over KCS and its affiliates prior to obtaining necessary STB approval or exemption. Instead, the outstanding shares of capital stock of the second surviving corporation would be held in trust and voted by the trustee.

With CPRL's and KCS's planned use of the voting trust arrangement, under the terms of the voting trust agreement approved by the STB on May 6, 2021, substantially in the form of Exhibit A of the merger agreement attached to this proxy statement/prospectus as Annex A, the trustee would hold such shares of capital stock of the second surviving corporation (i) until the receipt of STB final approval, or (ii) if STB final approval is denied, until the trust stock is disposed of. The voting trust agreement provides that the trustee will vote all trust stock in favor of any proposal or action necessary or desirable to effect, or consistent with the effectuation of, the transactions contemplated by the merger agreement, and, until the STB has issued a final order approving the transaction and common control of KCS by CPRL, against any proposed merger, business combination or similar transaction involving KCS but not involving CPRL or one of its affiliates. The voting trust agreement contains other terms and conditions designed to ensure that neither merger holdco nor CPRL will control KCS during the pendency of the STB proceedings. In addition, the voting trust agreement provides that CPRL or its affiliates will be entitled to receive any cash dividend paid by KCS.

On March 22, 2021, CPRL and KCS (collectively, the "applicants") submitted a prefiling notification (the "prefiling notification") to file the appropriate and necessary documentation seeking STB final approval for CPRL to control KCS (which we refer to as the "STB approval application"). The applicants also submitted a motion for protective order and petition to establish a procedural schedule to the STB. On the same day, the applicants sent to the STB staff a copy of the original proposed form of the voting trust agreement, which was attached to the prior CP merger agreement as Exhibit A, and sought an informal opinion that the voting trust would comply with STB standards. On March 23, 2021, the applicants filed an errata to the prefiling notification and asked that the STB substitute a revised prefiling notification.

In the prefiling notification, the applicants noted that the proposed transaction was subject to the regulations set forth at 49 C.F.R. pt. 1180 (2000) rather than the version of those regulations adopted in 2001 pursuant to the waiver for transactions involving KCSR described in 49 C.F.R. § 1180.0(b). 49 C.F.R. § 1180.0(b) provides, in pertinent part, that the STB "will waive application of the regulations contained in this subpart for a consolidation involving [KCSR] and another Class 1 railroad and instead will apply the regulations in this subpart A in effect before July 11, 2001 . . . unless [the STB is] shown why such a waiver should not be allowed."

On April 23, 2021, the STB issued a decision finding that the waiver provision under 49 C.F.R. § 1180.0(b) applies to the transaction, and that the transaction will therefore be subject to the regulations set forth at 49 C.F.R. part 1180 (2000) rather than the 2001 version of those rules.

As noted above, on May 6, 2021, the STB issued a decision indicating that it had conducted a full review of the voting trust agreement submitted to the STB Staff in March 2021 and granted approval for the use of the voting trust to consummate the transaction, subject to the condition that the voting trust agreement be modified to prohibit the trustee from owning securities of CPRL or its affiliates during the existence of the voting trust. CPRL made the requisite modification. The voting trust agreement proposed for use with the transaction is unchanged from that modified in response to the STB's May 6 decision.

On September 15, 2021, CPRL and KCS filed with the STB an Amended Notice of Intent indicating that they had entered a new agreement providing for CPRL's acquisition of KCS, that they would file an application seeking STB control approval on or shortly after October 20, 2021, and that CPRL intended to indirectly acquire the shares of KCS prior to receiving control approval via the use of a voting trust that was substantially identical to that reviewed and approved by the STB in its May 6 decision.

On September 30, 2021, the STB issued a decision confirming that the transaction described in the September 15 Amended Notice of Intent was the "same transaction" that had been noticed in March 2021 and that the STB's May 6, 2021 approval for CPRL's proposed use of a voting trust to acquire KCS applies to the voting trust proposed for use with the transaction agreed to on September 15.

Under the merger agreement, each of CPRL and KCS is obligated to use its reasonable best efforts to (x) file the STB approval application within thirty days after the date of the merger agreement and (y) obtain, as promptly as practicable, STB final approval.

Under the merger agreement, CPRL and KCS must use reasonable best efforts to prosecute all filings and other presentations made, and promptly make any subsequent filings or presentations, with the STB with diligence, diligently oppose any third party's objections to, appeals from or petitions to reconsider or reopen any approval, opinion, exemption or other authorization obtained from the STB, and take all such further action as in the reasonable judgment of CPRL and KCS may facilitate obtaining STB final approval.

STB final approval is required in order to transfer control of the trust stock from the trustee to merger holdco. If an STB denial occurs, CPRL will be obligated to, directly or indirectly, divest the trust stock in accordance with the voting trust agreement, during a period of two years after such STB denial or such extension of the two-year period as the STB may approve. Any such post-closing disposition would be subject to the jurisdiction of the STB to oversee CPRL's divestiture of the trust stock.

CFIUS

The transactions contemplated by the merger agreement are subject to review by CFIUS pursuant to Section 721. Under the terms of the merger agreement, CPRL may not assume control over KCS's railroad operations until the parties have obtained completion of the CFIUS Process.

The merger agreement provides for CPRL and KCS to cooperate regarding the preparation and filing with CFIUS of a declaration and/or a joint voluntary notification in connection with the transactions contemplated by the merger agreement. If the parties opt to file a declaration, CFIUS will initiate a 30-calendar-day review period, at the end of which, if it determines that there are no unresolved national security concerns, CFIUS will conclude all action under Section 721. Alternatively, CFIUS may (a) inform the parties that it is not able to conclude action under Section 721 on the basis of the declaration and that the parties may file a written notice to seek written confirmation from CFIUS that action under Section 721 has been concluded; (b) request that the parties file a written notice; or (c) initiate a unilateral review of the transactions contemplated by the merger agreement. If the parties opt to file a written notice (whether in the first instance or after failing to obtain completion of the CFIUS process through a declaration filing) CFIUS will initiate a 45-calendar-day review period, at the end of which it may (a) determine that there are no unresolved national security concerns and conclude all action under Section 721; or (b) determine that certain circumstances warrant additional review, and commence an investigation for up to an additional 45 calendar days (which may be extended by an additional 15 days in extraordinary circumstances). If CFIUS has no unresolved national security concerns at the end of the investigation, it will inform the parties it has concluded all action under Section 721. If CFIUS has unresolved national security concerns at the end of the investigation, it may send a report to the President of the United States, who may act to suspend or prohibit the transactions contemplated by the merger agreement.

At any time during the course of the CFIUS review or investigation, CFIUS may request that the parties take actions to mitigate any national security concerns it has identified. Where CFIUS has completed all action with

respect to the transactions contemplated by the merger agreement or the President of the United States has announced a decision not to exercise his authority under Section 721 with respect to the transactions contemplated by the merger agreement, the President and CFIUS may not take any further action under Section 721 with respect to the transactions contemplated by the merger agreement.

COFECE and the IFT

Pursuant to the Mexican Federal Economic Competition Law and the Federal Telecommunications and Broadcasting Law, consummation of the transactions contemplated by the merger agreement requires the approval of COFECE and the IFT, autonomous constitutional entities responsible for enforcing the Federal Economic Competition Law in the sectors of their respective jurisdiction, including reviewing and authorizing concentrations, when applicable. Such notifications may be submitted in parallel, and the procedures follow the same rules and legal time frame (as described below); nonetheless, in non-telecom transactions, the notification process before the IFT is usually more expeditious than the process before COFECE.

The merger agreement provides that KCS, CPRL, first merger sub and surviving merger sub were obligated to promptly, but in any event no later than 30 business days after the date of the merger agreement, file any and all notifications and report forms to the Mexican antitrust authorities, in each case as required under applicable law with respect to the transactions contemplated by the merger agreement, and take all other actions necessary to cause the expiration or termination of the process under applicable law as soon as practicable.

Notifications of the transaction were submitted to the Mexican antitrust authorities on [—], 2021. Each of the Mexican antitrust authorities has 10 business days from the date the notifications were submitted to issue a request for information ("RFI"), and the parties to such proceedings will have 10 business days to respond (subject to an extension of up to 10 additional business days upon prior request). Once the response to such RFI is fulfilled, the Mexican antitrust authorities will each have 15 business days to issue a second RFI, and the parties will have 15 business days to respond (subject to extensions of up to 55 additional business days upon prior request). It is possible, but highly unlikely, that the Mexican antitrust authorities will not issue an RFI.

The Mexican antitrust authorities will each have 60 business days to review the transaction and issue a resolution from (i) the date on which the first RFI is fulfilled, (ii) if a second RFI is submitted, the date on which the second RFI is fulfilled, or (iii) if no RFI is submitted, the date notifications of the transaction were submitted to the Mexican antitrust authorities. Further, in complex cases, the Mexican antitrust authorities can extend the review period for up to 40 additional business days.

If the Mexican antitrust authorities identify competition concerns to the parties, the parties will have the opportunity, at any point after the initial notification is submitted and before the review process has been completed, to offer conditions on which approval by the Mexican antitrust authorities will be contingent. If such conditions are offered, the term for the Mexican antitrust authorities to issue a resolution will be restarted. If the Mexican antitrust authorities do not issue a resolution within the relevant review period (including any extension, if applicable), the transaction will be deemed approved. Failure to obtain clearance from the Mexican antitrust authorities precludes the parties from closing the transaction in Mexico. The statutory review periods have not yet commenced in this jurisdiction.

ARTF and SCT

KCS and CPRL (through KCSM) have filed notices with ARTF and SCT, which are responsible for regulating railroad services in Mexico, prior to the effective time. The purpose of such notices is to inform ARTF and SCT of the change in the indirect participation in the capital stock of KCSM upon completion of the transactions contemplated by the merger agreement. The notice process is for informational purposes only, and no approval is required from either ARTF or SCT to consummate the transaction. As part of this notice process, ARTF and/or SCT may request information from the new indirect shareholders of KCSM and of any change in the percentages of direct shareholding.

Mexican Rail Union

KCS has provided an informal notification to the Mexican rail union; no approval on the part of the Mexican rail union is required in order to consummate the transaction.

FCC

KCS is subject to regulation by the FCC under the Communications Act of 1934, as amended. KCS holds, controls, and/or leases various licenses issued by the FCC for the operation of radio and microwave facilities and the use of associated spectrum over certain defined geographic areas. KCS uses its radio and microwave facilities to support its railroad operations and public safety related to those operations. FCC approval of the transfer of KCS's FCC licenses will be required. Failure to receive FCC approval prior to transferring control of the FCC licenses could result in civil fines, revocation of the subject licenses, and/or other remedial actions by the FCC. Initial approval from the FCC is expected before closing into the voting trust.

In October 2021, CPRL and KCS anticipate filing all required applications for FCC consent to the transfer of control of the subject FCC licenses from KCS to the voting trust. Applications for FCC consent are potentially subject to public comment and possible oppositions of third parties, and require the FCC affirmatively to determine that the transfer of control serves the public interest. While CPRL and KCS believe that FCC approval will ultimately be obtained, this approval is not assured. CPRL and KCS anticipate, but cannot guarantee, receiving approval by the first quarter of 2022.

Additionally, if the transaction is consummated, then the FCC will also preside over a similar post-closing approval process, which would require the filing of an application for authorization of transfer of control of the FCC licenses from the voting trust to CPRL. CPRL and KCS anticipate, but cannot guarantee, that the FCC will ultimately approve this post-closing transfer of control of the FCC licenses. CPRL and KCS are not aware of any cases where FCC approval did not follow STB approval.

Appraisal or Dissenters' Rights

General

If you hold one or more shares of KCS voting stock, you may be entitled to appraisal rights under Delaware law and have the right to dissent from the transaction, have your shares appraised by the Delaware Court of Chancery and receive the "fair value" of such shares (exclusive of any element of value arising from the accomplishment or expectation of the transaction) as of the effective time in place of the merger consideration or the preferred merger consideration, as applicable, as determined by such court, if you strictly comply with the procedures specified in Section 262 of the DGCL, subject to certain limitations under the DGCL. Any such KCS stockholder awarded "fair value" for their shares by the court would receive payment of that fair value in cash, together with interest, if any, in lieu of the right to receive the merger consideration or the preferred merger consideration, as applicable. The following discussion is not a full summary of the law pertaining to appraisal rights under the DGCL and is qualified in its entirety by the full text of Section 262 of the DGCL, the full text of which is attached as Annex D to this proxy statement/prospectus and is incorporated herein by reference. All references in Section 262 of the DGCL and in this summary to a "stockholder" are to the holder of record of shares of KCS voting stock. The following discussion does not constitute any legal or other advice, nor does it constitute a recommendation that you exercise your rights to seek appraisal under Section 262 of the DGCL.

Under Section 262 of the DGCL, KCS, not less than 20 days prior to the KCS special meeting, must notify each stockholder who was a KCS stockholder on the record date for notice of the KCS special meeting and who is entitled to exercise appraisal rights, that appraisal rights are available and include in the notice a copy of Section 262 of the DGCL. This proxy statement/prospectus constitutes the required notice to KCS stockholders that appraisal rights are available in connection with the transaction. A holder of KCS voting stock who wishes to exercise appraisal rights or who wishes to preserve the right to do so should review the following discussion and

the text of Section 262 of the DGCL carefully. Failure to comply timely and properly with the requirements of Section 262 of the DGCL may result in the loss of appraisal rights. A KCS stockholder who loses his, her or its appraisal rights will be entitled to receive the merger consideration and/or the preferred merger consideration, as applicable.

How to Exercise and Perfect Your Appraisal Rights. If you are a KCS stockholder wishing to exercise the rights to seek an appraisal of your shares, you must do ALL of the following:

- you must not vote in favor of the adoption of the merger agreement. Because a proxy that is signed and submitted but does not otherwise contain voting instructions will, unless properly and timely revoked, be voted in favor of the adoption of the merger agreement; if you vote by proxy and wish to exercise your appraisal rights, you must vote against the adoption of the merger agreement or abstain from voting your shares;
- you must deliver to KCS a written demand for appraisal of your shares before the vote on the adoption of the merger agreement at the KCS special meeting and such demand must reasonably inform KCS of your identity and your intention to demand appraisal of your shares of KCS voting stock;
- you must continuously hold the shares from the date of making the demand through the closing of the transaction. You will lose your appraisal rights if you transfer such shares before the closing of the transaction; and
- you or second surviving corporation must file a petition in the Delaware Court of Chancery requesting a determination of the fair value of such shares within 120 days after the closing of the transaction. The second surviving corporation is under no obligation to file any such petition in the Delaware Court of Chancery and has no intention of doing so. Accordingly, it is the obligation of the KCS stockholders to initiate all necessary action to perfect their appraisal rights in respect of shares of KCS voting stock within the time prescribed in Section 262 of the DGCL.

Voting, electronically at the KCS special meeting or by proxy, against, abstaining from voting on or failing to vote on the adoption of the merger agreement will not constitute a written demand for appraisal as required by Section 262 of the DGCL. The written demand for appraisal must be in addition to and separate from any proxy or vote.

Who May Exercise Appraisal Rights. Only a holder of record of shares of KCS voting stock issued and outstanding at the time a demand for appraisal is made and that continue to be issued and outstanding and held of record by such holder immediately prior to the effective time may assert appraisal rights for the shares of KCS voting stock registered in that holder's name. A demand for appraisal must be executed by or on behalf of the stockholder of record, fully and correctly, as the stockholder's name appears on the stock certificates (or in the stock ledger). The demand for appraisal must reasonably inform KCS of the identity of the stockholder and that the stockholder intends to demand appraisal of his, her or its KCS voting stock. **Beneficial owners who do not also hold their shares of KCS voting stock of record may not directly make appraisal demands to KCS. The beneficial holder must, in such cases, have the owner of record, such as a bank, brokerage firm or other nominee, submit the required demand in respect of those shares of KCS voting stock of record.** A record owner, such as a bank, brokerage firm or other nominee, who holds shares of KCS voting stock as a nominee for others, may exercise his, her or its right of appraisal with respect to the shares of KCS voting stock held for one or more beneficial owners, while not exercising this right for other beneficial owners. In that case, the written demand should state the number of shares of KCS voting stock as to which appraisal is sought. Where no number of shares of KCS voting stock is expressly mentioned, the demand will be presumed to cover all shares of KCS voting stock held in the name of the record owner.

IF YOU HOLD YOUR SHARES IN BANK OR BROKERAGE ACCOUNTS OR OTHER NOMINEE FORMS, AND YOU WISH TO EXERCISE APPRAISAL RIGHTS, YOU SHOULD CONSULT WITH

YOUR BANK, BROKERAGE FIRM OR OTHER NOMINEE, AS APPLICABLE, TO DETERMINE THE APPROPRIATE PROCEDURES FOR THE BANK, BROKERAGE FIRM OR OTHER NOMINEE TO MAKE A DEMAND FOR APPRAISAL OF THOSE SHARES. IF YOU HAVE A BENEFICIAL INTEREST IN SHARES HELD OF RECORD IN THE NAME OF ANOTHER PERSON, SUCH AS A BANK, BROKERAGE FIRM OR OTHER NOMINEE, YOU MUST ACT PROMPTLY TO CAUSE THE RECORD HOLDER TO FOLLOW PROPERLY AND IN A TIMELY MANNER THE STEPS NECESSARY TO PERFECT YOUR APPRAISAL RIGHTS.

If you own shares of KCS voting stock jointly with one or more other persons, as in a joint tenancy or tenancy in common, demand for appraisal must be executed by or for you and all other joint owners. An authorized agent, including an agent for two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner and expressly disclose the fact that, in exercising the demand, such person is acting as agent for the record owner. If you hold shares of KCS voting stock through a broker who in turn holds the shares through a central securities depository nominee such as Cede & Co., a demand for appraisal of such shares must be made by or on behalf of the depository nominee and must identify the depository nominee as record holder.

If you elect to exercise appraisal rights under Section 262 of the DGCL, you should mail or deliver a written demand to:

Kansas City Southern
427 West 12th Street,
Kansas City, Missouri 64105
1-888-800-3690
Attention: Corporate Secretary

The Second Surviving Corporation's Actions After the Closing of the Transaction. If the transaction closes, the second surviving corporation will give written notice of the closing of the transaction within 10 days after the closing of the transaction to you if you did not vote in favor of adoption of the merger agreement and you made a written demand for appraisal in accordance with Section 262 of the DGCL. At any time within 60 days after the closing of the transaction, if you have not commenced an appraisal proceeding or joined such a proceeding as a named party, you have the right to withdraw the demand and to accept the merger consideration or the preferred merger consideration, as applicable, in accordance with the merger agreement for your shares of KCS voting stock. Within 120 days after the closing of the transaction, but not later, either you, provided you have complied with the requirements of Section 262 of the DGCL, or the second surviving corporation may commence an appraisal proceeding by filing a petition in the Delaware Court of Chancery, with a copy served on the second surviving corporation in the case of a petition filed by you, demanding a determination of the fair value of the shares of KCS voting stock held by all dissenting stockholders who are entitled to appraisal rights. The second surviving corporation is under no obligation to file an appraisal petition and has no intention of doing so. If you desire to have your shares appraised, you should initiate any petitions necessary for the perfection of your appraisal rights within the time periods and in the manner prescribed in Section 262 of the DGCL.

Within 120 days after the closing of the transaction, provided you have complied with the provisions of Section 262 of the DGCL, you will be entitled to receive from the second surviving corporation, upon your written request, a statement setting forth the aggregate number of shares not voted in favor of the adoption of the merger agreement and with respect to which KCS has received demands for appraisal, and the aggregate number of holders of those shares. The second surviving corporation must mail this statement to you within the later of 10 days of receipt of the request or 10 days after expiration of the period for delivery of demands for appraisal. If you are the beneficial owner of shares of KCS voting stock held in a voting trust or by a nominee on your behalf you may, in your own name, file an appraisal petition or request from the second surviving corporation the statement described in this paragraph. As noted above, however, a demand for appraisal may only be made by or on behalf of a holder of record of shares of KCS voting stock. If a petition for appraisal is duly filed by you or

another record holder of KCS voting stock who has properly exercised his or her appraisal rights in accordance with the provisions of Section 262 of the DGCL, the second surviving corporation will then be obligated, within 20 days after receiving service of a copy of the petition, to provide the office of the Register in Chancery in which the petition was filed with a duly verified list containing the names and addresses of all stockholders who have demanded an appraisal of their shares and with whom agreements as to the value of their shares have not been reached. Upon the filing of any such petition, the Delaware Court of Chancery may order the Register in Chancery to give notice of the time and place fixed for the hearing on the petition by registered or certified mail to the second surviving corporation and to the stockholders shown on such duly verified list at the addresses therein stated. Such notice will also be published at least one week before the day of the hearing in at least one newspaper of general circulation published in the City of Wilmington, Delaware, or in another publication deemed advisable by the Delaware Court of Chancery. The costs of these notices are borne by the second surviving corporation. The Delaware Court of Chancery will then determine which stockholders are entitled to appraisal rights and may require the stockholders demanding appraisal who hold certificated shares to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings and the Delaware Court of Chancery may dismiss from the proceedings any stockholder who fails to comply with this direction. If immediately before a merger the shares of the class or series of stock of the constituent corporation as to which appraisal rights are available were listed on a national securities exchange, the Delaware Court of Chancery shall dismiss the proceedings as to all holders of such shares who are otherwise entitled to appraisal rights unless (1) the total number of shares entitled to appraisal exceeds 1% of the outstanding shares of the class or series eligible for appraisal, (2) the value of the consideration provided in the transaction for such total number of shares exceeds $1 million or (3) the merger was approved pursuant to Section 253 or 267 of the DGCL. The KCS voting stock is listed on NYSE and therefore this provision may be applicable in respect thereof, to the extent that KCS voting stock continues to be listed on NYSE until immediately before the transaction.

After determination of the stockholders entitled to appraisal of their shares of KCS voting stock, the appraisal proceeding will be conducted as to the shares of KCS voting stock owned by such stockholders, in accordance with the rules of the Delaware Court of Chancery, including any rules specifically governing appraisal proceedings. The Delaware Court of Chancery will thereafter determine the fair value of the shares of KCS voting stock at the closing of the transaction held by dissenting stockholders who have properly exercised their appraisal rights, exclusive of any element of value arising from the accomplishment or expectation of the transaction, together with interest, if any, to be paid. Unless the Delaware Court of Chancery in its discretion determines otherwise for good cause shown, and except as otherwise provided in Section 262 of the DGCL, interest from the closing of the transaction through the date of payment of the judgment will be compounded quarterly and will accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the closing of the transaction and the date of payment of the judgment. At any time before the entry of judgment in the proceedings, the second surviving corporation may pay to each KCS stockholder entitled to appraisal an amount in cash (which will be treated as an advance against the payment due to such KCS stockholder), in which case interest shall accrue after such payment only upon the sum of (1) the difference, if any, between the amount so paid and the fair value of the shares as determined by the Delaware Court of Chancery and (2) interest theretofore accrued, unless paid at that time. When the fair value is determined, the Delaware Court of Chancery will direct the payment of the fair value of the shares, together with interest, if any, by the second surviving corporation to the KCS stockholders entitled thereto. Payment will be so made to each such stockholder, in the case of holders of uncertificated stock forthwith, and in the case of holders of shares of KCS voting stock represented by certificates upon the surrender to the second surviving corporation of such stockholder's certificates.

In determining the fair value, the Delaware Court of Chancery is required to take into account all relevant factors. In *Weinberger* v. *UOP, Inc.*, the Delaware Supreme Court discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that "proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court" should be considered and that "[f]air price obviously requires consideration of all relevant factors involving the value of

a company." The Delaware Supreme Court has stated that, in making this determination of fair value, the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other factors which could be ascertained as of the closing date which throw any light on future prospects of the combined company. Section 262 of the DGCL provides that fair value is to be "exclusive of any element of value arising from the accomplishment or expectation of the transaction." In *Cede & Co.* v. *Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a "narrow exclusion [that] does not encompass known elements of value," but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Delaware Supreme Court construed Section 262 of the DGCL to mean that "elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered."

An opinion of an investment banking firm as to the fairness from a financial point of view of the consideration payable in a merger is not an opinion as to, and does not in any manner address, fair value under Section 262 of the DGCL. The fair value of shares of KCS voting stock as determined under Section 262 of the DGCL could be greater than, the same as, or less than the value of the merger consideration and/or the preferred merger consideration, as applicable.

CPRL does not anticipate offering more than the merger consideration or preferred merger consideration, as applicable, to any KCS stockholder exercising appraisal rights and reserves the rights to make a voluntary cash payment pursuant to subsection (h) of Section 262 of the DGCL and to assert, in any appraisal proceeding, that, for purposes of Section 262 of the DGCL, the "fair value" of a share of KCS voting stock is less than the value of the merger consideration or preferred merger consideration, as applicable. No representation is made as to the outcome of the appraisal of fair value as determined by the Delaware Court of Chancery.

If no party files a petition for appraisal within 120 days after the closing date or, assuming the shares of KCS voting stock remain listed on a national securities exchange immediately before the transaction, if neither of the ownership thresholds above has been satisfied, then all KCS stockholders will lose the right to an appraisal, and will instead receive the merger consideration and/or the preferred merger consideration, as applicable, described in the merger agreement, without interest thereon, less any withholding taxes.

The Delaware Court of Chancery may determine the costs of the appraisal proceeding and may allocate those costs to the parties as the Delaware Court of Chancery determines to be equitable under the circumstances. Each KCS stockholder party to the appraisal proceeding is responsible for its own attorneys' fees and expert witnesses' fees and expenses, although, upon application of a stockholder, the Delaware Court of Chancery may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts, to be charged pro rata against the value of all shares of KCS voting stock entitled to appraisal.

If you have duly demanded an appraisal in compliance with Section 262 of the DGCL you may not, on or after the effective date of the transaction, vote the shares of KCS voting stock subject to the demand for any purpose or receive any dividends or other distributions on those shares, except dividends or other distributions payable to holders of record of KCS voting stock as of a record date prior to the effective date of the transaction.

If you have not commenced an appraisal proceeding or joined such a proceeding as a named party, you may withdraw a demand for appraisal and accept the merger consideration by delivering a written withdrawal of the demand for appraisal and an acceptance of the merger to the second surviving corporation, except that any attempt to withdraw made more than 60 days after the effective date of the merger will require written approval of the second surviving corporation, and no appraisal proceeding in the Delaware Court of Chancery will be dismissed as to any stockholder without the approval of the Delaware Court of Chancery. Such approval may be conditioned on the terms the Delaware Court of Chancery deems just; provided, however, that this provision will not affect the right of any KCS stockholder that has made an appraisal demand but who has not commenced an appraisal proceeding or joined such proceeding as a named party to withdraw such stockholder's demand for

appraisal and to accept the terms offered in the transaction within 60 days after the effective date of the transaction. If you fail to perfect, successfully withdraw your demand for appraisal, or otherwise lose your appraisal rights, your shares of KCS voting stock will be converted into the right to receive the merger consideration or preferred merger consideration, as applicable, without interest thereon, less any withholding taxes.

Failure to follow the steps required by Section 262 of the DGCL for perfecting appraisal rights may result in the loss of your appraisal rights. In that event, you will be entitled to receive the per share merger consideration for your shares of KCS voting stock in accordance with the merger agreement. In view of the complexity of the provisions of Section 262 of the DGCL, if you are a KCS stockholder and are considering exercising your appraisal rights under the DGCL, you are urged to consult your own legal and financial advisor.

THE PROCESS OF DEMANDING AND EXERCISING APPRAISAL RIGHTS REQUIRES COMPLIANCE WITH THE PREREQUISITES OF SECTION 262 OF THE DGCL. IF YOU WISH TO EXERCISE YOUR APPRAISAL RIGHTS, YOU ARE URGED TO CONSULT WITH YOUR OWN LEGAL AND FINANCIAL ADVISORS IN CONNECTION WITH COMPLIANCE UNDER SECTION 262 OF THE DGCL. TO THE EXTENT THERE ARE ANY INCONSISTENCIES BETWEEN THE FOREGOING SUMMARY AND SECTION 262 OF THE DGCL, THE DGCL WILL GOVERN.

Restrictions on Resales of CPRL Common Shares Received in the Transaction

The CPRL common shares to be issued in connection with the transaction will be registered under the U.S. Securities Act and will be freely transferable under the U.S. Securities Act and the U.S. Exchange Act, except for shares issued to any shareholder who may be deemed to be an "affiliate" of CPRL for purposes of Rule 144 under the U.S. Securities Act. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or are under the common control with CPRL and may include the executive officers, directors and significant shareholders of CPRL. This proxy statement/prospectus does not cover resale of CPRL common shares received by any person at the effective time, and no person is authorized to make use of this proxy statement/prospectus in connection with any such resale.

The CPRL common shares to be received by holders of KCS common stock in connection with the transaction will not be legended and may be resold in Canada through registered dealers provided that (i) the trade is not a "control distribution" as defined in National Instrument 45-102—*Resale of Securities* of the Canadian securities administrators, (ii) no unusual effort is made to prepare the market or to create a demand for the CPRL common shares, (iii) no extraordinary commission or consideration is paid to a person in respect of such sale, and (iv) if the selling security holder is an insider or officer of CP, as the case may be, the selling security holder has no reasonable grounds to believe that CP is in default of applicable Canadian securities law.

Dividend Policy

Subject to applicable law and the approval of the KCS board and the CPRL board, as applicable, KCS and CPRL will coordinate the declaration, setting of record dates and payment dates of dividends on KCS common stock and CPRL common shares so that holders of KCS common stock do not receive dividends on both KCS common stock and CPRL common shares received in the transaction in respect of any calendar quarter to which such dividend relates or fail to receive a dividend on either KCS common stock or CPRL common shares received in the transaction for any calendar quarter.

Debt Financing

As of June 30, 2021, CP had total long-term debt of approximately C$8.7 billion (U.S.$7.0 billion converted at the Bank of Canada exchange rate on June 30, 2021) and KCS had total long-term debt of approximately U.S.$3.8 billion.

Pursuant to the commitment letter, BMO and GS Lending have committed to provide an unsecured 364-day bridge facility in an aggregate principal amount of U.S.$8.5 billion to bridge the debt financing required to fund a portion of the cash consideration and preferred merger consideration, and transaction fees and expenses associated with, the transaction. CPRL expects to reduce the commitments under the bridge facility with an offering of debt securities before the closing of the transaction into the voting trust.

Effective as of April 9, 2021, CPRL amended its existing revolving credit facility to modify certain provisions relating to the calculation of the financial covenant ratio in its credit facility. In addition, effective as of September 24, 2021, CPRL entered into an amendment to extend the two year tranche and the five year tranche of its existing revolving credit facility to September 27, 2023 and September 27, 2026, respectively. Effective as of September 29, 2021, CPRL entered into a further amendment to its existing revolving credit facility in order to provide financial covenant flexibility for the anticipated acquisition financing pertaining to the transaction, which is in place for a two-year period from the date the transaction closes.

In addition, pursuant to the credit agreement, dated as of September 15, 2021, by and among CPRL and CPRC, BMO, the other lenders and financial institutions party thereto and BMO, as administrative agent, CPRC borrowed the aggregate amount of U.S.$500 million in unsecured term loans, which have an initial six-month maturity. Borrowings under such credit facility, together with commercial paper issuance and cash on hand were used to enable CPRL to make certain remittances in connection with the payments made by KCS in connection with the termination of the CN agreement.

Certain U.S. Federal Income Tax Consequences

The following discussion is a general summary based on present law of certain U.S. federal income tax considerations that may be relevant to (i) U.S. holders (as defined below) of KCS common stock who exchange their shares of KCS common stock for the merger consideration in connection with the transaction, (ii) U.S. holders of KCS preferred stock who exchange their shares of KCS preferred stock for the preferred merger consideration in connection with the transaction, and (iii) U.S. holders who hold and dispose of CPRL common shares received in the transaction. This discussion is based upon the Code, U.S. Treasury regulations promulgated under the Code (which we refer to as the "Treasury Regulations"), judicial authorities and published positions of the IRS, all as currently in effect, and all of which are subject to change or differing interpretations possibly with retroactive effect, and any such change or differing interpretation could affect the accuracy of the statements and conclusions set forth herein.

This discussion is for general information only and is not a complete description of all tax considerations that may be relevant to KCS stockholders; it is not a substitute for tax advice. It applies only to holders that hold their shares of KCS common stock or KCS preferred stock, and, in the case of holders of KCS common stock receiving CPRL shares in connection with the transaction, will hold the CPRL common shares received in the transaction, as capital assets within the meaning of Section 1221(a) of the Code (generally, property held for investment) and that use the U.S. dollar as their functional currency. It does not apply to holders who hold both KCS preferred stock and either KCS common stock or CPRL common shares. In addition, it does not describe all of the U.S. federal income tax considerations that may be relevant to KCS stockholders in light of their particular circumstances, nor does it apply to holders subject to special rules under the U.S. federal income tax laws, such as banks or other financial institutions, insurance companies, tax-exempt entities and organizations, dealers, traders in securities that elect to mark-to-market, regulated investment companies, real estate investment trusts, partnerships and other pass-through entities (including S-corporations) and investors therein, U.S. expatriates, pension funds, individual retirement and other tax-deferred accounts, "controlled foreign corporations," "passive foreign investment companies," "personal holding companies," persons liable for the alternative minimum tax, persons required to accelerate the recognition of any item of gross income as a result of such income being recognized on an "applicable financial statement," persons that directly, indirectly or constructively, own or at any time during the five-year period ending on the closing date owned, 5% or more of the total combined voting power or value of any class of KCS or CPRL stock, excepted shareholders, persons who received their shares of

KCS voting stock through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan, holders of KCS voting stock who exercise appraisal or dissenters' rights, U.S. holders that hold their shares of KCS voting stock, or who will hold the CPRL common shares, in connection with a permanent establishment or fixed base outside the United States, or holders that hold their shares of KCS voting stock or CPRL common shares as part of a hedge, straddle, conversion, constructive sale or other integrated or risk reduction financial transaction. This summary also does not address any considerations relating to U.S. federal taxes other than the income tax (such as estate or gift taxes), any U.S. state and local, or non-U.S. tax laws or considerations, the Medicare tax on net investment income, any considerations with respect to any withholding required under the Foreign Account Tax Compliance Act of 2010 (including the Treasury Regulations promulgated thereunder and any intergovernmental agreements entered in connection therewith and any laws, regulations or practices adopted in connection with any such agreement), or, except as expressly addressed below, any reporting requirements.

As used in this section, "U.S. holder" means a beneficial owner of shares of KCS voting stock, and, in the case of any holder of KCS common stock that has received CPRL shares in connection with the transaction, a beneficial owner of CPRL common shares received in the transaction, that is, for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States, (ii) a corporation, or other entity or arrangement taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust; or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source.

The U.S. federal income tax treatment of a partner in a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) exchanging its shares of KCS voting stock for the merger consideration or preferred merger consideration, as applicable, or holding or disposing of CPRL common shares, generally will depend on the status of the partner and the activities of the partnership. Partnerships and persons treated as partners in partnerships that hold shares of KCS voting stock should consult their own tax advisors regarding the specific U.S. federal income tax consequences to them of participating in the transaction and acquiring, owning and disposing of CPRL common shares.

The following discussion does not purport to be a complete analysis or discussion of all U.S. federal income tax considerations relating to the transaction or to the ownership and disposition of CPRL common shares. All holders of KCS voting stock should consult their own tax advisors as to the specific tax consequences to them of the transaction and of the ownership and disposition of CPRL common shares, including with respect to reporting requirements and the applicability and effect of any U.S. federal, state, local, non-U.S. or other tax laws in light of their particular circumstances.

Holders of KCS voting stock that are not U.S. holders should consult their own tax advisors regarding the possibility that, in the event the applicable withholding agent is unable to determine whether any cash consideration should be treated as a dividend for applicable U.S. federal income tax purposes, such withholding agent may withhold U.S. federal withholding tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) on the entire amount of cash consideration payable to them in the transaction, and such holders should consult their own tax advisors as to the possible desirability and timing of selling any CPRL common shares or shares of KCS voting stock that they own.

Under Section 367(a) of the Code and the Treasury Regulations thereunder, special rules may apply to a U.S. holder that actually or constructively owns 5% or more, by vote or value, of the issued and outstanding stock of CPRL immediately after the completion of the transaction. Any such U.S. holder is urged to consult such U.S. holder's own tax adviser regarding the U.S. federal income tax consequences of the transaction with regard to such U.S. holder's particular circumstances**, including with respect to the possibility of entering into a "gain recognition agreement" and otherwise complying with the requirements of that agreement and Treasury Regulations Section 1.367(a)-8 for avoiding the recognition of gain**.

U.S. Federal Income Tax Consequences

The Transaction

CPRL and KCS intend that the transaction will qualify as a "reorganization" within the meaning of Section 368(a) of the Code and that Section 367(a)(1) of the Code will not apply to cause the transaction to result in gain recognition by holders of KCS common stock that exchange their shares of KCS common stock for the merger consideration (other than any excepted shareholder). The obligation of KCS to complete the transaction is conditioned upon the receipt of an opinion from Wachtell, Lipton, Rosen & Katz, special counsel to KCS, or another nationally recognized tax counsel, to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, the transaction will qualify as a "reorganization" within the meaning of Section 368(a) of the Code and that the transaction will not result in gain recognition under Section 367(a)(1) of the Code by holders of KCS common stock (other than any excepted shareholder). This opinion will be based on certain facts, representations, assumptions and statements, including those contained in the merger agreement and in tax representation letters provided by CPRL and KCS. If any of these facts, representations, assumptions or statements underlying the tax opinion described above is or becomes incorrect, incomplete, or is violated, the validity of, and the conclusions reached in, such tax opinion may be affected or jeopardized, and the U.S. federal income tax consequences of the transaction could differ materially from those discussed below. In addition, the opinion will be subject to certain qualifications and limitations as set forth therein.

Moreover, the opinion will not be binding on the IRS or the courts, and neither CPRL nor KCS intends to obtain a ruling from the IRS with respect to the tax consequences of the transaction. Consequently, no assurance can be given that the IRS will not assert, or that a court will not sustain, a position contrary to any of the conclusions set forth in such opinion or the tax consequences described in the discussion below. In particular, if the transaction were to fail to qualify as a reorganization for U.S. federal income tax purposes, U.S. holders of KCS common stock would be required to recognize gain or loss on their exchange of KCS common stock for the merger consideration. If the transaction qualified as a reorganization but were to fail to satisfy the requirements of Section 367(a)(1) of the Code, U.S. holders would be required to recognize the full amount of any gain, but not loss, on their exchange of KCS common stock for the merger consideration.

On the basis of the opinion described above that the transaction will be treated as a "reorganization" within the meaning of Section 368(a) of the Code and that Section 367(a)(1) of the Code will not generally apply to cause the transaction to result in gain recognition to U.S. holders of KCS common stock that exchange their shares of KCS common stock for the merger consideration (other than any excepted shareholder), the following discussion describes the material U.S. federal income tax consequences of the transaction to U.S. holders of KCS common stock (other than excepted shareholders).

Tax Consequences to U.S. Holders of KCS Common Stock of the Transaction

U.S. holders of KCS common stock that exchange their shares of KCS common stock for a combination of CPRL common shares and cash in the transaction will generally recognize gain (but not loss) in an amount equal to the lesser of: (i) the amount of cash (excluding cash received in lieu of fractional CPRL common shares, if any) received by such U.S. holder in the transaction; and (ii) the excess, if any, of (a) the sum of the amount of cash (excluding cash received in lieu of fractional CPRL common shares, if any) plus the fair market value of the CPRL common shares (including any fractional CPRL common shares deemed received) received by such U.S. holder in exchange for its shares of KCS common stock in the transaction, over (b) such U.S. holder's tax basis in its shares of KCS common stock exchanged. The tax basis of a U.S. holder of KCS common stock in such U.S. holder's KCS common stock will generally be equal to the amount paid for such stock.

Subject to the discussion below regarding potential dividend treatment, any such gain will generally be capital gain. Any such capital gain will be long-term capital gain if, as of the effective time, the U.S. holder's holding period with respect to the surrendered shares of KCS common stock exceeds one year. A non-corporate U.S. holder's long-term capital gain may be taxed at lower rates.

In certain circumstances, cash consideration received in a transaction otherwise qualifying as a reorganization may be characterized as a dividend for U.S. federal income tax purposes rather than capital gain where the payment of such cash consideration has the effect of a distribution of a dividend. Whether the payment of such consideration has that effect is generally determined by treating the cash as if it were the proceeds of a hypothetical redemption by the acquirer (or its parent) of additional share consideration deemed issued in the acquisition. If the receipt of cash in such deemed redemption would be treated as a distribution to the U.S. holder with respect to CPRL under the tests set forth in Section 302 of the Code, the gain recognized pursuant to the transaction by such U.S. holder would be treated as dividend income to the extent of such U.S. holder's ratable share of the accumulated earnings and profits as calculated for U.S. federal income tax purposes. The IRS has ruled that gain is generally not recharacterized as a dividend under this rule in the case of an exchanging shareholder in a public corporation whose relative stock interest is minimal and who exercises no control with respect to corporate affairs. Based on this and other applicable legal authority, and on the relevant facts (including the relative amount of the cash component of the merger consideration), cash consideration received by holders of KCS common stock in the transaction is generally not expected to be treated as a dividend. However, these rules are complex and because the possibility of dividend treatment depends upon each U.S. holder's particular circumstances, including the application of constructive ownership rules, U.S. holders should consult their tax advisors regarding the application of the foregoing rules to them.

The aggregate tax basis of the CPRL common shares a U.S. holder receives in the transaction (including any fractional CPRL common shares deemed received) will generally be the same as such U.S. holder's aggregate tax basis in its shares of KCS common stock surrendered in exchange therefor, decreased by the amount of cash (excluding cash received in lieu of fractional shares, if any) such U.S. holder receives and increased by the amount of gain (excluding any gain recognized with respect to cash received in lieu of a fractional share), if any, such U.S. holder recognizes in the transaction. The holding period of the CPRL common shares received by a U.S. holder in the transaction will include such U.S. holder's holding period in the shares of KCS common stock surrendered in the transaction.

U.S. holders who hold shares of KCS common stock with differing tax bases and/or holding periods, which generally occurs when blocks of shares are purchased at different times or at different prices, should consult with their own tax advisors with respect to the particular U.S. federal income tax consequences of the transaction to them.

A U.S. holder who receives cash in lieu of a fractional CPRL share in the transaction generally will be treated as having received such fractional share in the transaction and then as having received cash in exchange for such fractional CPRL share. Gain or loss generally will be recognized based on the difference between the amount of cash received in lieu of the fractional CPRL share and the portion of the U.S. holder's aggregate tax basis in the shares of KCS common stock surrendered allocable to the fractional CPRL share. Any such gain or loss generally will be capital gain or loss, which will be long-term capital gain or loss if the holding period for the shares of KCS common stock is more than one year on the closing date of the transaction. A non-corporate U.S. holder's long-term capital gain may be taxed at lower rates. Deductions for capital losses are subject to limitations.

Tax Consequences to U.S. holders of KCS preferred stock of the Transaction

The exchange of shares of KCS preferred stock for cash in the transaction will be a taxable transaction for U.S. federal income tax purposes. In general, a U.S. holder of KCS preferred stock whose shares of KCS preferred stock are converted into the right to receive cash in the transaction will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount of cash received with respect to such shares (determined before the deduction of any applicable withholding taxes, as described below under "*Backup Withholding and Information Reporting*") and the U.S. holder's adjusted tax basis in such shares. A U.S. holder's adjusted tax basis in KCS preferred stock will generally equal the price the U.S. holder paid for such KCS preferred stock. Any such capital gain or loss will be long-term capital gain or loss where the U.S.

holder's holding period for such KCS preferred stock is more than one year on the closing date of the transaction. A non-corporate U.S. holder's long-term capital gain may be taxed at lower rates. Deductions for capital losses are subject to limitations. If a U.S. holder acquired different blocks of KCS preferred stock at different times or different prices, such U.S. holder must determine its adjusted tax basis, gain or loss and holding period separately with respect to each block of KCS preferred stock.

U.S. holders who hold both KCS common stock and KCS preferred stock should consult with their own tax advisors with respect to the particular U.S. federal income tax consequences of the transaction to them.

U.S. Federal Income Taxation of U.S. Holders of CPRL Shares

Passive Foreign Investment Company Considerations

Based on the composition of CPRL's current gross assets and income and the manner in which CPRL expects to operate its business in future years, CPRL believes, and the following discussion assumes, that CPRL will not be classified as a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes for its current taxable year and does not expect to be so classified in the foreseeable future. The tests to determine whether a company is a PFIC apply annually and a company's status can change depending, among other things, on changes in the composition and relative value of its gross receipts and assets, changes in its operations and changes in the market value of its stock. Accordingly, there can be no assurance that CPRL will not be a PFIC for its current or any future taxable year. If CPRL were to be a PFIC for any taxable year during which a U.S. holder owned CPRL common shares, such U.S. holder generally would be subject, in that taxable year and all subsequent taxable years (whether or not CPRL continued to be a PFIC), to materially adverse U.S. federal income tax consequences, including that gain from a sale or other disposition of CPRL common shares, as well as certain distributions on CPRL common shares, would be subject to tax at the highest ordinary income tax rates and an interest charge and U.S. holders would be subject to additional information reporting requirements. U.S. holders should consult their own tax advisors as to the potential application of the PFIC rules.

Dividends

Subject to the preceding discussion of special rules applicable to PFICs, the gross amount of any distribution of cash with respect to CPRL common shares will be included in a U.S. holder's gross income as a dividend to the extent of CPRL's current and accumulated earnings and profits as determined under U.S. federal income tax laws. CPRL does not expect to maintain calculations of earnings and profits for U.S. federal income tax purposes. Therefore, a U.S. holder should expect that any such distribution will generally be treated as a dividend from foreign sources when actually or constructively received. Dividends will not be eligible for the dividends-received deduction generally available to U.S. corporations. Dividends received from a "qualified foreign corporation" by eligible non-corporate U.S. holders that satisfy a minimum holding period and certain other requirements generally will be taxed at the preferential rate applicable to qualified dividend income. CPRL will be treated as a qualified foreign corporation if its shares are readily tradable on an established securities market in the United States or CPRL qualifies for comprehensive benefits under the U.S.-Canada income tax treaty and CPRL is not a PFIC for either the taxable year of distribution or prior taxable years. U.S. Treasury guidance indicates that shares listed on the NYSE will be considered readily tradable on an established securities market in the United States. There can be no assurance, however, that CPRL common shares will be considered readily tradable on an established securities market in future years.

Dividends paid in a currency other than U.S. dollars will be included in income in a U.S. dollar amount based on the exchange rate in effect on the date the dividend is distributed, whether or not the currency is converted into U.S. dollars at that time. A U.S. holder's tax basis in the non-U.S. currency will equal the U.S. dollar amount included in income. Any gain or loss realized on a subsequent conversion or other disposition of the non-U.S. currency for a different U.S. dollar amount generally will be U.S. source ordinary income or loss. If dividends paid in a currency other than U.S. dollars are converted into U.S. dollars on the day they are distributed, a U.S. holder generally will not be required to recognize foreign currency gain or loss in respect of the dividend income.

U.S. holders must include any tax withheld from a dividend payment in this gross amount even though they do not in fact receive such withheld tax. Subject to certain limitations, Canadian tax withheld and paid over to Canada will be creditable or deductible against U.S. holders' U.S. federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to preferential tax rates for qualified dividend income. To the extent a refund of the tax withheld is available to U.S. holders under Canadian law or under the U.S.-Canada income tax treaty, the amount of tax withheld that is refundable will not be eligible for credit against such U.S. holders' U.S. federal income tax liability.

Sales or Other Dispositions of CPRL Shares

Subject to the preceding discussion of special rules applicable to PFICs, a U.S. holder generally will recognize capital gain or loss on the sale or other disposition of CPRL common shares in an amount equal to the difference between the U.S. dollar value of the amount realized and the U.S. holder's adjusted tax basis in the CPRL common shares disposed. Any gain or loss generally will be treated as arising from U.S. sources and will be long-term capital gain or loss if the U.S. holder's holding period exceeds one year. Deductions for capital loss are subject to significant limitations.

Backup Withholding and Information Reporting

In general, information reporting requirements may apply to cash payments made to U.S. holders in connection with the transaction and in respect of CPRL common shares, unless an exemption applies. Backup withholding tax may apply to amounts subject to information reporting if the applicable stockholder fails to provide an accurate taxpayer identification number, fails to report all interest and dividends required to be shown on its U.S. federal income tax returns or otherwise fails to establish an exemption from backup withholding. U.S. holders can claim a credit against their U.S. federal income tax liability for the amount of any backup withholding tax and a refund of any excess, provided that all required information is timely provided to the IRS. U.S. holders should consult their own tax advisors as to their qualification for exemption from backup withholding and the procedure for establishing an exemption.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR HOLDER. THE TAX CONSEQUENCES OF THE TRANSACTION AND OF HOLDING AND DISPOSING OF CPRL SHARES WILL DEPEND ON A HOLDER'S SPECIFIC SITUATION. EACH HOLDER IS URGED TO CONSULT SUCH HOLDER'S OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF THE TRANSACTION AND HOLDING AND DISPOSING OF CPRL SHARES IN LIGHT OF THE HOLDER'S OWN CIRCUMSTANCES, AS WELL AS THE APPLICABILITY AND EFFECT OF ANY U.S. FEDERAL, STATE, LOCAL, FOREIGN OR OTHER TAX LAWS.

Certain Canadian Federal Income Tax Consequences

This summary is based on the description of the transaction set out in this proxy statement/prospectus, the current provisions of the Canadian tax act, relevant jurisprudence, and an understanding of the current administrative policies and practices of the Canada Revenue Agency (which we refer to as the "CRA") published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Canadian tax act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (which we refer to as the "proposed amendments") and assumes that all proposed amendments will be enacted in the form proposed; however, no assurances can be given that the proposed amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, administrative or judicial action, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to the transaction. The income and other tax consequences of acquiring, holding or disposing of securities will vary depending on a holder's particular status and circumstances, including the country, province or territory in which the holder resides or carries on business. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder. No representations are made with respect to the income tax consequences to any particular holder. Holders resident or subject to taxation in a jurisdiction other than Canada should be aware that the transaction may have tax consequences both in Canada and in such other jurisdiction. Such consequences are not described herein. Holders should consult their own tax advisors with respect to the income tax consequences of the transaction in their particular circumstances, including the application and effect of the income and other tax laws of any applicable country, province, state or local tax authority.

Application

The following summary describes the principal Canadian federal income tax considerations generally applicable under the Canadian tax act to a beneficial owner of KCS common stock or KCS preferred stock, as the case may be, who disposes, or is deemed to have disposed, of KCS common stock or KCS preferred stock, as applicable, in connection with the first merger and who, for the purposes of the Canadian tax act and at all relevant times, (i) deals at arm's length with and is not affiliated with CPRL, the merger subs or KCS; and (ii) holds all KCS common stock and KCS preferred stock, and will hold all CPRL common shares acquired pursuant to the first merger, as applicable (which we refer to, collectively, in this portion of the summary as the "Securities") as capital property (which we refer to in this portion of the summary as a "holder"). Generally, the Securities will be considered to be capital property to a holder for purposes of the Canadian tax act, provided that the holder does not use or hold those Securities in the course of carrying on a business and has not acquired such Securities in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a holder: (i) that is a "financial institution" for the purposes of the "mark-to-market property" rules, (ii) that is a "specified financial institution," (iii) an interest in which would be a "tax shelter investment," (iv) that has elected to determine its "Canadian tax results" in a currency other than Canadian currency pursuant to the functional currency reporting rules, (v) that has entered or will enter into, in respect of any Securities, a "derivative forward agreement" or a "synthetic disposition arrangement," (vi) that is a partnership, or (vii) in respect of which KCS is a "foreign affiliate," all within the meaning of the Canadian tax act. Any such holders should consult their own tax advisors with respect to the particular Canadian federal income tax consequences to them of the transaction.

Additional considerations, not discussed herein, may be applicable to a holder that is a corporation resident in Canada and is, or becomes, or does not deal at arm's length for purposes of the Canadian tax act with a corporation resident in Canada that is or becomes, as part of a transaction or series of transactions or events that includes the acquisition of CPRL common shares, controlled by a non-resident person, or if no single non-resident person has or acquires control, by a group of non-resident persons not dealing with each other at arm's length for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Canadian tax act. Such holders should consult their own tax advisors.

This summary does not address issues relevant to KCS voting stock holders who acquired their KCS common stock or KCS preferred stock on the exercise of an employee stock option or pursuant to another employee incentive award. Such holders should consult their own tax advisors.

Canadian Currency

For the purposes of the Canadian tax act, subject to certain exceptions (including where a taxpayer has made an election to compute its "Canadian tax results" in a currency other than Canadian currency), all amounts relating to the acquisition, holding or disposition of KCS common stock, KCS preferred stock and CPRL common shares

(including dividends, adjusted cost base and proceeds of disposition), as applicable, must be converted into Canadian dollars for the purposes of the Canadian tax act. Amounts denominated in a foreign currency must be converted into Canadian dollars using the exchange rate quoted by the Bank of Canada for the day on which the amount arose, or, if there is no such rate quoted for the particular day, the closest preceding day for which such a rate is quoted, in accordance with the Canadian tax act.

Holders Resident in Canada

The following portion of the summary is generally applicable to a holder who, at all relevant times and for purposes of the Canadian tax act and any applicable income tax treaty or convention, is or is deemed to be resident in Canada and is not exempt from tax under Part I of the Canadian tax act (which we refer to in this portion of the summary as a "Canadian resident holder").

Disposition of KCS Common Stock

A Canadian resident holder who disposes of KCS common stock in connection with the first merger will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Canadian resident holder of its KCS common stock, determined immediately before the disposition. The proceeds of disposition to the Canadian resident holder will be equal to the sum of the aggregate of the fair market value of the CPRL common shares and the cash consideration received on the disposition (including cash received in lieu of a fractional CPRL common share). For a description of the tax treatment of capital gains and capital losses, see the subsection entitled "*Taxation of Capital Gains and Capital Losses*," on page 128.

U.S. tax, if any, levied on any gain realized on a disposition of shares of KCS common stock in connection with the first merger may be eligible for a foreign tax credit under the Canadian tax act to the extent and under the circumstances described in the Canadian tax act. Canadian resident holders should consult their own tax advisors with respect to the availability of a foreign tax credit, having regarding to their particular circumstances.

The cost to a Canadian resident holder of CPRL common shares received by that Canadian resident holder as a result of the first merger will be equal to their fair market value at the time they are acquired by such Canadian resident holder. For purposes of determining the adjusted cost base of CPRL common shares, the cost of the CPRL common shares acquired must be averaged with the adjusted cost base of all other CPRL common shares held by the Canadian resident holder as capital property, subject to the detailed provisions of the Canadian tax act.

Disposition of KCS Preferred Stock

A Canadian resident holder who disposes of KCS preferred stock as a result of the first merger will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Canadian resident holder of its KCS preferred stock, determined immediately before the disposition. The proceeds of disposition to the Canadian resident holder will be equal to the cash consideration received on the disposition of the Canadian resident holder's KCS preferred stock. For a description of the tax treatment of capital gains and capital losses, see the subsection entitled "*Taxation of Capital Gains and Capital Losses*," on page 128.

U.S. tax, if any, levied on any gain realized on a disposition of shares of KCS preferred stock in connection with the first merger may be eligible for a foreign tax credit under the Canadian tax act to the extent and under the circumstances described in the Canadian tax act. Canadian resident holders should consult their own tax advisors with respect to the availability of a foreign tax credit, having regarding to their particular circumstances.

Appraisal Rights

A Canadian resident holder who disposes of KCS common stock or KCS preferred stock on the valid exercise of appraisal rights will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Canadian resident holder of its KCS common stock or KCS preferred stock, as applicable, determined immediately before the disposition. The proceeds of disposition to the Canadian resident holder will be equal to the cash consideration received on the disposition. For a description of the tax treatment of capital gains and capital losses, see the subsection entitled "*Taxation of Capital Gains and Capital Losses*," on page 128. Canadian resident holders who are considering exercising appraisal rights should consult their tax advisors for the tax and other implications thereof.

U.S. tax, if any, levied on any gain realized on a disposition of shares of KCS common stock or KCS preferred stock on the exercise of appraisal rights may be eligible for a foreign tax credit under the Canadian tax act to the extent and under the circumstances described in the Canadian tax act. Canadian resident holders should consult their own tax advisors with respect to the availability of a foreign tax credit, having regarding to their particular circumstances.

Dividends on CPRL Common Shares (Post-Transaction)

A Canadian resident holder who is an individual (other than certain trusts) will be required to include in income any dividends received or deemed to be received on the CPRL common shares, and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by CPRL as "eligible dividends" as defined in the Canadian tax act. Although there can be no assurance that any dividend paid by CPRL will be designated as an "eligible dividend," CPRL has posted notification on its website that, unless otherwise indicated, dividends on CPRL common shares are designated as "eligible dividends" for purposes of the Canadian tax act. Dividends received or deemed to be received by an individual and certain trusts may give rise to a liability for minimum tax under the Canadian tax act.

Dividends received (or deemed to be received) on a CPRL common share by a Canadian resident holder that is a corporation will be included in computing such Canadian resident holder's income for the taxation year and will generally also be deductible in computing its taxable income for that taxation year. In certain circumstances, a dividend received (or deemed to be received) by a Canadian resident holder that is a corporation may be deemed to be proceeds of disposition or a capital gain pursuant to subsection 55(2) of the Canadian tax act. Canadian resident holders that are corporations should consult their own tax advisors regarding their particular circumstances. A Canadian resident holder that is a "private corporation" or a "subject corporation," each as defined in the Canadian tax act, will generally be liable to pay an additional tax under Part IV of the Canadian tax act, all or a portion of which may be refundable in certain circumstances, on dividends received, or deemed to be received, on a CPRL common share to the extent such dividends are deductible in computing the Canadian resident holder's taxable income. A Canadian resident holder of CPRL common shares that is, throughout the year, a "Canadian-controlled private corporation," as defined in the Canadian tax act, may be subject to an additional tax (all or a portion of which may be refundable in certain circumstances) on its "aggregate investment income," which is defined to include dividends that are not deductible in computing taxable income.

Disposition of CPRL Common Shares (Post-Transaction)

A Canadian resident holder who disposes or is deemed to dispose of a CPRL common share after the transaction will recognize a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Canadian resident holder of such CPRL common share, determined immediately before the disposition. For a description of the tax treatment of capital gains and capital losses, see the subsection entitled "*Taxation of Capital Gains and Capital Losses*" immediately below.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain realized by a Canadian resident holder in a taxation year will be included in computing the Canadian resident holder's income in that taxation year as a taxable capital gain and one-half of any capital loss realized in a taxation year (which we refer to as an "allowable capital loss") must be deducted from the taxable capital gains realized by the Canadian resident holder in the same taxation year, in accordance with the rules contained in the Canadian tax act. Allowable capital losses in excess of taxable capital gains realized by a Canadian resident holder in a particular taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized by the Canadian resident holder in such taxation year, subject to and in accordance with the rules contained in the Canadian tax act.

Capital gains realized by an individual and certain trusts may give rise to a liability for minimum tax under the Canadian tax act. A Canadian resident holder that is, throughout the year, a "Canadian-controlled private corporation," as defined in the Canadian tax act, may be subject to an additional tax (all or a portion of which may be refundable in certain circumstances) on its "aggregate investment income," which is defined to include taxable capital gains.

The amount of any capital loss realized by a Canadian resident holder that is a corporation on the disposition of a CPRL common share may be reduced by the amount of dividends received or deemed to be received by it on such share (or on a share for which the share has been substituted) to the extent and under the circumstances prescribed by the Canadian tax act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns shares, directly or indirectly through a partnership or a trust. Canadian resident holders to whom these rules may apply should consult their own tax advisors.

Eligibility for Investment

Based on the current provisions of the Canadian tax act and subject to the provision of any particular plan, provided that the CPRL common shares are listed on a "designated stock exchange," within the meaning of the Canadian tax act (which currently includes the TSX and the NYSE), or CPRL is otherwise a "public corporation" (other than a "mortgage investment corporation") for purposes of the Canadian tax act, the CPRL common shares will be qualified investments under the Canadian tax act for a trust governed by a registered retirement savings plan (which we refer to as "RRSP"), a registered retirement income fund (which we refer to as "RRIF"), a registered disability savings plan (which we refer to as "RDSP"), a registered education savings plan (which we refer to as "RESP"), a tax-free savings account (which we refer to as "TFSA") or a deferred profit sharing plan, each as defined in the Canadian tax act.

Notwithstanding the foregoing, if the CPRL common shares are "prohibited investments," within the meaning of the Canadian tax act, for a particular RRSP, RRIF, RDSP, RESP or TFSA, the annuitant of the RRSP or RRIF, the holder of the TFSA or RDSP, or the subscriber of the RESP, as the case may be, will be subject to a penalty tax under the Canadian tax act. The CPRL common shares will generally not be a "prohibited investment" for these purposes unless the annuitant under the RRSP or RRIF, the holder of the TFSA or RDSP, or the subscriber of the RESP, as applicable, (i) does not deal at arm's length with CPRL for purposes of the Canadian tax act, or (ii) has a "significant interest," as defined in the Canadian tax act, in CPRL. In addition, the CPRL common shares will generally not be a "prohibited investment" if the CPRL common shares are "excluded property" for purposes of the prohibited investment rules for an RRSP, RRIF, RDSP, RESP or TFSA. Annuitants under RRSPs or RRIFs, holders of TFSAs or RDSPs, and subscribers of RESPs should consult their own tax advisors as to whether the CPRL common shares will be prohibited investments in their particular circumstances.

Holders Not Resident in Canada

The following portion of the summary is generally applicable to a holder who, at all relevant times and for purposes of the Canadian tax act, is not, and is not deemed to be, a resident of Canada and does not use or hold, and is not deemed to use or hold, KCS common stock or KCS preferred stock, as the case may be, and will not use or hold, or be deemed to use or hold, CPRL common shares, as applicable, in a business carried on in Canada (which we refer to in this portion of the summary as a "non-Canadian resident holder"). This portion of the summary is not generally applicable to a non-Canadian resident holder that is: (i) an insurer carrying on an insurance business in Canada and elsewhere or (ii) an "authorized foreign bank" (as defined in the Canadian tax act).

The following portion of the summary assumes that none of the KCS common stock, KCS preferred stock, or CPRL common shares will constitute "taxable Canadian property" to any particular non-Canadian resident holder at any time. Generally, KCS common stock, KCS preferred stock, or CPRL common shares, as the case may be, will not constitute taxable Canadian property to a non-Canadian resident holder at a particular time, provided that the applicable shares are listed at that time on a "designated stock exchange" (which currently includes the NYSE and the TSX), unless at any particular time during the 60-month period that ends at that time (i) one or any combination of (a) the non-Canadian resident holder, (b) persons with whom the non-Canadian resident holder does not deal at arm's length, and (c) partnerships in which the non-Canadian resident holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of KCS or CPRL, as the case may be, and (ii) more than 50% of the fair market value of KCS common stock, KCS preferred stock or CPRL common shares, as the case may be, was derived directly or indirectly from one or any combination of: (A) real or immovable properties situated in Canada, (B) "Canadian resource properties" (as defined in the Canadian tax act), (C) "timber resource properties" (as defined in the Canadian tax act), and (D) options in respect of, or interests in, any of the foregoing property whether or not the property exists. In certain circumstances set out in the Canadian tax act, shares which are not otherwise "taxable Canadian property" may be deemed to be "taxable Canadian property."

KCS has represented in the merger agreement that, at no time during the 60 months immediately preceding the effective time, will more than 50% of the fair market value of KCS voting stock be derived, directly or indirectly, from one or any combination of the properties listed in (ii)(A) to (D) above. Assuming the accuracy of this representation, the KCS common stock and KCS preferred stock will not be "taxable Canadian property" to non-Canadian resident holders at the time of their disposition in connection with the first merger for purposes of the Canadian tax act.

Disposition of KCS Common Stock or KCS Preferred Stock in Connection with the First Merger

A non-Canadian resident holder will not be subject to tax under the Canadian tax act on any capital gain realized on a disposition of KCS common stock or KCS preferred stock, as the case may be, in connection with the first merger unless the shares are "taxable Canadian property" to the non-Canadian resident holder and the shares are not "treaty-protected property" of the non-Canadian resident holder, each within the meaning of the Canadian tax act. Non-Canadian resident holders whose KCS common stock and KCS preferred stock are "taxable Canadian property" should consult their own tax advisors for advice having regard to their particular circumstances, including whether their KCS common stock and KCS preferred stock constitute "treaty-protected property." As shares of the capital stock of a U.S. corporation, the KCS common stock and KCS preferred stock will generally be "treaty-protected property" for a non-Canadian resident holder who is a resident of the United States for purposes of, and entitled to benefits under, the U.S.-Canada income tax treaty.

Appraisal Rights

A non-Canadian resident holder will not be subject to tax under the Canadian tax act on any capital gain realized on a disposition of KCS common stock or KCS preferred stock, as the case may be, pursuant to the valid exercise of appraisal rights unless the shares are "taxable Canadian property" to the non-Canadian resident holder and the shares are not "treaty-protected property" of the non-Canadian resident holder, each within the meaning of the Canadian tax act.

Dividends on CPRL Common Shares (Post-Transaction)

Dividends paid or credited, or deemed to be paid or credited, on CPRL common shares to a non-Canadian resident holder generally will be subject to Canadian withholding tax at a rate of 25% of the gross amount of the dividend, unless the rate is reduced under the provisions of an applicable income tax convention between Canada and the non-Canadian resident holder's jurisdiction of residence. For example, the rate of withholding tax under the U.S.-Canada income tax treaty applicable to a non-Canadian resident holder who is a resident of the United States for the purposes of such treaty, is the beneficial owner of the dividend and who is entitled to all of the benefits under such treaty, generally will be 15%. CPRL will be required to withhold the required amount of withholding tax from the dividend, and remit it to the CRA for the account of the non-Canadian resident holder. Non-Canadian resident holders who may be eligible for a reduced rate of withholding tax on dividends pursuant to an applicable income tax convention should consult their own tax advisors with respect to taking all appropriate steps in this regard.

Disposition of CPRL Common Shares (Post-Transaction)

A non-Canadian resident holder will not be subject to tax under the Canadian tax act on any capital gain realized on a disposition of CPRL common shares, unless the shares are "taxable Canadian property" to the non-Canadian resident holder and the shares are not "treaty-protected property" of the non-Canadian resident holder, each within the meaning of the Canadian tax act.

THE ADVISORY COMPENSATION PROPOSAL

Pursuant to Section 14A of the Exchange Act and Rule 14a-21(c) thereunder, KCS is required to submit to a non-binding, advisory stockholder vote certain compensation that may be paid or become payable to KCS's named executive officers that is based on or otherwise relates to the transaction as disclosed in the section entitled "*Interests of KCS's Directors and Executive Officers in the Transaction*," on page 101. The KCS compensation proposal gives KCS stockholders the opportunity to express their views on the merger-related compensation of KCS's named executive officers.

Accordingly, KCS is asking KCS stockholders to vote "**FOR**" the adoption of the following resolution, on a non-binding, advisory basis:

> "RESOLVED, that the compensation that may be paid or become payable to KCS's named executive officers that is based on or otherwise relates to the transaction, as disclosed pursuant to Item 402(t) of Regulation S-K under the heading '*Interests of KCS's Directors and Executive Officers in the Transaction*' including the associated narrative discussion and the agreements, plans, arrangements or understandings pursuant to which such compensation may be paid or become payable, are hereby APPROVED."

The vote on the KCS compensation proposal is a vote separate and apart from the vote to adopt the merger agreement. Accordingly, if you are a KCS stockholder, you may vote to approve the KCS merger proposal, and vote not to approve the KCS compensation proposal, and vice versa. The vote on the KCS compensation proposal is advisory and non-binding. As a result, if the transaction is completed, the merger-related compensation may be paid to KCS's named executive officers to the extent payable in accordance with the terms of the compensation agreements and arrangements even if KCS stockholders do not approve the KCS compensation proposal.

The KCS board unanimously recommends a vote "FOR" the KCS compensation proposal.

Assuming a quorum is present at the KCS special meeting, approval of the KCS compensation proposal requires the affirmative vote of at least a majority of the shares of KCS voting stock present at the KCS special meeting in person (including virtually) or represented by proxy and entitled to vote on the KCS compensation proposal. Accordingly, if a KCS stockholder present in person (including virtually) at the KCS special meeting abstains from voting, or responds by proxy with an "abstain" vote, it will have the same effect as a vote cast "**AGAINST**" the KCS compensation proposal. If a KCS stockholder is not present in person (including virtually) at the KCS special meeting and does not respond by proxy, it will have no effect on the vote count for the KCS compensation proposal (assuming a quorum is present).

IF YOU ARE A KCS STOCKHOLDER, THE KCS BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE KCS COMPENSATION PROPOSAL (PROPOSAL 2).

THE KCS ADJOURNMENT PROPOSAL

The KCS special meeting may be adjourned to another time and place in order to permit the solicitation of additional proxies if there are not sufficient votes to approve the KCS merger proposal or to ensure that any supplement or amendment to this proxy statement/prospectus is timely provided to KCS stockholders.

KCS is asking its stockholders to authorize the holder of any proxy solicited by the KCS board to vote in favor of any adjournment or postponement of the KCS special meeting to solicit additional proxies if there are not sufficient votes to approve the KCS merger proposal or to ensure that any supplement or amendment to this proxy statement/prospectus is timely provided to KCS stockholders.

The KCS board unanimously recommends that KCS stockholders vote "FOR" the proposal to adjourn the KCS special meeting if necessary.

Approval of the KCS adjournment proposal requires the affirmative vote of at least a majority of the shares of KCS voting stock present at the KCS special meeting in person (including virtually) or represented by proxy and entitled to vote on the KCS adjournment proposal (whether or not a quorum is present). Accordingly, if a KCS stockholder present in person (including virtually) at the KCS special meeting abstains from voting, or responds by proxy with an "abstain" vote, it will have the same effect as a vote cast "**AGAINST**" the KCS adjournment proposal. If a KCS stockholder is not present in person (including virtually) at the KCS special meeting and does not respond by proxy, it will have no effect on the vote count for such proposal.

IF YOU ARE A KCS STOCKHOLDER, THE KCS BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE KCS ADJOURNMENT PROPOSAL (PROPOSAL 3).

INFORMATION ABOUT THE COMPANIES

Canadian Pacific Railway Limited

7550 Ogden Dale Road S.E.
Calgary, Alberta T2C 4X9
1-403-319-7000

CP owns and operates a transcontinental freight railway in Canada and the United States. CP provides rail and intermodal transportation services over a network of approximately 13,000 miles, connecting the Atlantic coast to the Pacific coast across six Canadian provinces and 11 U.S. states. CP's railway network feeds directly into the U.S. heartland from the East and West coasts. Agreements with other carriers extend CP's market reach in Canada, through the U.S. and into Mexico. CP transports bulk commodities, merchandise freight and intermodal traffic.

CPRL was incorporated on June 22, 2001, under the CBCA, and controls and owns all of the common shares of CPRC which was incorporated in 1881 by Letters Patent pursuant to an Act of the Parliament of Canada and is governed by the CBCA. CPRL's registered, executive and corporate head office is located at 7550 Ogden Dale Road S.E., Calgary, Alberta T2C 4X9. CPRL common shares are listed on the NYSE and the TSX under the symbol "CP."

Additional information about CPRL can be found on its website at www.cpr.ca. The information contained in, or that can be accessed through, CPRL's website is not intended to be incorporated into this proxy statement/prospectus. For additional information about CPRL, see the section entitled "*Where You Can Find Additional Information*" on page 229.

Cygnus Merger Sub 1 Corporation

120 South 6th Street
Suite 800
Minneapolis, MN 55402
1-888-333-6370

Surviving merger sub, a Delaware corporation and a direct wholly owned subsidiary of CPRL, was formed solely for the purpose of facilitating the transactions contemplated by the merger agreement. Surviving merger sub has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the merger agreement. By operation of the second merger, KCS will merge with and into surviving merger sub. As a result, immediately following the second merger, surviving merger sub will survive the transaction as a direct wholly owned subsidiary of CPRL.

Immediately following the second merger, the post-closing contributions will take place and, as a result thereof, CPRL will directly own CPRC which will, in turn, own Canadian holdco, which will, in turn, own merger holdco, which will, in turn, own the second surviving corporation.

Surviving merger sub's principal executive offices are located at 120 South 6th Street, Suite 800, Minneapolis, MN 55402, and its telephone number is 1-888-333-6370.

Cygnus Merger Sub 2 Corporation

120 South 6th Street
Suite 800
Minneapolis, MN 55402
1-888-333-6370

First merger sub, a Delaware corporation and a direct wholly owned subsidiary of surviving merger sub, was formed solely for the purpose of facilitating the transactions contemplated by the merger agreement. First merger

sub has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the merger agreement. By operation of the first merger, first merger sub will merge with and into KCS. As a result, KCS will survive as a direct wholly owned subsidiary of surviving merger sub, before immediately merging with and into surviving merger sub. Upon completion of the first merger, first merger sub will cease to exist as a separate entity.

First merger sub's principal executive offices are located at 120 South 6th Street, Suite 800, Minneapolis, MN 55402, and its telephone number is 1-888-333-6370.

Kansas City Southern

427 West 12th Street
Kansas City, MO 64105
1-816-983-1303

KCS, a Delaware corporation, is a holding company with domestic and international rail operations in North America that are strategically focused on the growing north/south freight corridor connecting key commercial and industrial markets in the central U.S. with major industrial cities in Mexico. As used below, "Kansas City Southern" may refer to KCS or, as the context requires, to one or more subsidiaries of KCS.

Kansas City Southern controls and owns all of the stock of KCSR, a U.S. Class 1 railroad founded in 1887. KCSR serves a ten-state region in the Midwest and Southeast regions of the U.S. and has the shortest north/south rail route between Kansas City, Missouri and several key ports along the Gulf of Mexico in Alabama, Louisiana, Mississippi and Texas.

Kansas City Southern controls and owns all of the stock of KCSM. Through its 50-year concession from the Mexican government, which could expire in 2047 unless extended, KCSM operates a key commercial corridor of the Mexican railroad system and has as its core route the most strategic portion of the shortest, most direct rail passageway between Mexico City and Laredo, Texas. Laredo is a principal international gateway through which a substantial portion of rail and truck traffic between the U.S. and Mexico crosses the border. KCSM serves most of Mexico's principal industrial cities and three of its major seaports. KCSM's rail lines provide exclusive rail access to the U.S. and Mexico border crossing at Nuevo Laredo, Tamaulipas. Under the concession, KCSM has the right to use and operate the southern half of the rail bridge at Laredo, Texas, which spans the Rio Grande River between the U.S. and Mexico. KCS owns the northern half of this bridge through its ownership of Mexrail.

KCSM also provides exclusive rail access to the port of Lazaro Cardenas on the Pacific Ocean. The Mexican government developed the port at Lazaro Cardenas principally to serve Mexican markets and as an alternative to the U.S. west coast ports for Asian and South American traffic bound for North America.

Kansas City Southern wholly owns Mexrail which, in turn, wholly owns Tex-Mex. Tex-Mex owns a 160-mile rail line extending from Laredo, Texas to the port city of Corpus Christi, Texas, which connects the operations of KCSR with KCSM.

The Kansas City Southern coordinated rail network (KCSR, KCSM and Tex-Mex, including trackage rights) comprises approximately 7,100 route miles extending from the Midwest and Southeast regions of the U.S. south into Mexico and connects with all other Class 1 railroads, providing shippers with an effective alternative to other railroad routes and giving direct access to Mexico and the Southeast and Southwest U.S. through alternate interchange hubs.

PCRC, an unconsolidated joint venture company owned equally by Kansas City Southern and Mi-Jack, was awarded a concession from the Republic of Panama to reconstruct and operate the Panama Canal Railway, a 47-mile railroad located adjacent to the Panama Canal that provides international container shipping companies

with a railway transportation alternative to the Panama Canal. The concession was awarded in 1998 for an initial term of 25 years with an automatic renewal for an additional 25-year term. The Panama Canal Railway is a north-south railroad traversing the isthmus of Panama between the Atlantic and Pacific oceans.

Other subsidiaries and affiliates of Kansas City Southern include the following:

- Meridian Speedway, LLC, a 70% owned consolidated affiliate that owns the former KCSR rail line between Meridian, Mississippi and Shreveport, Louisiana, which is the portion of the rail line between Dallas, Texas and Meridian known as the "Meridian Speedway." Norfolk Southern Corporation, through its wholly owned subsidiary, The Alabama Great Southern Railroad Company, owns the remaining 30% of MSLLC;
- TFCM, S. de R.L. de C.V., a 45% owned unconsolidated affiliate that operates a bulk liquid terminal in San Luis Potosí, Mexico;
- Ferrocarril y Terminal del Valle de México, S.A. de C.V., a 25% owned unconsolidated affiliate that provides railroad services as well as ancillary services in the greater Mexico City area; and
- PTC-220, LLC, a 14% owned unconsolidated affiliate that holds the licenses to large blocks of radio spectrum and other assets for positive train control.

KCS is a public company; KCS common stock and KCS preferred stock are traded on the NYSE under the symbols "KSU" and "KSU-P," respectively. KCS's principal executive offices are located at 427 West 12th Street, Kansas City, MO 64105, and its telephone number is 1-816-983-1303.

Additional information about KCS can be found on its website at www.kcsouthern.com. The information contained in, or that can be accessed through, KCS's website is not intended to be incorporated into this proxy statement/prospectus. For additional information about KCS, see the section entitled "*Where You Can Find Additional Information*," on page 229.

Information Concerning the Combined Company

Following the control date, subject to approval by the TSX and NYSE, the combined company intends to change its name to "Canadian Pacific Kansas City." The combined company will carry on the combined businesses of CPRL and KCS, with a successor to KCS as an indirect wholly owned subsidiary of CPRL. CPRL will continue to be governed by the CBCA, while the wholly owned successor to KCS will be governed by the DGCL.

Calgary, Alberta will be the global headquarters of the combined company. Following STB final approval, CPRL will acquire control of KCS, the two companies will be combined and Mr. Keith Creel, the current President and Chief Executive Officer of CPRL, will serve as the Chief Executive Officer of the combined company. The transaction, subject to STB final approval, will combine the two railroads to create the first rail network connecting the U.S., Mexico, and Canada.

THE MERGER AGREEMENT

The summary of the material provisions of the merger agreement below and elsewhere in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the merger agreement, a copy of which is attached to this proxy statement/prospectus as Annex A and is incorporated by reference into this proxy statement/prospectus. This summary does not purport to be complete and may not provide all of the information about the merger agreement that might be important to you. You are urged to read the merger agreement carefully and in its entirety because it is the legal document that governs the transactions described in this proxy statement/prospectus.

Explanatory Note Regarding the Merger Agreement and the Summary of the Merger Agreement

The merger agreement and the summary of its terms in this proxy statement/prospectus are included solely to provide you with information about the terms and conditions of the merger agreement. The terms and information in the merger agreement are not intended to provide any other public disclosure of factual information about CPRL, KCS, first merger sub and surviving merger sub or any of their respective subsidiaries or affiliates. The representations, warranties and covenants made in the merger agreement by CPRL, KCS, first merger sub and surviving merger sub were made solely for the purposes of the merger agreement and as of specific dates and are qualified and subject to important limitations and exceptions agreed to by CPRL, KCS, first merger sub and surviving merger sub in connection with negotiating the terms of the merger agreement. In particular, in your review of the representations and warranties contained in the merger agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purpose of establishing the circumstances in which a party to the merger agreement may have the right to not complete the transaction if the representations and warranties of the other party prove to be untrue or incorrect, and allocating risk between the parties to the merger agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality or material adverse effect different from those generally applicable to shareholders and reports and documents filed with the SEC or on SEDAR, are qualified by certain matters contained in certain reports publicly filed with the SEC and on SEDAR, and in some cases were qualified by the matters contained in the respective confidential disclosure schedules that CPRL and KCS delivered to each other in connection with the merger agreement, which disclosures were not included in the merger agreement attached to this proxy statement/prospectus as Annex A. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this proxy statement/prospectus, may have changed since the date of the merger agreement, which subsequent information may or may not be fully reflected in KCS's or CPRL's public disclosures. Investors are not third-party beneficiaries under the merger agreement except for the limited purposes expressly set forth therein and should not rely on the representations and warranties or any descriptions thereof as characterizations of the actual state of facts or condition of the parties thereto or any of their respective subsidiaries or affiliates.

Accordingly, the representations and warranties and other provisions of the merger agreement should not be read alone, but instead should be read together with the information provided elsewhere in this proxy statement/prospectus, the documents incorporated by reference into this proxy statement/prospectus, and reports, statements and filings that CPRL and KCS file with the SEC and CPRL files on SEDAR from time to time. For more information, see the section entitled "*Where You Can Find Additional Information*," on page 229.

Structure, Closing and Effectiveness of the Transaction

The merger agreement provides, among other things, that, upon the terms and subject to the satisfaction or waiver of the conditions set forth therein, (1) at the effective time, first merger sub will merge with and into KCS, with KCS surviving the first merger as a direct, wholly owned subsidiary of surviving merger sub, and (2) immediately following the first merger at the second effective time, KCS will merge with and into surviving

merger sub, with surviving merger sub surviving the second merger as a direct, wholly owned subsidiary of CPRL. The closing will occur at 8:30 a.m., New York City time, on the second business day after all of the closing conditions set forth in the merger agreement are satisfied or waived (other than those conditions that by their nature are to be satisfied at the closing, but subject to satisfaction or waiver of those conditions), or at such other time as CPRL and KCS may agree in writing. For more information, see the section entitled "*The Merger Agreement—Conditions that must be Satisfied or Waived for the Transaction to Occur*," on page 140. The transaction will become effective when the respective certificates of merger have been duly filed with the Secretary of State of the State of Delaware or at such later time as agreed by the parties to be specified in such certificates of merger.

Immediately following the second merger and the post-closing contributions, all of the outstanding shares of capital stock of the second surviving corporation, as successor to KCS, will be deposited by merger holdco into the voting trust subject to the voting trust agreement, the form of which is attached as Exhibit A to the merger agreement, pending STB final approval.

Effects of the Transaction

First Merger

The merger agreement provides that the directors of KCS as of immediately prior to the effective time will serve as the directors of the first surviving corporation as of the effective time, the officers of KCS as of immediately prior to the effective time will serve as the officers of the first surviving corporation as of the effective time, the certificate of incorporation of first merger sub as in effect immediately prior to the effective time will be the certificate of incorporation of the first surviving corporation following the effective time, and the by-laws of first merger sub as in effect immediately prior to the effective time will be the by-laws of the first surviving corporation following the effective time.

Second Merger

The merger agreement provides that the directors of the first surviving corporation as of immediately prior to the second effective time will serve as the directors of the second surviving corporation as of the second effective time, the officers of the first surviving corporation as of immediately prior to the second effective time will serve as the officers of the second surviving corporation following the second effective time, the certificate of incorporation of surviving merger sub as in effect immediately prior to the second effective time will be the certificate of incorporation of the second surviving corporation following the second effective time, and the by-laws of surviving merger sub as in effect immediately prior to the second effective time will be the by-laws of the second surviving corporation following the second effective time.

Post-Control Date Governance and Other Matters

The parties will take all actions necessary to designate and appoint four of the directors of KCS as of immediately prior to the effective time to serve as directors on the CPRL board as of the control date, in each case until such director's successor is elected and qualified or such director's earlier death, resignation or removal, in each case in accordance with CPRL's constating documents. In the event that after the effective time any of such four directors indicates that he or she plans to step down as a director of KCS and is willing to become a director of CPRL, CPRL will be required to seek the approval of the STB to allow such director to be appointed as a director of CPRL as soon as practicable and prior to the control date.

As promptly as practicable following the control date, CPRL will (i) change the name of CPRL to "Canadian Pacific Kansas City" and (ii) recognize Kansas City, Missouri as the location of the headquarters of CPRL's United States business and operations.

Merger Consideration

Under the merger agreement, at the effective time, each share of KCS common stock that is outstanding immediately prior to the effective time (other than certain excluded shares as described in the merger agreement) will be automatically converted into the right to receive (1) 2.884 CPRL common shares and (2) $90.00 in cash, without interest, and each share of KCS preferred stock that is outstanding immediately prior to the effective time (other than certain excluded shares as described in the merger agreement) will be converted into the right to receive $37.50 in cash, without interest.

The merger consideration and/or the preferred merger consideration will be equitably adjusted in the event of any stock dividend, subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination or exchange of shares involving KCS common stock, KCS preferred stock or CPRL common shares prior to the effective time, to proportionally reflect such change.

No Fractional Shares

No fractional CPRL common shares will be issued in connection with the first merger and no certificates or scrip representing fractional CPRL common shares will be delivered on the conversion of shares of KCS common stock. Each holder of shares of KCS common stock who would otherwise have been entitled to receive as a result of the first merger a fraction of a CPRL common share (after aggregating all shares represented by the certificates and book-entry shares delivered by such holder) will receive, in lieu of such fractional CPRL common share, cash (without interest) in an amount (rounded down to the nearest cent) representing such holder's proportionate interest in the net proceeds from the sale by the exchange agent, on behalf of all such holders, of the aggregated number of fractional CPRL common shares that would otherwise have been issuable to such holders as part of the merger consideration (which we refer to as the "fractional share cash amount"). As soon as practicable after the effective time, the exchange agent will, on behalf of all such holders of fractional CPRL common shares, effect the sale of all such CPRL common shares that would otherwise have been issuable as part of the merger consideration at the then-prevailing prices on the NYSE through one or more member firms of the NYSE. After the proceeds of such sale have been received, the exchange agent will determine the applicable fractional share cash amount payable to each applicable holder in respect of its fractional CPRL common shares and will make such amounts available to such holders in accordance with the merger agreement. The payment of cash in lieu of fractional CPRL common shares to such holders is not a separately bargained-for consideration and solely represents a mechanical rounding-off of the fractions in the exchange. No such holder will be entitled to dividends, voting rights or any other rights in respect of any fractional CPRL common share that would otherwise have been issuable as part of the merger consideration.

Shares Subject to Properly Exercised Appraisal Rights

The dissenting shares will not be converted into the right to receive the merger consideration or the preferred merger consideration, as applicable, to which the holders of such shares would otherwise be entitled under the merger agreement, but will instead be cancelled and converted into the right to receive judicially determined "fair value" of such shares at the effective time. If, after the effective time, any such holder fails to perfect or effectively withdraws or loses such rights, such dissenting shares will thereafter no longer be considered dissenting shares and will be treated as if they had been converted into, at the effective time, the right to receive the merger consideration or preferred merger consideration, as applicable, without any interest thereon. See the subsection of this proxy statement/prospectus entitled "*Appraisal or Dissenters' Rights*," on page 113.

Surrender of KCS Common Stock

Prior to the effective time, CPRL will, on behalf of surviving merger sub, deposit or cause to be deposited with the exchange agent in trust for the benefit of holders of shares of KCS common stock and KCS preferred stock,

(i) cash sufficient to pay the aggregate cash consideration payable in respect of the KCS common stock and the aggregate preferred merger consideration and (ii) evidence of CPRL common shares in book-entry form representing the number of CPRL common shares sufficient to deliver the aggregate share consideration deliverable in respect of the KCS common stock.

As soon as reasonably practicable after the effective time and not later than three business days following the closing date, CPRL will cause the exchange agent to mail to each holder of record of shares of KCS common stock or KCS preferred stock whose shares were converted into the right to receive the merger consideration or the preferred merger consideration, as applicable, a letter of transmittal to the exchange agent and instructions for use in effecting the surrender of book-entry shares or certificates in exchange for the merger consideration or the preferred merger consideration, as applicable.

On the surrender of certificates (or effective affidavits of loss in lieu of a certificate) or book-entry shares to the exchange agent, together with a duly completed and validly executed letter of transmittal, or, in the case of book-entry shares, receipt of an "agent's message" by the exchange agent, and such other documents as may customarily be required by the exchange agent, the holder of such certificates (or effective affidavits of loss in lieu thereof) or book-entry shares will be entitled to receive in exchange the merger consideration or the preferred merger consideration, as applicable, together with any fractional share cash amount and any dividends or other distributions payable with respect to such shares following the effective time). No interest will be paid or accrued on any amount payable on due surrender of certificates (or effective affidavits of loss in lieu thereof) or book-entry shares. If payment of the merger consideration or preferred merger consideration, as applicable, is to be made to a person other than the person in whose name the surrendered certificate is registered, it will be a condition precedent of payment that (A) the certificate so surrendered will be properly endorsed or will be otherwise in proper form for transfer and (B) the person requesting such payment will have paid any transfer and other similar taxes required by reason of the payment of the merger consideration or preferred merger consideration, as applicable, to a person other than the registered holder of the certificate surrendered or will have established that such tax either has been paid or is not required to be paid.

In the case of any certificate that has been lost, stolen or destroyed, on the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed and, if required by the exchange agent, the posting by such person of a bond in customary amount as indemnity against any claim that may be made against it with respect to such certificate, the exchange agent will issue in exchange for such lost, stolen or destroyed certificate the merger consideration (together with the fractional share cash amount and any dividends or other distributions deliverable with respect to such shares following the effective time) or the preferred merger consideration, as applicable, payable with respect to the shares of KCS common stock or KCS preferred stock represented by such lost, stolen or destroyed certificate.

Withholding

The exchange agent, KCS, CPRL and each merger sub, as applicable, will be entitled to deduct and withhold from any amounts otherwise payable to holders of KCS common stock or KCS preferred stock pursuant to the conversion of shares and exchange of certificates such amounts as are required to be withheld or deducted under the Code, or under any provision of state, local or foreign tax law with respect to the making of such payment; provided, however, that the representation and warranty of KCS regarding the value of its stock not being attributable to real property in Canada contained in the merger agreement is true as of the effective time, no deduction or withholding will be made under the laws of Canada (or any province of Canada) from any such amounts (subject to certain specifically enumerated exceptions in the merger agreement) except to the extent that any such deduction or withholding will be required by a change in law after the date of the merger agreement. To the extent that amounts are so deducted or withheld and timely paid over to the relevant governmental entity, such deducted or withheld amounts will be treated for all purposes of the merger agreement as having been paid to the person in respect of which such deduction or withholding was made.

Treatment of KCS Equity Awards

KCS Stock Options

Each KCS stock option, whether vested or unvested, that is outstanding as of immediately prior to the effective time will, at the effective time, become fully vested and be converted into the right to receive an amount of cash equal to (i) the excess, if any of (A) the value of the merger consideration over (B) the per share exercise price of such option multiplied by (ii) the total number of shares of KCS common stock subject to such option as of immediately prior to the effective time, less applicable tax withholding.

KCS Restricted Share Awards

Each KCS restricted share award that is outstanding as of immediately prior to the effective time and was granted prior to March 21, 2021, will, at the effective time, become fully vested and be converted into the right to receive (i) the merger consideration in respect of each share of KCS common stock subject to such KCS restricted share award as of immediately prior to the effective time and (ii) the accrued but unpaid cash dividends corresponding to each share of KCS common stock subject to such KCS restricted share award, less applicable tax withholding.

Each KCS restricted share award that is outstanding as of immediately prior to the effective time and was granted on or after March 21, 2021, will, at the effective time, be converted into an award that entitles the holder thereof, upon vesting, to receive (i) an amount in cash equal to the value of the merger consideration in respect of each share of KCS common stock subject to such KCS restricted share award and (ii) the accrued but unpaid cash dividends corresponding to each share of KCS common stock subject to such KCS restricted share award. Each such cash- based award will have the same terms and conditions (including vesting terms and conditions) as applied to the corresponding KCS restricted share award, except that such award will vest in full upon a qualifying termination.

KCS Performance Share Awards

Each KCS performance share award that is outstanding as of immediately prior to the effective time will, at the effective time, be converted into an award that entitles the holder thereof, upon vesting, to receive an amount in cash equal to the value of the merger consideration multiplied by 200% of the target number of shares of KCS common stock covered by the KCS performance share award as of immediately prior to the effective time. Each cash-based award will have the same terms and conditions (including vesting terms and conditions) as applied to the corresponding KCS performance share award, except that performance-based vesting conditions will no longer apply and the award will vest in full upon a qualifying termination.

KCS Director Deferred Stock Awards

Each share of director deferred stock of KCS that is outstanding as of immediately prior to the effective time, will, at the effective time, be converted into the right to receive the merger consideration, less applicable tax withholding.

Conditions that Must be Satisfied or Waived for the Transaction to Occur

Mutual Conditions to Completion

The respective obligations of each party to effect the transaction are subject to the satisfaction or waiver by CPRL and KCS at or prior to the closing of the transaction of the following conditions:

- the affirmative vote of the holders of a majority of the outstanding shares of KCS voting stock in favor of the adoption of the merger agreement by KCS stockholders;

- the affirmative vote of a majority of the votes cast by the holders of outstanding CPRL common shares represented in person or by proxy and entitled to vote on such matter in favor of issuance of CPRL common shares in connection with the transaction by CPRL shareholders;
- the Form F-4 (of which this proxy statement/prospectus forms a part) having become effective in accordance with the provisions of the U.S. Securities Act and no stop order suspending the effectiveness of the Form F-4 having been issued and remaining in effect and no proceeding to that effect having been commenced;
- no injunction or similar order by any court or other governmental entity of competent jurisdiction having been entered and continuing to be in effect that prohibits or makes illegal the consummation of the transaction or the voting trust transaction;
- the authorizations required to be obtained from COFECE and the IFT with respect to the transactions contemplated by the merger agreement having been obtained; and
- the CPRL common shares to be issued in the first merger having been approved for listing on the NYSE, subject to official notice of issuance, and the TSX, subject to customary listing requirements.

Conditions to the Obligations of KCS

The obligation of KCS to effect the transaction is also subject to the satisfaction or waiver by KCS at or prior to the closing of the transaction of the following conditions:

- certain representations and warranties of CPRL and each merger sub in the merger agreement relating to the capitalization of CPRL and the absence of certain changes or events that would have a material adverse effect being true and correct in all respects, each as of the date of the merger agreement and as of the closing date as though made as of the closing date (except to the extent expressly made as of an earlier date, in which case, as of such date), except for *de minimis* inaccuracies;
- certain representations and warranties of CPRL in the merger agreement relating to the qualification, organization, existence and good standing of CPRL and the merger subs, the issued and outstanding shares of CPRL and the absence of any subscriptions, options, warrants, calls, convertible securities or other similar agreements relating to the issuance, transfer, redemption or acquisition of shares of CPRL or its subsidiaries, the requisite power and authority of CPRL and the merger subs to enter into the merger agreement, and no finders or brokers being true and correct in all material respects, each as of the date of the merger agreement and as of the closing date as though made as of the closing date (except to the extent expressly made as of an earlier date, in which case, as of such date);
- all other representations and warranties of CPRL and each merger sub in the merger agreement that are qualified by material adverse effect being true and correct in all respects as so qualified, each as of the date of the merger agreement and as of the closing date as though made as of the closing date (except to the extent expressly made as of an earlier date, in which case, as of such date);
- all other representations and warranties of CPRL and the merger subs in the merger agreement being true and correct as of the date of the merger agreement and as of the closing date as though made as of the closing date (except to the extent expressly made as of an earlier date, in which case, as of such date), except where the failure of such representations and warranties to be true or correct, individually or in the aggregate, would not have or would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on CPRL;
- each of CPRL and the merger subs having performed in all material respects all obligations and complied in all material respects with all covenants required by the merger agreement to be performed or complied with by them prior to the closing of the transaction;
- since September 15, 2021, no event, change, occurrence, effect or development having occurred that has had, or is reasonably likely to have, a material adverse effect on CPRL;

- KCS's receipt of a certificate of the chief executive officer or another senior officer of CPRL, certifying that the conditions set forth in the bullets directly above have been satisfied; and
- KCS's receipt of an opinion of Wachtell, Lipton, Rosen & Katz, or, if Wachtell, Lipton, Rosen & Katz is unable to provide such opinion, another nationally recognized tax counsel dated as of the closing date, to the effect that the transaction will qualify as a "reorganization" within the meaning of Section 368(a) of the Code, and the transaction will not result in gain recognition under Section 367(a)(1) of the Code by persons who are stockholders of KCS immediately prior to the effective time (with certain exceptions).

Conditions to the Obligations of CPRL and the Merger Subs

The obligations of CPRL and each merger sub to effect the transaction are also subject to the satisfaction or waiver by CPRL at or prior to the closing of the transaction of the following conditions:

- certain representations and warranties of KCS in the merger agreement relating to the capitalization of KCS and the absence of certain changes or events that would have a material adverse effect being true and correct in all respects, each as of the date of the merger agreement and as of the closing date as though made as of the closing date (except to the extent expressly made as of an earlier date, in which case, as of such date), except for *de minimis* inaccuracies;
- certain representations and warranties of KCS in the merger agreement relating to the qualification, organization, existence and good standing of KCS, the issued and outstanding capital stock of KCS and the absence of any subscriptions, options, warrants, calls, convertible securities or other similar agreements relating to the issuance, transfer, redemption or acquisition of capital stock of KCS or its subsidiaries, the requisite power and authority of KCS to enter into the merger agreement, the KCS board to approve the merger agreement and resolving to recommend that KCS stockholder adopt the merger agreement and no finders or brokers being true and correct in all material respects, each as of the date of the merger agreement and as of the closing date as though made as of the closing date (except to the extent expressly made as of an earlier date, in which case, as of such date);
- all other representations and warranties of KCS in the merger agreement that are qualified by material adverse effect being true and correct in all respects as so qualified, each as of the date of the merger agreement and as of the closing date as though made as of the closing date (except to the extent expressly made as of an earlier date, in which case, as of such date);
- all other representations and warranties of KCS in the merger agreement being true and correct as of the date of the merger agreement and as of the closing date as though made as of the closing date (except to the extent expressly made as of an earlier date, in which case as of such date), except where the failure of such representations and warranties to be true or correct, individually or in the aggregate, would not have or would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on KCS;
- KCS having performed in all material respects all obligations and complied in all material respects with all covenants required by the merger agreement to be performed or complied with by it prior to the closing of the transaction;
- since September 15, 2021, no event, change, occurrence, effect or development having occurred that has had, or is reasonably likely to have, a material adverse effect on KCS; and
- CPRL's receipt of a certificate of the chief executive officer or another senior officer of KCS, certifying that the conditions set forth in the bullets directly above have been satisfied.

Frustration of Closing Conditions

None of CPRL, the merger subs or KCS may rely on the failure of any condition described above to be satisfied as a basis for not consummating the transaction or for terminating the merger agreement if such failure was caused by such party's material breach of any covenant or agreement of the merger agreement.

Representations and Warranties

The merger agreement contains a number of representations and warranties made by each of KCS, CPRL and the merger subs solely for the benefit of KCS, on the one hand, or CPRL and the merger subs, on the other hand, that are subject in some cases to important exceptions and qualifications including, among other things, as to materiality and material adverse effect. Furthermore, the assertions embodied in those representations and warranties are qualified by information in KCS's and CPRL's respective public filings and in the confidential disclosure schedules that the parties have exchanged in connection with signing the merger agreement, which disclosure schedules are not reflected in the merger agreement and will not otherwise be publicly disclosed. The confidential disclosure schedules contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the merger agreement. See the section entitled "*The Merger Agreement—Material Adverse Effect*," on page 144 for a definition of material adverse effect applicable to each of KCS and CPRL. The representations and warranties were used for the purpose of allocation of risk between the parties to the merger agreement rather than establishing matters of fact. For the foregoing reasons, these descriptions, representations and warranties should not be read alone.

The representations and warranties of KCS, CPRL and the merger subs in the merger agreement relate to, among other things:

- due organization, valid existence, good standing, corporate power and authority, qualification to do business, organizational documents and ownership of their respective subsidiaries;
- capital structure, including in particular the number of shares of equity-based awards issued and outstanding and the absence of certain debt and securities;
- corporate power and authority to enter into the merger agreement and to complete the transactions contemplated by the merger agreement, board recommendations, requisite stockholder/shareholder approvals and the enforceability of the merger agreement;
- consents and approvals relating to the execution, delivery and performance of the merger agreement, including required filings with, and the consents and approvals of, government entities in connection with the transactions contemplated by the merger agreement;
- absence of conflicts with or breaches of its or its subsidiaries' governing documents, certain contracts or applicable laws as a result of the execution, delivery and performance of the merger agreement and the completion of the transactions contemplated by the merger agreement;
- filings with the SEC pursuant to the U.S. Exchange Act or U.S. Securities Act and, with respect to CPRL, with applicable Canadian securities regulators, since December 31, 2018;
- compliance with the applicable listing and corporate governance rules and regulations of the NYSE and the TSX;
- internal controls over financial reporting and disclosure controls and procedures;
- preparation of financial statements in compliance with U.S. GAAP;
- financial statements and fair presentation of consolidated financial position;
- no undisclosed liabilities;
- compliance with laws since December 31, 2018, and possession of requisite permits;
- compliance with anti-corruption, anti-bribery and anti-money-laundering laws and export and sanctions regulations in the past five years and institution of compliance policies since December 31, 2018;
- environmental matters;
- matters related to employee benefit plans, and labor and employment;
- the absence of any event, change, occurrence or development that has had or would reasonably be expected to have a material adverse effect on KCS or CPRL, as applicable, since December 31, 2020;

- the absence of certain investigations, litigation, orders and injunctions;
- accuracy of the information supplied for inclusion in this proxy statement/prospectus and in the management information circular to be provided to CPRL shareholders;
- tax matters;
- receipt of fairness opinions of financial advisors;
- required stockholder/shareholder approvals;
- affiliate transactions;
- brokers' fees in connection with the transactions contemplated by the merger agreement; and
- inapplicability of certain anti-takeover statutes or regulations or anti-takeover provisions in organizational documents.

The merger agreement also contains representations and warranties made by KCS as to, among other things:

- intellectual property matters;
- title to assets and title to properties (including real property) matters;
- matters with respect to certain material contracts;
- matters with respect to certain suppliers and customers;
- insurance matters; and
- the termination of the CN agreement and payment of the CN agreement termination payment and the CN refund;

The merger agreement also contains representations and warranties made by CPRL as to, among other things:

- debt financing matters;
- solvency; and
- absence of ownership by CPRL and its subsidiaries and either merger sub and their subsidiaries, of KCS common stock or certain securities, contract rights or derivative positions (other than the one share of KCS common stock acquired by CPRL on August 3, 2021).

Material Adverse Effect

Specified representations and warranties in the merger agreement are subject to materiality or material adverse effect qualifications (that is, such representations or warranties will not be deemed to be untrue or incorrect unless their failure to be true or correct, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect).

Under the merger agreement, a "material adverse effect" with respect to KCS or CPRL, as applicable, is defined as an event, change, occurrence, effect or development that (x) has a material adverse effect on the business, operations or financial condition of such party and its subsidiaries, taken as a whole, or (y) would prevent, materially delay or materially impair the ability of (i) in the case of KCS, KCS, and (ii) in the case of CPRL, CPRL or either merger sub, to consummate the transactions contemplated by the merger agreement or, in the case of CPRL, to obtain the debt financing required to fund the cash component of, and transaction fees and expenses associated with, the transaction, but, solely in the case of clause (x), will not include events, changes, occurrences, effects or developments relating to or resulting from:

- changes in general economic or political conditions or the securities, equity, credit or financial markets in general, or changes in or affecting domestic or foreign interest or exchange rates;

- any decline in the market price or trading volume of such party's shares, or any change in the credit rating of such party or any of its securities (provided, that the facts and circumstances underlying such decline or change may be taken into account in determining whether a material adverse effect in respect of such part has occurred to the extent not otherwise excluded by the definition thereof);
- changes or developments in the industries in which such party or its subsidiaries operate;
- changes in law or the interpretation or enforcement thereof after the date of the merger agreement;
- the execution, delivery or performance of the merger agreement or the public announcement or pendency or consummation of the transactions contemplated thereby, including the impact thereof on the relationships, contractual or otherwise, of such party or any of its subsidiaries with employees, partnerships, customers or suppliers or governmental entities;
- in the case of KCS, the identity of CPRL or any of its affiliates as the acquiror of KCS;
- compliance with the terms of, or the taking or omission of any action required by, the merger agreement or consented to (after disclosure to the other party of all material and relevant facts and information) or requested by such party in writing;
- any act of civil unrest, civil disobedience, war, terrorism, cyberterrorism, military activity, sabotage or cybercrime, including an outbreak or escalation of hostilities involving Canada, the U.S. or any other governmental entity or the declaration by any governmental entity of a national emergency or war, or any worsening or escalation of any such conditions threatened or existing on the date of the merger agreement;
- any hurricane, tornado, flood, earthquake, natural disaster, act of God or other comparable events;
- any pandemic, epidemic or disease outbreak (including COVID-19) or other comparable events;
- changes in generally accepted accounting principles or the interpretation or enforcement thereof after the date of the merger agreement;
- any litigation relating to or resulting from the merger agreement or the transactions contemplated thereby; or
- any failure of such party to meet internal or published projections, forecasts, guidance or revenue or earning predictions (provided, that the facts and circumstances underlying any such failure may be taken into account in determining whether a material adverse effect in respect of such party has occurred to the extent not otherwise excluded by the definition thereof);

except, with respect to the first, third, eighth, ninth, tenth, and eleventh bullets above, if the impact thereof is materially and disproportionately adverse to such party and its subsidiaries, taken as a whole, relative to the impact thereof on the operations in the railroad industry of other participants in such industry, the incremental material disproportionate impact may be taken into account in determining whether there has been a material adverse effect in respect of such party.

Conduct of Business Pending the Transaction

KCS

From and after the date of the merger agreement and prior to earlier of the control date and the termination of the merger agreement, except (i) as may be required by applicable law, (ii) as may be agreed in writing by CPRL (which consent will not be unreasonably withheld, delayed or conditioned), (iii) as may be expressly contemplated, required or expressly permitted by the merger agreement or (iv) as set forth in the disclosure schedules to the merger agreement provided by KCS (which we refer to as the "KCS disclosure schedules"), KCS will, and will cause its subsidiaries to, use its commercially reasonable efforts to (A) conduct its business in all material respects in the ordinary course of business in accordance with the capital allocation policy set forth on the KCS disclosure schedules, and (B) preserve intact in all material respects its business organization and

maintain existing relationships and goodwill with governmental entities, customers, suppliers, licensors, licensees, creditors, lessors, distributors, employees, contractors and business associates.

From and after the date of the merger agreement until the earlier of the control date and the termination of the merger agreement, except (w) as may be required by applicable law, (x) as may be agreed in writing by CPRL (which consent will not be unreasonably withheld, delayed or conditioned), (y) as may be expressly contemplated, required or expressly permitted by the merger agreement or (z) as set forth in the KCS disclosure schedules, KCS:

- will not, and will not permit any of its subsidiaries that is not wholly owned to, authorize or pay any dividends on or make any distribution with respect to its outstanding shares of capital stock (whether in cash, assets, stock or other securities of KCS or its subsidiaries), except (A) quarterly cash dividends paid by KCS on the outstanding shares of KCS common stock consistent with the KCS capital allocation policy, appropriately adjusted to reflect any stock dividends, subdivisions, splits, combinations or other similar events relating to the shares of KCS common stock, (B) dividends paid by KCS on the outstanding shares of KCS preferred stock in accordance with the terms thereof and (C) dividends and distributions paid by subsidiaries of KCS to KCS or to any of KCS's other wholly owned subsidiaries;
- will not, and will not permit any of its subsidiaries to, split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, except as may be permitted by certain interim operating covenants contained in the merger agreement, and except for any such transaction by a wholly owned subsidiary of KCS that remains a wholly owned subsidiary after consummation of such transaction;
- will not, and will not permit any of its subsidiaries to except in the ordinary course of business, hire any employee or engage any independent contractor (who is a natural person) or terminate the employment of any employee of KCS or any of its subsidiaries or increase the compensation or other benefits payable or provided to KCS's or any of its subsidiaries' directors or employees, except that, notwithstanding the foregoing, except as required pursuant to the terms of any KCS benefit plan in effect as of the date of the merger agreement, KCS will not, and will not permit any of its subsidiaries to (A) grant any transaction or retention bonuses, (B) grant any KCS equity awards or other equity or long-term incentive compensation awards, or (C) subject to certain exceptions, enter into any employment, change of control, severance or retention agreement with any employee of KCS or any of its subsidiaries;
- will not, and will not permit any of its subsidiaries to, materially change financial accounting policies or procedures or any of its methods of reporting income, deductions or other material items for financial accounting purposes, except as required by U.S. GAAP or SEC rule or policy;
- will not adopt any amendments to the organizational documents of KCS or any of its significant subsidiaries, other than amendments solely to effect ministerial changes to such documents;
- except for transactions among KCS and its wholly owned subsidiaries or among KCS's wholly owned subsidiaries, will not, and will not permit any of its subsidiaries to, issue, sell, pledge, dispose of or encumber, or authorize the issuance, sale, pledge, disposition or encumbrance of, any shares of its capital stock or other ownership interests in KCS or any subsidiaries of KCS or any securities convertible into, exercisable for or exchangeable for any such shares or ownership interests or take any action to cause to be vested any otherwise unvested KCS equity award (except as otherwise provided by the terms of the merger agreement or the express terms of any such KCS equity award), other than (A) issuances of shares of KCS common stock in respect of any exercise of or settlement of KCS equity awards outstanding on the date of the merger agreement or as may be granted after the date of the merger agreement as permitted under certain interim operating covenants contained in the merger agreement, (B) permitted liens and (C) pursuant to existing agreements in effect prior to the execution of the merger agreement (or refinancings thereof permitted pursuant to certain interim operating covenants contained in the merger agreement);

- except for transactions among KCS and its subsidiaries or among KCS's wholly owned subsidiaries, will not, and will not permit any of its subsidiaries to, purchase, redeem or otherwise acquire any shares of its capital stock or any rights, warrants or options to acquire any such shares, other than the acquisition of shares of KCS common stock from a holder of KCS equity awards in satisfaction of withholding obligations or in payment of the exercise price;
- will not, and will not permit any of its subsidiaries to, sell, lease, license, transfer, exchange or swap, or subject to any lien (other than permitted liens), or otherwise dispose of, any material portion of its businesses, properties or assets, including the capital stock of its subsidiaries but excluding intellectual property, other than in the ordinary course of business, and except (A) pursuant to existing agreements in effect prior to the execution of the merger agreement (or refinancings thereof permitted pursuant to certain interim operating covenants contained in the merger agreement), (B) transactions among KCS and its subsidiaries or among KCS's subsidiaries or (C) for consideration not in excess of $25 million individually or $50 million in the aggregate;
- will not, and will not permit any of its subsidiaries to, settle, pay, discharge or satisfy any action, other than any action that involves only the payment of monetary damages not in excess of $15 million for any individual action or $25 million in the aggregate over the amount reflected or reserved against in the audited consolidated balance sheet of KCS and its subsidiaries as of December 31, 2020 (or the notes thereto) relating to such actions and would not result in (x) the imposition of any order that would restrict the future activity or conduct of KCS or any of its subsidiaries (excluding, for the avoidance of doubt, releases of claims, confidentiality and other *de minimis* obligations customarily included in monetary settlements) or (y) a finding or admission of a violation of law;
- will not, and will not permit any of its subsidiaries to, terminate or permit any material KCS permit to lapse, other than in accordance with the terms and regular expiration thereof, or fail to apply on a timely basis for any renewal of any renewable material KCS permit (excluding, in each case, any KCS permit that KCS, in its reasonable judgment, no longer believes to be material or necessary to the conduct of its businesses);
- will not, and will not permit any of its subsidiaries to, adopt or enter into a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of KCS or any of its subsidiaries, except for any such transactions between or among KCS's subsidiaries or between or among any of KCS's subsidiaries and KCS;
- will not, and will not permit any of its subsidiaries to, enter into any new line of business that is not reasonably related to the existing business lines of KCS and its subsidiaries;
- will not, and will not permit any of its subsidiaries to, reorganize, restructure or combine any railroads or railroad operations if any such action would result in KCS's subsidiaries other than KCSR being classified as a Class 1 railroad by the STB; and
- will not, and will not permit any of its subsidiaries to enter into any consent decree or similar agreement that, individually or in the aggregate, is material to KCS and its subsidiaries, taken as a whole.

In addition, from and after the date of the merger agreement and prior to the earlier of the effective time and the date, if any, on which the merger agreement is earlier terminated pursuant to its terms (the "interim period"), except (w) as may be required by applicable law, (x) as may be agreed in writing by CPRL (which consent will not be unreasonably withheld, delayed or conditioned), (y) as may be expressly contemplated, required or expressly permitted by the merger agreement or (z) as set forth in the KCS disclosure schedules, KCS:

- will not, and will not permit any of its subsidiaries to, incur, assume or guarantee, any indebtedness for borrowed money, other than in the ordinary course of business, except for (A) any indebtedness among KCS and its wholly owned subsidiaries or among KCS's wholly owned subsidiaries, (B) any indebtedness incurred to replace, renew, extend, refinance or refund any existing indebtedness of KCS

or its subsidiaries (including indebtedness incurred to repay or refinance related fees, expenses, premiums and accrued interest), (C) guarantees or credit support provided by KCS or any of its subsidiaries for indebtedness of KCS or any of its wholly owned subsidiaries, to the extent such indebtedness is (1) in existence on the date of the merger agreement or (2) incurred in compliance with certain interim operating covenants contained in the merger agreement, (D) indebtedness incurred pursuant to agreements in effect prior to the execution of the merger agreement (or replacements, renewals, extensions or refinancings thereof) and (E) other indebtedness in an aggregate principal amount outstanding at any time incurred by KCS or any of its subsidiaries that is consistent with the KCS capital allocation policy;

- will not, and will not permit any of its subsidiaries to, make any loans, advances, guarantees or capital contributions to or investments in any person (other than between KCS or any of its wholly owned subsidiaries, on the one hand, and any of KCS's wholly owned subsidiaries, on the other hand) in excess of $35 million individually or $50 million in the aggregate;
- will not, and will not permit any of its subsidiaries to, enter into any contract with a term greater than two years, that may not be terminated by KCS or any of its subsidiaries without cause, and would have been a KCS material contract had it been entered into prior to the merger agreement, terminate or modify, amend or waive any material rights under any KCS material contract in any material respect in a manner that is adverse to KCS, in each case, other than in the ordinary course of business or as otherwise contemplated by certain interim operating covenants contained in the merger agreement;
- will not, and will not permit any of its subsidiaries to, acquire assets (other than pursuant to any capital expenditures permitted by certain interim operating covenants contained in the merger agreement) from any other person with a fair market value or purchase price in excess of $25 million individually or $50 million in the aggregate in any transaction or series of related transactions, in each case, including any amounts or value reasonably expected to be paid in connection with a future earn-out, purchase price adjustment, release of "holdback" or similar contingent payment obligation, or that could reasonably be expected to prevent, materially delay or materially impair the ability of KCS to consummate the transactions contemplated by the merger agreement, other than acquisitions of inventory or other goods in the ordinary course of business;
- will not, and will not permit any of its subsidiaries to, make or authorize any capital expenditures other than (A) capital expenditures not in excess of $700 million in the aggregate in any 12-month period or (B) other capital expenditures to the extent necessary to restore service to KCS railroads, repair improvements on KCS real estate or guarantee safety in the event of railroad accidents or incidents (natural or otherwise) affecting railroad operations or real estate;
- other than consistent with past practice, will not (A) make (other than in the ordinary course of business), change or revoke any material tax election, (B) change any material method of tax accounting or tax accounting period, (C) file any amended tax return with respect to any material tax, (D) settle or compromise any material tax proceeding for an amount in excess of $10 million individually or $25 million in the aggregate over the amount reflected or reserved against in the balance sheet (or the notes thereto) included in any forms, statements, certifications, documents and reports furnished or filed by KCS to the SEC relating thereto or enter into any closing agreement relating to any material tax, (E) surrender any right to claim a material tax refund, or (F) agree to an extension or waiver of the statute of limitations with respect to the assessment of any material tax without notifying CPRL in writing reasonably promptly after entering any such agreement;
- will not, and will not permit any of its subsidiaries to become a party to, establish, adopt, materially amend, commence participation in or terminate any collective bargaining agreement or other agreement with a labor union, works council or similar organization;
- will not, and will not permit any of its subsidiaries to terminate or fail to exercise renewal rights with respect to any insurance policies of KCS and its subsidiaries in a manner that would (after taking into

account any replacement insurance policies) materially and adversely affect the overall insurance coverage of KCS and its subsidiaries, taken as a whole;
- will not, and will not permit any of its subsidiaries to, sell, transfer, lease, license, mortgage, pledge, surrender, encumber, divest, or otherwise dispose of any KCS intellectual property (other than permitted liens) material to the business of KCS or any of its subsidiaries, except for non-exclusive licenses of KCS intellectual property granted in the ordinary course of business;
- will not, and will not permit any of its subsidiaries to, abandon or otherwise allow to lapse or expire any material registered KCS intellectual property, other than lapses or expirations of any registered KCS intellectual property that is at the end of its maximum statutory term (with renewals); and
- will not, and will not permit any of its subsidiaries to, agree, in writing or otherwise, to take any of the foregoing actions, including those prohibited prior to the control date.

Nothing contained in the merger agreement gives CPRL or either merger sub, directly or indirectly, the right to control or direct KCS's or its subsidiaries' operations prior to the control date. Prior to the control date, KCS will exercise, consistent with the terms and conditions of the merger agreement and the voting trust agreement and subject to applicable law, complete control and supervision over its and its subsidiaries' operations.

CPRL

During the interim period, except (i) as may be required by applicable law, (ii) as may be agreed in writing by KCS (which consent will not be unreasonably withheld, delayed or conditioned), (iii) as may be expressly contemplated, required or expressly permitted by the merger agreement or (iv) as set forth in the disclosure schedules to the merger agreement provided by CPRL (the "CPRL disclosure schedules"), CPRL will, and will cause its subsidiaries to, use its commercially reasonable efforts to (A) conduct its business in all material respects in the ordinary course of business and (B) preserve intact in all material respects its business organization and maintain existing relationships and goodwill with governmental entities, customers, suppliers, licensors, licensees, creditors, lessors, distributors, employees, contractors and business associates.

During the interim period, except (w) as may be required by applicable law, (x) as may be agreed in writing by KCS (which consent will not be unreasonably withheld, delayed or conditioned), (y) as may be expressly contemplated, required or expressly permitted by the merger agreement or (z) as set forth in the CPRL disclosure schedules, CPRL:
- will not, and will not permit any of its subsidiaries that is not wholly owned to, authorize or pay any dividends on or make any distribution with respect to its outstanding shares of capital stock (whether in cash, assets, stock or other securities of CPRL or its subsidiaries), except (A) regular quarterly cash dividends paid by CPRL on the CPRL common shares consistent with past practice, appropriately adjusted to reflect any stock dividends, subdivisions, splits, combinations or other similar events relating to the CPRL common shares, (B) dividends paid by CPRL on the outstanding shares of perpetual 4% consolidated debenture stock of CPRL in accordance with the terms thereof and (C) dividends and distributions paid by subsidiaries of CPRL to CPRL or to any of CPRL's other wholly owned subsidiaries;
- will not, and will not permit any of its subsidiaries to, split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, except for any such transaction by a wholly owned subsidiary of CPRL that remains a wholly owned subsidiary after consummation of such transaction;
- will not, and will not permit any of its subsidiaries to, materially change financial accounting policies or procedures or any of its methods of reporting income, deductions or other material items for financial accounting purposes, except as required by U.S. GAAP or rule or policy of the SEC or the Canadian securities administrators;

- will not adopt any amendments to the organizational documents of CPRL, other than amendments solely to effect ministerial changes to such documents;
- except for transactions among CPRL and its wholly owned subsidiaries or among CPRL's wholly owned subsidiaries, will not, and will not permit any of its subsidiaries to, issue, sell, pledge, dispose of or encumber, or authorize the issuance, sale, pledge, disposition or encumbrance of, any shares of its capital stock or other ownership interests in any subsidiaries of CPRL or any securities convertible into, exercisable for or exchangeable for any such shares or ownership interests or take any action to cause to be vested any otherwise unvested CPRL equity award (except as otherwise provided by the terms of the merger agreement or the express terms of any such CPRL equity award), other than (A) issuances of CPRL common shares (x) in respect of any exercise of or settlement of CPRL equity awards outstanding on the date of the merger agreement, (y) as permitted under the debt commitment letters or (z) as may be granted after the date of the merger agreement in the ordinary course of business, (B) the grant of CPRL equity awards or other equity compensation awards in the ordinary course of business (and the issuance or transfer of any CPRL common shares in connection therewith), (C) any permitted liens and (D) pursuant to existing agreements in effect prior to the execution of the merger agreement;
- will not, and will not permit any of its subsidiaries to, sell, lease, license, transfer, exchange or swap, or subject to any lien (other than permitted liens), or otherwise dispose of, any material portion of its businesses, properties or assets, including the capital stock of its subsidiaries, other than in the ordinary course of business, and except (A) pursuant to existing agreements in effect prior to the execution of the merger agreement, (B) transactions among CPRL and its subsidiaries or among CPRL's subsidiaries or (C) for consideration not in excess of $50 million individually or $100 million in the aggregate;
- will not, and will not permit any of its subsidiaries to, adopt or enter into a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of CPRL or any of its subsidiaries, except for any such transactions between or among CPRL's subsidiaries; and
- will not, and will not permit any of its subsidiaries to, agree, in writing or otherwise, to take any of the foregoing actions.

During the interim period, CPRL will not, and will cause its affiliates not to, directly or indirectly (whether by plan of arrangement, amalgamation, business combination, merger, consolidation or otherwise), acquire, purchase, lease or license or otherwise enter into a transaction with (or agree to acquire, purchase, lease or license or otherwise enter into a transaction with) any business, corporation, partnership, association or other business organization or division or part thereof, or any securities or collection of assets, if doing so could reasonably be expected to: (i) impose any material delay in the obtaining of, or materially increase the risk of not obtaining, any consent of any governmental entity necessary to consummate the transactions contemplated by the merger agreement or the expiration or termination of any applicable waiting period; (ii) materially increase the risk of any governmental entity entering an order prohibiting the consummation of the transactions contemplated by the merger agreement; (iii) materially increase the risk of not being able to remove any such order on appeal or otherwise; or (iv) otherwise prevent or materially delay the consummation of the transactions contemplated by the merger agreement (including the debt financing).

No Solicitation

CPRL and KCS have agreed they each will not, and they each will cause their respective subsidiaries and their and their respective directors and officers not to, and will use reasonable best efforts to cause their other representatives, not to, directly or indirectly:

- solicit, initiate or knowingly encourage or knowingly facilitate any inquiry regarding, or the making or submission of any proposal, offer or indication of intent that constitutes, or would reasonably be expected to lead to, or result in, an alternative proposal;

- engage in, continue or otherwise participate in any discussions or negotiations with any person regarding an alternative proposal or any inquiry, proposal or offer that would reasonably be expected to lead to, or result in, an alternative proposal (except to notify such person that the provisions of the merger agreement prohibit any such discussions or negotiations);
- furnish any nonpublic information relating to such party or its subsidiaries in connection with or for the purpose of facilitating an alternative proposal or any inquiry, proposal offer or indication of intent that would reasonably be expected to lead to, or result in, an alternative proposal;
- recommend or enter into any other letter of intent, memorandum of understanding, agreement in principle, option agreement, acquisition agreement, merger agreement, joint venture agreement, partnership agreement or other similar agreement with respect to an alternative proposal (except for permitted confidentiality agreements as discussed below); or
- approve, authorize or agree to do any of the foregoing or otherwise knowingly facilitate any effort or attempt to make an alternative proposal.

Prior to the time, but not after, in the case of KCS, the KCS stockholder approval is obtained or, in the case of CPRL, the CPRL shareholder approval is obtained, in response to an unsolicited, *bona fide* written alternative proposal that did not result from such party's violation of the non-solicitation provisions contained in the merger agreement, CPRL or KCS, as applicable, may (including through their representatives) contact the third party making such alternative proposal to clarify the terms and conditions of the alternative proposal. If such alternative proposal constitutes a superior proposal or the relevant party's board of directors determines in good faith after consultation with outside legal and financial advisors that such alternative proposal could reasonably be expected to lead to a superior proposal, the following actions may be taken:

- such party may furnish non-public information to the third party who made such alternative proposal (including its representatives and prospective equity and debt financing sources) in response to a request for such non-public information if prior to furnishing such information, CPRL or KCS, as applicable, receives from the third party making such alternative proposal, an executed confidentiality agreement with confidentiality and use provisions that, in each case, are not less restrictive in the aggregate to such third party than the terms in the Confidentiality Agreement, dated as of December 9, 2020, between CPRL and KCS are to the other party (it being understood that such confidentiality agreement does not need to include any "standstill" or similar provisions or otherwise prohibit the making or amendment of any alternative proposal); provided, however, that if the third party making such alternative proposal is a known competitor of such party, such party will not provide any commercially sensitive non-public information to such third party other than in accordance with customary "clean room" or other similar procedures designed to limit the disclosure of competitively sensitive information; and
- such party may engage in discussions or negotiations with the third party (including its representatives) with respect to the alternative proposal.

CPRL and KCS are each required to promptly give notice to the other party if it or its representatives receive (i) any inquiries, proposals or offers with respect to an alternative proposal or (ii) any request for information that, to the knowledge of such party, has been or is reasonably likely to have been made in connection with any alternative proposal. Such notice is required to include the name of the applicable third party and the material terms and conditions of such inquiries, proposals or offers (including, if applicable, complete copies of any written requests, proposals or offers and any other material documents, including proposed agreements). CPRL or KCS, as applicable, will be required to thereafter keep the other party reasonably informed, on a reasonably current basis, of any material developments regarding any alternative proposal or any material change to the terms of any such alternative proposal and any material change to the status of any such discussions or negotiations with respect thereto.

Change of Recommendation

Except as permitted by the merger agreement, neither party's board of directors (including any committee thereof) may:

- withhold, withdraw, qualify or modify (or propose publicly to withhold, withdraw, qualify or modify): (i) in the case of the KCS board, its recommendation to the KCS stockholders to adopt the merger agreement and the transactions contemplated by the merger agreement; and (ii) in the case of the CPRL board, the recommendation to the CPRL shareholders to approve the CPRL common share issuance in connection with the first merger;
- fail to include (i) in the case of KCS, the KCS recommendation in this proxy statement/prospectus or (ii) in the case of CPRL, the CPRL recommendation in the management information circular, and;
- if any alternative proposal that is structured as a tender offer or exchange offer for the outstanding CPRL common shares or shares of KCS common stock, as applicable, fail to recommend within ten business days after its commencement, against acceptance of such tender offer or exchange offer by its shareholders or stockholders, as applicable;
- approve, adopt, recommend, or declare advisable any alternative proposal or publicly propose to approve, adopt, recommend or declare advisable any alternative proposal; or
- approve, adopt, recommend or declare advisable or enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other agreement (other than a confidentiality agreement referred to and entered into in compliance with the section of the merger agreement described above under the subsection below entitled "*No Solicitation*" with respect to any alternative proposal).

The taking of any of the actions set forth above will constitute a "change of recommendation."

Furthermore, each of KCS and CPRL will (and will cause its subsidiaries and its and their respective directors and officers to, and will use its reasonable best efforts to cause its other representatives to) promptly terminate any existing discussions and negotiations conducted prior to the date of the merger agreement with any person (other than CPRL, KCS or any of their respective affiliates or representatives) with respect to any alternative proposal, or proposal or transaction that could reasonably be expected to lead to or result in an alternative proposal. Each of KCS and CPRL will promptly terminate all physical and electronic data access previously granted to such persons and request that any such persons promptly return or destroy all confidential information concerning KCS or CPRL, as applicable, and any of its subsidiaries and provide prompt written confirmation thereof.

Prior to the time, in the case of KCS, the KCS stockholder approval is obtained or, in the case of CPRL, the CPRL shareholder approval is obtained, the board of directors of KCS or CPRL, as applicable, may:

- In response to a superior proposal, effect a change of recommendation and/or, in the case of KCS, cause KCS to terminate the merger agreement to enter into a definitive agreement providing for a superior proposal, if: (i) KCS or CPRL, as applicable, has given the other party written notice of its intent to take such action at least five business days in advance, setting forth a description of the terms and conditions of the superior proposal that is the basis for such action (and including the identity of the person making the superior proposal and a copy of the proposed definitive agreement for such superior proposal, if any); (ii) KCS or CPRL, as applicable, negotiates in good faith during such five-business-day period with the other party (to the extent such other party wishes to negotiate) to enable such other party to make such amendments to the terms of the merger agreement as would permit the KCS board or the CPRL board, as applicable, not to effect a change of recommendation in connection with such superior proposal or in the case of KCS, not to cause KCS to terminate the merger agreement in connection with the entry into a definitive agreement providing for a superior proposal; and (iii) at the end of such five-business-day period, prior to taking action to effect a change of recommendation

(or, in the case of KCS, terminating the merger agreement), the KCS board or the CPRL board, as applicable, takes into account any firm commitments by the other party to amend the terms of the merger agreement made in writing and any other proposals or information offered by the other party in response to the superior proposal, as applicable, during the five-business-day period, and concludes that the superior proposal would continue to constitute a superior proposal if such amendments were to be given effect. For purposes of the aforementioned negotiation period, any material modification to the terms of the superior proposal (including any change in the amount or, if applicable, form of consideration) will be deemed to be a new alternative proposal, except that references to five business days will be deemed to be references to three business days.

- In response to an intervening event, effect a change of recommendation, if the KCS board or the CPRL board, as applicable, determines in good faith, after consultation with the applicable party's outside legal counsel, that the failure of the KCS board or the CPRL board, as applicable, to take such action would be reasonably likely to be inconsistent with its fiduciary duties under applicable law; provided, that the KCS board or the CPRL board, as applicable, will not be entitled to make such a change in recommendation unless: (i) KCS or CPRL, as applicable, has given the other party written notice of its intent to take such action at least five business days in advance, setting forth a description of the applicable intervening event; and (ii) at the end of such five business day period, prior to taking action to effect a change of recommendation, the KCS board or the CPRL board, as applicable, takes into account any firm commitments to amend the terms of the merger agreement made in writing and any other proposals or information offered by the other party in response to the intervening event and determines in good faith, after consultation with its outside legal counsel, that the failure of the KCS board or the CPRL board, as applicable, to make such change of recommendation would continue to be reasonably likely to be inconsistent with its fiduciary duties under applicable law if such amendments were to be given effect.

As further described in the section below entitled "*The Merger Agreement—Termination or Abandonment of the Merger Agreement*," if (i) CPRL terminates the merger agreement due to the KCS board making a change of recommendation, or if KCS terminates the merger agreement to enter into a definitive agreement providing for a superior proposal, KCS will be required to pay CPRL a termination payment of $700.0 million and the $700.0 million CN termination amount refund, and (ii) if KCS terminates the merger agreement due to the CPRL board making a change of recommendation, CPRL will be required to pay a termination payment of $700.0 million.

The merger agreement will not prohibit KCS or CPRL, or each of their board of directors or any committees thereof, from complying with their respective disclosure obligations under applicable law, rules or policies of the NYSE or the TSX, as applicable.

Efforts to Obtain Required Stockholder/Shareholder Votes

KCS will take all action necessary in accordance with applicable law and its organizational documents to set a record date for, duly give notice of, convene and hold a meeting of its stockholders following the mailing of this proxy statement/prospectus for the purpose of obtaining the KCS stockholder approval as soon as reasonably practicable following the date when this proxy statement/prospectus and Form F-4 is declared effective by the SEC (referred to as the "clearance date"). Unless KCS has made a change of recommendation in compliance with the provisions of the merger agreement, KCS will include its recommendation for the KCS stockholders to vote to adopt the merger agreement in this proxy statement/prospectus, and will solicit, and use its reasonable best efforts to obtain, the KCS stockholder approval at the KCS special meeting (including by soliciting proxies in favor of the adoption of the merger agreement) as soon as reasonably practicable.

KCS will cooperate with and keep CPRL informed on a reasonably current basis regarding its solicitation efforts and voting results following the dissemination of this proxy statement/prospectus to its shareholders. KCS may adjourn or postpone the KCS special meeting (i) to allow time for the filing and dissemination of any

supplemental or amended disclosure document that the KCS board has determined in good faith (after consultation with its outside legal counsel) is required to be filed and disseminated under applicable law, (ii) if as of the time that the KCS special meeting is originally scheduled (as set forth in this proxy statement/prospectus) there are insufficient shares of KCS voting stock represented (either in person (including virtually) or represented by proxy) to constitute a quorum necessary to conduct the business of the KCS special meeting, (iii) to allow reasonable additional time to solicit additional proxies necessary to obtain the KCS stockholder approval, (iv) to comply with applicable law or (v) with the prior written consent of CPRL (which will not be unreasonably withheld, conditioned or delayed). Without the prior written consent of CPRL (which will not be unreasonably withheld, conditioned or delayed), the adoption of the merger agreement will be the only matter (other than matters of procedure and matters required by applicable law to be voted on by KCS stockholders in connection with the adoption of the merger agreement) that KCS will propose to be acted on by KCS stockholders at the KCS special meeting.

CPRL will take all action necessary in accordance with applicable law and its organizational documents to set a record date for, duly give notice of, convene and hold a meeting of its shareholders following the mailing of the management information circular for the purpose of obtaining the CPRL shareholder approval as soon as reasonably practicable following the clearance date. Unless CPRL has made a change of recommendation in compliance with the provisions of the merger agreement, CPRL will include the CPRL recommendation in the management information circular, and will solicit, and use its reasonable best efforts to obtain, the CPRL shareholder approval at the CPRL special meeting (including by soliciting proxies in favor of the CPRL common share issuance) as soon as reasonably practicable.

CPRL will cooperate with and keep KCS informed on a reasonably current basis regarding its solicitation efforts and voting results following the dissemination of the management information circular to its shareholders. CPRL may adjourn or postpone the CPRL special meeting (i) to allow time for the filing and dissemination of any supplemental or amended disclosure document that the CPRL board has determined in good faith (after consultation with its outside legal counsel) is required to be filed and disseminated under applicable law, (ii) if as of the time that the CPRL special meeting is originally scheduled (as set forth in the management information circular) there are insufficient CPRL common shares represented (either in person (including virtually) or by proxy) to constitute a quorum necessary to conduct the business of the CPRL special meeting, (iii) to allow reasonable additional time to solicit additional proxies necessary to obtain the CPRL shareholder approval, (iv) to comply with applicable law or (v) with the prior written consent of KCS (which will not be unreasonably withheld, conditioned or delayed). Without the prior written consent of KCS (which will not be unreasonably withheld, conditioned or delayed), the approval of the CPRL common share issuance will be the only matter (other than matters of procedure and matters required by applicable law to be voted on by CPRL shareholders in connection with the adoption of the merger agreement) that CPRL will propose to be acted on by the shareholders of CPRL at the CPRL special meeting.

The obligations of KCS and CPRL to hold the meetings of their respective stockholders and shareholders will not be affected solely by the making of a change of recommendation or solely by the commencement of or announcement or disclosure, or communication to KCS or CPRL, of any alternative proposal.

Financing

Debt Financing

CPRL has agreed to use its reasonable best efforts, and will cause each of its subsidiaries to use its reasonable best efforts to obtain funds sufficient, together with cash and other sources of funds immediately available to CPRL on the closing date, for the satisfaction of CPRL's obligations under the merger agreement and the debt commitment letters, including payment of the cash consideration and preferred merger consideration and any fees and expenses of or payable by CPRL, the merger subs or CPRL's affiliates, and for any repayment or refinancing of the financing amounts. CPRL has agreed to use its reasonable best efforts to take, or cause to be taken, all actions, and do, or cause to be done, all things necessary, proper or advisable to obtain the proceeds of

the financing contemplated by the debt commitment letters on the terms and subject only to the conditions described in the debt commitment letters, including (i) maintaining in effect the debt commitment letters, (ii) negotiating and entering into definitive agreements with respect to the debt financing consistent with the terms and conditions contained therein on or prior to the closing date, (iii) satisfying on a timely basis all conditions in the debt commitment letters and the definitive agreements within CPRL's control and complying with its obligations under the debt commitment letters and (iv) enforcing its rights under the debt commitment letters, in each case in a timely and diligent manner. Other than the commitment letter, all debt commitment letters have been terminated.

In the event any portion of the debt financing contemplated by the debt commitment letters becomes unavailable regardless of the reason therefor, (A) CPRL will promptly notify KCS in writing of such unavailability and the reason therefor and (B) CPRL will use its reasonable best efforts, and will cause each of its subsidiaries to use their reasonable best efforts, to obtain as promptly as practicable following the occurrence of such event, alternative financing for any such portion from alternative sources in an amount sufficient, when taken together with cash and the other sources of immediately available funds to CPRL at the closing of the transaction to pay the financing amounts and that do not include any conditions to the consummation of such alternative financing that are more onerous than the conditions set forth in the debt commitment letters. To the extent requested in writing by KCS from time to time, CPRL will keep KCS informed on a reasonably current basis of the status of its efforts to arrange and consummate the debt financing. CPRL will promptly notify KCS in writing if there exists any actual or threatened material breach, default, repudiation, cancellation or termination by any party to the debt commitment letters or any definitive agreement and a copy of any written notice or other written communication from any financing party with respect to any actual material breach, default, repudiation, cancellation or termination by any party to the debt commitment letters or any definitive agreement or any provision thereof.

CPRL has acknowledged and agreed that compliance with the foregoing obligations will not relieve CPRL of its obligations to consummate the transactions contemplated by the merger agreement whether or not the debt financing is available and that the receipt or availability of any funds or financing (including the debt financing contemplated by the debt commitment letters) by CPRL or any other financing or other transactions will not be a condition to any of CPRL's obligations under the merger agreement.

Cooperation of KCS

KCS has agreed to use its reasonable best efforts, and will cause each of its subsidiaries to use its reasonable best efforts, and each of them will use their reasonable best efforts to cause their respective representatives to use their reasonable best efforts, to provide customary cooperation, to the extent reasonably requested by CPRL in writing, in connection with the offering, arrangement, syndication, consummation, issuance or sale of any debt financing or alternative financing (provided, that such requested cooperation does not unreasonably interfere with the ongoing operations of KCS or its affiliates and is otherwise subject to certain specified limitations), including, to the extent so requested, using reasonable best efforts to:

- furnish promptly to CPRL financing information regarding KCS and its subsidiaries in connection with the debt financing;
- assist CPRL in its preparation of the customary pro forma financial statements in connection with the debt financing;
- provide reasonable and customary assistance to CPRL and the financing parties in their marketing efforts in connection with all or any portion of the debt financing;
- make senior management of KCS available, at reasonable times and locations and upon reasonable prior notice, to participate in meetings and other customary syndication activities;
- cause KCS's independent registered accounting firm to provide customary assistance with the debt financing;

- provide customary authorization letters authorizing the distribution of KCS's information to prospective lenders in connection with a syndicated bank financing;
- assist in obtaining or updating corporate and facility credit ratings;
- assist in the negotiation and preparation of any credit agreement, indenture, note, purchase agreement, underwriting agreement, guarantees and customary closing certificates, in each case as contemplated in connection with the debt financing;
- make introductions of CPRL to KCS's existing lenders and facilitate relevant coordination between CPRL and such lenders;
- cooperate with internal and external counsel of CPRL in connection with providing customary back-up certificates and factual information regarding any legal opinion that such counsel may be required to deliver in connection with the debt financing;
- deliver, at least three business days prior to closing of the transaction, to the extent reasonably requested in writing at least nine business days prior to closing, all documentation and other information regarding KCS and its subsidiaries that any financing party reasonably determines is required by regulatory authorities under applicable "know your customer" and anti-money-laundering rules and regulations and, to the extent required by any financing party, beneficial ownership certificates;
- at CPRL's written request, provide all reasonable assistance to CPRL in connection with any steps CPRL may determine are necessary or desirable to take to (A) obtain consent for the change of control under KCS's revolving credit agreement arising from the transaction and/or (B) prepay some or all amounts outstanding under KCS's revolving credit agreement;
- at CPRL's written request, cooperate with and use reasonable best efforts to provide all reasonable assistance to CPRL in connection with any amendments to certain financing agreements;
- on the closing date but immediately following the closing of the transaction, at CPRL's request (which may be prior to the closing date), execute such documentation as is reasonably requested so that KCS can assume the debt commitment letter in respect of KCS's revolving credit agreement (to the extent the debt commitments thereunder have not been terminated at closing of the transaction in accordance with their terms); and
- consent to the use of KCS's and its subsidiaries' logos in connection with the debt financing.

Employee Matters

From and after the effective time, KCS will, and to the extent within its control, CPRL will cause KCS to, honor all KCS benefit plans in accordance with their terms as in effect immediately before the effective time. For a period of one year following the control date, CPRL will provide, or will cause to be provided, to each current employee of KCS and its subsidiaries (i) base compensation and cash and equity target incentive opportunities that, in each case, are no less favorable than were provided to the KCS employee immediately before the effective time (it being understood that in lieu of equity compensation awards, CPRL may provide KCS employees who, as of immediately prior to the effective time were eligible to receive KCS equity awards, long-term incentive awards that are settled in cash in an amount sufficient to replace the grant date value of the KCS employee's equity compensation opportunity prior to the effective time; provided, that, subject to certain exceptions, such long-term incentive awards will have the same terms and conditions as those applicable to the equity awards granted by CPRL to its similarly situated employees) and (ii) employee benefits that are no less favorable in the aggregate than the employee benefits provided to the KCS employee immediately before the effective time. Without limiting the generality of the foregoing, (A) CPRL will or will cause the second surviving corporation to provide to each KCS employee whose employment terminates during the one-year period following the control date under circumstances that would give rise to severance benefits under the KCS benefit plans set forth on the KCS disclosure schedules, severance benefits in accordance with the terms of the

applicable KCS severance plan in which such KCS employee is eligible to participate immediately prior to the effective time and (B) during such one-year period following the control date, severance benefits offered to each KCS employee will be determined taking into account all service with KCS, its subsidiaries (and including, on and after the effective time, the second surviving corporation and any of its affiliates) and without taking into account any reduction after the effective time in compensation paid or benefits provided to such KCS employee.

If the control date occurs before February 1, 2022, then no later than March 15, 2022, CPRL will, or will cause the second surviving corporation to, pay to each KCS employee who participates in a KCS annual bonus plan (or any successor plan of CPRL and its subsidiaries) an annual bonus payment in respect of calendar year 2021 in an amount that is based on the achievement of the applicable performance goals at the greater of (i) target performance and (ii) 130% of actual performance, but in no event greater than 200% of target. If the control date occurs on or after February 1, 2022 but before February 1, 2023, then no later than March 15, 2023, CPRL will or will cause the second surviving corporation to, pay to each KCS employee who participates in a KCS annual bonus plan (or any successor plan of CPRL and its subsidiaries) an annual bonus payment in respect of calendar year 2022 in an amount that is based on the achievement of the applicable performance goals at the greater of (i) target performance and (ii) 130% of actual performance, but in no event greater than 200% of target.

For all purposes (including for purposes of vesting, eligibility to participate and level of benefits) under the employee benefit plans of CPRL and its subsidiaries providing benefits to any KCS employees after the control date, each KCS employee will be credited with his or her years of service with KCS and its subsidiaries and their respective predecessors before the control date, to the same extent as such KCS employee was entitled, before the control date, to credit for such service under any similar KCS benefit plan in which such KCS employee participated or was eligible to participate immediately prior to the control date; provided that the foregoing will not apply (x) for benefit accrual under defined benefit pension plans, (y) for purposes of qualifying for subsidized early retirement benefits or (z) to the extent that its application would result in a duplication of benefits. In addition, (i) each KCS employee will be immediately eligible to participate in any new plans to the extent coverage under such new plan is comparable to a KCS benefit plan in which such KCS employee participated immediately before the control date, and (ii) for purposes of each new plan providing medical, dental, pharmaceutical, vision and any other insurance benefits to any KCS employee, CPRL will cause all preexisting condition exclusions and actively-at-work requirements of such new plan to be waived for such employee and his or her covered dependents, unless such conditions would not have been waived under the comparable plans of KCS or its subsidiaries in which such employee participated immediately prior to the control date, and CPRL will cause any eligible expenses incurred by such employee and his or her covered dependents during the portion of the plan year of the old plans ending on the date such employee's participation in the corresponding new plan begins to be taken into account under such new plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such new plan.

The provisions described in this section are solely for the benefit of the parties to the merger agreement, and no current or former director, employee or consultant or any other person will be a third-party beneficiary of the merger agreement, and nothing in the merger agreement will be construed as an amendment to any KCS benefit plan or other compensation or benefit plan or arrangement for any purposes or otherwise will prevent CPRL, the second surviving corporation or any of their affiliates from terminating the employment of any KCS employee.

Indemnification and Insurance

KCS, CPRL and the merger subs agree that all rights to exculpation, indemnification and advancement of expenses now existing in favor of the current or former directors, officers or employees of KCS or its subsidiaries as provided in their respective organizational documents or in any agreement will survive the transaction and will continue at and after the effective time in full force and effect. For a period of six years after the effective time, CPRL and the second surviving corporation will maintain in effect the exculpation, indemnification and advancement of expenses provisions of KCS's and any KCS subsidiary's organizational

documents as in effect immediately prior to the effective time or in any indemnification agreements of KCS or any of its subsidiaries with any of their respective directors, officers or employees as in effect immediately prior to the effective time, and will not amend, repeal or otherwise modify any such provisions in any manner that would adversely affect the rights thereunder of any individuals who at the effective time were current or former directors, officers or employees of KCS or any of its subsidiaries; provided, that all rights to indemnification in respect of any proceeding pending or asserted or any claim made within such period will continue until the final disposition of such proceeding or resolution of such claim, even if beyond such six-year period. From and after the control date, CPRL will assume, be jointly and severally liable for, and honor, guarantee and stand surety for, and will cause the second surviving corporation and its subsidiaries to honor, in accordance with their respective terms, the indemnification and insurance covenants contained in the merger agreement.

Each of CPRL and the second surviving corporation will, to the fullest extent permitted under applicable law, indemnify and hold harmless (and advance funds in respect of each of the foregoing or any related expenses to) each current and former director, officer or employee of KCS or any of its subsidiaries and each person who served as a director, officer, member, trustee or fiduciary of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise at the request of or for the benefit of KCS or its subsidiaries (which we refer to, together with such person's heirs, executors, administrators, successors and assigns, collectively as the "KCS indemnified parties") against any costs or expenses, judgments, fines, losses, claims, damages, obligations, costs, liabilities and amounts paid in settlement in connection with any actual or threatened claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of, relating to or in connection with any action or omission occurring or alleged to have occurred at or prior to the effective time, whether asserted or claimed prior to, at or after the effective time. In the event of any such proceeding, CPRL and the second surviving corporation will cooperate with the indemnified party in the defense of any such proceeding.

For a period of six years from the effective time, CPRL and the second surviving corporation will cause to be maintained in effect the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by KCS and its subsidiaries with respect to matters arising on or before the effective time; provided, that after the effective time, CPRL and the second surviving corporation will not be required to pay annual premiums in excess of 300% of the last aggregate annual premium paid by KCS prior to September 15, 2021 in respect of the coverage required to be obtained pursuant thereto, but in such case will purchase as much coverage as reasonably practicable for such amount. KCS will purchase, prior to the effective time, a six-year prepaid "tail" policy on terms and conditions providing substantially equivalent benefits as the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by KCS and its subsidiaries with respect to matters arising on or before the effective time, covering without limitation the transactions contemplated by the merger agreement, and the purchase of such "tail" policy will be deemed to discharge and satisfy the obligations of KCS and the second surviving corporation pursuant to the immediately preceding sentence; provided, that KCS will not commit or spend on such "tail" policy, in the aggregate, more than 300% of the last aggregate annual premium paid by KCS prior to the date of the merger agreement for KCS's current policies of directors' and officers' liability insurance and fiduciary liability insurance, and if the cost of such "tail" policy would otherwise exceed such limit, KCS will be permitted to purchase as much coverage as reasonably practicable for up to such limit. CPRL and the second surviving corporation will cause such policy to be maintained in full force and effect, for its full term, and cause all obligations under the policy to be honored by the second surviving corporation, and no other party will have any further obligation to purchase or pay for insurance under the merger agreement.

CPRL will pay all reasonable expenses, including reasonable attorneys' fees, that may be incurred by any indemnified party in enforcing the indemnity and other obligations provided in the indemnification and insurance provisions contained in the merger agreement.

The rights of each KCS indemnified party under the merger agreement will be in addition to, and not in limitation of, any other rights such indemnified party may have under the organizational documents of KCS or

any of its subsidiaries or the second surviving corporation, any other indemnification arrangement, the DGCL or otherwise. The indemnification and insurance provisions contained in the merger agreement will survive the consummation of the transaction and are expressly intended to benefit, and are enforceable by, each of the KCS indemnified parties.

Regulatory Filings and Efforts; Other Actions

General Obligations

Subject to the merger agreement, each of the parties thereto will (and will cause each of their respective affiliates to) promptly take, or cause to be taken, all actions, and to promptly do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable under applicable laws to cause the conditions to closing set forth in the merger agreement to be satisfied and to consummate and make effective the transactions contemplated by the merger agreement as promptly as practicable after the date of the merger agreement and in any event prior to the end date, including

- obtaining all necessary actions or nonactions, authorizations, permits, waivers, consents, clearances, approvals and expirations or terminations of waiting periods, including the KCS approvals and the CPRL approvals, from governmental entities and making all necessary registrations, notices, notifications, petitions, applications, reports and other and filings and taking all steps as may be necessary, proper or advisable to obtain an approval, clearance or waiver from, or to avoid an action or proceeding by, any governmental entity;
- obtaining all necessary consents from third parties;
- defending any actions, lawsuits or other legal proceedings, whether judicial or administrative, challenging the merger agreement or the consummation of the transactions contemplated by the merger agreement (including the voting trust), or seeking to prohibit or delay the closing of the transaction; and
- the execution and delivery of any additional instruments necessary, proper or advisable to consummate, and to fully carry out the purposes of the transactions contemplated by the merger agreement.

Except as otherwise permitted under the merger agreement, KCS, CPRL and each merger sub will not (and will cause their subsidiaries not to) take or agree to take any action that would be reasonably likely to prevent or materially delay the closing of the transaction.

Filings with the STB

With respect to filings made or to be made with the STB:

- on May 6, 2021, the STB issued a decision indicating that it had conducted a full review of the proposed voting trust submitted to the STB Staff in March 2021 (and attached as Exhibit A to the prior CP merger agreement) and granted approval for the use of the voting trust as modified in accordance with the decision to consummate the transaction;
- on May 10, 2021, CPRL submitted to the STB a copy of the form of voting trust agreement attached reflecting the modifications required by the STB's May 6 decision;
- on September 15, 2021, CPRL and KCS filed with the STB an Amended Notice of Intent indicating that they had entered a new agreement providing for CPRL's acquisition of KCS, that they would file an application seeking STB control approval on or shortly after October 20, 2021, and that CPRL intended to indirectly acquire the shares of KCS prior to receiving control approval via the use of a voting trust that was substantially identical to that reviewed and approved by the STB in its May 6 decision;
- on September 30, 2021, the STB issued a decision confirming that the transaction described in the September 15 Amended Notice of Intent was the "same transaction" that had been noticed in March 2021 and that the STB's May 6, 2021 approval for CPRL's proposed use of a voting trust to acquire KCS applies to the voting trust proposed for use with the transaction agreed to on September 15;
- each of CPRL and KCS will file the STB control approval application with the STB for the approval of the transactions contemplated by the merger agreement as promptly as practicable and use its

reasonable best efforts to (A) make such filing within 30 days after the date of the merger agreement and (B) obtain, as promptly as practicable, STB final approval;

- each of CPRL and KCS will use its reasonable best efforts to (A) prosecute all such filings and other presentations made, and promptly make any subsequent filings or presentations, with the STB with diligence, (B) diligently oppose any third party's objections to, appeals from or petitions to reconsider or reopen any approval, opinion, exemption or other authorization obtained from the STB, and (C) take all such further action as in the reasonable judgment of CPRL and KCS may facilitate obtaining STB final approval;
- each of CPRL and KCS will promptly furnish any information requested by CFIUS prior to filing of the draft CFIUS joint voluntary notification and/or joint notice with CFIUS, including information relating to the voting trust transaction;
- following the closing of the transaction, in the event of an STB denial or failure to obtain completion of the CFIUS process, or as may be required in connection with obtaining STB final approval, CPRL will devise and implement the process and strategy to directly or indirectly sell or otherwise dispose of the shares or assets of the second surviving corporation (the "post-closing disposition"), subject to any jurisdiction of the STB to oversee the post-closing disposition; and
- following the closing of the transaction, KCS and its successors will cooperate with CPRL and will (and will cause each of its subsidiaries to) use its reasonable best efforts to take all actions reasonably requested by CPRL and do or cause to be done all things necessary, proper or advisable on its part to assist CPRL in its process to effect the post-closing disposition.

Regulatory Filings and Obligations

KCS, CPRL and each merger sub will:

- promptly, but no later than 30 business days after the date of the merger agreement, file any and all notification and report forms to the COFECE and the IFT required under applicable law with respect to the transactions contemplated by the merger agreement, and take all other actions necessary to cause the expiration or termination of any applicable waiting periods under applicable law as soon as practicable after the date of the merger agreement;
- take all actions with CFIUS as may be advisable under applicable law to obtain completion of the CFIUS process with respect to the transactions contemplated by the merger agreement, including:
    - promptly, but no later than ten business days after the date of the merger agreement, jointly providing notification to CFIUS of the execution of the merger agreement (initial notifications to CFIUS were provided on March 22, 2021 and September 24, 2021);
    - promptly, and no later than ten business days after the closing of the transaction, submitting a draft CFIUS joint voluntary notification to CFIUS;
    - submitting a final joint notice to CFIUS after promptly resolving all comments to the draft CFIUS joint voluntary notification from CFIUS; and
    - in the case of a CFIUS declaration, submitting a CFIUS joint voluntary notification if CFIUS so requests or informs the parties that it is not able to conclude action under Section 721 with respect to the transactions contemplated by the merger agreement on the basis of such CFIUS declaration;
- cooperate with each other in:
    - determining whether any other filings are required to be made with, or consents are required to be obtained from, or with respect to, any third parties or governmental entities, including under other applicable antitrust laws and/or in connection with the KCS approvals and CPRL approvals, in connection with the execution and delivery of the merger agreement and the consummation of the transactions contemplated by the merger agreement; and

- promptly making all such filings and timely obtaining all such consents;
- supply to any governmental entity as promptly as practicable any additional information or documents that may be requested pursuant to any law or by such governmental entity, including responding to any request for information from CFIUS in the applicable time frame set forth in 31 C.F.R. Part 800, subject to any extensions of such time that may be granted by CFIUS staff upon request of a party to the joint notice; and
- other than with respect to the STB final approval, take or cause to be taken, all other actions and do, or cause to be done, all other things necessary, proper or advisable to consummate and make effective the transactions contemplated by the merger agreement, including taking all such further action as may be necessary to resolve such objections, if any, as any state antitrust enforcement authorities, CFIUS or other governmental entity or other person may assert under any law (including in connection with the KCS approvals and CPRL approvals) with respect to the transactions contemplated by the merger agreement, and to avoid or eliminate each and every impediment under any law that may be asserted by any governmental entity with respect to the transaction so as to enable the closing of the transaction to occur as promptly as practicable after the date of the merger agreement, including:
  - proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, the sale, divestiture, license, hold separate or disposition of any and all of the share capital or other equity interest, assets (whether tangible or intangible), products or businesses of CPRL and its subsidiaries or of KCS and its subsidiaries; and
  - otherwise taking or committing to take any actions that after the closing date would limit CPRL's or its subsidiaries' (including the second surviving corporation's) freedom of action with respect to, or their ability to retain, one or more of their subsidiaries' (including the second surviving corporation's) assets (whether tangible or intangible), products or businesses, in each case as may be required in order to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order that would otherwise have the effect of preventing or delaying the closing of the transaction;

provided, that neither KCS nor any of its subsidiaries will be required to become subject to, or consent or agree to or otherwise take any action with respect to, any requirement, condition, understanding, agreement or order to sell, divest, license, hold separate or otherwise dispose of, or to conduct, restrict, operate, invest or otherwise change the assets, operations or business of KCS or any of its subsidiaries, unless such requirement, condition, understanding, agreement or order is binding on or otherwise applicable to KCS or its subsidiaries only from and after the effective time in the event that the closing occurs.

Notwithstanding the foregoing, other than with respect to the STB final approval, the merger agreement does not require CPRL or any of its affiliates to take any action, or commit to take any action, or agree to any condition or restriction in connection with obtaining any CPRL approvals that would reasonably be expected to have a material adverse effect with respect to CPRL and its subsidiaries, taken as a whole, after giving effect to the transaction (measured on a scale relative to KCS and its subsidiaries, taken as a whole).

Cooperation and Consultation

Each of KCS, CPRL and the merger subs will cooperate and consult with each other in connection with the making of all registrations, filings, notifications, communications, submissions and any other actions pursuant to the provisions in the merger agreement summarized in this section, and, subject to applicable legal limitations and the instructions of any governmental entity, KCS, on the one hand, and CPRL and each merger sub, on the other hand, will keep each other apprised of the status of matters relating to the completion of the transactions contemplated by the merger agreement, including promptly informing and furnishing the other with copies of notices or other communications received or given by CPRL or KCS, as the case may be, or any of their respective subsidiaries, from or to any third party and/or any governmental entity with respect to such transactions. Subject to applicable law relating to the exchange of information, KCS, on the one hand, and CPRL

and each merger sub, on the other hand, will permit counsel for the other party reasonable opportunity to review in advance, and consider in good faith the views of the other party in connection with, any proposed notifications or filings and any written communications or submissions, and with respect to any such notification, filing, written communication or submission, any documents submitted therewith to any governmental entity.

Each of KCS, CPRL and the merger subs agrees not to initiate or agree to participate in any meeting or discussion, either in person or by telephone or videoconference, with any governmental entity in connection with the transaction unless it consults with the other party in advance and, to the extent not prohibited by such governmental entity, gives the other party the opportunity to attend and participate.

CPRL will, acting reasonably, devise and implement the strategy and timing for obtaining any consents required under any applicable law in connection with the transactions contemplated by the merger agreement and CPRL will, for the avoidance of doubt, have the final authority over the development, presentation and conduct of the STB case. CPRL will take the lead in all meetings and communications with any governmental entity in connection with obtaining such consents; provided, that CPRL will consult in advance with KCS and in good faith take KCS's views into account regarding the overall strategy and timing. KCS and its subsidiaries will not initiate any such discussions or proceedings with any governmental entity, or take or agree to take any actions, restrictions or conditions with respect to obtaining any consents in connection with the transactions contemplated by the merger agreement without the prior written consent of CPRL.

If any administrative or judicial action or proceeding, including any proceeding by a private party, is instituted (or threatened to be instituted) challenging any transaction contemplated by the merger agreement as violative of any law, each of KCS, CPRL and the merger subs will cooperate in all respects with each other and will contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any action, decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the transactions contemplated by the merger agreement.

Voting Trust Agreement

Subject to the merger agreement, applicable law and to the rules, regulations and practices of the STB, the voting trust agreement may be modified or amended at any time by CPRL and merger holdco in their sole discretion, including to reflect changes requested by the STB or CFIUS; provided, that:

- prior to the effective time, the voting trust agreement may not be modified or amended without the prior written consent of KCS unless such modification or amendment is not inconsistent with the merger agreement and is not adverse to KCS or its stockholders and would not reasonably be expected to have a material and adverse effect on the STB voting trust approval;
- whether prior to or after the effective time, the voting trust agreement may not be modified or amended without the prior written consent of KCS if such modification or amendment would reasonably be expected to materially increase the liability exposure of the board of directors of the second surviving corporation under applicable law; and
- any modification to the Voting Trust Agreement would be submitted to the STB for review and approval and the STB would have authority to compel amendment of the Voting Trust Agreement or compliance by the Trustee with any divestiture order or other directive.

No power of the second surviving corporation, CPRL or any of its affiliates provided for in the voting trust agreement may be exercised in a manner which violates the merger agreement.

Other Covenants and Agreements

CPRL and KCS have agreed in the merger agreement to various other covenants and agreements regarding various matters, including with respect to:

- each party providing the other party with reasonable access, subject to compliance with applicable laws, to such party's businesses, properties, personnel, agents, contracts, commitments, books and records and other reasonably requested information during the period prior to the effective time and, in the case of KCS, prior to the control date;
- cooperation between CPRL and KCS in the preparation and filing of this proxy statement/prospectus and the management information circular and coordination of the KCS special meeting and CPRL special meeting, including commercially reasonable efforts to cause the two meetings to occur on the same calendar day (and in any event as close in time as possible);
- each party taking such actions as are necessary to complete the transactions contemplated by the merger agreement if any takeover statute is or may become applicable to the transactions contemplated by the merger agreement;
- cooperation between KCS, CPRL and the merger subs in connection with public announcements regarding the transactions contemplated by the merger agreement;
- cooperation with CPRL and the use of reasonable best efforts by KCS to delist KCS common stock from the NYSE and deregister KCS common stock under the U.S. Exchange Act as promptly as practicable after the effective time;
- the use of reasonable best efforts by CPRL to cause the CPRL common shares that are to be issued in the first merger to be listed on the NYSE, subject to official notice of issuance, and the TSX, subject to customary listing conditions, prior to the effective time;
- each party taking reasonably necessary or advisable steps to cause any dispositions of KCS equity securities and any acquisitions of CPRL equity securities, pursuant to the transactions contemplated by the merger agreement by each individual who is subject to the reporting requirements of Section 16(a) of the U.S. Exchange Act to be exempt under Rule 16b-3 promulgated under the U.S. Exchange Act;
- KCS giving CPRL the reasonable opportunity to participate in the defense or settlement of any stockholder litigation brought against KCS or the KCS board relating to the transactions contemplated by the merger agreement and KCS refraining from compromising or settling, or agreeing to compromise or settle, any such stockholder litigation without the prior written consent of CPRL (which will not be unreasonably withheld, conditioned or delayed);
- certain tax matters;
- coordination between the parties of the declaration, setting of record dates and payment dates of dividends on KCS common stock; and
- CPRL and surviving merger sub executing and delivering written stockholder consents of the merger subs adopting and approving the merger agreement.

Termination or Abandonment of the Merger Agreement

The merger agreement may be terminated and abandoned at any time prior to the effective time whether before or after any approval by the KCS stockholders or the CPRL shareholders of the matters presented in connection with the transaction:

- by mutual written consent of KCS and CPRL;
- by either KCS or CPRL, if:
    - the effective time has not occurred on or before the end date; provided, that the party seeking to terminate the merger agreement has not breached in any material respect its obligations

under the merger agreement in any manner that has been the primary cause of the failure to consummate the transaction on or before such date;

- any court or other governmental entity of competent jurisdiction has issued or entered an injunction or similar order that prohibits or makes illegal the completion of the transaction or the voting trust transaction, and such order or injunction has become final and non-appealable; provided, that the party seeking to terminate the merger agreement has not breached in any material respect its obligations under the merger agreement in a manner that has been the primary cause of such injunction or order;
- the KCS stockholder approval is not obtained at the special meeting or at any adjournment or postponement thereof; or
- the CPRL shareholder approval is not obtained at the CPRL special meeting or at any adjournment or postponement thereof; or

- by KCS:
  - if there has been a breach or failure to perform in any material respect by CPRL or the merger subs of any representation, warranty, covenant or agreement set forth in the merger agreement and such breach or failure would result in a failure of certain conditions to closing and such breach or failure is not curable prior to the end date, or if curable prior to the end date, has not been cured within 45 business days after the giving of notice thereof by KCS; however, the right to terminate the merger agreement due to such a breach or failure will not be available to KCS if KCS is in material breach of any representation, warranty, agreement or covenant contained in the merger agreement;
  - prior to receipt of the KCS stockholder approval, in order to enter into a definitive agreement providing for a superior proposal in respect of KCS; or
  - prior to receipt of the CPRL shareholder approval, if the CPRL board has effected a change of recommendation; or
- by CPRL:
  - if there has been a breach or failure to perform in any material respect by KCS of any representation, warranty, covenant or agreement set forth in the merger agreement and such breach or failure would result in a failure of certain conditions to closing and such breach or failure is not curable prior to the end date, or if curable prior to the end date, has not been cured within 45 business days after the giving of notice thereof by CPRL; however, the right to terminate the merger agreement due to such a breach or failure will not be available to CPRL if CPRL or any merger sub is in material breach of any representation, warranty, agreement or covenant contained in the merger agreement; or
  - prior to receipt of the KCS stockholder approval, if the KCS board has effected a change of recommendation.

Effect of Termination

Except as described in the section below entitled "*The Merger Agreement—Termination or Abandonment of the Merger Agreement—Termination Fees*," on page 165, if the merger agreement is validly terminated in accordance with its terms, the merger agreement will be null and void and there will be no liability on the part of KCS, CPRL, either merger sub or their respective subsidiaries or affiliates, except that (i) certain provisions of the merger agreement will survive such termination, including those relating to termination payments and confidentiality, and (ii) no such termination will relieve any party for liability for such party's fraud or willful and material breach of any covenant or obligation contained in the merger agreement prior to its termination.

Termination Fees

KCS has agreed to pay a termination payment of $700.0 million to CPRL, in consideration for CPRL's disposition of its contractual rights under the merger agreement, if:

- the merger agreement is terminated by KCS prior to receipt of the KCS stockholder approval, in order to enter into a definitive agreement providing for a superior proposal in respect of KCS;
- the merger agreement is terminated by CPRL because, prior to receipt of the KCS stockholder approval, the KCS board has effected a change of recommendation; or
- (i) after the date of the merger agreement, a qualifying transaction in respect of KCS is publicly proposed or publicly disclosed prior to, and not publicly withdrawn at least two business days prior to, the KCS special meeting; (ii) the merger agreement is terminated by (A) either party as a result of the occurrence of the end date prior to receipt of the KCS stockholder approval or due to the failure to obtain the KCS stockholder approval or (B) CPRL for KCS having breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreement contained in the merger agreement (as described above); and (iii) concurrently with or within 12 months after such termination KCS consummates a qualifying transaction or enters into a definitive agreement providing for a qualifying transaction and later consummates such transaction.

CPRL has agreed to pay or cause to be paid a termination payment of $700.0 million to KCS, in consideration for KCS's disposition of its contractual rights under the merger agreement, if:

- the merger agreement is terminated by KCS prior to receipt of the CPRL shareholder approval because the CPRL board has effected a change of recommendation; or
- (i) after the date of the merger agreement, a qualifying transaction in respect of CPRL is publicly proposed or publicly disclosed prior to, and not publicly withdrawn at least two business days prior to, the CPRL special meeting; (ii) the merger agreement is terminated by (A) either party for the effective time not occurring on or before the end date prior to the receipt of the CPRL shareholder approval or due to the failure to obtain the CPRL shareholder approval or (B) KCS for CPRL or either merger sub having breached or failed to perform in any material respect any of their representations, warranties, covenants or other agreements contained in the merger agreement (as described above); and (iii) concurrently with or within 12 months after such termination CPRL consummates a qualifying transaction or enters into a definitive agreement providing for a qualifying transaction and later consummates such transaction.

CPRL has also agreed to pay or cause to be paid a termination payment of $1.0 billion to KCS if CPRL or KCS terminates the merger agreement in connection with (i) the effective time not occurring on or before the end date as a result of an injunction or order entered or issued by a governmental entity pursuant to the Interstate Commerce Commission Termination Act of 1995, the Surface Transportation Board Reauthorization Act of 2015 or any other law relating to the regulation of the railroad industry (which we refer to collectively as "railroad laws"), or Section 721, which continues to be in effect that prohibits or makes illegal the consummation of the transaction or the voting trust transaction, and, in any such case, all of the other mutual conditions to the obligations of CPRL and KCS and all of the other conditions to the obligations of CPRL and the merger subs to effect the transaction have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the closing; provided, that such conditions were then capable of being satisfied if the closing had taken place) and no breach by KCS of its regulatory efforts obligations has contributed materially and substantially to the failure of such regulatory conditions to be satisfied or (ii) a final and non-appealable order of a governmental entity pursuant to any railroad law or Section 721 prohibiting or making illegal the consummation of the transaction or the voting trust transaction; provided, that the party seeking to terminate the merger agreement has not breached in any material respect its obligations under the merger agreement in a manner that has been the primary cause of such order.

KCS has agreed to pay to CPRL the CN termination amount refund of $700.0 million in cash if:

- the merger agreement is terminated by KCS prior to receipt of the KCS stockholder approval, in order to enter into a definitive agreement providing for a superior proposal in respect of KCS;
- the merger agreement is terminated by CPRL because KCS has breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in the merger agreement, which breach or failure to perform (A) would result in a failure of a condition of CPRL and merger subs' obligations or CPRL and KCS's obligations and (B) cannot be cured by the end date or, if curable, was not cured within 45 business days following CPRL's delivery of written notice to KCS stating CPRL's intention to terminate the merger agreement and the basis for such termination; or
- the merger agreement is terminated by CPRL because, prior to receipt of the KCS stockholder approval, the KCS board has effected a change of recommendation.

Any termination payment payable will be paid as proceeds in consideration for the disposition of the receiving party's rights under the merger agreement. The $700.0 million CN termination amount refund will not constitute a penalty, but will constitute a refund and return of amounts previously remitted or caused to be remitted by CPRL to KCS, and be payable as a consequence of the disposition of the rights of the recipient under the merger agreement. Subject to the exceptions and qualifications in the merger agreement, KCS and CPRL are required to gross-up any termination payment or the $700.0 million CN termination amount refund payable by them for certain required tax withholdings or deductions.

Expenses

Except as set forth in the merger agreement, all costs and expenses incurred in connection with the merger agreement and the transactions contemplated thereby will be paid by the party incurring or required to incur such expenses, except that all filing fees paid by any party in respect of any regulatory filing (including any filings under antitrust laws and/or in respect of consents and approvals listed in the disclosure schedules) will be borne by CPRL.

Modification, Amendment or Waiver

At any time prior to the effective time, whether before or after receipt of the KCS stockholder approval and the CPRL shareholder approval, any provision of the merger agreement may be amended or waived only if such amendment or waiver is in writing and signed, in the case of an amendment, by KCS, CPRL and each merger sub, or in the case of a waiver, by the party against whom the waiver is to be effective; provided, that (a) after receipt of the KCS stockholder approval, if any such amendment or waiver will by applicable law or in accordance with the rules and regulations of the NYSE require further approval of the stockholders of KCS, the effectiveness of such amendment or waiver will be subject to the approval of the stockholders of KCS and (b) after receipt of the CPRL shareholder approval, if any such amendment or waiver shall by applicable law or in accordance with the rules and regulations of the NYSE or the TSX require further approval of the shareholders of CPRL, the effectiveness of such amendment or waiver will be subject to the approval of the shareholders of CPRL. No failure or delay by any party in exercising any right under the merger agreement will operate as a waiver of such right nor will any single or partial exercise thereof preclude any other or further exercise of any other right under the merger agreement. The rights and remedies therein provided will be cumulative and not exclusive of any rights or remedies provided by law.

Specific Enforcement; Remedies

Each party agrees that, in the event of any breach or threatened breach by any other party of any covenant or obligation contained in the merger agreement, the non-breaching party will be entitled (in addition to any other remedy that may be available to it whether in law or equity, including monetary damages) to obtain (i) a decree or order of specific performance to enforce the observance and performance of such covenant or obligation and (ii) an injunction restraining such breach or threatened breach.

In circumstances where CPRL is obligated to consummate the transaction and the transaction has not been consummated, CPRL and each merger sub expressly acknowledge and agree that KCS and its stockholders will be entitled (in addition to any other remedy that may be available to it whether in law or equity, including monetary damages) to enforce specifically CPRL's and each merger sub's obligations to consummate the transaction.

Each party further agrees that no other party or any other person will be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in the specific performance section of the merger agreement, as summarized above, and each party irrevocably waives any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument.

Governing Law

The merger agreement is governed by the law of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

THE VOTING TRUST

The summary of certain terms of the voting trust below and elsewhere in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the form of the voting trust agreement, a copy of which is attached as Exhibit A to the merger agreement, which is incorporated by reference into this proxy statement/prospectus. This summary does not purport to be complete and may not provide all of the information about the voting trust that might be important to you. You are urged to read the form of voting trust agreement carefully and in its entirety because it is the legal document that governs the transaction.

Under the voting trust agreement, immediately following the post-closing contributions, merger holdco will deposit or cause to be deposited with the trustee the certificates of all of the outstanding shares of capital stock of the second surviving corporation, creating an irrevocable voting trust in respect of the trust stock. Upon depositing the trust stock, merger holdco will receive voting trust certificates representing the deposited shares (which we collectively refer to as the "trust certificates"). In its capacity as the trustee, the trustee will be required to vote all trust stock as further described below. Although merger holdco will remain the beneficial owner of the trust stock, CPRL and merger holdco will be unable to exercise control over KCS while the trust stock is held by the trustee.

The voting trust agreement requires the trustee to vote all trust stock in favor of any proposal or action necessary or desirable to effect, or consistent with the effectuation of, the transactions contemplated by the merger agreement, and, until the STB has issued a final order approving the transaction and common control of KCS by CPRL, against any proposed merger, business combination or similar transaction involving KCS but not involving CPRL or one of its affiliates. On other matters (including the election or removal of directors), the trustee generally will vote the trust stock in the trustee's sole discretion, unless merger holdco, as the holder of a trust certificate, with the prior written approval of the STB, directs the trustee as to any such vote with respect to the trust stock represented by such trust certificate. Under the voting trust agreement, the trustee is generally prohibited from exercising the voting powers of the trust stock in any way that would create any dependence or intercorporate relationship between (i) CPRL or its affiliates, on the one hand, and (ii) KCS or its affiliates, on the other hand, and is also prohibited from selling, leasing, assigning, transferring, alienating, pledging, encumbering or hypothecating the trust stock and/or any major assets of KCS.

Pending the termination of the voting trust, the trustee will pay to merger holdco, as registered holder of the trust certificates, all cash dividends and cash distributions on the trust stock. Under the voting trust agreement, and notwithstanding the foregoing, CPRL may at any time cause merger holdco to sell or otherwise dispose of all or any part of the trust stock, subject to obtaining any necessary regulatory approvals. With respect to any such sale or disposal proposed, the voting trust agreement provides that the trustee must take all actions reasonably requested by merger holdco (including, without limitation, exercising all voting rights in respect of the trust stock in favor of any proposal or action necessary or desirable to effect, or consistent with the effectuation of, such sale or disposition by merger holdco). The voting trust agreement provides that, in the event the STB final approval is granted, or in the event that the law is amended to allow CPRL or its affiliates to acquire control of KCS without obtaining STB final approval or other governmental approval (and upon delivery of an opinion of independent counsel selected by the STB that no order of the STB or other governmental authority is required), the trustee will transfer the trust stock to or upon the order of merger holdco, as registered holder of the trust certificates, and the voting trust shall terminate.

The voting trust agreement provides that, in the event that there has been an STB denial, CPRL will use its reasonable best efforts to, directly or indirectly, (i) sell the trust stock to one or more eligible purchasers, or (ii) otherwise dispose of the trust stock, during a period of two years after such STB denial or such extension of the two-year period as the STB may approve. Any such disposition will be subject to the jurisdiction of the STB to oversee CPRL's direct or indirect divestiture of the trust stock. In connection with such an event, the trustee would continue to perform its duties under the voting trust agreement and, if CPRL fails to so sell or distribute the trust stock during such period, the trustee will as soon as practicable sell the trust stock for cash to one or

more eligible purchasers in such manner and for such price as the trustee in its discretion deems reasonable after consultation with CPRL. For purposes of the voting trust agreement, an "eligible purchaser" is a person or entity not affiliated with CPRL and that has all necessary regulatory authority, if any, to purchase the trust stock. CPRL must cooperate with the trustee in so disposing of the trust stock and the trustee must act in accordance with any direction made by CPRL as to any specific terms or method of disposition, to the extent not inconsistent with the requirements of the terms of any STB or court order. The proceeds of the sale or other disposition would be distributed to merger holdco (or, if applicable, one or more other wholly owned subsidiaries of CPRL), as registered holder(s) of the trust certificates.

The voting trust agreement provides that the trustee will receive reasonable and customary compensation for all services rendered under the voting trust agreement and will be indemnified by CPRL.

Neither the trustee nor any affiliate of the trustee may have (i) any officers, or members of their respective boards or directors, in common with CPRL or any of its affiliates, or (ii) any direct or indirect business arrangements or dealings, financial or otherwise, with CPRL or any of its affiliates, other than dealings pertaining to establishment and carrying out of the trust. During the term of the trust, the trustee will not own any stock or securities of CPRL or any of its affiliates; provided that, the trustee may own interests in any independently managed diversified mutual fund that owns stock or securities of CPRL and/or any of its affiliates. Neither CPRL nor its affiliates may purchase the stock or securities of the trustee or any affiliate of the trustee.

Subject to applicable law and to the rules, regulations and practices of the STB, until the voting trust agreement is executed, CPRL may amend the terms thereof in its sole discretion; provided that (x) prior to the completion of the post-closing contributions, as described in the merger agreement, the voting trust agreement may not be modified or amended without the prior written consent of KCS unless such modification or amendment is not inconsistent with the merger agreement, is not adverse to KCS and its stockholders and would not reasonably be expected to have a material and adverse effect on receipt of the STB voting trust approval; (y) the voting trust agreement may not be modified or amended without the prior written consent of KCS if such modification or amendment would reasonably be expected to materially increase the liability exposure of the board of directors of the second surviving corporation under applicable law; and (z) any modification to the Voting Trust Agreement would be submitted to the STB for review and approval and the STB would have authority to compel amendment of the Voting Trust Agreement or compliance by the Trustee with any divestiture order or other directive. Following the execution of the voting trust agreement, the voting trust agreement may only be modified or amended by agreement executed by the trustee, CPRL, merger holdco and any other registered holder(s) of the trust certificates (a) pursuant to an order of the STB, (b) with the prior approval of the STB, (c) in order to comply with any order of the STB, or (d) upon receipt of an opinion of counsel satisfactory to the trustee and the registered holder(s) of trust certificates that an order of the STB approving such modification or amendment is not required and that the amendment is authorized under the merger agreement and is consistent with the regulations of the STB regarding voting trusts.

On May 6, 2021, the STB issued a decision indicating that it had conducted a full review of the voting trust submitted to the STB Staff in March 2021 and granted approval for the use of the voting trust to consummate the transaction, subject to the condition that the voting trust agreement be modified to prohibit the trustee from owning securities of CPRL or its affiliates during the existence of the voting trust. CPRL made the requisite modification. The voting trust agreement proposed for use with the transaction is unchanged from that modified in respect to the STB's May 6 decision.

On September 15, 2021, CPRL and KCS filed with the STB an Amended Notice of Intent indicating that they had entered a new agreement providing for CPRL's acquisition of KCS, that they would file an application seeking STB control approval on or shortly after October 20, 2021 and that CPRL intended to indirectly acquire the shares of KCS prior to receiving control approval via the use of a voting trust that was substantially identical to that reviewed and approved by the STB in its May 6 decision.

On September 30, 2021, the STB issued a decision confirming that the transaction described in the September 15 Amended Notice of Intent was the "same transaction" that had been noticed in March 2021 and that the STB's May 6, 2021 approval for CPRL's proposed use of a voting trust to acquire KCS applies to the voting trust proposed for use with the transaction agreed to on September 15.

For more information, see "*The KCS Merger Proposal—Regulatory Approvals Required for the Transaction*," on page 109.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

On September 15, 2021, CPRL, surviving merger sub and first merger sub entered into the merger agreement with KCS. Following the satisfaction or waiver of the conditions to CPRL's and KCS's obligations to effect the transaction, including obtaining CPRL shareholder approval and KCS stockholder approval and certain other regulatory approvals, (1) first merger sub will merge with and into KCS with KCS surviving the first merger as a wholly owned subsidiary of surviving merger sub, and (2) immediately following the effective time, KCS will merge with and into surviving merger sub with surviving merger sub surviving the second merger as a direct wholly owned subsidiary of CPRL (together referred to as the "transaction"). Immediately following the second merger and the post-closing contributions, all of the outstanding shares of capital stock of surviving merger sub, as successor to KCS, will be deposited by merger holdco into the voting trust subject to the voting trust agreement, pending STB final approval.

Following the transaction, once STB final approval and approval from other applicable regulatory authorities is obtained, CPRL (through its wholly owned subsidiary, merger holdco), would be permitted to acquire control of KCS, the voting trust would be terminated and CPRL (through merger holdco) would acquire control over KCS's railroad operations (which we refer to, together with the transaction, for purposes of the pro forma financial information (as defined below), as the "acquisition"). Following the acquisition, the combined entity will be named Canadian Pacific Kansas City ("CPKC").

Under the merger agreement, CPRL has agreed to pay, on behalf of surviving merger sub (i) holders of KCS common stock issued and outstanding as of immediately prior to the effective time (other than certain excluded shares as described in the merger agreement) an amount per share equal to the cash consideration of US$90 in cash, without interest, and the share consideration of 2.884 CPRL common shares and (ii) holders of KCS preferred stock issued and outstanding as of immediately prior to the effective time (other than certain excluded shares as described in the merger agreement) an amount per share equal to the preferred merger consideration of US$37.50 in cash, without interest. The total purchase consideration, including the merger consideration and preferred merger consideration, to be paid in the transaction and including the amounts remitted by CPRL in respect of the CN agreement termination payment and CN refund is estimated to be C$35.4 billion, based on the CPRL common share price of US$68.19 and the U.S. dollar to Canadian dollar exchange rate at September 16, 2021 of 1.2674. An increase (decrease) of 5% in the price of CPRL common shares would cause a C$1,141 million increase (decrease) in the estimated value of the merger consideration, and correspondingly, in the estimated value of Goodwill and intangible assets. A one-cent increase/(decrease) in the Canadian dollar relative to the U.S. dollar would cause a $262 million increase/(decrease) in the estimated value of the total consideration, and correspondingly, in the estimated value of Goodwill and intangible assets.

The following unaudited pro forma condensed consolidated statements of income for the year ended December 31, 2020 and the six months ended June 30, 2021 combine the historical consolidated statements of income of CPRL and KCS, after giving effect to the acquisition and other adjustments (as defined below) as if they had occurred on January 1, 2020. The unaudited pro forma condensed consolidated balance sheet as of June 30, 2021 combines the historical consolidated balance sheets of CPRL and KCS, after giving effect to the acquisition and other adjustments as if they had occurred on June 30, 2021. We refer to these unaudited pro forma condensed consolidated statements of income and unaudited pro forma condensed consolidated balance sheet as the "pro forma financial information."

Adjustments in the pro forma condensed consolidated financial information to align KCS's income statement and balance sheet amounts to CPRL's presentation, CPRL's and KCS's transaction and related financing costs incurred and expected to be incurred, and the associated income tax impacts of recognizing these costs are defined here as "other adjustments". For the purposes of the pro forma financial information, all CP and KCS transaction and related financing costs incurred, or to be incurred, to effect the acquisition, have been included in other adjustments on the basis that all such costs are incurred to achieve the final acquisition as defined above.

The pro forma financial information has been prepared for illustrative and informational purposes only in accordance with Regulation S-X Article 11, "Pro Forma Financial Information" to illustrate the estimated effects of the acquisition and certain other related transactions and adjustments described below (collectively, "adjustments" or "transaction accounting adjustments"). The pro forma financial information is based on various adjustments and assumptions and is not necessarily indicative of what CPKC's consolidated statement of income or consolidated balance sheet actually would have been had the acquisition and other adjustments been completed as of the dates indicated or will be for any future periods. The pro forma financial information does not purport to project the future financial position or operating results of CPKC following the completion of the acquisition. The pro forma financial information does not include adjustments to reflect any potential revenue or operational synergies or cost savings that may be achievable in connection with the acquisition. The pro forma financial information does not reflect any divestitures or any other actions that may be required by regulatory or governmental authorities in connection with obtaining regulatory approvals and clearances for the transaction.

The pro forma financial information has been prepared using the acquisition method of accounting under U.S. GAAP, with CPRL being the accounting acquirer in the acquisition. The pro forma adjustments are preliminary and will be different from the adjustments based on final acquisition accounting when completed, and the differences could be material.

Following the closing date, and until STB final approval is obtained and CPRL (through merger holdco) acquires control of KCS, CPRL expects to account for its 100% indirect equity ownership investment in KCS using the equity method of accounting. The pro forma financial information has been prepared on the assumption that CPRL (through merger holdco) has assumed control of KCS as the ultimate outcome of the acquisition will be a business combination of CPRL and KCS.

The pro forma financial information reflects pro forma adjustments CPRL believes are necessary to present fairly CPKC's pro forma results of income and financial position following the completion of the acquisition as of and for the periods indicated. The pro forma adjustments are based on currently available information and assumptions CPRL believes are, under the circumstances and given the information available at this time, reasonable, directly attributable to the acquisition, and reflective of adjustments necessary to report CPKC's financial condition and results of operations as if CPRL completed the acquisition.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

CANADIAN PACIFIC KANSAS CITY

Pro forma condensed consolidated balance sheet (unaudited) as at June 30, 2021

(in millions of Canadian dollars)	Historical Canadian Pacific Railway Limited	Adjusted Historical Kansas City Southern (note 3)	Transaction Accounting Adjustments	Notes	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 892	$ 404	$ (506)	5(c)	$ 790
Accounts receivable, net	755	370	—		1,125
Materials and supplies	218	168	—		386
Other current assets	122	64	—		186
	1,987	1,006	(506)		2,487
Investments	197	63	—		260
Properties	20,639	11,327	—		31,966
Goodwill and intangible assets	366	—	30,299	4(f)	30,665
Pension asset	1,119	—	—		1,119
Other assets	396	397	89	5(a)	864
			(18)	4(c)	
Operating lease right-of-use asset	—	89	(89)	5(a)	—
Total assets	$ 24,704	$ 12,882	$ 29,755		$ 67,361
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities	$ 1,945	$ 1,530	$ (868)	4(i)	$ 2,984
			12	5(f)	
			113	5(b)	
			169	4(d)	
			83	5(f)	
Bridge facility	—	—	10,510	5(c)	10,510
Other short-term borrowings	—	—	1,267	5(c)	1,267
Long-term debt maturing within one year	872	10	—		882
	2,817	1,540	11,286		15,643
Pension and other benefit liabilities	823	—	23	5(a)	846
Other long-term liabilities	525	190	59	5(a)	771
			20	5(f)	
			(23)	5(a)	
Long-term debt	7,850	4,675	644	4(e)	13,169
Deferred income taxes	3,724	1,316	(135)	4(h)	5,087
			182	4(h)	
Long-term operating lease liabilities	—	59	(59)	5(a)	—
	15,739	7,780	11,997		35,516
Shareholders' equity:					
Share capital	2,003	8	22,671	4(a)	24,674
			(8)	4(g)	
Additional paid-in capital	63	1,132	(1,132)	4(g)	63
Accumulated other comprehensive (loss) income	(2,791)	58	(58)	4(g)	(2,791)
Retained earnings	9,690	3,499	(3,499)	4(g)	9,494
			(113)	5(b)	
			(83)	5(f)	
Non controlling interest	—	405	—	4(b)	405
	8,965	5,102	17,778		31,845
Total liabilities and shareholders' equity	$ 24,704	$ 12,882	$ 29,775		$ 67,361

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Financial Information

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME

CANADIAN PACIFIC KANSAS CITY
Pro forma condensed consolidated statement of income (unaudited)
For the six months ended June 30, 2021

(in millions of Canadian dollars, except per share data)	Historical Canadian Pacific Railway Limited	Adjusted Historical Kansas City Southern (note 3)	Transaction Accounting Adjustments	Notes	Consolidated
Revenues	$ 4,013	$ 1,815	$ —		$ 5,828
Operating expenses:					
Compensation and benefits	784	322	7	5(f)	1,113
Fuel	424	187	—		611
Materials	113	—	67	5(a)	180
Materials and other	—	185	(185)	5(a)	—
Equipment rents	61	56	—		117
Depreciation and amortization	402	228	—	5(e)	630
Purchased services and other	629	137	118	5(a)	753
			(131)	5(b)	
Merger costs	—	923	(923)	5(b)	—
Total operating expenses	2,413	2,038	(1,047)		3,404
Operating income (loss)	1,600	(223)	1,047		2,424
Less:					
Other (income) expense	129	—	1	5(a)	(94)
			(12)	5(a)	
			(212)	5(b)	
Merger termination fee	(845)	—	845	5(b)	—
Other components of net periodic benefit recovery	(191)	—	—		(191)
Net interest expense	211	97	219	5(c)	527
Equity in net (earnings) losses of affiliates	—	(12)	12	5(a)	—
Foreign exchange (gain) loss	—	1	(1)	5(a)	—
	(696)	86	852		242
Income (loss) before income tax expense	2,296	(309)	195		2,182
Less: Income tax expense (recovery)	448	(29)	132	5(d)	551
Net income (loss)	$ 1,848	$ (280)	$ 63		$ 1,631
Less: Net income attributable to non controlling interest	—	1	—		1
Net income (loss) attributable to controlling shareholders	$ 1,848	$ (281)	$ 63		$ 1,630
Earnings per share:					
Basic	$ 2.77			6	$ 1.75
Diluted	$ 2.76			6	$ 1.75

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Financial Information.

CANADIAN PACIFIC KANSAS CITY
Pro forma condensed consolidated statement of income (unaudited)
For the year ended December 31, 2020

(in millions of Canadian dollars, except per share data)	Historical Canadian Pacific Railway Limited	Adjusted Historical Kansas City Southern (note 3)	Transaction Accounting Adjustments	Notes	Consolidated
Revenues	$ 7,710	$ 3,532	$ —		$ 11,242
Operating expenses:					
Compensation and benefits	1,560	639	13	5(a)	2,338
			126	5(f)	
Fuel	652	295	—		947
Materials	216	—	124	5(a)	340
Materials and other	—	350	(350)	5(a)	—
Equipment rents	142	115	10	5(a)	267
Depreciation and amortization	779	480	—	5(e)	1,259
Purchased services and other	1,050	266	184	5(b)	1,974
			230	5(b)	
			18	5(a)	
			226	5(a)	
Write-off of software development costs	—	18	(18)	5(a)	—
Restructuring charges	—	23	(23)	5(a)	—
Total operating expenses	4,399	2,186	540		7,125
Operating income	3,311	1,346	(540)		4,117
Less					
Other (income) expense	(7)	(3)	40	5(a)	355
			2	5(a)	
			50	5(c)	
			273	5(b)	
Merger termination fee	—	—	(845)	5(b)	(845)
Other components of net periodic benefit recovery	(342)	—	—		(342)
Net interest expense	458	202	435	5(c)	1,095
Equity in net (earnings) losses of affiliates	—	2	(2)	5(a)	—
Foreign exchange (gain) loss	—	40	(40)	5(a)	—
	109	241	(87)		263
Income before income tax expense	3,202	1,105	(453)		3,854
Less: Income tax expense	758	274	(86)	5(d)	946
Net income	$ 2,444	$ 831	$ (367)		$ 2,908
Less: Net income attributable to non controlling interest	—	3	—		3
Net income attributable to controlling shareholders	$ 2,444	$ 828	$ (367)		$ 2,905
Earnings per share:					
Basic	$ 3.61			6	$ 3.09
Diluted	$ 3.59			6	$ 3.08

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Financial Information.

NOTES TO UNAUDITED CONSOLIDATED PRO FORMA FINANCIAL STATEMENTS

CANADIAN PACIFIC KANSAS CITY
Notes to Pro Forma Condensed Consolidated Financial Information (unaudited)

As at and for the six months ended June 30, 2021 and for the year ended December 31, 2020

1. Basis of presentation:

On September 15, 2021, CPRL, surviving merger sub and first merger sub entered into the merger agreement with KCS. Following the satisfaction or waiver of the conditions to CPRL's and KCS's obligations to effect the transaction, including obtaining the CPRL shareholder approval and KCS stockholder approval and certain other regulatory approvals, (1) first merger sub will merge with and into KCS with KCS surviving the first merger as a wholly owned subsidiary of surviving merger sub, and (2) immediately following the effective time, KCS will merge with and into surviving merger sub with surviving merger sub surviving the second merger as a direct wholly owned subsidiary of CPRL. Immediately following the second merger and the post-closing contributions, all of the outstanding shares of capital stock of surviving merger sub, as successor to KCS, will be deposited by merger holdco into the voting trust subject to the voting trust agreement, pending STB final approval. Following the transaction, and once STB final approval and approval from other applicable regulatory authorities is obtained, CPRL (through its wholly owned subsidiary, merger holdco), would be permitted to acquire control of KCS. The voting trust would be terminated and CPRL (through merger holdco) would then acquire control over KCS's railroad operations. Following the acquisition, the combined entity will be named Canadian Pacific Kansas City.

Under the merger agreement, CPRL has agreed to pay, on behalf of surviving merger sub (i) holders of KCS common stock issued and outstanding as of immediately prior to the effective time (other than certain excluded shares as described in the merger agreement) an amount per share equal to the cash consideration of US$90.00 in cash, without interest, and the share consideration of 2.884 CPRL common shares and (ii) holders of KCS preferred stock issued and outstanding as of immediately prior to the effective time (other than certain excluded shares as described in the merger agreement) an amount per share equal to US$37.50 in cash, without interest. The total purchase consideration to be paid in the transaction is estimated to be C$35.4 billion, based on the CPRL common share price of US$68.19 and the U.S. dollar to Canadian dollar exchange rate at September 16, 2021 of 1.2674. An increase (decrease) of 5% in the price of CPRL common shares would cause a C$1,141 million increase (decrease) in the estimated value of the total consideration, and correspondingly, in the estimated value of Goodwill and intangible assets. A one-cent increase (decrease) in the Canadian dollar relative to the U.S. dollar would cause a C$262 million increase (decrease) in the estimated value of the total consideration, and correspondingly, in the estimated value of Goodwill and intangible assets.

Under the merger agreement, at the effective time, (1) each option to purchase shares of KCS common stock, whether vested or unvested, that is outstanding as of immediately prior to the effective time will, at the effective time, become fully vested and be converted into the right to receive an amount in cash equal to (i) the excess, if any, of (a) the merger consideration value over (b) the exercise price per share of KCS common stock of such option multiplied by (ii) the total number of shares of KCS common stock subject to such option as of immediately prior to the effective time, less applicable tax withholding (if any) with respect to the payment of such cash; (2) each award of shares of KCS common stock granted subject to any vesting, forfeiture or other lapse restrictions that is outstanding as of immediately prior to the effective time and was granted prior to March 21, 2021, will, at the effective time, be converted into the right to receive (i) the merger consideration in respect of each share of KCS common stock subject to such KCS restricted share award as of immediately prior to the effective time and (ii) the accrued but unpaid cash dividends corresponding to each share of KCS common stock subject to such KCS restricted share award, less applicable tax withholding (if any) with respect to the payment of such merger consideration or cash; (3) each award of shares of KCS common stock granted subject to any vesting, forfeiture or other lapse restrictions that is outstanding as of immediately prior to the effective time and was granted on or after

March 21, 2021, will, at the effective time, be converted into an award that entitles the holder to receive (i) an amount in cash equal to the merger consideration value in respect of each share of KCS common stock subject to such KCS restricted share award and (ii) the accrued but unpaid cash dividends corresponding to
each share of KCS common stock subject to such KCS restricted share award (where each such cash-based award described in this clause (3) will have the same terms and conditions (including vesting terms and conditions) as applied to the corresponding KCS restricted share award, except that such award will vest in full upon a qualifying termination); and (4) each award of performance shares that corresponds to shares of KCS common stock that is outstanding as of immediately prior to the effective time will, at the effective time, be converted into an award that entitles the holder thereof, upon vesting, to receive an amount in cash equal to the merger consideration value in respect of each share of KCS common stock subject to such KCS performance share award, with the number of shares of KCS common stock subject to each such award equal to 200% of the target number of shares of KCS common stock covered by each such award as of immediately prior to the effective time.

CPRL and CPRC have arranged a commitment for a bridge facility on the terms set out in the debt commitment letters that, if needed, will be available to CPRC, through surviving merger sub, to fund the cash consideration payable to the KCS stockholders. The floating interest rate on the bridge facility is assumed to be 4.5% and, if drawn, the facility will mature 364 days post closing of the transaction. CPRL anticipates CPRC issuing a series of term notes with varying maturity dates that ultimately will be used to fund the cash consideration.

The unaudited Pro Forma Condensed Consolidated Financial Information (the “pro forma financial information”) has been prepared for inclusion in the proxy statement/prospectus which forms a part of the registration statement filed on Form F-4 with respect to CPRL’s common shares to be issued in the transaction.

The pro forma financial information has been prepared from:

- The Interim Consolidated Financial Statements of CPRL as at and for the six months ended June 30, 2021 included in CPRL’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021;
- The Interim Consolidated Financial Statements of KCS as at and for the six months ended June 30, 2021 included in KCS’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021;
- The Consolidated Financial Statements of CPRL as at and for the year ended December 31, 2020 as included in CPRL’s Annual Report on Form 10-K for the year ended December 31, 2020; and
- The Consolidated Financial Statements of KCS as at and for the year ended December 31, 2020 as included in KCS’s Annual Report on Form 10-K for the year ended December 31, 2020.

Upon the closing, and only for the period that the outstanding shares of the capital stock of the second surviving corporation (as successor to KCS) are held in the voting trust, CPRL will account for its 100% indirect equity ownership of the second surviving corporation using the equity method of accounting. Once the STB has completed its review of the transaction and approved CPRL’s acquisition of control of KCS, CPRL will consolidate KCS prospectively and CPRL will remeasure the equity method investment to fair value immediately before KCS is consolidated, with any resulting gain or loss recognized in net income. As the ultimate outcome of the transaction, assuming receipt of STB final approval, will be a business combination, the unaudited pro forma financial information presented in this proxy statement/prospectus has been prepared on the basis of a business combination beginning at the assumed effective time of the transaction.

The pro forma financial information includes all adjustments necessary to be consistent with U.S. GAAP and in accordance with Article 11. The unaudited Pro Forma Condensed Consolidated Balance Sheet (the "pro forma balance sheet") gives effect to the acquisition as if it had occurred on June 30, 2021. The unaudited Pro Forma Condensed Consolidated Statements of Income for the six months ended June 30, 2021 and the year ended December 31, 2020 (collectively, the "pro forma statements of income") give effect to the acquisition as if it occurred on January 1, 2020. The pro forma financial information does not include adjustments to reflect any potential revenue or operational synergies or cost savings that may be achievable in connection with the transaction contemplated therein.

The pro forma financial information may not be indicative of the results that actually would have occurred if the events reflected therein had been in effect on the dates indicated or of the results that may be obtained in the future. The pro forma financial information should be read in conjunction with the consolidated financial statements of CPRL and KCS referred to above.

2. Principles of consolidation:

The pro forma financial information has been prepared on the basis that CPRL will account for the acquisition as a purchase of KCS using the acquisition method pursuant to Accounting Standards Codification 805 "Business Combinations" ("ASC 805"). Under the acquisition method, assets and liabilities of KCS are recorded at their fair value on the date of the acquisition and the total consideration is allocated to the tangible and intangible assets acquired and liabilities assumed.

The adjustments to the pro forma financial information are preliminary and have been made solely for the purpose of presenting the pro forma financial information, which are necessary to comply with applicable disclosure and reporting requirements. The allocation of the estimated consideration is pending finalization of various estimates, inputs and analyses. Since this pro forma financial information has been prepared based on preliminary estimates of consideration and fair values attributable to the purchase of KCS, the actual amounts eventually recorded for the purchase accounting, including the identifiable intangibles and goodwill, may differ materially from the information presented. Refer to note 4.

3. Presentation currency:

CPRL's consolidated financial statements are presented in Canadian dollars whilst the consolidated financial statements of KCS are presented in U.S. dollars. For purposes of the pro forma financial information, the balance sheet of KCS has been translated to Canadian dollars at the June 30, 2021 foreign exchange rate and the statements of income for the year ended December 31, 2020 and the six months ended June 30, 2021 have been translated to Canadian dollars at the average foreign exchange rates for the respective periods.

A summary of the translation of KCS's financial statements is as follows:

Balance Sheet

As at June 30, 2021

(in millions)	Historical Kansas City Southern as reported in U.S. dollars	Adjusted Historical Kansas City Southern in Canadian dollars translated at 1.2394
Cash and cash equivalents	$ 326	$ 404
Accounts receivable, net	299	370
Materials and supplies	135	168
Other current assets	52	64
Investments	51	63
Properties	9,139	11,327
Other assets	320	397
Operating lease right-of-use assets	72	89
Accounts payable and accrued liabilities	1,234	1,530
Long-term debt maturing within one year	9	10
Other long-term liabilities	153	190
Long-term debt	3,772	4,675
Deferred income taxes	1,062	1,316
Long-term operating lease liabilities	48	59
Share capital	6	8
Additional paid-in capital	913	1,132
Accumulated other comprehensive (loss) income	47	58
Retained earnings	2,823	3,499
Non controlling interest	327	405

Statements of income (loss)

Six months ended June 30, 2021:

(in millions)	Historical Kansas City Southern as reported in U.S. dollars	Adjusted Historical Kansas City Southern in Canadian dollars translated at 1.2470
Revenues	1,455	1,815
Operating expenses:		
Compensation and benefits	258	322
Fuel	150	187
Materials and other	148	185
Equipment rents	45	56
Depreciation and amortization	183	228
Purchased services and other	110	137
Merger costs	740	923
Total operating expenses	1,634	2,038
Operating loss	(179)	(223)
Net interest expense	78	97
Equity in net (earnings) losses of affiliates	(10)	(12)
Foreign exchange (gain) loss	1	1
	69	86
Loss before income tax recovery	(248)	(309)
Income tax recovery	(23)	(29)
Net loss	(225)	(280)
Less: Net income attributable to non controlling interest	1	1
Net loss attributable to controlling shareholders	(226)	(281)

Year ended December 31, 2020:

(in millions)	Historical Kansas City Southern as reported in U.S. dollars	Adjusted Historical Kansas City Southern in Canadian dollars translated at 1.3415
Revenues	2,633	3,532
Operating expenses:		
Compensation and benefits	476	639
Fuel	220	295
Materials and other	261	350
Equipment rents	86	115
Depreciation and amortization	358	480
Purchased services and other	198	266
Write-off of software development costs	14	18
Restructuring charges	17	23
Total operating expenses	1,630	2,186
Operating income	1,003	1,346
Other (income) expense	(2)	(3)
Net Interest expense	151	202
Equity in net (earnings) losses of affiliates	1	2
Foreign exchange (gain) loss	30	40
	180	241
Income before income tax expense	823	1,105
Income tax expense	204	274
Net income	619	831
Less: Net income attributable to non controlling interest	2	3
Net income attributable to controlling shareholders	617	828

4. Preliminary purchase price calculation:

The acquisition described in Note 1 "Basis of Presentation" of this pro forma financial information is anticipated to result in the following estimated purchase price allocation:

(in millions of Canadian dollars)

Consideration	
(i) Common shares issued	$ 22,620
(ii) Cash on common stock	10,352
(iii) Cash on preferred stock	10
(iv) Cash paid for CN agreement termination payment and CN refund (see note 4(i))	1,773
(v) Settlement of stock based compensation in cash	148
(v) Settlement of stock based compensation in shares	51
(v) Pre-transaction compensation for performance share awards	32
Total consideration	$ 34,986
(vi) Estimated fair value of non controlling interest	405
Total	$ 35,391

(i) Based on the closing price of CPRL common shares as at September 16, 2021 multiplied by the number of shares of KCS common stock outstanding excluding restricted share awards multiplied by the exchange ratio of 2.884 and multiplied by the foreign exchange rate (see note 4(a)).

(ii) Represents the cash consideration of US$90 paid for each share of KCS common stock outstanding excluding restricted share awards as at June 30, 2021 multiplied by the foreign exchange rate as at September 16, 2021.

(iii) Represents the cash consideration of US$37.50 paid for each share of KCS preferred stock outstanding as at June 30, 2021 multiplied by the foreign exchange rate as at September 16, 2021.

(iv) Consideration paid by CPRL of US$1,400 million (C$1,773 million) in connection with the CN agreement termination payment and CN refund (see note 4(i)).

(v) As part of the transaction the outstanding KCS equity awards are settled in cash and stock (see notes 4(a) and 5(f)).

(vi) Refer to 4(b) for a description of the non controlling interest.

Fair value of the assets acquired and liabilities assumed

(in millions of Canadian dollars)	Adjusted Historical Kansas City Southern (note 3)	Fair Value Adjustments	Note	Estimated Fair Value
Cash and cash equivalents	404	—	—	404
Accounts receivable, net	370	—	—	370
Materials and supplies	168	—	—	168
Other current assets	64	—	—	64
Investments	63	—	—	63
Properties	11,327	—	—	11,327
Goodwill and intangible assets	—	30,299	4(f)	30,299
Other assets	486	(18)	4(c)	468
Accounts payable and accrued liabilities	(1,530)	699	4(d)/4(i)	(831)
Long-term debt maturing within one year	(10)	—	—	(10)
Other long-term liabilities	(190)	—	—	(190)
Long-term debt	(4,675)	(644)	4(e)	(5,319)
Deferred income taxes	(1,316)	(47)	4(h)	(1,363)
Long-term operating lease liabilities	(59)	—	—	(59)
Total identifiable net assets	5,102	30,289		35,391

Under the acquisition method, the acquired assets and liabilities assumed are measured at their estimated fair value at the date of acquisition with the exception of income tax, operating lease liabilities and right-of-use assets.

The purchase price allocation is preliminary and will change as a result of several factors, including:

i. Finalization of the fair value measurement of assets acquired and liabilities assumed;
ii. Changes in the Canadian—U.S. dollar and Mexican peso—U.S. dollar foreign exchange rates;
iii. Actual number of shares of KCS common stock and KCS preferred stock issued and outstanding as of immediately prior to the closing of the transaction;
iv. The price of CPRL common shares at the closing date;
v. Actual amounts paid to settle the outstanding KCS equity awards;
vi. Actual transaction costs incurred by KCS; and
vii. The remeasurement of the equity method investment in KCS that is held in the voting trust prior to the control date, which remeasurement will occur immediately before CPRL acquires control of KCS.

a) Consideration

The value of the CPRL common shares to be issued in the transaction of approximately US$68.19 per share is based on the closing price of CPRL common shares as of September 16, 2021, with such date being a date reasonably in proximity to the date of preparation of the pro forma financial information. The final purchase price equation will be based on the closing price of CPRL common shares on the date the transaction is completed.

The number of issued and outstanding shares of KCS common stock was based on the shares outstanding at June 30, 2021 being 90,947,526 shares of KCS common stock and 214,542 shares of KCS preferred stock.

As part of the transaction, the outstanding KCS equity awards are settled in cash and stock. The preliminary purchase price equation is based on an estimated payment to holders of the KCS equity awards of approximately C$231 million, net of the proceeds on the exercise of KCS stock options (note 1).

An increase (decrease) of 5% in the price of CPRL common shares would cause a C$1,141 million increase (decrease) in the estimated value of the total consideration, and correspondingly, in the estimated value of Goodwill and intangible assets. A one-cent increase (decrease) in the Canadian dollar relative to the U.S. dollar would cause a C$262 million increase (decrease) in the estimated value of the total consideration, and correspondingly, in the estimated value of Goodwill and intangible assets.

b) Fair value of non controlling interest

As of the date of this proxy statement/prospectus, the fair value of the interest held by others in Meridian Speedway LLC cannot be reasonably estimated and has been currently reflected at the carrying amount. When CPRL has finalized its determination of the fair value of the non controlling interest, the value ultimately determined could be materially different, with a corresponding impact on the amount of Goodwill and intangible assets.

c) Other assets

The value of the right of use assets, which is included in this financial statement caption, is reduced by C$2 million to equal the remaining lease liability relating to these assets, in accordance with the requirements of ASC 805. In addition, goodwill included in the accounts of KCS of C$16 million, which is reported in this caption, is eliminated.

d) KCS transaction costs

Estimated transaction costs of C$169 million expected to be incurred by KCS have been added to Accounts payable and accrued liabilities. The estimated transaction costs are preliminary and may change.

e) Long-term debt

The change in value of Long-term debt reflects the adjustment to record the debt at its estimated fair value.

f) Goodwill and intangible assets

At the date of preparation of this pro forma financial information, certain fair value adjustments have been made as identified above; however, the fair values of KCS's identifiable assets and liabilities assumed and the impact of applying acquisition accounting have not been fully determined. After reflecting the fair value adjustments made herein, the excess of the total consideration over the recognized amounts has been presented in Goodwill and intangible assets at C$30,299 million. Once detailed valuations and related calculations are completed, a material portion of this amount could be attributable to Properties, Goodwill and intangible assets, Other assets, Other long term liabilities, and the related Deferred income tax balances.

g) Historical shareholders' equity

The historical shareholders' equity will be eliminated as part of the acquisition.

h) Income taxes

The adjustment to income tax relates to the deferred tax impact of the pro forma adjustments to the balance sheet as a result of the preliminary purchase price calculation. The adjustment to income tax is calculated at an estimated effective rate of approximately 21% for 2021, and mainly relates to the fair value adjustment for long-term debt (see note 4(e)) and the elimination of the tax impact of the CP termination payment (see note 4(i)).

i) CP termination payment, CN agreement termination payment and CN refund

Included in accounts payable and accrued liabilities of KCS is US$700 million (C$868 million) related to the reimbursement by CN (or an affiliate of CN) of the CP termination payment on May 21, 2021. On September 15, 2021, KCS terminated the CN agreement and repaid this amount to CN. As such, this amount is not reflected in the liabilities assumed in the acquisition.

The CN agreement termination payment and CN refund paid by CPRL to KCS in respect of KCS's termination payments to CN (or an affiliate of CN) totaling US$1,400 million (C$1,773 million) have been reflected as part of the consideration paid to acquire KCS ("the CN termination payments").

5. Other transaction accounting adjustments:

Explanations of the other transaction accounting adjustments to the pro forma financial information are as follows:

a) Reclassification adjustments

Certain reclassification adjustments have been made to the pro forma financial information to make the presentation conform to the presentation adopted by CPRL. At this time, CPRL is not aware of any material differences in accounting policies that would have a material impact on the pro forma financial information. Following the acquisition, CPRL will conduct a review of KCS's accounting policies in an effort to determine if there are any additional material differences that require reclassification of KCS's revenues, expenses, assets or liabilities to conform to CPRL's accounting policies and classifications. As a result of that review, CPRL may identify differences between the accounting policies of the two companies that, when conformed, could have a material impact on the pro forma financial information.

The following reclassification adjustments have been made in the pro forma financial information:

Pro forma balance sheet

- Revised presentation of KCS operating lease right-of-use asset and the related lease liability to classify the amounts into the financial statement captions used by CPRL.
- Reclassified a portion of KCS's "Other long-term liabilities" to Pension and other benefits liabilities to classify the amounts into the financial statement captions used by CPRL.

Pro forma statements of income

- CPRL has aggregated its revenue into a single financial statement caption for purpose of the condensed presentation used in the pro forma statements of income.
- CPRL includes foreign exchange (gain) loss in the financial statement caption titled other (income) expense. The foreign exchange (gain) loss incurred by KCS has been reclassified into this caption.
- CPRL includes equity in net (earnings) losses from affiliates in the financial statement caption titled other (income) expense. KCS's equity in net (earnings) losses from affiliates has been reclassified into this caption.
- CPRL does not include impairment or the write off of software costs as a separate financial statement caption in the income statement. The write off of software development costs incurred by KCS has been reclassified into Purchased services and other expenses.

- CPRL does not present restructuring costs on a separate financial statement caption in the income statement. The lease-related restructuring costs incurred by KCS have been reclassified into Equipment rents and the compensation-related restructuring costs have been reclassified into Compensation and benefits.
- CPRL does not present a financial statement caption representing materials and other and amounts classified in this caption by KCS have been reclassified into Materials and Purchased services and other.

b) Transaction costs

The amount of transaction costs incurred and expected to be incurred by CPRL and its affiliates of C$184 million and by KCS of C$230 million, throughout the various stages of the acquisition, have been recognized in the pro forma statement of income for the year ended December 31, 2020 in Purchased services and other. As a result, C$131 million of transaction costs recognized in Purchased services and other by CPRL and C$50 million recognized as Merger costs by KCS, for the six months ended June 30, 2021 have been removed and reflected in 2020 to reflect the acquisition as if it occurred on January 1, 2020.

CPRL's Other (income) expense financial statement caption for the six months ended June 30, 2021 includes C$212 million of which C$167 million related to changes in the fair value on foreign exchange forward contracts and forward starting floating-to-fix interest rate swaps associated with the anticipated acquisition of KCS and C$45 million related to bridge financing fees associated with the anticipated funding of KCS. This amount and the associated deferred tax impact, have been removed from the statement of income for the six months ended June 30, 2021 and reflected in 2020 along with additional amounts of C$61 million expected to be incurred by CPRL, as the pro forma statements of income reflect the acquisition as if it occurred on January 1, 2020.

Additionally, the pro forma balance sheet as at June 30, 2021 has been adjusted to include transaction costs expected to be incurred as at that date of C$113 million by CPRL and C$169 million by KCS, as discussed above.

Included in KCS's Merger costs for the six-month period ended June 30, 2021, is the C$873 million (US$700 million) CP termination payment made to CPRL. This amount included in the pro forma statement of income for the six months ended June 30, 2021 has been eliminated.

In the six months ended June 30, 2021, CPRL recorded a non-recurring, merger termination payment of C$845 million (US$700 million) received in relation to the termination of the first merger agreement with KCS (i.e., the CP termination payment). This merger termination payment, along with the associated current tax impact, has been removed from the pro forma statement of income for the six months ended June 30, 2021 and has been reflected in the pro forma statement of income for the year ended December 31, 2020 as the pro forma statements of income reflect the acquisition as if it occurred on January 1, 2020.

The CN termination payments have been included as a cost of the acquisition (note 4 (i)).

The estimated transaction costs and tax deductibility are preliminary, may change and are non-recurring adjustments.

c) Debt and finance expenses

Part of the consideration associated with the acquisition of KCS is the CN termination payments of US$1,400 million (approximately C$1,773 million based on the US to Canadian dollar exchange rate as of the date that the termination payments were made). A portion of the termination payments totalling

US$400 million (C$506 million) of such remittances were funded by existing cash resources with the remaining balance of US$1,000 million (C$1,267 million) being funded by short-term borrowings including commercial paper and a short-term loan facility that was established by CPRC and CPRL. The average cost of such short-term borrowings is approximately 1%. Interest costs related to these facilities has been included in the pro forma statements of income based on the assumption that CPRC and CPRL will continue to finance a portion of the CN termination payments through its short-term borrowing facilities. Interest expense includes C$6 million and C$13 million for the six months ended June 30, 2021 and the year ended December 31, 2020, respectively, associated with these borrowings.

CPRL and CPRC have arranged a commitment for a bridge facility in an aggregate principal amount of US$8.5 billion on the terms set out in the debt commitment letters that, if needed, will be available to CPRC, through surviving merger sub, to fund the cash consideration payable to the KCS stockholders for the preferred stock, and the common stock, as well as the cash settlement for the stock based compensation awards. The pro forma balance sheet includes an amount of C$10,510 million assumed to be borrowed under this facility for these purposes. The floating interest rate on the bridge facility is assumed to be 4.5% and if drawn, the facility will mature 364 days after closing of the transaction. Interest costs related to this facility have been included in the pro forma statements of income based on the assumption that CPRC and CPRL will continue to finance the remaining cash consideration through the bridge facility for its full term. Net interest expense includes C$237 million and C$474 million for the six months ended June 30, 2021 and the year ended December 31, 2020, respectively, associated with these borrowings.

Bridge facility fees expensed through Other (income) and expense associated with the bridge facility for the six months ended June 30, 2021 of C$45 million have been removed in the pro forma statement of income for the six months ended June 30, 2021 and the expected total expense of C$50 million has been recorded as an Other (income) expense in the pro forma statement of income for the year ended December 31, 2020.

CPRL anticipates CPRC issuing a series of term notes with varying maturity dates that ultimately will be used, by surviving merger sub, to fund the cash consideration. It is currently expected that term notes will be issued prior to consummating the transaction such that the bridge facility will not be drawn. The impact of a 240 basis point (2.4%) increase (decrease) in the rate of borrowing, relating to funds drawn under the bridge facility, would increase (decrease) interest expense by approximately C$252 million per annum.

The debt assumed upon the acquisition of KCS is recorded in the purchase equation at fair value. The change in fair value is amortized into Net interest expense over the remaining term of the underlying debt instrument using the effective interest rate method. As a result, adjustments of C$24 million and C$52 million have been recorded as a reduction of Net interest expense in the pro forma statements of income for the 6 months ended June 30, 2021 and the year ended December 31, 2020, respectively.

Upon the closing of the transaction, it is presumed that CP has designated all incremental U.S. dollar-denominated borrowings as a foreign currency hedge of its net investment in foreign operations. Accordingly, foreign exchange gains and losses, from the dates of designation, on the translation of the U.S. dollar-denominated borrowings would be included in Other comprehensive income (loss).

d) Income taxes

The adjustment to income tax relates to the deferred tax impact of certain pro forma adjustments to the statement of income calculated at a KCS statutory rate of 21% for 2020 and 2021 for KCS related adjustments and a CP statutory rate of 26% for 2020 and 2021 for CP related adjustments. The tax treatment of the pro forma adjustments is preliminary and may change.

e) Depreciation and amortization expense

The excess of the total purchase consideration over the recognized amounts of net assets has been presented as Goodwill and intangible assets in the pro forma balance sheet. No depreciation or amortization has been recorded in relation to this amount and the determination of the amount that will be associated with depreciable and amortizable assets is not yet known. For every $1 billion recorded as depreciable and amortizable assets, CPRL's annual Depreciation and amortization expense would increase by C$40 million, assuming a 4% depreciation and amortization rate. The depreciation and amortization rate of 4% approximates CPRL's estimated annual rate of depreciation and amortization. See the section entitled – "*Cautionary Statement Regarding Forward-Looking Statements*" on page 36.

f) Post transaction compensation adjustments

The pro forma statement of income includes various adjustments to Compensation and benefits cost as summarized in the table noted below.

(in millions of Canadian dollars)	Six months ended June 30, 2021	Year ended December 31, 2020
Share-based compensation (i)	$ 6	$ 43
Cash-based retention payments (ii)	—	67
Share-based retention payments (iii)	1	4
Other (iv)	—	12
Total	$ 7	$ 126

Amounts related to cash-based retention payments, share-based retention payments and other payments of C$83 million are shown as an increase to Accounts payable and accrued liabilities on the pro forma balance sheet.

i) Share-based compensation

The vesting of certain share-based compensation arrangements of KCS are accelerated upon occurrence of the transaction. Share-based arrangements that vest upon the closing of the transaction are reflected as part of the transaction's purchase price (note 4).

Unvested KCS performance share awards will be converted into a cash-based award that entitles the holder thereof, upon vesting at the end of the three-year requisite service period, to receive an amount in cash equal to the merger consideration value for each performance share award held multiplied by a performance factor of 200%. The fair value of the KCS's performance share awards attributable to pre-transaction service that will be assumed by CPRL as at the closing date is estimated at C$32 million, and forms part of the consideration paid by CPRL to acquire KCS. This amount is included within Accounts payable and accrued liabilities and in Other long-term liabilities on the pro forma balance sheet. The compensation cost attributed to post-transaction services resulted in an adjustment to Compensation and benefits expense of C$6 million and C$43 million reflected in the pro forma statements of income for the six months ended June 30, 2021 and for the year ended December 31, 2020, respectively.

ii) Cash-based retention payments

KCS has established a cash-based retention program for KCS employees. Each award granted pursuant to the retention program will vest and become payable in two installments: (1) 25% on the earlier of (a) the date on which the closing date occurs and (b) February 21, 2022, and (2) 75% on the earlier of (a) ninety (90) days after the date that CPRL acquires control of KCS and (b) June 1, 2023, subject, in each case, to the

recipient's continued employment through the applicable vesting dates; provided, however, that if the recipient experiences a qualifying termination, then the recipient will be entitled to any then unpaid portion of the recipient's award.

The pro forma financial information gives effect to the acquisition of control of KCS, for income statement purposes, on January 1, 2020, as such, the maximum amount payable under this retention program of C$67 million has been recorded in Compensation and benefits expenses for the year ended December 31, 2020.

iii) Share-based retention payments

KCS has established a restricted share-based retention program whereby employees and officers have received 17,934 KCS restricted share awards with a vesting period of not less than one year. In connection with the transaction, the unvested KCS restricted share awards will be converted into a right to receive (i) an amount in cash equal to the merger consideration value in respect of each restricted share award, and (ii) the accrued but unpaid cash dividends corresponding to each share of KCS common stock subject to such KCS restricted share award, upon vesting. The pro forma adjustment to Compensation and benefits expenses includes C$1 million and C$4 million for the six months ended June 30, 2021 and the year ended December 31, 2020, respectively, associated with this retention program.

iv) Other compensation adjustment

Pursuant to the transaction, KCS employees who participate in the KCS annual bonus are eligible for an additional bonus payment that is based on the achievement of the applicable performance goals at the greater of (1) target performance and (2) 130% of actual performance, but in no event greater than 200% of target. An adjustment of C$12 million is reflected within Compensation and benefits expenses in the statement of income for the year ended December 31, 2020 representing the incremental bonus that would have been recorded had the adjustment been reflected in the annual bonus plan for the 2020 calendar year. This adjustment will not recur in the statement of income beyond twelve months after the transaction.

g) Cost savings and synergies

The pro forma financial information does not include adjustments to reflect any potential revenue synergies or cost savings that may be achievable in connection with the acquisition.

6. Pro forma earnings per share:

The earnings per common share has been based on the following:

For the six months ended June 30, 2021

(millions of shares)	Basic	Diluted
CPRL's weighted average common shares outstanding for the period	666.6	669.8
CPRL common shares issued upon the closing of the transaction	262.3	262.3
Pro forma weighted average number of common shares outstanding	928.9	932.1

For the year ended December 31, 2020

(millions of shares)	Basic	Diluted
CPRL's weighted average common shares outstanding for the period	677.2	679.9
CPRL common shares issued upon the closing of the transaction	262.3	262.3
Pro forma weighted average number of common shares outstanding	939.5	942.2

For the year ended December 31, 2020, the number of basic and diluted CPRL common shares has been adjusted to give effect to the 5 for 1 share split that occurred in the second quarter of 2021.

BENEFICIAL OWNERSHIP OF SECURITIES

Security Ownership of Certain Beneficial Owners and Management of KCS

To KCS's knowledge, the following table sets forth certain information regarding the beneficial ownership of KCS common stock as of September 27, 2021 (except as noted in the footnotes below) with respect to: (i) each person known by KCS to beneficially own more than 5% of the shares of KCS common stock issued and outstanding, (ii) each member of the KCS board, (iii) each named executive officer of KCS, and (iv) all current directors and executive officers as a group. KCS has determined beneficial ownership in accordance with the rules of the SEC.

KCS is not aware of any beneficial owner of more than 5% of the "KCS preferred stock." None of KCS's directors or executive officers owns any shares of KCS preferred stock. No officer or director of KCS owns any equity securities of any subsidiary of KCS. Beneficial ownership is generally defined as either the sole or shared power to vote or dispose of the shares. Except as otherwise noted, the beneficial owners have the sole power to vote and dispose of the KCS voting stock.

Beneficial Owners	**Common Stock(1)**	**Percent of Class(1)**
The Vanguard Group	9,881,055(2)	10.86%
Massachusetts Financial Services Company	6,725,646(3)	7.39%
BlackRock, Inc.	7,278,423(4)	8.00%
Directors		
Lydia I. Beebe Director	2,028(5)	*
Lu M. Córdova Director	10,031(6)	*
Robert J. Druten Director	14,117(7)	*
Antonio O. Garza, Jr. Director	4,448	*
David Garza-Santos Director	2,648	*
Janet H. Kennedy Director	3,402	*
Mitchell J. Krebs Director	4,087	*
Henry J. Maier Director	9,087	*
Thomas A. McDonnell Director	106,965(8)	*
Patrick J. Ottensmeyer Director; President and Chief Executive Officer	243,915(9)	*
Executive Officers	**Common Stock(1)**	**Percent of Class(1)**
Brian D. Hancock Executive Vice President and Chief Innovation Officer	100(10)	*
Michael J. Naatz Executive Vice President and Chief Marketing Officer	22,951(11)	*
Jeffrey M. Songer Executive Vice President and Chief Operating Officer	49,236(12)	*
Michael W. Upchurch Executive Vice President and Chief Financial Officer	65,167(13)	*

Executive Officers	Common Stock(1)	Percent of Class(1)
All Directors and Executive Officers as a Group (19 Persons)	695,919(14)	*

* Less than 1% of the outstanding shares.

(1) This column includes KCS common stock, including restricted shares, beneficially owned by officers, directors, nominees for director and beneficial owners of more than 5% of KCS common stock. In accordance with SEC rules, this column also includes shares that may be acquired upon the exercise of options or other convertible securities that are exercisable or convertible on the record date, or will become exercisable or convertible within 60 days of that date, which are considered beneficially owned. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares subject to options or other convertible securities held by that person that are exercisable or convertible on the record date, or exercisable or convertible within 60 days of the record date, are deemed outstanding. These shares are not, however, deemed outstanding for the purpose of computing the percentage ownership of any other person. In addition, under applicable law, shares that are held indirectly are considered beneficially owned. Directors, nominees for director and executive officers may also be deemed to own, beneficially, shares included in the amounts shown above which are held in other capacities. The holders may disclaim beneficial ownership of shares included under certain circumstances. A list of KCS executive officers is included in KCS's Annual Report on Form 10-K for the year ended December 31, 2020 and KCS's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021. See page i of this proxy statement/prospectus for instructions on how to obtain copies of the Form 10-K of Form 10-Q.

(2) The address of The Vanguard Group ("Vanguard") is 100 Vanguard Blvd., Malvern, PA 19355. Based on a Schedule 13G/A, filed February 10, 2021, Vanguard reports sole voting power of 0 shares, shared voting power of 194,019 shares, sole power to dispose of 9,431,213 shares and shared power to dispose of 449,842 shares.

(3) The address of Massachusetts Financial Services Company ("MFS") is 111 Huntington Avenue, Boston, MA 02199. Based on a Schedule 13G/A, filed February 11, 2021, MFS reports sole voting power of 6,547,489 shares and sole dispositive power of 6,725,646 shares.

(4) The address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055. Based on a Schedule 13G/A, filed January 29, 2021, BlackRock, Inc. reports sole voting power of 6,318,835 shares and sole dispositive power of 7,278,423 shares.

(5) Ms. Beebe's shares are held in a revocable living trust for which she and her spouse are the trustees with sole voting and dispositive power.

(6) Ms. Córdova's shares are held in a revocable living trust for which she is the trustee with sole voting and dispositive power.

(7) Mr. Druten's beneficial ownership includes 100 shares held by a charitable foundation for which Mr. Druten disclaims beneficial ownership.

(8) Mr. McDonnell's beneficial ownership includes 66,965 shares held in a trust for which he is the trustee with sole voting and dispositive power, and 40,000 shares held by a charitable foundation for which Mr. McDonnell disclaims beneficial ownership.

(9) Mr. Ottensmeyer's beneficial ownership includes 17,276 restricted shares, 118,815 shares that may be acquired through options that are exercisable as of, or will become exercisable within 60 days of, the record date, and 260 shares allocated to his account in the KCS 401(k) Plan.

(10) Mr. Hancock's employment with the Company terminated on July 2, 2021.

(11) Mr. Naatz's beneficial ownership includes 4,530 restricted shares and 10,025 shares that may be acquired through options that are exercisable as of, or will become exercisable within 60 days of, the record date.

(12) Mr. Songer's beneficial ownership includes 7,143 restricted shares and 17,267 shares that may be acquired through options that are exercisable as of, or will become exercisable within 60 days of, the record date.

(13) Mr. Upchurch's beneficial ownership includes 4,120 restricted shares and 37,845 shares that may be acquired through options that are exercisable as of, or will become exercisable within 60 days of, the record date and 200 shares held jointly with his children.

(14) The number includes 46,671 restricted shares, 243,106 shares that may be acquired through options that are exercisable as of, or will become exercisable within 60 days of, the record date, 49,641 shares held jointly, 50,921 shares otherwise held indirectly, with 40,100 shares disclaimed.

Security Ownership of Certain Beneficial Owners and Management of CPRL

To CPRL's knowledge, the following table sets forth certain information regarding the beneficial ownership of CPRL common shares as of September 27, 2021, by (i) each person known by CPRL to beneficially own more than 5% of the CPRL common shares, (ii) each director (who was serving as a director as of that date) and nominee for director, (iii) each named executive officer of CPRL and (iv) all current directors and executive officers as a group. CPRL has determined beneficial ownership in accordance with the rules of the SEC.

Beneficial Owners	Common Shares	Percent of Class
John Baird(a)	0	—
Isabelle Courville(a)	4,500	*
Jill Denham(a)	0	—
Edward Hamberger(a)	0	—
Rebecca MacDonald(a)	0	—
Edward Monser(a)	0	—
Matthew Paull(a)	15,000	*
Jane Peverett(a)	0	—
Andrea Robertson(a)	0	—
Gordon T. Trafton(a)	0	—
Keith E. Creel(b)(c)	1,313,666	*
Nadeem Velani(b)(d)	156,389	*
John Brooks(b)(e)	117,014	*
Mark A. Redd(b)(f)	83,688	*
Jeffrey J. Ellis(b)(g)	77,173	*
TCI Fund Management Limited(h)	55,860,385	8.38%
All current executive officers and directors as a group	1,767,430	*

* Represents less than 1% of the outstanding common shares.

(a) See Directors' Profiles in "Item 10. Directors, Executive Officers and Corporate Governance" of CPRL's 10-K/A for the fiscal year ended December 31, 2020, for disclosure with respect to director deferred stock units. The address of each director is c/o Canadian Pacific, 7550 Ogden Dale Road S.E., Calgary, Alberta, T2C 4X9.

(b) See "Compensation Details – Deferred Compensation Plans" in Item 11. Executive Compensation of CPRL's 10-K/A for the fiscal year ended December 31, 2020, for disclosure with respect to named executive officer deferred share units. The address of each executive officer is c/o Canadian Pacific, 7550 Ogden Dale Road S.E., Calgary, Alberta, T2C 4X9.

(c) The common shares owned by Mr. Creel comprise (i) 1,220,720 shares issuable upon the exercise of stock options that have vested or will vest within the next 60 days and (ii) 92,946 shares held by Mr. Creel directly.

(d) The common shares owned by Mr. Velani comprise (i) 152,880 shares issuable upon the exercise of stock options that have vested or will vest within the next 60 days and (ii) 3,509 shares held by Mr. Velani directly.

(e) The common shares owned by Mr. Brooks comprise (i) 105,435 shares issuable upon the exercise of stock options that have vested or will vest within the next 60 days and (ii) 11,579 shares held by Mr. Brooks directly.

(f) The common shares owned by Mr. Redd comprise (i) 77,925 shares issuable upon the exercise of stock options that have vested or will vest within the next 60 days and (ii) 5,763 shares held by Mr. Redd directly.

(g) The common shares owned by Mr. Ellis comprise (i) 71,665 shares issuable upon the exercise of stock options that have vested or will vest within the next 60 days and (ii) 5,508 shares held by Mr. Ellis directly.

(h) Based upon statements in the Schedule 13F filed by TCI Fund Management Limited (TCI Fund) and Christopher Hohn on August 16, 2021, TCI Fund and Mr. Hohn have (i) shared voting power over 55,860,385 common shares; and (ii) shared dispositive power of 55,860,385 common shares. The Children's Investment Master Fund (TCIF) is the investment manager of TCI Fund and CIFF Capital UK LP (CIFF). Mr. Hohn, as managing director of TCIF, may be deemed to beneficially own the shares held by the TCI Fund and CIFF. The address of each of TCI Fund and Mr. Hohn is 7 Clifford Street, London W1S 2FT, United Kingdom.

COMPARISON OF RIGHTS OF CPRL SHAREHOLDERS AND KCS STOCKHOLDERS

General

CPRL is organized under the federal laws of Canada and, accordingly, the rights of CPRL shareholders will be governed principally by the CBCA, CPRL's restated articles of incorporation, as amended (which we refer to as "CPRL's articles"), and CPRL's By-Law No. 1 and By-Law No. 2, as amended (which we refer to collectively as "CPRL's by-laws"). KCS is incorporated in the State of Delaware, and the rights of KCS stockholders are governed by the DGCL and the KCS certificate of incorporation, as amended (which we refer to as KCS's "certificate of incorporation"), and by-laws, as amended and restated (which we refer to as KCS's "by-laws"). At the effective time, each share of KCS common stock that is issued and outstanding immediately prior to the effective time will be converted into the right to receive the merger consideration. As a result, KCS common stockholders will become shareholders of CPRL and their rights will be governed principally by the CBCA, CPRL's articles and CPRL's by-laws.

Material Differences Between the Rights of Shareholders of CPRL and Stockholders of KCS

The following is a summary of material differences between the rights of CPRL shareholders under the CBCA, CPRL's articles and CPRL's by-laws and the existing rights of KCS stockholders under the DGCL, KCS's certificate of incorporation and KCS's by-laws. While KCS and CPRL believe that the following summary covers all of the material differences, it may not contain all of the information that is important to you. The following summary does not include a complete description of all differences between the rights of CPRL shareholders and KCS stockholders, nor does it include a complete discussion of the respective rights of CPRL shareholders and KCS stockholders.

The following summary is qualified in its entirety by reference to the CBCA, CPRL's articles and CPRL's by-laws, the DGCL, KCS's certificate of incorporation and by-laws and the various other documents referred to in this summary. You are urged to carefully read this entire proxy statement/prospectus, the relevant provisions of the CBCA and the DGCL, CPRL's articles and CPRL's by-laws, KCS's certificate of incorporation and by-laws, and each other document referred to in this proxy statement/prospectus for a more complete understanding of the differences between the rights of a KCS shareholder and the rights of a CPRL stockholder. KCS has filed with the SEC its certificate of incorporation and by-laws referenced in this summary of shareholder rights, and CPRL has filed with the SEC CPRL's articles and CPRL's by-laws referenced in this summary of shareholder rights. For more information, see the section entitled "*Where You Can Find Additional Information*," on page 229. References to a "holder" in the following summary are to the registered holder of the applicable shares.

Provision	CPRL	KCS
Authorized Share Capital	CPRL is authorized to issue an unlimited number of common shares, an unlimited number of First Preferred Shares and an unlimited number of Second Preferred Shares. Holders of CPRL common shares are entitled to all of the applicable rights and obligations provided under the CBCA, CPRL's articles and CPRL's by-laws.	The aggregate number of shares of stock that KCS has the authority to issue is 402.84 million, consisting of 400 million shares of KCS common stock, 840 thousand shares of KCS preferred stock and 2 million shares of new series preferred stock, par value $1.00 per share (which we refer to as the "new series preferred stock").
Preferred Shares	The First Preferred Shares and Second Preferred Shares may at any time or from time to time each be issued in one or more series. The CPRL board may by resolution	Holders of KCS preferred stock are entitled to receive dividends up to but not exceeding the rate of 4% per annum, before any dividends are declared or paid to

Provision	CPRL	KCS
	of the directors (and without further resolution of shareholders) fix from time to time before the issue thereof the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of, each series of First Preferred Shares or Second Preferred Shares. The CPRL board may not issue any First Preferred Shares or Second Preferred Shares, as applicable, if by so doing the aggregate amount payable to holders of First Preferred Shares or Second Preferred Shares, as applicable, as a return of capital in the event of the liquidation, dissolution or winding up of CPRL or any other distribution of the assets of CPRL among its shareholders for the purpose of winding up its affairs would exceed $500,000,000. Holders of First Preferred Shares and Second Preferred Shares will not be entitled to receive notice of or to attend any CPRL shareholder meetings and will not be entitled to vote at such meetings, except as required by law. In addition to the rights attaching to any series of preferred shares, holders of CPRL's preferred shares are entitled to all of the applicable rights and obligations provided under the CBCA and CPRL's articles and CPRL's by-laws.	common stock or new series preferred stock for the same period. Such dividends are not cumulative, and the holders of the KCS preferred stock are not entitled to receive any other earnings or profits. In case of liquidation or dissolution of KCS, the holders of KCS preferred stock are entitled to receive payment up to the amount of the par value before any payment or liquidation is made upon the common stock or new series preferred stock. Holders of KCS preferred stock are entitled to one vote per share on any matter brought before the stockholders. The KCS board is authorized to issue up to 2 million shares of new series preferred stock in one or more series and to fix and determine the number of shares of preferred stock of any series, to determine the designation of any such series, to increase or decrease the number of shares of any such series subsequent to the issue of shares of that series, and to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any such series. As of the date of this proxy statement, there are currently no shares of new series preferred stock outstanding.
Variation of Rights Attaching to a Class or Series of Shares	Under the CBCA, the rights attaching to CPRL common shares may be varied only through an amendment of CPRL's articles authorized by special resolution of CPRL's shareholders, including, if applicable, a separate special resolution of the holders of the affected class or series of shares in accordance with the provisions of the CBCA.	Under KCS's certificate of incorporation, the board of directors is authorized to issue up to 2 million shares of new series preferred stock in one or more series and to fix and determine the number of shares of preferred stock of any series, to determine the designation of any such series, to increase or decrease the number of shares of any such series subsequent to the issue of shares of that series, and to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any such series.
Consolidation and Division; Subdivision	Under the CBCA, the issued shares of a class or series of CPRL shares may be changed into a different number of shares of the same class or series or into the same	Under the DGCL, the issued shares of KCS common stock may be combined into a smaller number of shares or split into a greater number of shares through an

Provision	CPRL	KCS
	or a different number of shares of other classes or series through an amendment to its articles authorized by special resolution of CPRL shareholders, including, if applicable, a separate special resolution of the holders of the affected class or series of shares in accordance with the provisions of the CBCA.	amendment to KCS's certificate of incorporation.
Reduction of Share Capital	Under the CBCA, CPRL may, by a special resolution of CPRL shareholders, reduce its stated capital for a class or series of shares for any reason, provided there are no reasonable grounds for believing that (i) CPRL is, or after the proposed reduction of its stated capital would be, unable to pay its liabilities as they become due, or (ii) after the proposed reduction of its stated capital, the realizable value of CPRL's assets would be less than the aggregate of its liabilities.	Under the DGCL, KCS, by an affirmative vote of at least a majority of the KCS board, may reduce its capital by reducing or eliminating the capital associated with shares of capital stock that have been retired, by applying some or all of the capital represented by shares purchased, redeemed, converted or exchanged or by transferring to surplus the capital associated with certain shares of its stock. No reduction of capital may be made unless the assets of KCS remaining after the reduction are sufficient to pay any debts for which payment has not otherwise been provided.
Distributions and Dividends; Repurchases and Redemptions	*Distributions/Dividends* Under the CBCA, CPRL shareholders are entitled to receive dividends if, as and when declared by the directors of CPRL, subject to prior satisfaction of preferential dividends applicable to any preferred shares. Under CPRL's articles, subject to the rights of the holders of any other class of shares of CPRL entitled to receive dividends in priority to or rateably with the holders of CPRL common shares, the CPRL board may in its sole discretion declare dividends on the CPRL common shares to the exclusion of any other class of shares of CPRL. Under the CBCA, the CPRL board may declare and pay dividends to the holders of CPRL common shares or CPRL preferred shares provided there are no reasonable grounds for believing that: (i) CPRL is, or would after the payment be, unable to pay its liabilities as they become due; and (ii) the realizable value of CPRL's assets	*Distributions/Dividends* Under the DGCL, KCS stockholders are entitled to receive dividends if, as and when declared by the KCS board. The KCS board may declare and pay a dividend to KCS stockholders out of surplus or, if there is no surplus, out of net profits for the year in which the dividend is declared or the immediately preceding fiscal year, or both, provided that such payment would not reduce capital below the amount of capital represented by all classes of outstanding stock having a preference as to the distribution of assets upon liquidation. A dividend may be paid in cash, in shares of common stock or in other property. In addition, as described above, holders of KCS preferred stock are entitled to certain dividends as set forth in the KCS certificate of incorporation. *Repurchases/Redemptions* Under the DGCL, KCS may redeem or repurchase shares of its own common stock, except that generally it may not

Provision	CPRL	KCS
	would as a result of the payment be less than the aggregate of CPRL's liabilities and the stated capital of all classes of CPRL's shares. With respect to the payment of dividends and the distribution of assets of CPRL in the event of any liquidation, dissolution or winding up of CPRL or the other distribution of the assets of CPRL among its shareholders for the purpose of winding up its affairs, the First Preferred Shares are entitled to priority over both the Second Preferred Shares, the CPRL common shares, and over any other shares ranking junior to the First Preferred Shares. The Second Preferred Shares are entitled to priority over the holders of the CPRL common shares and over any other shares ranking junior to the Second Preferred Shares. Dividends cannot be declared and paid on Second Preferred Shares or CPRL common shares or any other shares ranking junior to the First Preferred Shares or Second Preferred Shares without the consent in writing of all holders of the First Preferred Shares or Second Preferred Shares outstanding, as applicable, unless and until all dividends (if any) up to and including any dividend payable for the last completed period for which such dividend is payable on each series of First Preferred Shares or Second Preferred Shares outstanding, respectively, has been declared and paid or set apart for payment. *Repurchases/Redemptions* Under the CBCA, CPRL may repurchase its own shares, provided there are no reasonable grounds for believing that (i) CPRL is, or would be after the payment for the purchase of such shares, unable to pay its liabilities as they become due and (ii) the realizable value of CPRL's assets would after the payment for the purchase of such shares be less than the aggregate of CPRL's liabilities and the stated capital of all classes of CPRL's shares	redeem or repurchase those shares if the capital of KCS is impaired at the time or would become impaired as a result of the redemption or repurchase of such shares. If KCS were to designate and issue shares of a series of preferred stock that is redeemable in accordance with its terms, such terms would govern the redemption of such shares. Repurchased and redeemed shares may be retired or held as treasury shares. Shares that have been repurchased but have not been retired may be resold by KCS for such consideration as the KCS board may determine in its discretion. *Purchases by Subsidiaries of KCS* Under the DGCL, KCS common stock may be acquired by subsidiaries of KCS without stockholder approval. Shares of such common stock owned by a majority-owned subsidiary are neither entitled to vote nor counted as outstanding for quorum purposes.

Provision	CPRL	KCS
	Under the CBCA, CPRL may purchase or redeem any redeemable shares issued by it at prices not exceeding the redemption price, or as calculated according to a formula, stated in CPRL's articles; provided CPRL may only purchase or redeem its redeemable shares if there are no reasonable grounds for believing that (i) CPRL is, or would be after the payment for the purchase or redemption of such shares, unable to pay its liabilities as they become due and (ii) the realizable value of CPRL's assets would after the payment for the purchase or redemption of such shares be less than the aggregate of CPRL's liabilities and the amount that would be required to pay the holders of CPRL's shares that have a right to be paid, on a redemption or in a liquidation, rateably with or before the holders of the shares to be purchased or redeemed, to the extent that the amount has not been included in its liabilities. Under the CBCA, neither CPRL nor subsidiaries of CPRL may hold CPRL shares, unless it is holding such shares solely in the capacity of a personal representative, or by way of security for the purposes of a transaction entered into in the ordinary course of business that includes the lending of money.	
Lien on Shares, Calls on Shares and Forfeiture of Shares	Under the CBCA, shares must be fully paid prior to issue, and are non-assessable. CPRL shares will not be issued until the consideration for the shares is fully paid in money or in property or past services that are not less in value than the fair equivalent of the money that CPRL would have received if the shares had been issued for money. The determination of whether property or past services are the fair equivalent of monetary consideration will be made by the CPRL board.	Under the DGCL, KCS may issue the whole or any part of its shares of common stock or preferred stock as partly paid and subject to call for the remainder of the consideration to be paid therefor. When the whole of the consideration payable for shares of KCS has not been paid in full, and the assets of KCS must be insufficient to satisfy the claims of creditors, each holder of shares not paid in full must be bound to pay the unpaid balance due for such shares.
Voting Rights	The holders of CPRL common shares are entitled to receive notice of and to attend all annual and special meetings of the shareholders of CPRL and to one vote in respect of each common share held at all	Each share of KCS common stock or KCS preferred stock entitles the holder to one vote at all meetings of KCS stockholders.

Provision	CPRL	KCS
	such meetings, except at separate meetings of or on separate votes by the holders of another class or series of shares of CPRL. The holders of the First Preferred Shares and Second Preferred Shares will not be entitled to receive notice of or to attend any meeting of the shareholders of CPRL and will not be entitled to vote at any such meeting, except as may be required by law.	
Number of Directors	Under the CPRL's articles, the actual number of directors on the CPRL board may be determined from time to time by resolution of the directors, provided that the CPRL board consists of at least five and at most 20 directors.	KCS's by-laws provide that the number of directors constituting its board of directors must not be less than three nor more than 18, the exact number of directors to be determined from time to time by resolution adopted by a majority of the whole board of directors, and such exact number must be 18 until otherwise determined by resolution adopted by a majority of the whole KCS board. The KCS board currently has ten directors.
Qualification of Directors	No person will be elected or appointed a director if the person is disqualified from being a director under the CBCA. A director ceases to hold office when the director ceases to be qualified as a director under the CBCA or CPRL's articles. No person will be eligible for election as a director of CPRL unless nominated in accordance with the nomination procedures provided for in CPRL's by-laws. *Nomination Procedures* Nominations of persons for election to the CPRL board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called is the election of directors: (i) by or at the direction of the CPRL board, including pursuant to a notice of meeting; (ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the CBCA, or a requisition of the shareholders made	Unless otherwise approved by the KCS board, no person who has attained the age of 75 will be eligible to be nominated or to serve as a member, but any person who shall attain the age of 75 during the term of directorship to which they were elected shall be eligible to serve the remainder of such term. No former CEO of KCS is eligible to be elected or appointed.

Provision	CPRL	KCS
	in accordance with the provisions of the CBCA; or (iii) by any person (a "Nominating Shareholder"): (A) who, at the close of business on the date of the giving of the notice provided for in CPRL's by-laws and on the record date for notice of such meeting of shareholders, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth in CPRL's by-laws (see the information set forth in the table below in the section entitled "*Notice of Shareholder Nominations and Proposals*").	
Citizenship and Residency of Directors	The CBCA requires that at least 25% of the directors of CPRL (or if CPRL ever has less than four directors, at least one director) must be resident Canadians.	Not applicable.
Election of Directors	Subject to the CBCA and CPRL's articles, CPRL's by-laws provide that nominations of persons for election to the CPRL board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called is the election of directors. Under the CBCA, the CPRL board has the ability to appoint additional directors between shareholder meetings without shareholder approval, provided that such additional number does not exceed one third of the number of directors elected at the most recent shareholder meeting. Per the requirements of the TSX, CPRL has a majority voting policy, which requires any director nominee who does not receive at least a majority of votes in their favor in an uncontested election to immediately tender their resignation from the CPRL board. This policy does not apply to contested elections in which the number of director nominees for election is greater than the number of director positions on the	Directors are elected at the annual meeting of stockholders or at a special meeting called for such purpose and hold office until the annual meeting for the year in which his or her term expires or until his or her successor is elected and qualified. Directors of KCS are elected by the affirmative vote of a majority of the votes cast, in person or by proxy, for or against each director by the holders of outstanding shares of common stock or preferred stock entitled to vote for the election of directors; provided that if the number of nominees, as of the time of mailing of KCS's proxy statement with respect to such meeting, exceeds the number of directors to be elected, the stockholders will instead elect the directors by a plurality vote.

Provision	CPRL	KCS
	board, in which case directors are elected by a plurality of votes cast. There are amendments to the CBCA pending that, once in force, will require a majority voting standard be used for uncontested elections of directors of distributing corporations governed by the CBCA, such as CPRL.	
Cumulative Voting	Under the CBCA, cumulative voting is only permitted if the articles of a corporation specifically provide for it. CPRL's articles do not provide for cumulative voting.	KCS's certificate of incorporation does not provide for cumulative voting.
Vacancies	The CBCA generally allows a vacancy on the board of directors to be filled by a quorum of directors, except a vacancy resulting from an increase in the number or the minimum or maximum number of directors or a failure to elect the number or minimum number of directors provided for in the articles. Any vacancy among the directors resulting from an increase in the number of directors as so determined may be filled by resolution of the directors.	The KCS board has the power to fill all vacancies and newly created directorships by a majority of the directors then in office.
Votes to Govern	At all meetings of the CPRL board, every question must be decided by a majority of the votes cast. The chairman of any meeting may vote as a director.	Under KCS's by-laws, a majority of the KCS board at a meeting duly assembled constitutes a quorum for the transaction of business except as otherwise provided by statute, KCS's certificate of incorporation or by KCS's by-laws. The act of a majority of the directors present at a meeting at which a quorum is present will be the act of the KCS board. In the absence of a quorum, a majority of the directors present may adjourn the meeting from time to time until a quorum be present, without notice other than by announcement at the meeting.
Duties of Directors	Under the CBCA, the directors of CPRL owe a statutory fiduciary duty to CPRL. The directors have a duty to manage, or supervise the management of, the business and affairs of CPRL. In exercising their powers and discharging their duties, the directors must: (i) act honestly and in good faith with a view to the best interests of CPRL; and (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. When acting with a view to the best interests of CPRL, the directors	Under Delaware law, the directors of KCS owe a duty of care and a duty of loyalty. The duty of care requires that directors act on an informed basis after due consideration of the relevant materials and appropriate deliberation. The duty of care also requires that directors exercise care in overseeing and investigating the conduct of corporate employees. The duty of loyalty requires directors to act in what they reasonably believe to be the best interests of the company and its stockholders without any conflict of interest. A party

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	may consider, but are not limited to, the following factors: (a) the interests of shareholders, employees, retirees and pensioners, creditors, consumers and governments; (b) the environment; and (c) the long-term interests of CPRL. Provided that the directors consider the interests of stakeholders and make a decision that is reasonable in light of the circumstances, Canadian courts will not generally question the decision. Canadian courts will scrutinize the process by which the directors make their decisions and the apparent objectives of their actions. If business decisions have been made honestly, prudently, in good faith, on reasonable grounds, and on an individual basis, Canadian courts will generally decline to substitute their own opinion for that of the board of directors, even where subsequent events may cast doubt on the directors' determination. Under the CBCA, the directors of CPRL may delegate their duties to a managing director who is a resident Canadian or committee of directors and delegate to such managing director or committee any of the powers of the directors, or to an officer of CPRL; provided, that the directors may not delegate the power to: (i) submit to the CPRL shareholders any question or matter requiring the approval of the shareholders; (ii) fill a vacancy among the directors or in the office of auditor, or appoint additional directors; (iii) issue securities except as authorized by the directors; (iv) issue shares of a series except as authorized by the directors; (v) declare dividends; (vi) purchase, redeem or otherwise acquire shares issued by CPRL; (vii) pay a commission to any person in consideration of the person's purchasing or agreeing to purchase	challenging the propriety of a decision of a board of directors typically bears the burden of rebutting the applicability of the "business judgment rule" presumption, which presumes that directors acted in accordance with the duties of care and loyalty. Notwithstanding the foregoing, Delaware courts may subject directors' conduct to enhanced scrutiny of, among other matters, defensive actions taken in response to a threat to corporate control and approval of a transaction resulting in a sale of control of the corporation. Under Delaware law, a member of the board of directors, or a member of any committee designated by the board of directors, must, in the performance of such member's duties, be fully protected in relying in good faith upon the records of the corporation and upon such information, opinions, reports or statements presented to the corporation by any of the corporation's officers or employees, or committees of the board of directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the corporation.

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	shares of CPRL from CPRL or from any other person, or procuring or agreeing to procure purchasers for any such shares except as authorized by the directors; (viii) approve a management information circular; (ix) approve a takeover bid circular or directors' circular; (x) approve any financial statements of CPRL; or (xi) adopt, amend or repeal by-laws.	
Conflicts of Interest of Directors and Officers	Under the CBCA, each of the directors and officers of CPRL must disclose to CPRL, in writing or by requesting to have it entered in the minutes of meetings of directors or of meetings of committees of directors, the nature and extent of any interest that he or she has in a material contract or material transaction, whether made or proposed, with CPRL, if the director (i) is a party to the contract or transaction, (ii) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction, or (iii) has a material interest in a party to the contract or transaction. A director who discloses such a conflict of interest will not vote on any resolution to approve the contract or transaction, unless the contract or transaction relates primarily to his or her remuneration as a director, officer, employee, agent or mandatory of CPRL or an affiliate, is for indemnity or insurance of directors of CPRL, or is with an affiliate of CPRL. Where CPRL enters into a contract or transaction with a director of CPRL, or with another person or entity of which a director of CPRL is a director or officer or in which a director of CPRL has a material interest, the director or officer is not accountable to CPRL or its shareholders if (i) disclosure of the interest was made as described above, (ii) the directors of CPRL approved the contract or transaction, and	Under Delaware law, a contract or transaction in which a director has an interest will not be voidable solely for this reason if (i) the material facts about such interested director's interest are disclosed or are known to the board of directors or an informed and properly functioning independent committee thereof, and a majority of disinterested directors or such committee in good faith authorizes the transaction by the affirmative vote of a majority of the disinterested directors, (ii) the material facts about such interested director's relationship or interest are disclosed or are known to the stockholders entitled to vote on such transaction, and the transaction is specifically approved in good faith by vote of the majority of shares entitled to vote thereon or (iii) the transaction is fair to the corporation as of the time it is authorized, approved or ratified. The mere fact that an interested director is present and voting on a transaction in which he or she is interested will not itself make the transaction void. Interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee that authorizes the contract or transaction. Under Delaware law, an interested director could be held liable for a transaction in which such director derived an improper personal benefit.

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	(iii) the contract or transaction was reasonable and fair to CPRL when it was approved. Despite the foregoing, even if a director's interest is not disclosed as described above, provided the director was acting honestly and in good faith, such director is not accountable to CPRL or to its shareholders in respect of a transaction or contract in which the director has an interest; provided, that: (i) the contract or transaction is approved or confirmed by special resolution at a meeting of the CPRL shareholders; (ii) disclosure of the interest was made to the CPRL shareholders in a manner sufficient to indicate its nature before the contract or transaction was approved or confirmed; and (iii) the contract or transaction was reasonable and fair to CPRL when it was approved or confirmed.	
Shareholders' Disclosure of Interests in Shares	CPRL shareholders are not required to disclose their interests in shares of CPRL, except in limited circumstances, including when nominating a candidate for election as a director, making certain other shareholder proposals or requisitioning a meeting of shareholders in accordance with each of the CBCA and CPRL's by-laws. Under the U.S. Exchange Act, all beneficial owners of holders of 5% or greater of CPRL's outstanding share capital must report their holdings to the SEC on "Schedule 13G" if the holdings are passive and held not with an intent to acquire control and on "Schedule 13D" if the holdings are non-passive and held with an intent to acquire control. In accordance with applicable Canadian securities laws, a CPRL shareholder is required to disclose their interest in CPRL's shares where such shareholder's holdings equal or exceed 10% of the voting rights attached to the voting securities.	Neither the DGCL nor KCS's certificate of incorporation or by-laws impose an obligation with respect to disclosure by stockholders of their interests in KCS voting stock, except as part of a stockholders' nomination of a director or stockholder proposals to be made at an annual meeting. Under the U.S. Exchange Act, all beneficial owners of holders of 5% or greater of the outstanding shares of KCS's capital stock must report their holdings to the SEC on "Schedule 13G" if the holdings are passive and held not with an intent to acquire control and on "Schedule 13D" if the holdings are non-passive and held with an intent to acquire control.

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Record Dates	Under the CBCA, the CPRL board may fix a record date for the purpose of determining shareholders entitled to receive payment of a dividend or entitled to participate in a liquidation distribution or for any other purpose, other than to establish a shareholder's right to receive notice of or to vote at a meeting, which record date must be not more than 60 days before the day on which the particular action is to be taken. If no record date is fixed by the CPRL board, the record date will be at the close of business on the day on which the directors pass the resolution in respect of the applicable action. Under the CBCA, the CPRL board may fix a record date for the purpose of determining shareholders entitled to receive notice of and vote at a meeting of shareholders, which record date must be not less than 21 days and not more than 60 days before the date of the meeting. If no record date is fixed by the CPRL board, the record date for the determination of shareholders entitled to receive notice of or vote at a meeting of shareholders will be at the close of business on the day immediately preceding the day on which the notice is given, or if no notice is given, the day on which the meeting is held. If a record date is fixed, unless notice of the record date is waived in writing by every holder of a share of the class or series affected, notice thereof will be given, not less than seven days before the date so fixed, (i) by advertisement in a newspaper published or distributed in the place where CPRL has its registered office and in each place in Canada where it has a transfer agent or where a transfer of its shares may be recorded; and (ii) by written notice to each stock exchange in Canada on which the shares of CPRL are listed for trading.	Under KCS's by-laws, the directors may fix a record date to determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, which record date must not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which record date must be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose will be at the close of business on the day on which the board of directors adopts the resolution relating thereto. Under KCS's by-laws, the directors may fix a record date to determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, which record date must not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which record date must not be more than 60 nor less than 10 days before the date of such meeting. If the board of directors so fixes a date, such date will also be the record date for determining the stockholders entitled to vote at such meeting unless the board of directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting will be the date for making such determination. If no record date is fixed by the board of directors, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders will be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders will apply to any

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		adjournment of the meeting; provided, however, that the board of directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case will also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting.
Annual Meetings of Shareholders	Under the CBCA, the CPRL board must call an annual meeting of shareholders not later than 15 months after holding the last preceding annual meeting but no later than six months after the end of CPRL's preceding financial year. Under the CBCA and CPRL's articles, meetings of CPRL shareholders will be held on a date and at such place in Canada or the United States as determined by the CPRL board, including but not limited to Chicago, Illinois, Minneapolis, Minnesota, Saint Paul, Minnesota and New York, New York. At an annual meeting, shareholders will receive the financial statements of CPRL and the auditor's report, elect directors of CPRL and appoint CPRL's auditor. All other business that may properly come before an annual meeting of shareholders or any business coming before a special meeting of shareholders is considered special business. For special business to be properly brought before a meeting, it must be specified in the notice of meeting and include (i) the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon; and (ii) the text of any special resolution to be submitted to the meeting.	Under the DGCL, an annual meeting of stockholders is required for the election of directors and for such other proper business as may be conducted thereat. The Delaware Court of Chancery may order a corporation to hold an annual meeting if a corporation has failed to hold an annual meeting for a period of 13 months after its last annual meeting. The KCS by-laws provide that the annual meeting of stockholders will be held at the time and place determined by KCS's board of directors, and that meetings of the stockholders may be within or without the State of Delaware.
Meeting Notice Provisions	Under the CBCA, notice of the time and place of a meeting of CPRL shareholders must be given not less than 21 days and not more than 60 days before the meeting to each director, to the auditor and to each shareholder entitled to vote at the meeting.	Under the DGCL and the KCS by-laws, written notice of annual and special meetings of KCS stockholders must be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting as of the record date for determining the

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	Notice of a meeting of shareholders at which special business is to be transacted must state (i) the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon; and (ii) the text of any special resolution to be submitted to the meeting. *Method of Giving Notices* Any notice, communication or document to be given, sent, delivered or served under the CBCA, the regulations thereunder, CPRL's articles, CPRL's by-laws or otherwise, to a shareholder, director, officer or auditor must be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to the person's recorded address or if mailed to the person at the person's recorded address by prepaid ordinary or air mail or if sent to the person at the person's recorded address by any means of prepaid transmitted or recorded communication, including facsimile, or other electronic means. A notice so delivered will be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed will be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication will be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch.	stockholders entitled to notice of the meeting. The KCS by-laws provide that notice of an annual and special meeting of stockholders must be in writing and state the purpose for which the special meeting is called.
Notice of Shareholder Nominations and Proposals	In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of CPRL at the principal executive offices of CPRL in accordance with CPRL's by-laws. To be timely, a Nominating Shareholder's notice to the secretary of CPRL must be made: (i) in the case of an annual meeting of shareholders, not less than 30 days	Under KCS's by-laws, a KCS stockholder wishing to nominate a director for election to the KCS board must provide written notice, in proper form, within the following time periods: (i) *annual meetings*: not less than 60 nor more than 90 days prior to the anniversary of the preceding annual meeting, provided that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary, notice must be received not later than 90 days prior to the day on which the

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	prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth day following the notice date; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes as well), not later than the close of business on the fifteenth day following the day on which the first public announcement of the date of the special meeting of shareholders was made. To be in proper written form, a Nominating Shareholder's notice to the secretary of CPRL must set forth: (i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person for the last five years; (C) the status of such person as a "resident Canadian" as defined in the CBCA; (D) the class or series and number of shares in the capital of CPRL which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (E) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with	annual meeting is held and not later than the later of (i) the 60th day prior to the annual meeting or (ii) the 10th day following the day on which a notice of the date of the annual meeting was mailed or public announcement of the date of such meeting is first made by KCS, whichever occurs first; and (ii) *special meetings*: not earlier than 90 days before such special meeting and not later than the later of the 60th day prior to such special meeting or the 10th day following the day on which the date of the special meeting and the nominees to be elected is first announced. The public announcement of an adjournment or postponement of an annual meeting of stockholders will not commence a new time period for the giving of a stockholder's notice as described above. To be in proper form, the notice of nomination must include certain information about the nominating stockholder (including any beneficial owner on whose behalf the nomination is made or their affiliates, associates or others acting in concert therewith) and the nominee, including any beneficial ownership interests in KCS.

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	solicitations of proxies for election of directors in accordance with the CBCA and applicable Canadian securities laws; and (ii) as to the Nominating Shareholder giving the notice, any information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors in accordance with the CBCA and applicable Canadian securities laws. All information to be provided in a timely notice must be provided as of the date of such notice. If requested by CPRL, the Nominating Shareholder must update such information forthwith so that it is true and correct in all material respects as of the record date for the meeting of shareholders. Notice given to the secretary of CPRL pursuant to CPRL's by-laws may only be given by personal delivery, facsimile transmission or by email (to the secretary of CPRL), and is deemed to have been given and made only at the time it is served by personal delivery, email or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the secretary at the address of the principal executive offices of CPRL; provided, that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication will be deemed to have been made on the subsequent day that is a business day. Notwithstanding the foregoing, CPRL may, in its sole discretion, waive any requirement described in this section of the table entitled "*Notice of Shareholder Nominations*" pursuant to CPRL's by-laws.	
Proxy Access	Under the CBCA, CPRL shareholders may nominate candidates for election to the	KCS's by-laws provide that eligible stockholders may submit stockholder

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	board through the shareholder proposal mechanism provided for under the CBCA (provided such shareholder either owns, as registered or beneficial holder, or has the support of shareholders who own, as registered or beneficial holders, such number of shares either equal to 1% of the outstanding voting shares of CPRL or having a fair market value of C$2,000 for a period of at least six months prior to the nomination) and provided such shareholder complies with the notice procedures in CPRL's by-laws (see the information set forth in the table above in the section entitled "*Notice of Shareholder Nominations and Proposals*").	nominees to the KCS board for inclusion in KCS's proxy materials. The number of stockholders nominees may not exceed the greater of (i) two or (ii) 20% of the number of directors in office, or, if such amount is not a whole number, the closest whole number below 20%. In order to be eligible to submit stockholder nominees, such stockholder or stockholders must have owned continuously for at least three years, as of the date that the proxy access notice is received and as of the record date for the annual meeting, a number of shares that represents 3% of the total voting power of KCS's outstanding shares of capital stock entitled to vote. The aggregate number of stockholders whose share ownership may be counted for the purposes of satisfying the ownership requirement may not exceed 20.
Calling Special Meetings of Shareholders	Under the CBCA, the CPRL board may call a special meeting of shareholders at any time. In addition, holders of 5% or more of the outstanding shares of CPRL that carry the right to vote at a meeting sought to be held may requisition a shareholders meeting. The requisition must be sent to CPRL and each of its directors and state the business to be transacted at the meeting. The CPRL board must call a meeting of shareholders to transact the business stated in the requisition within 21 days of receiving the requisition; otherwise the shareholder may call the meeting. The CPRL board is not required to call a meeting upon receiving a requisition by a shareholder if (i) the business stated in the requisition is of a proscribed nature, (ii) a record date has already been fixed and notice provided in respect of a meeting, or (iii) the CPRL board has already called a meeting and given notice of such meeting.	KCS's by-laws provide that special meetings of stockholders for any purpose or purposes may be called only by the chair of the KCS board, the KCS board, the KCS CEO, or the KCS Corporate Secretary at the written request in proper form of one or more stockholders of record who have continuously held for at least one year prior to the date such request is delivered to the KCS Corporate Secretary KCS common stock representing in the aggregate at least 15% of the outstanding shares of KCS common stock. Special meetings must be called pursuant to a resolution stating the purpose or purposes thereof, to be held at such place (within or without the State of Delaware), date and hour determined by the KCS board or its chair, as applicable, and designated in the notice thereof. At any such special meeting any business properly brought before the meeting may be transacted.
Shareholder Action by Written Consent	The CBCA allows any matters required to be voted on at a meeting of shareholders to be approved by CPRL shareholders via written resolution signed by all of the shareholders entitled to vote on the matter.	KCS's certificate of incorporation provides that no actions may be taken by waiver of written notice and consent by stockholders in lieu of meeting.
Quorum of Shareholders	A quorum for the transaction of business at any meeting of shareholders must be at	KCS's by-laws provide that the holders of a majority of the aggregate voting power of

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	least two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder for or representative of such a shareholder and together holding or representing in the aggregate not less than 25% of the outstanding shares of CPRL entitled to be voted at the meeting.	the capital stock issued and outstanding and entitled to vote, present in person or represented by proxy, will constitute a quorum for the transaction of business at all meetings of the stockholders, except as otherwise required by the DGCL, KCS's certificate of incorporation or by-laws. Where a separate vote by a class or series or classes or series is required, a majority of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, will constitute a quorum (as to such class or series) entitled to take action with respect to that vote on that matter, except as otherwise provided by law, KCS's certificate of incorporation or by-laws. Abstentions and non-votes by brokers are counted as present for purposes of determining a quorum.
Adjournment of Shareholder Meetings	Under the CBCA, the shareholders may adjourn the meeting if a quorum is not present at the opening of the meeting. If a meeting of the CPRL shareholders is adjourned for less than 30 days it will not be necessary to give notice of the adjourned meeting, other than by announcement at the meeting that it is adjourned. If a meeting of CPRL shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting will be given as for an original meeting, in accordance with the provisions of the CBCA.	KCS's by-laws provide that if a quorum is not present or represented at any meeting of the stockholders, then either (i) the chair of the meeting, or (ii) the holders of a majority of the shares entitled to vote at the meeting, present in person or represented by proxy, will have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed. When a meeting is adjourned to another time and/or place, unless KCS's by-laws otherwise require, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, KCS may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days or a new record date for stockholders entitled to vote is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

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Amendments to Articles or Certificate of Incorporation	Under the CBCA, an amendment to CPRL's articles requires approval by special resolution, being a majority of not less than two-thirds of the votes cast, in person or by proxy, in respect of the resolution at a meeting of CPRL shareholders, including, if applicable, a separate special resolution of the holders of any separately affected class of shares in accordance with the provisions of the CBCA.	Any proposal to amend, alter, change or repeal any provision of KCS's certificate of incorporation, requires approval by the affirmative vote of both a majority of the members of the KCS board then in office and a majority vote of the voting power of all of the shares of KCS's capital stock entitled to vote generally in the election of directors, voting together as a single class. However, any proposal to amend, alter, change or repeal the provisions of KCS's certificate of incorporation that would amend, alter, change or repeal any of the powers, preferences or rights vested in the holders of KCS preferred stock requires approval by the affirmative vote of two-thirds of the voting power of all of the shares of KCS's preferred stock, voting together as a single class, in addition to any other vote or approval required by statute.
Amendments to By-laws	The CPRL board may, by resolution, make, amend or repeal any by-law that regulates the business or affairs of CPRL. Where the directors make, amend or repeal a by-law, they are required under the CBCA to submit the by-law, or the amendment or repeal of a by-law, to the CPRL shareholders at the next meeting of shareholders and the shareholders may confirm, reject or amend the by-law, by an ordinary resolution. If the by-law, amendment or repeal is rejected by the shareholders, or the directors do not submit the by-law, amendment or repeal to the shareholders as required, the by-law, amendment or repeal ceases to be effective and no subsequent resolution of the directors to make, amend or repeal a by-law having substantially the same purpose or effect is effective until it is confirmed or confirmed as amended by the shareholders.	The KCS by-laws may be amended, or new by-laws may be adopted, by the KCS board at any regular or special meeting of the KCS board, if such amendment or adoption is approved by a majority of the entire KCS board.
Rights of Inspection	Under the CBCA, CPRL shareholders and creditors of CPRL and their personal representatives may examine: (i) CPRL's articles and CPRL's by-laws, and all amendments thereto, and a copy of any unanimous shareholder agreement; (ii) minutes of meetings and resolutions of	Under Section 220 of the DGCL, a stockholder or its agent has a right to inspect KCS's stock ledger, a list of all of its stockholders and its other books and records during the usual hours of business upon written demand stating his purpose (which must be reasonably related to such

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	CPRL shareholders; (iii) copies of all notices of directors or notices of change of directors; and (iv) CPRL's securities register, during the usual business hours of CPRL, and may take extracts from the records, free of charge, and any other person may do so on payment of a reasonable fee.	person's interest as a stockholder). If KCS refuses to permit such inspection or refuses to reply to the request within five business days of the demand, the stockholder may apply to the Delaware Court of Chancery for an order to compel such inspection.
Shareholder Suits	*Derivative Action*: Under the CBCA, a "complainant" (as such term is defined in this table under "*Oppression Remedy*" below) may apply to a court for leave to bring a derivative action in the name and on behalf of CPRL or any of its subsidiaries, or to intervene in an existing action to which CPRL or any of its subsidiaries, for the purpose of prosecuting, defending or discontinuing the action on behalf of CPRL or its subsidiary. However, under the CBCA, no action may be brought and no intervention in an action may be made unless a court is satisfied that: (i) the complainant has given notice to the board of directors of CPRL or its subsidiary of the complainant's intention to apply to the court for such leave not less than 14 days before bringing the application if the board of directors of CPRL or its subsidiary do not bring, diligently prosecute or defend or discontinue the action; (ii) the complainant is acting in good faith; and (iii) it appears to be in the interests of CPRL or its subsidiary that the action be brought, prosecuted, defended or discontinued. Under the CBCA, the court in a derivative action may make any order it determines to be appropriate, including, without limitation, an order authorizing the complainant or any other person to control the conduct of the action, an order giving directions for the conduct of the action, an order directing that any amount determined to be payable by a defendant in the action will be paid, in whole or in part, directly to former and present security holders of CPRL or its subsidiary instead of to CPRL or its subsidiary and an order requiring CPRL or its subsidiary to pay reasonable legal fees incurred by the complainant in	Generally, KCS is subject to potential liability under the federal securities laws and under Delaware law. Under the DGCL, a stockholder may bring a derivative action on behalf of the corporation to enforce the rights of the corporation. Generally, a person may institute and maintain such a suit only if such person was a stockholder at the time of the transaction that is the subject of the suit or his or her shares thereafter devolved upon him or her by operation of law. The DGCL also requires that the derivative plaintiff make a demand on the directors of the corporation to assert the corporate claim before the suit may be prosecuted by the derivative plaintiff, unless such demand would be futile. In certain circumstances, class action lawsuits are available to stockholders. The DGCL does not provide for a remedy similar to the oppression remedy under the CBCA; however, stockholders are entitled to remedies for violation of a director's fiduciary duties under Delaware common law.

Provision	CPRL	KCS
	connection with the action. A complainant is not required to give security for costs in a derivative action. *Oppression Remedy*: The CBCA provides an oppression remedy that enables a court to make any order, including, without limitation, an order: (i) restraining the conduct complained of; (ii) appointing a receiver or receiver-manager; (iii) to regulate CPRL's affairs by amending CPRL's articles or CPRL's by-laws or creating or amending a unanimous shareholder agreement; (iv) directing an issue or exchange of securities; (v) appointing directors in place of or in addition to all or any of the directors then in office; (vi) directing CPRL or any other person, to purchase securities of a security holder; (vii) directing CPRL or any other person, to pay a security holder any part of the monies that the security holder paid for securities; (viii) varying or setting aside a transaction or contract to which CPRL is a party and compensating CPRL or any other party to the transaction or contract; (ix) requiring CPRL, within a time specified by the court, to produce to the court or an interested person financial statements in the required form or an accounting in such other form as the court may determine; (x) compensating an aggrieved person; (xi) directing rectification of the registers or other records of CPRL; (xii) liquidating and dissolving CPRL; (xiii) directing an investigation under the CBCA to be made; and	

Provision	CPRL	KCS
	(xiv) requiring the trial of any issue. An application under the oppression remedy may be made by a "complainant," which means: (i) a registered holder or beneficial owner, and a former registered holder or former beneficial owner, of a security of CPRL or any of its affiliates; (ii) a director or an officer or a former director or former officer of CPRL or any of its affiliates; (iii) the director appointed under the CBCA; or (iv) any other person who, in the discretion of a court, is a proper person to make such an application.	
Enforcement of Civil Liabilities Against Foreign Persons	A judgment for the payment of money rendered by a federal or provincial court in Canada based on civil liability would generally be enforceable elsewhere in Canada. A judgment for the payment of money rendered by a court in the United States based on civil liability would not be automatically enforceable in federal or provincial courts of Canada. The party seeking enforcement would first have to commence proceedings at the appropriate level of court in the Canadian jurisdiction in which enforcement is sought and obtain an order from that court for the recognition and enforcement of the judgment. The following requirements must generally be met before the foreign monetary judgment will be recognized and enforceable in a Canadian court: (i) the foreign court must have properly asserted jurisdiction; (ii) the judgment must not have been obtained by fraud or in a manner contrary to natural justice; (iii) the judgment must be final and conclusive; and	A judgment for the payment of money rendered by a court in the U.S. federal court or any state court based on civil liability generally would be enforceable elsewhere in the U.S.

Provision	CPRL	KCS
	(iv) the judgment is not for a penalty, taxes or enforcement of a foreign public law, or otherwise contrary to Canadian public policy.	
Limitation of Personal Liability of Directors and Officers	Under the CBCA, no provision in a contract, CPRL's articles, CPRL's by-laws or a resolution of CPRL's board of directors or shareholders relieves a director or officer of CPRL from the duty to act in accordance with the CBCA or the regulations thereunder or relieves them from liability for a breach thereof. No director or officer will be liable for the acts, receipts, neglects or defaults of any other director, officer, employee or agent, or for joining in any receipt or act for conformity, or for any loss, damage or expense happening to CPRL through the insufficiency or deficiency of title to any property acquired by, for or on behalf of CPRL, or for the insufficiency or deficiency of any security in or upon which any of the moneys of CPRL are placed out or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities or effects are lodged or deposited, or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to CPRL, or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of the director's or officer's respective office or trust or in relation thereto unless the same happens by or through the director's or officer's failure to act honestly and in good faith with a view to the best interests of CPRL and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.	KCS's certificate of incorporation provides that, to the fullest extent permitted by the DGCL, a director of KCS will not be personally liable to KCS or its stockholders for monetary damages for breach of fiduciary duty as a director.
Indemnification of Directors and Officers	Under the CBCA, CPRL may indemnify its directors and officers, its former directors and officers or another individual who acts or acted at CPRL's request as a director or officer, or an individual acting in a similar capacity, of another entity (an	Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection

Provision	CPRL	KCS
	"indemnifiable person") against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the indemnifiable person in respect of any civil, criminal, administrative, investigative or other proceeding in which the indemnifiable person is involved because of that association with CPRL or other entity, provided that: (i) the indemnifiable person acted honestly and in good faith with a view to the best interests of CPRL, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at CPRL's request; and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the indemnifiable person had reasonable grounds for believing that the indemnifiable person's conduct was lawful. CPRL may advance funds to an indemnifiable person for the costs, charges and expenses of a proceeding referred to above; provided, however, that the indemnifiable person will repay the funds if the individual does not fulfill the above-mentioned conditions. An indemnifiable person is also entitled to indemnity from CPRL in respect of all costs, charges and expenses reasonably incurred by the indemnifiable person in connection with the defense of any civil, criminal, administrative, investigative or other proceeding to which the indemnifiable person is subject because of the indemnifiable person's association with CPRL or other entity, if the indemnifiable person: (i) was not judged by the court or other competent authority to have committed any fault or omitted to do	with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, in which such person is made a party by reason of the fact that the person is or was a director, officer, employee or agent of the corporation (other than a derivative action), if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses (including attorneys' fees) incurred in connection with the defense or settlement of such action, and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by KCS's by-laws, disinterested director vote, stockholder vote, agreement or otherwise. The KCS by-laws provide that, to the full extent provided under Section 145 of the DGCL, KCS will indemnify each person who at any time is, or will have been, a director, officer or employee of KCS, and is threatened to be or is made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that they are, or were, a director, officer or employee of KCS, or served at the request of KCS as a director, officer, employee or trustee of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any such action, suit or proceeding.

Provision	CPRL	KCS
	anything that the indemnifiable person ought to have done; and (ii) fulfills the conditions first set out above. In the case of a derivative action, indemnity may be made only with court approval, if the indemnifiable person fulfills the requirements first mentioned above. In addition, CPRL may, under the CBCA, purchase and maintain insurance for the benefit of an indemnifiable person against such liabilities and in such amounts as the CPRL board may from time to time determine and are permitted by the CBCA. CPRL must indemnify a director or officer of CPRL, a former director or officer of CPRL or a person who acts or acted at CPRL's request as a director or officer of a body corporate of which CPRL is or was a shareholder or creditor, and the heirs and legal representatives thereof, to the extent permitted by the CBCA or otherwise by law.	
Appraisal/Dissent Rights	The CBCA provides that CPRL shareholders are entitled to exercise dissent rights and to be paid the fair value of their shares as determined in accordance with the provisions of the CBCA by following the dissent procedures set out therein, if CPRL: (i) is subject to an order in respect of an "arrangement" (as such term is defined in the CBCA) in accordance with the provisions of the CBCA; (ii) resolves to amend its articles to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class; (iii) resolves to amend its articles to add, change or remove any restriction on the business or businesses that CPRL may carry on; (iv) resolves to amalgamate, other than an amalgamation with a parent or a	Under the DGCL, a stockholder may dissent from, and receive payments in cash for, the fair value of his or her shares as appraised by the Delaware Court of Chancery in the event of certain mergers and consolidations. However, stockholders do not have appraisal rights if the shares of stock they hold, at the record date for determination of stockholders entitled to vote at the meeting of stockholders to act upon the merger or consolidation, or on the record date with respect to action by written consent, are either (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders. Further, no appraisal rights are available to stockholders of the surviving corporation if the merger did not require the vote of the stockholders of the surviving corporation. Notwithstanding the foregoing, appraisal rights are available if stockholders are required by the terms of the merger agreement to accept for their shares

Provision	CPRL	KCS
	subsidiary or an amalgamation with a sister corporation, in each case in accordance with the provisions of the CBCA; (v) resolves to be continued under the laws of another jurisdiction; (vi) resolves to sell, lease or exchange all or substantially all its property other than in the ordinary course of business; or (vii) resolves to carry out a going-private transaction or a squeeze-out transaction (as such terms are defined in the CBCA). A shareholder is not entitled to dissent if an amendment to CPRL's articles is effected by a court order approving a reorganization (as defined in the CBCA) or by a court order made in connection with an action for an oppression remedy. CPRL shareholders are not entitled to dissent or appraisal rights under the CBCA in connection with the transactions contemplated by the merger agreement.	anything other than (a) shares of stock of the surviving corporation, (b) shares of stock of another corporation that will either be listed on a national securities exchange or held of record by more than 2,000 holders, (c) cash instead of fractional shares or (d) any combination of clauses (a)—(c). Appraisal rights are also available under the DGCL in certain other circumstances, including in certain parent-subsidiary corporation mergers and in certain circumstances where the certificate of incorporation so provides. The KCS certificate of incorporation does not provide for appraisal rights in any additional circumstance.
Approval of Extraordinary Transactions; Anti-Takeover Provisions	Under the CBCA, a merger, consolidation, sale, lease, exchange or other disposition of all or substantially all of the property of CPRL other than in the ordinary course of business of CPRL, including an amalgamation (other than an amalgamation with a parent or a subsidiary or an amalgamation with a sister corporation in accordance with the provisions of the CBCA) and an arrangement (as defined in the CBCA), or a dissolution of CPRL, is generally required to be approved by special resolution, being a majority of not less than two-thirds of the votes cast, in person or by proxy, in respect of the resolution at a meeting of CPRL shareholders. Additionally, Multilateral Instrument 61-101—*Protection of Minority Security Holders in Special Transactions* (which we refer to as "MI 61-101") of the Canadian Securities Administrators contains detailed	A sale, lease or exchange of all or substantially all of a corporation's assets, a merger or consolidation of a corporation with another corporation or a dissolution of a corporation generally requires the approval of the corporation's board of directors and, with limited exceptions, the affirmative vote of at least a majority of the shares of KCS voting stock outstanding as of the record date and entitled to vote. KCS is subject to the provisions of Section 203 of the DGCL. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with any interested stockholder for a three-year period following the time that such stockholder becomes an interested stockholder, unless the board of directors approves the business combination or the transaction by which such stockholder becomes an interested stockholder, in either case, before the

Provision	CPRL	KCS
	requirements in connection with, among other transactions, "related party transactions" and "business combinations." A related party transaction means, generally, any transaction by which an issuer, directly or indirectly, consummates one or more specified transactions with a related party, including purchasing or disposing of an asset, issuing securities or assuming liabilities. "Related party," as defined in MI 61-101, includes (i) directors and senior officers of the issuer, (ii) holders of voting securities of the issuer carrying more than 10% of the voting rights attached to all the issuer's outstanding voting securities and (iii) holders of a sufficient number of any securities of the issuer to materially affect control of the issuer. A "business combination" means, generally, any amalgamation, arrangement, consolidation, amendment to share terms or other transaction, as a consequence of which the interest of a holder of an equity security may be terminated without the holder's consent. MI 61-101 requires, subject to certain exceptions, specific detailed disclosure in the proxy (information) circular sent to security holders in connection with a related party transaction or business combination where a meeting is required and, subject to certain exceptions, the preparation of a formal valuation of the subject matter of the related party transaction or business combination and any non-cash consideration offered in connection therewith, and the inclusion of a summary of the valuation in the proxy circular. MI 61-101 also requires, subject to certain exceptions, that an issuer not engage in a related party transaction or business combination unless, in addition to any other required shareholder approvals, the disinterested shareholders of the issuer have approved the related party transaction or business combination by a simple majority of the votes cast.	stockholder becomes an interested stockholder, the interested stockholder acquires 85% of the corporation's outstanding voting stock in the transaction by which such stockholder becomes an interested stockholder, or the business combination is subsequently approved by the board of directors and authorized at a meeting of stockholders by the affirmative vote of the holders of at least two-thirds of the corporation's outstanding voting stock not owned by the interested stockholder.
Compulsory Acquisitions	The CBCA provides that if an offer is made to shareholders of a distributing	Not applicable.

Provision	CPRL	KCS
	corporation (as defined in the CBCA), such as CPRL, at approximately the same time to acquire all of the shares of a class of issued shares, including an offer made by a distributing corporation to repurchase all of the shares of a class of its shares (which we refer to as a "takeover bid") and such offer is accepted within 120 days of the takeover bid by holders of not less than 90% of the shares (other than the shares held by the offeror or an affiliate or associate of the offeror) of any class of shares to which the takeover bid relates, then the offeror is entitled to acquire the shares held by those holders of securities of that class who did not accept the takeover bid either on the same terms on which the offeror acquired shares under the takeover bid or for payment of the fair value of such holder's shares as determined in accordance with the dissent right procedures under the CBCA.	
Rights Upon Liquidation	Under the CBCA, CPRL may liquidate and dissolve by special resolution of the holders of each class of CPRL shares, whether or not such CPRL shareholders are otherwise entitled to vote. In the event of the liquidation, dissolution, or winding up of CPRL or other distribution of assets of CPRL among its shareholders for the purpose of winding up its affairs, the holders of CPRL common shares are, subject to the rights of the holders of any other class of shares of CPRL entitled to receive the assets of CPRL upon such a distribution in priority to or rateably with the holders of CPRL common shares, entitled to participate rateably in any distribution of the assets of CPRL. With respect to any distribution of assets of CPRL in the event of any liquidation, dissolution or winding up of CPRL or the other distribution of the assets of CPRL among its shareholders for the purpose of winding up its affairs, the First Preferred Shares are entitled to priority over both the Second Preferred Shares and the CPRL	KCS's certificate of incorporation provides: (i) In case of liquidation or dissolution of KCS, the holders of KCS preferred stock will be entitled to receive payment in the amount of the par value thereof before any payment or liquidation is made upon new series preferred stock or the common stock, and will not thereafter participate further in the property of KCS or the proceeds of the sale thereof. (ii) In the event of any liquidation, dissolution or winding up of KCS, whether voluntary or involuntary, each series of new series preferred stock will be subordinate to the KCS preferred stock but will have preference and priority over the common stock for payment of the amount to which such series of new series preferred stock will be entitled in accordance with the provision thereof and each holder of new series preferred stock will be entitled to be paid in full his shares of such amount, or have a sum sufficient for the payment in full set aside, after the holders of KCS preferred stock have received payment of the amounts to which they are entitled upon

Provision	CPRL	KCS
	common shares and over any other shares ranking junior to the First Preferred Shares, and the Second Preferred Shares are entitled to priority over the holders of the CPRL common shares and over any other shares ranking junior to the Second Preferred Shares.	liquidation or dissolution or winding up of KCS, but before any payments will be made to the holders of the common stock. If, upon liquidation, dissolution or winding up of KCS, the assets of KCS or proceeds thereof, distributable among the holders of the shares of all series of new series preferred stock are insufficient to pay in full the preferential amount aforesaid, then such assets, or the proceeds thereof, will be distributed among such holders ratably in accordance with the respective amounts which would be payable if all amounts payable thereon were paid in full. (iii) After the payment to the holders of KCS preferred stock and new series preferred stock of all such amounts to which they are entitled, as above provided, the remaining assets and funds of KCS will be divided and paid to the holders of common stock.

LEGAL MATTERS

Bennett Jones LLP, Canadian counsel to CPRL, has opined upon the validity of the CPRL common shares offered by this proxy statement/prospectus.

EXPERTS

CPRL

The financial statements and related financial statement schedule, incorporated into this proxy statement/prospectus by reference from CPRL's Annual Report on Form 10-K for the year ended December 31, 2020, and the effectiveness of CPRL's internal control over financial reporting have been audited by Deloitte LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such financial statements and financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

KCS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated into this proxy statement/prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2020, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

ENFORCEABILITY OF CIVIL LIABILITIES

CPRL is organized under the laws of Canada. A substantial portion of CPRL's assets are located outside the U.S., and many of CPRL's directors and officers and some of the experts named in this proxy statement/prospectus are residents of jurisdictions outside of the U.S. As a result, it may be difficult for investors to effect service within the U.S. upon CPRL and those directors, officers and experts, or to realize in the U.S. upon judgments of courts of the U.S. predicated upon civil liability of CPRL and such directors, officers or experts under U.S. federal securities laws. There is uncertainty as to the enforceability in Canada by a court in original actions, or in actions to enforce judgments of U.S. courts, of the civil liabilities predicated upon U.S. federal securities laws.

OTHER MATTERS

As of the date of this proxy statement/prospectus, the KCS board knows of no matters that will be presented for consideration at the KCS special meeting other than as described in this proxy statement/prospectus. If any other matters properly come before KCS stockholders at the KCS special meeting, or any adjournment or postponement thereof, and are voted upon, the enclosed proxy will be deemed to confer discretionary authority on the individuals that it names as proxies to vote the shares represented by the proxy as to any of these matters. The individuals named as proxies intend to vote in accordance with the recommendation of the KCS board.

FUTURE SHAREHOLDER PROPOSALS

KCS

The transaction is expected to be completed in the first quarter of 2022. Until the transaction is completed, KCS's stockholders will continue to be entitled to attend and participate in KCS stockholder meetings, including the annual meeting, if any. If the transaction is completed, KCS will have no public stockholders and there will be no public participation in any future meetings of the stockholders of KCS. However, if the transaction is not completed, KCS stockholders will continue to be entitled to attend and participate in KCS stockholder meetings.

The KCS by-laws set forth the advance notice requirements that stockholders must follow in order to either make a director nomination or bring any other business at any annual or special meeting of the KCS stockholders, and explicitly provide that the procedure provided in the KCS by-laws is the exclusive means for a stockholder to make such nominations or proposals (other than proposals submitted for inclusion in the proxy statement governed by Rule 14a-8 of the Exchange Act). The KCS by-laws provide that to be properly brought before a meeting, a proposal must be brought (i) pursuant to KCS's proxy materials with respect to such meeting, (ii) by or at the direction of the KCS board or (iii) by a KCS stockholder who (A) was a stockholder of record both at the time of giving notice for the meeting and at the time of the meeting and is entitled to vote at the meeting and (B) has timely complied in proper written form with the procedures set forth in the KCS by-laws. In addition, the KCS by-laws (x) expand the required disclosure regarding KCS stockholders making proposals or nominations to include, among other things, disclosure of all ownership interests, class and number of shares owned, hedges, derivative and/or short positions, hedging or other transactions, profit interests, options, any voting or dividend rights with respect to any shares of securities of KCS, any material interests of such stockholder (and beneficial owner, if any) in the nomination or proposal, and any other information that would be required in a solicitation of proxies for the nomination or proposal, and (y) require a KCS stockholder nominating a person for election as a director to include in the advance notice certain biographical information about each such nominee, a fully completed director's questionnaire on the form supplied by KCS, a written representation of such nominee as to any voting commitments or related transactions, and an agreement by such nominee to comply with KCS's corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines.

A KCS stockholder (or a group of up to 20 KCS stockholders) owning at least 3% of aggregate voting power of the KCS voting stock continuously for at least three years and complying with the other requirements in KCS's by-laws may nominate and include in KCS's proxy materials director nominees constituting up to 20% of the KCS board or two persons, whichever is greater. Written notice of a proxy access nomination for inclusion in KCS's proxy materials for KCS's 2022 Annual Meeting of Stockholders must have been received by KCS, Attention: Corporate Secretary, at its principal executive office not earlier than the close of business on November 10, 2021 and no later than the close of business on December 10, 2021. The nominating stockholder or group of stockholders also must deliver the information required by KCS's by-laws, and each nominee must meet the qualifications required by KCS's by-laws.

KCS stockholders who intend to present a proposal or nominate candidates for election to the KCS board at KCS's 2022 Annual Meeting of Stockholders, without including such proposal in KCS's proxy statement, must provide KCS's Corporate Secretary with written notice of such proposal not earlier than the close of business on February 19, 2022 and not later than the open of business on March 21, 2022; provided, however, that if an annual meeting is to be held more than 30 days before, or more than 60 days after May 20, 2022, notice by the stockholder to be timely must be delivered not earlier than the 90th day prior to the annual meeting and not later than the later of (i) the 60th day prior to such annual meeting or (ii) the tenth day following the day on which public announcement of the date of the annual meeting was first made.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," potentially provides extra convenience for stockholders and cost savings for companies. KCS and some brokers "household" proxy materials, delivering a single proxy statement to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or KCS that they or KCS will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, or if you are receiving multiple copies of the proxy statement and wish to receive only one, please notify your broker if your shares are held in a brokerage account, or KCS if you hold shares directly in your name. Written requests should be made to Kansas City Southern, 427 West 12th Street, Kansas City, Missouri 64105, Attention: Corporate Secretary, and oral requests should be made by calling KCS's Corporate Secretary's Office at 1-888-800-3690.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

KCS files annual, quarterly and current reports, proxy statements and other information with the SEC. CPRL files or furnishes annual reports, current reports and other information with the SEC under the U.S. Exchange Act. As CPRL is a "foreign private issuer," under the rules adopted under the U.S. Exchange Act it is exempt from certain of the requirements of the U.S. Exchange Act, including the proxy and information provisions of Section 14 of the U.S. Exchange Act and the reporting and liability provisions applicable to officers, directors and significant stockholders under Section 16 of the U.S. Exchange Act.

You may read and copy these reports, statements or other information filed by KCS or CPRL at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Call the SEC at 1-800-SEC-0330 for further information on the public reference room. You may also obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates, from commercial document retrieval services, and at the website maintained by the SEC at www.sec.gov. The information contained on the SEC's website is not incorporated by reference into this proxy statement/prospectus.

You may also access the SEC filings and obtain other information about KCS and CPRL through the websites maintained by KCS and CPRL at www.investors.kcsouthern.com and investor.cpr.ca, respectively. The information contained in those websites is not incorporated by reference into, or in any way part of, this proxy statement/prospectus. You should not rely on such information in deciding whether to approve the KCS merger proposal unless such information is in this proxy statement/prospectus or has been incorporated by reference into this proxy statement/prospectus.

CPRL files reports, statements and other information with the applicable Canadian securities regulatory authorities. CPRL's filings are electronically available to the public from SEDAR at www.sedar.com. The information contained on SEDAR is not incorporated by reference into this proxy statement/prospectus.

Incorporation of Certain Documents by Reference

The SEC allows KCS and CPRL to "incorporate by reference" information into this proxy statement/prospectus. This means that KCS and CPRL can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this proxy statement/prospectus, except for any information that is superseded by information that is included directly in this proxy statement/prospectus or incorporated by reference subsequent to the date of this proxy statement/prospectus.

This proxy statement/prospectus incorporates by reference the documents listed below that KCS and CPRL have previously filed with the SEC. They contain important information about the companies and their financial condition. The following documents, which were filed by the companies with the SEC, are incorporated by reference into this proxy statement/prospectus (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

CPRL Filings with the SEC (File No. 001-01342)	**Period and/or Filing Date**
Annual Report on Form 10-K	Year ended December 31, 2020
Annual Report on Form 10-K/A	Year ended December 31, 2020
Quarterly Report on Form 10-Q	Quarterly period ended March 31, 2021, and June 30, 2021
Current Report on Form 8-K	Filed January 11, 2021, January 26, 2021, January 27, 2021, February 1, 2021, February 2, 2021, February 10, 2021, February 10, 2021, February 18, 2021,

CPRL Filings with the SEC (File No. 001-01342)	Period and/or Filing Date
	March 12, 2021, March 16, 2021, March 16, 2021, March 22, 2021, April 1, 2021, April 6, 2021, April 12, 2021, April 13, 2021, April 21, 2021, April 21, 2021, April 21, 2021, April 23, 2021, April 27, 2021, May 6, 2021, May 27, 2021, July 28, 2021, July 30, 2021, July 30, 2021, August 10, 2021, September 1, 2021, September 13, 2021, September 16, 2021 and September 16, 2021.

KCS Filings with the SEC (File No. 001-04717)	Period and/or Filing Date
Annual Report on Form 10-K	Year ended December 31, 2020
Quarterly Reports on Form 10-Q	Quarterly period ended March 31, 2021, and June 30, 2021
Definitive proxy statement on Form DEF 14A	Filed April 9, 2021
Current Reports on Form 8-K	Filed January 22, 2021, March 2, 2021, March 16, 2021, March 22, 2021, March 30, 2021, April 16, 2021, April 21, 2021, May 21, 2021, May 25, 2021, June 11, 2021, July 16, 2021, August 9, 2021 and September 15, 2021.

* Other than the portions of those documents not deemed to be filed.

All documents filed by KCS and CPRL under Section 13(a), 13(c), 14 or 15(d) of the U.S. Exchange Act from the date of this proxy statement/prospectus to the completion of the offering will also be deemed to be incorporated into this proxy statement/prospectus by reference other than the portions of those documents not deemed to be filed. These documents include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K (excluding any information furnished pursuant to Item 2.02 or Item 7.01 of any current report on Form 8-K under the U.S. Exchange Act), and proxy statements.

In addition, the description of CPRL common shares contained in CPRL's registration statements under Section 12 of the U.S. Exchange Act is incorporated by reference.

KCS and CPRL also incorporate by reference the merger agreement attached to this proxy statement/prospectus as Annex A.

CPRL has supplied all information contained into this proxy statement/prospectus relating to CPRL, and KCS has supplied all information contained in or incorporated by reference into this proxy statement/prospectus relating to KCS.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this proxy statement/prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this proxy statement/prospectus.

You may also obtain copies of any document incorporated in this proxy statement/prospectus, without charge, by requesting them in writing or by telephone from the appropriate company at the addresses below, or from the

SEC through the SEC's website at www.sec.gov. KCS stockholders and CPRL shareholders may request a copy of such documents by contacting:

Kansas City Southern
427 West 12th Street
Kansas City, Missouri 64105
Attention: Corporate Secretary
Telephone: 1-888-800-3690

Canadian Pacific Railway Limited
7550 Ogden Dale Road S.E.
Calgary, Alberta, T2C 4X9
Attention: Office of the Corporate Secretary
Telephone: 1-403-319-7000

In addition, you may obtain copies of any document incorporated into this proxy statement/prospectus, without charge, by visiting the websites maintained by KCS and CPRL at www.investors.kcsouthern.com and investor.cpr.ca, respectively.

If you would like to request documents, please do so by [—], 2021, to receive them before the KCS special meeting. If you request any incorporated documents from us, we will mail them to you by first class mail, or another equally prompt means, within one business day after we receive your request.

KCS and CPRL have not authorized anyone to give any information or make any representation about the transaction, the KCS special meeting or KCS and CPRL that is different from, or in addition to, that contained in this proxy statement/prospectus or in any of the materials that KCS and CPRL have incorporated into this proxy statement/prospectus by reference. Therefore, if anyone does give you information of this sort, you should not rely on it. The information contained in this proxy statement/prospectus is accurate only as of the date of this proxy statement/prospectus unless the information specifically indicates that another date applies, and neither the mailing of this proxy statement/prospectus to stockholders nor the issuance of CPRL common shares in the transaction should create any implication to the contrary.

ANNEX A

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

by and among

CANADIAN PACIFIC RAILWAY LIMITED,

CYGNUS MERGER SUB 1 CORPORATION,

CYGNUS MERGER SUB 2 CORPORATION

and

KANSAS CITY SOUTHERN

Dated as of September 15, 2021

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AGREEMENT AND PLAN OF MERGER, dated as of September 15, 2021 (this "Agreement"), by and among Canadian Pacific Railway Limited, a Canadian corporation ("Parent"), Cygnus Merger Sub 1 Corporation, a Delaware corporation and a direct wholly owned subsidiary of Parent ("Surviving Merger Sub"), Cygnus Merger Sub 2 Corporation, a Delaware corporation and a direct wholly owned subsidiary of Surviving Merger Sub ("First Merger Sub" and, together with Surviving Merger Sub, "Merger Subs") and Kansas City Southern, a Delaware corporation (the "Company").

W I T N E S S E T H:

WHEREAS, Parent desires to acquire the Company on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, in furtherance of such acquisition, and on the terms and subject to the conditions set forth in this Agreement and in accordance with the General Corporation Law of the State of Delaware (the "DGCL"), (a) First Merger Sub shall be merged with and into the Company (the "First Merger"), with the Company surviving the First Merger as a direct wholly owned Subsidiary of Surviving Merger Sub, and (b) immediately following the First Merger, the Company shall be merged with and into Surviving Merger Sub (the "Second Merger" and, together with the First Merger, the "Mergers"), with Surviving Merger Sub surviving the Second Merger as a direct, wholly owned subsidiary of Parent;

WHEREAS, the board of directors of the Company (the "Company Board") has unanimously (a) determined that it is in the best interests of the Company and its stockholders, and declared it advisable, to enter into this Agreement, (b) approved the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Mergers, and (c) resolved to recommend that the stockholders of the Company adopt this Agreement and directed that such matter be submitted for consideration of the stockholders of the Company at the Company Stockholder Meeting;

WHEREAS, the board of directors of Parent (the "Parent Board") has unanimously (a) determined that it is in the best interests of Parent to enter into this Agreement, (b) approved and declared advisable the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Mergers and the Debt Financing, and (c) resolved to recommend that the shareholders of Parent approve the issuance of Parent Common Shares in connection with the First Merger (the "Parent Share Issuance") and directed that such matter be submitted for consideration of the shareholders of Parent at the Parent Shareholder Meeting;

WHEREAS, the board of directors of Surviving Merger Sub has unanimously (a) determined that it is in the best interests of Surviving Merger Sub and its sole stockholder, and declared it advisable, to enter into this Agreement, (b) approved the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Mergers, and (c) resolved to recommend that the sole stockholder of Surviving Merger Sub adopt this Agreement and directed that such matter be submitted for consideration of the sole stockholder of Surviving Merger Sub;

WHEREAS, the board of directors of First Merger Sub has unanimously (a) determined that it is in the best interests of First Merger Sub and its sole stockholder, and declared it advisable, to enter into this Agreement, (b) approved the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Mergers, and (c) resolved to recommend that the sole stockholder of First Merger Sub approve this Agreement and directed that such matter be submitted for consideration of the sole stockholder of First Merger Sub;

WHEREAS, for U.S. federal income tax purposes, it is intended that (a) the Mergers, taken together, shall qualify (i) as a "reorganization" within the meaning of Section 368(a) of the Code and (ii) for an exception

to the general rule of Section 367(a)(1) of the Code, and (b) this Agreement be, and is hereby adopted as, a "plan of reorganization" for purposes of Sections 354, 361 and 368 of the Code and the Treasury Regulations promulgated thereunder;

WHEREAS, pursuant to Decision No. 5 (Docket No. FD 36500) of the Surface Transportation Board (the "STB"), dated May 6, 2021, Parent has obtained the approval of the STB (the "STB Voting Trust Approval") to deposit or cause the deposit of all outstanding shares of the Second Surviving Corporation (as defined below) into an irrevocable voting trust (the "Voting Trust" and such deposit, the "Voting Trust Transaction"), subject to the voting trust agreement in the form attached hereto as Exhibit A (the "Voting Trust Agreement"); and

WHEREAS, Parent, Merger Subs and the Company desire to make certain representations, warranties, covenants and agreements specified herein in connection with this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, Parent, Merger Subs and the Company agree as follows:

ARTICLE 1

THE MERGERS

Section 1.1 The Mergers. On the terms and subject to the conditions set forth in this Agreement:

(a) at the First Effective Time and in accordance with the DGCL, First Merger Sub shall merge with and into the Company, the separate corporate existence of First Merger Sub shall cease and the Company shall continue its corporate existence under Delaware law as the surviving corporation in the First Merger (the "First Surviving Corporation") and a direct wholly owned Subsidiary of Surviving Merger Sub; and

(b) immediately following the First Merger, at the Second Effective Time, and in accordance with the DGCL, the First Surviving Corporation shall merge with and into Surviving Merger Sub, the separate corporate existence of the First Surviving Corporation shall cease and Surviving Merger Sub shall continue its corporate existence under Delaware law as the surviving corporation in the Second Merger (the "Second Surviving Corporation") and a direct wholly owned Subsidiary of Parent.

Section 1.2 Closing. The closing of the Mergers (the "Closing") shall take place (a) at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, New York 10019, at 8:30 a.m., New York City time, on the second Business Day after the satisfaction or waiver (to the extent permitted by applicable Law) of the conditions set forth in Article 6 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions) or (b) at such other place, time and date as the Company and Parent may agree in writing. The date on which the Closing actually occurs is referred to as the "Closing Date."

Section 1.3 Effective Times. Subject to the provisions of this Agreement, at the Closing, (a) the Company shall cause a certificate of merger in connection with the First Merger (the "First Certificate of Merger") to be executed, acknowledged and filed with the Secretary of State of the State of Delaware in accordance with the applicable provisions of the DGCL and (b) immediately following the filing of the First Certificate of Merger, the First Surviving Corporation shall cause a certificate of merger in connection with the Second Merger (the "Second Certificate of Merger") to be executed, acknowledged and filed with the Secretary of State of the State of Delaware in accordance with the applicable provisions of the DGCL. The First Merger shall become effective at such time as the First Certificate of Merger has been duly filed with the Secretary of

State of the State of Delaware or at such later time as may be agreed by the Company and First Merger Sub in writing and specified in the First Certificate of Merger in accordance with the DGCL (the effective time of the First Merger being herein referred to as the "First Effective Time") and the Second Merger shall become effective at such time as the Second Certificate of Merger has been duly filed with the Secretary of State of the State of Delaware or at such later time as may be agreed by the First Surviving Corporation and Surviving Merger Sub in writing and specified in the Second Certificate of Merger in accordance with the DGCL, but in any event immediately following the First Effective Time (the effective time of the Second Merger being herein referred to as the "Second Effective Time").

Section 1.4 Effects of the Mergers. The Mergers shall have the effects set forth in this Agreement and the applicable provisions of the DGCL.

Section 1.5 Organizational Documents of the First Surviving Corporation and the Second Surviving Corporation. Subject to Section 5.11:

(a) at the First Effective Time: (i) the certificate of incorporation of First Merger Sub as in effect immediately prior to the First Effective Time (amended so that the name of the First Surviving Corporation shall be "Kansas City Southern") shall be the certificate of incorporation of the First Surviving Corporation until thereafter amended in accordance with the DGCL and such certificate of incorporation; and (ii) the bylaws of First Merger Sub as in effect immediately prior to the First Effective Time (amended so that the name of the First Surviving Corporation shall be "Kansas City Southern") shall be the bylaws of the First Surviving Corporation until thereafter amended in accordance with the DGCL and such bylaws; and

(b) at the Second Effective Time: (i) the certificate of incorporation of Surviving Merger Sub as in effect immediately prior to the Second Effective Time (amended so that the name of the Second Surviving Corporation shall be "Kansas City Southern"), shall be the certificate of incorporation of the Second Surviving Corporation until thereafter amended in accordance with DGCL and such certificate of incorporation and (ii) the bylaws of Surviving Merger Sub as in effect immediately prior to the Second Effective Time (amended so that the name of the Second Surviving Corporation shall be "Kansas City Southern") shall be the bylaws of the Second Surviving Corporation.

Section 1.6 Directors and Officers of the First Surviving Corporation. (a) The directors of the Company as of immediately prior to the First Effective Time shall be the initial directors of the First Surviving Corporation as of the First Effective Time and shall hold office until their respective successors are duly elected and qualified, or their earlier death, resignation or removal and (b) the officers of the Company as of immediately prior to the First Effective Time shall be the initial officers of the First Surviving Corporation as of the First Effective Time and shall hold office until their respective successors are duly elected and qualified, or their earlier death, resignation or removal.

Section 1.7 Directors and Officers of the Second Surviving Corporation. (a) The directors the First Surviving Corporation as of immediately prior to the Second Effective Time shall be the initial directors of the Second Surviving Corporation as of the Second Effective Time and shall hold office until their respective successors are duly elected and qualified, or their earlier death, resignation or removal and (b) the officers of the First Surviving Corporation as of immediately prior to the Second Effective Time shall be the initial officers of the Second Surviving Corporation as of the Second Effective Time and shall hold office until their respective successors are duly elected and qualified, or their earlier death, resignation or removal.

Section 1.8 Post-Closing Contributions. Immediately following the Second Effective Time, Parent shall, or shall cause its Affiliates to, take all actions necessary to undertake the steps set forth in Section 1.8 of the Parent Disclosure Schedules (the "Post-Closing Contributions").

ARTICLE 2

CONVERSION OF SHARES; EXCHANGE OF CERTIFICATES

Section 2.1 Effect of the Mergers on Capital Stock.

(a) At the First Effective Time, by virtue of the First Merger and without any action on the part of the Company, Surviving Merger Sub or the holders of any securities of the Company or Surviving Merger Sub:

(i) Conversion of Company Common Stock. Each share of Company Common Stock that is outstanding immediately prior to the First Effective Time, but excluding Excluded Shares and Dissenting Shares, shall be converted automatically into the right to receive (A) a number of Parent Common Shares equal to the Exchange Ratio (the "Share Consideration"), subject to Section 2.1(e) with respect to fractional Parent Common Shares, and (B) $90.00 in cash (the "Cash Consideration" and, together with the Share Consideration, the "Merger Consideration"). All shares of Company Common Stock that have been converted into the right to receive the Merger Consideration as provided in this Section 2.1(a) shall be automatically cancelled and cease to exist on the conversion thereof, and uncertificated shares of Company Common Stock represented by book-entry form ("Common Book-Entry Shares") and each certificate that, immediately prior to the First Effective Time, represented any such shares of Company Common Stock (each, a "Common Certificate") shall thereafter represent only the right to receive the Merger Consideration (including the right to receive, pursuant to Section 2.1(e), the Fractional Share Cash Amount) into which the shares of Company Common Stock represented by such Common Book-Entry Share or Common Certificate have been converted pursuant to this Section 2.1(a)(i).

(ii) Treatment of Excluded Shares. Each share of Company Common Stock or Company Preferred Stock that is directly owned by the Company (as treasury stock or otherwise), Parent or either Merger Sub immediately prior to the First Effective Time, other than shares held on behalf of third parties, shall be cancelled and shall cease to exist, and no consideration shall be delivered in exchange therefor (such shares, the "Cancelled Shares"). Each share of Company Common Stock that is owned by any wholly owned Subsidiary of the Company or Parent (other than either Merger Sub) immediately prior to the First Effective Time, other than shares held on behalf of third parties, shall automatically be converted into the right to receive such number of Parent Common Shares equal to (A) the Cash Consideration *divided by* the Parent Share Price *plus* (B) the Exchange Ratio (each such share, together with the Cancelled Shares, the "Excluded Shares").

(iii) Conversion of First Merger Sub Common Stock. Each share of common stock, par value $0.01 per share, of First Merger Sub outstanding immediately prior to the First Effective Time shall be converted into and become one validly issued, fully paid and nonassessable share of common stock, par value $0.01 per share, of the First Surviving Corporation with the same rights, powers and privileges as the shares so converted and shall constitute the only outstanding shares of capital stock of the First Surviving Corporation. From and after the First Effective Time, all certificates representing the common stock of First Merger Sub shall be deemed for all purposes to represent the number of shares of common stock of the First Surviving Corporation into which they were converted in accordance with the immediately preceding sentence.

(iv) Conversion of Company Preferred Stock. Each share of Company Preferred Stock that is outstanding immediately prior to the First Effective Time, but excluding Dissenting Shares and Cancelled Shares, shall be converted automatically into the right to receive $37.50 per share in cash (the "Preferred Merger Consideration"). All shares of Company Preferred Stock that have been converted into the right to receive the Preferred Merger Consideration as provided in this Section 2.1(a)(iv) shall be automatically cancelled on the conversion thereof and shall cease to exist, and uncertificated shares of Company Preferred Stock represented by book-entry form ("Preferred Book-Entry Shares") and each certificate that, immediately prior to the First Effective Time, represented any such shares of Company Preferred Stock (each, a "Preferred Certificate") shall thereafter represent only the right to receive the Preferred Merger

Consideration into which the shares of Company Preferred Stock represented by such Preferred Book-Entry Share or Preferred Certificate have been converted pursuant to this Section 2.1(a)(iv).

(b) At the Second Effective Time, by virtue of the Second Merger and without any action on the part of the Second Surviving Corporation, Surviving Merger Sub or the holders of any securities of the Second Surviving Corporation or Surviving Merger Sub, (i) each share of common stock, par value $0.01 per share, of Surviving Merger Sub issued and outstanding immediately prior to the Second Effective Time shall remain outstanding, all of which shares shall be held by Parent and which shall not be affected by the Second Merger and (ii) each share of common stock of the First Surviving Corporation issued and outstanding immediately prior to the Second Effective Time shall be cancelled and shall cease to exist, and no consideration shall be paid with respect thereto, such that, immediately following the Second Merger, the Second Surviving Corporation shall be a direct wholly owned Subsidiary of Parent.

(c) Dissenters' Rights. Any provision of this Agreement to the contrary notwithstanding, if required by the DGCL (but only to the extent required thereby), shares of Company Common Stock or Company Preferred Stock that are issued and outstanding immediately prior to the First Effective Time (other than the Cancelled Shares) and that are held by holders of such shares who have not voted in favor of the adoption of this Agreement or consented thereto in writing and who have properly exercised appraisal rights with respect thereto in accordance with, and who have complied with, Section 262 of the DGCL with respect to any such shares held by any such holder (the "Dissenting Shares") shall not be converted into the right to receive the Merger Consideration or the Preferred Merger Consideration, as applicable, and holders of such Dissenting Shares shall be entitled to receive payment of the fair value of such Dissenting Shares in accordance with the provisions of such Section 262, unless and until any such holder fails to perfect or effectively withdraws or loses its rights to appraisal and payment under the DGCL. If, after the First Effective Time, any such holder fails to perfect or effectively withdraws or loses such rights, such Dissenting Shares shall thereafter be no longer considered Dissenting Shares under this Agreement and shall be treated as if they had been converted into, at the First Effective Time, the right to receive the Merger Consideration or the Preferred Merger Consideration, as applicable, without any interest thereon, in accordance with Section 2.1(a). At the First Effective Time, any holder of Dissenting Shares shall cease to have any rights with respect thereto, except the rights provided in Section 262 of the DGCL and as provided in the previous sentence. The Company shall give Parent (i) prompt notice of any demands received by the Company for appraisals of shares of Company Common Stock or Company Preferred Stock under Section 262 of the DGCL and (ii) the opportunity to direct all negotiations and proceedings with respect to such demands. The Company shall not, except with the prior written consent of Parent (which consent shall not be unreasonably withheld, delayed or conditioned), make any payment with respect to any such demands for appraisal or settle, offer to settle or approve any withdrawal of any such demands.

(d) Certain Adjustments. If, between the date of this Agreement and the First Effective Time, the outstanding shares of Company Common Stock or Company Preferred Stock or the outstanding Parent Common Shares shall have been changed into a different number of shares or a different class of shares by reason of any stock dividend, subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination or exchange of shares, the Merger Consideration and/or the Preferred Merger Consideration, as applicable, shall be equitably adjusted, without duplication, to proportionally reflect such change.

(e) No Fractional Shares.

(i) No fractional Parent Common Shares shall be issued in connection with the First Merger and no certificates or scrip representing fractional Parent Common Shares shall be delivered on the conversion of shares of Company Common Stock pursuant to Section 2.1(a)(i). Each holder of shares of Company Common Stock who would otherwise have been entitled to receive as a result of the First Merger a fraction of a Parent Common Share (after aggregating all shares represented by the Common Certificates and Common Book-Entry Shares delivered by such holder) shall receive, in lieu of such fractional Parent

Common Share, cash (without interest) in an amount (rounded down to the nearest cent) representing such holder's proportionate interest in the net proceeds from the sale by the Exchange Agent, on behalf of all such holders, of the aggregated number of fractional Parent Common Shares that would otherwise have been issuable to such holders as part of the Merger Consideration (the "Fractional Share Cash Amount").

(ii) As soon as practicable after the First Effective Time, the Exchange Agent shall, on behalf of all such holders of fractional Parent Common Shares, effect the sale of all such Parent Common Shares that would otherwise have been issuable as part of the Merger Consideration at the then-prevailing prices on the NYSE through one or more member firms of the NYSE. After the proceeds of such sale have been received, the Exchange Agent shall determine the applicable Fractional Share Cash Amount payable to each applicable holder and shall make such amounts available to such holders in accordance with Section 2.2(b). The payment of cash in lieu of fractional Parent Common Shares to such holders is not a separately bargained-for consideration and solely represents a mechanical rounding-off of the fractions in the exchange.

(iii) No such holder shall be entitled to dividends, voting rights or any other rights in respect of any fractional Parent Common Share that would otherwise have been issuable as part of the Merger Consideration.

Section 2.2 Exchange of Certificates.

(a) Exchange Agent. Prior to the First Effective Time, Parent and Surviving Merger Sub shall designate Computershare Investor Services Inc. or a bank or trust company or similar institution selected by Parent to serve as exchange agent hereunder and approved in advance by the Company in writing (which approval shall not be unreasonably withheld, conditioned or delayed) (the "Exchange Agent"). Prior to the First Effective Time, Parent shall, on behalf of Surviving Merger Sub, deposit or shall cause to be deposited, with the Exchange Agent, in trust for the benefit of holders of shares of Company Common Stock and Company Preferred Stock, (i) cash in U.S. dollars sufficient to pay (A) the aggregate Cash Consideration payable pursuant to Section 2.1(a)(i) and (B) the aggregate Preferred Merger Consideration payable pursuant to Section 2.1(a)(iv) and (ii) evidence of Parent Common Shares in book-entry form representing the number of Parent Common Shares sufficient to deliver the aggregate Share Consideration deliverable pursuant to Section 2.1(a)(i). Parent agrees to deposit, or cause to be deposited, with the Exchange Agent from time to time, as needed, cash sufficient to pay any dividends and other distributions pursuant to Section 2.2(c). Any such cash and book-entry shares deposited with the Exchange Agent shall be referred to as the "Exchange Fund."

(b) Payment Procedures.

(i) As soon as reasonably practicable after the First Effective Time and in any event not later than the third Business Day following the Closing Date, Parent shall cause the Exchange Agent to mail to each holder of record of shares of Company Common Stock or Company Preferred Stock whose shares were converted into the right to receive the Merger Consideration or the Preferred Merger Consideration, as applicable, pursuant to Section 2.1, (A) a letter of transmittal with respect to Book-Entry Shares (to the extent applicable) and Certificates (which shall specify that delivery shall be effected, and risk of loss and title to Certificates shall pass, only on delivery of Certificates (or effective affidavits of loss in lieu thereof) to the Exchange Agent and shall be in such form and have such other provisions as Parent and the Company may mutually reasonably agree), and (B) instructions for use in effecting the surrender of Book-Entry Shares (to the extent applicable) or Certificates (or effective affidavits of loss in lieu thereof) in exchange for the Merger Consideration or the Preferred Merger Consideration, as applicable.

(ii) On surrender of Certificates (or effective affidavits of loss in lieu thereof) or Book-Entry Shares to the Exchange Agent, together with such letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, or, in the case of Book-Entry Shares, receipt of an "agent's message" by the Exchange Agent, and such other documents as may customarily be required by the

Exchange Agent, the holder of such Certificates (or effective affidavits of loss in lieu thereof) or Book-Entry Shares shall be entitled to receive in exchange therefor, and the Exchange Agent shall be required to promptly deliver to each such holder, the Merger Consideration or the Preferred Merger Consideration, as applicable, into which the shares represented by such Certificates or Book-Entry Shares have been converted pursuant to this Article 2 (together with any Fractional Share Cash Amount and any dividends or other distributions payable pursuant to Section 2.2(c)). No interest shall be paid or accrued on any amount payable on due surrender of Certificates (or effective affidavits of loss in lieu thereof) or Book-Entry Shares. If payment of the Merger Consideration or Preferred Merger Consideration, as applicable, is to be made to a Person other than the Person in whose name the surrendered Certificate is registered, it shall be a condition precedent of payment that (A) the Certificate so surrendered shall be properly endorsed or shall be otherwise in proper form for transfer and (B) the Person requesting such payment shall have paid any transfer and other similar Taxes required by reason of the payment of the Merger Consideration or Preferred Merger Consideration, as applicable, to a Person other than the registered holder of the Certificate surrendered or shall have established that such Tax either has been paid or is not required to be paid.

(iii) The Exchange Agent, the Company, Parent and each Merger Sub, as applicable, shall be entitled to deduct and withhold from any amounts otherwise payable to holders of Company Common Stock or Company Preferred Stock pursuant to this Article 2 such amounts as are required to be withheld or deducted under the Internal Revenue Code of 1986, as amended (the "Code"), or under any provision of state, local or foreign Tax Law with respect to the making of such payment; it being understood that, provided that the representation and warranty of the Company in Section 3.15(c) is true and correct as of the First Effective Time, no deduction or withholding shall be made under the Laws of Canada (or any province thereof) from any such amounts (other than, for greater certainty, (A) any dividend or other distribution referenced in Section 2.2(c), and (B) amounts referred to in Section 2.3 that are attributable to personal services performed by the applicable payee in Canada or any province thereof or by an applicable payee who is a resident, for income Tax purposes, of Canada) except to the extent that any such deduction or withholding shall be required by a change in Law after the date of this Agreement. To the extent that amounts are so deducted or withheld and timely paid over to the relevant Governmental Entity, such deducted or withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction or withholding was made.

(c) Treatment of Unexchanged Shares. No dividends or other distributions, if any, with a record date after the First Effective Time with respect to Parent Common Shares shall be paid to the holder of any unsurrendered shares of Company Common Stock to be converted into Parent Common Shares pursuant to Section 2.1(a)(i) until such holder shall surrender such shares of Company Common Stock in accordance with this Section 2.2. After the surrender in accordance with this Section 2.2 of a share of Company Common Stock to be converted into Parent Common Shares pursuant to Section 2.1(a)(i), the holder thereof shall be entitled to receive (in addition to the Merger Consideration and the Fractional Share Cash Amount payable to such holder pursuant to this Article 2) any such dividends or other distributions, without any interest thereon, which theretofore had become payable with respect to the Parent Common Shares represented by such share of Company Common Stock, less such withholding or deduction for any Taxes required by applicable Law.

(d) Closing of Transfer Books. At the First Effective Time, the stock transfer books of the Company shall be closed, and there shall be no further registration of transfers on the stock transfer books of the First Surviving Corporation of the shares of Company Common Stock or Company Preferred Stock that were outstanding immediately prior to the First Effective Time. If, after the First Effective Time, Certificates or Book-Entry Shares are presented to the Second Surviving Corporation, Parent or the Exchange Agent for transfer or any other reason, the holder of any such Certificates or Book-Entry Shares shall be given a copy of the letter of transmittal referred to in Section 2.2(b) and instructed to comply with the instructions in that letter of transmittal in order to receive the consideration to which such holder is entitled pursuant to this Article 2.

(e) Termination of Exchange Fund. Any portion of the Exchange Fund (including the proceeds of any investments thereof) that remains undistributed to the former holders of shares of Company Common Stock or Company Preferred Stock on the first anniversary of the First Effective Time shall thereafter be delivered, at the direction of Surviving Merger Sub, to Parent on demand, and any former holders of shares of Company Common Stock or Company Preferred Stock who have not surrendered their shares in accordance with this Article 2 shall thereafter look only to Parent for payment of their claim for the Merger Consideration (together with the Fractional Share Cash Amount and any dividends or other distributions payable pursuant to Section 2.2(c)) or Preferred Merger Consideration, as applicable, without any interest thereon, on due surrender of their shares.

(f) No Liability. Anything herein to the contrary notwithstanding, none of the Company, Parent, either Merger Sub, the First Surviving Corporation, the Second Surviving Corporation, the Exchange Agent or any other Person shall be liable to any former holder of shares of Company Common Stock or Company Preferred Stock for any amount properly delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law. Any portion of the Exchange Fund that remains undistributed to the holders of Company Common Stock or Company Preferred Stock as of immediately prior to the date on which the Exchange Fund would otherwise escheat to, or become property of, any Governmental Entity shall cease to represent any claim of any kind or nature and shall be deemed to be surrendered for cancellation to Parent.

(g) Investment of Exchange Fund. The Exchange Agent shall invest all cash included in the Exchange Fund as reasonably directed by Parent; provided, that any investment of such cash shall be limited to direct short-term obligations of, or short-term obligations fully guaranteed as to principal and interest by, the U.S. government; provided, further, that no such investment or loss thereon shall affect the amounts payable to holders of Certificates (or effective affidavits of loss in lieu thereof) or Book-Entry Shares pursuant to this Article 2, and following any losses from any such investment, Parent shall promptly provide, on behalf of Surviving Merger Sub, additional funds to the Exchange Agent for the benefit of the holders of shares of Company Common Stock or Company Preferred Stock. Any interest and other income resulting from such investments shall be paid to or at the direction of Parent pursuant to Section 2.2(e).

(h) Lost Certificates. In the case of any Certificate that has been lost, stolen or destroyed, on the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by the Exchange Agent, the posting by such Person of a bond in customary amount as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent shall issue in exchange for such lost, stolen or destroyed Certificate the Merger Consideration (together with the Fractional Share Cash Amount and any dividends or other distributions deliverable pursuant to Section 2.2(c)) or the Preferred Merger Consideration, as applicable, payable in accordance with Section 2.1 with respect to the shares of Company Common Stock or Company Preferred Stock represented by such lost, stolen or destroyed Certificate.

Section 2.3 Treatment of Company Equity Awards.

(a) Each option to purchase shares of Company Common Stock (each, a "Company Option"), whether vested or unvested, that is outstanding as of immediately prior to the First Effective Time shall, at the First Effective Time, become fully vested and be converted into the right to receive an amount in cash equal to (i) the excess, if any of (A) the Merger Consideration Value over (B) the exercise price per share of Company Common Stock of such Company Option *multiplied by* (ii) the total number of shares of Company Common Stock subject to such Company Option as of immediately prior to the First Effective Time. Parent shall or shall cause the Second Surviving Corporation or one of its Subsidiaries, as applicable, to deliver to the holders of Company Options the cash amounts described in the immediately preceding sentence, less such amounts as are required to be withheld or deducted under the Code or any provision of state, local or foreign Tax Law with respect to the making of such payment, promptly but no later than the next scheduled payroll of the Company that is at least four Business Days after the First Effective Time. For the avoidance of doubt, any Company Option that has an exercise price per share of Company Common Stock that is greater than or equal to the Merger Consideration Value shall be cancelled at the First Effective Time for no consideration or payment.

(b) Each award of shares of Company Common Stock granted subject to any vesting, forfeiture or other lapse restrictions (each, a "Company Restricted Share Award") that is outstanding as of immediately prior to the First Effective Time, shall, at the First Effective Time, become fully vested and be converted into the right to receive (i) the Merger Consideration in respect of each share of Company Common Stock subject to such Company Restricted Share Award as of immediately prior to the First Effective Time and (ii) the accrued but unpaid cash dividends corresponding to each share of Company Common Stock subject to such Company Restricted Share Award. Parent shall or shall cause the Second Surviving Corporation or one of its Subsidiaries, as applicable, to pay to the holders of Company Restricted Share Awards the cash amounts and Parent Common Shares described in the immediately preceding sentence, less such amounts as are required to be withheld or deducted under the Code or any provision of state, local or foreign Tax Law with respect to the making of such payment, promptly but no later than the next scheduled payroll of the Company that is at least four Business Days after the First Effective Time.

(c) Each award of performance shares that corresponds to shares of Company Common Stock (each, a "Company Performance Share Award") that is outstanding as of immediately prior to the First Effective Time, shall, at the First Effective Time, be converted into an award that entitles the holder thereof, upon vesting, to receive an amount in cash equal to the Merger Consideration Value in respect of each share of Company Common Stock subject to such Company Performance Share Award, with the number of shares of Company Common Stock subject to each such award equal to 200% of the target number of shares of Company Common Stock covered by each such award as of immediately prior to the First Effective Time. Except as otherwise provided in this Section 2.3(c), each cash-based award covered by this Section 2.3(c) shall have the same terms and conditions (including vesting terms and conditions) as applied to the corresponding Company Performance Share Award; provided, that the performance-based vesting conditions shall no longer apply, the award will be subject only to service-based vesting, and each such award shall vest in full upon a Qualifying Termination.

(d) Each share of director deferred stock (each, a "Director Deferred Share") that is outstanding as of immediately prior to the First Effective Time, shall, at the First Effective Time, be converted into the right to receive the Merger Consideration. Parent shall or shall cause the Second Surviving Corporation or one of its Subsidiaries, as applicable, to deliver to the holders of Director Deferred Shares the cash amounts and Parent Common Shares described in the immediately preceding sentence, less such amounts as are required to be withheld or deducted under the Code or any provision of state, local or foreign Tax Law with respect to the making of such payment, promptly but no later than the next scheduled payroll of the Company that is at least four Business Days after the First Effective Time.

(e) Prior to the First Effective Time, the Company, through the Company Board or an appropriate committee thereof, shall adopt such resolutions as may reasonably be required in its discretion to effectuate the actions contemplated by this Section 2.3.

(f) Notwithstanding anything in Section 2.3(a), Section 2.3(b) or Section 2.3(c) to the contrary, but subject to Section 5.1(b), (i) to the extent the terms of any Company Option, Company Restricted Share Award or Company Performance Share Award granted on or after March 21, 2021 and not in violation of this Agreement expressly provide for treatment in connection with the occurrence of the First Effective Time that is different from the treatment prescribed by this Section 2.3, or (ii) as mutually agreed by the parties hereto and a holder of any Company Option, Company Restricted Share Award or Company Performance Share Award, then in each case, the terms of such Company Option, Company Restricted Share Award or Company Performance Share Award, as applicable, shall control (and the applicable provisions of this Section 2.3 shall not apply).

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as disclosed in the Company SEC Documents furnished or filed prior to the date of this Agreement (including any documents incorporated by reference therein and excluding any disclosures set forth in

any "risk factors" section or in any "forward-looking statements" section to the extent they are forward-looking statements or cautionary, predictive or forward-looking in nature) or in the disclosure schedules delivered by the Company to Parent concurrently with the execution of this Agreement (the "Company Disclosure Schedules") (it being agreed that disclosure of any item in any section or subsection of the Company Disclosure Schedules shall be deemed disclosed with respect to any other section or subsection of this Agreement and the Company Disclosure Schedules to the extent that the relevance thereof is reasonably apparent on its face), the Company represents and warrants to Parent and each Merger Sub as follows as of the date of this Agreement and as of the Closing Date (other than such representations and warranties that are expressly made as of a certain date, which are made as of such date):

Section 3.1 Qualification, Organization, Subsidiaries.

(a) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the state of Delaware. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, each of the Company's Subsidiaries is a legal entity duly organized, validly existing and (where such concept is recognized) in good standing under the Laws of its respective jurisdiction of incorporation or organization, as applicable. Each of the Company and its Subsidiaries has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except, in each case, as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. The Company has made available to Parent true, complete and correct copies of the Organizational Documents of the Company and each of its Significant Subsidiaries, each as amended prior to the date of this Agreement, and each as made available to Parent is in full force and effect.

(b) All of the outstanding shares of capital stock or voting securities of, or other equity interests in, each of the Company's Subsidiaries have been validly issued and are owned by the Company, by another Subsidiary of the Company or by the Company and another Subsidiary of the Company, free and clear of all Liens other than restrictions imposed by applicable securities Laws or the Organizational Documents of any such Subsidiary or any Permitted Liens.

Section 3.2 Capitalization.

(a) The authorized share capital of the Company consists of 400,000,000 shares of Company Common Stock, 840,000 shares of Preferred Stock, par value $25 per share (the "Company Preferred Stock") and 2,000,000 shares of New Series Preferred Stock, par value $1 per share (the "Company New Series Preferred Stock"). As of September 9, 2021, there were (i) 90,976,580 shares of Company Common Stock issued and outstanding (including 187,529 shares of Company Common Stock subject to Company Restricted Share Awards but no shares of Company Common Stock underlying outstanding Company Performance Share Awards and not including shares held in treasury), (ii) 32,375,605 shares of Company Common Stock held in treasury, (iii) 214,542 shares of Company Preferred Stock issued and outstanding (not including shares held in treasury), (iv) 435,194 shares of Company Preferred Stock held in treasury, (v) no shares of Company New Series Preferred Stock issued and outstanding, (vi) Company Options to purchase an aggregate of 571,189 shares of Company Common Stock issued and outstanding, (vii) 116,358 shares of Company Common Stock underlying outstanding Company Performance Share Awards if performance conditions are satisfied at the target level, and (viii) 10,082.6654 shares of Company Common Stock underlying outstanding Director Deferred Shares. All outstanding shares of Company Common Stock are, and all such shares that may be issued prior to the Effective Time will be when issued, duly authorized and validly issued as fully paid and nonassessable, and are not subject to and were not issued in violation of any preemptive or similar right, purchase option, call or right of first refusal or similar right. To the Knowledge of the Company, as of the date hereof, no Person is the beneficial owner of ten percent or more of the issued shares of the Company Common Stock. The Company ESPP was terminated effective as of June 30, 2021, and no participant has any purchase rights thereunder.

(b) Except as set forth in Section 3.2(a) or as required by the terms of the Company Benefit Plans, as of the date of this Agreement, (i) the Company does not have any shares of its capital stock issued or outstanding, other than shares of Company Common Stock that have become outstanding after September 9, 2021, which were reserved for issuance as of September 9, 2021 as set forth in Section 3.2(a), and (ii) there are no outstanding subscriptions, options, warrants, calls, convertible securities or other similar rights, agreements or commitments relating to the issuance of capital stock of the Company or any of the Company's Subsidiaries to which the Company or any of the Company's Subsidiaries is a party obligating the Company or any of the Company's Subsidiaries to (A) issue, transfer or sell any shares of capital stock of the Company or any of the Company's Subsidiaries or securities convertible into, exercisable for or exchangeable for such shares, (B) grant, extend or enter into any such subscription, option, warrant, call, convertible securities or other similar right, agreement or arrangement, or (C) redeem or otherwise acquire any such shares of capital stock.

(c) Neither the Company nor any of its Subsidiaries has outstanding bonds, debentures, notes or other similar obligations, the holders of which have the right to vote (or which are convertible into, exercisable for or exchangeable for securities having the right to vote) with the stockholders of the Company on any matter. No Subsidiary of the Company owns any capital stock of the Company. Except for its interests (i) in its Subsidiaries and (ii) in any Person in connection with any joint venture, partnership or other similar arrangement with a third party, the Company does not own, directly or indirectly, any capital stock of, or other equity interests in any Person.

(d) Except for any voting trust agreement entered into in compliance with Section 5.8(c) of this Agreement, there are no voting trusts or other agreements or understandings to which the Company or any of its Subsidiaries is a party with respect to the voting of the capital stock of the Company or any of its Subsidiaries.

(e) Section 3.2(e) of the Company Disclosure Schedules lists each Subsidiary of the Company, its jurisdiction of organization and the percentage of its equity interests directly or indirectly held by the Company.

Section 3.3 Corporate Authority Relative to This Agreement; Consents and Approvals; No Violation.

(a) The Company has the requisite corporate power and authority to enter into this Agreement and, subject to receipt of the Company Stockholder Approval, to perform its obligations hereunder and to consummate the transactions contemplated hereby. Except for the Company Stockholder Approval and the filing of the First Certificate of Merger and the Second Certificate of Merger with the Secretary of State of the State of Delaware, no other corporate proceedings on the part of the Company are necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Company and, assuming this Agreement constitutes the valid and binding agreement of Parent and each Merger Sub, constitutes the valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, relating to creditors' rights generally and (ii) equitable remedies of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought (collectively, the "Enforceability Exceptions").

(b) The Company Board at a duly called and held meeting has unanimously (i) determined that it is in the best interests of the Company and its stockholders, and declared it advisable, to enter into this Agreement, (ii) approved the execution, delivery and performance of this Agreement and the consummation of the Mergers and the other transactions contemplated hereby and (iii) resolved to recommend that the stockholders of the Company adopt this Agreement (the "Company Recommendation") and directed that such matter be submitted for consideration of the stockholders of the Company at the Company Stockholder Meeting.

(c) The execution, delivery and performance by the Company of this Agreement and the consummation of the Mergers and the other transactions contemplated hereby by the Company do not and will

not require the Company or any of its Subsidiaries to procure, make or provide prior to the Closing Date any consent, approval, authorization or permit of, action by, filing with or notification to any United States or foreign, state, provincial, territorial or local governmental or regulatory agency, commission, court, body, entity or authority (each, a "Governmental Entity"), other than (i) the filing of the First Certificate of Merger and the Second Certificate of Merger, (ii) authorizations from, or such other actions as are required to be made with or obtained from, the STB, (iii) authorizations from, or such other actions as are required to be made with or obtained from, the Federal Communications Commission (the "FCC"), (iv) compliance with any applicable requirements of any Antitrust Laws, (v) authorizations from, or such other actions as are required to be made with or obtained from, the COFECE and the IFT, (vi) the filing of notices with the ARTF and the SCT, (vii) compliance with the applicable requirements of the Securities Act and the Exchange Act, including the filing with the SEC of the Form F-4 (including the Proxy Statement/Prospectus), (viii) compliance with the rules and regulations of the NYSE, (ix) compliance with any applicable foreign or state securities or blue sky laws and (x) the other consents and/or notices set forth on Section 3.3(c) of the Company Disclosure Schedules (clauses (i) through (x), collectively, the "Company Approvals"), and other than any consent, approval, authorization, permit, action, filing or notification the failure of which to make or obtain would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(d) Assuming compliance with the matters referenced in Section 3.3(c) and receipt of the Company Approvals and the Company Stockholder Approval, the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the Mergers and the other transactions contemplated hereby, do not and will not (i) contravene or conflict with the organizational or governing documents of the Company or any of its Subsidiaries, (ii) contravene or conflict with or constitute a violation of any provision of any Law binding on or applicable to the Company or any of its Subsidiaries or any of their respective properties or assets or (iii) result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to the loss of a benefit under any Contract, instrument, permit, concession, franchise, right or license binding on the Company or any of its Subsidiaries, other than, in the case of clauses (ii) and (iii), any such contravention, conflict, violation, default, termination, cancellation, acceleration, right or loss that would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.4 Reports and Financial Statements.

(a) The Company has filed or furnished, on a timely basis, all forms, statements, certifications, documents and reports required to be filed or furnished by it with the SEC pursuant to the Exchange Act or the Securities Act since December 31, 2018 (the forms, statements, certifications, documents and reports so filed or furnished by the Company and those filed or furnished to the SEC subsequent to the date of this Agreement, including any amendments thereto, the "Company SEC Documents"), each of which, in each case as of its date, or, if amended, as finally amended prior to the date of this Agreement, complied, or if not yet filed or furnished, will comply in all material respects with the applicable requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act, as the case may be, and no Company SEC Document as of its date (or, if amended or superseded by a filing prior to the date of this Agreement, as of the date of such amended or superseding filing) contained, and no Company SEC Documents filed with or furnished to the SEC subsequent to the date of this Agreement will contain, any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) The Company is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of the NYSE. Except as permitted by the Exchange Act, including Sections 13(k)(2) and 13(k)(3) thereunder, or the rules and regulations promulgated by the SEC, since December 31, 2018, neither the Company nor any of its Affiliates has made, arranged or modified (in any material way) any extensions of credit in the form of a personal loan to any executive officer or director of the Company.

(c) The consolidated financial statements (including all related notes and schedules) of the Company included in the Company SEC Documents (or, if any such Company SEC Document is amended or superseded by a filing prior to the date of this Agreement, such amended or superseding Company SEC Document) fairly presented in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries, as at the respective dates thereof, and the consolidated results of their operations and their consolidated cash flows for the respective periods then ended (subject, in the case of the unaudited statements, to normal year-end audit adjustments and to any other adjustments described therein, including the notes thereto) and were prepared in all material respects in conformity with GAAP (except, in the case of the unaudited financial statements, as permitted by the SEC) applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto).

Section 3.5 Internal Controls and Procedures.

(a) The Company has established and maintains disclosure controls and procedures as required by Rule 13a-15 under the Exchange Act. Such disclosure controls and procedures are effective in providing reasonable assurance that all information required to be disclosed by the Company is recorded and reported on a timely basis to the individuals responsible for the preparation of the Company's filings with the SEC and other public disclosure documents.

(b) The Company maintains a system of internal controls over financial reporting (as defined in Rule 13a-15 under the Exchange Act) that is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company in all material respects, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and to maintain accountability for assets, that access to assets is permitted only in accordance with authorizations of management and directors of the Company and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements. The records, systems, controls, data and information of the Company and its Subsidiaries that are used in the systems of disclosure controls and procedures and of financial reporting controls and procedures described above are recorded, stored, maintained and operated under means that are under the exclusive ownership and direct control of the Company or a wholly owned Subsidiary of the Company or its accountants, except as would not reasonably be expected to adversely affect or disrupt, in any material respect, the Company's systems of disclosure controls and procedures and of financial reporting controls and procedures or the reports generated thereby.

(c) The Company's management has completed an assessment of the effectiveness of the Company's internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act for the year ended December 31, 2020, and such assessment concluded that such controls were effective. The Company has disclosed, based on its most recent evaluation of its internal controls prior to the date of this Agreement, to the Company's auditors and the audit committee of the Company Board, (i) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in internal control over financial reporting. As of the date of its most recent audited financial statements, neither the Company nor its auditors had identified any significant deficiencies or material weaknesses in its internal controls over financial reporting and, as of the date of this Agreement, to the Knowledge of the Company, nothing has come to its attention that has caused it to believe that there are any material weaknesses or significant deficiencies in such internal controls. To the Knowledge of the Company, since December 31, 2018, no material complaints from any source regarding accounting, internal accounting controls or auditing matters, and no

concerns from Company employees regarding questionable accounting or auditing matters, have been received by the Company. To the Knowledge of the Company, since December 31, 2018, no attorney representing the Company or any of its Subsidiaries, whether or not employed by the Company or any of its Subsidiaries, has reported evidence of a violation of securities Laws, breach of fiduciary duty or similar violation by the Company or any of its officers, directors, employees or agents to the Company's chief legal officer, audit committee (or other committee designated for the purpose) of the Company Board pursuant to the rules adopted pursuant to Section 307 of the Sarbanes-Oxley Act or any Company policy contemplating such reporting, including in instances not required by those rules.

Section 3.6 No Undisclosed Liabilities. Except (a) as disclosed, reflected or reserved against in the audited consolidated balance sheet of the Company and its Subsidiaries as of December 31, 2020, and the footnotes to such consolidated balance sheet, in each case set forth in the Company's report on Form 10-K for the fiscal year ended December 31, 2020, (b) as expressly permitted or contemplated by this Agreement, (c) for liabilities or obligations that have been discharged or paid in full, (d) for liabilities arising in connection with obligations under any existing Contract (except to the extent such liabilities arose or resulted from a breach or a default of such Contract), (e) for liabilities and obligations incurred in the Ordinary Course of Business since December 31, 2020 (the "Company Balance Sheet Date"); or (f) as would not have, individually or in the aggregate, a Company Material Adverse Effect, neither the Company nor any Subsidiary of the Company has any liabilities or obligations that would be required by GAAP to be reflected on a consolidated balance sheet of the Company and its Subsidiaries.

Section 3.7 Compliance with Law; Permits.

(a) The Company and its Subsidiaries have been since December 31, 2018 in compliance with and not in default under or in violation of any federal, state, local or foreign law, statute, ordinance, rule, regulation, judgment, Order, injunction or decree of any Governmental Entity (collectively, "Laws" and each, a "Law") applicable to the Company and its Subsidiaries, except where such non-compliance, default or violation would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) The Company and its Subsidiaries are in possession of all franchises, grants, concessions, authorizations, licenses, permits, easements, variances, exceptions, consents, certificates, approvals, clearances, tariffs, qualifications, registrations and orders of any Governmental Entities ("Permits") necessary for the Company and the Company's Subsidiaries to own, lease and operate their properties and assets or to carry on their businesses as they are now being conducted (such Permits, the "Company Permits"), except where the failure to have any of the Company Permits would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. All Company Permits are in full force and effect and are not subject to any administrative or judicial proceeding that would reasonably be expected to result in modification, termination or revocation thereof, and the Company and each of its Subsidiaries is in compliance with the terms and requirements of such Company Permit, except where the failure to be in full force and effect or in compliance or where such proceeding would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) Neither the Company nor any of its Subsidiaries has received any written notice that the Company or its Subsidiaries is in violation of any Law applicable to the Company or any of its Subsidiaries or any Permit, except for such violations that would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. There are no Actions pending, threatened in writing or, to the Knowledge of the Company, otherwise threatened that would reasonably be expected to result in the revocation, withdrawal, suspension, non-renewal, termination, revocation, or adverse modification or limitation of any such Permit, except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.8 Anti-Corruption; Anti-Bribery; Anti-Money Laundering.

(a) The Company, its Subsidiaries and, to the Knowledge of the Company, each of their directors, officers, employees, agents and each other Person acting on behalf of the Company or its Subsidiaries are in all material respects in compliance with and for the past five years, have in all material respects complied with (a) the Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), and (b) the provisions of all anti-bribery, anti-corruption and anti-money laundering Laws of each jurisdiction in which the Company and its Subsidiaries operate or have operated and in which any agent thereof is conducting or has conducted business on behalf of the Company or any of its Subsidiaries ("Anti-Corruption Laws"). The Company and its Subsidiaries have since December 31, 2018 (i) instituted policies and procedures that are reasonably designed to ensure compliance in all material respects with the FCPA and other anti-bribery, anti-corruption and anti-money laundering Laws in each jurisdiction in which the Company or any of its Subsidiaries operate and (ii) maintained such policies and procedures in full force and effect in all material respects.

(b) None of the Company, its Subsidiaries or, to the Knowledge of the Company, any of their directors, officers and employees and each other Person acting on behalf of the Company or its Subsidiaries has, in the past five years, directly or indirectly, violated any, or been subject to actual or, to the Knowledge of the Company, pending or threatened Proceedings, settlements or enforcement actions alleging violations on the part of any of the foregoing Persons of the FCPA or Anti-Corruption Laws or any terrorism financing Law.

(c) None of the Company, its Subsidiaries or, to the Knowledge of the Company, any of their directors, officers and their employees or any other Person acting on behalf of the Company or its Subsidiaries has, in the past five years: (i) directly or indirectly, paid, offered or promised to pay, or authorized or ratified the payment of any monies, gifts or anything of value (A) which would violate any applicable Anti-Corruption Law, including the FCPA, applied for purposes hereof as it applies to domestic concerns, or (B) to any national, provincial, municipal or other Government Official or any political party or candidate for political office for the purpose of (x) influencing any act or decision of such official or of any Governmental Entity, (y) to obtain or retain business, or direct business to any Person or (z) to secure any other improper benefit or advantage; or (ii) aided, abetted, caused (directly or indirectly), participated in, or otherwise conspired with, any Person to violate the terms of any Order.

Section 3.9 Sanctions.

(a) For the past five years, the Company and each of its Subsidiaries has been, and currently is, in all material respects in compliance with relevant economic sanctions and export control Laws in jurisdictions in which the Company or any of its Subsidiaries do business or are otherwise subject to jurisdiction, including the United States International Traffic in Arms Regulations, the Export Administration Regulations, and United States sanctions Laws and regulations administered by the United States Department of the Treasury's Office of Foreign Assets Control or the United States Department of State (collectively "Export and Sanctions Regulations").

(b) None of the Company or any of its Subsidiaries, or, to the Knowledge of the Company, any director, officer, agent, employee or other Person acting on behalf of any of the Company or its Subsidiaries, in their capacity as such, is currently, or has in the past five years: (i) a Sanctioned Person or (ii) engaging in any dealings or transactions with, or for the benefit of, any Sanctioned Person or in any Sanctioned Country, to the extent such activities would cause the Company to violate applicable Export and Sanctions Regulations.

(c) For the past five years, the Company and its Subsidiaries have (i) instituted policies and procedures that are reasonably designed to ensure compliance in all material respects with the Export and Sanctions Regulations in each jurisdiction in which the Company and its Subsidiaries operate or are otherwise subject to jurisdiction and (ii) maintained such policies and procedures in full force and effect in all material respects.

(d) For the past five years, neither the Company nor any of its Subsidiaries (w) has been found in violation of, charged with or convicted of, any Export and Sanctions Regulations, (x) to the Knowledge of the Company, is under investigation by any Governmental Entity for possible violations of any Export and Sanctions Regulation, (y) has been assessed civil penalties under any Export and Sanctions Regulations or (z) has filed any voluntary disclosures with any Governmental Entity regarding possible violations of any Export and Sanctions Regulations.

Section 3.10 Environmental Laws and Regulations.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect: (i) the Company and its Subsidiaries have for the past five years conducted their respective businesses in compliance with all applicable Environmental Laws; (ii) for the past five years, neither the Company nor any of its Subsidiaries has received any written notices, demand letters or written requests for information from any Governmental Entity alleging that the Company or any of its Subsidiaries is in violation of or has liability under any Environmental Law and there are no legal, administrative, arbitral or other proceedings, claims or actions pending, or to the Knowledge of the Company threatened, against the Company or any of its Subsidiaries alleging any violation of or liability relating to any Environmental Law, in each case other than with respect to matters that have been fully resolved; (iii) to the Knowledge of the Company, there has been no treatment, storage or release of any Hazardous Substance in violation of or as could reasonably be expected to result in liability under any applicable Environmental Law from any properties currently or formerly owned or leased or held under concession by the Company or any of its Subsidiaries or any predecessor; and (iv) neither the Company nor any Subsidiary is subject to any agreement, order, judgment, decree or agreement by or with any Governmental Entity or other third party imposing any liability or obligation relating to any Environmental Law.

(b) The generality of any other representations and warranties in this Agreement notwithstanding, the representations and warranties in this Section 3.10 shall be deemed to be the Company's sole and exclusive representations and warranties in this Agreement with respect to Environmental Laws, Hazardous Substances and any other environmental matters.

Section 3.11 Employee Benefit Plans; Labor Matters.

(a) Section 3.11(a) of the Company Disclosure Schedules lists all material Company Benefit Plans.

(b) The Company has made available to Parent, with respect to each material Company Benefit Plan, each writing constituting a part of such Company Benefit Plan, including all amendments thereto.

(c) Except as would not have, individually or in the aggregate, a Company Material Adverse Effect: (i) each Company Benefit Plan (including any related trusts) has been maintained and administered in compliance with its terms and with applicable Law, including ERISA and the Code to the extent applicable thereto; (ii) each Company Benefit Plan intended to be "qualified" within the meaning of Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service or is entitled to rely on a favorable opinion issued by the Internal Revenue Service, (iii) no Company Benefit Plan is subject to Title IV of ERISA, (iv) no employee benefit plan of the Company or its Subsidiaries is a Multiemployer Plan or a plan subject to Title IV of ERISA that has two or more contributing sponsors, at least two of whom are not under common control, (v) all contributions or other amounts payable by the Company or any of its Subsidiaries with respect to each Company Benefit Plan in respect of current or prior plan years have been paid or accrued in accordance with GAAP and (vi) there are no pending, threatened or, to the Knowledge of the Company, anticipated claims (other than claims for benefits in accordance with the terms of the Company Benefit Plans) by, on behalf of or against any of the Company Benefit Plans or any trusts related thereto.

(d) With respect to any Multiemployer Plan contributed to by the Company or any ERISA Affiliate, neither the Company nor any ERISA Affiliate has incurred any withdrawal liability under Title IV of ERISA

which remains unsatisfied as to an amount that would reasonably be expected to result in, individually or in the aggregate, material liability to the Company and its Subsidiaries, taken as a whole.

(e) Except as provided in this Agreement or required by applicable Law, the consummation of the transactions contemplated by this Agreement will not, either alone or in combination with another event, (i) entitle any current or former employee or director of the Company or any of its Subsidiaries to severance pay, or any other payment from the Company or its Subsidiaries, (ii) accelerate the time of payment or vesting, or increase the amount of, compensation due to any such employee or consultant, (iii) directly or indirectly cause the Company to transfer or set aside any assets to fund any material benefits under any Company Benefit Plan or (iv) limit or restrict the right to merge, materially amend, terminate or transfer the assets of any Company Benefit Plan on or following the First Effective Time.

(f) The execution and delivery of this Agreement, stockholder or other approval of this Agreement or the consummation of the transactions contemplated by this Agreement would not, either alone or in combination with another event, result in the payment of any "excess parachute payment" as defined Section 280G(b)(1) of the Code.

(g) The Company is not a party to nor does it have any obligation under any Company Benefit Plan to compensate, indemnify or reimburse any person for excise Taxes payable pursuant to Section 4999 of the Code or for additional Taxes payable pursuant to Section 409A of the Code.

(h) The Company and its Subsidiaries are in compliance with their obligations pursuant to all notification and bargaining obligations arising under any Company Labor Agreements, except as would not have, individually or in the aggregate, a Company Material Adverse Effect.

(i) Except as would not reasonably be expected to result in, individually or in the aggregate, material liability to the Company and its Subsidiaries, taken as a whole as of the date of this Agreement, (A) there are no strikes or lockouts with respect to any employees of the Company or any of its Subsidiaries; (B) to the Knowledge of the Company, there is no union organizing effort pending or threatened against the Company or any of its Subsidiaries; (C) there is no labor dispute or labor arbitration proceeding pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries (other than, in each case, routine grievances, including those brought by unions or other collectively represented employees, to be heard by the applicable Governmental Entity); and (D) there is no slowdown, or work stoppage in effect or, to the Knowledge of the Company, threatened with respect to employees of the Company or any of its Subsidiaries;.

(j) Except as would not have, individually or in the aggregate, a Company Material Adverse Effect, since December 31, 2018, the Company and its Subsidiaries have complied with all applicable Laws with respect to employment and employment practices (including all applicable Laws, rules and regulations regarding wage and hour requirements, employee and worker classification, immigration status, discrimination in employment, harassment, employee health and safety, and collective bargaining).

(k) The consent or consultation of, or the rendering of formal advice by, any labor or trade union, works council or similar organization is not required for the Company to enter into this Agreement or to consummate any of the transactions contemplated hereby other than any consent, consultation or formal advice, the failure of which to obtain or, in the case of consultation, engage in, would not delay or prevent the consummation of the transactions contemplated by this Agreement or otherwise reasonably be expected to result in, individually or in the aggregate, material liability to the Company and its Subsidiaries, taken as a whole as of the date of this Agreement.

Section 3.12 Absence of Certain Changes or Events.

(a) Since the Company Balance Sheet Date through the date of this Agreement, there has not been any event, change, occurrence or development that has had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) From the Company Balance Sheet Date through the date of this Agreement, the Company and its Subsidiaries have conducted their respective businesses in all material respects in the Ordinary Course of Business.

Section 3.13 Investigations; Litigation. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, as of the date of this Agreement: (a) to the Knowledge of the Company, there is no investigation or review pending or threatened by any Governmental Entity with respect to the Company or any of the Company's Subsidiaries; and (b) there are no Actions pending (or, to the Knowledge of the Company, threatened) against or affecting the Company or any of the Company's Subsidiaries, or any of their respective assets or properties at law or in equity before, and there are no Orders of, any Governmental Entity against or affecting the Company or any of the Company's Subsidiaries, or any of their respective assets or properties.

Section 3.14 Company Information. The information supplied or to be supplied by the Company for inclusion in (i) the proxy statement relating to the Company Stockholder Meeting, which will be used as a prospectus of Parent with respect to the Parent Common Shares issuable in connection with the First Merger (together with any amendments or supplements thereto, the "Proxy Statement/Prospectus"), (ii) the registration statement on Form F-4 pursuant to which the offer and sale of Parent Common Shares in connection with the First Merger will be registered pursuant to the Securities Act and in which the Proxy Statement/Prospectus will be included as a prospectus of Parent (together with any amendments or supplements thereto, the "Form F-4") or (iii) the management information circular relating to the Parent Shareholder Meeting (together with any amendments or supplements thereto, the "Management Information Circular") will not, at the time the Proxy Statement/Prospectus is first mailed to the Company's stockholders, at the time the Management Information Circular is first mailed to Parent's shareholders, at the time of the Company Stockholder Meeting and the Parent Shareholder Meeting or at the time the Form F-4 (and any amendment or supplement thereto) is declared effective, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, that no representation or warranty is made by the Company with respect to statements made therein based on information supplied by Parent or either Merger Sub for inclusion or incorporation by reference therein.

Section 3.15 Tax Matters.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect: (i) the Company and each of its Subsidiaries have prepared and timely filed (taking into account any extension of time within which to file) all Tax Returns required to be filed by any of them under applicable Law with the appropriate Governmental Entity and all such filed Tax Returns are complete and accurate; (ii) the Company and each of its Subsidiaries have paid all Taxes required to be paid under applicable Law to the appropriate Governmental Entity and have withheld all Taxes required to be withheld by any of them (including in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, stockholder or other third party), except, in the case of clauses (i) and (ii), with respect to matters contested in good faith or for which adequate reserves have been established in accordance with GAAP; (iii) as of the date of this Agreement, there are not pending or, to the Knowledge of the Company, threatened in writing, any audits, examinations, investigations or other proceedings in respect of Taxes of the Company or any of its Subsidiaries, and neither the Company nor any of its Subsidiaries has received written notice within the past six years of any claim made by a Governmental Entity in a jurisdiction where the Company or any of its Subsidiaries, as applicable, does not file a Tax Return, that the Company or such Subsidiary is or may be subject to income taxation by, or have an obligation to file an income Tax Return in, that jurisdiction (and, solely in the case of the CRA, has not received such written notice within the past eight years); (iv) there are no liens for Taxes on any property of the Company or any of its Subsidiaries, except for Permitted Liens; (v) neither the Company nor any of its Subsidiaries has been a "controlled corporation" or a "distributing corporation" in any distribution occurring during the two-year period ending on the date of this Agreement that was purported or

intended to be governed by Section 355 of the Code; (vi) neither the Company nor any of its Subsidiaries has participated in any "listed transaction" within the meaning of Treasury Regulations Section 1.6011-4(b)(2); (vii) neither the Company nor any of its Subsidiaries (A) is a party to or is bound by any Tax sharing, allocation or indemnification agreement or arrangement (other than such an agreement or arrangement (1) exclusively between or among the Company and/or its Subsidiaries or (2) not primarily related to Taxes and entered into in the Ordinary Course of Business), (B) has been a member of an affiliated, consolidated, unitary or combined group filing a consolidated federal income Tax Return (other than a group the common parent of which is or was the Company or any of its Subsidiaries), or (C) has any liability for the Taxes of any Person (other than the Company or any of its Subsidiaries) under Treasury Regulations Section 1.1502-6 (or any similar provision of federal, state, local or non-U.S. Law), as a transferee or successor; (viii) each Mexican Subsidiary of the Company has complied with all of its obligations to disclose reportable schemes within the meaning of Article 199 of the Federal Fiscal Code (*Código Fiscal de la Federación*); (ix) each Mexican Subsidiary of the Company has fulfilled all of its Mexican Income Tax and VAT Law obligations with respect to the labor structure that it has in place, including the 6% withholding tax obligation under Article 1-A, subsection IV of the VAT Law and the obligation to receive the information contained in Article 27, subsection V of the Mexican Income Tax Law in effect before 2020, and no Tax benefit has been claimed in respect of any Mexican Tax invoice issued in favor of any Mexican Subsidiaries of the Company by a Person included on the list published on the webpage of the Mexican Tax Authorities and/or in the Mexican Official Gazette (Diario Oficial de la Federación) in terms of article 69-B of the Mexican Federal Tax Code; and (x) neither the Company nor any of its Subsidiaries will be required to include any item of income in, or to exclude any item of deduction from, taxable income in any taxable period (or portion thereof) ending after the Closing Date as a result of (A) any closing agreement, installment sale, or open transaction disposition, (B) any accounting method change or agreement with any Governmental Entity or (C) any election pursuant to Section 965(h) of the Code, in each case, made prior to the Closing.

(b) Neither the Company nor any of its Subsidiaries has taken or agreed to take any action or knows of any fact, agreement, plan or other circumstance that is reasonably likely to (i) prevent or impede the Mergers, taken together, from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code, (ii) cause the stockholders (other than any Excepted Stockholder) of the Company to recognize gain pursuant to Section 367(a)(1) of the Code, (iii) cause Parent to be treated as a "domestic corporation" pursuant to Section 7874(b) of the Code as a result of the Mergers, or (iv) prevent or impede the Company from being able to deliver the executed Company Tax Certificate at Closing. As of the date of this Agreement, the Company believes it will be able to provide the Company Tax Certificate at the Closing.

(c) At no time during the 60 months immediately preceding the First Effective Time will more than 50% of the fair market value of the Company's capital stock have been derived, directly or indirectly, from one or any combination of: real or immovable property situated in Canada, Canadian resources properties, timber resource properties and options in respect of, or interests in, any such property (whether or not such property exists), each within the meaning of the CITA.

(d) The generality of any other representations and warranties in this Agreement notwithstanding, the representations and warranties in this Section 3.15 and, to the extent applicable, Section 3.11 shall be deemed to be the Company's sole and exclusive representations and warranties in this Agreement with respect to Tax matters.

Section 3.16 Intellectual Property; IT Assets; Privacy.

(a) Section 3.16(a) of the Company Disclosure Schedule sets forth a true, correct and complete list as of the date hereof of all material Registered Company Intellectual Property. Each such material item of Registered Company Intellectual Property is, to the Knowledge of the Company, subsisting and not invalid or unenforceable. No such material Registered Company Intellectual Property (other than any applications for Registered Company Intellectual Property) has expired or been cancelled or abandoned, except in accordance

with the expiration of the term of such rights, or in the Ordinary Course of Business based on a reasonable business judgement of the Company.

(b) The Company and its Subsidiaries (i) own or have a written, valid and enforceable right to use all material Intellectual Property used in or necessary for the operation of their respective businesses and (ii) own all right, title, and interest in all Company Intellectual Property, free and clear of all Liens (other than Permitted Liens), in each case, except as has not been and would not reasonably be expected to be, individually or in the aggregate, material to the business of the Company and its Subsidiaries, taken as a whole. To the Knowledge of the Company, no Company Intellectual Property material to any business of the Company and its Subsidiaries is subject to any Order or Contract materially and adversely affecting the Company's and its Subsidiaries' ownership or use of, or any rights in or to, any such Intellectual Property.

(c) Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, since December 31, 2018, to the Knowledge of the Company, the operation of the business of the Company and its Subsidiaries has not infringed, violated or otherwise misappropriated any Intellectual Property of any third Person. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) to the Knowledge of the Company, since December 31, 2018, no third Person has infringed, violated or otherwise misappropriated any Company Intellectual Property and (ii) to the Knowledge of the Company, there is, and there has been since December 31, 2018, no pending claim or asserted claim in writing asserting that the Company or any Subsidiary has infringed, violated or otherwise misappropriated, or is infringing, violating or otherwise misappropriating, any Intellectual Property of any third Person.

(d) The Company and its Subsidiaries have received from each Person (including current and former employees and contractors) who has created or developed any material Intellectual Property for or on behalf of the Company or any of its Subsidiaries, a written, valid, enforceable, present assignment of such Intellectual Property to the Company or its applicable Subsidiary.

(e) The Company and its Subsidiaries own all right, title and interest in and to the Company IT Assets, free and clear of any Liens other than Permitted Liens, except as has not been and would not reasonably be expected to be, individually or in the aggregate, material to the business of the Company and its Subsidiaries, taken as a whole. To the Knowledge of the Company, the Company and its Subsidiaries own or have a written valid and enforceable right to use all IT Assets, except as has not been and would not reasonably be expected to be, individually or in the aggregate, material to the business of the Company and its Subsidiaries, taken as a whole. Except as has not been and would not reasonably be expected to be, individually or in the aggregate, material to the business of the Company and its Subsidiaries, taken as a whole, the Company and each of its Subsidiaries have taken reasonable steps and implemented reasonable safeguards, consistent with best industry practices, to protect the IT Assets from any unauthorized access, use or other security breach. The IT Assets: (i) operate and perform in all material respects as required by the Company and its Subsidiaries for the operation of their respective businesses, (ii) since December 31, 2018, except as, individually or in the aggregate, has not resulted in, and is not reasonably expected to result in, material liability to, or material disruption of the business operations of, the Company and its Subsidiaries, (A) have not malfunctioned or failed, suffered unscheduled downtime, or been subject to unauthorized access, use or other security breach, and (B) have been free from any viruses, Trojan horses, spyware or other malicious code.

(f) The Company and its Subsidiaries have taken commercially reasonable measures to protect the confidentiality of the material Trade Secrets owned by the Company and its Subsidiaries, and to the Knowledge of the Company, no such material Trade Secrets has been used or discovered by or disclosed to any Person except pursuant to written, valid and enforceable non-disclosure agreements protecting the confidentiality thereof, which agreements have not been breached in any material respect.

(g) Since December 31, 2018, the Company and its Subsidiaries have in all material respects complied with all Privacy Laws and with its and their privacy policies and other contractual commitments

relating to privacy, security or processing of personal information or data. Except as has been and would not reasonably be expected to be, individually or in the aggregate, material to the business of the Company and its Subsidiaries, taken as a whole, since December 31, 2018, neither the Company nor any of its Subsidiaries has received any written threat, notice or claim alleging (i) non-compliance with any Privacy Laws or with such privacy policies or contractual commitments or (ii) a violation of any third Person's rights under Privacy Laws or such privacy policies or contractual commitments, including any third Person's rights with respect to Sensitive Data. Except as has not been and would not reasonably be expected to be, individually or in the aggregate, material to the business of the Company and its Subsidiaries, taken as a whole, since December 31, 2018, to the Knowledge of the Company, there has been no unauthorized access, use, processing, transfer or disclosure, or any loss or theft, of Sensitive Data or other personal or personally identifiable information that are protected by Privacy Laws while such Sensitive Data or such other personal or personally identifiable information was in the possession or control of the Company, its Subsidiaries or third-party vendors or service providers.

Section 3.17 Title to Assets. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, the Company or one of its Subsidiaries has good and valid title to all tangible assets owned by the Company or any of its Subsidiaries as of the date of this Agreement, free and clear of all Liens other than Permitted Liens, or good and valid leasehold interests in all tangible assets leased or subleased by the Company or any of its Subsidiaries as of the date of this Agreement, or good and valid rights under the corresponding concession in all tangible assets held subject to such concession by the Company or any of its Subsidiaries as of the date of this Agreement.

Section 3.18 Title to Properties.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, each Contract under which the Company or any of its Subsidiaries is the landlord, sublandlord, tenant, subtenant or occupant (a "Company Real Property Lease") with respect to material real property leased, subleased, held under concession, licensed or otherwise occupied (whether as tenant, subtenant or pursuant to other occupancy arrangements) by the Company or any of its Subsidiaries (collectively, including the improvements thereon, "Company Leased Real Property") is valid and binding on the Company or the Subsidiary thereof party thereto, and, to the Knowledge of the Company, each other party thereto. Neither the Company nor any of its Subsidiaries is currently subleasing, licensing or otherwise granting any person the right to use or occupy a material portion of the Company Leased Real Property that would reasonably be expected to adversely affect the existing use of the remaining portion of the Company Leased Real Property by the Company or its Subsidiaries in the operation of their business thereon, except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, there is no uncured default by the Company or any of its Subsidiaries under any Company Real Property Lease or, to the Knowledge of the Company, by any other party thereto, and, to the Knowledge of the Company, no event has occurred that with the lapse of time or the giving of notice or both would reasonably be expected to constitute a default thereunder by the Company or any of its Subsidiaries or by any other party thereto. As of the date of this Agreement, neither the Company nor any of its Subsidiaries has received any written notice of termination or cancelation, and to the Knowledge of the Company, no termination or cancelation is threatened, under any material Company Real Property Lease.

(b) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, the Company or its Subsidiaries has good and valid title to all of the real property owned by the Company and its Subsidiaries (the "Owned Real Property").

(c) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, neither the Company nor any of its Subsidiaries has received written notice of any condemnation proceeding or proposed action or agreement for taking in lieu of condemnation, nor is any such proceeding, action or agreement pending before a Governmental Entity or, to the Knowledge of the Company, threatened, with respect to any portion of any Owned Real Property.

Section 3.19 Opinion of Financial Advisor. The Company Board has received the opinions of BofA Securities, Inc. and Morgan Stanley & Co. LLC, substantially to the effect that, as of the date of such opinions and subject to the assumptions, limitations, qualifications and other matters stated therein, the Merger Consideration to be received by the holders of Company Common Stock (other than the Excluded Shares and the Dissenting Shares) in the First Merger pursuant to this Agreement is fair, from a financial point of view, to such holders.

Section 3.20 Required Vote of the Company Stockholders. The affirmative vote of the holders of a majority of the outstanding shares of Company Voting Stock in favor of the adoption of this Agreement (the "Company Stockholder Approval") is the only vote of holders of securities of the Company that is required to approve this Agreement and the transactions contemplated hereby, including the Mergers.

Section 3.21 Material Contracts.

(a) Except for this Agreement, agreements filed as exhibits to the Company SEC Documents or as set forth in Section 3.21 of the Company Disclosure Schedules, as of the date of this Agreement, neither the Company nor any of its Subsidiaries is a party to or expressly bound by any Contract (excluding any Company Benefit Plan) that:

(i) would constitute a "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K of the Securities Act);

(ii) is a Company Real Property Lease pursuant to which the Company or any of its Subsidiaries leases real property that is material to the business of the Company and its Subsidiaries, taken as a whole;

(iii) contains restrictions on the right of the Company or any of its Subsidiaries to engage in activities competitive with any Person or to solicit customers or suppliers anywhere in the world, other than restrictions (A) pursuant to limitations on the use by the Company or its Subsidiaries of rail lines set forth in the agreements conveying those lines or granting rights to operate them, (B) that are part of the terms and conditions of any "requirements" or similar agreement under which the Company or any of its Subsidiaries has agreed to procure goods or services exclusively from any Person, or (C) that are not material to the business of the Company and its Subsidiaries, taken as a whole;

(iv) grants "most favored nation" status that, following the Mergers, would apply to Parent and its Subsidiaries, including the Company and its Subsidiaries;

(v) provides for the formation, creation, operation, management or control of any joint venture, partnership or other similar arrangement with a third party;

(vi) is an indenture, credit agreement, loan agreement, note, or other Contract providing for indebtedness for borrowed money of the Company or any if its Subsidiaries (other than indebtedness among the Company and/or any of its Subsidiaries) in excess of $50 million;

(vii) is a settlement, conciliation or similar Contract that would require the Company or any of its Subsidiaries to pay consideration of more than $20 million after the date of this Agreement or that contains material restrictions on the business and operations of the Company or any of its Subsidiaries;

(viii) provides for the acquisition or disposition by the Company or any of its Subsidiaries of any business (whether by merger, sale of stock, sale of assets or otherwise), or any real property, that would, in each case, reasonably be expected to result in the receipt or making by the Company or any Subsidiary of the Company of future payments in excess of $25 million;

(ix) is an acquisition agreement that contains material "earn-out" or other material contingent payment obligations;

(x) obligates the Company or any Subsidiary of the Company to make any future capital investment or capital expenditure outside the Ordinary Course of Business and in excess of $50 million;

(xi) provides for the procurement of services or supplies from a Company Top Supplier by the Company or any of its Subsidiaries, or provides for sales to a Company Top Customer by the Company or any of its Subsidiaries;

(xii) limits or restricts the ability of the Company or any of its Subsidiaries to declare or pay dividends or make distributions in respect of their capital stock, partner interests, membership interests or other equity interests;

(xiii) other than any sales and marketing Contracts entered into the Ordinary Course of Business, is a Contract pursuant to which the Company or any of its Subsidiaries is a party, or is otherwise bound, and the contracting counterparty of which (A) is a Governmental Entity or (B) to the Knowledge of the Company, has entered into such Contract in its capacity as a prime contractor or other subcontractor of any Contract with a Governmental Entity and such Contract imposes upon the Company obligations or other liabilities due to such Governmental Entity; or

(xiv) is a Contract pursuant to which (A) the Company or any of its Subsidiaries is granted any license or other right with respect to Intellectual Property of another Person, where such Contract is material to the business of the Company or any of its Subsidiaries (other than non-exclusive licenses for unmodified, commercially available "off-the-shelf" software that have been granted on standardized, generally available terms); or (B) the Company or any of its Subsidiaries grants to another Person any license or other right with respect to any material Company Intellectual Property.

Each Contract of the type described in clauses (i) – (xiv) of this Section 3.21(a) is referred to herein as a "Company Material Contract."

(b) True, correct and complete copies of each Company Material Contract have been publicly filed with the SEC prior to the date of this Agreement or otherwise made available to Parent. Neither the Company nor any Subsidiary of the Company is in breach of or default under the terms of any Company Material Contract where such breach or default would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. To the Knowledge of the Company, as of the date of this Agreement, no other party to any Company Material Contract is in breach of or default under the terms of any Company Material Contract where such breach or default would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, as of the date of this Agreement, each Company Material Contract is a valid and binding obligation of the Company or the Subsidiary of the Company that is party thereto and, to the Knowledge of the Company, of each other party thereto, and is in full force and effect, subject to the Enforceability Exceptions.

Section 3.22 Suppliers and Customers.

(a) Section 3.22(a) of the Company Disclosure Schedules sets forth a correct and complete list of (i) the top 10 suppliers (each a "Company Top Supplier") and (ii) the top 10 customers (each a "Company Top Customer"), respectively, by the aggregate dollar amount of payments to or from, as applicable, such supplier or customer, during the calendar year 2020.

(b) Except as would not, individually or in the aggregate, reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, since December 31, 2019 through the date of this Agreement, (i) there has been no termination of or a failure to renew the business relationship of the Company or its Subsidiaries with any Company Top Supplier or any Company Top Customer and (ii) no Company Top Supplier or Company Top Customer has notified the Company or any of its Subsidiaries that it intends to terminate or not renew its business.

Section 3.23 Canadian Assets and Revenues. Neither the aggregate value of the assets in Canada of the Company, nor the gross revenues from sales in or from Canada generated from those assets, exceeds CDN $93 million as determined in accordance with Part IX of the Competition Act (Canada).

Section 3.24 Insurance Policies. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) the Company and its Subsidiaries maintain insurance coverage with reputable insurers in such amounts and covering such risks as the Company reasonably believes, based on past experience, is adequate for the businesses and operations of the Company and its Subsidiaries (taking into account the cost and availability of such insurance), (ii) each insurance policy maintained by the Company or any of its Subsidiaries is in full force and effect, (iii) all premiums due by the Company or any of its Subsidiaries with respect to such insurance policies have been paid and (iv) the Company and its Subsidiaries are in compliance with all contractual requirements applicable thereto contained in such insurance policies. Neither the Company nor any of its Subsidiaries has received, as of the date of this Agreement, written notice of any pending or threatened cancellation with respect to any of its material insurance policies.

Section 3.25 Affiliate Party Transactions. Since December 31, 2018 through the date of this Agreement, there have been no material transactions, agreements, arrangements or understandings between the Company or any of its Subsidiaries, on the one hand, and any Person owning 5% or more of the Company Common Stock or any Affiliate of such Person or any director or executive officer of the Company or any of its Affiliates (or any relative thereof), on the other hand, or that would be required to be disclosed by the Company under Item 404 under Regulation S-K under the Securities Act and that have not been so disclosed in the Company SEC Documents, other than Ordinary Course of Business employment agreements and similar employee and indemnification arrangements otherwise set forth on the Company Disclosure Schedules.

Section 3.26 Finders or Brokers. Except for BofA Securities, Inc. and Morgan Stanley & Co. LLC, neither the Company nor any of its Subsidiaries has employed or engaged any investment banker, broker or finder in connection with the transactions contemplated by this Agreement who would be entitled to any fee or any commission in connection with or on consummation of the Mergers.

Section 3.27 Takeover Laws. Assuming the representations and warranties of Parent and each Merger Sub set forth in Section 4.22 are true and correct, as of the date of this Agreement, no "fair price," "moratorium," "control share acquisition," "business combination" or other form of anti-takeover statute or regulation or any anti-takeover provision in the certificate of incorporation or bylaws of the Company is, and the Company has no rights plan, "poison pill" or similar agreement that is, applicable to this Agreement, the Mergers or the other transactions contemplated hereby.

Section 3.28 CN Agreement. Concurrently with the execution of this Agreement, the Agreement and Plan of Merger, dated as of May 21, 2021, by and among Canadian National Railway Company ("CN"), Brooklyn Merger Sub, Inc. and the Company (the "CN Agreement"), was terminated by the Company in accordance with its terms, and the Company (i) has paid or caused to be paid to CN the "Company Termination Fee" (as defined in the CN Agreement) and (ii) will pay or cause to be paid to Brooklyn US Holding, Inc., a wholly-owned Subsidiary of CN, the CP Termination Fee Refund (as defined in the CN Agreement), each in accordance with the terms of the CN Agreement. There have not been any amendments or modifications to the CN Agreement prior to its termination. As of the date of this Agreement, the Company has not received notice of any breach of the CN Agreement.

Section 3.29 No Other Representations or Warranties; No Reliance. The Company acknowledges and agrees that, except for the representations and warranties contained in Article 4, none of Parent, either Merger Sub or any other Person acting on behalf of Parent or either Merger Sub has made or makes, and the Company has not relied on, any representation or warranty, whether express or implied, with respect to Parent, either Merger Sub, their respective Subsidiaries or their respective businesses, affairs, assets, liabilities, financial condition, results of operations, future operating or financial results, estimates, projections, forecasts, plans or

prospects (including the reasonableness of the assumptions underlying such estimates, projections, forecasts, plans or prospects) or with respect to the accuracy or completeness of any other information provided or made available to the Company or any of its representatives by or on behalf of Parent or either Merger Sub. The Company acknowledges and agrees that none of Parent, either Merger Sub or any other Person acting on behalf of Parent or either Merger Sub has made or makes, and the Company has not relied on, any representation or warranty, whether express or implied, with respect to any projections, forecasts, estimates or budgets made available to the Company or any of its representatives of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of Parent, either Merger Sub, or any of their respective Subsidiaries.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUBS

Except as disclosed in the Parent Public Documents furnished or filed prior to the date of this Agreement (including any documents incorporated by reference therein and excluding any disclosures set forth in any risk factor section or in any "forward-looking statements" section to the extent they are forward-looking statements or cautionary, predictive or forward-looking in nature) or in the disclosure schedules delivered by Parent to the Company concurrently with the execution of this Agreement (the "Parent Disclosure Schedules") (it being agreed that disclosure of any item in any section or subsection of the Parent Disclosure Schedules shall be deemed disclosed with respect to any other section or subsection of this Agreement and the Parent Disclosure Schedules to the extent that the relevance thereof is reasonably apparent on its face), Parent and each Merger Sub jointly and severally represent and warrant to the Company as follows as of the date of this Agreement and as of the Closing Date (other than such representations and warranties that are expressly made as of a certain date, which are made as of such date):

Section 4.1 Qualification, Organization, Subsidiaries.

(a) Each of Parent and the Merger Subs is a legal entity duly organized, validly existing and in good standing under the Laws of its respective jurisdiction of incorporation, organization or formation, as applicable. Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, each of Parent's Subsidiaries is a legal entity duly organized, validly existing and (where such concept is recognized) in good standing under the Laws of its respective jurisdiction of incorporation or organization, as applicable. Each of Parent and the Merger Subs and each of their respective Subsidiaries has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except, in each case, as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. Parent has made available to the Company true, complete and correct copies of Parent and each Merger Sub's Organizational Documents, each as amended prior to the date of this Agreement, and each as made available to the Company is in full force and effect.

(b) All of the outstanding shares of capital stock or voting securities of, or other equity interests in, each of Parent's wholly owned Subsidiaries have been validly issued and are owned by Parent, by another Subsidiary of Parent or by Parent and another Subsidiary of Parent, free and clear of all Liens other than restrictions imposed by applicable securities Laws or the Organizational Documents of any such Subsidiary or any Permitted Liens.

Section 4.2 Capitalization.

(a) The authorized share capital of Parent consists of an unlimited number of Parent Common Shares, an unlimited number of First Preferred Shares (the "Parent First Preferred Shares") and an unlimited number of

Second Preferred Shares (the "Parent Second Preferred Shares"). As of September 9, 2021, there were (i) 666,927,198 Parent Common Shares issued and outstanding, (ii) no Parent First Preferred Shares issued and outstanding, (iii) no Parent Second Preferred Shares issued and outstanding, (iv) £3,448,025 stated amount of Perpetual 4% Consolidated Debenture Stock of Parent denominated in pounds sterling issued and outstanding; (v) $30,270,800 stated amount of Perpetual 4% Consolidated Debenture Stock of Parent denominated in U.S. dollars issued and outstanding, (vi) Parent Options to purchase an aggregate of 7,518,954 Parent Common Shares issued and outstanding, (vii) 893,379 notional Parent Common Shares underlying outstanding Parent DSU Awards, (viii) 1,526,084 notional Parent Common Shares underlying outstanding Parent PSU Awards if performance conditions are satisfied at the target level, (ix) 60,854 notional Parent Common Shares underlying outstanding Parent RSU Awards and (x) 3,317,128 Parent Common Shares reserved for issuance under the Parent Share Plans. All outstanding Parent Common Shares are, and, when issued and delivered in accordance with the terms of this Agreement, the Parent Common Shares to be issued as part of the Merger Consideration will be, duly authorized and validly issued as fully paid and nonassessable, listed and posted for trading on the NYSE and the TSX, and not subject to or issued in violation of any preemptive or similar right, purchase option, call or right of first refusal or similar right. The Parent Common Shares to be issued as part of the Merger Consideration shall not be subject to any resale restrictions under applicable Canadian Securities Laws provided that the conditions set forth in subsection 2.6(3) (paragraphs 2 through 5) of National Instrument 45-102 – *Resale of Securities* of the Canadian Securities Administrators are satisfied in respect of any such trade.

(b) Except as set forth in Section 4.2(a) or as required by the terms of the Parent Benefit Plans, as of the date of this Agreement, (i) Parent does not have any shares of its capital stock issued or outstanding, other than Parent Common Shares that have become outstanding after September 9, 2021, which were reserved for issuance as of September 9, 2021 as set forth in Section 4.2(a), and (ii) there are no outstanding subscriptions, options, warrants, calls, convertible securities or other similar rights, agreements or commitments relating to the issuance of capital stock of Parent or any of Parent's Subsidiaries to which Parent or any of Parent's Subsidiaries is a party obligating Parent or any of Parent's Subsidiaries to (A) issue, transfer or sell any shares of capital stock of Parent or any of Parent's Subsidiaries or securities convertible into, exercisable for or exchangeable for such shares, (B) grant, extend or enter into any such subscription, option, warrant, call, convertible securities or other similar right, agreement or arrangement, or (C) redeem or otherwise acquire any such shares of capital stock.

(c) Neither Parent nor any of its Subsidiaries has outstanding bonds, debentures, notes or other similar obligations, the holders of which have the right to vote (or which are convertible into, exercisable for or exchangeable for securities having the right to vote) with the shareholders of Parent on any matter.

(d) There are no voting trusts or other agreements or understandings to which Parent or any of its Subsidiaries is a party with respect to the voting of the Parent Common Shares or other capital stock of the Parent or, except for any voting trust agreement entered into in compliance with Section 5.8(c) of this Agreement, capital stock of any of Parent's Subsidiaries.

Section 4.3 Corporate Authority Relative to This Agreement; Consents and Approvals; No Violation.

(a) Each of Parent and the Merger Subs has all requisite power and authority to enter into this Agreement and, subject to receipt of the Parent Shareholder Approval, to perform its obligations hereunder and to consummate the transactions contemplated hereby. Except for (i) the Parent Shareholder Approval, (ii) the adoption of this Agreement by Parent, as the sole stockholder of Surviving Merger Sub (which such adoption shall occur immediately following the execution of this Agreement), (iii) the approval of this Agreement by Parent, as the sole stockholder of First Merger Sub (which such approval shall occur immediately following the execution of this Agreement) and (iv) the filing of the First Certificate of Merger and the Second Certificate of Merger with the Secretary of State of the State of Delaware, no other proceedings on the part of Parent or either Merger Sub are necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Parent and each Merger Sub and, assuming this Agreement constitutes the valid and binding agreement of the Company,

this Agreement constitutes the valid and binding agreement of Parent and each Merger Sub, enforceable against each of Parent and each Merger Sub in accordance with its terms, subject to the Enforceability Exceptions.

(b) (i) The Parent Board at a duly called and held meeting has unanimously (A) determined that it is in the best interests of Parent to enter into this Agreement, (B) approved the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Mergers and the Debt Financing and (C) resolved to recommend that the holders of Parent Common Shares approve the Parent Share Issuance (the "Parent Recommendation") and directed that such matter be submitted for consideration of the shareholders of Parent at the Parent Shareholder Meeting; (ii) the board of directors of Surviving Merger Sub has unanimously (A) determined that it is in the best interests of Surviving Merger Sub and its sole stockholder, and declared it advisable, to enter into this Agreement, (B) approved the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Mergers, and (C) resolved to recommend that the sole stockholder of Surviving Merger Sub adopt this Agreement and directed that such matter be submitted for consideration of the sole stockholder of Surviving Merger Sub; and (i) the board of directors of First Merger Sub has unanimously (A) determined that it is in the best interests of First Merger Sub and its sole stockholder, and declared it advisable, to enter into this Agreement, (B) approved the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Mergers and (C) resolved to recommend that the sole stockholder of First Merger Sub approve this Agreement and directed that such matter be submitted for consideration of the sole stockholder of First Merger Sub.

(c) The execution, delivery and performance by Parent and each Merger Sub of this Agreement and the consummation of the Mergers and the other transactions contemplated hereby by Parent and each Merger Sub do not and will not require Parent, either Merger Sub or any of their Subsidiaries to procure, make or provide prior to the Closing Date any consent, approval, authorization or permit of, action by, filing with or notification to any Governmental Entity or other third party, other than (i) the filing of the First Certificate of Merger and the Second Certificate of Merger, (ii) authorizations from, or such other actions as are required to be made with or obtained from, the STB, (iii) authorizations from, or such other actions as are required to be made with or obtained from, the FCC, (iv) compliance with any applicable requirements of any Antitrust Laws, (v) authorizations from, or such other actions as are required to be made with or obtained from, the COFECE and the IFT, (vi) the filing of notices with the ARTF and the SCT, (vii) compliance with the applicable requirements of the Securities Act, the Exchange Act and the Canadian Securities Laws, including the filing with the SEC of the Form F-4 (including the Proxy Statement/Prospectus) and the filing of the Management Information Circular with the Canadian Securities Administrators, (viii) compliance with the rules and regulations of the NYSE and the TSX, (ix) compliance with any applicable foreign or state securities or blue sky laws and (x) the other consents and/or notices set forth on Section 4.3(c) of the Parent Disclosure Schedules (clauses (i) through (x), collectively, the "Parent Approvals"), and other than any consent, approval, authorization, permit, action, filing or notification the failure of which to make or obtain would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(d) Assuming compliance with the matters referenced in Section 4.3(c) and receipt of the Parent Approvals and the Parent Shareholder Approval, the execution, delivery and performance by Parent and each Merger Sub of this Agreement and the consummation by Parent and each Merger Sub of the Mergers and the other transactions contemplated hereby, do not and will not (i) contravene or conflict with the organizational or governing documents of Parent or any of its Subsidiaries, (ii) contravene or conflict with or constitute a violation of any provision of any Law binding on or applicable to Parent or any of its Subsidiaries or any of their respective properties or assets, or (iii) result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to the loss of a benefit under any Contract, instrument, permit, concession, franchise, right or license binding on Parent or any of its Subsidiaries, other than, in the case of clauses (ii) and (iii), any such contravention, conflict, violation, default, termination, cancellation, acceleration, right, loss or Lien that would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.4 Reports and Financial Statements.

(a) Parent is a "reporting issuer" or the equivalent and not on the list of reporting issuers in default under applicable Canadian Securities Laws in each of the provinces and territories in Canada. Since December 31, 2018, (i) Parent has filed or furnished all forms, statements, certifications, documents and reports required to be filed or furnished by it with the SEC pursuant to the Exchange Act or the Securities Act since December 31, 2018 (the forms, statements, certifications, documents and reports so filed or furnished by Parent and those filed or furnished to the SEC subsequent to the date of this Agreement, including any amendments thereto, the "Parent SEC Documents") and (ii) Parent has filed or furnished all forms, documents and reports required to be filed or furnished by it with the Canadian Securities Administrators prior to the date of this Agreement (together with the Parent SEC Documents, the "Parent Public Documents"). Each of the Parent Public Documents, in each case as of its date, or, if amended, as finally amended prior to the date of this Agreement, complied, or if not yet filed or furnished, will comply in all material respects with the applicable requirements of the Securities Act, the Exchange Act, the Sarbanes-Oxley Act, the Canadian Securities Laws, as the case may be, and no Parent Public Document as of its date (or, if amended or superseded by a filing prior to the date of this Agreement, as of the date of such amended or superseding filing) contained, and no Parent Public Documents filed with or furnished to the SEC or the Canadian Securities Administrators subsequent to the date of this Agreement will contain, any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Parent has not filed any confidential material change report with any Canadian Securities Administrators that, as of the date of this Agreement, remains confidential.

(b) Parent is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of the NYSE and the TSX. Except as permitted by the Exchange Act, including Sections 13(k)(2) and 13(k)(3) thereunder, or the rules and regulations promulgated by the SEC, since December 31, 2018, neither Parent nor any of its Affiliates has made, arranged or modified (in any material way) any extensions of credit in the form of a personal loan to any executive officer or director of Parent.

(c) The consolidated financial statements (including all related notes and schedules) of Parent included in the Parent SEC Documents (or, if any such Parent SEC Document is amended or superseded by a filing prior to the date of this Agreement, such amended or superseding Parent SEC Document) fairly presented in all material respects the consolidated financial position of Parent and its consolidated Subsidiaries, as at the respective dates thereof, and the consolidated results of their operations and their consolidated cash flows for the respective periods then ended (subject, in the case of the unaudited statements, to normal year-end audit adjustments and to any other adjustments described therein, including the notes thereto) and were prepared in all material respects in conformity with GAAP (except, in the case of the unaudited financial statements, as permitted by the SEC) applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto).

Section 4.5 Internal Controls and Procedures.

(a) Parent has established and maintains disclosure controls and procedures as required by Rule 13a-15 under the Exchange Act. Such disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed by Parent is recorded and reported on a timely basis to the individuals responsible for the preparation of Parent's filings with the SEC and Canadian Securities Administrators and other public disclosure documents.

(b) Parent maintains a system of internal controls over financial reporting (as defined in Rule 13a-15 under the Exchange Act) that is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Parent in all material respects, (ii) provide

reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and to maintain accountability for assets, that access to assets is permitted only in accordance with authorizations of management and directors of Parent and that receipts and expenditures of Parent are being made only in accordance with authorizations of management and directors of Parent, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Parent's assets that could have a material effect on its financial statements. The records, systems, controls, data and information of Parent and its Subsidiaries that are used in the systems of disclosure controls and procedures and of financial reporting controls and procedures described above are recorded, stored, maintained and operated under means that are under the exclusive ownership and direct control of Parent or a wholly owned Subsidiary of Parent or its accountants, except as would not reasonably be expected to adversely affect or disrupt, in any material respect, the Company's systems of disclosure controls and procedures and of financial reporting controls and procedures or the reports generated thereby.

(c) Parent's management has completed an assessment of the effectiveness of Parent's internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act for the year ended December 31, 2020, and such assessment concluded that such controls were effective. Parent has disclosed, based on its most recent evaluation of its internal controls prior to the date of this Agreement, to the Parent's auditors and the audit committee of the Parent Board, (i) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting that are reasonably likely to adversely affect the Parent's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in internal control over financial reporting. As of the date of its most recent audited financial statements, neither Parent nor its auditors had identified any significant deficiencies or material weaknesses in its internal controls over financial reporting and, as of the date of this Agreement, to the Knowledge of Parent, nothing has come to its attention that has caused it to believe that there are any material weaknesses or significant deficiencies in such internal controls. To the Knowledge of Parent, since December 31, 2018, no material complaints from any source regarding accounting, internal accounting controls or auditing matters, and no concerns from Parent employees regarding questionable accounting or auditing matters, have been received by Parent. To the Knowledge of Parent, since December 31, 2018, no attorney representing Parent or any of its Subsidiaries, whether or not employed by Parent or any of its Subsidiaries, has reported evidence of a violation of securities Laws, breach of fiduciary duty or similar violation by Parent or any of its officers, directors, employees or agents to the Parent's chief legal officer, audit committee (or other committee designated for the purpose) of the Parent Board pursuant to the rules adopted pursuant to Section 307 of the Sarbanes-Oxley Act or any Parent policy contemplating such reporting, including in instances not required by those rules.

Section 4.6 No Undisclosed Liabilities. Except (a) as disclosed, reflected or reserved against in the audited consolidated balance sheet of Parent and its Subsidiaries as of December 31, 2020, and the footnotes to such consolidated balance sheet, in each case set forth in Parent's report on Form 10-K for the fiscal year ended December 31, 2020, (b) as expressly permitted or contemplated by this Agreement, (c) for liabilities or obligations that have been discharged or paid in full, (d) for liabilities arising in connection with obligations under any existing Contract (except to the extent such liabilities arose or resulted from a breach or a default of such Contract), (e) for liabilities and obligations incurred in the Ordinary Course of Business since December 31, 2020 (the "Parent Balance Sheet Date"); or (f) as would not have, individually or in the aggregate, a Parent Material Adverse Effect, neither Parent nor any Subsidiary of Parent has any liabilities or obligations that would be required by GAAP to be reflected on a consolidated balance sheet of Parent and its Subsidiaries.

Section 4.7 Compliance with Law; Permits.

(a) Parent and its Subsidiaries have been since December 31, 2018 in compliance with and not in default under or in violation of any Law applicable to Parent and its Subsidiaries, except where such non-compliance, default or violation would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Parent and its Subsidiaries are in possession of all Permits necessary for Parent and Parent's Subsidiaries to own, lease and operate their properties and assets or to carry on their businesses as they are now being conducted (such Permits, the "Parent Permits"), except where the failure to have any of the Parent Permits would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. All Parent Permits are in full force and effect and are not subject to any administrative or judicial proceeding that would reasonably be expected to result in modification, termination or revocation thereof, and Parent and each of its Subsidiaries is in compliance with the terms and requirements of such Parent Permit, except where the failure to be in full force and effect or in compliance or where such proceeding would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(c) Neither Parent nor any of its Subsidiaries has received any written notice that Parent or its Subsidiaries is in violation of any Law applicable to Parent or any of its Subsidiaries or any Permit, except for such violations that would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. There are no Actions pending, threatened in writing or, to the Knowledge of Parent, otherwise threatened that would reasonably be expected to result in the revocation, withdrawal, suspension, non-renewal, termination, revocation, or adverse modification or limitation of any such Permit, except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.8 Anti-Corruption; Anti-Bribery; Anti-Money Laundering.

(a) Parent, its Subsidiaries and, to the Knowledge of Parent, each of their directors, officers and employees and each other Person acting on behalf of Parent or its Subsidiaries are in all material respects in compliance with and for the past five years, have in all material respects complied with (a) the FCPA, and (b) the provisions of all Anti-Corruption Laws. Parent and its Subsidiaries have since December 31, 2018 (i) instituted policies and procedures that are reasonably designed to ensure compliance in all material respects with the FCPA and other anti-bribery, anti-corruption and anti-money laundering Laws in each jurisdiction in which Parent or any of its Subsidiaries operate and (ii) maintained such policies and procedures in full force and effect in all material respects.

(b) None of Parent, its Subsidiaries or, to the Knowledge of Parent, any of their directors, officers and employees and each other Person acting on behalf of Parent or its Subsidiaries has, in the past five years, directly or indirectly, violated any, or been subject to actual or, to the Knowledge of Parent, pending or threatened Proceedings, settlements or enforcement actions alleging violations on the part of any of the foregoing Persons of the FCPA or Anti-Corruption Laws or any terrorism financing Law.

(c) None of Parent, its Subsidiaries or, to the Knowledge of Parent, any of their directors, officers and their employees or any other Person acting on behalf of Parent or its Subsidiaries has, in the past five years: (i) directly or indirectly, paid, offered or promised to pay, or authorized or ratified the payment of any monies or anything of value (A) which would violate any applicable Anti-Corruption Law, including the FCPA, applied for purposes hereof as it applies to domestic concerns, or (B) to any national, provincial, municipal or other Government Official or any political party or candidate for political office for the purpose of (x) influencing any act or decision of such official or of any Governmental Entity, (y) to obtain or retain business, or direct business to any Person or (z) to secure any other improper benefit or advantage; or (ii) aided, abetted, caused (directly or indirectly), participated in, or otherwise conspired with, any Person to violate the terms of any Order.

Section 4.9 Sanctions.

(a) For the past five years, Parent and each of its Subsidiaries has been, and currently is, in all material respects in compliance with relevant Export and Sanctions Regulations.

(b) None of Parent or any of its Subsidiaries, or, to the Knowledge of the Parent, any director, officer, agent, employee or other Person acting on behalf of any of Parent or its Subsidiaries, in their capacity as such, is

currently, or has been for the past five years: (i) a Sanctioned Person or (ii) engaging in any dealings or transactions with, or for the benefit of, any Sanctioned Person or in any Sanctioned Country, to the extent such activities would cause Parent to violate applicable Export and Sanctions Regulations.

(c) For the past five years, Parent and its Subsidiaries have (i) instituted policies and procedures that are reasonably designed to ensure compliance in all material respects with the Export and Sanctions Regulations in each jurisdiction in which Parent and its Subsidiaries operate or are otherwise subject to jurisdiction and (ii) maintained such policies and procedures in full force and effect in all material respects.

(d) For the past five years, neither Parent nor any of its Subsidiaries (w) has been found in violation of, charged with or convicted of, any Export and Sanctions Regulations, (x) to the Knowledge of Parent, is under investigation by any Governmental Entity for possible violations of any Export and Sanctions Regulation, (y) has been assessed civil penalties under any Export and Sanctions Regulations or (z) has filed any voluntary disclosures with any Governmental Entity regarding possible violations of any Export and Sanctions Regulations.

Section 4.10 Environmental Laws and Regulations.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect: (i) Parent and its Subsidiaries have for the past five years conducted their respective businesses in compliance with all applicable Environmental Laws; (ii) for the past five years, neither Parent nor any of its Subsidiaries has received any written notices, demand letters or written requests for information from any Governmental Entity alleging that Parent or any of its Subsidiaries is in violation of or has liability under any Environmental Law and there are no legal, administrative, arbitral or other proceedings, claims or actions pending, or to the Knowledge of Parent threatened, against Parent or any of its Subsidiaries alleging any violation of or liability relating to any Environmental Law, in each case other than with respect to matters that have been fully resolved; (iii) to the Knowledge of Parent, for the past five years, there has been no treatment, storage or release of any Hazardous Substance in violation of or as could reasonably be expected to result in liability under any applicable Environmental Law from any properties currently or formerly owned or leased or held under concession by Parent or any of its Subsidiaries or any predecessor; and (iv) neither Parent nor any Subsidiary is subject to any agreement, order, judgment, decree or agreement by or with any Governmental Entity or other third party imposing any liability or obligation relating to any Environmental Law.

(b) The generality of any other representations and warranties in this Agreement notwithstanding, the representations and warranties in this Section 4.10 shall be deemed to be Parent's sole and exclusive representations and warranties in this Agreement with respect to Environmental Laws, Hazardous Substances and any other environmental matters.

Section 4.11 Employee Benefit Plans; Labor Matters.

(a) Section 4.11(a) of the Parent Disclosure Schedules lists all material Parent Benefit Plans.

(b) Parent has made available to the Company, with respect to each material Parent Benefit Plan, each writing constituting a part of such Parent Benefit Plan, including all amendments thereto.

(c) Except as would not have, individually or in the aggregate, a Parent Material Adverse Effect: (i) each Parent Benefit Plan (including any related trusts) has been maintained and administered in compliance with its terms and with applicable Law, including ERISA and the Code to the extent applicable thereto; (ii) each Parent Benefit Plan intended to be "qualified" within the meaning of Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service or is entitled to rely on a favorable opinion issued by the Internal Revenue Service, (iii) no Parent Benefit Plan is subject to Title IV of ERISA, (iv) no employee benefit plan of Parent or its Subsidiaries is a Multiemployer Plan or a plan subject to Title IV of ERISA that has two or more contributing sponsors, at least two of whom are not under common control, (v) all

contributions or other amounts payable by Parent or any of its Subsidiaries with respect to each Parent Benefit Plan in respect of current or prior plan years have been paid or accrued in accordance with GAAP and (vi) there are no pending, threatened or, to the Knowledge of Parent, anticipated claims (other than claims for benefits in accordance with the terms of the Parent Benefit Plans) by, on behalf of or against any of the Parent Benefit Plans or any trusts related thereto.

(d) With respect to any Multiemployer Plan contributed to by Parent or any ERISA Affiliate, neither Parent nor any ERISA Affiliate has incurred any withdrawal liability under Title IV of ERISA which remains unsatisfied as to an amount that would reasonably be expected to result in, individually or in the aggregate, material liability to Parent and its Subsidiaries, taken as a whole.

(e) Except as provided in this Agreement or required by applicable Law, the consummation of the transactions contemplated by this Agreement will not, either alone or in combination with another event, (i) entitle any current or former employee or director of Parent or any of its Subsidiaries to severance pay, or any other payment from Parent or its Subsidiaries, (ii) accelerate the time of payment or vesting, or increase the amount of, compensation due to any such employee or consultant, (iii) directly or indirectly cause Parent to transfer or set aside any assets to fund any material benefits under any Parent Benefit Plan or (iv) limit or restrict the right to merge, materially amend, terminate or transfer the assets of any Parent Benefit Plan on or following the First Effective Time.

(f) The execution and delivery of this Agreement, stockholder or other approval of this Agreement or the consummation of the transactions contemplated by this Agreement would not, either alone or in combination with another event, result in the payment of any "excess parachute payment" as defined Section 280G(b)(1) of the Code.

(g) Parent is not a party to nor does it have any obligation under any Parent Benefit Plan to compensate, indemnify or reimburse any person for excise Taxes payable pursuant to Section 4999 of the Code or for additional Taxes payable pursuant to Section 409A of the Code.

(h) Parent and its Subsidiaries are in compliance with their obligations pursuant to all notification and bargaining obligations arising under any Parent Labor Agreements, except as would not have, individually or in the aggregate, a Parent Material Adverse Effect.

(i) Except as would not reasonably be expected to result in, individually or in the aggregate, material liability to Parent and its Subsidiaries, taken as a whole as of the date of this Agreement, (A) there are no strikes or lockouts with respect to any employees of Parent or any of its Subsidiaries; (B) to the Knowledge of Parent, there is no union organizing effort pending or threatened against Parent or any of its Subsidiaries; (C) there is no labor dispute or labor arbitration proceeding pending or, to the Knowledge of Parent, threatened against Parent or any of its Subsidiaries (other than, in each case, routine grievances, including those brought by unions or other collectively represented employees, to be heard by the applicable Governmental Entity); and (D) there is no slowdown, or work stoppage in effect or, to the Knowledge of Parent, threatened with respect to employees of Parent or any of its Subsidiaries.

(j) Except as would not have, individually or in the aggregate, a Parent Material Adverse Effect, since December 31, 2018, Parent and its Subsidiaries have complied with all applicable Laws with respect to employment and employment practices (including all applicable Laws, rules and regulations regarding wage and hour requirements, employee and worker classification, immigration status, discrimination in employment, harassment, employee health and safety, and collective bargaining).

(k) The consent or consultation of, or the rendering of formal advice by, any labor or trade union, works council or similar organization is not required for Parent to enter into this Agreement or to consummate any of the transactions contemplated hereby other than any consent, consultation or formal advice, the failure of

which to obtain or, in the case of consultation, engage in, would not delay or prevent the consummation of the transactions contemplated by this Agreement or otherwise reasonably be expected to result in, individually or in the aggregate, material liability to Parent and its Subsidiaries, taken as a whole as of the date of this Agreement.

Section 4.12 Absence of Certain Changes or Events.

(a) Since the Parent Balance Sheet Date through the date of this Agreement, there has not been any event, change, occurrence or development that has had or would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) From the Parent Balance Sheet Date through the date of this Agreement, Parent and its Subsidiaries have conducted their respective businesses in all material respects in the Ordinary Course of Business.

Section 4.13 Investigations; Litigation. Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, as of the date of this Agreement, (a) to the Knowledge of Parent, there is no investigation or review pending or threatened by any Governmental Entity with respect to Parent or any of its Subsidiaries; and (b) there are no Actions pending (or, to the Knowledge of Parent, threatened) against or affecting Parent or any of Parent's Subsidiaries or any of their respective assets or properties at law or in equity before, and there are no Orders of any Governmental Entity against or affecting Parent or any of Parent's Subsidiaries or any of their respective assets or properties.

Section 4.14 Parent Information. The information supplied or to be supplied by Parent for inclusion in (i) the Proxy Statement/Prospectus, the Form F-4 or the Management Information Circular will not, at the time the Proxy Statement/Prospectus is first mailed to the Company's stockholders and at the time the Management Information Circular is first mailed to Parent's shareholders, at the time of the Company Stockholder Meeting and the Parent Shareholder Meeting or at the time the Form F-4 (and any amendment or supplement thereto) is declared effective, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, that no representation or warranty is made by Parent with respect to statements made therein based on information supplied by the Company for inclusion or incorporation by reference therein.

Section 4.15 Tax Matters.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect: (i) Parent and each of its Subsidiaries have prepared and timely filed (taking into account any extension of time within which to file) all Tax Returns required to be filed by any of them under applicable Law with the appropriate Governmental Entity and all such filed Tax Returns are complete and accurate; (ii) Parent and each of its Subsidiaries have paid all Taxes required to be paid under applicable Law to the appropriate Governmental Entity and have withheld all Taxes required to be withheld by any of them (including in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, stockholder or other third party), except, in the case of clauses (i) and (ii), with respect to matters contested in good faith or for which adequate reserves have been established in accordance with GAAP; (iii) as of the date of this Agreement, there are not pending or, to the Knowledge of Parent, threatened in writing, any audits, examinations, investigations or other proceedings in respect of Taxes of Parent or any of its Subsidiaries, and neither Parent nor any of its Subsidiaries has received written notice within the past six years of any claim made by a Governmental Entity, in a jurisdiction where Parent or any of its Subsidiaries, as applicable, does not file a Tax Return, that Parent or such Subsidiary is or may be subject to income taxation by, or have an obligation to file an income Tax Return in, that jurisdiction; (iv) there are no liens for Taxes on any property of Parent or any of its Subsidiaries, except for Permitted Liens; (v) neither Parent nor any of its Subsidiaries has been a "controlled corporation" or a "distributing corporation" in any distribution occurring during the two-year period

ending on the date of this Agreement that was purported or intended to be governed by Section 355 of the Code; (vi) neither Parent nor any of its Subsidiaries has participated in any "listed transaction" within the meaning of Treasury Regulations Section 1.6011-4(b)(2); (vii) neither Parent nor any of its Subsidiaries (A) is a party to or is bound by any Tax sharing, allocation or indemnification agreement or arrangement (other than such an agreement or arrangement (1) exclusively between or among Parent and/or its Subsidiaries or (2) not primarily related to Taxes and entered into in the Ordinary Course of Business), (B) has been a member of an affiliated, consolidated, unitary or combined group filing a consolidated federal income Tax Return (other than a group the common parent of which is or was Parent or any of its Subsidiaries), or (C) has any liability for the Taxes of any Person (other than Parent or any of its Subsidiaries) under Treasury Regulations Section 1.1502-6 (or any similar provision of federal, state, local or non-U.S. Law), as a transferee or successor; and (viii) neither Parent nor any of its Subsidiaries will be required to include any item of income in, or to exclude any item of deduction from, taxable income in any taxable period (or portion thereof) ending after the Closing Date as a result of (A) any closing agreement, installment sale, or open transaction disposition, (B) any accounting method change or agreement with any Governmental Entity, or (C) any election pursuant to Section 965(h) of the Code, in each case, made prior to the Closing.

(b) Neither Parent nor any of its Subsidiaries has taken or agreed to take any action or knows of any fact, agreement, plan or other circumstance that is reasonably likely to (i) prevent or impede the Mergers, taken together, from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code, (ii) cause the stockholders (other than any Excepted Stockholder) of the Company to recognize gain pursuant to Section 367(a)(1) of the Code, (iii) cause Parent to be treated as a "domestic corporation" pursuant to Section 7874(b) of the Code as a result of the Mergers, or (iv) prevent or impede Parent from being able to deliver the executed Parent Tax Certificate at Closing. As of the date of this Agreement, Parent believes it will be able to provide the Parent Tax Certificate at the Closing.

(c) The generality of any other representations and warranties in this Agreement notwithstanding, the representations and warranties in this Section 4.15 and, to the extent applicable, Section 4.11 shall be deemed to be Parent's sole and exclusive representations and warranties in this Agreement with respect to Tax matters.

Section 4.16 Opinion of Financial Advisor. The Parent Board has received the separate oral opinion(s) of BMO Nesbitt Burns Inc., Evercore Group L.L.C. and Goldman Sachs Canada Inc., to be confirmed by delivery of their respective written opinions, that, as of the date of the respective opinion and based upon and subject to the assumptions, limitations, qualifications and other matters stated therein, the Merger Consideration to be paid to the holders of Company Common Stock in the First Merger pursuant to this Agreement is fair, from a financial point of view, to Parent.

Section 4.17 Financing.

(a) Parent has delivered to the Company true and complete copies as of the date of this Agreement of (i) fully executed debt commitment letters, dated as of the date of this Agreement (including all exhibits and schedules thereto, the "Debt Commitment Letters"), by and among inter alia Parent and the Financing Parties specified therein and (ii) the executed fee letter, dated the date of this Agreement, referenced therein, relating to fees and other terms with respect to the Debt Financing contemplated by such Debt Commitment Letters (with only fee amounts and customary "flex" terms redacted, none of which redacted provisions could affect the conditionality, enforceability, availability, or aggregate principal amount of the Debt Financing). Pursuant to the Debt Commitment Letters, and subject to the terms and conditions thereof, the Financing Parties party thereto have committed to provide Parent and/or its Subsidiary party thereto with the amounts set forth in the Debt Commitment Letters for the purposes set forth therein (the debt financing contemplated in the Debt Commitment Letters, together with any replacement debt financing, including any bank financing or debt securities issued in lieu thereof, the "Debt Financing").

(b) As of the date of this Agreement, the Debt Commitment Letters are in full force and effect and the respective commitments thereunder have not been withdrawn, rescinded, reduced or terminated, or otherwise amended or modified in any respect and, to the Knowledge of Parent, no termination, reduction, withdrawal, rescission, amendment or modification is contemplated (other than as set forth therein with respect to "flex" rights and/or to add additional lenders, arrangers, bookrunners, syndication agents and similar entities who had not executed the Debt Commitment Letters as of the date of this Agreement), and the Debt Commitment Letters, in the form so delivered, constitute the legal, valid and binding obligations of, and are enforceable against, Parent, its Subsidiary party thereto and, to the Knowledge of Parent, each of the other non-affiliated parties thereto, subject, in each case, to the Enforceability Exceptions.

(c) Parent has fully paid (or caused to be paid) any and all commitment fees or other fees required by the Debt Commitment Letters to be paid on or before the date of this Agreement, and will pay in full any such amounts as and when due and payable on or before the Closing Date. Except as expressly set forth in the Debt Commitment Letters, there are no conditions precedent to the obligations of the Financing Parties party thereto to provide the Debt Financing or any contingencies that would permit the Financing Parties party thereto to reduce the aggregate principal amount of the Debt Financing. Assuming the satisfaction of the conditions set forth in Section 6.3(a) and (b), Parent does not have any reason to believe that it will be unable to satisfy on a timely basis all terms and conditions to be satisfied by it in any of the Debt Commitment Letters on or prior to the Closing Date, nor does Parent have knowledge as of the date of this Agreement that any Financing Party party thereto will not perform its obligations thereunder. Except for customary bond engagement letters and for the redacted fee letter provided to the Company in accordance with clause (a) above, as of the date of this Agreement, there are no contracts, agreements, "side letters" or other arrangements to which Parent or any of its Subsidiaries is a party relating to the Debt Commitment Letters or the Debt Financing.

(d) As of the date of this Agreement, no event has occurred which, with or without notice, lapse of time or both, constitutes, or would reasonably be expected to constitute, a default or breach by Parent or its Subsidiaries or, to the Knowledge of Parent, any other party thereto, of any term of the Debt Commitment Letters. The Debt Financing, when funded in accordance with the Debt Commitment Letters and giving effect to any "flex" provision in or related to the Debt Commitment Letters (including with respect to fees and original issue discount), together with cash and the other sources of immediately funds available to Parent on the Closing Date, shall provide Parent with cash proceeds on the Closing Date sufficient for the satisfaction of all of Parent's obligations under this Agreement and the Debt Commitment Letters, including the payment of the Cash Consideration, the Preferred Merger Consideration and any fees and expenses of or payable by Parent or Merger Subs or Parent's other Affiliates, and for any repayment or refinancing of any outstanding indebtedness of the Company and/or its Subsidiaries contemplated by, or required in connection with the transactions described in, this Agreement or the Debt Commitment Letters (such amounts, collectively, the "Financing Amounts").

(e) Parent and Merger Subs expressly acknowledge and agree that their obligations under this Agreement to consummate the Mergers or any of the other transactions contemplated by this Agreement, are not subject to, or conditioned on, the receipt or availability of any funds or the Debt Financing.

Section 4.18 Capitalization of Merger Subs. The authorized capital stock of (i) Surviving Merger Sub consists of 100 shares of common stock, par value $0.01 per share, all of which are validly issued and outstanding, and (ii) First Merger Sub consists of 100 shares of common stock, par value $0.01 per share, all of which are validly issued and outstanding. All of the issued and outstanding capital stock of Surviving Merger Sub is as of the date of this Agreement, and at all times through the Second Effective Time will be, owned directly by Parent; and all of the issued and outstanding capital stock of First Merger Sub is as of the date of this Agreement, and at all times until immediately prior to the First Effective Time will be, owned directly by Surviving Merger Sub. There is no outstanding option, warrant, right or any other agreement pursuant to which any Person other than Parent may acquire any equity securities of Surviving Merger Sub or First Merger Sub. Neither Surviving Merger Sub nor First Merger Sub has conducted any business prior to the date of this Agreement, and prior to the First Effective Time (in the case of Surviving Merger Sub) or the Second Effective

Time (in the case of First Merger Sub) will have, no assets, liabilities or obligations of any nature other than those incident to its formation and pursuant to this Agreement and the Mergers and the other transactions contemplated by this Agreement.

Section 4.19 Required Vote of Parent Shareholders. The affirmative vote of a majority of the votes cast by the holders of outstanding Parent Common Shares represented in person or by proxy and entitled to vote on such matter in favor of the approval of the Parent Share Issuance at the Parent Shareholder Meeting, or any adjournment or postponement thereof, in accordance with the rules and policies of the TSX (the "Parent Shareholder Approval") is the only vote of holders of securities of Parent that is required to approve this Agreement and the transactions contemplated hereby, including the Mergers.

Section 4.20 Finders or Brokers. Except for BMO Nesbitt Burns Inc., Evercore Group L.L.C. and Goldman Sachs Canada Inc., neither Parent nor any Subsidiary of Parent (including each Merger Sub) has employed or engaged any investment banker, broker or finder in connection with the transactions contemplated by this Agreement who would be entitled to any fee or any commission in connection with or on consummation of the Mergers or the other transactions contemplated hereby.

Section 4.21 Certain Arrangements. Since December 31, 2018 through the date of this Agreement, there have been no contracts, undertakings, commitments, agreements, obligations or understandings, whether written or oral, or any material transactions, between Parent, either Merger Sub or any of their respective Affiliates, on the one hand, and any beneficial owner of five percent or more of the outstanding shares of Company Common Stock or any member of the Company's management or the Company Board, on the other hand, relating in any way to the Company, the transactions contemplated by this Agreement or to the operations of the Second Surviving Corporation after the Second Effective Time.

Section 4.22 Ownership of Common Stock. None of Parent, either Merger Sub or any of their respective Subsidiaries or Affiliates beneficially owns, directly or indirectly (including pursuant to a derivatives contract), any shares of Company Common Stock or other securities convertible into, exchangeable for or exercisable for shares of Company Common Stock or any securities of any Subsidiary of the Company, and none of Parent, either Merger Sub or any of their respective Subsidiaries or Affiliates has any rights to acquire, directly or indirectly, any shares of Company Common Stock, except pursuant to this Agreement. None of Parent, either Merger Sub or any of their "affiliates" or "associates" is, or at any time during the last three years has been, an "interested stockholder" of the Company, in each case as defined in Section 203 of the DGCL.

Section 4.23 Solvency. Immediately after giving effect to the consummation of the transactions contemplated by this Agreement (including any financings being entered into in connection therewith):

(a) the Fair Value of the assets of Parent and its Subsidiaries, taken as a whole, shall be greater than the total amount of Parent's and its Subsidiaries' liabilities (including all liabilities, whether or not reflected in a balance sheet prepared in accordance with GAAP, and whether direct or indirect, fixed or contingent, secured or unsecured, disputed or undisputed), taken as a whole;

(b) Parent and its Subsidiaries, taken as a whole, shall be able to pay their debts and obligations in the Ordinary Course of Business as they become due; and

(c) Parent and its Subsidiaries, taken as a whole, shall have adequate capital to carry on their businesses and all businesses in which they are about to engage.

(d) For the purposes of this Section 4.23, "Fair Value" means the amount at which the assets (both tangible and intangible), in their entirety, of Parent and its Subsidiaries would change hands between a willing buyer and a willing seller, within a commercially reasonable period of time, each having reasonable knowledge of the relevant facts, with neither being under any compulsion to act.

Section 4.24 No Other Representations or Warranties; No Reliance. Each of Parent and the Merger Subs acknowledges and agrees that, except for the representations and warranties contained in Article 3, none of the Company or any other Person acting on behalf of the Company has made or makes, and neither Parent nor either Merger Sub has relied on, any representation or warranty, whether express or implied, with respect to the Company, its Subsidiaries or their respective businesses, affairs, assets, liabilities, financial condition, results of operations, future operating or financial results, estimates, projections, forecasts, plans or prospects (including the reasonableness of the assumptions underlying such estimates, projections, forecasts, plans or prospects) or with respect to the accuracy or completeness of any other information provided or made available to Parent, either Merger Sub or any of their respective representatives by or on behalf of the Company. Each of Parent and the Merger Subs acknowledges and agrees that neither the Company nor any other Person acting on behalf of the Company has made or makes, and neither Parent nor either Merger Sub has relied on, any representation or warranty, whether express or implied, with respect to any projections, forecasts, estimates or budgets made available to Parent, either Merger Sub or any of their respective representatives of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of the Company or any of its Subsidiaries. Each of Parent and the Merger Subs acknowledges and agrees that neither the Company nor any other Person acting on behalf of the Company has made or makes, and neither Parent nor either Merger Sub has relied on, any representation or warranty, whether express or implied, with respect to the Company (except for the representations and warranties contained in Article 3).

ARTICLE 5

COVENANTS AND AGREEMENTS

Section 5.1 Conduct of Business by the Company.

(a) From and after the date of this Agreement and prior to earlier of the Control Date and the date, if any, on which this Agreement is earlier terminated pursuant to Section 7.1 (the "Termination Date"), except (i) as may be required by applicable Law, (ii) as may be agreed in writing by Parent (which consent shall not be unreasonably withheld, delayed or conditioned), (iii) as may be expressly contemplated, required or expressly permitted by this Agreement or (iv) as set forth in Section 5.1 of the Company Disclosure Schedules, the Company shall, and shall cause its Subsidiaries to, use its commercially reasonable efforts to (A) conduct its business in all material respects in the Ordinary Course of Business in accordance with the capital allocation policy set forth on Section 5.1(a) of the Company Disclosure Schedule (the "Company Capital Allocation Policy"), and (B) preserve intact in all material respects its business organization and maintain existing relationships and goodwill with Governmental Entities, customers, suppliers, licensors, licensees, creditors, lessors, distributors, employees, contractors and business associates; provided, that no action by the Company or its Subsidiaries with respect to matters specifically addressed by any provision of Section 5.1(b) shall be deemed a breach of this sentence unless such action would constitute a breach of such other provision.

(b) From and after the date of this Agreement and prior to the earlier of the First Effective Time and the Termination Date (other than with respect to the covenants set forth in Sections 5.1(b)(i), (ii), (iii), (iv), (v), (vi), (vii), (x), (xiii), (xv), (xvi), (xvii), (xviii) and (xxi), each of which shall apply from and after the date of this Agreement and prior to the earlier of the Control Date and the Termination Date), except (w) as may be required by applicable Law, (x) as may be agreed in writing by Parent (which consent shall not be unreasonably withheld, delayed or conditioned), (y) as may be expressly contemplated, required or expressly permitted by this Agreement or (z) as set forth in Section 5.1 of the Company Disclosure Schedules, the Company:

(i) shall not, and shall not permit any of its Subsidiaries that is not wholly owned to, authorize or pay any dividends on or make any distribution with respect to its outstanding shares of capital stock (whether in cash, assets, stock or other securities of the Company or its Subsidiaries), except (A) quarterly cash dividends paid by the Company on the outstanding shares of Company Common Stock consistent with

the Company Capital Allocation Policy, appropriately adjusted to reflect any stock dividends, subdivisions, splits, combinations or other similar events relating to the shares Company Common Stock, (B) dividends paid by the Company on the outstanding shares of Company Preferred Stock in accordance with the terms thereof and (C) dividends and distributions paid by Subsidiaries of the Company to the Company or to any of the Company's other wholly owned Subsidiaries;

(ii) shall not, and shall not permit any of its Subsidiaries to, split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, except as may be permitted by Section 5.1(b)(vi), and except for any such transaction by a wholly owned Subsidiary of the Company that remains a wholly owned Subsidiary after consummation of such transaction;

(iii) shall not, and shall not permit any of its Subsidiaries to except in the Ordinary Course of Business, hire any employee or engage any independent contractor (who is a natural person) or terminate the employment of any employee of the Company or any of its Subsidiaries or increase the compensation or other benefits payable or provided to the Company's or any of its Subsidiaries' directors or employees, except that, notwithstanding the foregoing, except as required pursuant to the terms of any Company Benefit Plan in effect as of the date of this Agreement, the Company shall not, and shall not permit any of its Subsidiaries to (A) grant any transaction or retention bonuses, (B) grant any Company Equity Awards or other equity or long-term incentive compensation awards, or (C) enter into any employment, change of control, severance or retention agreement with any employee of the Company or any of its Subsidiaries (except (y) for severance agreements entered into with employees in the Ordinary Course of Business in connection with terminations of employment, providing for severance in accordance with the terms of the applicable Company Benefit Plan in effect as of the date of this Agreement or (z) for employment agreements terminable on no more than 90 days' notice without penalty);

(iv) shall not, and shall not permit any of its Subsidiaries to, materially change financial accounting policies or procedures or any of its methods of reporting income, deductions or other material items for financial accounting purposes, except as required by GAAP or SEC rule or policy;

(v) shall not adopt any amendments to the Organizational Documents of the Company or any of its Significant Subsidiaries, other than amendments solely to effect ministerial changes to such documents;

(vi) except for transactions among the Company and its wholly owned Subsidiaries or among the Company's wholly owned Subsidiaries, shall not, and shall not permit any of its Subsidiaries to, issue, sell, pledge, dispose of or encumber, or authorize the issuance, sale, pledge, disposition or encumbrance of, any shares of its capital stock or other ownership interests in the Company or any Subsidiaries of the Company or any securities convertible into, exercisable for or exchangeable for any such shares or ownership interests or take any action to cause to be vested any otherwise unvested Company Equity Award (except as otherwise provided by the terms of this Agreement or the express terms of any such Company Equity Award), other than (A) issuances of shares of Company Common Stock in respect of any exercise of or settlement of Company Equity Awards outstanding on the date of this Agreement or as may be granted after the date of this Agreement as permitted under this Section 5.1(b), (B) Permitted Liens and (C) pursuant to existing agreements in effect prior to the execution of this Agreement (or refinancings thereof permitted pursuant to Section 5.1(b)(viii)(B));

(vii) except for transactions among the Company and its Subsidiaries or among the Company's wholly owned Subsidiaries, shall not, and shall not permit any of its Subsidiaries to, purchase, redeem or otherwise acquire any shares of its capital stock or any rights, warrants or options to acquire any such shares, other than the acquisition of shares of Company Common Stock from a holder of Company Equity Awards in satisfaction of withholding obligations or in payment of the exercise price;

(viii) shall not, and shall not permit any of its Subsidiaries to, incur, assume, or guarantee, any indebtedness for borrowed money, other than in the Ordinary Course of Business, except for (A) any indebtedness among the Company and its wholly owned Subsidiaries or among the Company's wholly

owned Subsidiaries, (B) any indebtedness incurred to replace, renew, extend, refinance or refund any existing indebtedness of the Company or its Subsidiaries (including indebtedness incurred to repay or refinance related fees, expenses, premiums and accrued interest), (C) guarantees or credit support provided by the Company or any of its Subsidiaries for indebtedness of the Company or any of its wholly owned Subsidiaries, to the extent such indebtedness is (1) in existence on the date of this Agreement or (2) incurred in compliance with this Section 5.1(b)(viii), (D) indebtedness incurred pursuant to agreements in effect prior to the execution of this Agreement (or replacements, renewals, extensions, or refinancings thereof) and (E) other indebtedness in an aggregate principal amount outstanding at any time incurred by the Company or any of its Subsidiaries that is consistent with the Company Capital Allocation Policy;

(ix) shall not, and shall not permit any of its Subsidiaries to make any loans, advances, guarantees or capital contributions to or investments in any Person (other than between the Company or any of its wholly owned Subsidiaries, on the one hand, and any of the Company's wholly owned Subsidiaries, on the other hand) in excess of $35 million individually or $50 million in the aggregate;

(x) shall not, and shall not permit any of its Subsidiaries to, sell, lease, license, transfer, exchange or swap, or subject to any Lien (other than Permitted Liens), or otherwise dispose of, any material portion of its businesses, properties or assets, including the capital stock of its Subsidiaries but excluding Intellectual Property, other than in the Ordinary Course of Business, and except (A) pursuant to existing agreements in effect prior to the execution of this Agreement (or refinancings thereof permitted pursuant to Section 5.1(b)(viii)(B)), (B) transactions among the Company and its Subsidiaries or among the Company's Subsidiaries or (C) for consideration not in excess of $25 million individually or $50 million in the aggregate;

(xi) shall not, and shall not permit any of its Subsidiaries to enter into any Contract with a term greater than two years, that may not be terminated by the Company or any of its Subsidiaries without cause, and would have been a Company Material Contract had it been entered into prior to this Agreement, terminate or modify, amend or waive any material rights under any Company Material Contract in any material respect in a manner that is adverse to the Company, in each case, other than in the Ordinary Course of Business or as otherwise contemplated by this Section 5.1(b);

(xii) shall not, and shall not permit any of its Subsidiaries to, acquire assets (other than pursuant to any capital expenditures permitted by Section 5.1(b)(xiv)) from any other Person with a fair market value or purchase price in excess of $25 million individually or $50 million in the aggregate in any transaction or series of related transactions, in each case, including any amounts or value reasonably expected to be paid in connection with a future earn-out, purchase price adjustment, release of "holdback" or similar contingent payment obligation, or that could reasonably be expected to prevent, materially delay or materially impair the ability of the Company to consummate the Merger and the other transactions contemplated by this Agreement, other than acquisitions of inventory or other goods in the Ordinary Course of Business;

(xiii) shall not, and shall not permit any of its Subsidiaries to, settle, pay, discharge or satisfy any Action, other than any Action that involves only the payment of monetary damages not in excess of $15 million for any individual Action or $25 million in the aggregate over the amount reflected or reserved against in the balance sheet (or the notes thereto) included in the Company SEC Documents relating to such Actions and would not result in (x) the imposition of any Order that would restrict the future activity or conduct of the Company or any of its Subsidiaries (excluding, for the avoidance of doubt, releases of claims, confidentiality and other *de minimis* obligations customarily included in monetary settlements) or (y) a finding or admission of a violation of Law;

(xiv) shall not, and shall not permit any of its Subsidiaries to, make or authorize any capital expenditures other than (A) capital expenditures not in excess of $700 million in the aggregate in any 12-month period or (B) other capital expenditures to the extent necessary to restore service to Company railroads, repair improvements on Company real estate or guarantee safety in the event of railroad accidents or incidents (natural or otherwise) affecting railroad operations or real estate;

(xv) shall not, and shall not permit any of its Subsidiaries to, terminate or permit any material Company Permit to lapse, other than in accordance with the terms and regular expiration thereof, or fail to apply on a timely basis for any renewal of any renewable material Company Permit (excluding, in each case, any Company Permit that the Company, in its reasonable judgment, no longer believes to be material or necessary to the conduct of its businesses);

(xvi) shall not, and shall not permit any of its Subsidiaries to, adopt or enter into a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of the Company or any of its Subsidiaries, except for any such transactions between or among the Company's Subsidiaries or between or among any of the Company's Subsidiaries and the Company;

(xvii) shall not, and shall not permit any of its Subsidiaries to, enter into any new line of business that is not reasonably related to the existing business lines of the Company and its Subsidiaries;

(xviii) shall not, and shall not permit any of its Subsidiaries to, reorganize, restructure or combine any railroads or railroad operations if any such action would result in the Company's Subsidiaries other than The Kansas City Southern Railway Company being classified as a Class I railroad by the STB;

(xix) other than consistent with past practice, shall not (A) make (other than in the Ordinary Course of Business), change or revoke any material Tax election, (B) change any material method of Tax accounting or Tax accounting period, (C) file any amended Tax Return with respect to any material Tax, (D) settle or compromise any material Tax proceeding for an amount in excess of $10 million individually or $25 million in the aggregate over the amount reflected or reserved against in the balance sheet (or the notes thereto) included in the Company SEC Documents relating thereto or enter into any closing agreement relating to any material Tax, (E) surrender any right to claim a material Tax refund, or (F) agree to an extension or waiver of the statute of limitations with respect to the assessment of any material Tax without notifying Parent in writing reasonably promptly after entering any such agreement;

(xx) shall not, and shall not permit any of its Subsidiaries to become a party to, establish, adopt, materially amend, commence participation in or terminate any collective bargaining agreement or other agreement with a labor union, works council or similar organization;

(xxi) shall not, and shall not permit any of its Subsidiaries to enter into any consent decree or similar agreement that, individually or in the aggregate, is material to the Company and its Subsidiaries, taken as a whole;

(xxii) shall not, and shall not permit any of its Subsidiaries to terminate or fail to exercise renewal rights with respect to any insurance policies of the Company and its Subsidiaries in a manner that would (after taking into account any replacement insurance policies) materially and adversely affect the overall insurance coverage of the Company and its Subsidiaries, taken as a whole;

(xxiii) shall not, and shall not permit any of its Subsidiaries to, sell, transfer, lease, license, mortgage, pledge, surrender, encumber, divest, or otherwise dispose of any Company Intellectual Property (other than Permitted Liens) material to the business of the Company or any of its Subsidiaries, except in for non-exclusive licenses of Company Intellectual Property granted in the Ordinary Course of Business;

(xxiv) shall not, and shall not permit any of its Subsidiaries to abandon or otherwise allow to lapse or expire any material Registered Company Intellectual Property, other than lapses or expirations of any Registered Company Intellectual Property that is at the end of its maximum statutory term (with renewals); and

(xxv) shall not, and shall not permit any of its Subsidiaries to, agree, in writing or otherwise, to take any of the foregoing actions.

(c) Nothing contained in this Agreement shall give Parent or either Merger Sub, directly or indirectly, the right to control or direct the Company's or its Subsidiaries' operations prior to the Control Date. Prior to the

Control Date, the Company shall exercise, consistent with the terms and conditions of this Agreement and the Voting Trust Agreement and subject to applicable Law, complete control and supervision over its and its Subsidiaries' operations.

Section 5.2 Conduct of Business by Parent.

(a) From and after the date of this Agreement and prior to earlier of the First Effective Time and the Termination Date, except (i) as may be required by applicable Law, (ii) as may be agreed in writing by the Company (which consent shall not be unreasonably withheld, delayed or conditioned), (iii) as may be expressly contemplated, required or expressly permitted by this Agreement or (iv) as set forth in Section 5.2 of the Parent Disclosure Schedules, Parent shall, and shall cause its Subsidiaries to, use its commercially reasonable efforts to (A) conduct its business in all material respects in the Ordinary Course of Business and (B) preserve intact in all material respects its business organization and maintain existing relationships and goodwill with Governmental Entities, customers, suppliers, licensors, licensees, creditors, lessors, distributors, employees, contractors and business associates; provided, that no action by Parent or its Subsidiaries with respect to matters specifically addressed by any provision of Section 5.2(b) shall be deemed a breach of this sentence unless such action would constitute a breach of such other provision.

(b) From and after the date of this Agreement and prior to the earlier of the First Effective Time and the Termination Date, except (w) as may be required by applicable Law, (x) as may be agreed in writing by the Company (which consent shall not be unreasonably withheld, delayed or conditioned), (y) as may be expressly contemplated, required or expressly permitted by this Agreement or (z) as set forth in Section 5.2 of the Parent Disclosure Schedules, Parent:

(i) shall not, and shall not permit any of its Subsidiaries that is not wholly owned to, authorize or pay any dividends on or make any distribution with respect to its outstanding shares of capital stock (whether in cash, assets, stock or other securities of Parent or its Subsidiaries), except (A) regular quarterly cash dividends paid by Parent on the Parent Common Shares consistent with past practice, appropriately adjusted to reflect any stock dividends, subdivisions, splits, combinations or other similar events relating to the Parent Common Shares, (B) dividends paid by Parent on the outstanding shares of Perpetual 4% Consolidated Debenture Stock of Parent in accordance with the terms thereof and (C) dividends and distributions paid by Subsidiaries of Parent to Parent or to any of Parent's other wholly owned Subsidiaries;

(ii) shall not, and shall not permit any of its Subsidiaries to, split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, except for any such transaction by a wholly owned Subsidiary of Parent that remains a wholly owned Subsidiary after consummation of such transaction;

(iii) shall not, and shall not permit any of its Subsidiaries to, materially change financial accounting policies or procedures or any of its methods of reporting income, deductions or other material items for financial accounting purposes, except as required by GAAP or rule or policy of the SEC or the Canadian Securities Administrators;

(iv) shall not adopt any amendments to the Organizational Documents of Parent, other than amendments solely to effect ministerial changes to such documents;

(v) except for transactions among Parent and its wholly owned Subsidiaries or among Parent's wholly owned Subsidiaries, shall not, and shall not permit any of its Subsidiaries to, issue, sell, pledge, dispose of or encumber, or authorize the issuance, sale, pledge, disposition or encumbrance of, any shares of its capital stock or other ownership interests in any Subsidiaries of Parent or any securities convertible into, exercisable for or exchangeable for any such shares or ownership interests or take any action to cause to be vested any otherwise unvested Parent Equity Award (except as otherwise provided by the terms of this Agreement or the express terms of any such Parent Equity Award), other than (A) issuances of Parent Common Shares (x) in respect of any exercise of or settlement of Parent Equity Awards outstanding on the

date of this Agreement, (y) as permitted under the Debt Commitment Letters or (z) as may be granted after the date of this Agreement in the Ordinary Course of Business, (B) the grant of Parent Equity Awards or other equity compensation awards in the Ordinary Course of Business (and the issuance or transfer of any Parent Common Shares in connection therewith), (C) any Permitted Liens and (D) pursuant to existing agreements in effect prior to the execution of this Agreement;

(vi) shall not, and shall not permit any of its Subsidiaries to, sell, lease, license, transfer, exchange or swap, or subject to any Lien (other than Permitted Liens), or otherwise dispose of, any material portion of its businesses, properties or assets, including the capital stock of its Subsidiaries, other than in the Ordinary Course of Business, and except (A) pursuant to existing agreements in effect prior to the execution of this Agreement, (B) transactions among Parent and its Subsidiaries or among Parent's Subsidiaries or (C) for consideration not in excess of $50 million individually or $100 million in the aggregate;

(vii) shall not, and shall not permit any of its Subsidiaries to, adopt or enter into a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of Parent or any of its Subsidiaries, except for any such transactions between or among Parent's Subsidiaries; and

(viii) shall not, and shall not permit any of its Subsidiaries to, agree, in writing or otherwise, to take any of the foregoing actions.

(c) Anything to the contrary set forth in this Agreement notwithstanding, between the date of this Agreement and the earlier of the First Effective Time and the Termination Date, Parent shall not, and shall cause its Affiliates not to, directly or indirectly (whether by plan of arrangement, amalgamation, business combination, merger, consolidation or otherwise), acquire, purchase, lease or license or otherwise enter into a transaction with (or agree to acquire, purchase, lease or license or otherwise enter into a transaction with) any business, corporation, partnership, association or other business organization or division or part thereof, or any securities or collection of assets, if doing so could reasonably be expected to: (i) impose any material delay in the obtaining of, or materially increase the risk of not obtaining, any Consent of any Governmental Entity necessary to consummate the Mergers or any of the other transactions contemplated hereby or the expiration or termination of any applicable waiting period; (ii) materially increase the risk of any Governmental Entity entering an Order prohibiting the consummation of the Mergers or any of the other transactions contemplated hereby; (iii) materially increase the risk of not being able to remove any such Order on appeal or otherwise; or (iv) otherwise prevent or materially delay the consummation of the Mergers or any of the other transactions contemplated hereby (including the Debt Financing).

Section 5.3 Access.

(a) Subject to compliance with applicable Laws, each of the Company and Parent shall (and each shall cause its Subsidiaries to): (i) afford to the other party and to its officers, employees, accountants, consultants, legal counsel, financial advisors and agents and other representatives (collectively, "Representatives") reasonable access, solely for purposes of furthering the Mergers and the other transactions contemplated hereby or integration planning relating thereto, during normal business hours, on reasonable advance notice of not less than two Business Days, throughout the period prior to the earlier of the First Effective Time and the Termination Date, to the other party's and its Subsidiaries' businesses, properties, personnel, agents, contracts, commitments, books and records, other than any such matters that relate to the negotiation and execution of this Agreement, including with respect to the consideration or valuation of the Mergers or any financial or strategic alternatives thereto, or any Company Alternative Proposal or Parent Alternative Proposal, as applicable, and (ii) promptly furnish the other party and its Representatives all other information concerning its business, properties and personnel as may reasonably be requested by the other party; provided, that the Company or Parent, as applicable, may provide such access by electronic means if physical access is not reasonably feasible or would not be permitted under applicable Law (including any COVID-19 Measures).

(b) Subject to compliance with applicable Laws, throughout the period from the First Effective Time until the Control Date (or, as may be applicable in accordance with Section 5.20, the completion of the Post-Closing Disposition), the Company shall (and shall cause its Subsidiaries to) (i) afford to Parent and its Representatives reasonable access, for purposes of furthering the transactions contemplated hereby or integration planning relating thereto, during normal business hours, on reasonable advance notice of not less than two Business Days, to the Company's and its Subsidiaries' businesses, properties, personnel, agents, contracts, commitments, books and records, and (ii) promptly furnish Parent and its Representatives (A) such financial and operating data and other information concerning the Company and its Subsidiaries as may be reasonably requested and is necessary or advisable in connection with any filings contemplated pursuant to Section 5.6 or any Post-Closing Disposition, (B) all reports or other information concerning the Company and its Subsidiaries provided to third parties pursuant to the terms of any outstanding indebtedness of the Company or any of its Subsidiaries and (C) all other information concerning the Company's business, properties and personnel as may reasonably be requested by the other party; provided, that the Company may provide such access by electronic means if physical access is not reasonably feasible or would not be permitted under applicable Law (including any COVID-19 Measures); provided, further, that to the extent access to any information of the Company or any of its Subsidiaries requires the entry of a protective order by the STB, the Company or its applicable Subsidiary shall be required to grant such access only if such order is obtained, subject to the terms of such order.

(c) The foregoing provisions of this Section 5.3 notwithstanding, neither the Company nor Parent shall be required to afford such access or furnish such information if it would unreasonably disrupt the operations of such party or any of its Subsidiaries, would cause a violation of any agreement to which such party or any of its Subsidiaries is a party, would result in a loss of privilege or trade secret protection to such party or any of its Subsidiaries, would result in the disclosure of any information in connection with any litigation or similar dispute between the parties hereto, would constitute a violation of any applicable Law or result in the disclosure of any personal information that would expose the such party to the risk of liability. In the event that Parent or the Company objects to any request submitted pursuant to and in accordance with this Section 5.3 and withholds information on the basis of the foregoing sentence, the Company or Parent, as applicable, shall inform the other party as to the general nature of what is being withheld and the Company and Parent shall use reasonable best efforts to make appropriate substitute arrangements to permit reasonable disclosure that does not suffer from any of the foregoing impediments, including through the use of reasonable best efforts to (i) obtain the required consent or waiver of any third party required to provide such information and (ii) implement appropriate and mutually agreeable measures to permit the disclosure of such information in a manner to remove the basis for the objection, including by arrangement of appropriate clean room procedures (including as set forth in the Clean Team Agreement), if the parties determine that doing so would reasonably permit the disclosure of such information without violating applicable Law or jeopardizing such privilege.

(d) Each of the Company and Parent hereby agrees that all information provided to it or any of its Representatives in connection with this Agreement and the consummation of the transactions contemplated hereby shall be deemed to be "Confidential Information," as such term is used in, and shall be treated in accordance with, the confidentiality agreement, dated as of December 9, 2020, between the Company and Parent (the "Confidentiality Agreement") and, as applicable, the Clean Team Confidentiality Agreement, dated as of March 10, 2021, between the Company and Parent (the "Clean Team Agreement").

Section 5.4 No Solicitation by the Company.

(a) Subject to the provisions of this Section 5.4, from the date of this Agreement until the earlier of the First Effective Time and the Termination Date, the Company agrees that it shall not, and shall cause its Subsidiaries and its and their respective directors and officers not to, and shall use its reasonable best efforts to cause its other Representatives not to, directly or indirectly, (i) solicit, initiate or knowingly encourage or knowingly facilitate any inquiry regarding, or the making or submission of any proposal, offer or indication of intent that constitutes, or would reasonably be expected to lead to, or result in, a Company Alternative Proposal, (ii) engage in, continue or otherwise participate in any discussions or negotiations with any Person regarding a

Company Alternative Proposal or any inquiry, proposal or offer that would reasonably be expected to lead to, or result in, a Company Alternative Proposal (except to notify such Person that the provisions of this Section 5.4 prohibit any such discussions or negotiations), (iii) furnish any nonpublic information relating to the Company or its Subsidiaries in connection with or for the purpose of facilitating a Company Alternative Proposal or any inquiry, proposal or offer that would reasonably be expected to lead to, or result in, a Company Alternative Proposal; (iv) recommend or enter into any other letter of intent, memorandum of understandings, agreement in principle, option agreement, acquisition agreement, merger agreement, joint venture agreement, partnership agreement or other similar agreement with respect to a Company Alternative Proposal (except for confidentiality agreements permitted under Section 5.4(b)); or (v) approve, authorize or agree to do any of the foregoing or otherwise knowingly facilitate any effort or attempt to make a Company Alternative Proposal.

(b) Notwithstanding anything in this Section 5.4 to the contrary, at any time prior to, but not after, obtaining the Company Stockholder Approval, if the Company receives a *bona fide*, unsolicited Company Alternative Proposal that did not result from the Company's violation of this Section 5.4, the Company and its Representatives may contact the third party making such Company Alternative Proposal to clarify the terms and conditions thereof. If (i) such Company Alternative Proposal constitutes a Company Superior Proposal or (ii) the Company Board determines in good faith after consultation with outside legal and financial advisors that such Company Alternative Proposal could reasonably be expected to lead to a Company Superior Proposal, the Company may take the following actions: (A) furnish nonpublic information to the third party making such Company Alternative Proposal (including its Representatives and prospective equity and debt financing sources) in response to a request therefor, if, and only if, prior to so furnishing such information, the third party has executed a confidentiality agreement with the Company having confidentiality and use provisions that, in each case, are not less restrictive in the aggregate to such third party than the provisions in the Confidentiality Agreement are to Parent (it being understood that such confidentiality agreement need not contain any "standstill" or similar provisions or otherwise prohibit the making or amendment of any Company Alternative Proposal), provided, however, that if the third party making such Company Alternative Proposal is a known competitor of the Company, the Company shall not provide any commercially sensitive non-public information to such third party in connection with any actions permitted by this Section 5.4(b) other than in accordance with customary "clean room" or other similar procedures designed to limit the disclosure of competitively sensitive information, and (B) engage in discussions or negotiations with the third party (including its Representatives) with respect to the Company Alternative Proposal. The Company shall promptly (and in any event within 48 hours) notify Parent in writing if: (i) any inquiries, proposals or offers with respect to a Company Alternative Proposal are received by the Company or any of its Representatives or (ii) any information is requested from the Company or any of its Representatives that, to the Knowledge of the Company, has been or is reasonably likely to have been made in connection with any Company Alternative Proposal, which notice shall identify the material terms and conditions thereof (including the name of the applicable third party and, if applicable, complete copies of any written requests, proposals or offers and any other material documents, including proposed agreements). It is understood and agreed that any contacts, disclosures, discussions or negotiations permitted under this Section 5.4(b), including any public announcement that the Company or the Company Board has made any determination contemplated under this Section 5.4(b) to take or engage in any such actions, shall not constitute a Company Change of Recommendation or otherwise constitute a basis for Parent to terminate this Agreement pursuant to Section 7.1(c)(ii). The Company shall keep Parent reasonably informed on a reasonably current basis of any material developments regarding any Company Alternative Proposals or any material change to the terms of any such Company Alternative Proposal and any material change to the status of any such discussions or negotiations with respect thereto.

(c) Except as set forth in this Section 5.4, the Company Board, including any committee thereof, shall not (i) withdraw, withhold, qualify or modify, or propose publicly to withdraw, withhold, qualify or modify, the Company Recommendation, (ii) fail to include the Company Recommendation in the Proxy Statement/Prospectus that is mailed by the Company to the stockholders of the Company; (iii) if any Company Alternative Proposal that is structured as a tender offer or exchange offer for the outstanding shares of Company Common Stock is commenced pursuant to Rule 14d-2 under the Exchange Act (other than by Parent or an Affiliate of

Parent), fail to recommend, within ten Business Days after such commencement, against acceptance of such tender offer or exchange offer by its stockholders; (iv) approve, adopt, recommend or declare advisable any Company Alternative Proposal or publicly propose to approve, adopt or recommend, or declare advisable any Company Alternative Proposal; or (v) approve, adopt or recommend, or declare advisable or enter into, any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other agreement (other than a confidentiality agreement referred to in and entered into compliance with Section 5.4(b)) with respect to any Company Alternative Proposal (any such action set forth in the foregoing clauses (i) through (v), a "Company Change of Recommendation"). Anything to the contrary set forth in this Agreement notwithstanding, prior to obtaining the Company Stockholder Approval, the Company Board may, in response to a Company Superior Proposal, (x) make a Company Change of Recommendation and/or (y) cause the Company to terminate this Agreement pursuant to Section 7.1(c)(ii); provided, that the Company Board shall not be entitled to make such a Company Change of Recommendation or cause any termination of this Agreement pursuant to Section 7.1(c)(ii) (A) unless the Company shall have given Parent at least five Business Days' written notice (a "Company Superior Proposal Notice") advising Parent of its intention to make such a Company Change of Recommendation or terminate this Agreement, which Company Superior Proposal Notice shall include a description of the terms and conditions of the Company Superior Proposal that is the basis for the proposed action of the Company Board, the identity of the Person making the Company Superior Proposal and a copy of any proposed definitive agreement for such Company Superior Proposal, if any, and the Company shall have negotiated in good faith with Parent (to the extent Parent wishes to negotiate) to enable Parent to make such amendments to the terms of this Agreement as would permit the Company Board not to effect a Company Change of Recommendation or terminate this Agreement in connection with such Company Superior Proposal, and (B) unless, at the end of the five-Business Day period following the delivery of such Company Superior Proposal Notice (the "Company Superior Proposal Notice Period"), after taking into account any firm commitments made by Parent in writing to amend the terms of this Agreement and any other proposals or information offered by Parent during the Company Superior Proposal Notice Period, the Company Board concludes that the Company Superior Proposal giving rise to the Company Superior Proposal Notice continues to constitute a Company Superior Proposal if such amendments were to be given effect; provided, that any material modifications to the terms of the Company Superior Proposal (including any change in the amount or form of consideration) shall commence a new notice period pursuant clause (A) of three Business Days.

(d) Anything to the contrary set forth in this Agreement notwithstanding, prior to obtaining the Company Stockholder Approval, but not after, the Company Board may, in response to a Company Intervening Event, make a Company Change of Recommendation if the Company Board determines in good faith, after consultation with the Company's outside legal counsel, that the failure of the Company Board to take such action would be reasonably likely to be inconsistent with its fiduciary duties under applicable Law; provided, that the Company Board shall not be entitled to make such a Company Change of Recommendation unless (i) the Company shall have given Parent at least five Business Days' written notice (a "Company Intervening Event Notice") advising Parent of its intention to make such a Company Change of Recommendation, which Company Intervening Event Notice shall include a description of the applicable Company Intervening Event and (ii) unless, at the end of the five-Business Day period following the delivery of such Company Intervening Event Notice (the "Company Intervening Event Notice Period"), after taking into account any firm commitments made by Parent in writing to amend the terms of this Agreement and any other proposals or information offered by Parent during the Company Intervening Event Notice Period, the Company Board determines in good faith, after consultation with the Company's outside legal counsel, that the failure of the Company Board to make such Company Change of Recommendation would continue to be reasonably likely to be inconsistent with its fiduciary duties under applicable Law if such amendments were to be given effect.

(e) Nothing contained in this Agreement shall prohibit the Company or the Company Board or any committee thereof from (i) complying with its disclosure obligations under applicable Law or rules and policies of the NYSE, including taking and disclosing to its stockholders a position contemplated by Rule 14d-9 or Rule 14e-2(a) or Item 1012(a) of Regulation M-A under the Exchange Act (or any similar communication to

stockholders) or from issuing a "stop, look and listen" statement pending disclosure of its position thereunder or (ii) making any disclosure to its stockholders if the Company Board determines in good faith, after consultation with the Company's outside legal counsel, that the failure of the Company Board to make such disclosure would be reasonably likely to be inconsistent with its fiduciary duties to the Company's stockholders under applicable Law.

(f) Further to Section 5.4(a), the Company shall (and shall cause its Subsidiaries and its and their respective directors and officers to, and shall use its reasonable best efforts to cause its other Representatives to) promptly terminate any existing discussions and negotiations conducted heretofore with any Person (other than Parent, the Company or any of their respective Affiliates or Representatives) with respect to any Company Alternative Proposal, or proposal or transaction that could reasonably be expected to lead to or result in a Company Alternative Proposal. Further, the Company shall promptly terminate all physical and electronic data access previously granted to such Persons and request that any such Persons promptly return or destroy all confidential information concerning the Company and any of its Subsidiaries and provide prompt written confirmation thereof.

(g) "Company Alternative Proposal" means any proposal, offer or indication of intent made by any Person or group of Persons (other than Parent, either Merger Sub or their respective Affiliates) relating to or concerning (i) a merger, reorganization, share exchange, consolidation, business combination, recapitalization or similar transaction involving the Company, in each case, as a result of which the stockholders of the Company immediately prior to such transaction would cease to own at least 75% of the total voting power of the Company or the surviving entity (or any direct or indirect parent company thereof), as applicable, immediately following such transaction, (ii) the acquisition by any Person of more than 25% of the net revenues, net income or total assets of the Company and its Subsidiaries, on a consolidated basis, or (iii) the direct or indirect acquisition by any Person of more than 25% of the outstanding shares of Company Common Stock.

(h) "Company Superior Proposal" means an unsolicited, *bona fide* written Company Alternative Proposal, made after the date of this Agreement, substituting in the definition thereof "50%" for "25%" and for "75%" in each place each such phrase appears, made after the date of this Agreement, that the Company Board determines in good faith, after consultation with the Company's outside legal and financial advisors, and considering all legal, financial, financing and regulatory aspects of the proposal, the identity of the Person(s) making the proposal and the likelihood of the proposal being consummated in accordance with its terms, would, if consummated, result in a transaction (A) that is more favorable to the Company's stockholders from a financial point of view than the transactions contemplated by this Agreement and (B) that is reasonably likely to be completed, taking into account any regulatory, financing or approval requirements and any other aspects considered relevant by the Company Board.

(i) "Company Intervening Event" means any event, change, occurrence or development that is unknown and not reasonably foreseeable to the Company Board as of the date of this Agreement, or if known or reasonably foreseeable to the Company Board as of the date of this Agreement, the material consequences of which were not known or reasonably foreseeable to the Company Board as of the date of this Agreement; provided, that the receipt, existence or terms of a Company Alternative Proposal shall not be deemed to be a Company Intervening Event hereunder.

Section 5.5 No Solicitation by Parent.

(a) Subject to the provisions of this Section 5.5, from the date of this Agreement until the earlier of the First Effective Time and the Termination Date, Parent agrees that it shall not, and shall cause its Subsidiaries and its and their respective directors and officers not to, and shall use its reasonable best efforts to cause its other Representatives not to, directly or indirectly, (i) solicit, initiate or knowingly encourage or knowingly facilitate any inquiry regarding, or the making or submission of any proposal or offer that constitutes, or would reasonably be expected to lead to, or result in, a Parent Alternative Proposal, (ii) engage in, continue or otherwise participate

in any discussions or negotiations with any Person regarding Parent Alternative Proposal or any inquiry, proposal or offer that would reasonably be expected to lead to, or result in, a Parent Alternative Proposal (except to notify such Person that the provisions of this Section 5.5 prohibit any such discussions or negotiations), (iii) furnish any nonpublic information relating to Parent or its Subsidiaries in connection with or for the purpose of facilitating a Parent Alternative Proposal or any inquiry, proposal, offer or indication of interest that would reasonably be expected to lead to, or result in, a Parent Alternative Proposal; (iv) recommend or enter into any other letter of intent, memorandum of understandings, agreement in principle, option agreement, acquisition agreement, merger agreement, arrangement agreement, amalgamation agreement, joint venture agreement, partnership agreement or other similar agreement with respect to a Parent Alternative Proposal (except for confidentiality agreements permitted under Section 5.5(b)); or (v) approve, authorize or agree to do any of the foregoing or otherwise knowingly facilitate any effort or attempt to make a Parent Alternative Proposal.

(b) Notwithstanding anything in this Section 5.5 to the contrary, at any time prior to, but not after, obtaining the Parent Shareholder Approval, if Parent receives a bona fide, unsolicited Parent Alternative Proposal that did not result from the Parent's violation of this Section 5.5, Parent and its Representatives may contact the third party making such Parent Alternative Proposal to clarify the terms and conditions thereof. If (i) such Parent Alternative Proposal constitutes a Parent Superior Proposal or (ii) the Parent Board determines in good faith after consultation with outside legal and financial advisors that such Parent Alternative Proposal could reasonably be expected to lead to a Parent Superior Proposal, Parent may take the following actions: (A) furnish nonpublic information to the third party making such Parent Alternative Proposal (including its Representatives and prospective equity and debt financing sources) in response to a request therefor, if, and only if, prior to so furnishing such information, the third party has executed a confidentiality agreement with Parent having confidentiality and use provisions that, in each case, are not less restrictive in the aggregate to such third party than the provisions in the Confidentiality Agreement are to the Company (it being understood that such confidentiality agreement need not contain any "standstill" or similar provisions or otherwise prohibit the making or amendment of any Parent Alternative Proposal), provided, however, that if the third party making such Parent Alternative Proposal is a known competitor of Parent, Parent shall not provide any commercially sensitive non-public information to such third party in connection with any actions permitted by this Section 5.5(b) other than in accordance with customary "clean room" or other similar procedures designed to limit the disclosure of competitively sensitive information, and (B) engage in discussions or negotiations with the third party (including its Representatives) with respect to the Parent Alternative Proposal. Parent shall promptly (and in any event within 24 hours) notify the Company in writing if: (i) any inquiries, proposals or offers with respect to a Parent Alternative Proposal are received by Parent or any of its Representatives or (ii) any information is requested from Parent or any of its Representatives that, to the Knowledge of Parent, has been or is reasonably likely to have been made in connection with any Company Alternative Proposal, which notice shall identify the material terms and conditions thereof (including the name of the applicable third party and, if applicable, complete copies of any written requests, proposals or offers and any other material documents, including proposed agreements). It is understood and agreed that any contacts, disclosures, discussions or negotiations permitted under this Section 5.5(b), including any public announcement that Parent or the Parent Board has made any determination contemplated under this Section 5.5(b) to take or engage in any such actions, shall not constitute a Parent Change of Recommendation or otherwise constitute a basis for the Company to terminate this Agreement pursuant to Section 7.1. Parent shall keep the Company reasonably informed on a reasonably current basis of any material developments regarding any Parent Alternative Proposals or any material change to the terms of any such Parent Alternative Proposal and any material change to the status of any such discussions or negotiations with respect thereto.

(c) Except as set forth in this Section 5.5, the Parent Board, including any committee thereof, shall not (i) withdraw, withhold, qualify or modify, or propose publicly to withdraw, withhold, qualify or modify, the Parent Recommendation; (ii) fail to include the Parent Recommendation in the Management Information Circular that is mailed by the Parent to the shareholders of the Parent; (iii) if any Parent Alternative Proposal that is structured as a tender offer or exchange offer for the outstanding Parent Common Shares is commenced pursuant to Rule 14d-2 under the Exchange Act (other than by the Company or an Affiliate of the Company), fail

to recommend, within ten Business Days after such commencement, against acceptance of such tender offer or exchange offer by its shareholders; (iv) approve, adopt, recommend or declare advisable any Parent Alternative Proposal or publicly propose to approve, adopt or recommend, or declare advisable any Parent Alternative Proposal; or (v) approve, adopt or recommend, or declare advisable or enter into, any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other agreement (other than a confidentiality agreement referred to in and entered into compliance with Section 5.5(b)) with respect to any Parent Alternative Proposal (any such action set forth in the foregoing clauses (i) through (v), a "Parent Change of Recommendation"). Anything to the contrary set forth in this Agreement notwithstanding, prior to obtaining the Parent Shareholder Approval, the Parent Board may, in response to a Parent Superior Proposal, make a Parent Change of Recommendation; provided, that the Parent Board shall not be entitled to make such a Parent Change of Recommendation (A) unless Parent shall have given the Company at least five Business Days' written notice (a "Parent Superior Proposal Notice") advising the Company of its intention to make such a Parent Change of Recommendation, which Parent Superior Proposal Notice shall include a description of the terms and conditions of the Parent Superior Proposal that is the basis for the proposed action of the Parent Board, the identity of the Person making the Parent Superior Proposal and a copy of any proposed definitive agreement for such Parent Superior Proposal, if any, and Parent shall have negotiated in good faith with the Company (to the extent the Company wishes to negotiate) to enable the Company to make such amendments to the terms of this Agreement as would permit the Parent Board not to effect a Parent Change of Recommendation or terminate this Agreement in connection with such Parent Superior Proposal, and (B) unless, at the end of the five-Business Day period following the delivery of such Parent Superior Proposal Notice (the "Parent Superior Proposal Notice Period"), after taking into account any firm commitments made by the Company in writing to amend the terms of this Agreement and any other proposals or information offered by the Company during the Parent Superior Proposal Notice Period, the Parent Board concludes that the Parent Superior Proposal giving rise to the Parent Superior Proposal Notice continues to constitute a Parent Superior Proposal if such amendments were to be given effect; provided, that any material modifications to the terms of the Parent Superior Proposal (including any change in the amount of consideration) shall commence a new notice period pursuant clause (A) of three Business Days.

(d) Anything to the contrary set forth in this Agreement notwithstanding, prior to obtaining the Parent Shareholder Approval, but not after, the Parent Board may, in response to a Parent Intervening Event, make a Parent Change of Recommendation if the Parent Board determines in good faith, after consultation with Parent's outside legal counsel, that the failure of the Parent Board to take such action would be reasonably likely be inconsistent with its fiduciary duties under applicable Law; provided, that the Parent Board shall not be entitled to make such a Parent Change of Recommendation unless (i) Parent shall have given the Company at least five Business Days' written notice (a "Parent Intervening Event Notice") advising the Company of its intention to make such a Parent Change of Recommendation, which Parent Intervening Event Notice shall include a description of the applicable Parent Intervening Event and (ii) unless, at the end of the five-Business Day period following the delivery of such Parent Intervening Event Notice (the "Parent Intervening Event Notice Period"), after taking into account any firm commitments made by the Company in writing to amend the terms of this Agreement and any other proposals or information offered by the Company during the Parent Intervening Event Notice Period, the Parent Board determines in good faith, after consultation with Parent's outside legal counsel, that the failure of the Parent Board to make such Parent Change of Recommendation would continue to be reasonably likely be inconsistent with its fiduciary duties under applicable Law if such amendments were to be given effect.

(e) Nothing contained in this Agreement shall prohibit Parent or the Parent Board or any committee thereof from (i) complying with its disclosure obligations under applicable Law or rules and policies of the NYSE or the TSX, including taking and disclosing to its shareholders a position contemplated by Rule 14d-9 or Rule 14e-2(a) or Item 1012(a) of Regulation M-A under the Exchange Act (or any similar communication to shareholders) or from issuing a "stop, look and listen" statement pending disclosure of its position thereunder, (ii) complying with Part 2 – Division 3 of National Instrument 62-104 – *Take-Over Bids and Issuer Bids* of the Canadian Securities Administrators and similar provisions under Canadian Securities Laws relating to the

provision of directors' circulars in respect of a Parent Alternative Proposal or (iii) making any disclosure to its shareholders if the Parent Board determines in good faith, after consultation with Parent's outside legal counsel, that the failure of the Parent Board to make such disclosure would be reasonably likely be inconsistent with its fiduciary duties to Parent's shareholders under applicable Law.

(f) Further to Section 5.5(a), Parent shall (and shall cause its Subsidiaries and its and their respective directors and officers to, and shall use its reasonable best efforts to cause its other Representatives to) promptly terminate any existing discussions and negotiations conducted heretofore with any Person (other than the Company, Parent or any of their respective Affiliates or Representatives) with respect to any Parent Alternative Proposal, or proposal or transaction that could reasonably be expected to lead to or result in a Parent Alternative Proposal. Further, Parent shall promptly terminate all physical and electronic data access previously granted to such Persons and request that any such Persons promptly return or destroy all confidential information concerning Parent and any of its Subsidiaries and provide prompt written confirmation thereof.

(g) "Parent Alternative Proposal" means any proposal, offer or indication of intent made by any Person or group of Persons (other than the Company or its Affiliates) relating to or concerning (i) a plan of arrangement, amalgamation, merger, reorganization, share exchange, consolidation, business combination, recapitalization or similar transaction involving Parent, in each case, as a result of which the shareholders of Parent immediately prior to such transaction would cease to own at least 75% of the total voting power of Parent or the surviving entity (or any direct or indirect parent company thereof), as applicable, immediately following such transaction, (ii) the acquisition by any Person of more than 25% of the net revenues, net income or total assets of Parent and its Subsidiaries, on a consolidated basis, or (iii) the direct or indirect acquisition by any Person of more than 25% of the outstanding Parent Common Shares.

(h) "Parent Superior Proposal" means an unsolicited, bona fide written Parent Alternative Proposal, made after the date of this Agreement, substituting in the definition thereof "50%" for "25%" and for "75%" in each place each such phrase appears, made after the date of this Agreement, that the Parent Board determines in good faith, after consultation with Parent's outside legal and financial advisors, and considering all legal, financial, financing and regulatory aspects of the proposal, the identity of the Person(s) making the proposal and the likelihood of the proposal being consummated in accordance with its terms, would, if consummated, result in a transaction (A) that is more favorable to Parent's shareholders from a financial point of view than the transactions contemplated by this Agreement and (B) that is reasonably likely to be completed, taking into account any regulatory, financing or approval requirements and any other aspects considered relevant by the Parent Board.

(i) "Parent Intervening Event" means any event, change, occurrence or development that is unknown and not reasonably foreseeable to the Parent Board as of the date of this Agreement, or if known or reasonably foreseeable to the Parent Board as of the date of this Agreement, the material consequences of which were not known or reasonably foreseeable to the Parent Board as of the date of this Agreement; provided, that the receipt, existence or terms of a Parent Alternative Proposal shall not be deemed to be a Parent Intervening Event hereunder.

Section 5.6 Filings; Other Actions.

(a) As promptly as reasonably practicable after the date of this Agreement, (i) the Company and Parent shall prepare and file with the SEC the preliminary Proxy Statement/Prospectus and (ii) Parent shall prepare and file with the SEC and the Canadian Securities Administrators the Form F-4 with respect to the Parent Common Shares to be issued in connection with the First Merger, which shall include the Proxy Statement/Prospectus; provided, that if the SEC determines that Parent is not eligible to file a registration statement on Form F-4, Parent shall instead prepare and file a registration statement on Form S-4 with respect to the Parent Common Shares to be issued in connection with the First Merger, which shall include the Proxy Statement/Prospectus, and all references herein to the Form F-4 shall be deemed instead to refer to such registration statement on Form S-4. Parent shall prepare concurrently with the Proxy Statement/Prospectus the Management

Information Circular. Each of the Company and Parent shall use its reasonable best efforts to (A) have the Form F-4 declared effective under the Securities Act as promptly as practicable after such filing and (B) keep the Form F-4 effective for so long as necessary to complete the Mergers. Each of the Company and Parent shall furnish all information concerning itself, its Affiliates and the holders of its shares to the other and provide such other assistance as may be reasonably requested in connection with the preparation, filing and distribution of the Proxy Statement/Prospectus, Management Information Circular and the Form F-4. Each of the Company and Parent shall provide the other party with a reasonable period of time to review the Proxy Statement/Prospectus and any amendments thereto prior to filing and shall reasonably consider any comments from the other party. Subject to applicable Law, the information contained in the Management Information Circular shall be consistent in all material respects with the substantive information contained in the Proxy Statement/Prospectus. Each of the Company and Parent shall respond promptly to any comments from the SEC or the staff of the SEC or the TSX, as applicable. Each of the Company and Parent shall notify the other party promptly of the receipt of any comments (whether written or oral) from the SEC or the staff of the SEC or the TSX and of any request by the SEC or the staff of the SEC or the TSX for amendments or supplements to the Proxy Statement/Prospectus, Management Information Circular or Form F-4 or for additional information and shall supply the other party with copies of all correspondence between it and any of its Representatives, on the one hand, and the SEC or the staff of the SEC or the TSX, on the other hand, with respect to the Proxy Statement/Prospectus, Management Information Circular or Form F-4 or the transactions contemplated by this Agreement within 24 hours of the receipt thereof. The Proxy Statement/Prospectus, Management Information Circular and Form F-4 shall comply as to form in all material respects with the applicable requirements of the Exchange Act, the Securities Act and applicable Canadian Securities Laws and, without limiting the foregoing, Parent shall ensure that the Management Information Circular shall provide shareholders of Parent with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Parent Shareholder Meeting. The Management Information Circular shall comply in all material respects with applicable Laws and the rules of the TSX. If at any time prior to the Company Stockholder Meeting or the Parent Shareholder Meeting (or any adjournment or postponement of the Company Stockholder Meeting or the Parent Shareholder Meeting) any information relating to Parent or the Company, or any of their respective Affiliates, officers or directors, is discovered by Parent or the Company that should be set forth in an amendment or supplement to the Proxy Statement/Prospectus, Management Information Circular and/or Form F-4, so that the Proxy Statement/Prospectus, Management Information Circular and/or Form F-4 would not include a misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the party that discovers such information shall promptly notify the other parties hereto and an appropriate amendment or supplement describing such information shall be promptly filed by the Company and/or Parent with the SEC and/or the Canadian Securities Administrators, as applicable, and, to the extent required by applicable Law, disseminated to the stockholders of the Company and the shareholders of Parent. The Company shall cause the Proxy Statement/Prospectus and Form F-4 to be mailed to the Company's stockholders as promptly as reasonably practicable after the Form F-4 is declared effective under the Securities Act (such date, the "Clearance Date"). Promptly (and in any event within seven days of the mailing of the Proxy Statement/Prospectus to the stockholders of the Company), Parent shall file the Management Information Circular with the Canadian Securities Administrators and mail the Management Information Circular to the shareholders of Parent.

(b) Each of Parent and the Company shall provide the other party and its legal counsel with a reasonable opportunity to review and comment on drafts of the Proxy Statement/Prospectus, Management Information Circular, Form F-4 and other documents related to the Company Stockholder Meeting, the Parent Shareholder Meeting or the issuance of the Parent Common Shares (and any amendments thereto) in connection with the First Merger, prior to filing such documents with the applicable Governmental Entity and mailing such documents to the Company's stockholders or Parent's shareholders, as applicable. Each party hereto shall consider in good faith in the Proxy Statement/Prospectus, Management Information Circular, Form F-4 and such other documents related to the Company Stockholder Meeting, the Parent Shareholder Meeting or the issuance of Parent Common Shares in connection with the First Merger, all comments reasonably and promptly proposed by the other party or its legal counsel.

(c) Subject to Section 5.4 and Section 5.6(d), the Company shall take all action necessary in accordance with applicable Law and the certificate of incorporation and bylaws of the Company to set a record date for, duly give notice of, convene and hold a meeting of its stockholders following the mailing of the Proxy Statement/Prospectus for the purpose of obtaining the Company Stockholder Approval (the "Company Stockholder Meeting") as soon as reasonably practicable following the Clearance Date. Unless the Company shall have made a Company Change of Recommendation in compliance with Section 5.4, the Company shall include the Company Recommendation in the Proxy Statement/Prospectus and shall solicit, and use its reasonable best efforts to obtain, the Company Stockholder Approval at the Company Stockholder Meeting (including by soliciting proxies in favor of the adoption of this Agreement) as soon as reasonably practicable.

(d) The Company shall cooperate with and keep Parent informed on a reasonably current basis regarding its solicitation efforts and voting results following the dissemination of the Proxy Statement/Prospectus to its shareholders. The Company may adjourn or postpone the Company Stockholder Meeting (i) to allow time for the filing and dissemination of any supplemental or amended disclosure document that the Company Board has determined in good faith (after consultation with its outside legal counsel) is required to be filed and disseminated under applicable Law, (ii) if as of the time that the Company Stockholder Meeting is originally scheduled (as set forth in the Proxy Statement/Prospectus) there are insufficient shares of Company Common Stock represented (either in person or by proxy) to constitute a quorum necessary to conduct the business of the Company Stockholder Meeting, (iii) to allow reasonable additional time to solicit additional proxies necessary to obtain the Company Stockholder Approval, (iv) to comply with applicable Law or (v) with the prior written consent of Parent (which shall not be unreasonably withheld, conditioned or delayed). Without the prior written consent of Parent (which shall not be unreasonably withheld, conditioned or delayed), the adoption of this Agreement shall be the only matter (other than matters of procedure and matters required by applicable Law to be voted on by the Company's stockholders in connection with the adoption of this Agreement) that the Company shall propose to be acted on by the shareholders of the Company at the Company Stockholder Meeting.

(e) Subject to Section 5.5 and Section 5.6(f), Parent shall take all action necessary in accordance with applicable Law and the articles of incorporation and by-laws of Parent to set a record date for, duly give notice of, convene and hold a meeting of its shareholders following the mailing of the Management Information Circular for the purpose of obtaining the Parent Shareholder Approval (the "Parent Shareholder Meeting") as soon as reasonably practicable following the Clearance Date. Unless Parent shall have made a Parent Change of Recommendation in compliance with Section 5.5, Parent shall include the Parent Recommendation in the Management Information Circular and shall solicit, and use its reasonable best efforts to obtain, the Parent Shareholder Approval at the Parent Shareholder Meeting (including by soliciting proxies in favor of the approval of the Parent Share Issuance) as soon as reasonably practicable.

(f) Parent shall cooperate with and keep the Company informed on a reasonably current basis regarding its solicitation efforts and voting results following the dissemination of the Management Information Circular to its shareholders. Parent may adjourn or postpone the Parent Shareholder Meeting (i) to allow time for the filing and dissemination of any supplemental or amended disclosure document that the Parent Board has determined in good faith (after consultation with its outside legal counsel) is required to be filed and disseminated under applicable Law, (ii) if as of the time that the Parent Shareholder Meeting is originally scheduled (as set forth in the Management Information Circular) there are insufficient Parent Common Shares represented (either in person or by proxy) to constitute a quorum necessary to conduct the business of the Parent Shareholder Meeting, (iii) to allow reasonable additional time to solicit additional proxies necessary to obtain the Parent Shareholder Approval, (iv) to comply with applicable Law or (v) with the prior written consent of the Company (which shall not be unreasonably withheld, conditioned or delayed). Without the prior written consent of the Company (which shall not be unreasonably withheld, conditioned or delayed), the approval of the Parent Share Issuance shall be the only matter (other than matters of procedure and matters required by applicable Law to be voted on by Parent's shareholders in connection with the adoption of this Agreement) that Parent shall propose to be acted on by the shareholders of Parent at the Parent Shareholder Meeting.

(g) It is the intention of the parties hereto that, and each of the parties shall reasonably cooperate and use their commercially reasonable efforts to cause, the date and time of the Company Stockholder Meeting and the Parent Shareholder Meeting be coordinated such that they occur on the same calendar day (and in any event as close in time as possible).

(h) Without limiting the generality of the foregoing, the Company agrees that its obligations to hold the Company Stockholder Meeting pursuant to this Section 5.6 shall not be affected solely by the making of a Company Change of Recommendation, and Parent agrees that its obligations to hold the Parent Shareholder Meeting pursuant to this Section 5.6 shall not be affected solely by the making of a Parent Change of Recommendation. The Company agrees that its obligations pursuant to this Section 5.6 shall not be affected solely by the commencement of or announcement or disclosure of or communication to Parent of any Company Alternative Proposal, and further, that it shall not terminate this Agreement on the grounds that such Company Alternative Proposal is a Company Superior Proposal, unless the Company may terminate this Agreement pursuant to and in accordance with Section 7.1. Parent agrees that its obligations pursuant to this Section 5.6 shall not be affected solely by the commencement of or announcement or disclosure of or communication to the Company of any Parent Alternative Proposal, and further, that it shall not take action to terminate this Agreement on the grounds that such Parent Alternative Proposal is a Parent Superior Proposal.

Section 5.7 Employee Matters.

(a) From and after the First Effective Time, the Company shall, and to the extent within its control, Parent shall cause the Company to, honor all Company Benefit Plans in accordance with their terms as in effect immediately before the First Effective Time. For a period of one year following the Control Date, Parent shall provide, or shall cause to be provided, to each current employee of the Company and its Subsidiaries ("Company Employees") (i) base compensation and cash and equity target incentive opportunities that, in each case, are no less favorable than were provided to the Company Employee immediately before the First Effective Time (it being understood that in lieu of equity compensation awards, Parent may provide Company Employees who, as of immediately prior to the First Effective Time were eligible to receive Company equity compensation awards, long-term incentive awards that are settled in cash in an amount sufficient to replace the grant date value of the Company Employee's equity compensation opportunity immediately prior to the First Effective Time, provided, that, except as set forth in this Section 5.7(a), such long-term incentive awards shall have the same terms and conditions as those applicable to the equity awards granted by Parent to its similarly situated employees), and (ii) employee benefits that are no less favorable in the aggregate than the employee benefits provided to the Company Employee immediately before the First Effective Time. Without limiting the generality of the foregoing, (A) Parent shall or shall cause the Second Surviving Corporation to provide to each Company Employee whose employment terminates during the one-year period following the Control Date under circumstances that would give rise to severance benefits under the Company Benefit Plans set forth on Section 5.7(a) of the Company Disclosure Schedules (the "Company Severance Plans"), severance benefits in accordance with the terms of the applicable Company Severance Plan in which such Company Employee is eligible to participate immediately prior to the First Effective Time and (B) during such one-year period following the Control Date, severance benefits offered to each Company Employee shall be determined taking into account all service with the Company, its Subsidiaries (and including, on and after the First Effective Time, the Second Surviving Corporation and any of its Affiliates) and without taking into account any reduction after the First Effective Time in compensation paid or benefits provided to such Company Employee.

(b) If the Control Date occurs before February 1, 2022, then no later than March 15, 2022, Parent shall, or shall cause the Second Surviving Corporation to, pay to each Company Employee who participates in a Company annual bonus plan (or any successor plan of Parent and its Subsidiaries) an annual bonus payment in respect of calendar year 2021 in an amount that is based on the achievement of the applicable performance goals at the greater of (i) target performance and (ii) 130% of actual performance, but in no event greater than 200% of target. If the Control Date occurs on or after February 1, 2022 but before February 1, 2023, then no later than March 15, 2023, Parent shall, or shall cause the Second Surviving Corporation to, pay to each Company

Employee who participates in a Company annual bonus plan (or any successor plan of Parent and its Subsidiaries) an annual bonus payment in respect of calendar year 2022 in an amount that is based on the achievement of the applicable performance goals at the greater of (A) target performance and (B) 130% of actual performance, but in no event greater than 200% of target.

(c) For all purposes (including for purposes of vesting, eligibility to participate and level of benefits) under the employee benefit plans of Parent and its Subsidiaries providing benefits to any Company Employees after the Control Date (the "New Plans"), each Company Employee shall be credited with his or her years of service with the Company and its Subsidiaries and their respective predecessors before the Control Date, to the same extent as such Company Employee was entitled, before the Control Date, to credit for such service under any similar Company Benefit Plan in which such Company Employee participated or was eligible to participate immediately prior to the Control Date; provided that the foregoing shall not apply (x) for benefit accrual under defined benefit pension plans, (y) for purposes of qualifying for subsidized early retirement benefits or (z) to the extent that its application would result in a duplication of benefits. In addition, and without limiting the generality of the foregoing, (i) each Company Employee shall be immediately eligible to participate, without any waiting time, in any New Plans to the extent coverage under such New Plan is comparable to a Company Benefit Plan in which such Company Employee participated immediately before the Control Date (such plans, collectively, the "Old Plans"), and (ii) for purposes of each New Plan providing medical, dental, pharmaceutical, vision and any other insurance benefits to any Company Employee, Parent shall cause all preexisting condition exclusions and actively-at-work requirements of such New Plan to be waived for such employee and his or her covered dependents, unless such conditions would not have been waived under the comparable plans of the Company or its Subsidiaries in which such employee participated immediately prior to the Control Date, and Parent shall cause any eligible expenses incurred by such employee and his or her covered dependents during the portion of the plan year of the Old Plans ending on the date such employee's participation in the corresponding New Plan begins to be taken into account under such New Plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such New Plan.

(d) Parent hereby acknowledges that a "change in control" (or similar phrase) within the meaning of the Company Benefit Plans will occur at the First Effective Time, as applicable.

(e) Without limiting the generality of Section 8.10, the provisions of this Section 5.7 are solely for the benefit of the parties to this Agreement, and no current or former director, employee or consultant or any other person shall be a third-party beneficiary of this Agreement, and nothing herein shall be construed as an amendment to any Company Benefit Plan or other compensation or benefit plan or arrangement for any purpose or otherwise shall prevent Parent, the Second Surviving Corporation or any of their Affiliates from terminating the employment of any Company Employee.

Section 5.8 Efforts.

(a) Subject to the terms and conditions set forth in this Agreement, each of the parties hereto shall (and shall cause each of their respective Affiliates to) promptly take, or cause to be taken, all actions, and to promptly do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable under applicable Laws to cause the conditions to Closing set forth in Article 6 of this Agreement to be satisfied and to consummate and make effective the Mergers and the other transactions contemplated by this Agreement as promptly as practicable after the date of this Agreement and in any event prior to the End Date, including (i) the obtaining of all necessary actions or nonactions, authorizations, permits, waivers, consents, clearances, approvals and expirations or terminations of waiting periods (collectively, "Consents"), including the Company Approvals and the Parent Approvals, from Governmental Entities and the making of all necessary registrations, notices, notifications, petitions, applications, reports and other and filings and the taking of all steps as may be necessary, proper or advisable to obtain an approval, clearance or waiver from, or to avoid an action or proceeding by, any Governmental Entity, (ii) the obtaining of all necessary

Consents from third parties, (iii) the defending of any Actions, lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the Mergers and the other transactions contemplated by this Agreement (including the Voting Trust), or seeking to prohibit or delay the Closing and (iv) the execution and delivery of any additional instruments necessary, proper or advisable to consummate, and to fully carry out the purposes of the transactions contemplated by this Agreement; provided, that in no event shall either the Company or Parent or any of their respective Subsidiaries be required to pay prior to the First Effective Time any fee, penalty or other consideration to any third party for any Consent required for or triggered by the consummation of the transactions contemplated by this Agreement under any contract or agreement or otherwise.

(b) Subject to the terms and conditions herein provided and without limiting the foregoing, the Company, Parent and each Merger Sub shall (i) promptly, but in no event later than 30 Business Days after the date of this Agreement, file any and all notification and report forms to the COFECE and the IFT required under applicable Law with respect to the Mergers and the other transactions contemplated by this Agreement, and take all other actions necessary to cause the expiration or termination of any applicable waiting periods under applicable Law as soon as practicable after the date of this Agreement, (ii) take all actions with CFIUS as may be advisable under applicable Law to obtain Completion of the CFIUS Process with respect to the transactions contemplated by this Agreement, including (A) promptly, but in no event later than 10 Business Days after the date of this Agreement, jointly providing notification to CFIUS of the execution of this Agreement, (B) promptly, and in no event later than 10 Business Days after the Closing, submitting a draft CFIUS Joint Voluntary Notification to CFIUS, (C) submitting a final Joint Notice to CFIUS after promptly resolving all comments to the draft CFIUS Joint Voluntary Notification from CFIUS and (D) in the case of a CFIUS Declaration, submitting a CFIUS Joint Voluntary Notification if CFIUS so requests or informs the parties that it is not able to conclude action under Section 721 with respect to the Mergers and the other transactions contemplated by this Agreement on the basis of such CFIUS Declaration, (iii) cooperate with each other in (A) determining whether any other filings are required to be made with, or Consents are required to be obtained from, or with respect to, any third parties or Governmental Entities, including under other applicable Antitrust Laws and/or in connection with the Company Approvals and Parent Approvals, in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and (B) promptly making all such filings and timely obtaining all such Consents, (iv) supply to any Governmental Entity as promptly as practicable any additional information or documents that may be requested pursuant to any Law or by such Governmental Entity, including responding to any request for information from CFIUS in the applicable timeframe set forth in 31 C.F.R. Part 800, subject to any extensions of such time that may be granted by CFIUS staff upon request of a party to the Joint Notice, and (v) other than with respect to the STB Final Approval, which is discussed in Section 5.8(c), take, or cause to be taken, all other actions and do, or cause to be done, all other things necessary, proper or advisable to consummate and make effective the transactions contemplated hereby, including taking all such further action as may be necessary to resolve such objections, if any, as any state antitrust enforcement authorities, CFIUS, or any other Governmental Entity or other Person may assert under any Law (including in connection with the Company Approvals and Parent Approvals) with respect to the transactions contemplated hereby, and to avoid or eliminate each and every impediment under any Law that may be asserted by any Governmental Entity with respect to the Mergers so as to enable the Closing to occur as promptly as practicable after the date of this Agreement, including (A) proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, the sale, divestiture, license, hold separate or disposition of any and all of the share capital or other equity interest, assets (whether tangible or intangible), products or businesses of Parent and its Subsidiaries or of the Company and its Subsidiaries, and (B) otherwise taking or committing to take any actions that after the Closing Date would limit Parent's or its Subsidiaries' (including the Second Surviving Corporation's) freedom of action with respect to, or their ability to retain, one or more of their Subsidiaries' (including the Second Surviving Corporation's) assets (whether tangible or intangible), products, or businesses, in each case as may be required in order to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order that would otherwise have the effect of preventing or delaying the Closing; provided, that neither the Company nor any of its Subsidiaries shall be required to become subject to, or consent or agree to or otherwise take any action with respect to, any

requirement, condition, understanding, agreement or order to sell, divest, license, hold separate or otherwise dispose of, or to conduct, restrict, operate, invest or otherwise change the assets, operations or business of the Company or any of its Subsidiaries, unless such requirement, condition, understanding, agreement or order is binding on or otherwise applicable to the Company or its Subsidiaries only from and after the First Effective Time in the event that the Closing occurs. Notwithstanding the foregoing, other than with respect to the STB Final Approval, which is discussed in Section 5.8(c), nothing in this Section 5.8 shall be deemed to require Parent or any of its Affiliates to take any action, or commit to take any action, or agree to any condition or restriction in connection with obtaining any Parent Approvals that would reasonably be expected to have a Parent Material Adverse Effect with respect to Parent and its Subsidiaries, taken as a whole, after giving effect to the Mergers (measured on a scale relative to the Company and its Subsidiaries, taken as a whole). Except as otherwise permitted under this Agreement (including pursuant to the authority granted to Parent under Section 5.8(e)), the Company, Parent and each Merger Sub shall not (and shall cause their Subsidiaries not to) take or agree to take any action that would be reasonably likely to prevent or materially delay the Closing. In the event that any information in the filings submitted pursuant to this Section 5.8(b) or any such supplemental information furnished in connection therewith is deemed confidential by either party, the parties shall maintain the confidentiality of the same, and the parties shall seek authorization from the applicable Governmental Entity to withhold such information from public view.

(c) In furtherance and not in limitation of the other covenants of the parties contained in this Section 5.8:

(i) each of Parent and the Company shall, as promptly as practicable, file the appropriate and necessary documentation for the approval of the Mergers and the transactions contemplated hereby (the "STB Approval Application") with the STB, and shall use its reasonable best efforts to (x) make such filing within thirty (30) days after the date of this Agreement and (y) obtain, as promptly as practicable, the final and non-appealable approval or exemption by the STB of the Mergers and the other transactions contemplated hereby pursuant to 49 U.S.C. § 11323 *et seq.* (the "STB Final Approval");

(ii) each of Parent and the Company shall use their reasonable best efforts to (A) prosecute all such filings and other presentations made, and promptly make any subsequent filings or presentations, with the STB with diligence, (B) diligently oppose any third party's objections to, appeals from or petitions to reconsider or reopen any approval, opinion, exemption or other authorization obtained from the STB, and (C) take all such further action as in the reasonable judgment of Parent and the Company may facilitate obtaining the STB Final Approval; and

(iii) each of Parent and Company shall promptly furnish any information requested by CFIUS prior to filing of the draft CFIUS Joint Voluntary Notification and/or Joint Notice with CFIUS, including information relating to the Voting Trust Transaction.

(d) The Company, Parent and each Merger Sub shall cooperate and consult with each other in connection with the making of all registrations, filings, notifications, communications, submissions and any other actions pursuant to this Section 5.8(d), and, subject to applicable legal limitations and the instructions of any Governmental Entity, the Company, on the one hand, and Parent and each Merger Sub, on the other hand, shall keep each other apprised of the status of matters relating to the completion of the transactions contemplated thereby, including promptly informing and furnishing the other with copies of notices or other communications received or given by the Company or Parent, as the case may be, or any of their respective Subsidiaries, from or to any third party and/or any Governmental Entity with respect to such transactions. Subject to applicable Law relating to the exchange of information, the Company, on the one hand, and Parent and each Merger Sub, on the other hand, shall permit counsel for the other party reasonable opportunity to review in advance, and consider in good faith the views of the other party in connection with, any proposed notifications or filings and any written communications or submissions, and with respect to any such notification, filing, written communication or submission, any documents submitted therewith to any Governmental Entity (except for any exhibits to such communications providing the personal identifying information required by 31 C.F.R. Section 800.502(c)(5)(vi)

or that otherwise is requested by any Governmental Entity to remain confidential from the other parties); provided, that materials may be redacted (i) to remove references concerning the valuation of the businesses of the Company and its Subsidiaries, or proposals from third parties with respect thereto, (ii) as necessary to comply with contractual agreements and (iii) as necessary to address reasonable privilege or confidentiality concerns. The parties shall take reasonable efforts to share information protected from disclosure under the attorney-client privilege, work product doctrine, joint defense privilege or any other privilege pursuant to this Section 5.8 in a manner so as to preserve the applicable privilege. Each of the Company, Parent and the Merger Subs agrees not to initiate or agree to participate in any meeting or discussion, either in person or by telephone or videoconference, with any Governmental Entity in connection with the proposed transactions unless it consults with the other party in advance and, to the extent not prohibited by such Governmental Entity, gives the other party the opportunity to attend and participate.

(e) Subject to the obligations of this Section 5.8, Parent shall, acting reasonably, devise and implement the strategy and timing for obtaining any Consents required under any applicable Law in connection with the transactions contemplated by this Agreement and Parent shall, for the avoidance of doubt, have the final authority over the development, presentation and conduct of the STB case. Parent shall take the lead in all meetings and communications with any Governmental Entity in connection with obtaining such Consents; provided, that Parent shall consult in advance with the Company and in good faith take the Company's views into account regarding the overall strategy and timing. The Company and its Subsidiaries shall not initiate any such discussions or proceedings with any Governmental Entity, or take or agree to take any actions, restrictions or conditions with respect to obtaining any Consents in connection with the Mergers and the other transactions contemplated by this Agreement without the prior written consent of Parent.

(f) Subject to Section 5.17(a), applicable Law and to the rules, regulations and practices of the STB, the Voting Trust Agreement may be modified or amended at any time by Parent in its sole discretion, including to reflect changes requested by the STB or CFIUS; provided, that (i) prior to the First Effective Time, the Voting Trust Agreement may not be modified or amended without the prior written consent of the Company unless such modification or amendment is not inconsistent with this Agreement and is not adverse to the Company or its stockholders and would not reasonably be expected to have a material and adverse effect on the STB Voting Trust Approval, and (ii) whether prior to or after the First Effective Time, the Voting Trust Agreement may not be modified or amended without the prior written consent of the Company if such modification or amendment would reasonably be expected to materially increase the liability exposure of the board of directors of the Second Surviving Corporation under applicable Law. No power of the Second Surviving Corporation, Parent or any of its Affiliates provided for in the Voting Trust Agreement may be exercised in a manner which violates this Agreement.

(g) In furtherance and not in limitation of the other covenants of the parties contained in this Section 5.8, if any administrative or judicial action or proceeding, including any proceeding by a private party, is instituted (or threatened to be instituted) challenging any transaction contemplated by this Agreement as violative of any Law, each of the Company, Parent and the Merger Subs shall cooperate in all respects with each other and shall contest and resist any such Action or proceeding and to have vacated, lifted, reversed or overturned any Action, decree, judgment, injunction or other Order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the Mergers and the other transactions contemplated by this Agreement.

Section 5.9 Takeover Statute. If any "fair price," "moratorium," "control share acquisition" or other form of anti-takeover statute or regulation shall become applicable to the transactions contemplated hereby, each of the Company, Parent and Merger Subs and the members of their respective boards of directors shall grant such approvals and take such actions as are reasonably necessary so that the transactions contemplated hereby may be consummated as promptly as practicable on the terms contemplated hereby and otherwise act to eliminate or minimize the effects of such statute or regulation on the transactions contemplated hereby.

Section 5.10 Public Announcements. The Company, on the one hand, and Parent and the Merger Subs, on the other hand, shall consult with and provide each other a reasonable opportunity to review and comment on, and consider in good faith any reasonable comments by the other party on, any press release or other public statement or comment prior to the issuance of such press release or other public statement or comment relating to this Agreement or the transactions contemplated hereby and shall not issue any such press release or other public statement or comment prior to such consultation, except as may be required by applicable Law or by obligations pursuant to any listing agreement with any national securities exchange or as may be requested by a Governmental Entity; provided, that the restrictions in this Section 5.10 shall not apply (a) to any Company communication regarding a Company Alternative Proposal or from and after a Company Change of Recommendation or the Company or Parent response thereto, (b) to any Parent communication regarding a Parent Alternative Proposal or the Company or Parent response thereto, (c) in connection with any dispute between the parties regarding this Agreement, the Mergers or the other transactions contemplated hereby or (d) to any statements made by the Company or Parent in response to questions by the press, analysts, investors or those participating in investor calls or industry conferences, so long as such statements are consistent with information previously disclosed in previous press releases, public disclosures or public statements made by the Company and/or Parent in compliance with this Section 5.10. Parent and the Company agree to issue a joint press release as the first public disclosure of this Agreement.

Section 5.11 Indemnification and Insurance.

(a) Parent, each Merger Sub and the Company agree that all rights to exculpation, indemnification and advancement of expenses now existing in favor of the current or former directors, officers or employees, as the case may be, of the Company or its Subsidiaries as provided in their respective certificates of incorporation or bylaws or other organizational documents or in any agreement shall survive the Mergers and shall continue at and after the First Effective Time in full force and effect. For a period of six years after the First Effective Time, Parent and the Second Surviving Corporation shall maintain in effect the exculpation, indemnification and advancement of expenses provisions of the Company's and any Company Subsidiary's certificates of incorporation and bylaws or similar organizational documents as in effect immediately prior to the First Effective Time or in any indemnification agreements of the Company or any of its Subsidiaries with any of their respective directors, officers or employees as in effect immediately prior to the First Effective Time, and shall not amend, repeal or otherwise modify any such provisions in any manner that would adversely affect the rights thereunder of any individuals who at the First Effective Time were current or former directors, officers or employees of the Company or any of its Subsidiaries; provided, that all rights to indemnification in respect of any Proceeding (as defined below) pending or asserted or any claim made within such period shall continue until the final disposition of such Proceeding or resolution of such claim, even if beyond such six-year period. From and after the Control Date, Parent shall assume, be jointly and severally liable for, and honor, guarantee and stand surety for, and shall cause the Second Surviving Corporation and its Subsidiaries to honor, in accordance with their respective terms, each of the covenants contained in this Section 5.11.

(b) Each of Parent and the Second Surviving Corporation shall, to the fullest extent permitted under applicable Law, indemnify and hold harmless (and advance funds in respect of each of the foregoing or any related expenses) each current and former director, officer or employee of the Company or any of its Subsidiaries and each Person who served as a director, officer, member, trustee or fiduciary of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise at the request of or for the benefit of the Company or its Subsidiaries (each, together with such Person's heirs, executors or administrators, and successors and assigns, an "Indemnified Party") against any costs or expenses (including advancing attorneys' fees and expenses in advance of the final disposition of any Proceeding to each Indemnified Party to the fullest extent permitted by Law), judgments, fines, losses, claims, damages, obligations, costs, liabilities and amounts paid in settlement in connection with any actual or threatened claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative (a "Proceeding"), arising out of, relating to or in connection with any action or omission occurring or alleged to have occurred at or prior to the First Effective Time (including acts or omissions in connection with such Persons serving as an officer, director,

employee or other fiduciary of any entity if such service was at the request or for the benefit of the Company or its Subsidiaries), whether asserted or claimed prior to, at or after the First Effective Time. In the event of any such Proceeding, Parent and the Second Surviving Corporation shall cooperate with the Indemnified Party in the defense of any such Proceeding.

(c) For a period of six years from the First Effective Time, Parent and the Second Surviving Corporation shall cause to be maintained in effect the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by the Company and its Subsidiaries with respect to matters arising on or before the First Effective Time; provided, that after the First Effective Time, Parent and the Second Surviving Corporation shall not be required to pay annual premiums in excess of 300% of the last aggregate annual premium paid by the Company prior to the date of this Agreement in respect of the coverage required to be obtained pursuant hereto, but in such case shall purchase as much coverage as reasonably practicable for such amount. The Company shall purchase, prior to the First Effective Time, a six-year prepaid "tail" policy on terms and conditions providing substantially equivalent benefits as the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by the Company and its Subsidiaries with respect to matters arising on or before the First Effective Time, covering without limitation the transactions contemplated hereby, and the purchase of such "tail" policy shall be deemed to discharge and satisfy the obligations of Parent and the Second Surviving Corporation pursuant to the immediately preceding sentence; provided, that the Company shall not commit or spend on such "tail" policy, in the aggregate, more than 300% of the last aggregate annual premium paid by the Company prior to the date of this Agreement for the Company's current policies of directors' and officers' liability insurance and fiduciary liability insurance, and if the cost of such "tail" policy would otherwise exceed such limit, the Company shall be permitted to purchase as much coverage as reasonably practicable for up to such limit. Parent and the Second Surviving Corporation shall cause such policy to be maintained in full force and effect, for its full term, and cause all obligations thereunder to be honored by the Second Surviving Corporation, and no other party shall have any further obligation to purchase or pay for insurance hereunder.

(d) Parent shall pay all reasonable expenses, including reasonable attorneys' fees, that may be incurred by any Indemnified Party in enforcing the indemnity and other obligations provided in this Section 5.11.

(e) The rights of each Indemnified Party hereunder shall be in addition to, and not in limitation of, any other rights such Indemnified Party may have under the certificates of incorporation or bylaws or other organizational documents of the Company or any of its Subsidiaries or the Second Surviving Corporation, any other indemnification arrangement, the DGCL or otherwise. The provisions of this Section 5.11 shall survive the consummation of the Mergers and expressly are intended to benefit, and are enforceable by, each of the Indemnified Parties.

(f) In the event that Parent, the Second Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity in such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, and in either such case, proper provision shall be made so that the successors and assigns of Parent or the Second Surviving Corporation, as the case may be, shall assume the obligations set forth in this Section 5.11.

Section 5.12 Financing Cooperation.

(a) The Company shall use its reasonable best efforts, and shall cause each of its Subsidiaries to use its reasonable best efforts, and each of them shall use their reasonable best efforts to cause their respective Representatives to use their reasonable best efforts, to provide customary cooperation, to the extent reasonably requested by Parent in writing, in connection with the offering, arrangement, syndication, consummation, issuance or sale of any Debt Financing or Alternative Financing obtained in accordance with Section 5.13

(provided, that such requested cooperation does not unreasonably interfere with the ongoing operations of the Company or any of its Affiliates), including, to the extent so requested, using reasonable best efforts to:

(i) furnish promptly to Parent the Financing Information, and such other financial information regarding the Company and its Subsidiaries as is reasonably requested by Parent in connection with the Debt Financing;

(ii) assist Parent in its preparation of the pro forma financial information identified in clause (c) of paragraph 2 of Annex B of the Debt Commitment Letters with respect to the Parent;

(iii) provide reasonable and customary assistance to Parent and the Financing Parties in the preparation of (A) customary offering documents, offering memoranda, offering circulars, private placement memoranda, registration statements, prospectuses, syndication documents and other syndication materials, including information memoranda, lender and investor presentations, bank books and other marketing documents, and similar documents for any portion of the Debt Financing and (B) materials for rating agency presentations;

(iv) make senior management of the Company available, at reasonable times and locations and upon reasonable prior notice, to participate in meetings (including one-on-one conference or virtual calls with Financing Parties and potential Financing Parties), drafting sessions, presentations, road shows, rating agency presentations and due diligence sessions and other customary syndication activities, provided, at the Company's option in consultation with Parent, any such meeting or communication may be conducted virtually by videoconference or other media;

(v) cause the Company's independent registered accounting firm to provide customary assistance, including by using reasonable best efforts to cause the Company's independent registered accounting firm to provide customary comfort letters (including "negative assurance" comfort, if customary and appropriate) in connection with any capital markets transaction comprising a part of the Debt Financing to the applicable Financing Parties and to participate in a reasonable number of due diligence sessions; provided, at the Company's option, any such session may be conducted virtually by videoconference or other media, and including by using reasonable best efforts to provide customary representation letters to the extent required by such independent registered accounting firm in connection with the foregoing;

(vi) provide customary authorization letters authorizing the distribution of Company information to prospective lenders in connection with a syndicated bank financing;

(vii) assist in obtaining or updating corporate and facility credit ratings;

(viii) assist in the negotiation and preparation of any credit agreement, indenture, note, purchase agreement, underwriting agreement, guarantees and customary closing certificates, as may be reasonably requested by Parent, in each case as contemplated in connection with the Debt Financing;

(ix) make introductions of Parent to the Company's existing lenders and facilitate relevant coordination between Parent and such lenders;

(x) cooperate with internal and external counsel of Parent in connection with providing customary back-up certificates and factual information regarding any legal opinion that such counsel may be required to deliver in connection with the Debt Financing;

(xi) deliver, at least three Business Days prior to Closing, to the extent reasonably requested in writing at least nine Business Days prior to Closing, all documentation and other information regarding the Company and its Subsidiaries that any Financing Party reasonably determines is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act of 2001, and, to the extent required by any Financing Party, a beneficial ownership certificate (substantially similar in form and substance to the form of Certification Regarding Beneficial Owners of Legal Entity Customers published jointly, in May 2018, by the Loan Syndications and Trading Association and Securities Industry and Financial Markets Association) in respect of any of the

Company or any of its Subsidiaries that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation (31 C.F.R. § 1010.230);

(xii) at Parent's written request, cooperate with and use reasonable best efforts to provide all reasonable assistance to Parent in connection with any steps Parent may determine are necessary or desirable to take to (A) obtain consent for the Change of Control under and as defined in the Company Credit Agreement arising from consummation of the transactions contemplated by this Agreement, including facilitating and participating in communications with lenders under the Company Credit Agreement in relation to a Change of Control amendment request substantially in the form attached to the Debt Commitment Letters; provided that any such documentation prepared by the Company, its Subsidiaries and Representatives in connection with the foregoing shall be reasonably acceptable to Parent, and/or (B) prepay some or all amounts outstanding under the Company Credit Agreement, including (1) using reasonable best efforts to prepare and submit customary notices in respect of any such prepayment provided that such prepayment shall be contingent upon the occurrence of the Closing unless otherwise agreed in writing by the Company, and (2) using reasonable best efforts to obtain from the Company Credit Agreement agent a customary payoff letter in respect of the Company Credit Agreement;

(xiii) at Parent's written request, cooperate with and use reasonable best efforts to provide all reasonable assistance to Parent in connection with any amendments to (A) the Financing Agreement, dated as of February 21, 2012, between The Kansas City Southern Railway Company and the United States of America, represented by the Secretary of Transportation acting through the Administrator of the Federal Railroad Administration and (B) the Financing Agreement, dated as of June 28, 2005, between Texas Mexican Railway Company and the United States of America, represented by the Secretary of Transportation acting through Administrator of the Federal Railroad Administration;

(xiv) on the Closing Date but immediately following the Closing, at Parent's request (which may be prior to the Closing Date), execute such documentation as is reasonably requested so that the Company can assume the Debt Commitment Letter in respect of the Company Credit Agreement (to the extent the debt commitments thereunder have not been terminated at Closing in accordance with their terms); and

(xv) consent to the use of its and its Subsidiaries' logos in connection with the Debt Financing; provided that such logos are used solely in a manner that is not intended to, nor reasonably likely to, harm or disparage the Company or its Subsidiaries or the Company's or its Subsidiaries' reputation or goodwill.

(b) The foregoing notwithstanding, none of the Company nor any of its Affiliates shall be required to take or permit the taking of any action pursuant to this Section 5.12 that would: (i) require the Company or its Subsidiaries or any of their respective Affiliates or any persons who are officers or directors of such entities to pass resolutions or consents to approve or authorize the execution of the Debt Financing or enter into, execute or deliver any certificate, document, instrument or agreement or agree to any change or modification of any existing certificate, document, instrument or agreement (except for the authorization letters contemplated by Section 5.12(a)(vi)), (ii) cause any representation or warranty in this Agreement to be breached by the Company or any of its Affiliates, (iii) require the Company or any of its Affiliates to (x) pay any commitment or other similar fee or (y) incur any other expense, liability or obligation which expense, liability or obligation is not reimbursed or indemnified hereunder in connection with the Debt Financing prior to the Closing, or (z) have any obligation of the Company or any of its Affiliates under any agreement, certificate, document or instrument be effective until the Closing, (iv) cause any director, officer, employee or stockholder of the Company or any of its Affiliates to incur any personal liability, (v) conflict with the Organizational Documents of the Company or any of its Affiliates or any Laws, (vi) reasonably be expected to result in a material violation or material breach of, or a default (with or without notice, lapse of time, or both) under, any Contract to which the Company or any of its Affiliates is a party (other than the Change of Control under and as defined in the Company Credit Agreement resulting from the consummation of the Mergers), (vii) provide access to or disclose information that the Company or any of its Affiliates determines would jeopardize any attorney-client privilege or other applicable privilege or protection of the Company or any of its Affiliates, (viii) require the Company to prepare any

financial statements or information (other than the Financing Information) that are not available to it and prepared in the ordinary course of its financial reporting practice, or (ix) require the Company to prepare or deliver any Excluded Information. Nothing contained in this Section 5.12 or otherwise shall require the Company or any of its Affiliates, prior to the Closing, to be an issuer or other obligor with respect to the Debt Financing. Parent shall, promptly on request by the Company, reimburse the Company or any of its Affiliates for all reasonable out-of-pocket costs incurred by them or their respective representatives in connection with such cooperation and shall indemnify and hold harmless the Company and its Affiliates and their respective representatives from and against any and all losses suffered or incurred by them in connection with the arrangement of the Debt Financing, any action taken by them at the request of Parent or its representatives pursuant to this Section 5.12 and any information used in connection therewith.

(c) The parties hereto acknowledge and agree that the provisions contained in this Section 5.12 represent the sole obligation of the Company and its Subsidiaries with respect to cooperation in connection with the arrangement of any financing (including the Debt Financing) to be obtained by Parent with respect to the transactions contemplated by this Agreement, and no other provision of this Agreement (including the Exhibits and Schedules hereto) shall be deemed to expand or modify such obligations. In no event shall the receipt or availability of any funds or financing (including the Debt Financing) by Parent any of its Affiliates or any other financing or other transactions be a condition to any of Parent's obligations under this Agreement. Notwithstanding anything to the contrary in this Agreement, the Company's breach of any of the covenants required to be performed by it under this Section 5.12 shall not be considered in determining the satisfaction of the condition set forth in Section 6.3(b), unless such breach is the primary cause of Parent being unable to obtain the proceeds of the Debt Financing at the Closing.

(d) All non-public or otherwise confidential information regarding the Company or any of its Affiliates obtained by Parent or its representatives pursuant to this Section 5.12 shall be kept confidential in accordance with the Confidentiality Agreement; provided, that Parent shall be permitted to disclose such information to (i) the Financing Parties subject to their confidentiality obligations under the Debt Commitment Letters and the definitive documentation evidencing the Debt Financing and (ii) otherwise to the extent necessary and consistent with customary practices in connection with the Debt Financing subject to customary confidentiality arrangements reasonably satisfactory to the Company.

Section 5.13 Debt Financing.

(a) Parent shall use its reasonable best efforts, and shall cause each of its Subsidiaries to use its reasonable best efforts, to take, or cause to be taken, all actions, and do, or cause to be done, all things necessary, proper or advisable to obtain funds sufficient to fund the Financing Amounts, including using reasonable best efforts to take, or cause to be taken, all actions and do, or cause to be done, all things necessary, proper or advisable to obtain the proceeds of the Debt Financing on the terms and subject only to the conditions described in the Debt Commitment Letters, including by (i) maintaining in effect the Debt Commitment Letters, (ii) negotiating and entering into definitive agreements with respect to the Debt Financing (the "Definitive Agreements") consistent with the terms and conditions contained therein (including, as necessary, the "flex" provisions contained in any related fee letter) on or prior to the Closing Date, (iii) satisfying on a timely basis all conditions in the Debt Commitment Letters and the Definitive Agreements within Parent's control and complying with its obligations thereunder and (iv) enforcing its rights under the Debt Commitment Letters, in each case in a timely and diligent manner.

(b) In the event any portion of the Debt Financing contemplated by the Debt Commitment Letters becomes unavailable regardless of the reason therefor, (A) Parent shall promptly notify the Company in writing of such unavailability and the reason therefor and (B) Parent shall use its reasonable best efforts, and shall cause each of its Subsidiaries to use their reasonable best efforts, to obtain as promptly as practicable following the occurrence of such event, alternative debt financing for any such portion from alternative sources (the "Alternative Financing") in an amount sufficient, when taken together with cash and the other sources of

immediately funds available to Parent at the Closing to pay the Financing Amounts and that do not include any conditions to the consummation of such alternative debt financing that are more onerous than the conditions set forth in the Debt Financing. To the extent requested in writing by the Company from time to time, Parent shall keep the Company informed on a reasonably current basis of the status of its efforts to arrange and consummate the Debt Financing. Without limiting the generality of the foregoing, Parent shall promptly notify the Company in writing if there exists any actual or threatened material breach, default, repudiation, cancellation or termination by any party to the Debt Commitment Letters or any Definitive Agreement and a copy of any written notice or other written communication from any Financing Party with respect to any actual material breach, default, repudiation, cancellation or termination by any party to the Debt Commitment Letters or any Definitive Agreement of any provision thereof. The foregoing notwithstanding, compliance by the Parent with this Section 5.13 shall not relieve Parent of its obligations to consummate the transactions contemplated by this Agreement whether or not the Debt Financing is available.

(c) None of Parent nor any of its Subsidiaries shall (without the prior written consent of the Company, such consent not to be unreasonably withheld, delayed or conditioned) consent or agree to any amendment, replacement, supplement, termination or modification to, or any waiver of any provision under, the Debt Commitment Letters or the Definitive Agreements if such amendment, replacement, supplement, modification or waiver (1) decreases the aggregate amount of the Debt Financing to an amount that would be less than an amount that would be required, when taken together with cash or cash equivalents held by the Parent and the Company on the Closing Date and the other sources of funds available to Parent on the Closing Date, to pay the Cash Consideration, the Preferred Merger Consideration and all other cash amounts payable pursuant to this Agreement by Parent at the Closing, (2) could reasonably be expected to prevent, materially delay or materially impede the consummation of the transactions contemplated by this Agreement, (3) adversely impacts the ability of Parent to enforce its rights against the other parties to the Debt Commitment Letters or the Definitive Agreements as so amended, replaced, supplemented or otherwise modified, or (4) adds new (or adversely modifies any existing) conditions to the consummation of all or any portion of the Debt Financing; provided, that Parent may amend, replace, supplement and/or modify any of the Debt Commitment Letters to add lenders, lead arrangers, bookrunners, syndication agents or similar entities as parties thereto who had not executed such Debt Commitment Letters as of the date of this Agreement, provided that (i) the addition of such parties would not be reasonably expected to delay or prevent Closing and (ii) such amendments do not (A) reduce the aggregate amount of the Debt Financing (including by changing the amount of fees to be paid or any original issue discount of the Debt Financing (or payment of fees having similar effect)) or (B) impose new or additional conditions, or otherwise amend, modify or expand any conditions, to the receipt of the Debt Financing in a manner that would reasonably be expected to delay or prevent Closing; provided, that, for the avoidance of doubt, Parent may amend, replace, supplement and/or modify any of the Debt Commitment Letters to increase the amount of commitments under the Debt Commitment Letters. Upon any amendment, supplement or modification of the Debt Commitment Letters, Parent shall provide a copy thereof to the Company (with only fee amounts and other customary terms redacted, none of which redacted provisions would adversely affect the conditionality or enforceability of the debt financing contemplated by the Debt Commitment Letters as so amended, supplemented or modified to the knowledge of the Parent) and, to the extent such amendment, supplement or modification has been made in compliance with this Section 5.13(c), the term "Debt Commitment Letters" shall mean the applicable Debt Commitment Letters as so amended, replaced, supplemented or modified. Notwithstanding the foregoing, compliance by Parent with this Section 5.13(c) shall not relieve Parent of its obligation to consummate the transactions contemplated by this Agreement whether or not the Debt Financing is available. To the extent Parent obtains Alternative Financing pursuant to Section 5.13(b), or amends, replaces, supplements, modifies or waives any of the Debt Financing pursuant to this Section 5.13(c), references to the "Debt Financing," "Financing Parties" and "Debt Commitment Letters" (and other like terms in this Agreement) shall be deemed to refer to such Alternative Financing, the commitments thereunder and the agreements with respect thereto, or the Debt Financing as so amended, replaced, supplemented, modified or waived.

Section 5.14 Stock Exchange De-listing; 1934 Act Deregistration Stock Exchange Listing.

(a) The Company shall cooperate with Parent and use its reasonable best efforts to take, or cause to be taken, all actions reasonably necessary, proper or advisable on its part under applicable Laws and rules and policies of the NYSE and the SEC to enable the delisting by the Second Surviving Corporation of the Company Common Stock from the NYSE and the deregistration of the Company Common Stock under the Exchange Act as promptly as practicable after the First Effective Time.

(b) Parent shall use its reasonable best efforts to cause the Parent Common Shares to be issued in the First Merger to be approved for listing on the NYSE, subject to official notice of issuance, and the TSX, subject to customary listing conditions prior to the First Effective Time.

Section 5.15 Rule 16b-3. Prior to the First Effective Time, the Company and Parent, and the Company Board and the Parent Board (or duly formed committees thereof consisting of non-employee directors (as such term is defined for the purposes of Rule 16b-3 promulgated under the Exchange Act)), shall take such actions as may be reasonably necessary or advisable to cause any dispositions of Company equity securities and any acquisition of Parent equity securities (in each case including derivative securities) pursuant to the transactions contemplated by this Agreement by each individual who is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to the Company or Parent to be exempt under Rule 16b-3 promulgated under the Exchange Act.

Section 5.16 Stockholder Litigation. Each of the Company and Parent shall keep the other reasonably informed of, and cooperate with such party in connection with, any stockholder litigation or claim against such party and/or its directors or officers relating to the Mergers or the other transactions contemplated by this Agreement. Without limiting the foregoing, the Company shall give Parent a reasonable opportunity to participate in the defense or settlement of any such litigation or claim and the Company shall not compromise or settle, or agree to compromise or settle, any stockholder litigation or claim arising or resulting from the transactions contemplated by this Agreement without the prior written consent of Parent (which shall not be unreasonably withheld, conditioned or delayed).

Section 5.17 Certain Tax Matters.

(a) Each of Parent and the Company (i) shall use its reasonable best efforts to cause the Mergers, taken together, to qualify (A) as a "reorganization" within the meaning of Section 368(a) of the Code and (B) for an exception to the general rule of Section 367(a)(1) of the Code and (ii) shall not take or knowingly fail to take (and shall cause its Affiliates not to take or knowingly fail to take) any action that could reasonably be expected to (A) prevent or impede the Mergers, taken together, from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code, (B) cause stockholders of the Company (other than any Excepted Stockholder) to recognize gain pursuant to Section 367(a)(1) of the Code, (C) prevent or impede the Company from being able to deliver an executed Company Tax Certificate at Closing, or (D) prevent or impede Parent from being able to deliver an executed Parent Tax Certificate at Closing.

(b) Each of Parent and the Company shall use its reasonable best efforts and shall cooperate with one another to obtain the opinion of counsel referred to in Section 6.2(e) and any similar opinions required to be delivered in connection with the effectiveness of the Form F-4. In connection with the foregoing, Parent shall use its reasonable best efforts to deliver to Company Tax Counsel, a representation letter dated as of the Closing Date (and, if requested, dated as of the date the Form F-4 shall have been declared effective by the SEC or such other date(s) as determined necessary by counsel in connection with the filing of the Form F-4 or its exhibits) and signed by an officer of Parent, substantially in the form set forth in Section 5.17(b) of the Parent Disclosure Schedule (with such modifications as are reasonably required to address any changes in facts or Law after the date hereof) (the "Parent Tax Certificate"), and the Company shall use its reasonable best efforts to deliver to Company Tax Counsel a representation letter dated as of the Closing Date (and, if requested, dated as of the date the Form F-4 shall have been declared effective by the SEC or such other date(s) as determined necessary by counsel in connection with the filing of the Form F-4 or its exhibits) and signed by an officer of the Company,

substantially in the form set forth in Section 5.17(b) of the Company Disclosure Schedule (with such modifications as are reasonably required to address any changes in facts or Law after the date hereof) (the "Company Tax Certificate").

(c) Parent shall, and shall cause the Second Surviving Corporation to, (i) comply with the reporting requirements of Treasury Regulations Section 1.367(a)-3(c)(6), and (ii) reasonably cooperate with any "five-percent transferee shareholder" of Parent within the meaning of Treasury Regulations Section 1.367(a)-3(c)(5)(ii), who certifies to Parent in writing that it is such a shareholder and furnishes to Parent documentation reasonably satisfactory to Parent supporting such certification, to enable such Person to enter into a valid gain recognition agreement under Treasury Regulations Section 1.367(a)-8.

(d) From the date hereof until the First Effective Time, the Company shall reasonably cooperate with Parent to enable Parent to determine whether the Company is (or at any time during the five-year period ending on the Closing Date has been) a "United States real property holding corporation" within the meaning of Section 897(c)(2) of the Code, and the Company shall provide Parent with such information in the Company's possession as Parent may reasonably request for purposes of making such determination.

(e) Notwithstanding any other provision of this Agreement or any other agreement among the parties, Parent and its Affiliates shall be permitted to apply to the CRA for one or more "advance income tax rulings" and to engage with the CRA in the "pre-ruling consultation" process, both as described in CRA Information Circular IC70-6R10 Advance Income Tax Rulings and Technical Interpretations dated September 29, 2020 (or successor publication thereto), in respect of certain Canadian federal income Tax implications of the implementation of certain transactions, including the transactions contemplated by this Agreement; provided, that (i) except for information in the public domain or as disclosed in this Agreement (other than the Company Disclosure Schedules), neither Parent nor its Affiliates shall disclose any confidential information relating to the Company or any of its Subsidiaries to the CRA without the Company's prior written consent, and (ii) the receipt of any such advance income tax ruling or completion of pre-ruling consultation shall not be a condition to Closing.

Section 5.18 Dividends. The Company shall coordinate with Parent the declaration, setting of record dates and payment dates of dividends on shares of Company Common Stock, subject to applicable Law and the approval of the Company Board and the Parent Board, as applicable, so that holders of shares of Company Common Stock do not receive dividends both on shares of Company Common Stock and Parent Common Shares received in the Mergers in respect of any calendar quarter or fail to receive a dividend on one of either shares of Company Common Stock or Parent Common Shares received in the Mergers for any calendar quarter.

Section 5.19 Surviving Merger Sub and First Merger Sub Stockholder Approvals. Promptly following the execution of this Agreement, each of Parent (in its capacity as sole stockholder of Surviving Merger Sub) and Surviving Merger Sub (in its capacity as sole stockholder of First Merger Sub) shall execute and deliver, in accordance with applicable Law and its certificate of incorporation and by-laws a written consent approving and adopting this Agreement and the transactions contemplated thereby.

Section 5.20 Post-Closing Cooperation. Following the Closing, in the event of a STB Denial or failure to obtain Completion of the CFIUS Process, or as may be required in connection with obtaining STB Final Approval, Parent shall, consistently with the terms of the Voting Trust Agreement, devise and implement the process and strategy to sell or otherwise dispose of, whether directly or indirectly, the shares or assets of the Second Surviving Corporation (the "Post-Closing Disposition"), subject to any jurisdiction of the STB to oversee the Post-Closing Disposition. Following the Closing, the Company and its successors shall cooperate with Parent and shall (and shall cause each of its Subsidiaries to) use its reasonable best efforts to take all actions reasonably requested by Parent and do or cause to be done all things necessary, proper or advisable on its part to assist Parent in its process to effect the Post-Closing Disposition. Such reasonable best efforts following the Closing shall include the Company and its Subsidiaries using reasonable best efforts to (i) make senior management available at reasonable times and locations and upon reasonable prior notice, to participate in meetings, drafting

sessions, presentations, road shows, rating agency presentations and due diligence sessions; (ii) assist Parent in the preparation and filing of any offering documents, offering memoranda, offering circulars, private placement memoranda, registration statements, prospectuses, information memoranda, lender and investor presentations, bank books and other marketing documents, and similar documents, and any customary financial statements and other information required to be provided therein; (iii) cause the Company's independent registered accounting firm and internal and external counsel of the Company to provide assistance to Parent, including delivery of any required comfort letters and customary backup certificates; (iv) cooperate with any marketing efforts of Parent, including, to the extent applicable, obtaining representation and authorization letters and arranging for customary auditor consents for use of financial data in any marketing and offering documentation; (v) assist in the preparation and negotiation of, and executing and delivering, any credit agreement, indenture, note, purchase agreement, underwriting agreement, guarantees, hedging agreement, pay-off letters, customary closing certificates and any other certificates, exhibits, schedules, letters and documents as may be reasonably requested by Parent; and (vi) furnish all non-privileged information concerning the Company and its Subsidiaries that is required by applicable Law to be included in any filings with the SEC or the Canadian Securities Administrators; provided, that to the extent any of the foregoing requires the entry of a protective order by the STB, the Company and its successors shall be required to take such action only if such order is obtained, subject to the terms of such order.

Section 5.21 Governance and Other Matters.

(a) The parties shall take all actions necessary to designate and appoint four of the directors of the Company as of immediately prior to the First Effective Time to serve as directors on the Parent Board as of the Control Date, in each case until such director's successor is elected and qualified or such director's earlier death, resignation or removal, in each case in accordance with Parent's Organizational Documents. In the event that after the First Effective Time any of such four directors indicates that he or she plans to step down as a director of the Company and is willing to become a director of Parent, Parent shall seek the approval of the STB to allow such director to be appointed as a director of Parent as soon as practicable and prior to the Control Date.

(b) As promptly as practicable following the Control Date, in conjunction with its integration plan, Parent shall (i) change the name of Parent to "Canadian Pacific Kansas City" and (ii) recognize Kansas City, Missouri as the location of the headquarters of Parent's United States business and operations.

ARTICLE 6

CONDITIONS TO THE MERGERS

Section 6.1 Conditions to Obligation of Each Party to Effect the Mergers. The respective obligations of each party to effect the Mergers shall be subject to the satisfaction (or waiver by Parent and the Company to the extent permitted by applicable Law) at or prior to the Closing of the following conditions:

(a) The Company Stockholder Approval shall have been obtained.

(b) The Parent Shareholder Approval shall have been obtained.

(c) The Form F-4 shall have become effective in accordance with the provisions of the Securities Act and no stop order suspending the effectiveness of the Form F-4 shall have been issued by the SEC and remain in effect and no proceeding to that effect shall have been commenced.

(d) No injunction or similar Order by any court or other Governmental Entity of competent jurisdiction shall have been entered and shall continue to be in effect that prohibits or makes illegal the consummation of the Mergers or the Voting Trust Transaction.

(e) [Reserved.]

(f) The authorizations required to be obtained from the COFECE and the IFT with respect to the Mergers and the other transactions contemplated by this Agreement shall have been obtained.

(g) The Parent Common Shares to be issued in the First Merger shall have been approved for listing on the NYSE, subject to official notice of issuance, and the TSX, subject to customary listing requirements.

Section 6.2 Conditions to Obligation of the Company to Effect the Mergers. The obligation of the Company to effect the Mergers is further subject to the satisfaction (or waiver by the Company to the extent permitted by applicable Law) of the following conditions:

(a) The representations and warranties of Parent and each Merger Sub set forth in Section 4.2(a), Section 4.12(a) and Section 4.18 shall be true and correct, at and as of the date of this Agreement and at and as of the Closing, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), in each case, except for de minimis inaccuracies; (ii) the representations and warranties of Parent and each Merger Sub set forth in the first sentence of Section 4.1(a), Section 4.2(b), Section 4.3(a), Section 4.3(b) and Section 4.20 shall be true and correct in all material respects, at and as of the date of this Agreement and at and as of Closing, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date); (iii) the representations and warranties of Parent and each Merger Sub set forth in Article 4 that are qualified by a "Parent Material Adverse Effect" qualification shall be true and correct in all respects as so qualified at and as of the date of this Agreement and at and as of Closing, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date); and (iv) the other representations and warranties of Parent and each Merger Sub set forth in Article 4 shall be true and correct at and as of the date of this Agreement and at and as of the Closing, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except with respect to this clause (iv) where the failure of such representations and warranties to be so true and correct would not have or would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Parent and each Merger Sub shall have performed in all material respects all obligations and complied in all material respects with all covenants required by this Agreement to be performed or complied with by them prior to the Closing.

(c) Since the date of this Agreement, there shall not have occurred any event, change, occurrence, effect or development that has had, or is reasonably likely to have, a Parent Material Adverse Effect.

(d) Parent shall have delivered to the Company a certificate, dated as of the Closing Date and signed by its Chief Executive Officer or another senior officer, certifying to the effect that the conditions set forth in Section 6.2(a), Section 6.2(b) and Section 6.2(c) have been satisfied.

(e) The Company shall have received the opinion of Wachtell, Lipton, Rosen & Katz, or, if Wachtell, Lipton, Rosen & Katz is unable to provide such opinion, another nationally recognized Tax counsel reasonably satisfactory to the Company ("Company Tax Counsel"), dated as of the Closing Date, in form and substance reasonably satisfactory to the Company, to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, (i) the Mergers, taken together, will qualify as a "reorganization" within the meaning of Section 368(a) of the Code and (ii) the Mergers will not result in gain recognition pursuant to Section 367(a)(1) of the Code by Persons who are stockholders of the Company immediately prior to the First Effective Time (other than any such stockholder who would be a "five-percent transferee shareholder" (within the meaning of Treasury Regulations Section 1.367(a)-3(c)(5)(ii)) of Parent that does not enter into a five-year gain recognition agreement in the form provided in Treasury Regulations Section 1.367(a)-8(c) and comply with the requirements of that agreement and Treasury Regulations Section 1.367(a)-8 for avoiding the recognition of gain). In connection with rendering such opinion, Company Tax Counsel shall be entitled to receive and may rely on the Parent Tax Certificate and the Company Tax Certificate.

Section 6.3 Conditions to Obligations of Parent and Merger Subs to Effect the Mergers. The obligations of Parent and each Merger Sub to effect the Mergers are further subject to the satisfaction (or waiver by Parent to the extent permitted by applicable Law) of the following conditions:

(a) (i) The representations and warranties of the Company set forth in Section 3.2(a) (other than the last sentence thereof) and Section 3.12(a) shall be true and correct, at and as of the date of this Agreement and at and as of Closing, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), in each case, except for *de minimis* inaccuracies; (ii) the representations and warranties of the Company set forth in the first sentence of Section 3.1(a), Section 3.2(b), Section 3.3(a), Section 3.3(b) and Section 3.26 shall be true and correct in all material respects, at and as of the date of this Agreement and at and as of Closing, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date); (iii) the representations and warranties of the Company set forth in Article 3 that are qualified by a "Company Material Adverse Effect" qualification shall be true and correct in all respects as so qualified at and as of the Closing, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date); and (iv) the other representations and warranties of the Company set forth in Article 3 shall be true and correct at and as of the date of this Agreement and at and as of Closing, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except with respect to this clause (iv) where the failure of such representations and warranties to be so true and correct would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) The Company shall have performed in all material respects all obligations and complied in all material respects with all covenants required by this Agreement to be performed or complied with by it prior to the Closing.

(c) Since the date of this Agreement, there shall not have occurred any event, change, occurrence, effect or development that has had, or is reasonably likely to have, a Company Material Adverse Effect.

(d) The Company shall have delivered to Parent a certificate, dated as of the Closing Date and signed by its Chief Executive Officer or another senior officer, certifying to the effect that the conditions set forth in Section 6.3(a), Section 6.3(b) and Section 6.3(c) have been satisfied.

Section 6.4 Frustration of Closing Conditions. No party hereto may rely, either as a basis for not consummating the Mergers or terminating this Agreement and abandoning the Mergers, on the failure of any condition set forth in Section 6.1, Section 6.2 or Section 6.3, as the case may be, to be satisfied if such failure was caused by such party's material breach of any covenant or agreement of this Agreement.

ARTICLE 7

TERMINATION

Section 7.1 Termination or Abandonment. This Agreement may be terminated and abandoned prior to the First Effective Time, whether before or after any approval by the stockholders of the Company or the shareholders of Parent of the matters presented in connection with the Mergers:

(a) by the mutual written consent of the Company and Parent;

(b) by either the Company or Parent, if:

(i) (A) the First Effective Time shall not have occurred on or before February 21, 2022 (the "End Date") and (B) the party seeking to terminate this Agreement pursuant to this Section 7.1(b)(i) shall

not have breached in any material respect its obligations under this Agreement in any manner that has been the primary cause of the failure to consummate the Mergers on or before such date; provided, that to the extent the condition to Closing set forth in Section 6.1(f) has not been satisfied or waived on or prior to February 21, 2022, but all other conditions to Closing set forth in Article 6 have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the Closing), the End Date shall be automatically extended to May 21, 2022;

(ii) any court or other Governmental Entity of competent jurisdiction shall have issued or entered an injunction or similar Order that prohibits or makes illegal the consummation of the Mergers or the Voting Trust Transaction, and such injunction or Order shall have become final and non-appealable; provided, that the party seeking to terminate this Agreement pursuant to this Section 7.1(b)(ii) shall not have breached in any material respect its obligations under this Agreement in any manner that has been the primary cause of such injunction or Order;

(iii) if the Company Stockholder Meeting (including any adjournments or postponements thereof) shall have been held and been concluded and the Company Stockholder Approval shall not have been obtained; or

(iv) if the Parent Shareholder Meeting (including any adjournments or postponements thereof) shall have been held and been concluded and the Parent Shareholder Approval shall not have been obtained;

(c) by the Company:

(i) if Parent or either Merger Sub shall have breached or failed to perform in any material respect any of their representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (A) would result in a failure of a condition set forth in Section 6.1 or Section 6.2 and (B) cannot be cured by the End Date or, if curable, is not cured within 45 Business Days following the Company's delivery of written notice to Parent stating the Company's intention to terminate this Agreement pursuant to this Section 7.1(c)(i) and the basis for such termination; provided, that the Company shall not have a right to terminate this Agreement pursuant to this Section 7.1(c)(i) if the Company is then in material breach of any representation, warranty, agreement or covenant contained in this Agreement;

(ii) prior to receipt of the Company Stockholder Approval, in order to enter into a definitive agreement providing for a Company Superior Proposal; or

(iii) prior to receipt of the Parent Shareholder Approval, if the Parent Board shall have effected a Parent Change of Recommendation.

(d) by Parent:

(i) if the Company shall have breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (A) would result in a failure of a condition set forth in Section 6.1 or Section 6.3 and (B) cannot be cured by the End Date or, if curable, is not cured within 45 Business Days following Parent's delivery of written notice to the Company stating Parent's intention to terminate this Agreement pursuant to this Section 7.1(d)(i) and the basis for such termination; provided, that Parent shall not have a right to terminate this Agreement pursuant to this Section 7.1(d)(i) if Parent or either Merger Sub is then in material breach of any representation, warranty, agreement or covenant contained in this Agreement; or

(ii) prior to receipt of the Company Stockholder Approval, if the Company Board shall have effected a Company Change of Recommendation.

Section 7.2 Effect of Termination. In the event of a valid termination of this Agreement pursuant to Section 7.1, the terminating party shall forthwith give written notice thereof to the other party or parties and this Agreement shall terminate, and the transactions contemplated hereby shall be abandoned, without further action

by any of the parties hereto. In the event of a valid termination of this Agreement pursuant to Section 7.1, this Agreement shall forthwith become null and void and there shall be no liability or obligation on the part of the Company, Parent, either Merger Sub or their respective Subsidiaries or Affiliates, except that: (i) no such termination shall relieve any party of its obligation to pay the Company Termination Fee, the Parent Termination Fee or the Regulatory Termination Fee or the CN Termination Amount Refund, as applicable, if, as and when required pursuant to Section 7.3 or any of its other obligations under Section 7.3 expressly contemplated to survive the termination of this Agreement pursuant to Section 7.3; (ii) no such termination shall relieve any party for liability for such party's fraud or willful and material breach of any covenant or obligation contained in this Agreement prior to its termination; and (iii) the Confidentiality Agreement, the provisions of the last sentence of Section 5.12(b) and the provisions of Section 5.3(d), Section 5.12(d), this Section 7.2, Section 7.3 and Article 8 shall survive the termination hereof.

Section 7.3 Termination Fees.

(a) Company Termination Fee.

(i) If (A) this Agreement is terminated by the Company pursuant to Section 7.1(c)(ii), (B) this Agreement is terminated by Parent pursuant to Section 7.1(d)(ii), or (C) (x) after the date of this Agreement, a Company Alternative Proposal (substituting in the definition thereof "50%" for "25%" and for "75%" in each place each such phrase appears) is publicly proposed or publicly disclosed prior to, and not publicly withdrawn at least two Business Days prior to, the Company Stockholder Meeting (a "Company Qualifying Transaction"), (y) this Agreement is terminated by (1) the Company or Parent pursuant to Section 7.1(b)(i) prior to the receipt of the Company Stockholder Approval or pursuant to Section 7.1(b)(iii) or (2) Parent pursuant to Section 7.1(d)(i), and (z) concurrently with or within 12 months after such termination, the Company (1) consummates a Company Qualifying Transaction or (2) enters into a definitive agreement providing for a Company Qualifying Transaction and later consummates such Company Qualifying Transaction, then the Company shall pay to Parent in consideration of the Parent disposing of its rights hereunder (other than those rights set out in Section 7.2), by wire transfer of immediately available funds to an account designated in writing by Parent, a fee of $700,000,000 in cash (the "Company Termination Fee"), free and clear and without withholding or deduction for Taxes unless such withholding or deduction is required by Law, such payment to be made concurrently with such termination in the case of clause (A) above, within three Business Days after such termination in the case of clause (B) above, or within three Business Days after the consummation of such Company Qualifying Transaction in the case of clause (C) above; it being understood that in no event shall the Company be required to pay the Company Termination Fee on more than one occasion.

(ii) If the Company is required to withhold or deduct any amount for or on account of U.S. federal income Taxes under Section 1442 or 1445 of the Code from the Company Termination Fee, the Company shall remit the full amount so withheld and deducted to the applicable Governmental Entity and the Company shall pay additional amounts to Parent ("Parent Additional Amounts") (such additional amounts to constitute additional proceeds for the disposition by the Parent of its rights under this Agreement) as may be necessary so that the net amount received by Parent (including the Parent Additional Amounts) after such withholding or deduction is not less than the amount Parent would have received if the Taxes had not been so withheld or deducted; provided, that the Company's obligation to pay such Parent Additional Amounts shall not apply to the extent that the obligation to withhold or deduct any amount from the Company Termination Fee arises solely as the result of Parent's failure to deliver to the Company, prior to the payment of the Company Termination Fee, a properly completed and executed IRS Form W-8BEN-E establishing an exemption from withholding under the U.S.-Canada Income Tax Treaty or IRS Form W-8ECI. Furthermore, without duplication of the foregoing sentence, the Company shall indemnify and hold harmless Parent from the full amount of any Taxes imposed on Parent under Section 881(a) the Code (together with any interest and penalties and expenses paid or payable by Parent with respect thereto) with respect to the receipt of the Company Termination Fee other than Taxes in respect of which amounts have been fully deducted and remitted and Parent Additional Amounts have been paid. The parties shall

cooperate to minimize any Taxes required to be deducted or withheld in respect of the Company Termination Fee. At the Company's reasonable request and expense, Parent shall use commercially reasonable efforts to obtain a refund from the applicable U.S. Governmental Entity of any Taxes in respect of which the Company has paid a Parent Additional Amount or indemnified Parent (or, if such refund cannot be obtained, to claim a credit for such Taxes). Parent shall promptly pay the amount of any such refund or credit obtained to the Company, net of any costs, Taxes and expenses borne by Parent with respect to such refund or credit; provided that Parent shall not be obligated to make any payment otherwise required pursuant to this sentence to the extent making such payment would place Parent in a less favorable net after-Tax position than it would have been in if the Tax subject to indemnification or Parent Additional Amount and giving rise to such refund or credit had not been deducted, withheld or otherwise imposed and the indemnification payments or Parent Additional Amount with respect to such Tax had never been paid. Parent and the Company agree: (i) to treat, for U.S. federal income Tax purposes, payment of the Company Termination Fee and any Parent Additional Amounts as giving rise to gain or loss attributable to the cancellation, lapse, expiration or other termination of a right or obligation with respect to property which is (or on acquisition would be) a capital asset in the hands of Parent within the meaning of Section 1234A(1) of the Code, and (ii) not to take any position inconsistent with such treatment, in each case, except to the extent otherwise required by applicable Law. The obligations described in this paragraph shall survive any termination, defeasance or discharge of this Agreement. Except as otherwise set forth in Section 7.2 or this Section 7.3(a), on the payment by the Company of the Company Termination Fee, the CN Termination Amount Refund and the Parent Additional Amounts as and when required by this Section 7.3(a), neither the Company nor any of its former, current or future officers, directors, partners, stockholders, managers, members, Affiliates and Representatives shall have any further liability with respect to this Agreement or the transactions contemplated hereby to Parent or its Affiliates or Representatives.

(b) Parent Termination Fees.

(i) If this Agreement is terminated by the Company or Parent pursuant to (A) Section 7.1(b)(i), and at the time of such termination, (1) the conditions set forth in Section 6.1(d) (solely as a result of an injunction or Order entered or issued by a Governmental Entity pursuant to any Railroad Law or Section 721) has not been satisfied or waived and (2) all of the other conditions set forth in Section 6.1 and Section 6.3 have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the Closing; provided, that such conditions were then capable of being satisfied if the Closing had taken place) and no breach by the Company of its obligations under Section 5.8 has contributed materially and substantially to the failure of the condition set forth in the preceding clause (1) to be satisfied or (B) Section 7.1(b)(ii) (solely as the result of a final and non-appealable Order entered or issued by a Governmental Entity pursuant to any Railroad Law or Section 721), then Parent shall pay or cause to be paid to the Company in consideration of the Company disposing of its rights hereunder (other than those rights set out in Section 7.2), by wire transfer of immediately available funds to an account designated in writing by the Company, a fee of $1,000,000,000 in cash (the "Regulatory Termination Fee"), free and clear and without withholding or deduction for Taxes unless such withholding or deduction is required by Law, with such payment to be made within three Business Days of such termination.

(ii) If (A) this Agreement is terminated by the Company pursuant to Section 7.1(c)(iii), or (B) (x) after the date of this Agreement, a Parent Alternative Proposal (substituting in the definition thereof "50%" for "25%" and for "75%" in each place each such phrase appears) is publicly proposed or publicly disclosed prior to, and not publicly withdrawn at least two Business Days prior to, the Parent Shareholder Meeting (a "Parent Qualifying Transaction"), (y) this Agreement is terminated by (1) the Company or Parent pursuant to Section 7.1(b)(i) prior to the receipt of the Parent Shareholder Approval or pursuant to Section 7.1(b)(iv) or (2) the Company pursuant to Section 7.1(c)(i) and (z) concurrently with or within 12 months after such termination Parent (1) consummates a Parent Qualifying Transaction or (2) enters into a definitive agreement providing for a Parent Qualifying Transaction and later consummates such Parent Qualifying Transaction, then Parent shall pay or cause to be paid to the Company in consideration of the Company disposing of its rights hereunder (other than those rights set out in Section 7.2), a fee of

$700,000,000 in cash (the "Parent Termination Fee"), free and clear and without withholding or deduction for Taxes unless such withholding or deduction is required by Law, such payment to be made within three Business Days after such termination in the case of clause (A) above, or within three Business Days after the consummation of such Parent Qualifying Transaction in the case of clause (B) above; it being understood that in no event shall Parent be required to pay both the Parent Termination Fee and the Regulatory Termination Fee or either of the Parent Termination Fee or the Regulatory Termination Fee on more than one occasion.

(iii) If Parent is required, pursuant to the provisions of Part XIII of the CITA, to withhold or deduct any amount for or on account of Taxes from the Regulatory Termination Fee or Parent Termination Fee, Parent shall remit the full amount so withheld and deducted to the applicable Governmental Entity and Parent shall pay additional amounts to the Company ("Company Additional Amounts") (such additional amounts to constitute additional proceeds for the disposition by the Company of its rights under this Agreement) as may be necessary so that the net amount received by the Company (including the Company Additional Amounts) after such withholding or deduction is not less than the amount the Company would have received if the Taxes had not been so withheld or deducted. Furthermore, without duplication of the foregoing sentence, Parent shall indemnify and hold harmless the Company from the full amount of any Taxes imposed on the Company under Part XIII of the CITA (together with any interest and penalties and expenses paid or payable by the Company with respect thereto) with respect to the receipt of the Regulatory Termination Fee or Parent Termination Fee, as applicable, and Company Additional Amounts, other than Taxes in respect of which amounts have been fully deducted and remitted. The parties shall cooperate to minimize any Taxes required to be deducted or withheld in respect of the Parent Termination Fee or Regulatory Termination Fee, including that the Company shall provide any information reasonably requested by Parent to determine whether the Company is a "resident of the United States" and a "qualifying person" and/or whether it carries on business in Canada through a "permanent establishment," in each case, for the purposes of the U.S. – Canada Income Tax Treaty and the CITA. At Parent's reasonable request and expense, the Company shall use commercially reasonable efforts to obtain a refund from the applicable Canadian Governmental Entity of any Taxes in respect of which Parent has paid a Company Additional Amount or indemnified the Company (or, if such refund cannot be obtained, to claim a credit from the applicable Canadian or U.S. Governmental Entity for such Taxes). The Company shall promptly pay the amount of any such refund or credit obtained to Parent, net of any costs, Taxes and expenses borne by the Company with respect to such refund or credit; provided that the Company shall not be obligated to make any payment otherwise required pursuant to this sentence to the extent making such payment would place the Company in a less favorable net after-Tax position than it would have been in if the Tax subject to indemnification or Company Additional Amount and giving rise to such refund or credit had not been deducted, withheld or otherwise imposed and the indemnification payments or Company Additional Amount with respect to such Tax had never been paid. Parent and the Company agree: (i) to treat, for Canadian federal income Tax purposes, the payment of the Regulatory Termination Fee and/or the Parent Termination Fee and any Company Additional Amounts as being proceeds of disposition for the disposition by the Company of property consisting of its rights under this Agreement, and (ii) not to take any position inconsistent with such treatment, in each case, except to the extent otherwise required by applicable Law. The obligations described in this paragraph will survive any termination, defeasance or discharge of this Agreement. Except as otherwise set forth in Section 7.2 or this Section 7.3(b), on the payment by Parent of the Regulatory Termination Fee or Parent Termination Fee, as applicable, and the Company Additional Amounts as and when required by this Section 7.3(b), none of Parent, either Merger Sub or any of their respective former, current or future officers, directors, partners, stockholders, managers, members, Affiliates and Representatives shall have any further liability with respect to this Agreement or the transactions contemplated hereby to the Company or its Affiliates or Representatives.

(c) Refund of CN Agreement Termination Amount. If this Agreement is terminated (i) by the Company pursuant to Section 7.1(c)(ii) or (ii) by Parent pursuant to Section 7.1(d)(i) or Section 7.1(d)(ii), then the Company shall pay to Parent, in return of $700,000,000 remitted to the Company by Parent in respect of the

Company's payment to CN of the "Company Termination Fee" (as defined in the CN Agreement) in connection with the termination of the CN Agreement and the execution of this Agreement pursuant to that certain offer letter, dated as of September 12, 2021, from Parent to the Company, by wire transfer of immediately available funds to an account designated in writing by Parent, an amount equal to $700,000,000 in cash (the "CN Termination Amount Refund"), free and clear and without withholding or deduction for Taxes, unless (A) Parent or the applicable Affiliate has failed to deliver to the Company a properly completed and duly executed IRS Form W-8BEN-E or other applicable form, in each case, establishing that the CN Termination Amount Refund is exempt from withholding or (B) such withholding or deduction is required by a change in Law after the date hereof (in which case the parties shall reasonably cooperate to minimize any such required withholding or deduction), with such payment to be made within three Business Days of such termination; it being understood that in no event shall the Company be required to pay the CN Termination Amount Refund on more than one occasion.

(d) Acknowledgements. Each party acknowledges that the agreements contained in this Section 7.3 are an integral part of this Agreement and that, without Section 7.3(a), Parent would not have entered into this Agreement and that, without Section 7.3(b), the Company would not have entered into this Agreement. Accordingly, if the Company or Parent fails to promptly pay any amount due pursuant to this Section 7.3, the Company or Parent, as applicable, shall pay to Parent or the Company, respectively, all fees, costs and expenses of enforcement (including attorneys' fees as well as expenses incurred in connection with any action initiated seeking such payment), together with interest on the amount of the Company Termination Fee, the Parent Termination Fee or the Regulatory Termination Fee, as applicable, at the prime lending rate as published in the *Wall Street Journal*, in effect on the date such payment is required to be made. Notwithstanding anything to the contrary in this Agreement, the parties hereby acknowledge that in the event that the Company Termination Fee, the CN Termination Amount Refund, the Parent Termination Fee or the Regulatory Termination Fee becomes payable by, and is paid by, the Company to Parent or Parent to the Company, as applicable, such Company Termination Fee and/or CN Termination Amount Refund, as applicable with respect to Parent, or such Parent Termination Fee or Regulatory Termination Fee, as applicable with respect to the Company, shall be the receiving party's sole and exclusive remedy pursuant to this Agreement. The parties further acknowledge that none of the Company Termination Fee, the Parent Termination Fee or the Regulatory Termination Fee shall constitute a penalty but is in consideration for a disposition of the rights of the recipient under this Agreement and represents liquidated damages, in a reasonable amount that will compensate Parent or the Company, as applicable, in the circumstances (which do not involve fraud or willful and material breach by the other party of this Agreement) in which the Company Termination Fee, the Parent Termination Fee or the Regulatory Termination Fee, as applicable, is payable for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the Mergers, which amount would otherwise be impossible to calculate with precision. The parties further acknowledge that the CN Termination Amount Refund shall not constitute a penalty, but is a refund and return of amounts previously remitted or caused to be remitted by Parent to the Company, and is payable as a consequence of the disposition of the rights of the recipient under this Agreement. The parties further acknowledge that the right to receive the Company Termination Fee, the CN Termination Amount Refund, the Parent Termination Fee or the Regulatory Termination Fee, as applicable, shall not limit or otherwise affect any such party's right to specific performance as provided in Section 8.5.

ARTICLE 8

MISCELLANEOUS

Section 8.1 No Survival of Representations and Warranties. None of the representations, warranties, covenants and agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the consummation of the Mergers, except for covenants and agreements that contemplate performance after the First Effective Time or otherwise expressly by their terms survive the First Effective Time.

Section 8.2 Expenses. Except as set forth in Section 5.11, Section 5.12 or Section 7.3, whether or not the Mergers are consummated, all costs and expenses incurred in connection with the Mergers, this Agreement and the transactions contemplated hereby shall be paid by the party incurring or required to incur such expenses, except that all filing fees paid by any party in respect of any regulatory filing (including any and all filings under the Antitrust Laws and/or in respect of the Company Approvals or Parent Approvals) shall be borne by Parent. Except as otherwise provided in Section 2.2(b)(ii), all transfer, documentary, sales, use, stamp, registration and other similar Taxes and fees imposed with respect to, or as a result of, the Mergers shall be borne by Parent, the First Surviving Corporation or the Second Surviving Corporation, and expressly shall not be a liability of holders of Company Common Stock or Company Preferred Stock.

Section 8.3 Counterparts; Effectiveness. This Agreement may be executed in counterparts (including by facsimile, by electronic mail in "portable document format" (.pdf) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document), each of which shall be an original, with the same effect as if the signatures thereto and hereto were on the same instrument. This Agreement shall become effective when one or more counterparts have been signed by each of the parties and delivered (by telecopy, facsimile, electronic mail or otherwise as authorized by the prior sentence) to the other parties.

Section 8.4 Governing Law; Jurisdiction. This Agreement shall be deemed to be made in and in all respects shall be governed by, interpreted and construed in accordance with the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. In addition, each of the parties hereto irrevocably agrees that any legal action or proceeding with respect to this Agreement and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Agreement and the rights and obligations arising hereunder brought by the other party hereto or its successors or assigns, shall be brought and determined exclusively in the Delaware Court of Chancery or (and only if) such court finds it lacks subject matter jurisdiction, the Superior Court of the State of Delaware (Complex Commercial Division) provided that if the subject matter over the matter is the subject of the action or proceeding is vested exclusively in the United States federal courts, such action or proceeding shall be heard in the United States District Court for the District of Delaware (the "Chosen Courts"). Each of the parties hereto hereby irrevocably submits with regard to any such action or proceeding for itself and in respect of its property, generally and unconditionally, to the personal jurisdiction of the Chosen Courts and agrees that it shall not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the Chosen Courts. Each of the parties hereto hereby irrevocably waives, and agrees not to assert as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the Chosen Courts, (b) any claim that it or its property is exempt or immune from the jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) to the fullest extent permitted by the applicable Law, any claim that (i) the Action in such court is brought in an inconvenient forum, (ii) the venue of such Action is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Each party hereto irrevocably consents to service of process inside or outside the territorial jurisdiction of the courts referred to in this Section 8.4 in the manner provided for notices in Section 8.7. Nothing in this Agreement shall affect the right of any party hereto to serve process in any other manner permitted by applicable Law.

Section 8.5 Specific Enforcement.

(a) The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Each party agrees that, in the event of any breach or threatened breach by any other party of any covenant or obligation contained in this Agreement, the non-breaching party shall be entitled (in addition to any other remedy that may be available to it whether in law or equity, including monetary damages) to obtain (i) a decree or order of specific performance to enforce the observance and performance of such covenant or obligation and (ii) an injunction restraining such breach or threatened breach.

(b) In circumstances where Parent is obligated to consummate the Mergers and the Mergers have not been consummated, Parent and each Merger Sub expressly acknowledge and agree that the Company and its stockholders shall have suffered irreparable harm, that monetary damages will be inadequate to compensate the Company and its stockholders, and that the Company on behalf of itself and its stockholders shall be entitled (in addition to any other remedy that may be available to it whether in law or equity, including monetary damages) to enforce specifically Parent's and each Merger Sub's obligations to consummate the Mergers.

(c) Each party further agrees that no other party or any other Person shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 8.5, and each party irrevocably waives any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument.

Section 8.6 WAIVER OF JURY TRIAL. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS CONTAINED IN THIS SECTION 8.6.

Section 8.7 Notices. Any notice required to be given hereunder shall be sufficient if in writing, and sent by email by reliable overnight delivery service (with proof of service), hand delivery or certified or registered mail (return receipt requested and first-class postage prepaid), addressed as follows:

To Parent, Surviving Merger Sub or First Merger Sub:

Canadian Pacific Railway Limited / Canadian Pacific Railway Company
7550 Ogden Dale Road S.E.
Calgary, Alberta, Canada, T2C 4X9
Attention: James Clements, Senior Vice-President, Strategic Planning & Technology Transformation
E-mail: James_Clements@cpr.ca

with a copy (which shall not constitute notice) to:

Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004
Attention: Frank J. Aquila C. Andrew Gerlach
Telephone: (212) 558-4000
E-mail: aquilaf@sullcrom.com
gerlacha@sullcrom.com

And a copy (which shall not constitute notice) to:

Bennett Jones LLP
100 King St. W, Suite 3400
Toronto, Ontario, M5X 1A4
Attention: Jeffrey Kerbel
Telephone: (416) 777-5772
E-mail: kerbelj@bennettjones.com

To the Company:

Kansas City Southern
427 West 12th Street
Kansas City, MO 64105
Attention: Chief Legal Officer & Corporate Secretary
E-mail: agodderz@kcsouthern.com

with a copy (which shall not constitute notice) to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Steven A. Rosenblum
Elina Tetelbaum
Email: SARosenblum@wlrk.com
ETetelbaum@wlrk.com

or to such other address as a party shall specify by written notice so given, and such notice shall be deemed to have been delivered (a) when received when sent by email; provided, that the recipient confirms in writing its receipt thereof, (b) on proof of service when sent by reliable overnight delivery service, (c) on personal delivery in the case of hand delivery or (d) on receipt of the return receipt when sent by certified or registered mail. Any party to this Agreement may notify any other party of any changes to the address or any of the other details specified in this Section 8.7; provided, that such notification shall only be effective on the date specified in such notice or two Business Days after the notice is given, whichever is later. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice as of the date of such rejection, refusal or inability to deliver.

Section 8.8 Assignment; Binding Effect. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties. Subject to the preceding sentence, this Agreement shall be binding on and shall inure to the benefit of the parties hereto and their respective successors and assigns.

Section 8.9 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the sole extent of such invalidity or unenforceability without rendering invalid or unenforceable the remainder of such term or provision or the remaining terms and provisions of this Agreement in any jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

Section 8.10 Entire Agreement; No Third-Party Beneficiaries. This Agreement (including the exhibits and schedules hereto), the Confidentiality Agreement and the Clean Team Agreement constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the parties, or any of them, with respect to the subject matter hereof and thereof Except for the provisions of Article 2 (which, from and after the First Effective Time, shall be for the benefit of holders of the Company Common Stock (including Company Equity Awards) as of immediately prior to the First Effective Time), Section 5.11 (which, from and after the First Effective Time, shall be for the benefit of the Indemnified Parties), and the provisions of the last sentence of Section 5.12(b) (which shall be for the benefit of the express beneficiaries thereof), this Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein is intended to and shall not confer on any Person other than the parties hereto any rights or remedies hereunder. The representations and warranties in this Agreement are the product of negotiations among the parties. Any inaccuracies in such representations and warranties are subject to waiver by the parties in accordance with Section 8.11 without notice or liability to any other Person. In some instances, the

representations and warranties in this Agreement may represent an allocation among the parties of risks associated with particular matters regardless of the knowledge of any of the parties. Consequently, Persons other than the parties may not rely upon the representations and warranties in this Agreement as characterizations of actual facts or circumstances as of the date of this Agreement or as of any other date.

Section 8.11 Amendments; Waivers. At any time prior to the First Effective Time, whether before or after receipt of the Company Stockholder Approval and the Parent Shareholder Approval, any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Company, Parent and each Merger Sub, or in the case of a waiver, by the party against whom the waiver is to be effective; provided, that (a) after receipt of the Company Stockholder Approval, if any such amendment or waiver shall by applicable Law or in accordance with the rules and regulations of the NYSE require further approval of the stockholders of the Company, the effectiveness of such amendment or waiver shall be subject to the approval of the stockholders of the Company and (b) after receipt of the Parent Shareholder Approval, if any such amendment or waiver shall by applicable Law or in accordance with the rules and regulations of the NYSE or the TSX require further approval of the shareholders of Parent, the effectiveness of such amendment or waiver shall be subject to the approval of the shareholders of Parent. The foregoing notwithstanding, no failure or delay by any party in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right hereunder. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

Section 8.12 Headings. Headings of the Articles and Sections of this Agreement are for convenience of the parties only and shall be given no substantive or interpretive effect whatsoever. The table of contents to this Agreement is for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 8.13 Financing Provisions. Notwithstanding anything in this Agreement to the contrary (including any other provisions of this Article 8): the Company, on behalf of itself, its Subsidiaries and each of its controlled Affiliates, and each other party hereto, on behalf of itself, its Subsidiaries and each of its controlled Affiliates, hereby: (a) agrees that any legal action, whether in law or in equity, whether in contract or in tort or otherwise, involving the Financing Parties, arising out of or relating to, this Agreement, the Debt Financing or any of the agreements entered into in connection with the Debt Financing (including the Debt Commitment Letters) or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, shall be subject to the exclusive jurisdiction of any federal or state court in the Borough of Manhattan, New York, New York, and any appellate court thereof and each party hereto irrevocably submits itself and its property with respect to any such legal action to the exclusive jurisdiction of such court, and agrees not to bring or support any such legal action against any Financing Party in any forum other than such courts, (b) agrees that any such legal action shall be governed by the laws of the State of New York (without giving effect to any conflicts of law principles that would result in the application of the laws of another state), except as otherwise provided in any agreement relating to the Debt Financing, (c) knowingly, intentionally and voluntarily waives to the fullest extent permitted by applicable law trial by jury in any such legal action brought against the Financing Parties in any way arising out of or relating to, this Agreement or the Debt Financing, (d) agrees that none of the Financing Parties shall have any liability to the Company or any of its subsidiaries or any of their respective controlled affiliates or representatives relating to or arising out of this Agreement, the Debt Commitment Letters or the Debt Financing, (e) agrees that only Parent (including its permitted successors and assigns under the Debt Commitment Letters) shall be permitted to bring any claim (including any claim for specific performance) against a Financing Party for failing to satisfy any obligation to fund the Debt Financing pursuant to the terms of the Debt Commitment Letter and that neither the Company nor any of its Subsidiaries or controlled Affiliates shall be entitled to seek the remedy of specific performance with respect to Parent's rights under the Debt Commitment Letter against the Financing Parties party thereto, (f) agrees in no event will any Financing Party be liable for consequential, special, exemplary, punitive or indirect damages (including any loss of profits, business, or anticipated savings), or damages of a tortious nature in connection with the Debt Financing, and (g) agrees that

the Financing Parties are express third party beneficiaries of, and may enforce, any of the provisions of this Section 8.13 and that this Section 8.13 may not be amended, modified or waived without the written consent of the Financing Entities; provided, that the foregoing shall not limit the Company's rights or recourse under the Debt Commitment Letter in respect of the Company Credit Agreement after the Company has assumed the same pursuant to the Commitment Assignment (as defined in such Debt Commitment Letter) on the Closing Date. Notwithstanding the foregoing, nothing in this Section 8.13 shall in any way limit or modify the rights and obligations of Parent under this Agreement or any Financing Party's obligations to Parent under the Debt Commitment Letters.

Section 8.14 Interpretation. When a reference is made in this Agreement to an Article or Section, such reference shall be to an Article or Section of this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all references herein to "$" or "dollars" shall be to U.S. dollars. Except as otherwise indicated, all references herein to the Subsidiaries of a Person shall be deemed to include all direct and indirect Subsidiaries of such Person unless otherwise indicated or the context otherwise requires. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant thereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms. Any agreement defined or referred to herein or in any schedule that is referred to herein means such agreement as from time to time amended, modified or supplemented, including by waiver or consent, together with any addenda, schedules or exhibits to, any purchase orders or statements of work governed by, and any "terms of services" or similar conditions applicable to, such agreement. Any specific law defined or referred to herein or in any schedule that is referred to herein means such law as from time to time amended and to any rules or regulations promulgated thereunder. Each of the parties has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if it is drafted by all the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authorship of any of the provisions of this Agreement.

Section 8.15 Obligations of Merger Subs and Subsidiaries. Whenever this Agreement requires either Merger Sub or any other Subsidiary of Parent to take any action, such requirement shall be deemed to include an undertaking on the part of Parent to cause such Merger Sub or such Subsidiary, as applicable, to take such action. Whenever this Agreement requires a Subsidiary of the Company to take any action, such requirement shall be deemed to include an undertaking on the part of the Company to cause such Subsidiary to take such action, and after the First Effective Time, on the part of the First Surviving Corporation or the Second Surviving Corporation, as applicable, to cause such Subsidiary to take such action.

Section 8.16 Definitions. For purposes of this Agreement, the following terms (as capitalized below) shall have the following meanings when used herein:

"Action" means a claim, action, suit, or proceeding, whether civil, criminal, or administrative.

"Affiliates" means, with respect to any Person, any other Person that, directly or indirectly, controls, or is controlled by, or is under common control with, such Person. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a Person, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise.

"Antitrust Laws" means the Sherman Antitrust Act of 1890, the Clayton Antitrust Act of 1914, the HSR Act, the Federal Trade Commission Act of 1914, and all other applicable supranational, national, federal, state, county, local or foreign antitrust, competition or trade statutes, rules, regulation, Orders, decrees,

administrative and judicial doctrines and other Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening competition through merger or acquisition, regulate foreign investments.

"ARTF" means the Mexican Agencia Reguladora del Transporte Ferroviario (the Regulatory Agency of Rail Transportation of Mexico).

"beneficial owner" means, with respect to any securities, any Person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares (a) voting power, which includes the power to vote, or to direct the voting of, such security; and/or (b) investment power, which includes the power to dispose, or to direct the disposition, of such security; and shall otherwise be interpreted in accordance with the term "beneficial owner" as defined in Rule 13d-3 adopted by the SEC under the Exchange Act. The terms "beneficial ownership," "beneficially own" and "beneficially owned" shall have a correlative meaning.

"Book-Entry Shares" means, collectively, the Common Book-Entry Shares and the Preferred Book-Entry Shares.

"Business Day" means any day other than a Saturday, Sunday or a day on which the banks in New York, New York or Calgary, Canada, are authorized by law or executive order to be closed.

"Canadian Securities Administrators" means the Alberta Securities Commission and any other applicable securities commission or securities regulatory authority of a province or territory of Canada.

"Canadian Securities Laws" means the Securities Act (Alberta) and all other applicable securities Laws, rules and regulations and published policies thereunder or under the securities laws of any other province or territory of Canada, and the rules and policies of the TSX.

"Cause" means (a) for any individual with an agreement with the Company or any of the Company's Subsidiaries that defines "Cause," Cause as defined in such agreement and (b) for any other individual, the definition of "Cause" as set forth in the Company's 2017 Equity Incentive Plan.

"Certificates" means, collectively, the Common Certificates and the Preferred Certificates.

"CFIUS" means the Committee on Foreign Investment in the United States.

"CFIUS Declaration" means a declaration submitted to CFIUS pursuant to either 31 C.F.R. Section 800.401 or 31 C.F.R. 800.402.

"CFIUS Joint Voluntary Notification" means a voluntary notification submitted to CFIUS pursuant to 31 C.F.R. Section 800.501.

"CITA" means the *Income Tax Act* (Canada).

"COFECE" means the Comisión Federal de Competencia Económica (the Mexican Antitrust Commission).

"Company Benefit Plans" means all employee or director compensation and/or pension or other benefit plans, programs, policies, agreements or other arrangements, including any "employee welfare plan" within the meaning of Section 3(1) of ERISA, any "employee pension benefit plan" within the meaning of Section 3(2) of ERISA (whether or not such plan is subject to ERISA), and any bonus, incentive, deferred compensation, vacation, stock purchase, stock option, severance, employment, change of control or fringe benefit plan, program

or agreement (other than any Multiemployer Plan), in each case that are sponsored, maintained or contributed to by the Company or any of its Subsidiaries for the benefit of current or former employees or directors of the Company or its Subsidiaries and are not otherwise required to be sponsored, maintained or contributed to by applicable Law.

"Company Common Stock" means the common stock, par value $0.01 per share, of the Company.

"Company Credit Agreement" means that certain Credit Agreement, dated as of March 8, 2019, among the Company, as borrower, the guarantors from time to time party thereto, the lenders and issuing banks from time to time party thereto and Bank of America, N.A., as administrative agent.

"Company Equity Awards" means Company Options, Company Restricted Share Awards, Company Performance Share Awards and Director Deferred Shares.

"Company ESPP" means the Company's 2009 Employee Stock Purchase Plan.

"Company Intellectual Property" means all Intellectual Property owned or purported to be owned by the Company or any of its Subsidiaries.

"Company IT Assets" means all IT Assets owned or purported to be owned by the Company or any of its Subsidiaries.

"Company Labor Agreement" means any collective bargaining agreement or other agreement with a labor or trade union, works council or like organization that the Company or any of its Subsidiaries is a party to or otherwise bound by.

"Company Material Adverse Effect" means an event, change, occurrence, effect or development that has (x) a material adverse effect on the business, operations or financial condition of the Company and its Subsidiaries, taken as a whole, or (y) would prevent, materially delay or materially impair the ability of the Company to consummate the transactions contemplated by this Agreement (including the Mergers), but, solely in the case of clause (x), shall not include events, changes, occurrences, effects or developments relating to or resulting from (a) changes in general economic or political conditions or the securities, equity, credit or financial markets in general, or changes in or affecting domestic or foreign interest or exchange rates, (b) any decline in the market price or trading volume of the Company Common Stock or the Company Preferred Stock or any change in the credit rating of the Company or any of its securities (provided, that the facts and circumstances underlying any such decline or change may be taken into account in determining whether a Company Material Adverse Effect has occurred to the extent not otherwise excluded by the definition thereof), (c) changes or developments in the industries in which the Company or its Subsidiaries operate, (d) changes in Law or the interpretation or enforcement thereof after the date of this Agreement, (e) the execution, delivery or performance of this Agreement or the public announcement or pendency or consummation of the Mergers or other transactions contemplated hereby, including the impact thereof on the relationships, contractual or otherwise, of the Company or any of its Subsidiaries with employees, partnerships, customers or suppliers or Governmental Entities, (f) the identity of Parent or any of its Affiliates as the acquiror of the Company, (g) compliance with the terms of, or the taking or omission of any action required by, this Agreement or consented to (after disclosure to Parent of all material and relevant facts and information) or requested by Parent in writing, (h) any act of civil unrest, civil disobedience, war, terrorism, cyberterrorism, military activity, sabotage or cybercrime, including an outbreak or escalation of hostilities involving the United States or any other Governmental Entity or the declaration by the United States or any other Governmental Entity of a national emergency or war, or any worsening or escalation of any such conditions threatened or existing on the date of this Agreement, (i) any hurricane, tornado, flood, earthquake, natural disasters, acts of God or other comparable events, (j) any pandemic, epidemic or disease outbreak (including COVID-19) or other comparable events, (k) changes in generally accepted accounting principles or the interpretation or enforcement thereof after the date of this

Agreement, (1) any litigation relating to or resulting from this Agreement or the transactions contemplated hereby or (m) any failure to meet internal or published projections, forecasts, guidance or revenue or earning predictions (provided, that the facts and circumstances underlying any such failure may be taken into account in determining whether a Company Material Adverse Effect has occurred to the extent not otherwise excluded by the definition thereof); except, with respect to clauses (a), (c), (h), (i), (j) and (k), if the impact thereof is materially and disproportionately adverse to the Company and its Subsidiaries, taken as a whole, relative to the impact thereof on the operations in the railroad industry of other participants in such industry, the incremental material disproportionate impact may be taken into account in determining whether there has been a Company Material Adverse Effect.

"Company Voting Stock" means, collectively, the Company Common Stock and the Company Preferred Stock.

"Completion of the CFIUS Process" means that any of the following shall have occurred: (a) CFIUS shall have determined that there are no unresolved national security concerns with respect to the transactions contemplated by this Agreement, and the Company and Parent shall have received written notice from CFIUS that action under Section 721 has been concluded; (b) the Company and Parent shall have received written notice from CFIUS that the transactions contemplated by this Agreement are not "covered transactions" pursuant to Section 721; or (c) CFIUS shall have sent a report to the President of the United States requesting the decision of the President of the United States on the Joint Notice and (i) the period under Section 721 during which the President may announce his decision to take action to suspend, prohibit or place any limitations on the transactions contemplated by this Agreement shall have expired without any such action being threatened, announced or taken or (ii) the President of the United States shall have announced a decision not to, or otherwise declined to, take any action to suspend or prohibit the transactions contemplated by this Agreement.

"Contract" means any legally binding, written or oral contract, note, bond, mortgage, indenture, deed of trust, lease, commitment, agreement, concession, arrangement or other obligation; provided, that "Contracts" shall not include any Company Benefit Plan or Parent Benefit Plan.

"Control Date" means the date on which Parent is lawfully permitted to assume control over the Company's railroad operations pursuant to STB Final Approval and following Completion of the CFIUS Process.

"COVID-19" means SARS-CoV-2 or COVID-19, and any evolutions or variants thereof or related or associated epidemics, pandemic or disease outbreaks.

"COVID-19 Measures" means any quarantine, "shelter in place," "stay at home," workforce reduction, social distancing, shut down, closure, sequester or any other Law, decree, judgment, injunction or other Order, directive, guidelines or recommendations by any Governmental Entity or industry group in connection with or in response to COVID-19, including the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

"Environmental Law" means any Law relating to (a) the protection, preservation or restoration of the environment (including air, water vapor, surface water, groundwater, drinking water supply, surface land, subsurface land, plant and animal life or any other natural resource) or (b) the exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release, discharge or disposal of Hazardous Substances, in each case as in effect at the date of this Agreement.

"CRA" means the Canada Revenue Agency, or any successor Canadian taxing authority thereto.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means all employers (whether or not incorporated) that would be treated together with the Company or Parent or any of their respective Subsidiaries, as applicable, as a "single employer" within the meaning of Section 414 of the Code.

"Excepted Stockholder" means any stockholder of the Company that would be a "five percent transferee shareholder" of Parent within the meaning of Treasury Regulations Section 1.367(a)-3(c)(5)(ii) following the Mergers that does not enter into a five-year gain recognition agreement in the form provided in Treasury Regulations Section 1.367(a)-8(c).

"Exchange Act" means the Securities Exchange Act of 1934.

"Exchange Ratio" means 2.884.

"Financing Information" shall mean: (a) audited consolidated balance sheets of the Company and its Subsidiaries and the related audited consolidated statements of income, cash flows and changes in equity of the Company and its Subsidiaries for the three most recent fiscal years ended at least 60 days prior to the Closing Date (which Parent hereby acknowledges receiving for the fiscal years ended December 31, 2018, December 31, 2019 and December 31, 2020) and the unqualified audit report of the Company's independent auditors related thereto (which Parent hereby acknowledges receiving for the three fiscal years ended December 31, 2020), (b) an unaudited consolidated balance sheet and related consolidated statements of income, cash flows and changes in equity of the Company and its Subsidiaries for any subsequent fiscal quarter (other than, in each case, the fourth quarter of any fiscal year) ended at least 40 days prior to the Closing Date and for the comparable period of the prior fiscal year, reviewed by the Company's independent auditor, in the case of each of clauses (a) and (b), prepared in accordance with GAAP and in compliance with Regulation S-X (subject to the limitations set forth in the definition of Excluded Information), (c) other information as otherwise reasonably necessary in order to assist in receiving customary "comfort" (including as to "negative assurance" and change period comfort) from the Company's independent accountants, and (d) all other historical financial information regarding the Company required by Parent to permit Parent to prepare pro forma financial statements required by clause (c) of paragraph 2 of Annex B of the Debt Commitment Letters; provided, that notwithstanding anything to the contrary in this definition or otherwise, nothing herein shall require the Company or its Affiliates to provide (or be deemed to require the Company or its Affiliates to prepare) any (i) description of all or any portion of the Debt Financing, including any "description of notes," "plan of distribution" and information customarily provided by investment banks or their counsel or advisors in the preparation of a prospectus for registered offerings or an offering memorandum for private placements of non-convertible bonds pursuant to Rule 144A, as the case may be, (ii) risk factors relating to, or any description of, all or any component of the financing contemplated thereby, (iii) any compensation discussion and analysis or other information required by Item 10, Item 402 and Item 601 of Regulation S-K; or any information regarding executive compensation or related persons related to SEC Release Nos. 33-8732A, 34-54302A and IC-27444A, (iv) consolidating financial statements, separate Subsidiary financial statements, related party disclosures, or any segment information, in each case which are prepared on a basis not consistent with the Company's reporting practices for the periods presented pursuant to clauses (a) and (b) above, (v) financial statements or other financial data (including selected financial data) for any period earlier than the year ended December 31, 2018, (vi) financial information that the Company or its Affiliates does not maintain in the ordinary course of business or (vii) information not reasonably available to the Company or its Affiliates under their respective current reporting systems, in the case of clauses (vi) and (vii), unless any such information would be required in order for the Financing Information provided to Parent by the Company in accordance with this definition to not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made in such Financing Information, in the light of the circumstances under which they were made, not misleading. In addition, for the avoidance of doubt, "Financing Information" shall not include (x) pro forma financial information or (y) projections. For purposes of this Agreement, the information described in clauses (i)-(vii) of this definition, and in clauses (x) and (y) of the penultimate sentence of this paragraph, is collectively be referred to as the "Excluded Information."

If the Company shall in good faith reasonably believe that the Financing Information has been delivered to Parent, the Company may deliver to Parent a written notice to that effect (stating when it believes the delivery of the Financing Information to Parent was completed), in which case the Company shall be deemed to have complied with such obligation to furnish the Financing Information and Parent shall be deemed to have

received the Financing Information, unless Parent in good faith reasonably believes that the Company has not completed delivery of the Financing Information and not later than 5:00 p.m. (New York City time) two Business Days after the delivery of such notice by the Company, delivers a written notice to the Company to that effect (stating with specificity which such Financing Information the Company has not delivered); provided, that notwithstanding the foregoing, the delivery of the Financing Information shall be satisfied at any time which (and so long as) Parent shall have actually received the Financing Information, regardless of whether or when any such notice is delivered by the Company.

The Company's or its Affiliates' filing with the SEC pursuant to the Securities Act of 1933, the Securities Exchange Act of 1934 and the rules and regulations of the SEC promulgated thereunder of any required audited financial statements with respect to it that is publicly available on Form 10-K or required unaudited financial statements with respect to it that is publicly available on Form 10-Q, in each case, will satisfy the requirements under clauses (a) or (b), as applicable, of this definition.

"Financing Parties" means each debt provider (including each agent and arranger) that commits to provide Debt Financing to Parent or any of its Subsidiaries (the "Financing Entities") pursuant to the Debt Commitment Letters, as may be amended, supplemented or replaced, and their respective Representatives and other Affiliates; provided, that neither Parent nor any Affiliate thereof shall be a Financing Party.

"GAAP" means United States generally accepted accounting principles.

"Good Reason" means, for an individual who is a party to an agreement with the Company that defines Good Reason, Good Reason as defined in such agreement, or, for any other individual, the occurrence of any of the following events without the individual's prior written consent: (a) a material reduction in base salary (other than a general reduction that affects all similarly situated executives in substantially the same proportion due to a material deterioration in the financial condition of the Company) or (b) a relocation of the individual's principal place of employment by more than 50 miles, if such change increases the individual's commute from the individual's principal residence by more than 50 miles. An individual may not terminate employment for Good Reason unless the individual has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within 90 days of the initial existence of such grounds and the Company has had at least 30 days from the date on which such notice is provided to cure such circumstances. If the individual does not terminate employment for Good Reason within 60 days of providing the Company written notice of the circumstances providing grounds for termination for Good Reasons, then the individual will be deemed to have waived the right to terminate for Good Reason with respect to such grounds.

"Government Official" means any official, officer, employee, or representative of, or any Person acting in an official capacity for or on behalf of, any Governmental Entity.

"Hazardous Substance" means any substance presently listed, defined, regulated, designated or classified as hazardous, toxic, radioactive or dangerous under any Environmental Law, including any substance to which exposure is regulated by any Governmental Entity or any Environmental Law, including any toxic waste, pollutant, contaminant, hazardous substance, toxic substance, hazardous waste, special waste, industrial substance or petroleum or any derivative or byproduct thereof, radon, radioactive material, asbestos or asbestos-containing material, urea formaldehyde, foam insulation or polychlorinated biphenyls.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

"IFT," means the Instituto Federal de Telecomunicaciones, the Mexican Federal Telecommunications Institute.

"Intellectual Property" means all intellectual property rights or other proprietary rights arising under the Laws of any jurisdiction or existing anywhere in the world associated with: (a) patents and patent

applications and industrial design registrations and applications, and all continuations, divisionals, continuations-in-part, reissues or reexaminations and patents issuing thereon; (b) trademarks, service marks, trade dress, logos, corporate names, trade names, symbols, Internet domain names, and other similar identifiers of origin, in each case, whether or not registered and any and all applications and registrations therefor and the good will associated therewith and symbolized thereby; (c) copyrights, copyright registrations and applications, published and unpublished works of authorship, whether or not copyrightable, copyrights in and to the foregoing, together with all common law rights and moral rights therein, and any applications and registrations therefor; (d) domain names, uniform resource locators, Internet Protocol addresses, social media accounts or user names (including handles), and other names, identifiers and locators associated with any of the foregoing or other Internet addresses, sites and services; and (e) trade secrets, know-how, industrial secrets, inventions (whether or not patentable), data and confidential or proprietary business or technical information ("Trade Secrets").

"IT Assets" means all of the technology devices, computers, computer systems, software and software platforms, databases, websites, servers, routers, hubs, switches, circuits, networks, data communications lines and all other information technology infrastructure and equipment used by the Company and its Subsidiaries in connection with the operation of the business of the Company and its Subsidiaries and all data stored therein or processed thereby and all associated documentation.

"Joint Notice" means a CFIUS Declaration or a CFIUS Joint Voluntary Notification.

"Knowledge" means (a) with respect to Parent, the actual knowledge of the individuals listed on Section 8.16(a) of the Parent Disclosure Schedule and (b) with respect to the Company, the actual knowledge of the individuals listed on Section 8.16(b) of the Company Disclosure Schedules, in each of case (a) and (b); provided, however, that each such individual charged with responsibility for the aspect of the business relevant or related to the matter at issue shall be deemed to have knowledge of a particular matter if, in the prudent exercise of his or her duties and responsibilities in the ordinary course of business, such individual should have known of such matter.

"Liabilities" means all debts, liabilities, guarantees, assurances, commitments and obligations of any kind, whether fixed, contingent or absolute, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including whether arising out of any Contract or tort based on negligence or strict liability).

"Lien" means a lien, mortgage, pledge, security interest, charge, title defect, adverse claims and interests, option to purchase or other encumbrance of any kind or nature whatsoever, but excluding any license of Intellectual Property or any transfer restrictions of general applicability as may be provided under the Securities Act, the "blue sky" Laws of the various States of the United States or similar Law of other applicable jurisdictions.

"made available to Parent" means provided by the Company or its Representatives to Parent or its Representatives (A) in the virtual data room maintained by Donnelley Financial Solutions Venue prior to the date of this Agreement (including in any "clean room" or as otherwise provided on an "outside counsel" only basis), (B) via electronic mail or in person prior to the date of this Agreement (including materials provided to outside counsel), or (C) filed or furnished with the SEC prior to the date of this Agreement, except where reference is made to an item being made available to Parent prior to Closing in which case, the term means provided by the Company or its Representatives to Parent or its Representatives prior to Closing.

"Merger Consideration Value" means (a) the Cash Consideration plus (b) (i) the Parent Share Price *multiplied by* (ii) the Exchange Ratio.

"Multiemployer Plan" means any "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA.

"NYSE" means the New York Stock Exchange.

"Order" means any order, writ, decree, judgment, award, injunction, ruling, settlement, notice or stipulation issued, promulgated, made, rendered or entered into by or with any Governmental Entity.

"Ordinary Course of Business" means, with respect to an action taken by any Person, that such action is consistent with the ordinary course of business of such Person, acting in its own interest as an independent enterprise, taking into account any changes to such practices as may have occurred prior to the date of this Agreement as a result of the outbreak of COVID-19, including compliance with any COVID-19 Measures, and any actions reasonably taken or not taken in response to exigent circumstances.

"Organizational Documents" means (i) with respect to any Person that is a corporation, its articles or certificate of incorporation, memorandum and articles of association, as applicable, and bylaws, or comparable documents, (ii) with respect to any Person that is a partnership, its certificate of partnership and partnership agreement, or comparable documents, (iii) with respect to any Person that is a limited liability company, its certificate of formation and limited liability company or operating agreement, or comparable documents, (iv) with respect to any Person that is a trust or other entity, its declaration or agreement of trust or other constituent document or comparable documents and (v) with respect to any other Person that is not an individual, its comparable organizational documents.

"Parent Benefit Plans" means all employee or director compensation and/or pension or other benefit plans, programs, policies, agreements or other arrangements, including any "employee welfare plan" within the meaning of Section 3(1) of ERISA, any "employee pension benefit plan" within the meaning of Section 3(2) of ERISA (whether or not such plan is subject to ERISA), and any bonus, incentive, deferred compensation, vacation, stock purchase, stock option, severance, employment, change of control or fringe benefit plan, program or agreement (other than any Multiemployer Plan), in each case that are sponsored, maintained or contributed to by Parent or any of its Subsidiaries for the benefit of current or former employees or directors of Parent or its Subsidiaries and are not otherwise required to be sponsored, maintained or contributed to by applicable Law.

"Parent Common Shares" means the common shares of Parent.

"Parent DSU Award" means a deferred share unit award in respect of Parent Common Shares.

"Parent Equity Awards" means Parent Options, Parent DSU Awards and Parent PSU Awards.

"Parent Labor Agreement" means any collective bargaining agreement or other agreement with a labor or trade union, works council or like organization that Parent or any of its Subsidiaries is a party to or otherwise bound by.

"Parent Material Adverse Effect" means an event, change, occurrence, effect or development that (x) has a material adverse effect on the business, operations or financial condition of Parent and its Subsidiaries, taken as a whole, or (y) would prevent, materially delay or materially impair the ability of Parent or either Merger Sub to consummate the transactions contemplated by this Agreement (including the Mergers and the Parent Share Issuance) or to obtain the Debt Financing, but, solely in the case of clause (x), shall not include events, changes, occurrences, effects or developments relating to or resulting from (a) changes in general economic or political conditions or the securities, equity, credit or financial markets in general, or changes in or affecting domestic or foreign interest or exchange rates, (b) any decline in the market price or trading volume of the Parent Common Shares or any change in the credit rating of Parent or any of its securities (provided, that the facts and circumstances underlying any such decline or change may be taken into account in determining whether a Parent Material Adverse Effect has occurred to the extent not otherwise excluded by the definition thereof), (c) changes or developments in the industries in which Parent or its Subsidiaries operate, (d) changes in Law or the interpretation or enforcement thereof after the date of this Agreement, (e) the execution, delivery or performance

of this Agreement or the public announcement or pendency or consummation of the Mergers or other transactions contemplated hereby, including the impact thereof on the relationships, contractual or otherwise, of Parent or any of its Subsidiaries with employees, partnerships, customers or suppliers or Governmental Entities, (f) compliance with the terms of, or the taking or omission of any action required by, this Agreement or consented to (after disclosure to the Company of all material and relevant facts and information) or requested by the Company in writing, (h) any act of civil unrest, civil disobedience, war, terrorism, cyberterrorism, military activity, sabotage or cybercrime, including an outbreak or escalation of hostilities involving Canada or any other Governmental Entity or the declaration by Canada or any other Governmental Entity of a national emergency or war, or any worsening or escalation of any such conditions threatened or existing on the date of this Agreement, (i) any hurricane, tornado, flood, earthquake, natural disasters, acts of God or other comparable events, (j) any pandemic, epidemic or disease outbreak (including COVID-19) or other comparable events, (k) changes in generally accepted accounting principles or the interpretation or enforcement thereof after the date of this Agreement, (l) any litigation relating to or resulting from this Agreement or the transactions contemplated hereby or (m) any failure to meet internal or published projections, forecasts, guidance or revenue or earning predictions (provided, that the facts and circumstances underlying any such failure may be taken into account in determining whether a Parent Material Adverse Effect has occurred to the extent not otherwise excluded by the definition thereof); except, with respect to clauses (a), (c), (h), (i), (j) and (k), if the impact thereof is materially and disproportionately adverse to Parent and its Subsidiaries, taken as a whole, relative to the impact thereof on the operations in the railroad industry of other participants in such industry, the incremental material disproportionate impact may be taken into account in determining whether there has been a Parent Material Adverse Effect.

"Parent Option" means a compensatory option to purchase Parent Common Shares.

"Parent PSU Award" means a performance-based restricted share unit award in respect of Parent Common Shares.

"Parent RSU Award" means a restricted share unit award in respect of Parent Common Shares.

"Parent Share Plan" means any Parent Benefit Plan providing for equity or equity-based compensation.

"Parent Share Price" means the average of the volume weighted averages of the trading prices of Parent Common Shares on NYSE (as reported by Bloomberg L.P. or, if not reported therein, in another authoritative source mutually selected by Parent and the Company in good faith) on each of the 20 consecutive trading days ending on (and including) the trading day that is two trading days prior to the Closing Date.

"Permitted Lien" means (a) any Lien for Taxes or governmental assessments, charges or claims of payment not yet due or payable, being contested in good faith or for which adequate accruals or reserves have been established, (b) any Lien that is a carriers', warehousemen's, mechanics', materialmen's, repairmen's or other similar lien arising in the Ordinary Course of Business that do not materially detract from the value of or materially interfere with the use of any of the assets, (c) any Lien that is a zoning, entitlement or other land use or environmental regulation by any Governmental Entity, (d) any Lien that is disclosed on the most recent consolidated balance sheet of the Company or Parent, as applicable, or the notes thereto (or securing liabilities reflected on such balance sheet), (e) any Lien that secures indebtedness (i) in existence on the date of this Agreement or (ii) in the case of the Company, not prohibited by Section 5.1(b)(viii), (f) any Lien that is a statutory or common law Lien to secure landlords, lessors or renters under leases or rental agreements, including any purchase money Lien or other Lien securing rental payments under capital lease arrangements, (g) any Lien that is imposed on the underlying fee interest in real property subject to a real property lease, (h) any Lien that was incurred in the Ordinary Course of Business since the date of the most recent consolidated balance sheet of the Company or Parent, as applicable, (i) any Lien that will be released in connection with the Closing, (j) any Lien that is an easement, declaration, covenant, condition, reservation, restriction, other charge, instrument or encumbrance or any other rights-of-way affecting title to real estate (other than those constituting Liens for the

payment of indebtedness), (k) any Lien arising in the Ordinary Course of Business under worker's compensation, unemployment insurance, social security, retirement and similar legislation, (l) any condition that is a matter of public record or that would be disclosed by a current, accurate survey, a railroad valuation map or physical inspection of the assets to which such condition relates, (m) any Lien created under federal, state or foreign securities Laws, (n) any Lien that is deemed to be created by this Agreement or any other document executed in connection herewith or (o) any other Lien that does not materially impair the existing use of the assets or property of the Company or Parent, as applicable, or any of its Subsidiaries affected by such Lien.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity, group (as such term is used in Section 13 of the Exchange Act) or organization, including a Governmental Entity, and any permitted successors and assigns of such person.

"Privacy Laws" means all Laws concerning the privacy, security or processing of personal information or data, and all rules and regulations promulgated thereunder, including, the Federal Trade Commission Act, the Privacy Act of 1974, the CAN-SPAM Act, the Telephone Consumer Protection Act, the Telemarketing and Consumer Fraud and Abuse Prevention Act, data breach notification Laws, the California Consumer Privacy Act, and the European General Data Protection Regulation.

"Qualifying Termination" means (a) a termination by Parent, the Company or any of their respective Subsidiaries, without Cause, other than as a result of death or disability, or (b) a termination of employment for Good Reason, in each case during the period commencing on the date of the First Effective Time and ending on the second anniversary of the Control Date.

"Railroad Law" means the Interstate Commerce Commission Termination Act of 1995, the Surface Transportation Board Reauthorization Act of 2015 or any other Law relating to the regulation of the railroad industry.

"Registered" means, with respect to Intellectual Property, issued by, registered with or the subject of a pending application before any Governmental Entity or Internet domain name registrar.

"Sanctioned Country" means any country or region that is the target of a comprehensive embargo under Export and Sanctions Regulations (as of the date hereof, Cuba, Iran, North Korea, Syria, and the Crimea region of Ukraine).

"Sanctioned Person" means any Person that is the target of sanctions or restrictions under Export and Sanctions Regulations, including: (i) any Person listed on any applicable U.S. or non-U.S. sanctions- or export-related restricted party list, including OFAC's Specially Designated Nationals and Blocked Persons List or (ii) any Person that is, in the aggregate, 50 percent or greater owned, directly or indirectly, or otherwise controlled by, or acting for the benefit or on behalf of, a Person or Persons described in clause (i).

"Sarbanes-Oxley Act" means the Sarbanes-Oxley Act of 2002.

"SCT" means the Secretaría de Comunicaciones y Transportes (the Secretary of Communications and Transportation of Mexico).

"SEC" means the Securities and Exchange Commission.

"Section 721" means Section 721 of the United States Defense Production Act of 1950 (codified at 50 U.S.C. § 4565), and the regulations promulgated thereunder (31 C.F.R. Parts 800-802).

"Securities Act" means the Securities Act of 1933.

"Sensitive Data" means cardholder data and sensitive authentication data that must be protected in accordance with the requirements of the Payment Card Industry Data Security Standard.

"Significant Subsidiary" means, with respect to any Person, a Subsidiary of such Person that would constitute a "significant subsidiary" of such Person within the meaning of Rule 1-02(w) of Regulation S-X as promulgated by the SEC.

"STB Denial" means (i) STB Final Approval shall not have been obtained by December 31, 2023, or (ii) the STB shall have, by an Order which shall have become final and non-appealable, refused to provide STB Final Approval.

"Subsidiaries" means, with respect to any Person, any corporation, limited liability company, partnership or other organization, whether incorporated or unincorporated, of which (a) at least a majority of the outstanding shares of capital stock of, or other equity interests, having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation, limited liability company, partnership or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries, or (b) with respect to a partnership, such Person or any other Subsidiary of such Person is a general partner of such partnership.

"Tax Return" means any return, report or similar filing made or required to be made with respect to Taxes, including any information return, claim for refund, amended return or declaration of estimated Taxes.

"Taxes" means any and all federal, state, provincial or local (in each case, whether U.S. or non-U.S.) taxes of any kind (together with any and all interest, penalties, additions to tax, inflationary adjustment, and additional amounts imposed with respect thereto) imposed by any Governmental Entity, including income, branch, capital gains, franchise, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, unemployment, social security, workers' compensation, net worth, excise, withholding, ad valorem, value added and goods and services taxes, whether imposed directly or through a collection or withholding mechanism.

"TSX" means the Toronto Stock Exchange.

"U.S.-Canada Income Tax Treaty" means the Convention Between the United States of America and Canada with Respect to Taxes on Income and Capital, dated as of September 26, 1980, as amended.

"willful and material breach" means a material breach that is a consequence of an act undertaken by the breaching party or the failure by the breaching party to take an act it is required to take under this Agreement, with knowledge that the taking of or failure to take such act would, or would reasonably be expected to, result in, constitute or cause a breach of this Agreement.

Section 8.17 Certain Defined Terms. The following terms are defined elsewhere in this Agreement, as indicated below:

Term	Section
Agreement	Preamble
Alternative Financing	5.13(b)
Anti-Corruption Laws	3.8(a)
Cancelled Shares	2.1(a)(ii)
Cash Consideration	2.1(a)(i)
Chosen Courts	8.4
Clean Team Agreement	5.3(d)

Term	Section
Clearance Date	5.6(a)
Closing	1.2
Closing Date	1.2
CN	3.28
CN Agreement	3.28
CN Termination Amount Refund	7.3(c)
Code	2.2(b)(iii)
Common Book-Entry Shares	2.1(a)(i)
Common Certificate	2.1(a)(i)
Company Preamble Company Additional Amounts	7.3(b)(iii)
Company Alternative Proposal	5.4(g)
Company Approvals	3.3(c)
Company Balance Sheet Date	3.6
Company Board	Recitals
Company Capital Allocation Policy	5.1(b)(i)
Company Change of Recommendation	5.4(c)
Company Disclosure Schedules	Article 3
Company Employees	5.7(a)
Company Intervening Event	5.4(i)
Company Intervening Event Notice	5.4(d)
Company Intervening Event Notice Period	5.4(d)
Company Leased Real Property	3.18(a)
Company Material Contract	3.21(a)
Company New Series Preferred Stock	3.2(a)
Company Option	2.3(a)
Company Performance Share Award	2.3(c)
Company Permits	3.7(b)
Company Preferred Stock	3.2(a)
Company Qualifying Transaction	7.3(a)(i)
Company Real Property Lease	3.18(a)
Company Recommendation	3.3(b)
Company Restricted Share Award	2.3(b)
Company SEC Documents	3.4(a)
Company Severance Plans	5.7(a)
Company Stockholder Approval	3.20
Company Stockholder Meeting	5.6(c)
Company Superior Proposal	5.4(h)
Company Superior Proposal Notice	5.4(c)
Company Superior Proposal Notice Period	5.4(c)
Company Tax Certificate	5.17(b)
Company Tax Counsel	6.2(e)
Company Termination Fee	7.3(a)(i)
Company Top Customer	3.22(a)
Company Top Supplier	3.22(a)
Confidentiality Agreement	5.3(d)
Consents	5.8(a)
Debt Commitment Letters	4.17(a)
Debt Financing	4.17(a)
Definitive Agreements	5.13(a)
DGCL Recitals Director Deferred Share	2.3(d)
Dissenting Shares	2.1(c)

Term	Section
End Date	7.1(b)(i)
Enforceability Exceptions	3.3(a)
Exchange Agent	2.2(a)
Exchange Fund	2.2(a)
Excluded Shares	2.1(a)(ii)
Export and Sanctions Regulations	3.9(a)
Fair Value	4.23(d)
FCC	3.3(c)
FCPA	3.8(a)
Financing Amounts	4.17(d)
First Certificate of Merger	1.3
First Effective Time	1.3
First Merger	Recitals
First Merger Sub	Preamble
First Surviving Corporation	1.1(a)
Form F-4	3.14
Fractional Share Cash Amount	2.1(e)(i)
Governmental Entity	3.3(c)
Indemnified Party	5.11(b)
Law	3.7(a)
Laws	3.7(a)
Management Information Circular	3.14
Merger Consideration	2.1(a)(i)
Merger Subs	Preamble
Mergers	Recitals
New Plans	5.7(a)
Old Plans	5.7(a)
Owned Real Property	3.18(b)
Parent	Preamble
Parent Additional Amounts	7.3 (a)(ii)
Parent Alternative Proposal	5.5(g)
Parent Approvals	4.3(c)(x)
Parent Balance Sheet Date	4.6
Parent Board	Recitals
Parent Change of Recommendation	5.5(c)
Parent Disclosure Schedules	Article 4
Parent First Preferred Shares	4.2(a)
Parent Intervening Event	5.5(i)
Parent Intervening Event Notice	5.5(d)
Parent Intervening Event Notice Period	5.5(d)
Parent Permits	4.7(b)
Parent Public Documents	4.4(a)
Parent Qualifying Transaction	7.3(b)(ii)
Parent Recommendation	4.3(b)(i)(C)
Parent SEC Documents	4.4(a)
Parent Second Preferred Shares	4.2(a)
Parent Share Issuance	Recitals
Parent Shareholder Approval	4.19
Parent Shareholder Meeting	5.6(e)
Parent Superior Proposal	5.5(h)
Parent Superior Proposal Notice	5.5(c)

Term	Section
Parent Superior Proposal Notice Period	5.5(c)
Parent Tax Certificate	5.17(b)
Parent Termination Fee	7.3(b)(ii)
Permits	3.7(b)
Post-Closing Contributions	1.8
Post-Closing Disposition	5.20
Preferred Book-Entry Shares	2.1(a)(iv)
Preferred Certificate	2.1(a)(iv)
Preferred Merger Consideration	2.1(a)(iv)
Proceeding	5.11(b)
Proxy Statement/Prospectus	3.14
Regulatory Termination Fee	7.3(b)(i)
Representatives	5.3(a)
Second Certificate of Merger	1.3
Second Effective Time	1.3
Second Merger	Recitals
Second Surviving Corporation	1.1(b)
Share Consideration	2.1(a)(i)
STB	Recitals
STB Approval Application	5.8(c)(i)
STB Final Approval	5.8(c)(i)
STB Voting Trust Approval	Recitals
Surviving Merger Sub	Preamble
Termination Date	5.1(a)
Voting Trust	Recitals
Voting Trust Agreement	Recitals
Voting Trust Transaction	Recitals

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

CANADIAN PACIFIC RAILWAY LIMITED

By: /s/ Keith Creel
Name: Keith Creel
Title: President and Chief Executive Officer

CYGNUS MERGER SUB 1 CORPORATION

By: /s/ Keith Creel
Name: Keith Creel
Title: President

CYGNUS MERGER SUB 2 CORPORATION

By: /s/ Keith Creel
Name: Keith Creel
Title: President

[Signature pages to Agreement and Plan of Merger]

KANSAS CITY SOUTHERN

By: /s/ Patrick Ottensmeyer
Name: Patrick Ottensmeyer
Title: President and CEO

[Signature pages to Agreement and Plan of Merger]

EXHIBIT A

This VOTING TRUST AGREEMENT ("**Trust Agreement**"), dated as of [●], 2021, by and among Canadian Pacific Railway Limited, a Canadian corporation ("**Parent**"), Cygnus Holding Corp., a Delaware corporation and an indirect wholly owned subsidiary of Parent ("**Holdco**") and David L. Starling ("**Trustee**" and, together with the Parent and Holdco, the "**Parties**" and each, a "**Party**").

W I T N E S S E T H :

WHEREAS, it is intended that pursuant to, and upon the terms and conditions set forth in, the Agreement and Plan of Merger, dated as of [●], 2021 (the "**Merger Agreement**") (a copy of which is attached hereto as Exhibit A), by and among Parent, Cygnus Merger Sub 1 Corporation, a Delaware corporation and direct wholly owned subsidiary of Parent ("**Merger Sub 1**") , Cygnus Merger Sub 2 Corporation, a Delaware corporation and a direct wholly owned subsidiary of Merger Sub 1 ("**Merger Sub 2**") and Kansas City Southern, a Delaware corporation ("**KCS**"), (i) Merger Sub 2 will merge with and into KCS (the "**First Merger**"), (ii) immediately following the First Merger, KCS will merge with and into Merger Sub 1 (the "**Second Merger**"), with the entity surviving the Second Merger being referred to herein as the "**Company**" and (iii) immediately following the consummation of the Second Merger, Parent will cause the contribution of all of the outstanding common shares of the Company to Holdco in accordance with the steps set forth in Section 1.8 of the Merger Agreement (such contribution, the "**Contribution**", and, together with the First Merger and the Second Merger, the "**Merger**"), as a result of which the Company will be a direct wholly owned subsidiary of Holdco;

WHEREAS, it is intended that the consummation of the Merger will occur prior to any issuance by the Surface Transportation Board (the "**STB**") of any required approval for, or exemption of, Parent's control of the Company;

WHEREAS, Parent intends, contemporaneously with the consummation of the Merger, to cause the deposit of all of the outstanding common shares of the Company in an independent, irrevocable voting trust (the "**Trust**") pursuant to 49 C.F.R. Part 1013 and STB precedent, in order to avoid any allegation or assertion that Parent or any affiliate of Parent is controlling or has the power to control the Company prior to the receipt of any required STB approval or exemption;

WHEREAS, the deposit of all of the outstanding common shares of the Company with the Trust is for the purpose of providing assurance that each of Holdco and the Parent will satisfy its absolute or contingent obligation under ICCTA and STB rules and precedents to avoid premature control of the Company pending STB review and approval of such control;

WHEREAS, pursuant to Decision No. 5 (Docket No. FD 36500) of the STB, dated May 6, 2021, Parent has obtained the approval of the STB to deposit all outstanding shares of the Company into the Trust;

WHEREAS, neither the Trustee nor any of its affiliates has any officers or board members in common or any direct or indirect business arrangements or dealings (as described in Paragraph 10 hereof) with Parent, Holdco, the Company or any of their affiliates;

WHEREAS, the Trustee is willing to act as voting trustee pursuant to the terms of this Trust Agreement and the rules of the STB; and

WHEREAS, Parent, Holdco and the Trustee intend that the Trust formed herein be a trust described in subsection 248(25.2) of the *Income Tax Act* (Canada).

NOW, THEREFORE, the Parties hereto agree as follows:

1. **Appointment of Trustee**. Parent and Holdco hereby appoint David L. Starling as Trustee hereunder, and David L. Starling hereby accepts said appointment and agrees to act as Trustee under this Trust Agreement as provided herein.

2. **Deposit of Company Trust Stock**.

(a) Immediately upon the completion of the Merger, Parent and Holdco agree that Holdco will deposit with the Trustee the certificate or certificates for all outstanding common shares of the Company ("**Shares**"). All such certificates shall be duly endorsed or accompanied by proper instruments duly executed for transfer thereof to the Trustee, and shall be exchanged for one or more Voting Trust Certificates substantially in the form attached hereto as Attachment B (the "**Trust Certificates**"), with the blanks therein appropriately filled and showing Holdco as the registered holder of the Trust Certificates. All Shares at any time delivered to the Trustee hereunder are hereinafter called the "**Trust Stock**." The Trustee shall present to the Company all certificates representing Trust Stock for surrender and cancellation of such certificates and for the issuance and delivery to the Trustee of new certificates registered in the name of the Trustee or its nominee. Parent, Holdco and the Trustee agree that the deposit of the Trust Stock with the Trustee pursuant to this Section 2 shall not result in a change in the beneficial ownership of the Shares and shall not result in a sale, disposition, lease or exchange with the Trustee of the Trust Stock.

(b) The Parties agree (i) to treat, for U.S. federal income tax purposes, each beneficial owner of Trust Certificates as the beneficial owner of the underlying Trust Stock, (ii) not to take any position inconsistent with the treatment described in (i) on any tax return, in any tax proceeding or otherwise except to the extent required by a "determination" within the meaning of Section 1313(a) of the Internal Revenue Code of 1986, as amended; and (iii) to treat, for Canadian federal income tax purposes, the trust created by this Trust Agreement as a trust described in subsection 248(25.2) of the *Income Tax Act* (Canada) and to not take any position inconsistent with such treatment on any tax return, in any tax proceeding or otherwise.

3. **Acquisition of Additional Shares or Securities**. Parent agrees that immediately upon receipt, acquisition or purchase by it or any of its affiliates of any additional Shares, or any other voting securities of the Company, it will deposit or cause to be deposited to the Trustee the certificate or certificates representing such additional Shares or securities.

4. **The Trustee's Powers**.

(a) The Trustee shall be present, in person or represented by proxy, at all annual and special meetings of shareholders of the Company so that all Trust Stock may be counted for the purposes of determining the presence of a quorum at such meetings. The Trustee shall be entitled and it shall be its duty to exercise any and all voting rights in respect of the Trust Stock either in person or by proxy or consent, as hereinafter provided, unless otherwise directed by an order of the STB or a court of competent jurisdiction. Parent and Holdco agree, and the Trustee acknowledges, that the Trustee shall not participate in or interfere with the management of the Company and shall take no other actions with respect to the Company except in accordance with the terms hereof, the terms of the Merger Agreement, the certificate of incorporation and bylaws of the Company or any orders of the STB. The Trustee shall exercise all voting rights in respect of the Trust Stock in favor of any proposal or action necessary or desirable to effect, or consistent with the effectuation of, the acquisition of the Company by Parent pursuant to the Merger Agreement. In exercising the Trustee's voting rights with respect to the Trust Stock, the Trustee shall vote in accordance with, and to maintain in effect, the terms and intent of the Merger Agreement and the certificate of incorporation and bylaws of the Company, including, but not limited to, the following: the Trustee shall not sell, lease, assign, transfer, alienate, pledge, encumber or hypothecate the Trust Stock or any major assets of the Company or any right or interest therein, whether voluntarily or by operation of law or by gift or otherwise, nor shall the Trustee cause the Company to merge or consolidate with or

into any other entity, without the prior written authorization of Parent (other than in connection with a disposition pursuant to Paragraph 9). In addition, until the STB has issued a final order approving the merger and common control of the Company by Parent, the Trustee shall vote all shares of Trust Stock to cause any other proposed merger, business combination or similar transaction (including, without limitation, any consolidation, sale of all or substantially all the assets, reorganization, recapitalization, liquidation or winding up of or by the Company) involving the Company, but not involving Parent or one of its affiliates (other than in connection with a disposition pursuant to Paragraph 9), not to be effected. The Trustee shall vote all shares of Trust Stock in favor of any proposal or action necessary or desirable to dispose of Trust Stock in accordance with Paragraph 9 hereof.

(b) Except as otherwise expressly provided herein, the Trustee shall vote all shares of Trust Stock with respect to all matters, including, without limitation, the election or removal of directors, voted on by the stockholders of the Company (whether at a regular or special meeting or pursuant to a unanimous written consent) in the Trustee's sole discretion, having due regard for the interests of the holders of the Trust Certificates as investors in the Company, determined without reference to such holders' interests in railroads other than the Company or its subsidiaries; provided that the Trustee shall not vote the Trust Stock in favor of taking or doing any act which would violate any provision of the Merger Agreement (or impede the Company's performance thereunder) or violate any provision of the certificate of incorporation and by-laws of the Company, or which if taken or done prior to the consummation of the Merger would have been a violation of the Merger Agreement or the certificate of incorporation and by-laws of KCS. Notwithstanding the foregoing provisions of this Paragraph 4 or any other provision of this Agreement, the registered holder of a Trust Certificate may at any time — but only with the prior written approval of the STB — instruct the Trustee in writing to vote the Trust Stock represented by such Trust Certificate in any manner, in which case the Trustee shall vote such shares in accordance with such instructions. In exercising its voting rights in accordance with this Paragraph 4, the Trustee shall take such actions at all annual, special or other meetings of stockholders of the Company or in connection with any action by consent in lieu of a meeting.

5. **Irrevocable Trust**. This Agreement and the nomination of the Trustee during the term of the trust shall be irrevocable by Parent and its affiliates and shall terminate only in accordance with the provisions of Paragraphs 9 and 15 hereof.

6. Subject to Paragraphs 4(a) and 4(b), the Trustee shall not exercise the voting powers of the Trust Stock in any way so as to create any dependence or intercorporate relationship between (i) Parent and its affiliates, on the one hand, and (ii) the Company or its affiliates, on the other hand. The term "affiliate" or "affiliates" wherever used in this Trust Agreement shall have the meaning specified in Section 11323(c) of Title 49 of the United States Code, as amended. The Trustee shall not, without the prior approval of the STB, vote the Trust Stock to elect any officer, director, nominee or representative of Parent or any of its affiliates as an officer or director of the Company or of any affiliate of the Company. The Trustee shall be kept informed with respect to the business operations of the Company by means of the financial statements prepared by the Company and any reports and other information when and as the Company would be required to file with the SEC by Sections 13(a) or 15(d) under the Securities Exchange Act of 1934, as amended, if the Company were subject thereto, any other information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act of 1933, as amended and other public disclosure documents periodically filed by the Company and affiliates of the Company with the STB, copies of which shall be promptly furnished to the Trustee by the Company, and such other periodic reports as the Trustee may request from time to time, and the Trustee shall be fully protected in relying upon such information. The Trustee shall not be liable for any mistakes of fact or law or any error of judgment, or for any act or omission, except as a result of the Trustee's willful misconduct or gross negligence.

7. **Transfer of Trust Certificates**. All Trust Certificates shall be transferable on the books of the Trustee by the registered holder upon the surrender thereof properly assigned, in accordance with rules from time to time established for the purpose by the Trustee. Until so transferred, the Trustee may treat the registered holder as owner of the applicable Trust Certificates for all purposes. Each transferee of a Trust Certificate issued hereunder shall, by acceptance thereof, assent to and become a party to this Trust Agreement, and shall assume all attendant rights and obligations.

8. **Dividends and Distributions**. Pending the termination of this Trust as hereinafter provided, the Trustee shall, immediately following the receipt of each cash dividend or cash distribution as may be declared and paid upon the Trust Stock, pay the same over to or as directed the registered holder(s) of Trust Certificates hereunder as then known to the Trustee. The Trustee shall receive and hold dividends and distributions other than cash upon the same terms and conditions as the Trust Stock and shall issue Trust Certificates representing any new or additional securities that may be paid as dividends upon the Trust Stock or otherwise distributed upon the Trust Stock to the registered holder(s) of Trust Certificates in proportion to their respective interests.

9. **Disposition of Trust Stock; Termination of Trust**.

(a) This Trust is accepted by the Trustee subject to the right hereby reserved in Parent at any time to cause Holdco to sell or make any other disposition of the whole or any part of the Trust Stock, whether or not an event described in subparagraph (b) below has occurred. The Trustee shall take all actions reasonably requested by Holdco with respect to (including, without limitation, exercising all voting rights in respect of Trust Stock in favor of any proposal or action necessary or desirable to effect, or consistent with the effectuation of) any proposed direct or indirect sale or other disposition of the whole or any part of the Trust Stock by Holdco. The Trustee shall at any time upon the receipt of a direction from Parent signed by its President and Chief Executive Officer or one of its authorized officers designating the person or entity to whom Parent has directly or indirectly sold or otherwise disposed of the whole or any part of the Trust Stock and certifying that such person or entity is not an affiliate of Parent and has all necessary regulatory authority, if any be required, to purchase the Trust Stock (upon which certification the Trustee shall be entitled to rely), immediately transfer to the person or entity therein named all the Trustee's right, title and interest in such amount of the Trust Stock as may be set forth in said direction. If any regulatory authority or approval, including STB approval, is required for such transfer, Parent will not give any such direction unless and until such regulatory authority or approval is obtained. If the foregoing direction shall specify all of the Trust Stock, then following transfer of the Trustee's right, title and interest therein, and in the event of a sale thereof, upon delivery to or upon the order of the registered holder(s) of the Trust Certificates of the proceeds of such sale, this Trust shall cease and come to an end. If the foregoing direction is as to only a part of the Trust Stock, then this Trust shall cease as to said part upon such transfer, and distribution of the net proceeds therefrom in the event of sale, but shall remain in full force and effect as to the remaining part of the Trust Stock. In the event of a direct or indirect sale of Trust Stock by Parent, the Trustee shall, to the extent the consideration therefor is payable to or controllable by the Trustee, promptly pay, or cause to be paid upon the order of Parent the net proceeds of such sale on a pro rata basis to the registered holder(s) of the Trust Certificates. It is the intention of this paragraph that no violations of 49 U.S.C. Section 11323 will result from a termination of this Trust.

(b) In the event the STB Approval (as defined below) shall have been granted, then immediately upon the direction of Parent and the delivery of a certified copy of such order of the STB or other governmental authority with respect thereof, or, in the event that Subtitle IV of Title 49 of the United States Code, or other controlling law, is amended to allow Parent or its affiliates to acquire control of the Company without obtaining STB or other governmental approval, upon delivery of an opinion of independent counsel selected by the Trustee that no order of the STB or other governmental authority is required, the Trustee shall transfer to or upon the order of the registered holder(s) of Trust Certificates hereunder as then known to the Trustee, its right, title and interest in and to all of the Trust Stock then held by it in accordance with the terms, conditions and agreements of this Trust Agreement and not theretofore transferred by it as provided in subparagraph (a) hereof, and upon such transfer this Trust shall cease and come to an end.

(c) In the event that there shall have been an STB Denial (as defined below), Parent shall use its reasonable best efforts to, directly or indirectly, (i) sell the Trust Stock to one or more eligible purchasers, or (ii) otherwise dispose of the Trust Stock, during a period of two years after such STB Denial or such extension of that period as the STB shall approve. Any such disposition shall be subject to any jurisdiction of the STB to oversee Parent's direct or indirect divestiture of Trust Stock. At all times, the Trustee shall continue to perform its duties under this Trust Agreement and, should Parent be unsuccessful in its efforts to directly or indirectly sell

or distribute the Trust Stock during the period referred to, the Trustee shall as soon as practicable sell the Trust Stock for cash to one or more eligible purchasers in such manner and for such price as the Trustee in its discretion shall deem reasonable after consultation with the Parent. (An "**eligible purchaser**" hereunder shall be a person or entity that is not affiliated with the Parent and which has all necessary regulatory authority, if any be required, to purchase the Trust Stock.) Parent agrees to cooperate with the Trustee in effecting such disposition, and the Trustee agrees to act in accordance with any direction made by Parent as to any specific terms or method of disposition, to the extent not inconsistent with the requirements of the terms of any STB or court order. The proceeds of the sale shall be distributed on a pro rata basis to or upon the order of the registered holder(s) of the Trust Certificates hereunder as then known to the Trustee. The Trustee may, in its reasonable discretion, require the surrender to it of the Trust Certificates hereunder before paying to the holder its share of the proceeds. Upon disposition of the Trust Stock pursuant to this Paragraph 9(c), this Trust shall cease and come to an end.

(d) Unless sooner terminated pursuant to any other provision herein contained, this Trust Agreement shall terminate on December 31, 2025, and may be extended by the Parties hereto, so long as no violation of 49 U.S.C. Sections 11323 will result from such termination or extension. All Trust Stock and any other property held by the Trustee hereunder upon such termination shall be distributed on a pro rata basis to or upon the order of the registered holder(s) of Trust Certificates hereunder as then known to the Trustee. The Trustee may, in its reasonable discretion, require the surrender to it of the Trust Certificates hereunder before the release or transfer of the stock interests evidenced thereby.

(e) The Trustee shall promptly inform the STB of any transfer or disposition of Trust Stock pursuant to this Paragraph 9.

(f) Except as provided in this Paragraph 9, the Trustee shall not dispose of, or in any way encumber, the Trust Stock.

(g) Notwithstanding the foregoing, if the STB issues a declaratory order that the termination of the Trust will not cause Parent or its affiliates to have control of the Company, the Trustee shall transfer on a pro rata basis to or upon the order of the registered holder(s) of Trust Certificates hereunder as then known to the Trustee, its right, title and interest in and to all of the Trust Stock then held by it in accordance with the terms and conditions of this Trust Agreement and not theretofore transferred by it as provided in subparagraph (a) hereof, and this Trust shall cease and come to an end. The Trustee may, in its reasonable discretion, require the surrender to it of the Trust Certificates hereunder before the release or transfer of the Trust Stock evidenced thereby.

(h) As used in this Paragraph 9, the terms "STB Approval" and "STB Denial" shall have the following meanings:

(i) "STB Approval" means the issuance by the STB of a decision, which decision shall become effective and which decision shall not have been stayed or enjoined, that (A) constitutes a final agency action approving, exempting or otherwise authorizing the acquisition of control over the Company's railroad operations by Parent and its affiliates, without the imposition of conditions that Parent, by written notice to the Trustee, has deemed to be unacceptable, and (B) does not require any change in the consideration paid or to be paid pursuant to the Merger Agreement or other material provisions thereof, or any change to the certificate of incorporation or by-laws of the Company, unless Parent, by written notice to the Trustee, has determined any such change to be acceptable to Parent.

(ii) "STB Denial" means (A) STB Approval shall not have been obtained by December 31, 2023, or (B) the STB shall have, by an order which shall have become final and no longer subject to review by the courts, refused to approve the control referred to in clause (A) of the definition of STB Approval.

10. **Independence of Trustee**. Neither the Trustee nor any affiliate of the Trustee may have (a) any officers, or members of their respective boards or directors, in common with Parent or any of its affiliates, or (b) any direct or indirect business arrangements or dealings, financial or otherwise, with Parent or any of its affiliates, other than dealings pertaining to establishment and carrying out of this Trust. The Trustee hereby agrees that during the term of the Trust, the Trustee shall not own any stock or securities of Parent or any of its affiliates; provided, that, for the avoidance of doubt, the foregoing shall not prohibit the Trustee from owning any interest in any independently-managed diversified mutual fund that owns stock or securities of Parent and/or any of its affiliates. Neither Parent nor its affiliates shall purchase the stock or securities of the Trustee or any affiliate of the Trustee.

11. **Compensation for Trustee**. The Trustee shall be entitled to receive reasonable and customary compensation for all services rendered by it as Trustee under the terms hereof, and said compensation to the Trustee, together with all counsel fees, taxes, or other expenses reasonably incurred hereunder, shall be promptly paid by Parent.

12. **Trustee May Act Through Agents**. The Trustee may at any time or from time to time appoint an agent or agents and may delegate to such agent or agents the performance of any administrative duty of the Trustee and be entitled to reimbursement for the fees and expenses of such agents.

13. **Responsibilities and Indemnification of the Trustee**. The Trustee shall not be answerable for the default or misconduct of any agent or attorney appointed by it in pursuance hereof if such agent or attorney shall have been selected with reasonable care. The duties and responsibilities of the Trustee shall be limited to those expressly set forth in this Trust Agreement. The Trustee shall be fully protected by acting in reliance upon any notice, advice, direction or other document or signature reasonably believed by the Trustee to be genuine. The Trustee shall not be responsible for the sufficiency or accuracy of the form, execution, validity or genuineness of the Trust Stock, or of any other documents, or of any endorsement thereon, or for any lack of endorsement thereon, or for any description therein, nor shall the Trustee be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any such Trust Stock or other document or endorsement or this Trust Agreement, except for the execution and delivery of this Trust Agreement by this Trustee. Parent agrees that it will at all times protect, indemnify and save harmless the Trustee from any loss, damages, liability, cost or expense of any kind or character whatsoever in connection with this Trust, except those, if any, resulting from the gross negligence or willful misconduct of the Trustee, and will at all times undertake, assume full responsibility for, and pay on a current basis, but at least quarterly, all cost and expense of any suit or litigation of any character, whether or not involving a third party, including any proceedings before the STB, with respect to the Trust Stock or this Trust Agreement, and if the Trustee shall be made a party thereto, or be the subject of any investigation or proceeding (whether formal or informal), the Parent will pay all costs, damages and expenses, including reasonable counsel fees, to which the Trustee may be subject by reason thereof; provided, however, that Parent shall not be responsible for the cost and expense of any suit that the Trustee shall settle without first obtaining Parent's written consent. The indemnification obligations of Parent shall survive any termination of this Trust Agreement or the removal, resignation or other replacement of the Trustee. The Trustee may consult with counsel selected by it and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or omitted or suffered by the Trustee hereunder in good faith and in accordance with such opinion.

14. **Trustee to Give Account to Holders**. To the extent requested to do so by Parent, Holdco or any other registered holder of a Trust Certificate, the Trustee shall furnish to the Party making such request full information with respect to (a) all property theretofore delivered to it as Trustee, (b) all property then held by it as Trustee, and (c) all action theretofore taken by it as Trustee.

15. **Resignation, Succession, Disqualification of Trustee**. The Trustee, or any trustee hereafter appointed, may at any time resign by giving sixty days' written notice of resignation to Parent, Holdco and the STB. Parent shall at least fifteen days prior to the effective date of such notice appoint a successor trustee which

shall satisfy the requirements of Paragraph 10 hereof. If no successor trustee shall have been appointed and shall have accepted appointment at least fifteen days prior to the effective date of such notice of resignation, the resigning Trustee may petition any authority or court of competent jurisdiction for the appointment of a successor trustee. Upon written assumption by the successor trustee of the Trustee's powers and duties hereunder a copy of the assumption shall be delivered by the Trustee to Parent and to Holdco, and the STB and all registered holders of Trust Certificates shall be notified of such assumption, whereupon the Trustee shall be discharged of its powers and duties hereunder and the successor trustee shall become vested therewith. In the event of any material violation by the Trustee of the terms and conditions of this Trust Agreement, the Trustee shall become disqualified from acting as trustee hereunder as soon as a successor trustee shall have been selected in the manner provided by this paragraph.

16. **Amendment**. This Trust Agreement may from time to time be modified or amended by agreement executed by the Trustee, Parent, Holdco and any other registered holder(s) of the Trust Certificates (a) pursuant to an order of the STB, (b) with the prior approval of the STB, (c) in order to comply with any order of the STB, or (d) upon receipt of an opinion of counsel satisfactory to the Trustee and the registered holder(s) of Trust Certificates that an order of the STB approving such modification or amendment is not required and that the amendment is authorized under the Merger Agreement and is consistent with the regulations of the STB regarding voting trusts.

17. **Governing Law; Powers of the STB**.

(a) THIS AGREEMENT SHALL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAW OF THE STATE OF DELAWARE WITHOUT REGARD TO THE CONFLICT OF LAW PRINCIPLES THEREOF (OR ANY OTHER JURISDICTION) TO THE EXTENT THAT SUCH PRINCIPLES WOULD DIRECT A MATTER TO ANOTHER JURISDICTION, except that, to the extent any provision hereof may be found inconsistent with the ICC Termination Act of 1995, as amended, (the "**Act**") or regulation or decisions promulgated thereunder by the STB, such Act, decisions, and regulations shall control and such provision hereof shall be given effect only to the extent permitted by such Act and regulations. In the event that the STB shall, at any time hereafter by final order, find that compliance with law requires any other or different action by the Trustee than is provided herein, the Trustee shall act in accordance with such final order instead of the provisions of this Trust Agreement.

(b) Unless provided otherwise in the Act, each of the Parties agrees that: (i) it shall bring any action or proceeding in respect of any action or proceeding in respect of any claim arising out of or otherwise relating to this Agreement or the transactions contemplated hereby (the "**Transactions**") exclusively in the Court of Chancery of the State of Delaware, or (and only if) such court finds it lacks subject matter jurisdiction, the Superior Court of the State of Delaware (Complex Commercial Division); provided that if the subject matter over the matter is the subject of the proceeding is vested exclusively in the United States federal courts, such proceeding shall be heard in the United States District Court for the District of Delaware (the "**Chosen Courts**") and (ii) solely in connection with such proceedings, such Party (A) irrevocably and unconditionally submits to the exclusive jurisdiction of the Chosen Courts, (B) waives any objection to the laying of venue in any such action or proceeding in the Chosen Courts, (C) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any Party, (D) consents to mailing of process or other papers in connection with any such action or proceeding in the manner provided in Paragraph 22 or in such other manner as may be permitted by applicable law shall be valid and sufficient service thereof and (E) shall not assert as a defense, any matter or claim waived by the foregoing clauses (A) through (D) of this Section 17(b) or that any order issued by the Chosen Courts may not be enforced in or by the Chosen Courts.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY BE IN CONNECTION WITH, ARISE OUT OF OR OTHERWISE RELATE TO THIS AGREEMENT, ANY INSTRUMENT OR OTHER DOCUMENT DELIVERED PURSUANT TO THIS AGREEMENT OR

OTHER DOCUMENT DELIVERED PURSUANT TO THIS AGREEMENT OR THE TRANSACTIONS, IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY PROCEEDING DIRECTLY OR INDIRECTLY, IN CONNECTION WITH, ARISING OUT OF OR OTHERWISE RELATING TO THIS AGREEMENT, ANY INSTRUMENT OR OTHER DOCUMENT DELIVERED PURSUANT TO THIS AGREEMENT OR THE TRANSACTIONS. EACH PARTY HEREBY ACKNOWLEDGES AND CERTIFIES (i) THAT NO REPRESENTATIVE OF THE OTHER PARTIES HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTIES WOULD NOT, IN THE EVENT OF ANY ACTION OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) IT MAKES THIS WAIVER VOLUNTARILY AND (iv) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS, ACKNOWLEDGMENTS AND CERTIFICATIONS CONTAINED IN THIS PARAGRAPH 17(c).

18. **Counterparts**. This Trust Agreement is executed in three counterparts, each of which shall constitute an original, and one of which shall be retained by Parent, one by Holdco, and the other by the Trustee.

19. **Filing with the STB**. A copy of this Agreement and any amendments or modifications thereto shall be filed with the STB by Parent.

20. **Successors and Assigns**. This Trust Agreement shall be binding upon the successors and assigns to the Parties hereto, including without limitation successors to Parent by merger, consolidation or otherwise.

21. **Successions of Functions**. For purposes of this Trust Agreement, the term "Surface Transportation Board" or "STB," includes any successor agency or governmental department that is authorized to carry out the responsibilities now carried out by the STB with respect to voting trusts and control of common carriers.

22. **Notices**. All notices, requests, instructions, consents, claims, demands, waivers, approvals and other communications to be given or made hereunder by one or more Parties to one or more of the other Parties shall be in writing and shall be deemed to have been duly given or made on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day, as defined in the Merger Agreement (or otherwise on the next succeeding Business Day) if (a) served by personal delivery or by a nationally recognized overnight courier service upon the Party or Parties for whom it is intended, (b) delivered by registered or certified mail, return receipt requested or (c) sent by email; provided that the email transmission is promptly confirmed by telephone or otherwise. Such communications shall be sent to the respective Parties at the following street addresses or email addresses or at such other street address, facsimile number or email address for a Party as shall be specified for such purpose in a notice given in accordance with this Paragraph 22:

If to Parent or Holdco:

Canadian Pacific Railway Limited
7550 Ogden Dale Road S.E., Calgary, Alberta, Canada, T2C 4X9
Attention: Jeffrey J. Ellis
Telephone: 403-319-7000
E-mail: Jeff_Ellis@cpr.ca

With a copy (which shall not constitute notice) to:

Law Office of David L. Meyer
1105 S Street NW
Washington D.C. 20009
Attention: David Meyer
Telephone: 202-294-1399
E-mail: David@MeyerLawDC.com

And a copy (which shall not constitute notice) to:

Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004
Attention: Frank J. Aquila
C. Andrew Gerlach
Telephone: 212-558-4000
E-mail: aquilaf@sullcrom.com
gerlacha@sullcrom.com

If to the Trustee:

[*Trustee*]
[*Address*]
Attention: [●]
Telephone: [●]
E-mail: [●]

With a copy (which shall not constitute notice) to:

[*Legal Counsel*]
[*Address Line 1*]
[*Address Line 2*]
Attention: [●]
Telephone: [●]
E-mail: [●]

23. **Specific Performance**. Each of the Parties acknowledges and agrees that the rights of each Party to consummate the Merger and the other Transactions are special, unique and of extraordinary character and that if for any reason any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached, immediate and irreparable harm or damage would be caused for which money damages would not be an adequate remedy. Accordingly, each Party agrees that, in addition to any other available remedies a Party may have in equity or at law, each Party shall be entitled to enforce specifically the terms and provisions of this Agreement and to obtain an injunction restraining any breach or violation or threatened breach or violation of the provisions of this Agreement in the Court of Chancery of the State of Delaware without necessity of posting a bond or other form of security. In the event that any action or proceeding should be brought in equity to enforce the provisions of this Agreement, no Party shall allege, and each Party hereby waives the defense, that there is an adequate remedy at law.

EXHIBIT A

IN WITNESS WHEREOF, Canadian Pacific Railway Limited and Cygnus Holding Corp. have caused this Trust Agreement to be executed by their respective authorized officers, and their corporate seals to be affixed, attested by their respective Corporate Secretaries or Assistant Corporate Secretaries, and David L. Starling has caused this Trust Agreement to be executed by one of its duly authorized corporate officers and its corporate seal to be affixed, attested to by its Corporate Secretary or one of its Assistant Corporate Secretaries, all as of the day and year first above written.

Attest: Canadian Pacific Railway Limited

– _____ By /s/
[Name]
[Title]

Attest: Cygnus Holding Corp.

– _____ By /s/
[Name]
[Title]

Attest: David L. Starling

– _____ By /s/
[Name]
[Title]

[*Signature Page of Voting Trust Agreement*]

EXHIBIT A
TO VOTING TRUST AGREEMENT

Merger Agreement
A-107

ATTACHMENT B
TO VOTING TRUST AGREEMENT

No. Shares

VOTING TRUST CERTIFICATE

for

COMMON STOCK

$[0.01] PER SHARE PAR VALUE

of

KANSAS CITY SOUTHERN

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

THIS IS TO CERTIFY that will be entitled to receive, on the surrender of this Certificate, on the termination of the Voting Trust Agreement hereinafter referred to, or otherwise as provided in Paragraph 9 of said Voting Trust Agreement, (i) a certificate or certificates, as the case may be, for [●] shares of the Common Stock, $[0.01] per share par value, of the Company (as defined in said Voting Trust Agreement). This Certificate is issued pursuant to, and the rights of the holder hereof are subject to and limited by, the terms of a Voting Trust Agreement, dated as of [●], 2021, executed by Canadian Pacific Railway Limited, a Canadian corporation, Cygnus Holding Corp., a Delaware corporation ("**Holdco**") and [Trustee], as trustee (the "**Voting Trustee**"), a copy of which Voting Trust Agreement is on file in the registered office of the Company at [●], and open to inspection of any stockholder of the Company and the holder hereof. The Voting Trust Agreement, unless earlier terminated (or extended) pursuant to the terms thereof, will terminate on December 31, 2025, so long as no violation of 49 U.S.C. Sections 11323 will result from such termination.

The holder of this Certificate shall be entitled to the benefits of said Voting Trust Agreement, including the right to receive payment equal to the cash dividends, if any, paid by the Company with respect to the [number of shares] represented by this Certificate.

This Certificate shall be transferable only on the books of the undersigned Voting Trustee or any successor, to be kept by it, on surrender hereof by the registered holder in person or by attorney duly authorized in accordance with the provisions of said Voting Trust Agreement, and until so transferred, the Voting Trustee may treat the registered holder as the owner of this Voting Trust Certificate for all purposes whatsoever, unaffected by any notice to the contrary.

By accepting this Certificate, the holder hereof assents to all the provisions of, and becomes a party to, said Voting Trust Agreement.

IN WITNESS WHEREOF, the Voting Trustee has caused this Certificate to be signed by its officer duly authorized.

Dated:

By _____
Authorized Officer

ATTACHMENT B
TO VOTING TRUST AGREEMENT

[FORM OF BACK OF VOTING TRUST CERTIFICATE]

FOR VALUE RECEIVED hereby sells, assigns, and transfers unto the within Voting Trust Certificate and all rights and interests represented thereby, and does hereby irrevocably constitute and appoint Attorney to transfer said Voting Trust Certificate on the books of the within mentioned Voting Trust Certificate on the books of the within mentioned Voting Trustee, with full power of substitution in the premises.

Dated:

In the Presence of:

ANNEX B

Morgan Stanley

September 15, 2021

Board of Directors
Kansas City Southern
427 West 12th Street
Kansas City, Missouri

Members of the Board:

We understand that Kansas City Southern ("KCS" or the "Company"), Canadian Pacific Railway Limited (the "Buyer"), Cygnus Merger Sub I Corporation, a wholly owned subsidiary of the Buyer ("Surviving Merger Sub"), Cygnus Merger Sub 2 Corporation, a wholly owned subsidiary of Surviving Merger Sub ("First Merger Sub", and together with Surviving Merger Sub, "Merger Subs") propose to enter into an Agreement and Plan of Merger, substantially in the form of the draft dated September 10, 2021 (the "Merger Agreement"), which provides, among other things, for the merger of First Merger Sub with and into the Company (the "First Merger"), with the Company surviving the First Merger as a wholly owned subsidiary of Surviving Merger Sub, and the subsequent merger of the Company with and into Surviving Merger Sub (the "Second Merger", and together with the First Merger, the "Transaction"), with Surviving Merger Sub surviving the Second Merger as a wholly owned subsidiary of the Buyer. Pursuant to the First Merger, each outstanding share of common stock, par value $0.01 per share, of the Company (the "Company Common Stock"), other than shares held in treasury or held by the Buyer, Merger Subs or the Company (in each case, other than shares held on behalf of third parties) or shares with respect to which the holders thereof have not voted in favor of the adoption of the Merger Agreement or consented thereto in writing and who have properly exercised appraisal rights with respect thereto in accordance with, and who have complied with, Section 262 of the Delaware General Corporation Law (collectively, "Excluded Shares"), will be converted into the right to receive (i) $90.00 per share in cash and (ii) 2.884 shares of common stock, without par value, of the Buyer (the "Buyer Common Stock") as set forth in the Merger Agreement (together, the "Consideration"). The terms and conditions of the Transaction are more fully set forth in the Merger Agreement.

You have asked for our opinion as to whether the Consideration to be received by the holders of shares of the Company Common Stock (other than Excluded Shares) pursuant to the Merger Agreement is fair from a financial point of view to such holders of shares of the Company Common Stock.

For purposes of the opinion set forth herein, we have:

1) Reviewed certain publicly available financial statements and other business and financial information of the Company and the Buyer, respectively;
2) Reviewed certain internal financial statements and other financial and operating data concerning the Company and the Buyer, respectively;
3) Reviewed certain financial projections with respect to the Company and the Buyer prepared by the management of the Company;
4) Reviewed information relating to certain strategic, financial and operational benefits anticipated from the Transaction, prepared by the managements of the Company and the Buyer, respectively;
5) Discussed the past and current operations and financial condition and the prospects of the Company, including information relating to certain strategic, financial and operational benefits anticipated from the Transaction, with senior executives of the Company;

Morgan Stanley

6) Discussed the past and current operations and financial condition and the prospects of the Buyer, including information relating to certain strategic, financial and operational benefits anticipated from the Transaction, with senior executives of the Buyer;
7) Reviewed the reported prices and trading activity for the Company Common Stock and the Buyer Common Stock;
8) Compared the financial performance of the Company and the Buyer and the prices and trading activity of the Company Common Stock and the Buyer Common Stock with that of certain other publicly-traded companies comparable with the Company and the Buyer, respectively, and their securities;
9) Reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;
I0) Participated in certain discussions and negotiations among representatives of the Company and the Buyer and certain parties and their financial and legal advisors;
11) Reviewed the Merger Agreement, the commitment letters from certain lenders, dated as of September 12, 2021 (collectively, the "Commitment Letters"), Decision No. 5 (Docket No. FD 36500) of the Surface Transportation Board (the "STB Voting Trust Approval"), the form of Voting Trust Agreement to be entered into among the Buyer, Cygnus Holding Corporation, a wholly owned subsidiary of the Buyer, and the Trustee (the "Voting Trust Agreement"), and certain related documents; and
12) Performed such other analyses, reviewed such other information and considered such other factors as we have deemed appropriate.

We have assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to us by the Company and the Buyer, respectively, and formed a substantial basis for this opinion. With respect to the financial projections of the Company, including information relating to certain strategic, financial and operational benefits anticipated from the Transaction, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of the Company of the future financial performance of the Company. With respect to the financial projections of the Buyer, including information relating to certain strategic, financial and operational benefits anticipated from the Transaction, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of the Company of the future financial performance of the Buyer, including following consummation of the Transaction. In addition, we have assumed that the Transaction will be consummated in accordance with the terms set forth in the Merger Agreement without any waiver, amendment or delay of any terms or conditions, including, among other things, (i) that the Transaction will be treated as a tax-free reorganization pursuant to the Internal Revenue Code of 1986, as amended, (ii) that the Buyer will obtain financing in accordance with the terms set forth in the Commitment Letters, (iii) that the Surface Transportation Board will permit the Transaction to close into a Voting Trust in accordance with the terms of the STB Voting Trust Approval and the Voting Trust Agreement and (iv) that the definitive Merger Agreement will not differ in any material respect from the draft thereof furnished to us. Morgan Stanley has assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed Transaction, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed Transaction. We have relied upon, without independent verification, the assessment by the managements of the Company and the Buyer of: (i) the strategic, financial and other benefits expected to result from the Transaction; (ii) the timing and risks associated with the integration of the Company and the Buyer; (iii) their ability to retain key employees of the Company and the Buyer, respectively, and (iv) the validity of, and risks associated with, the Company and the Buyer's existing and future technologies, intellectual property, products, services and business models. We

are not legal, tax, or regulatory advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of the Buyer and the Company and their legal, tax or regulatory advisors with respect to legal, tax, or regulatory matters. We express no opinion with respect to the fairness of the amount or nature of the compensation to any of the Company's officers, directors or employees, or any class of such persons, relative to the Consideration to be received by the holders of shares of the Company Common Stock in the Transaction. This opinion does not address the relative merits of the transactions contemplated by the Merger Agreement as compared to other business or financial strategies that might be available to the Company, nor does it address the underlying business decision of the Company to enter into the Merger Agreement or proceed with any other transaction contemplated by the Merger Agreement. We express no opinion with respect to the treatment of the preferred stock, par value $25 per share, of the Company in the Transaction. We have not made any independent valuation or appraisal of the assets or liabilities of the Company or the Buyer, nor have we been furnished with any such valuations or appraisals. Our opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this opinion and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this opinion.

We have acted as financial advisor to the Board of Directors of the Company in connection with the Transaction and will receive a fee for our services, a portion of which was paid to us upon the execution and announcement of the previous merger agreement with the Buyer in March 2021, a portion of which was paid to us upon the rendering of a fairness opinion in connection with the alternate transaction involving Canadian National Railway Company announced in May 2021, a portion of which is contingent upon the rendering of this opinion and a significant portion of which is contingent upon the closing of the Transaction. In the two years prior to the date hereof, we have provided financial advisory and/or financing services to the Company, the Buyer and certain of their respective affiliates, and have received fees in connection with such services. In addition, Morgan Stanley or one of its affiliates is currently a lender to each of the Company and the Buyer under their respective revolving credit facilities, and is also currently engaged to provide financing services to the Buyer that are unrelated to the Transaction, for which Morgan Stanley expects to receive customary fees. Morgan Stanley may also seek to provide financial advisory and financing services to the Company, the Buyer and their respective affiliates in the future and would expect to receive fees for the rendering of these services.

Please note that Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Our securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of the Buyer, the Company, their respective affiliates or any other company, or any currency or commodity, that may be involved in the Transaction, or any related derivative instrument.

This opinion has been approved by a committee of Morgan Stanley investment banking and other professionals in accordance with our customary practice. This opinion is for the information of the Board of Directors of the Company and may not be used for any other purpose or disclosed without our prior written consent, except that a copy of this opinion may be included in its entirety in any filing the Company is required to make with the Securities and Exchange Commission in connection with the Transaction if such inclusion is required by applicable law. In addition, this opinion does not in any manner address the prices at which the Buyer Common Stock will trade following consummation of the Transaction or at any time and Morgan Stanley expresses no opinion or recommendation as to how the shareholders of the Company or the Buyer should vote at the shareholder meetings to be held in connection with the Transaction.

Morgan Stanley

Based on and subject to the foregoing, we are of the opinion on the date hereof that the Consideration to be received by the holders of shares of the Company Common Stock (other than Excluded Shares) pursuant to the Merger Agreement is fair from a financial point of view to such holders of shares of the Company Common Stock.

Very truly yours,
MORGAN STANLEY & CO. LLC

By: /s/ Brian Healy
Brian Healy
Managing Director

ANNEX C

BofA SECURITIES
GLOBAL CORPORATE &
INVESTMENT BANKING

BofA Securities, Inc.

September 15, 2021

The Board of Directors
Kansas City Southern
427 West 12th Street
Kansas City, Missouri

Members of the Board of Directors:

We understand that Kansas City Southern ("KCS") proposes to enter into an Agreement and Plan of Merger (the "Merger Agreement"), among KCS, Canadian Pacific Railway Limited ("CP"), Cygnus Merger Sub 1 Corporation, a wholly owned subsidiary of CP ("Surviving Merger Sub") and Cygnus Merger Sub 2 Corporation, a wholly owned subsidiary of Surviving Merger Sub ("First Merger Sub", and together with Surviving Merger Sub, "Merger Subs"), pursuant to which, among other things, First Merger Sub will merge with and into KCS (the "First Merger"), with KCS surviving the First Merger as a wholly owned subsidiary of Surviving Merger Sub, and immediately thereafter KCS will merge with and into Surviving Merger Sub (the "Second Merger", and together with the First Merger, the "Transaction"), with Surviving Merger Sub surviving the Second Merger as a wholly owned subsidiary of CP. Pursuant to the First Merger, each outstanding share of common stock, par value $0.01 per share, of KCS (the "KCS Common Stock"), other than shares held in treasury or held by CP, Merger Subs or KCS (in each case, other than shares held on behalf of third parties) or shares with respect to which the holders thereof have not voted in favor of the adoption of the Merger Agreement or consented thereto in writing and who have properly exercised appraisal rights with respect thereto in accordance with, and who have complied with, Section 262 of the Delaware General Corporation Law (collectively, "Excluded Shares"), will be converted into the right to receive (i) $90.00 in cash (the "Cash Consideration") and (ii) 2.884 shares (the "Stock Consideration" and, together with the Cash Consideration, the "Consideration") of the common stock, without par value, of CP (the "CP Common Stock") as set forth in the Merger Agreement. The terms and conditions of the Transaction are more fully set forth in the Merger Agreement.

You have requested our opinion as to the fairness, from a financial point of view, to the holders of KCS Common Stock (other than Excluded Shares) of the Consideration to be received by such holders in the Transaction.

In connection with this opinion, we have, among other things:

(1) reviewed certain publicly available business and financial information relating to KCS and CP;
(2) reviewed certain internal financial and operating information with respect to the business, operations and prospects of KCS furnished to or discussed with us by the management of KCS, including certain financial forecasts relating to KCS prepared by the management of KCS (such forecasts, the "KCS Forecasts");

BofA Securities, Inc. member FINRA/SIPC, is a subsidiary of Bank of America Corporation

(3) reviewed certain internal financial and operating information with respect to the business, operations and prospects of CP furnished to or discussed with us by the management of KCS, including certain financial forecasts relating to CP prepared by the management of KCS (such forecasts, the "CP Forecasts");

(4) reviewed certain estimates as to the amount and timing of cost savings and revenue enhancements (collectively, the "Synergies") anticipated by the managements of KCS and CP to result from the Transaction;

(5) discussed the past and current business, operations, financial condition and prospects of KCS with members of senior managements of KCS and CP, and discussed the past and current business, operations, financial condition and prospects of CP with members of senior managements of KCS and CP;

(6) reviewed the trading histories for KCS Common Stock and CP Common Stock and a comparison of such trading histories with the trading histories of other companies we deemed relevant;

(7) compared certain financial and stock market information of KCS and CP with similar information of other companies we deemed relevant;

(8) compared certain financial terms of the Transaction to financial terms, to the extent publicly available, of other transactions we deemed relevant;

(9) reviewed a draft dated September 10, 2021 of the Merger Agreement (the "Draft Agreement"), commitment letters from certain lenders, dated as of September 12, 2021 (collectively, the "Commitment Letters"), Decision No. 5 (Docket No. FD 36500) of the Surface Transportation Board (the "STB Voting Trust Approval") and the form of Voting Trust Agreement to be entered into among CP, Cygnus Holding Corporation, a wholly owned subsidiary of CP, and the Trustee (the "Voting Trust Agreement"), and certain related documents; and

(10) performed such other analyses and studies and considered such other information and factors as we deemed appropriate.

In arriving at our opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with us and have relied upon the assurances of the managements of KCS and CP that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the KCS Forecasts, we have been advised by KCS, and have assumed, that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of KCS as to the future financial performance of KCS. With respect to the CP Forecasts and Synergies, we have been advised by KCS, and have assumed, with the consent of KCS, that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of KCS as to the future financial performance of CP and other matters covered thereby. We have relied, at the direction of KCS, on the assessments of the managements of KCS and CP, respectively, as to CP's ability to achieve the Synergies and have been advised by KCS and CP, and have assumed, with the consent of KCS, that the Synergies will be realized in the amounts and at the times projected.

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We have not made or been provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of KCS or CP, nor have we made any physical inspection of the properties or assets of KCS or CP. We have not evaluated the solvency or fair value of KCS or CP under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. We have assumed, at the direction of KCS, that the Transaction will be consummated in accordance with the terms set forth in the Merger Agreement, without waiver, modification or amendment of any material term, condition or other agreement contemplated therein or thereby and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the Transaction, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, will be imposed that would have an adverse effect on KCS, CP or the contemplated benefits of the Transaction. We have also assumed, at the direction of KCS, that (i) the Transaction will qualify for federal income tax purposes as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended, (ii) CP will obtain financing in accordance with the terms set forth in the Commitment Letters, (iii) the Surface Transportation Board will permit the Transaction to close into a Voting Trust in accordance with the terms of the STB Voting Trust Approval and the Voting Trust Agreement and (iv) the final executed Merger Agreement will not differ in any material respect from the Draft Agreement reviewed by us.

We express no view or opinion as to any terms or other aspects of the Transaction (other than the Consideration to the extent expressly specified herein), including, without limitation, the form or structure of the Transaction. Our opinion is limited to the fairness, from a financial point of view, of the Consideration to be received by the holders of shares of KCS Common Stock (other than Excluded Shares) in the Transaction and no opinion or view is expressed with respect to any consideration to be received by the holders of the preferred stock, par value $25 per share, of KCS or any other class of securities, creditors or other constituencies of any party. In addition, no opinion or view is expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the Transaction, or class of such persons, relative to the Consideration. Furthermore, no opinion or view is expressed as to the relative merits of the Transaction in comparison to other strategies or transactions that might be available to KCS or in which KCS might engage or as to the underlying business decision of KCS to proceed with or effect the Transaction. We are not expressing any opinion as to what the value of CP Common Stock actually will be when issued or the prices at which KCS Common Stock or CP Common Stock will trade at any time, including following announcement or consummation of the Transaction. In addition, we express no opinion or recommendation as to how any stockholder should vote or act in connection with the Transaction or any related matter.

We have acted as financial advisor to KCS in connection with the Transaction and will receive a fee for our services, a portion of which was paid to us upon delivery of our opinion in connection with the previously proposed acquisition of KCS by CP announced in March 2021, a portion of which was paid upon delivery of our opinion in connection with the alternate proposed transaction involving Canadian National Railway Company announced in May 2021, a portion of which is payable upon the rendering of this opinion and a significant portion of which is contingent upon consummation of the Transaction. In addition, KCS has agreed to reimburse our expenses and indemnify us against certain liabilities arising out of our engagement.

We and our affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of our businesses, we and our affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of KCS, CP and certain of their respective affiliates.

We and our affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to KCS and have received, or in the future may receive, compensation for the rendering of these services, including (i) having acted as a joint bookrunner on certain debt capital markets transactions for KCS, (ii) having acted as a dealer-manager on an accelerated share repurchase transaction for KCS and (iii) having acted or acting as administrative agent, co-lead arranger and joint bookrunner for, and as a lender (including a letter of credit lender) under, KCS's $600 million senior unsecured revolving credit facility due March 8, 2024.

In addition, we and our affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to CP and have received or in the future may receive compensation for the rendering of these services, including (i) having acted as a bookrunning manager and/or co-manager on certain debt capital markets transactions for CP, (ii) having acted or acting as a lender under CP's $1.3 billion revolving credit facility, which consists of a $1.0 billion tranche due September 27, 2024 and a $300 million tranche due September 27, 2021, and (iii) having provided or providing certain treasury services and products to CP.

It is understood that this letter is for the benefit and use of the Board of Directors of KCS (in its capacity as such) in connection with and for purposes of its evaluation of the Transaction.

Our opinion is necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to us as of, the date hereof. As you are aware, the credit, financial and stock markets have been experiencing unusual volatility and we express no opinion or view as to any potential effects of such volatility on KCS, CP or the Transaction. It should be understood that subsequent developments may affect this opinion, and we do not have any obligation to update, revise, or reaffirm this opinion. The issuance of this opinion was approved by a fairness opinion review committee of BofA Securities, Inc.

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Based upon and subject to the foregoing, including the various assumptions and limitations set forth herein, we are of the opinion on the date hereof that the Consideration to be received in the Transaction by the holders of KCS Common Stock (other than Excluded Shares) is fair, from a financial point of view, to such holders.

Very truly yours,
/s/ BOFA SECURITIES, INC.
BOFA SECURITIES, INC.

ANNEX D

Section 262 of the General Corporation Law of the State of Delaware

Section 262 Appraisal Rights

(a) Any stockholder of a corporation of this State who holds shares of stock on the date of the making of a demand pursuant to subsection (d) of this section with respect to such shares, who continuously holds such shares through the effective date of the merger or consolidation, who has otherwise complied with subsection (d) of this section and who has neither voted in favor of the merger or consolidation nor consented thereto in writing pursuant to § 228 of this title shall be entitled to an appraisal by the Court of Chancery of the fair value of the stockholder's shares of stock under the circumstances described in subsections (b) and (c) of this section. As used in this section, the word "stockholder" means a holder of record of stock in a corporation; the words "stock" and "share" mean and include what is ordinarily meant by those words; and the words "depository receipt" mean a receipt or other instrument issued by a depository representing an interest in 1 or more shares, or fractions thereof, solely of stock of a corporation, which stock is deposited with the depository.

(b) Appraisal rights shall be available for the shares of any class or series of stock of a constituent corporation in a merger or consolidation to be effected pursuant to § 251 (other than a merger effected pursuant to § 251(g) of this title), § 252, § 254, § 255, § 256, § 257, § 258, § 263 or § 264 of this title:

(1) Provided, however, that no appraisal rights under this section shall be available for the shares of any class or series of stock, which stock, or depository receipts in respect thereof, at the record date fixed to determine the stockholders entitled to receive notice of the meeting of stockholders to act upon the agreement of merger or consolidation (or, in the case of a merger pursuant to § 251(h), as of immediately prior to the execution of the agreement of merger), were either: (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders; and further provided that no appraisal rights shall be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the stockholders of the surviving corporation as provided in § 251(f) of this title.

(2) Notwithstanding paragraph (b)(1) of this section, appraisal rights under this section shall be available for the shares of any class or series of stock of a constituent corporation if the holders thereof are required by the terms of an agreement of merger or consolidation pursuant to §§ 251, 252, 254, 255, 256, 257, 258, 263 and 264 of this title to accept for such stock anything except:

a. Shares of stock of the corporation surviving or resulting from such merger or consolidation, or depository receipts in respect thereof;

b. Shares of stock of any other corporation, or depository receipts in respect thereof, which shares of stock (or depository receipts in respect thereof) or depository receipts at the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 holders;

c. Cash in lieu of fractional shares or fractional depository receipts described in the foregoing paragraphs (b)(2)a. and b. of this section; or

d. Any combination of the shares of stock, depository receipts and cash in lieu of fractional shares or fractional depository receipts described in the foregoing paragraphs (b)(2)a., b. and c. of this section.

(3) In the event all of the stock of a subsidiary Delaware corporation party to a merger effected under § 253 or § 267 of this title is not owned by the parent immediately prior to the merger, appraisal rights shall be available for the shares of the subsidiary Delaware corporation.

(4) Repealed by 82 Laws 2020, ch. 256, § 15.

(c) Any corporation may provide in its certificate of incorporation that appraisal rights under this section shall be available for the shares of any class or series of its stock as a result of an amendment to its certificate of incorporation, any merger or consolidation in which the corporation is a constituent corporation or the sale of all or substantially all of the assets of the corporation. If the certificate of incorporation contains such a provision, the provisions of this section, including those set forth in subsections (d), (e), and (g) of this section, shall apply as nearly as is practicable.

(d) Appraisal rights shall be perfected as follows:

(1) If a proposed merger or consolidation for which appraisal rights are provided under this section is to be submitted for approval at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, shall notify each of its stockholders who was such on the record date for notice of such meeting (or such members who received notice in accordance with § 255(c) of this title) with respect to shares for which appraisal rights are available pursuant to subsection (b) or (c) of this section that appraisal rights are available for any or all of the shares of the constituent corporations, and shall include in such notice a copy of this section and, if 1 of the constituent corporations is a nonstock corporation, a copy of § 114 of this title. Each stockholder electing to demand the appraisal of such stockholder's shares shall deliver to the corporation, before the taking of the vote on the merger or consolidation, a written demand for appraisal of such stockholder's shares; provided that a demand may be delivered to the corporation by electronic transmission if directed to an information processing system (if any) expressly designated for that purpose in such notice. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such stockholder's shares. A proxy or vote against the merger or consolidation shall not constitute such a demand. A stockholder electing to take such action must do so by a separate written demand as herein provided. Within 10 days after the effective date of such merger or consolidation, the surviving or resulting corporation shall notify each stockholder of each constituent corporation who has complied with this subsection and has not voted in favor of or consented to the merger or consolidation of the date that the merger or consolidation has become effective; or

(2) If the merger or consolidation was approved pursuant to § 228, § 251(h), § 253, or § 267 of this title, then either a constituent corporation before the effective date of the merger or consolidation or the surviving or resulting corporation within 10 days thereafter shall notify each of the holders of any class or series of stock of such constituent corporation who are entitled to appraisal rights of the approval of the merger or consolidation and that appraisal rights are available for any or all shares of such class or series of stock of such constituent corporation, and shall include in such notice a copy of this section and, if 1 of the constituent corporations is a nonstock corporation, a copy of § 114 of this title. Such notice may, and, if given on or after the effective date of the merger or consolidation, shall, also notify such stockholders of the effective date of the merger or consolidation. Any stockholder entitled to appraisal rights may, within 20 days after the date of giving such notice or, in the case of a merger approved pursuant to § 251(h) of this title, within the later of the consummation of the offer contemplated by § 251(h) of this title and 20 days after the date of giving such notice, demand in writing from the surviving or resulting corporation the appraisal of such holder's shares; provided that a demand may be delivered to the corporation by electronic transmission if directed to an information processing system (if any) expressly designated for that purpose in such notice. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such holder's shares. If such notice did not notify stockholders of the effective date of the merger or consolidation, either (i) each such constituent corporation shall send a second notice before the effective date of the merger or consolidation notifying each of the holders of any class or series of stock of such constituent corporation that are entitled to appraisal rights of the effective date of the merger or consolidation or (ii) the surviving or resulting corporation shall send such a second notice to all such holders on or within 10 days after such effective date; provided, however, that if such second notice is sent more than 20 days following the sending of the first notice or, in the case of a merger approved pursuant to § 251(h) of this title, later than the later of the consummation of the offer contemplated by § 251(h) of this title and 20 days following the sending of the

first notice, such second notice need only be sent to each stockholder who is entitled to appraisal rights and who has demanded appraisal of such holder's shares in accordance with this subsection. An affidavit of the secretary or assistant secretary or of the transfer agent of the corporation that is required to give either notice that such notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. For purposes of determining the stockholders entitled to receive either notice, each constituent corporation may fix, in advance, a record date that shall be not more than 10 days prior to the date the notice is given, provided, that if the notice is given on or after the effective date of the merger or consolidation, the record date shall be such effective date. If no record date is fixed and the notice is given prior to the effective date, the record date shall be the close of business on the day next preceding the day on which the notice is given.

(e) Within 120 days after the effective date of the merger or consolidation, the surviving or resulting corporation or any stockholder who has complied with subsections (a) and (d) of this section hereof and who is otherwise entitled to appraisal rights, may commence an appraisal proceeding by filing a petition in the Court of Chancery demanding a determination of the value of the stock of all such stockholders. Notwithstanding the foregoing, at any time within 60 days after the effective date of the merger or consolidation, any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party shall have the right to withdraw such stockholder's demand for appraisal and to accept the terms offered upon the merger or consolidation. Within 120 days after the effective date of the merger or consolidation, any stockholder who has complied with the requirements of subsections (a) and (d) of this section hereof, upon request given in writing (or by electronic transmission directed to an information processing system (if any) expressly designated for that purpose in the notice of appraisal), shall be entitled to receive from the corporation surviving the merger or resulting from the consolidation a statement setting forth the aggregate number of shares not voted in favor of the merger or consolidation (or, in the case of a merger approved pursuant to § 251(h) of this title, the aggregate number of shares (other than any excluded stock (as defined in § 251(h)(6)d. of this title)) that were the subject of, and were not tendered into, and accepted for purchase or exchange in, the offer referred to in § 251(h)(2)), and, in either case, with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. Such statement shall be given to the stockholder within 10 days after such stockholder's request for such a statement is received by the surviving or resulting corporation or within 10 days after expiration of the period for delivery of demands for appraisal under subsection (d) of this section hereof, whichever is later. Notwithstanding subsection (a) of this section, a person who is the beneficial owner of shares of such stock held either in a voting trust or by a nominee on behalf of such person may, in such person's own name, file a petition or request from the corporation the statement described in this subsection.

(f) Upon the filing of any such petition by a stockholder, service of a copy thereof shall be made upon the surviving or resulting corporation, which shall within 20 days after such service file in the office of the Register in Chancery in which the petition was filed a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached by the surviving or resulting corporation. If the petition shall be filed by the surviving or resulting corporation, the petition shall be accompanied by such a duly verified list. The Register in Chancery, if so ordered by the Court, shall give notice of the time and place fixed for the hearing of such petition by registered or certified mail to the surviving or resulting corporation and to the stockholders shown on the list at the addresses therein stated. Such notice shall also be given by 1 or more publications at least 1 week before the day of the hearing, in a newspaper of general circulation published in the City of Wilmington, Delaware or such publication as the Court deems advisable. The forms of the notices by mail and by publication shall be approved by the Court, and the costs thereof shall be borne by the surviving or resulting corporation.

(g) At the hearing on such petition, the Court shall determine the stockholders who have complied with this section and who have become entitled to appraisal rights. The Court may require the stockholders who have demanded an appraisal for their shares and who hold stock represented by certificates to submit their certificates of stock to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Court may dismiss the proceedings as to such stockholder. If

immediately before the merger or consolidation the shares of the class or series of stock of the constituent corporation as to which appraisal rights are available were listed on a national securities exchange, the Court shall dismiss the proceedings as to all holders of such shares who are otherwise entitled to appraisal rights unless (1) the total number of shares entitled to appraisal exceeds 1% of the outstanding shares of the class or series eligible for appraisal, (2) the value of the consideration provided in the merger or consolidation for such total number of shares exceeds $1 million, or (3) the merger was approved pursuant to § 253 or § 267 of this title.

(h) After the Court determines the stockholders entitled to an appraisal, the appraisal proceeding shall be conducted in accordance with the rules of the Court of Chancery, including any rules specifically governing appraisal proceedings. Through such proceeding the Court shall determine the fair value of the shares exclusive of any element of value arising from the accomplishment or expectation of the merger or consolidation, together with interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the Court shall take into account all relevant factors. Unless the Court in its discretion determines otherwise for good cause shown, and except as provided in this subsection, interest from the effective date of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment. At any time before the entry of judgment in the proceedings, the surviving corporation may pay to each stockholder entitled to appraisal an amount in cash, in which case interest shall accrue thereafter as provided herein only upon the sum of (1) the difference, if any, between the amount so paid and the fair value of the shares as determined by the Court, and (2) interest theretofore accrued, unless paid at that time. Upon application by the surviving or resulting corporation or by any stockholder entitled to participate in the appraisal proceeding, the Court may, in its discretion, proceed to trial upon the appraisal prior to the final determination of the stockholders entitled to an appraisal. Any stockholder whose name appears on the list filed by the surviving or resulting corporation pursuant to subsection (f) of this section and who has submitted such stockholder's certificates of stock to the Register in Chancery, if such is required, may participate fully in all proceedings until it is finally determined that such stockholder is not entitled to appraisal rights under this section.

(i) The Court shall direct the payment of the fair value of the shares, together with interest, if any, by the surviving or resulting corporation to the stockholders entitled thereto. Payment shall be so made to each such stockholder, in the case of holders of uncertificated stock forthwith, and the case of holders of shares represented by certificates upon the surrender to the corporation of the certificates representing such stock. The Court's decree may be enforced as other decrees in the Court of Chancery may be enforced, whether such surviving or resulting corporation be a corporation of this State or of any state.

(j) The costs of the proceeding may be determined by the Court and taxed upon the parties as the Court deems equitable in the circumstances. Upon application of a stockholder, the Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorney's fees and the fees and expenses of experts, to be charged pro rata against the value of all the shares entitled to an appraisal.

(k) From and after the effective date of the merger or consolidation, no stockholder who has demanded appraisal rights as provided in subsection (d) of this section shall be entitled to vote such stock for any purpose or to receive payment of dividends or other distributions on the stock (except dividends or other distributions payable to stockholders of record at a date which is prior to the effective date of the merger or consolidation); provided, however, that if no petition for an appraisal shall be filed within the time provided in subsection (e) of this section, or if such stockholder shall deliver to the surviving or resulting corporation a written withdrawal of such stockholder's demand for an appraisal and an acceptance of the merger or consolidation, either within 60 days after the effective date of the merger or consolidation as provided in subsection (e) of this section or thereafter with the written approval of the corporation, then the right of such stockholder to an appraisal shall cease. Notwithstanding the foregoing, no appraisal proceeding in the Court of Chancery shall be dismissed as to any stockholder without the approval of the Court, and such approval may be conditioned upon such terms as the

Court deems just; provided, however that this provision shall not affect the right of any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party to withdraw such stockholder's demand for appraisal and to accept the terms offered upon the merger or consolidation within 60 days after the effective date of the merger or consolidation, as set forth in subsection (e) of this section.

(l) The shares of the surviving or resulting corporation to which the shares of such objecting stockholders would have been converted had they assented to the merger or consolidation shall have the status of authorized and unissued shares of the surviving or resulting corporation.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Officers and Directors

Section 7.02 of By-law No. 1 of CPRL, as amended, provides, with regard to indemnity under the CBCA, as follows:

"The Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and the heirs and legal representatives thereof, to the extent permitted by the [CBCA] or otherwise by law."

The CBCA provides that a corporation may indemnify a director or officer, a former director or officer, or another individual who acts or acted at the corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity (which we refer to collectively as an Indemnified Person) against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the Indemnified Person in respect of any civil, criminal, administrative, investigative or other proceeding (other than an action by or on behalf of CPRL to procure a judgment in its favor) in which the Indemnified Person is involved because of that association with CPRL or other entity, if the Indemnified Person:

a) acted honestly and in good faith with a view to the best interests of the corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the corporation's request; and
b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

In respect of an action by or on behalf of CPRL or other entity to procure a judgment in its favor, CPRL, with the approval of a court, may indemnify an Indemnified Person against all costs, charges and expenses reasonably incurred by an Indemnified Person in connection with such action, if the Indemnified Person satisfies the conditions set forth above in clauses (a) and (b) above. Notwithstanding the foregoing, an Indemnified Person is entitled to indemnification from CPRL in respect of all costs, charges and expenses reasonably incurred by such Indemnified Person in connection with the defense of any civil, criminal, administrative, investigative or other proceeding to which such Indemnified Person is made a party by reason of such Indemnified Person's association with CPRL or such other entity, if such Indemnified Person satisfies the conditions set forth above in clauses (a) and (b) above and was not judged by the court or other competent authority to have committed any fault or omitted to do anything that such Indemnified Person ought to have done.

Insofar as indemnification for liabilities arising under the U.S. Securities Act may be permitted to directors, officers or persons controlling the registrant pursuant to the foregoing provisions, the registrant has been informed that in the opinion of the U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in the U.S. Securities Act and is therefore unenforceable.

Item 21. Exhibits and Financial Statement Schedules

A list of the exhibits included as part of this registration statement is set forth in the Exhibit Index that immediately precedes such exhibits and is incorporated herein by reference.

Item 22. Undertakings

(A) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the U.S. Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the U.S. Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) To file a post-effective amendment to the registration statement to include any financial statements required by "Item 8.A. of Form 20-F" at the start of any delayed offering or throughout a continuous offering.

(5) That, for the purpose of determining liability under the US. Securities Act to any purchaser: if the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(6) That, for the purpose of determining liability of the registrant under the U.S. Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free-writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free-writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(B) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the U.S. Securities Act, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the U.S. Securities Exchange Act of 1934, as amended, or the U.S. Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the U.S. Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(C) The undersigned registrant hereby undertakes as follows:

(1) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other Items of the applicable form.

(2) That every prospectus (i) that is filed pursuant to the immediately preceding paragraph, or (ii) that purports to meet the requirements of section 10(a)(3) of the Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the U.S. Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(D) Insofar as indemnification for liabilities arising under the U.S. Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the U.S. Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the U.S Securities Act and will be governed by the final adjudication of such issue.

(E) The undersigned registrant hereby undertakes: (i) to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11 or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means, and (ii) to arrange or provide for a facility in the U.S. for the purpose of responding to such requests. The undertaking in subparagraph (i) above includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(F) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
2.1	Agreement and Plan of Merger, dated as of September 15, 2021, by and among Canadian Pacific Railway Limited, Kansas City Southern, Cygnus Merger Sub 1 Corporation and Cygnus Merger Sub 2 Corporation (attached as Annex A to the proxy statement/prospectus included in this Registration Statement) (schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K, but will be furnished supplementally to the Securities and Exchange Commission upon request)
4.1	Indenture dated as of May 8, 2007 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.1 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.2	First Supplemental Indenture dated as of May 8, 2007 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.2 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.3	Second Supplemental Indenture dated as of May 20, 2008 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.3 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.4	Third Supplemental Indenture dated as of May 15, 2009 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.4 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.5	Fourth Supplemental Indenture dated as of September 23, 2010 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.5 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.6	Fifth Supplemental Indenture dated as of December 1, 2011 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.6 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.7	Sixth Supplemental Indenture dated as of February 2, 2015 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.7 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.8	Seventh Supplemental Indenture dated as of August 3, 2015 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.8 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.9	Eighth Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.9 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.10	Indenture dated as of October 30, 2001 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.10 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.11	First Supplemental Indenture dated as of April 23, 2004 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.11 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.12	Second Supplemental Indenture dated as of October 12, 2011 between Canadian Pacific Railway Limited and The Bank of New York Mellon (incorporated by reference to Exhibit 4.12 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**

Exhibit Number	Exhibit Description
4.13	Third Supplemental Indenture dated as of October 13, 2011 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.13 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.14	Fourth Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.14 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.15	Indenture dated as of July 15, 1991 between Canadian Pacific Railway Company and Harris Trust and Savings Bank (incorporated by reference to Exhibit 4.15 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed on February 29, 2016)**
4.16	First Supplemental Indenture dated as of July 1, 1996 between Canadian Pacific Railway Company and Harris Trust and Savings Bank (incorporated by reference to Exhibit 4.16 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.17	Second Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon (as successor in interest to Harris Trust and Savings Bank) (incorporated by reference to Exhibit 4.17 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.18	Indenture dated as of May 23, 2008 between Canadian Pacific Railway Company and Computershare Trust Company of Canada (incorporated by reference to Exhibit 4.18 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.19	First Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and Computershare Trust Company of Canada (incorporated by reference to Exhibit 4.19 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.20	Indenture dated as of September 11, 2015, from Canadian Pacific Railway Company to Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 99.1 to Canadian Pacific Railway Limited's Registration Statement on Form 6-K filed September 14, 2015)**
4.21	First Supplemental Indenture dated as of September 11, 2015 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.21 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.22	Second Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.22 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.23	Guarantee of Canadian Pacific Railway Company's Perpetual 4% Consolidated Debenture Stock dated as of December 18, 2015, between Canadian Pacific Railway Limited and Canadian Pacific Railway Company (incorporated by reference to Exhibit 4.23 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 29, 2016)**
4.24	Third Supplemental Indenture dated as of May 16, 2018 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and Wells Fargo Bank (incorporated by reference to Exhibit 4.2 to Canadian Pacific Railway Limited's Current Report on Form 8-K filed May 16, 2018)**
4.25	Officers' Certificate of Canadian Pacific Railway Company dated March 13, 2019 (incorporated by reference to Exhibit 4.1 to Canadian Pacific Railway Limited's Quarterly Report on Form 10-Q filed April 24, 2019)**

Exhibit Number	Exhibit Description
4.26	Description of Securities—Equity Securities (incorporated by reference to Exhibit 4.26 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 20, 2020)**
4.27	Form of 2.050% Note due 2030 (incorporated by reference to Exhibit 4.1 to Canadian Pacific Railway Limited's Current Report on Form 8-K filed March 6, 2020)**
4.28	Fourth Supplemental Indenture dated as of March 5, 2020, by and among Canadian Pacific Railway Company, as issuer, Canadian Pacific Railway Limited, as guarantor, and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.2 to Canadian Pacific Railway Limited's Current Report on Form 8-K filed March 6, 2020)**
4.29	Second Supplemental Indenture dated as of March 9, 2020, by and among Canadian Pacific Railway Company, as issuer, Canadian Pacific Railway Limited, as guarantor, and Computershare Trust Company of Canada, as trustee (incorporated by reference to Exhibit 4.3 to Canadian Pacific Railway Limited's Quarterly Report on Form 10-Q filed April 21, 2020)**
5.1	Form of Opinion of Bennett Jones LLP as to the validity of the common shares of Canadian Pacific Railway Limited being registered
8.1	Opinion of Wachtell, Lipton, Rosen & Katz regarding certain federal income tax matters*
9.1	Form of Voting Trust Agreement, dated as of [—], by and among Canadian Pacific Railway Limited, Cygnus Holding Corp. and David L. Starling (included in Exhibit 2.1 as Exhibit A to the Agreement and Plan of Merger)
10.1	Stock Option Agreement and Amendment to the Executive Employment Agreement, dated as of March 21, 2021, by and between Canadian Pacific Railway Limited and Keith Creel (incorporated by reference to Exhibit 10.1 to Canadian Pacific Railway Limited's Current Report on Form 8-K filed March 22, 2021)**
10.2	First Amending Agreement, dated as of April 9, 2021 among Canadian Pacific Railway Company, as Borrower, Canadian Pacific Railway Limited, as Covenantor, Royal Bank of Canada, a Canadian chartered bank, as administrative agent of the Lenders, and the Consenting Lenders (incorporated by reference to Exhibit 10.2 to Canadian Pacific Railway Limited's Quarterly Report on Form 10-Q filed April 22, 2021)**
10.3	Second Amending Agreement, dated as of September 24, 2021 among Canadian Pacific Railway Company, as Borrower, Canadian Pacific Railway Limited, as Covenantor, Royal Bank of Canada, a Canadian chartered bank, as administrative agent of the Lenders, and the Lenders
10.4	Third Amending Agreement, dated as of September 29, 2021 among Canadian Pacific Railway Company, as Borrower, Canadian Pacific Railway Limited, as Covenantor, Royal Bank of Canada, a Canadian chartered bank, as administrative agent of the Lenders, and the Consenting Lenders
10.5	Credit Agreement, dated as of September 15, 2021, by and among Canadian Pacific Railway Limited, Canadian Pacific Railway Limited, Bank of Montreal and the other lenders and financial institutions party thereto and Bank of Montreal, as administrative agent
21.1	List of significant subsidiaries of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 21.1 to Canadian Pacific Railway Limited's Annual Report on Form 10-K filed February 18, 2021)**
22.1	List of issuers and guarantor subsidiaries (incorporated by reference to Exhibit 22.1 to Canadian Pacific Railway Limited's Quarterly Report on Form 10-Q filed July 29, 2021)**
23.1	Consent of PricewaterhouseCoopers LLP relating to the financial statements of Kansas City Southern
23.2	Consent of Deloitte LLP relating to the financial statements of Canadian Pacific Railway Limited

Exhibit Number	Exhibit Description
23.3	Consent of Bennett Jones LLP (included in Exhibit 5.1)
23.4	Consent of Wachtell, Lipton, Rosen & Katz (included in Exhibit 8.1)*
24.1	Power of Attorney of Officers and Directors (included on the signature page of this registration statement)
99.1	Form of Proxy Voting Card of Kansas City Southern*
99.2	Consent of BofA Securities, Inc.
99.3	Consent of Morgan Stanley & Co. LLC

* To be filed by amendment
** Previously filed

SIGNATURES

Pursuant to the requirements of the U.S. Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Calgary, Alberta, Canada, on October 1, 2021

CANADIAN PACIFIC RAILWAY LIMITED

By: /s/ KEITH CREEL
Name: Keith Creel
Title: President and Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS that each person whose signature appears below hereby constitutes and appoints Nadeem Velani and Jeffrey J. Ellis (with full power to each of them to act alone), as such person's true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for such person and in such person's name, place and stead, in any and all capacities, to sign and file with the Securities and Exchange Commission any and all amendments and post-effective amendments to this registration statement, with exhibits thereto and any and all other documents that may be required in connection therewith, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as might or could do in person, hereby ratifying and confirming all that each said attorney-in-fact and agent, or any substitutes therefor, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the U.S. Securities Act, this registration statement has been signed below by the following persons in the capacities indicated and on the dates indicated:

Signature	Title	Date
/s/ KEITH CREEL Keith Creel	President, Chief Executive Officer and Director (Principal Executive Officer)	October 1, 2021
/s/ NADEEM VELANI Nadeem Velani	Executive Vice-President and Chief Financial Officer (Principal Financial Officer)	October 1, 2021
/s/ ISABELLE COURVILLE Isabelle Courville	Chair of the Board of Directors	October 1, 2021
/s/ JOHN R. BAIRD John R. Baird	Director	October 1, 2021
/s/ GILLIAN H. DENHAM Gillian H. Denham	Director	October 1, 2021
/s/ EDWARD R. HAMBERGER Edward R. Hamberger	Director	October 1, 2021
/s/ REBECCA MACDONALD Rebecca MacDonald	Director	October 1, 2021
/s/ EDWARD MONSER Edward Monser	Director	October 1, 2021
/s/ MATTHEW H. PAULL Matthew H. Paull	Director	October 1, 2021

Signature	Title	Date
/s/ JANE L. PEVERETT Jane L. Peverett	Director	October 1, 2021
/s/ ANDREA ROBERTSON Andrea Robertson	Director	October 1, 2021
/s/ GORDON T. TRAFTON Gordon T. Trafton	Director	October 1, 2021

Pursuant to the requirements of Section 6(a) of the U.S. Securities Act, the Authorized Representative has duly caused this registration statement to be signed on its behalf by the undersigned, solely in his capacity as the duly authorized representative of Canadian Pacific Railway Limited in the City of Minneapolis, State of Minnesota, on October 1, 2021.

By: /s/ JOHN BROOKS
Name: John Brooks
Title: Executive Vice-President & Chief Marketing Officer, Soo Line Railroad Authorized Representative in the United States

EXHIBIT 7.2

KANSAS CITY SOUTHERN FORM S-4
(MAY 18, 2016)

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As filed with the Securities and Exchange Commission on May 17, 2016.

Registration Statement No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

KANSAS CITY SOUTHERN*

(Exact name of registrant as specified in its charter)
***And the Guarantors listed below**

Delaware	4011	44-0663509
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

427 West 12th Street
Kansas City, Missouri 64105
816-983-1303
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Copies to:

William J. Wochner, Esq.
Kansas City Southern
427 West 12th Street
Kansas City, Missouri 64105
816-983-1324

Gary Kashar
Andrew Weisberg
White & Case LLP
1155 Avenue of the Americas
New York, New York 10036
(212) 819-8200

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ☐

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Floating Rate Senior Notes due 2016	$244,820,000	100%	$244,820,000	$24,654
Guarantees of Floating Rate Senior Notes due 2016	(2)	(2)	(2)	(2)
2.35% Senior Notes due 2020	$257,346,000	100%	$257,346,000	$25,915
Guarantees of 2.35% Senior Notes due 2020	(2)	(2)	(2)	(2)
3.00% Senior Notes due 2023	$439,123,000	100%	$439,123,000	$44,220
Guarantees of 3.00% Senior Notes due 2023	(2)	(2)	(2)	(2)
3.85% Senior Notes due 2023	$199,224,000	100%	$199,224,000	$20,062
Guarantees of 3.85% Senior Notes due 2023	(2)	(2)	(2)	(2)
4.30% Senior Notes due 2043	$448,651,000	100%	$448,651,000	$45,180
Guarantees of 4.30% Senior Notes due 2043	(2)	(2)	(2)	(2)
4.95% Senior Notes due 2045	$499,165,000	100%	$499,165,000	$50,266
Guarantees of 4.95% Senior Notes due 2045	(2)	(2)	(2)	(2)

Total	$2,088,329,000	N/A	$2,088,329,000	$210,297

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f) promulgated under the Securities Act of 1933, as amended.
(2) No separate consideration will be received for the guarantees of each series of notes being registered hereby. In accordance with Rule 457(n) promulgated under the Securities Act of 1933, as amended, no registration fee is payable with respect to the guarantees.

The registrants hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until the registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

TABLE OF ADDITIONAL REGISTRANTS

Name of Additional Registrant*	State or Other Jurisdiction of Incorporation or Formation	I.R.S. Employer Identification Number
The Kansas City Southern Railway Company	Missouri	44-6000758
Gateway Eastern Railway Company	Illinois	37-1301047
The Kansas City Northern Railway Company	Delaware	43-1773503
Trans-Serve, Inc.	Delaware	43-0865086
KCS Holdings I, Inc.	Delaware	26-1816530
KCS Ventures I, Inc.	Delaware	26-1816446
Southern Development Company	Missouri	44-6005843
Southern Industrial Services, Inc.	Delaware	36-3499535
Veals, Inc.	Delaware	43-0811880
Pabtex, Inc.	Delaware	43-1915233

* The address, including zip code, and telephone number, including area code, of each registrant's principal executive offices is c/o Kansas City Southern, 427 West 12th Street, Kansas City, Missouri, 64105, Telephone (816) 983-1303.

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The information in this prospectus is not complete and may be changed. We may not exchange the outstanding notes until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted. We are not making offers to exchange outstanding notes in any jurisdiction where the exchange offers are not permitted, and will not accept surrenders for exchange from holders in any such jurisdiction.

SUBJECT TO COMPLETION, DATED MAY 17, 2016

Prospectus

Kansas City Southern

Offers to Exchange
up to the amount of each series of the Exchange Notes specified below and the related guarantees,
which have been registered under the Securities Act of 1933, as amended,
for
any and all of its unregistered
Outstanding Notes of the series specified below and the related guarantees

Series of Outstanding Notes to be Exchanged	Principal Amount Outstanding of Outstanding Notes	CUSIP Nos.	Series of Exchange Notes to be Issued	Maximum Principal Amount of Exchange Notes to be Issued
Floating Rate Senior Notes due 2016	$ 244,820,000	485170 AM6 U24468 AD9	Floating Rate Senior Notes due 2016	$ 244,820,000
2.35% Senior Notes due 2020	$ 257,346,000	485170 AN4 U24468 AE7 485170 AZ7	2.35% Senior Notes due 2020	$ 257,346,000
3.00% Senior Notes due 2023	$ 439,123,000	485170 AP9 U24468 AF4	3.00% Senior Notes due 2023	$ 439,123,000
3.85% Senior Notes due 2023	$ 199,224,000	485170 AK0 U24468 AA5 485170 AY0 U24468 AG2	3.85% Senior Notes due 2023	$ 199,224,000
4.30% Senior Notes due 2043	$ 448,651,000	485170 AJ3 U24468 AB3 485170 AX2	4.30% Senior Notes due 2043	$ 448,651,000
4.95% Senior Notes due 2045	$ 499,165,000	485170 AL8 U24468 AC1 485170 AW4	4.95% Senior Notes due 2045	$ 499,165,000

Kansas City Southern ("KCS") is offering to exchange, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal (the "Exchange Offers"): (i) up to $244,820,000 in aggregate principal amount of our new Floating Rate Senior Notes due 2016 (the "2016 Exchange Notes"), which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), for any and all of our outstanding unregistered Floating Rate Senior Notes due 2016 (the "Outstanding 2016 Notes"), (ii) up to $257,346,000 in aggregate principal amount of our new 2.35% Senior Notes due 2020 (the "2020 Exchange Notes"), which have been registered under the Securities Act, for any and all of our outstanding unregistered 2.35% Senior Notes due 2020 (the "Outstanding 2020 Notes"), (iii) up to $439,123,000 in aggregate principal amount of our new 3.00% Senior Notes due 2023 (the "3.00% 2023 Exchange Notes"), which have been registered under the Securities Act, for any and all of our outstanding unregistered 3.00% Senior Notes due 2023 (the "Outstanding 3.00% 2023 Notes"), (iv) up to $199,224,000 in aggregate principal amount of our new 3.85% Senior Notes due 2023 (the "3.85% 2023 Exchange Notes"), which have been registered under the Securities Act, for any and all of our outstanding unregistered 3.85% Senior Notes due 2023 (the "Outstanding 3.85% 2023 Notes"), (v) up to $448,651,000 in aggregate principal amount of our new 4.30% Senior Notes due 2043 (the "2043 Exchange Notes"), which have been registered under the Securities Act, for any and all of our outstanding unregistered 4.30% Senior Notes due 2043 (the "Outstanding 2043 Notes") and (vi) up to $499,165,000 in aggregate principal amount of our new 4.95% Senior Notes due 2045 (the "2045 Exchange Notes" and, together with the 2016 Exchange Notes, the 2020 Exchange Notes, the 3.00% 2023 Exchange Notes, the 3.85% 2023 Exchange Notes and the 2043 Exchange Notes, the "Exchange Notes"), which have been registered under the Securities Act, for any and all of our outstanding unregistered 4.95% Senior Notes due 2045 (the "Outstanding 2045 Notes" and, together with the Outstanding 2016 Notes, the Outstanding 2020 Notes, the Outstanding 3.00% 2023 Notes, the Outstanding 3.85% 2023 Notes and the Outstanding 2043 Notes, the "Outstanding Notes"; and, the Outstanding Notes, together with the Exchange Notes, the "Notes").

Upon completion of the Exchange Offers, with respect to each series of Exchange Notes to be issued in the applicable Exchange Offer, KCS may redeem any related Outstanding Notes that are not exchanged in the applicable Exchange Offer in an amount up to 2% of the original aggregate principal amount of such Outstanding Notes at a redemption price of 100% of their principal amount plus accrued interest to but not including the redemption date.

The Exchange Offers

- We hereby offer to exchange all Outstanding Notes that are validly tendered and not validly withdrawn for an equal principal amount of applicable Exchange Notes which we have registered under the Securities Act.
- The Exchange Offers will expire at 11:59 p.m., New York City time, on , 2016 (the "Expiration Date"), unless extended by us.
- You may withdraw tenders of Outstanding Notes at any time prior to the Expiration Date of the applicable Exchange Offer.
- The terms of each series of Exchange Notes are identical in all material respects to the terms of the applicable series of Outstanding Notes, except that the Exchange Notes have been registered under the Securities Act and the transfer restrictions and registration rights relating to the Outstanding Notes do not apply to the Exchange Notes.
- The exchange of Outstanding Notes for Exchange Notes will not be a taxable transaction for U.S. federal income tax purposes. You should see the discussion in the section entitled "Material Federal Income Tax Considerations" for more information.
- Outstanding Notes that are not exchanged will remain outstanding, but will not have further registration rights.
- We will not receive any proceeds from the Exchange Offers.

Each broker-dealer that receives Exchange Notes for its own account in exchange for Outstanding Notes, where such Outstanding Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. See "Plan of Distribution."

See "Risk Factors" beginning on page 13 of this prospectus for a discussion of risks you should consider before participating in the Exchange Offers.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved the notes to be distributed in the Exchange Offers, nor have any of these organizations determined that this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2016.

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ABOUT THIS PROSPECTUS

In this prospectus, unless the context requires otherwise, references to "KCS," "we" or the "Issuer" mean Kansas City Southern and its consolidated subsidiaries, and references to the "Exchange Note Guarantors" refer to each of KCS's current and future domestic subsidiaries that guarantee the Notes.

We have not authorized anyone to provide you with information other than that contained in this prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are making the Exchange Offers only in jurisdictions where such offers are permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front cover of this prospectus or the date of the document incorporated herein by reference.

This prospectus incorporates by reference important business and financial information about KCS from documents filed with the SEC that have not been included herein or delivered herewith. This information is available without charge at the public reference room maintained by the SEC, located at 100 F Street, NE, Washington, D.C. 20549, and copies of all or any part of the registration statement, of which this prospectus forms a part, may be obtained from the SEC on the payment of the fees prescribed by the SEC. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. This information is also available without charge at the website that the SEC maintains at www.sec.gov. In addition, you may request copies of the documents incorporated by reference in this prospectus from us, without charge, by written or oral request directed to Kansas City Southern, Attention: Corporate Secretary, 427 West 12th Street, Kansas City, Missouri 64105, telephone (888) 800-3690, or on our website at www.KCSouthern.com. The information contained on or that can be accessed through our website (other than the specified SEC filings incorporated by reference in this prospectus) is not incorporated in, and is not a part of, this prospectus, and you should not rely on any such information in connection with your decision to exchange your Outstanding Notes for Exchange Notes. **To obtain timely delivery of documents or information, we must receive your request no later than five business days before the Expiration Date of the Exchange Offers.**

Each broker-dealer that receives Exchange Notes for its own account pursuant to the Exchange Offers must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Outstanding Notes where such Outstanding Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. KCS has agreed that, starting on the Expiration Date and ending on the close of business 180 days after the Expiration Date, it will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

We have not provided guaranteed delivery provisions in connection with the Exchange Offers. You must tender your Outstanding Notes in accordance with the procedures set forth herein.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This prospectus, including the documents incorporated by reference herein, contains forward-looking statements that are not based upon historical information and involve risks and uncertainties. You can identify these forward-looking statements by the use of such verbs as "expects," "anticipates," "believes" or similar verbs or conjugations of such verbs. Such forward-looking statements are based upon information currently available to KCS's management and KCS's management's perception thereof as of the date of this prospectus. However, such statements are dependent on and, therefore, can be influenced by, a number of external variables over which KCS's management has little or no control, including:

- the outcome of claims and litigation, including those related to environmental contamination, personal injuries, and property damage;
- changes in legislation and regulations or revisions of controlling authority;
- the adverse impact of any termination or revocation of Kansas City Southern de México, S.A. de C.V.'s ("KCSM") Concession by the Mexican government;
- natural events such as severe weather, fire, floods, hurricanes, earthquakes or other disruptions to KCS's operating systems, structures and equipment or the ability of customers to produce or deliver their products and the lack of adequate insurance for such catastrophic losses;
- United States, Mexican and global economic, political and social conditions;
- the effects of the North American Free Trade Agreement, or NAFTA, on the level of trade among the United States, Mexico and Canada;
- the level of trade between the United States and Asia or Mexico;
- the effects of fluctuations in the peso-dollar exchange rate;
- the effects of adverse general economic conditions affecting customer demand and the industries and geographic areas that produce and consume the commodities KCS carries;
- the dependence on the stability, availability and security of the information technology systems to operate its business;
- the effect of demand for KCS's services exceeding network capacity or traffic congestion on operating efficiencies and service reliability;
- uncertainties regarding the litigation KCS faces and any future claims and litigation;
- the impact of competition, including competition from other rail carriers, trucking companies and maritime shippers in the United States and Mexico;
- KCS's reliance on agreements with other railroads and third parties to successfully implement its business strategy, operations and growth and expansion plans, including the strategy to convert customers from using trucking services to rail transportation services;
- compliance with environmental regulations;
- disruption in fuel supplies, changes in fuel prices and KCS's ability to recapture its costs of fuel from customers;
- material adverse changes in economic and industry conditions, including the availability of short and long-term financing, both within the United States and Mexico and globally;
- market and regulatory responses to climate change;
- changes in labor costs and labor difficulties, including strikes and work stoppages affecting either operations or customers' abilities to deliver goods for shipment;

- KCS's reliance on certain key suppliers of core rail equipment;
- availability of qualified personnel;
- acts of terrorism, war or other acts of violence or crime or risk of such activities;
- fluctuations in the market price for KCS's common stock; and
- other factors described or incorporated by reference in this prospectus.

You are strongly encouraged to consider these factors when evaluating forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the timing when, or by which, such performance or results will be achieved. As a result, actual outcomes or results could materially differ from those indicated in forward-looking statements. We are not under any obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements.

INCORPORATION BY REFERENCE

We are incorporating by reference specified documents that KCS files with the SEC, which means that we can disclose important information to you by referring you to those documents that are considered part of this prospectus. We incorporate by reference into this prospectus the documents listed below that have previously been filed, and any future filings KCS makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prior to the Expiration Date. Notwithstanding the above, we are not incorporating any documents or information deemed to have been furnished rather than filed in accordance with SEC rules.

- KCS's Annual Report on Form 10-K for the fiscal year ended December 31, 2015;
- KCS's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2016;
- KCS's Current Reports on Form 8-K filed on February 25, 2016, March 1, 2016, March 15, 2016, May 10, 2016 and May 17, 2016; and
- KCS's Definitive Proxy Statement filed on April 5, 2016.

Any statement contained in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or any other subsequently filed document that is deemed to be incorporated by reference into this prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

Any person, including any beneficial owner, to whom this prospectus is delivered may request copies of this prospectus and any of the documents incorporated by reference in this prospectus, without charge, by written or oral request directed to Kansas City Southern, Attention: Corporate Secretary, 427 West 12th Street, Kansas City, Missouri 64105, telephone (888) 800-3690, or on our website at www.KCSouthern.com, or from the SEC through the SEC's website at the web address provided in the section entitled "Where You Can Find More Information." Documents incorporated by reference are available without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference into those documents.

SUMMARY

This summary highlights information about KCS and the Exchange Offers. Because it is a summary, it does not contain all the information that you should consider before tendering Outstanding Notes for exchange and KCS urges you to read this entire prospectus carefully, including the "Risk Factors" section and the information and documents incorporated by reference herein, including KCS's financial statements and notes thereto, before deciding to tender Outstanding Notes for exchange.

Our Company

KCS, a Delaware corporation, is a holding company with domestic and international rail operations in North America that are strategically focused on the growing north/south freight corridor connecting key commercial and industrial markets in the central United States with major industrial cities in Mexico. KCS had approximately 6,670 employees on December 31, 2015.

KCS controls and owns all of the stock of The Kansas City Southern Railway Company ("KCSR"), a U.S. Class I railroad founded in 1887. KCSR serves a ten-state region in the midwest and southeast regions of the United States and has the shortest north/south rail route between Kansas City, Missouri and several key ports along the Gulf of Mexico in Alabama, Louisiana, Mississippi, and Texas.

KCS controls and owns all of the stock of KCSM. Through its 50-year concession from the Mexican government (the "Concession"), which could expire in 2047 unless extended, KCSM operates a key commercial corridor of the Mexican railroad system and has as its core route the most strategic portion of the shortest, most direct rail passageway between Mexico City and Laredo, Texas. Laredo is a principal international gateway through which a substantial portion of rail and truck traffic between the United States and Mexico crosses the border. KCSM serves most of Mexico's principal industrial cities and three of its major seaports. KCSM's rail lines provide exclusive rail access to the United States and Mexico border crossing at Nuevo Laredo, Tamaulipas, the largest rail freight interchange point between the United States and Mexico. Under the Concession, KCSM has the right to control and operate the southern half of the rail bridge at Laredo, Texas, which spans the Rio Grande River between the United States and Mexico. KCS also controls and owns the northern half of this bridge through its ownership of Mexrail, Inc. ("Mexrail").

KCSM also provides exclusive rail access to the Port of Lazaro Cardenas on the Pacific Ocean. The Mexican government is developing the port at Lazaro Cardenas principally to serve Mexican markets and as an alternative to the U.S. west coast ports for Asian and South American traffic bound for North America.

KCS wholly owns Mexrail which, in turn, wholly owns The Texas Mexican Railway Company ("Tex-Mex"). Tex-Mex owns a 157-mile rail line extending from Laredo, Texas to the port city of Corpus Christi, Texas, which connects the operations of KCSR with KCSM.

The KCS coordinated rail network (KCSR, KCSM and Tex-Mex) comprises approximately 6,600 route miles extending from the midwest and southeast portions of the United States south into Mexico and connects with all other Class I railroads, providing shippers with an effective alternative to other railroad routes and giving direct access to Mexico and the southeast and southwest United States through alternate interchange hubs.

Panama Canal Railway Company, an unconsolidated joint venture company owned equally by KCS and Mi-Jack Products, Inc., was awarded a concession from the Republic of Panama to reconstruct and operate the Panama Canal Railway, a 47-mile railroad located adjacent to the Panama Canal that provides international container shipping companies with a railway transportation alternative to the Panama Canal. The concession was awarded in 1998 for an initial term of 25 years with an automatic renewal for an additional 25-year term. The Panama Canal Railway is a north-south railroad traversing the Isthmus of Panama between the Atlantic and Pacific Oceans.

Other subsidiaries and affiliates of KCS include the following:

- Meridian Speedway, LLC ("MSLLC"), a seventy percent-owned consolidated affiliate that owns the former KCSR rail line between Meridian, Mississippi and Shreveport, Louisiana, which is the portion of the rail line between Dallas, Texas and Meridian known as the "Meridian Speedway." Norfolk Southern Corporation, through its wholly-owned subsidiary, The Alabama Great Southern Railroad Company, owns the remaining thirty percent of MSLLC;
- KCSM Servicios, S.A. de C.V., a wholly-owned and consolidated affiliate that provides employee services to KCSM;
- Ferrocarril y Terminal del Valle de México, S.A. de C.V., a twenty-five percent-owned unconsolidated affiliate that provides railroad services as well as ancillary services in the greater Mexico City area; and
- PTC-220, LLC, a fourteen percent-owned unconsolidated affiliate that holds the licenses to large blocks of radio spectrum and other assets for the deployment of positive train control.

Recent Developments

On May 16, 2016, KCS issued $250.0 million in aggregate principal amount of 3.125% Senior Notes due 2026 pursuant to KCS's shelf registration statement filed with the SEC. KCS intends to use the proceeds from the offering for (i) the repayment at maturity of KCS's Floating Rate Senior Notes due 2016 ($244.8 million outstanding as of March 31, 2016) and KCSM's Floating Rate Senior Notes due 2016 ($5.2 million outstanding as of March 31, 2016) and (ii) general corporate purposes, including the repayment of outstanding commercial paper issued by KCS.

Our Corporate Information

Our principal executive offices are located at: 427 West 12th Street, Kansas City, Missouri 64105. Our telephone number is (816) 983-1303 and we have a website accessible at www.KCSouthern.com. The information posted on our website is not incorporated into this prospectus and is not part of this prospectus.

SUMMARY DESCRIPTION OF THE EXCHANGE OFFERS

The following summary is provided solely for your convenience. This summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus. For a more detailed description of the Exchange Notes, see "Description of Exchange Notes."

Exchange Offers	We are conducting the Exchange Offers in accordance with the registration rights agreement, dated as of December 9, 2015, among KCS, the Guarantors, and Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC, as dealer managers and solicitations agents (the "Dealer Managers") (the "Registration Rights Agreement"), that was executed when the Outstanding Notes were issued in a transaction conducted in reliance upon the exemptions from registration provided by Rule 144A and Regulation S promulgated under the Securities Act. Accordingly, we are offering to issue: (i) up to $244,820,000 in aggregate principal amount of 2016 Exchange Notes in exchange for a like principal amount of the Outstanding 2016 Notes; (ii) up to $257,346,000 in aggregate principal amount of 2020 Exchange Notes in exchange for a like principal amount of the Outstanding 2020 Notes to satisfy our obligations under the Registration Rights Agreement; (iii) up to $439,123,000 in aggregate principal amount of 3.00% 2023 Exchange Notes in exchange for a like principal amount of the Outstanding 3.00% 2023 Notes to satisfy our obligations under the Registration Rights Agreement; (iv) up to $199,224,000 in aggregate principal amount of 3.85% 2023 Exchange Notes in exchange for a like principal amount of the Outstanding 3.85% 2023 Notes to satisfy our obligations under the Registration Rights Agreement; (v) up to $448,651,000 in aggregate principal amount of 2043 Exchange Notes in exchange for a like principal amount of the Outstanding 2043 Notes to satisfy our obligations under the Registration Rights Agreement; and (vi) up to $499,165,000 in aggregate principal amount of 2045 Exchange Notes in exchange for a like principal amount of the Outstanding 2045 Notes to satisfy our obligations under the Registration Rights Agreement.
Expiration Date	The Exchange Offers will expire on the Expiration Date, unless extended by us in our sole discretion. We may extend any of the Exchange Offers without extending any of the other Exchange Offers.
Withdrawal; Non-Acceptance	You may withdraw any Outstanding Notes tendered in the Exchange Offers at any time prior to the applicable Expiration Date. If we decide for any reason not to accept any Outstanding Notes tendered

	for exchange, the Outstanding Notes will be returned to the registered holder at our expense promptly after the applicable Expiration Date or termination of the applicable Exchange Offer. In the case of the Outstanding Notes tendered by book-entry transfer into the Exchange Agent's (as defined below) account at The Depository Trust Company ("DTC"), any withdrawn or unaccepted Outstanding Notes will be credited to the tendering holder's account at DTC. For further information regarding the withdrawal of tendered Outstanding Notes, see the sections entitled "The Exchange Offers—Terms of the Exchange Offers; Period for Tendering Outstanding Notes" and the "The Exchange Offers—Withdrawal Rights."
Conditions to the Exchange Offers	Each of the Exchange Offers is subject to customary conditions, including the following: • the Exchange Offer does not violate applicable law or any applicable interpretations of the staff of the SEC; • the Outstanding Notes are validly tendered in accordance with the applicable Exchange Offer; • no action or proceeding would impair our ability to proceed with the Exchange Offer; and • any governmental approval has been obtained that we believe, in our sole discretion, is necessary for the completion of the Exchange Offer as outlined in this prospectus.
Procedures for Tendering the Outstanding Notes	You must do one of the following on or prior to the Expiration Date to participate in the Exchange Offers: • tender your Outstanding Notes by sending the certificates for your Outstanding Notes, in proper form for transfer, a properly completed and duly executed letter of transmittal, with any required signature guarantees, and all other documents required by the letter of transmittal, to U.S. Bank National Association, as exchange agent (the "Exchange Agent"), at one of the addresses listed below in the section entitled "The Exchange Offers—Exchange Agent"; or • tender your Outstanding Notes by using the book-entry transfer procedures described below and transmitting a properly completed and duly executed letter of transmittal, with any required signature guarantees, or an Agent's Message (as defined below) instead of the letter of transmittal, to the Exchange Agent. In order for a book-entry transfer to constitute a valid tender of your Outstanding Notes in the applicable Exchange Offer, the Exchange Agent must receive a confirmation of book-entry transfer of your Outstanding Notes into its account at DTC prior to the Expiration Date. For more information regarding the use of book-entry transfer procedures, including a description of the required Agent's Message, see the discussion below in the section entitled "The Exchange Offers—Book-Entry Transfers."

	We have not provided guaranteed delivery provisions in connection with the Exchange Offers. You must tender your Outstanding Notes in accordance with the procedures set forth in the section entitled "The Exchange Offers—Procedures for Tendering Outstanding Notes."
Special Procedures for Beneficial Owners	If you are a beneficial owner whose Outstanding Notes are registered in the name of the broker, dealer, commercial bank, trust company or other nominee and you wish to tender your Outstanding Notes in the Exchange Offers, you should promptly contact the person in whose name the Outstanding Notes are registered and instruct that person to tender on your behalf. If you wish to tender in the Exchange Offers on your own behalf, prior to completing and executing the letter of transmittal (or any Agent's Message in lieu thereof) and delivering your Outstanding Notes, you must either make appropriate arrangements to register ownership of the Outstanding Notes in your name or obtain a properly completed bond power from the person in whose name the Outstanding Notes are registered.
Material Federal Income Tax Considerations	The exchange of the Outstanding Notes for Exchange Notes in the Exchange Offers will not be a taxable transaction for United States federal income tax purposes. See the discussion in the section entitled "Material Federal Income Tax Considerations" for more information regarding the tax consequences to you of the Exchange Offers.
Use of Proceeds	We will not receive any proceeds from the Exchange Offers.
Exchange Agent	U.S. Bank National Association is the Exchange Agent for the Exchange Offers. You can find the address and telephone number of the Exchange Agent below in the section entitled "The Exchange Offers—Exchange Agent."
Resales	Based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties, we believe that the Exchange Notes you receive in the Exchange Offers may be offered for resale, resold or otherwise transferred without compliance with the registration and prospectus delivery provisions of the Securities Act. However, you will not be able to freely transfer the Exchange Notes if: • you are our "affiliate," as defined in Rule 405 under the Securities Act; • you are not acquiring the Exchange Notes in the applicable Exchange Offer in the ordinary course of your business; or • you are engaged in or intend to engage in, or have an arrangement or understanding with any person to participate in, the distribution, as defined in the Securities Act, of the Exchange Notes you will receive in the applicable Exchange Offer.

	If any of the statements above apply to you, you cannot rely on the position of the SEC staff described above and you must, therefore, comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the Exchange Notes, unless an exemption from these requirements is available to you. In that case, if you transfer any Exchange Notes without delivering a prospectus that meets the requirements of the Securities Act or without an exemption from registration of your Exchange Notes from those requirements, you may incur liability under the Securities Act. We will not assume or indemnify you against that liability. In addition, the SEC has not considered the Exchange Offers in the context of its interpretive letters and we cannot be sure that the staff of the SEC would make a similar determination with respect to the Exchange Offers as in such other circumstances.
Broker-Dealer	Each broker-dealer that receives Exchange Notes for its own account in exchange for Outstanding Notes, where such Outstanding Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. See "Plan of Distribution."
Consequences of Not Exchanging Outstanding Notes	If you do not exchange Outstanding Notes for Exchange Notes, you will not be able to offer, sell or otherwise transfer your Outstanding Notes except: • in compliance with the registration requirements of the Securities Act and any other applicable securities laws; • pursuant to an exemption from the securities laws; or • in a transaction not subject to the securities laws. Outstanding Notes that remain outstanding after completion of the Exchange Offers will continue to bear a legend reflecting these restrictions on transfer. In addition, upon completion of the Exchange Offers, you will not be entitled to any rights to have the resale of Outstanding Notes registered under the Securities Act, and we currently do not intend to register under the Securities Act the resale of any Outstanding Notes that remain outstanding after the completion of the Exchange Offers. The transfer restrictions and the availability of Exchange Notes that are freely tradable could adversely affect the trading market for your Outstanding Notes. Upon completion of the Exchange Offers, with respect to each series of Exchange Notes to be issued in the applicable Exchange Offer, KCS may redeem any related Outstanding Notes that are not exchanged in the applicable Exchange Offer in an amount up to 2% of the original aggregate principal amount of such Outstanding Notes at a redemption price of 100% of their principal amount plus accrued interest to but not including the redemption date.

SUMMARY DESCRIPTION OF THE EXCHANGE NOTES

The terms of the Exchange Notes and those of the Outstanding Notes are substantially identical, except that the transfer restrictions and registration rights relating to the Outstanding Notes do not apply to the Exchange Notes. For a more detailed description of the Exchange Notes, see the sections entitled "Description of Exchange Notes."

Issuer	Kansas City Southern
Securities Offered	• Up to $244,820,000 aggregate principal amount of Floating Rate Senior Notes due 2016; • Up to $257,346,000 aggregate principal amount of 2.35% Senior Notes due 2020; • Up to $439,123,000 aggregate principal amount of 3.00% Senior Notes due 2023; • Up to $199,224,000 aggregate principal amount of 3.85% Senior Notes due 2023; • Up to $448,651,000 aggregate principal amount of 4.30% Senior Notes due 2043; and • Up to $499,165,000 aggregate principal amount of 4.95% Senior Notes due 2045.
Maturity Dates	The 2016 Exchange Notes will mature on October 28, 2016. The 2020 Exchange Notes will mature on May 15, 2020. The 3.00% 2023 Exchange Notes will mature on May 15, 2023. The 3.85% 2023 Exchange Notes will mature on November 15, 2023. The 2043 Exchange Notes will mature on May 15, 2043. The 2045 Exchange Notes will mature on August 15, 2045.
Interest Rate and Payment Dates	The 2016 Exchange Notes will have a floating interest rate equal to the three-month U.S. dollar LIBOR plus 70 basis points per annum, payable in cash on July 28, 2016 and October 28, 2016. The 2020 Exchange Notes will have an interest rate of 2.35% per annum, payable in cash on May 15 and November 15 of each year, beginning on November 15, 2016. The 3.00% 2023 Exchange Notes will have an interest rate of 3.00% per annum, payable in cash on May 15 and November 15 of each year, beginning on November 15, 2016.

	The 3.85% 2023 Exchange Notes will have an interest rate of 3.85% per annum, payable in cash on May 15 and November 15 of each year, beginning on November 15, 2016. The 2043 Exchange Notes will have an interest rate of 4.30% per annum, payable in cash on May 15 and November 15 of each year, beginning on November 15, 2016. The 2045 Exchange Notes will have an interest rate of 4.95% per annum, payable in cash on February 15 and August 15 of each year, beginning on August 15, 2016. Interest on the Exchange Notes of a series will accrue from the most recent date on which interest has been paid on the corresponding series of Outstanding Notes or, if no interest has been paid, from and including the date of issuance of the corresponding series of Outstanding Notes.
Exchange Note Guarantees	The Exchange Notes will be unconditionally guaranteed, jointly and severally, on an unsecured senior basis (each, an "Exchange Note Guarantee"), by each of KCS's current and future domestic subsidiaries (collectively, the "Exchange Note Guarantors") that from time to time guarantee the $800.0 million revolving credit facility of KCS (the "KCS Revolving Credit Facility") or any other debt of KCS or any of KCS's significant subsidiaries that is an Exchange Note Guarantor. See "Description of Exchange Notes—Exchange Note Guarantees." The Exchange Notes will not be guaranteed by KCSM or any other current or future foreign subsidiary of KCS.
Ranking	The Exchange Notes (i) will be KCS's unsecured senior obligations, (ii) will rank *pari passu* in right of payment with all of KCS's existing and future senior indebtedness, (iii) will be senior in right of payment to all of KCS's future subordinated indebtedness, (iv) will be effectively subordinated to KCS's secured indebtedness, to the extent of the value of the assets securing such indebtedness and (v) will be structurally subordinated to all liabilities of KCS's subsidiaries that are not Exchange Note Guarantors. The Exchange Note Guarantees (i) will be unsecured senior indebtedness of the applicable Exchange Note Guarantor, (ii) will rank *pari passu* in right of payment with all existing and future senior indebtedness of such Exchange Note Guarantor, (iii) will be senior in right of payment to all future subordinated obligations of such Exchange Note Guarantor, (iv) will be effectively subordinated to the secured indebtedness of the applicable Exchange Note Guarantor, if any, to the extent of the value of the assets securing such secured indebtedness and (v) will be structurally subordinated to all liabilities of the applicable Exchange Note Guarantor's subsidiaries that are not Exchange Note Guarantors. See "Description of Exchange Notes—Ranking."

	As of March 31, 2016, KCS and its subsidiaries had (a) $746.0 million of availability under the KCS Revolving Credit Facility and (b) total indebtedness of $2,368.6 million, consisting of (i) $2,171.6 million of senior indebtedness of KCS and the Exchange Note Guarantors, of which $54.5 million was secured indebtedness and (ii) $197.0 million of senior indebtedness of subsidiaries of KCS that are not Exchange Note Guarantors. In addition, on May 16, 2016, KCS issued $250.0 million in aggregate principal amount of 3.125% Senior Notes due 2026.
Optional Redemption	KCS may redeem some or all of the Exchange Notes (other than the 2016 Exchange Notes) at any time and from time to time at the prices described under the heading "Description of Exchange Notes—Optional Redemption." In addition, upon completion of the Exchange Offers, with respect to each series of Exchange Notes to be issued in the applicable Exchange Offer, KCS may redeem any related Outstanding Notes that are not exchanged in the applicable Exchange Offer in an amount up to 2% of the original aggregate principal amount of such Outstanding Notes at a redemption price of 100% of their principal amount plus accrued interest to but not including the redemption date.
Change of Control Repurchase Event	Upon a Change of Control Repurchase Event (as defined under "Description of Exchange Notes—Certain Definitions"), KCS will be required to make an offer to repurchase each series of Exchange Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding the date of repurchase. See "Description of Exchange Notes—Covenants—Change of Control Repurchase Event."
Covenants	Each series of Exchange Notes will be issued as a separate series under a base indenture dated December 9, 2015, as supplemented by a separate supplemental indenture, which will contain covenants with respect to, among other things: • the creation of liens by KCS or any of KCS's significant subsidiaries that is an Exchange Note Guarantor; • the incurrence of indebtedness by subsidiaries of KCS that are not Exchange Note Guarantors; and • the merger, consolidation or sale of all or substantially all of KCS's or any Exchange Notes Guarantors' property and assets. These covenants are subject to a number of important qualifications and exceptions. See "Description of Exchange Notes—Covenants."
Denominations	The Exchange Notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.
Governing Law	The base indenture and the supplemental indentures are, and the Exchange Notes will be, governed by New York law.

Taxation	For a summary of the U.S. federal income tax consequences of an investment in the Exchange Notes, see "Material Federal Income Tax Considerations."
No Public Trading Market	The Exchange Notes are a new issue of securities, and there is currently no established trading market for the Exchange Notes. We do not intend to list the Exchange Notes offered hereby on any national securities exchange or to arrange for quotation on any automated dealer quotation systems. We cannot assure you that an active trading market for the Exchange Notes will develop.
Risk Factors	Tendering your Outstanding Notes in the Exchange Offers involves risks. You should carefully consider the information in the section entitled "Risk Factors" in this prospectus.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table sets forth KCS's selected historical consolidated financial information. The selected historical consolidated financial information as of and for the three months ended March 31, 2016 and 2015 is unaudited and has been derived from KCS's unaudited historical consolidated financial statements and related notes included in KCS's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, which is incorporated by reference into this prospectus. The selected historical consolidated financial information as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 has been derived from KCS's historical consolidated financial statements, which have been audited by KPMG LLP and are included in KCS's 2015 Annual Report on Form 10-K, which is incorporated by reference into this prospectus. The selected historical consolidated financial information as of December 31, 2013, 2012 and 2011 and for the years ended December 31, 2012 and 2011 has been derived from our audited financial statements that are not included or incorporated by reference into this prospectus.

This information is only a summary. You should read the data set forth in the table below in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in KCS's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2016 and KCS's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which are incorporated by reference in this prospectus, and KCS's consolidated financial statements which are incorporated by reference in this prospectus.

	As of and For the Year Ended December 31,					As of and For the Three Months Ended March 31,	
	2015	2014	2013	2012	2011	2016	2015
	(in millions, except per share amount)						
Earnings From Continuing Operations							
Revenues	$2,418.8	$2,577.1	$2,369.3	$2,238.6	$2,098.3	$ 562.7	$ 603.1
Operating expenses(i)(ii)(iii)	1,615.0	1,768.0	1,630.7	1,522.7	1,486.7	374.8	424.9
Operating income	$ 803.8	$ 809.1	$ 738.6	$ 715.9	$ 611.6	$ 187.9	$ 178.2
Net income(iv)	$ 485.3	$ 504.3	$ 353.3	$ 379.4	$ 331.9	$ 108.1	$ 101.2
Earnings per common share:							
Basic	$ 4.41	$ 4.56	$ 3.19	$ 3.44	$ 3.04	$ 1.00	$ 0.91
Diluted	4.40	4.55	3.18	3.43	3.00	0.99	0.91
Financial Position							
Total assets(v)(vi)	$8,341.0	$7,976.4	$7,283.7	$6,284.7	$5,933.2	$8,316.0	$7,842.8
Total long-term debt obligations, including current portion and short-term borrowings	2,401.1	2,301.4	2,168.8	1,588.7	1,618.6	2,368.6	2,087.7
Total stockholders' equity	3,914.3	3,755.5	3,370.6	3,096.6	2,764.5	3,941.4	3,829.5
Total equity	4,224.7	4,064.1	3,676.6	3,400.7	3,058.7	4,252.1	4,138.5
Other Data Per Common Share							
Cash dividends declared per common share	$ 1.32	$ 1.12	$ 0.86	$ 0.78	$ —	$ 0.33	$ 0.33

(i) During 2015 and 2014, the Company recognized pre-tax lease termination costs of $9.6 million and $38.3 million, respectively, within operating expenses due to the early termination of certain operating leases and the related purchase of equipment. During the three months ended March 31, 2015, the Company recognized $9.6 million of pre-tax lease termination costs.

(ii) During 2012, the Company recognized a pre-tax gain of $43.0 million within operating expenses for the elimination of a deferred statutory profit sharing liability as a result of the organizational restructuring during the period.

(iii) During 2011, the Company recognized a pre-tax gain of $25.6 million within operating expenses for insurance recoveries related to 2010 hurricane damage.

(iv) During 2015, 2014, 2013, 2012 and 2011, the Company recognized pre-tax debt retirement and exchange costs of $7.6 million, $6.6 million, $119.2 million, $20.1 million and $38.7 million, respectively, related to debt restructuring activities that occurred during the periods.

(v) During the fourth quarter of 2015, the Company adopted new accounting guidance regarding the classification of debt issuance costs related to a recognized debt liability as a direct deduction from the carrying amount of that debt liability. For the years ended December 31, 2014, 2013, 2012 and 2011, the Company reclassified $14.5 million, $20.1 million, $19.1 million, and $20.5 million, respectively, from total assets to total long-term debt obligations. For the three months ended March 31, 2015, the Company reclassified $14.0 million from total assets to total long-term debt obligations.

(vi) During the fourth quarter of 2015, the Company adopted new accounting guidance regarding the presentation of deferred tax assets and liabilities as non-current in a classified balance sheet. For the years ended December 31, 2014, 2013, 2012 and 2011, the Company reclassified $100.1 million, $131.6 million, $92.1 million, and $191.4 million, respectively, from total assets to noncurrent liabilities. For the three months ended March 31, 2015, the Company reclassified $83.8 million from total assets to noncurrent liabilities.

RISK FACTORS

Before participating in the Exchange Offers, you should carefully consider the risk factors described below and in KCS's periodic reports filed with the SEC, together with all of the other information included in this prospectus and the other information that KCS has incorporated by reference. The risks described below and in the documents incorporated by reference herein are not the only ones KCS is facing. Additional risks not currently known to KCS or that KCS currently deems immaterial may also impair KCS's business. See "Cautionary Note Regarding Forward-Looking Statements." Any of the risks described below or in the documents incorporated by reference herein, as well as other risks and uncertainties, could harm KCS's business and financial results and cause the value of KCS's securities to decline, which in turn could cause you to lose all or a part of your investment.

Risks Related to the Exchange Offers and Holding the Exchange Notes

Failure to comply with restrictive covenants in KCS's Revolving Credit Facility and other contractual arrangements could accelerate KCS's repayment obligations under our debt.

The KCS Revolving Credit Facility contains a number of restrictive covenants, and any additional financing arrangements KCS enters into may contain additional restrictive covenants. These covenants restrict or prohibit many actions, including, but not limited to, the ability of KCS and certain of its subsidiaries to incur debt, create or suffer to exist liens, make investments, engage in transactions with affiliates, sell certain assets and engage in mergers and consolidations or in sale-leaseback transactions. Failure to maintain compliance with the covenants contained in these financial agreements could constitute a default which could result in the termination of the commitments and the acceleration of any amounts outstanding under such agreements.

KCS's credit ratings may not reflect all risks of your investment in the Exchange Notes.

The Exchange Notes are rated as investment grade by three nationally recognized statistical rating organizations. These credit ratings are limited in scope, and do not address all material risks relating to an investment in the Exchange Notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of such rating may be obtained from such rating agency. There can be no assurance that such credit ratings will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by the applicable rating agencies if, in such rating agency's judgment, circumstances so warrant. Agency credit ratings are not a recommendation to buy, sell or hold any security. Each agency's rating should be evaluated independently of any other agency's rating. Actual or anticipated changes or downgrades in KCS's credit ratings, including any announcement that its ratings are under further review for a downgrade, could affect the market value of the Exchange Notes and increase our corporate borrowing costs.

Holders who fail to exchange their Outstanding Notes will continue to be subject to restrictions on transfer and may have reduced liquidity after the Exchange Offers.

If you do not exchange your Outstanding Notes for Exchange Notes in the Exchange Offers, you will continue to be subject to the restrictions on transfer applicable to the Outstanding Notes. The restrictions on transfer of your Outstanding Notes arise because KCS issued the Outstanding Notes under exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the Outstanding Notes if they are registered under the Securities Act and applicable state securities laws or are offered and sold under an exemption from these requirements. After the completion of the Exchange Offers, KCS will not be under any obligation to, and does not plan to, register the Outstanding Notes under the Securities Act.

In addition, KCS has not conditioned the Exchange Offers on receipt of any minimum or maximum principal amount of Outstanding Notes. As Outstanding Notes are tendered and accepted in the Exchange Offers, the principal amount of remaining Outstanding Notes will decrease. This decrease could reduce the liquidity of

the trading market for the Outstanding Notes. Furthermore, upon completion of the applicable Exchange Offer with respect to a series of Notes as described herein, KCS may redeem Outstanding Notes of such series which are not exchanged in the applicable Exchange Offer in an amount up to 2% of the original aggregate principal amount of such series of Outstanding Notes issued at a redemption price of 100% of their principal amount plus accrued interest to but excluding the redemption date, which could further reduce the liquidity of the trading market for the Outstanding Notes. KCS cannot assure you of the liquidity, or even the continuation, of the trading market for the Outstanding Notes following the Exchange Offers.

You must comply with the Exchange Offer procedures to receive Exchange Notes.

Holders are responsible for complying with all the Exchange Offer procedures. The issuance of Exchange Notes in exchange for Outstanding Notes will only occur upon completion of the procedures described in this prospectus under "The Exchange Offers." Therefore, holders of Outstanding Notes who wish to exchange them for Exchange Notes should allow sufficient time for timely completion of the exchange procedures. Neither KCS nor the Exchange Agent is obligated to extend the Exchange Offers or notify you of any failure to follow the proper procedures or waive any defect if you fail to follow the proper procedures.

If you are a broker-dealer, your ability to transfer the Exchange Notes may be restricted.

A broker-dealer that purchased Outstanding Notes for its own account as part of market-making or trading activities must comply with the prospectus delivery requirements of the Securities Act when it resells the Exchange Notes. KCS's obligation to make this prospectus available to broker-dealers is limited, and, as a result, KCS cannot guarantee that a proper prospectus will be available to broker-dealers wishing to resell their Exchange Notes. See "Plan of Distribution."

There is no public market for the Exchange Notes, a market may not develop, and you may have to hold your Exchange Notes to maturity.

The Exchange Notes are a new issue of securities and there is no existing trading market for the Exchange Notes. Although the Dealer Managers in the offering of the Outstanding Notes have informed KCS that they intend to make a market in the Exchange Notes, they have no obligation to do so and may discontinue making a market at any time without notice. Accordingly, no assurance can be given that a liquid market will develop for the Exchange Notes, that you will be able to sell your Exchange Notes at a particular time or that the prices that you receive when you sell the Exchange Notes will be favorable.

There can be no assurance that an active trading market for the Exchange Notes will ever develop or be maintained. The liquidity of any market for the Exchange Notes and the prices at which the Exchange Notes will trade, if a trading market develops, will depend on a number of factors, including:

- the number of holders of Exchange Notes;
- KCS's operating performance and financial condition;
- KCS's ability to complete the offers to exchange the Outstanding Notes;
- the market for similar securities;
- the interest of securities dealers in making a market in the Exchange Notes; and
- prevailing interest rates.

KCS may not be able to purchase the Exchange Notes upon the occurrence of a Change of Control Repurchase Event.

Upon the occurrence of a Change of Control Repurchase Event (as defined below), KCS will be required to offer to purchase all of the Exchange Notes then outstanding at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest. If a Change of Control Repurchase Event were to occur, KCS

may not have sufficient funds to pay the purchase price for the outstanding Exchange Notes tendered, and expects that it would require third-party financing; however, KCS may not be able to obtain such financing on favorable terms, if at all. In addition, the occurrence of a Change of Control Repurchase Event may result in an event of default under, or require KCS to purchase, KCS's other existing or future senior indebtedness. Moreover, the exercise by the holders of their right to require KCS to purchase the Exchange Notes could cause a default under its existing or future senior indebtedness, even if the occurrence of a Change of Control Repurchase Event itself does not, due to the financial effect of such purchase on KCS and its subsidiaries. KCS's failure to purchase tendered Exchange Notes at a time when the purchase is required by the indentures would constitute an event of default under the indentures, which, in turn, may constitute an event of default under future debt. See "Description of Exchange Notes—Covenants—Change of Control Repurchase Event."

The provisions in the indentures that will govern the Exchange Notes relating to change of control transactions will not necessarily protect you in the event of a highly leveraged transaction.

The provisions in the indentures will not necessarily afford you protection in the event of a highly leveraged transaction that may adversely affect you, including a reorganization, restructuring, merger or other similar transaction involving KCS or its subsidiaries. These transactions may not involve a change in voting power or beneficial ownership or, even if they do, may not involve a change of the magnitude required under the definition of Change of Control Repurchase Event in the indentures to trigger these provisions. Except as described under "Description of Exchange Notes—Change of Control Repurchase Event," the indentures do not contain provisions that permit the holders of the Exchange Notes to require KCS to purchase the Exchange Notes in the event of a takeover, recapitalization or similar transaction. Finally, the provisions under the indentures relative to KCS's obligation to make an offer to purchase the Exchange Notes as a result of a Change of Control Repurchase Event may be waived or modified with the written consent of the holders of a majority in principal amount of the applicable series of Exchange Notes; accordingly, you may not be able to require the purchase of your Exchange Notes upon a Change of Control Repurchase Event even if you have not consented to the waiver of such obligation.

The Exchange Notes and the Exchange Note Guarantees will be effectively subordinated to the secured obligations of KCS and the Exchange Note Guarantors.

The Exchange Notes and the Exchange Note Guarantees will be KCS's and the Exchange Note Guarantors', respectively, unsecured obligations. KCS and the Exchange Note Guarantors may incur other debt, which may be substantial in amount, and which may in certain circumstances be secured. As of March 31, 2016, KCS and the Exchange Note Guarantors had $54.5 million of secured indebtedness and capital lease obligations. Because the Exchange Notes and the Exchange Note Guarantees will be unsecured obligations, your right of repayment may be compromised in the following situations:

- KCS or the Exchange Note Guarantors enter into bankruptcy, liquidation, reorganization, or other winding-up;
- there is a default in payment under any secured debt of KCS or an Exchange Note Guarantor; or
- there is an acceleration of any secured debt.

If any of these events occurs, the secured lenders could foreclose on assets of KCS or an Exchange Note Guarantor in which they have been granted a security interest, in each case to your exclusion, even if an event of default exists under the indentures relating to the Exchange Notes at such time. As a result, upon the occurrence of any of these events, there may not be sufficient funds to pay amounts due on the Exchange Notes.

Servicing KCS's indebtedness will require a significant amount of cash. KCS's ability to generate cash depends on a variety of factors, many of which are beyond its control.

KCS's ability to make payments on its indebtedness, including the Exchange Notes, will depend on KCS's ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial,

competitive and other factors that are beyond KCS's control. KCS's business may not be able to generate sufficient cash flow from operations and future borrowings may not be available to it in an amount sufficient to enable KCS to pay its indebtedness, including the Exchange Notes, or to fund its other liquidity needs. KCS may need to refinance all or a portion of its indebtedness on or before maturity. However, KCS may not be able to complete such refinancing on commercially reasonable terms or at all.

KCS is a holding company, and its ability to make any required payment on the Exchange Notes is dependent on the operations of, and the distribution of funds from, its subsidiaries.

The issuer of the Exchange Notes, KCS, is a holding company, and its subsidiaries will conduct substantially all of its operations and own all of its operating assets. Therefore, KCS will depend on dividends and other distributions from its subsidiaries to generate the funds necessary to meet its obligations, including its required obligations under the Exchange Notes. Moreover, each of KCS's subsidiaries is a legally distinct entity and, other than those of its subsidiaries that are the Exchange Note Guarantors, have no obligation to pay amounts due pursuant to the Exchange Notes or to make any of their funds or other assets available for these payments.

Only some of KCS's subsidiaries will guarantee the Exchange Notes. Your right to receive payments on the Exchange Notes could be adversely affected if any of KCS's subsidiaries that are not Exchange Note Guarantors declare bankruptcy, liquidate or reorganize.

Not all of KCS's subsidiaries will guarantee the Exchange Notes, and those subsidiaries may incur debt and other liabilities to the extent permitted by the indentures governing the Exchange Notes. Accordingly, the Exchange Notes will be effectively subordinated to the prior payment of debts and other liabilities (including trade payables) of KCS's subsidiaries that are not Exchange Note Guarantors. In the event of a bankruptcy, liquidation or reorganization of any of KCS's subsidiaries that are not Exchange Note Guarantors, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to KCS. As of and for the three months ended March 31, 2016, the subsidiaries of KCS that are not Exchange Note Guarantors had approximately $525.9 million of total liabilities (including trade payables and excluding intercompany payables), and approximately 49% of KCS's consolidated assets (excluding intercompany receivables and investments in consolidated subsidiaries) and generated approximately 53% and 65%, respectively, of KCS's consolidated revenues and operating income (excluding intercompany revenue and expenses).

The amount of interest payable on the 2016 Exchange Notes will be set only once per period based on the three-month LIBOR on the interest determination date, which rate may fluctuate substantially.

In the past, the level of the three-month LIBOR has experienced significant fluctuations. Any historical upward or downward trend in the three-month LIBOR is not an indication that the three-month LIBOR is more or less likely to increase or decrease at any time during a floating rate interest period, and you should not take the historical levels of the three-month LIBOR as an indication of its future performance. In addition, although the actual three-month LIBOR on an interest payment date or at other times during an interest period may be higher than the three-month LIBOR on the applicable interest determination date, you will not benefit from the three-month LIBOR at any time other than on the interest determination date for such interest period. As a result, changes in the three-month LIBOR may not result in a comparable change in the market value of the 2016 Exchange Notes.

In addition, because the interest rate on the 2016 Exchange Notes will be a floating rate, you will be exposed to risks not associated with a conventional fixed-rate debt instrument. These risks include fluctuation of the three-month LIBOR (and hence, the interest rate) and the possibility that for any given interest payment period you may receive a lesser amount of interest than for one or more other interest payment periods. We have no control over the factors that may affect market interest rates, including geopolitical conditions and economic,

financial, political, regulatory, agricultural, judicial or other events that affect the markets generally and that are important in determining the existence, magnitude, and longevity of these risks and their results. Also, the floating interest rate for the 2016 Exchange Notes may be less than the floating rate payable on a similar debt instrument of the same maturity issued by an issuer of comparable creditworthiness.

Changes to LIBOR may adversely affect holders of the 2016 Exchange Notes.

Beginning in 2008, various concerns have been raised with respect to the calculation of LIBOR across a range of maturities and currencies. A number of the British Bankers Association (the "BBA") member banks have entered into settlements with their regulators and law enforcement agencies with respect to alleged manipulation of LIBOR, and investigations were instigated by regulators and governmental authorities in various jurisdictions (including in the United States, United Kingdom, European Union, Japan and Canada). If manipulation of LIBOR or another inter-bank lending rate occurred, it may have resulted in that rate being artificially lower (or higher) than it otherwise would have been.

In September 2012, the U.K. government published the results of its review of LIBOR (commonly referred to as the "Wheatley Review"). The Wheatley Review made a number of recommendations for changes with respect to LIBOR including the introduction of statutory regulation of LIBOR, the transfer of responsibility for LIBOR from the BBA to an independent administrator, changes to the method of compilation of lending rates and new regulatory oversight and enforcement mechanisms for rate-setting. Based on the Wheatley Review, final rules for the regulation and supervision of LIBOR by the Financial Conduct Authority (the "FCA") were published and came into effect on April 2, 2013 (the "FCA Rules"). In particular, the FCA Rules include requirements that (1) an independent LIBOR administrator monitor and survey LIBOR submissions to identify breaches of practice standards and/or potentially manipulative behavior and (2) firms submitting data to LIBOR establish and maintain a clear conflicts of interest policy and appropriate systems and controls.

On September 18, 2013, the European Commission released proposals that could result in additional regulation of LIBOR and other benchmarks if adopted by the European Parliament and the member states.

It is not possible to predict the effect of the FCA Rules, any changes in the methods pursuant to which the LIBOR rates are determined and any other reforms to LIBOR that will be enacted in the U.K., the European Union and elsewhere, which may adversely affect the trading market for LIBOR-based securities. In addition, any changes announced by the FCA, the BBA or any other successor governance or oversight body, or future changes adopted by such body of the European Union, in the method pursuant to which the LIBOR rates are determined may result in a sudden or prolonged decrease or increase in the reported LIBOR rates. If that were to occur, the level of interest payments on and the trading value of the 2016 Exchange Notes may be adversely affected. Further, uncertainty as to the extent and manner in which the Wheatley Review recommendations will continue to be adopted and the European Commission proposals may be adopted and the timing of such changes may adversely affect the current trading market for LIBOR-based securities and the value of your 2016 Exchange Notes.

The indebtedness represented by the Exchange Notes and the Exchange Note Guarantees may be unenforceable due to voidable transfer statutes.

KCS believes that the indebtedness represented by the Exchange Notes and the Exchange Note Guarantees is being incurred for proper purposes, in good faith, and not to hinder, delay, or defraud any entity to which it is, or will become on or after the consummation of the Exchange Offers, indebted. Based on present forecasts, asset valuations and other financial information, KCS and the Exchange Note Guarantors are, and after the consummation of the Exchange Offers, will be, solvent and will have reasonably sufficient capital for carrying on the current and contemplated businesses of KCS and the Exchange Note Guarantors and will be able to pay debts of KCS and the Exchange Note Guarantors as they come due. Notwithstanding this belief, however, under federal or state voidable transfer laws, if a court of competent jurisdiction in a suit by an unpaid creditor or

representative of creditors (such as a trustee in bankruptcy or a debtor-in-possession) were to find that KCS or the Exchange Note Guarantors did not receive fair consideration (or reasonably equivalent value) for issuing the Exchange Notes or the Exchange Note Guarantees or for any indebtedness refinanced by the Exchange Notes and at the time of the issuance of that indebtedness or those Exchange Note Guarantees, KCS or the Exchange Note Guarantors were insolvent, were rendered insolvent by reason of that incurrence, were engaged in a business or transaction for which KCS's or the Exchange Note Guarantors' remaining assets constituted unreasonably small capital, intended to incur, or believed that KCS or the Exchange Note Guarantors would incur, debts beyond any of their ability to pay such debts as they became due, or that any of KCS or the Exchange Notes Guarantors intended to hinder, delay or defraud its creditors, then that court could, among other things, (i) void all or a portion of KCS's obligations to the holders of the Exchange Notes or the Exchange Note Guarantors' obligations under the Exchange Note Guarantees, (ii) subordinate all or a portion of the payments made to holders of the Exchange Notes (or the Exchange Note Guarantees) to KCS's (or the Exchange Note Guarantors') other existing and future indebtedness to a greater extent than would otherwise be the case, the effect of which would be to entitle those other creditors to be paid in full before any payment could be made on the Exchange Notes. The measure of insolvency for purposes of the foregoing will vary depending upon the law of the relevant jurisdiction. Generally, however, a company would be considered insolvent for purposes of the foregoing if the sum of that company's debts was greater than all of that company's assets at a fair valuation, or if the present fair saleable value of that company's assets was less than the amount that would be required to pay the probable liability on its existing debts as they become absolute and due. There can be no assurance as to what standards a court would apply to determine whether KCS or the Exchange Note Guarantors were solvent at the relevant time, or whether, whatever standard was applied, the Exchange Note Guarantees would not be voided on any of the grounds set forth above.

USE OF PROCEEDS

We will not receive any proceeds from the Exchange Offers. Any Outstanding Notes that are validly tendered and exchanged pursuant to the Exchange Offers will be retired and cancelled. Accordingly, issuance of the Exchange Notes will not result in any change in our capitalization.

RATIO OF EARNINGS TO FIXED CHARGES

The following table presents our ratio of earnings to fixed charges for the historical periods indicated.

	For the Three Months Ended March 31,	For the Year Ended December 31,				
	2016	2015	2014	2013	2012	2011
Ratio of earnings to fixed charges(1)	6.6	7.4	8.2	5.6	5.5	3.7

(1) For purposes of computing the ratio of earnings to fixed charges, "earnings" represent pretax income from continuing operations, excluding equity in earnings of affiliates, plus interest expense, portion of rents representative of an appropriate interest factor and distributed income of equity investments. "Fixed charges" consist of interest expense, capitalized interest and the portion of rents representative of an appropriate interest factor.

THE EXCHANGE OFFERS

Terms of the Exchange Offers; Period for Tendering Outstanding Notes

Subject to terms and conditions detailed in this prospectus, we will accept for exchange Outstanding Notes that are validly tendered on or prior to the Expiration Date with respect to the applicable Exchange Offer and not validly withdrawn as permitted below. The term "*Expiration Date*" means the latest time and date to which the applicable Exchange Offer is extended. This prospectus, together with the letter of transmittal, is first being sent on or about the date hereof, to all holders of Outstanding Notes known to us.

We expressly reserve the right, at any time, to extend the period of time during which any or all of the Exchange Offers are open, and delay acceptance for exchange of the applicable Outstanding Notes, by giving oral or written notice of such extension to the holders thereof as described below. During any such extension, all applicable Outstanding Notes previously tendered will remain subject to the applicable Exchange Offer and may be accepted for exchange by us. Any Outstanding Notes not accepted for exchange for any reason will be returned without expense to the tendering holder promptly after the Expiration Date or termination of the applicable Exchange Offer, as applicable.

Outstanding Notes tendered in the Exchange Offers must be in denominations of principal amount of $2,000 and integral multiples of $1,000 in excess thereof; *provided* that the untendered portion of an Outstanding Note or the portion thereof not accepted for exchange must be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof.

We expressly reserve the right to amend or terminate any or all of the Exchange Offers, and not to accept for exchange any of the applicable Outstanding Notes, upon the occurrence of any of the conditions of the Exchange Offers specified in the section entitled "Summary Description of the Exchange Offers—Conditions to the Exchange Offers"; *provided*, *however*, that if we amend an Exchange Offer to make a material change, including the waiver of a material condition, we will extend the applicable Exchange Offer, if necessary, to keep such Exchange Offer open for at least five business days after such amendment or waiver is published, sent or given to the holders of the Outstanding Notes. We will give oral or written notice of any extension, amendment, non-acceptance or termination to the holders of the Outstanding Notes as promptly as practicable. Such notice, in the case of any extension, will be issued by means of a press release or other public announcement no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date for such offer.

Procedures for Tendering Outstanding Notes

The tender to us of Outstanding Notes by you as set forth below and our acceptance of the Outstanding Notes will constitute a binding agreement between us and you upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal. Except as set forth below, to tender Outstanding Notes for exchange pursuant to the Exchange Offers, you must transmit a properly completed and duly executed letter of transmittal, including all other documents required by such letter of transmittal or, in the case of a book-entry transfer, an Agent's Message in lieu of such letter of transmittal, to the Exchange Agent at the address set forth in the section entitled "—Exchange Agent" on or prior to the Expiration Date. In addition, either:

- certificates for such Outstanding Notes must be received by the Exchange Agent along with the letter of transmittal; or
- a timely confirmation of a book-entry transfer (a "Book-Entry Confirmation") of such Outstanding Notes, if such procedure is available, into the Exchange Agent's account at DTC pursuant to the procedure for book-entry transfer must be received by the Exchange Agent, prior to the Expiration Date, with the letter of transmittal or an Agent's Message in lieu of such letter of transmittal.

The term "Agent's Message" means a message, transmitted by DTC to and received by the Exchange Agent and forming a part of a Book-Entry Confirmation, which states that DTC has received an express acknowledgment from the tendering participant stating that such participant has received and agrees to be bound by the letter of transmittal and that we may enforce such letter of transmittal against such participant.

The method of delivery of Outstanding Notes, letters of transmittal and all other required documents is at your election and risk. If such delivery is by mail, it is recommended that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. No letter of transmittal or Outstanding Notes should be sent to us.

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the Outstanding Notes surrendered for exchange are tendered:

- by a holder of the Outstanding Notes who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or
- for the account of an Eligible Institution (as defined below).

In the event that signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, such guarantees must be by a firm which is a member of the Securities Transfer Agent Medallion Program, the Stock Exchanges Medallion Program or the New York Stock Exchange Medallion Program (each such entity being hereinafter referred to as an "Eligible Institution"). If Outstanding Notes are registered in the name of a person other than the signer of the letter of transmittal, the Outstanding Notes surrendered for exchange must be endorsed by, or be accompanied by a written instrument or instruments of transfer or exchange, in satisfactory form as we determine in our sole discretion, duly executed by the registered holders with the signature thereon guaranteed by an Eligible Institution.

We, in our sole discretion, will make a final and binding determination on all questions as to the validity, form, eligibility (including time of receipt) and acceptance of Outstanding Notes tendered for exchange. We reserve the absolute right to reject any and all tenders of any particular Outstanding Note not validly tendered or to not accept any particular Outstanding Note which acceptance might, in our judgment or our counsel's, be unlawful. We also reserve the absolute right to waive any defects or irregularities or conditions of the Exchange Offers as to any particular Outstanding Note either before or after the Expiration Date (including the right to waive the ineligibility of any holder who seeks to tender Outstanding Notes in the Exchange Offers). Our interpretation of the term and conditions of the Exchange Offers as to any particular Outstanding Note either before or after the Expiration Date (including the letter of transmittal and the instructions thereto) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Outstanding Notes for exchange must be cured within such time as we shall determine. We are not, nor is the Exchange Agent or any other person, under any duty to notify you of any defect or irregularity with respect to your tender of Outstanding Notes for exchange, and no one will be liable for failing to provide such notification.

If the letter of transmittal is signed by a person or persons other than the registered holder or holders of Outstanding Notes, such Outstanding Notes must be endorsed or accompanied by powers of attorney signed exactly as the name(s) of the registered holder(s) that appear on the Outstanding Notes.

If the letter of transmittal or any Outstanding Notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing. Unless waived by us or the Exchange Agent, proper evidence satisfactory to us of their authority to so act must be submitted with the letter of transmittal.

By tendering Outstanding Notes, you represent to us that, among other things, the Exchange Notes acquired pursuant to the Exchange Offers are being obtained in the ordinary course of business of the person receiving such Exchange Notes, whether or not such person is the holder and that neither the holder nor such other person

has any arrangement or understanding with any person, to participate in the distribution of the Exchange Notes. In the case of a holder that is not a broker-dealer, that holder, by tendering, will also represent to us that the holder is not engaged in, and does not intend to engage in, a distribution of the Exchange Notes.

However, any purchaser of Outstanding Notes who is our affiliate, who intends to participate in the Exchange Offers for the purpose of distributing the Exchange Notes or a broker-dealer that acquired Outstanding Notes in a transaction other than as part of its trading or market-making activities and who has arranged or has an understanding with any person to participate in the distribution of the Outstanding Notes:

- cannot rely on the applicable interpretations of the staff of the SEC; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each broker-dealer that receives Exchange Notes for its own account in exchange for Outstanding Notes, where such Outstanding Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. See "Plan of Distribution." The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

Acceptance of Outstanding Notes for Exchange; Delivery of Exchange Notes

Upon satisfaction or waiver of all of the conditions to the Exchange Offers, we will accept, promptly after the Expiration Date, all Outstanding Notes validly tendered and will issue the Exchange Notes promptly after the Expiration Date. See "Summary Description of the Exchange Offers—Conditions to the Exchange Offers." For purposes of the Exchange Offers, we will be deemed to have accepted validly tendered Outstanding Notes for exchange if and when we give oral (confirmed in writing) or written notice to the Exchange Agent.

The holder of each Outstanding Note accepted for exchange will receive an Exchange Note in the amount equal to the surrendered Outstanding Note. Holders of Exchange Notes will receive interest accruing from the most recent date to which interest has been paid on the Outstanding Notes, unless the record date for the first interest payment date after the consummation of the Exchange Offers preceded such date of consummation, in which case the interest payable on such interest payment date will be paid to the holders of the Outstanding Notes.

In all cases, issuance of Exchange Notes for Outstanding Notes that are accepted for exchange will be made only after timely receipt by the Exchange Agent of:

- certificates for Outstanding Notes or a timely Book-Entry Confirmation of such Outstanding Notes into the Exchange Agent's account at DTC;
- a properly completed and duly executed letter of transmittal or an Agent's Message in lieu thereof; and
- all other required documents.

If any tendered Outstanding Notes are not accepted for any reason set forth in the terms and conditions of the Exchange Offers or if Outstanding Notes are submitted for a greater principal amount than the holder desires to exchange, such unaccepted or non-exchanged Outstanding Notes will be returned without expense to the tendering holder (or, in the case of Outstanding Notes tendered by book-entry transfer into the Exchange Agent's account at DTC pursuant to the book-entry procedures described below, such non-exchanged Outstanding Notes will be credited to an account maintained with DTC promptly after the Expiration Date or termination of the applicable Exchange Offer) promptly after the Expiration Date or termination of the applicable Exchange Offer, as applicable.

Book-Entry Transfers

For purposes of the Exchange Offers, the Exchange Agent will request that an account be established with respect to the Outstanding Notes at DTC within two business days after the date of this prospectus, unless the Exchange Agent has already established an account with DTC suitable for the Exchange Offers. Any financial institution that is a participant in DTC may make book-entry delivery of Outstanding Notes by causing DTC to transfer such Outstanding Notes into the Exchange Agent's account at DTC in accordance with DTC's procedures for transfer. Although delivery of Outstanding Notes may be effected through book-entry transfer at DTC, the letter of transmittal or facsimile thereof or an Agent's Message in lieu thereof, with any required signature guarantees and any other required documents, must, in any case, be transmitted to and received by the Exchange Agent at the address set forth in the section entitled "—Exchange Agent" on or prior to the Expiration Date.

Withdrawal Rights

You may validly withdraw your tender of Outstanding Notes at any time prior to the Expiration Date. To be effective, a written notice of withdrawal must be received by the Exchange Agent at one of the addresses set forth in the section entitled "—Exchange Agent." This notice must specify:

- the name of the person having tendered the Outstanding Notes to be withdrawn;
- the Outstanding Notes to be withdrawn (including the principal amount of such Outstanding Notes); and
- where certificates for Outstanding Notes have been transmitted, the name in which such Outstanding Notes are registered, if different from that of the withdrawing holder.

If certificates for Outstanding Notes have been delivered or otherwise identified to the Exchange Agent, then, prior to the release of such certificates, the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an Eligible Institution, unless such holder is an Eligible Institution. If Outstanding Notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn Outstanding Notes and otherwise comply with the procedures of DTC.

We, in our sole discretion, will make a final and binding determination on all questions as to the validity, form and eligibility (including time of receipt) of such notices. Any Outstanding Notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Exchange Offers. Any Outstanding Notes tendered for exchange but not exchanged for any reason will be returned to the holder without cost to such holder promptly after the Expiration Date (or, in the case of Outstanding Notes tendered by book-entry transfer into the Exchange Agent's account at DTC pursuant to the book-entry transfer procedures described above, such Outstanding Notes will be credited to an account maintained with DTC for the Outstanding Notes as soon as practicable after withdrawal, rejection of tender or termination of the applicable Exchange Offer) or termination of the applicable Exchange Offer, as applicable. Properly withdrawn Outstanding Notes may be retendered by following one of the procedures described in the section entitled "—Procedures for Tendering Outstanding Notes" above at any time on or prior to the Expiration Date.

Exchange Agent

U.S. Bank National Association will be appointed Exchange Agent for the Exchange Offers. Questions and requests for assistance and requests for additional copies of this prospectus or the letter of transmittal should be addressed to the Exchange Agent as follows:

By Hand Delivery, Registered Mail or Overnight Carrier
U.S. Bank National Association
Attn: Specialized Finance
111 Fillmore Avenue
St. Paul, MN 55107-1402

Facsimile Transmission:
(651) 466-7367
Confirm by Telephone:
(800) 934-6802

For Information With Respect to the Exchange Offers, Call:

the Exchange Agent at (800) 934-6802 or go to
www.usbank.com/corp_trust/bondholder_contact.html

DELIVERY OF THE LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF SUCH LETTER OF TRANSMITTAL VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY OF THE LETTER OF TRANSMITTAL.

Fees and Expenses

We will pay the Exchange Agent customary fees for its services, reimburse the Exchange Agent for its reasonable out-of-pocket expenses incurred in connection with the provision of these services and pay other registration expenses, including fees and expenses of the trustee under the indenture relating to the Exchange Notes, filing fees, blue sky fees and printing and distribution expenses. We will not make any payment to brokers, dealers or others soliciting acceptances of the Exchange Offers.

Additional solicitation may be made by telephone, facsimile or in person by our and our affiliates' officers and regular employees.

Accounting Treatment

We will record the Exchange Notes at the same carrying value as the Outstanding Notes, as reflected in our accounting records on the date of the exchange. Accordingly, we will not recognize any gain or loss for accounting purposes. The expenses of the Exchange Offers will be expensed as incurred.

Consequences of Exchanging or Failing to Exchange Outstanding Notes

Upon completion of the Exchange Offers, with respect to each series of Exchange Notes to be issued in the applicable Exchange Offer, KCS may redeem any related Outstanding Notes that are not exchanged in the applicable Exchange Offer in an amount up to 2% of the original aggregate principal amount of such Outstanding Notes at a redemption price of 100% of their principal amount plus accrued interest to but not including the redemption date. If you do not exchange your Outstanding Notes for Exchange Notes in the Exchange Offers, and your Outstanding Notes are not redeemed by us as described in the preceding sentence, your Outstanding

Notes will continue to be subject to the provisions of the indentures relating to the Exchange Notes regarding transfer and exchange of the Outstanding Notes. These transfer restrictions are required because the Outstanding Notes were issued under an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, the Outstanding Notes may not be offered or sold unless registered under the Securities Act, except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not plan to register the Outstanding Notes under the Securities Act. Based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties, we believe that the Exchange Notes you receive in the Exchange Offers may be offered for resale, resold or otherwise transferred without compliance with the registration and prospectus delivery provisions of the Securities Act. However, you will not be able to freely transfer the Exchange Notes if:

- you are our "affiliate," as defined in Rule 405 under the Securities Act;
- you are not acquiring the Exchange Notes in the Exchange Offers in the ordinary course of your business; or
- you have an arrangement or understanding with any person to participate in the "distribution," as defined in the Securities Act, of the Exchange Notes you will receive in the Exchange Offers.

We do not intend to request the SEC to consider, and the SEC has not considered, the Exchange Offers in the context of a similar no-action letter. As a result, we cannot guarantee that the staff of the SEC would make a similar determination with respect to the Exchange Offers as in the circumstances described in the no-action letters discussed above. Each holder, other than a broker-dealer, must acknowledge that it is not engaged in, and does not intend to engage in, a distribution of Exchange Notes and has no arrangement or understanding to participate in a distribution of Exchange Notes. If you are our affiliate, are engaged in or intend to engage in a distribution of the Exchange Notes or have any arrangement or understanding with respect to the distribution of the Exchange Notes you will receive in the Exchange Offers, you may not rely on the applicable interpretations of the staff of the SEC and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction involving the Exchange Notes. If you are a participating broker-dealer, you must acknowledge that you will deliver a prospectus in connection with any resale of the Exchange Notes. In addition, to comply with state securities laws, you may not offer or sell the Exchange Notes in any state unless they have been registered or qualified for sale in that state or an exemption from registration or qualification is available and is complied with. The offer and sale of the Exchange Notes to "qualified institutional buyers" (as defined in Rule 144A of the Securities Act) is generally exempt from registration or qualification under state securities laws. We do not plan to register or qualify the sale of the Exchange Notes in any state where an exemption from registration or qualification is required and not available.

DESCRIPTION OF EXCHANGE NOTES

We issued the Outstanding Notes and will issue the Exchange Notes (collectively, the "Notes") under a base indenture, dated as of December 9, 2015 (the "Base Indenture") among KCS, as issuer, KCSR and certain of its subsidiaries, as guarantors, and U.S. Bank National Association, as trustee, as supplemented by a separate supplemental indenture with respect to each series of Notes (each, a "Supplemental Indenture"). In this description, unless otherwise specified, the word "Indenture" shall be deemed to refer to the Base Indenture, as supplemented by the applicable Supplemental Indenture.

The following description is a summary of certain provisions of the Indenture, does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the Indenture, including those provisions made a part of the Indenture by reference to the Trust Indenture Act of 1939, as amended. KCS and the Note Guarantors urge you to read the Indenture because it, and not this description, defines your rights as a holder of the applicable Exchange Notes.

You can find the definitions of certain capitalized terms used in the following description under the subheading "—Certain Definitions." Defined terms used but not defined in this description under the subheading "—Certain Definitions" have the meanings assigned to them in the Indenture. In this description, references to "KCS" refer only to Kansas City Southern and not any of its subsidiaries.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

The terms of the Exchange Notes are substantially identical to the terms of the Outstanding Notes, except with respect to transfer restrictions, registration rights and additional interest.

Principal, Maturity and Interest

In this offering, KCS will issue:

(1) up to $244,820,000 in aggregate principal amount of Floating Rate Senior Notes due 2016 (the "2016 Exchange Notes"). The 2016 Exchange Notes will bear interest at a floating rate per annum equal to the three-month U.S. dollar London Interbank Offered Rate ("LIBOR"), determined as described below, plus 70 basis points (0.70%) (the "Spread"), and will mature on October 28, 2016. Interest on the 2016 Exchange Notes will be payable on July 28, 2016 and October 28, 2016 (each a "2016 Notes Interest Payment Date"). Interest will be payable to the holders of record of the 2016 Exchange Notes at the close of business on the fifteenth calendar day prior to each 2016 Notes Interest Payment Date, whether or not such day is a Business Day;

(2) up to $257,346,000 in aggregate principal amount of 2.35% Senior Notes due 2020 (the "2020 Exchange Notes"). The 2020 Exchange Notes will bear interest at 2.35% per annum, and will mature on May 15, 2020. Interest on the 2020 Exchange Notes will be payable semiannually on May 15 and November 15 of each year, commencing on November 15, 2016, to the holders of record at the close of business on the immediately preceding May 1 and November 1;

(3) up to $439,123,000 in aggregate principal amount of 3.00% Senior Notes due 2023 (the "3.00% 2023 Exchange Notes"). The 3.00% 2023 Exchange Notes will bear interest at 3.00% per annum, and will mature on May 15, 2023. Interest on the 3.00% 2023 Exchange Notes will be payable semiannually on May 15 and November 15 of each year, commencing on November 15, 2016, to the holders of record at the close of business on the immediately preceding May 1 and November 1;

(4) up to $199,224,000 in aggregate principal amount of 3.85% Senior Notes due 2023 (the "3.85% 2023 Exchange Notes"). The 3.85% 2023 Exchange Notes will bear interest at 3.85% per annum, and will mature on November 15, 2023. Interest on the 3.85% 2023 Exchange Notes will be payable

semiannually on May 15 and November 15 of each year, commencing on November 15, 2016, to the holders of record at the close of business on the immediately preceding May 1 and November 1;

(5) up to $448,651,000 in aggregate principal amount of 4.30% Senior Notes due 2043 (the "2043 Exchange Notes"). The 2043 Exchange Notes will bear interest at 4.30% per annum, and will mature on May 15, 2043. Interest on the 2043 Exchange Notes will be payable semiannually on May 15 and November 15 of each year, commencing on November 15, 2016, to the holders of record at the close of business on the immediately preceding May 1 and November 1; and

(6) up to $499,165,000 in aggregate principal amount of 4.95% Senior Notes due 2045 (the "2045 Exchange Notes"). The 2045 Exchange Notes will bear interest at 4.95% per annum, and will mature on August 15, 2045. Interest on the 2045 Exchange Notes will be payable semiannually on February 15 and August 15 of each year, commencing on August 15, 2016, to the holders of record at the close of business on the immediately preceding February 1 and August 1.

Interest on the Exchange Notes, other than the 2016 Exchange Notes, will be computed on the basis of a 360-day year comprising twelve 30-day months. Interest on the 2016 Exchange Notes will be computed on the basis of actual number of calendar days in the calculation period divided by 360. Interest on the Exchange Notes of a series will accrue from the most recent date on which interest has been paid on the corresponding series of Outstanding Notes or, if no interest has been paid, from and including the date of issuance of the corresponding series of Outstanding Notes.

KCS may, without the consent of the holders, issue additional Notes of any series ("Additional Notes") having the same terms as the Notes of such series, except for the public offering price and the issue date and, if applicable, the initial interest accrual date and the initial interest payment date. Any Additional Notes, together with the Notes of the same series, will constitute a single series of Notes and will vote together as one class on all matters with respect to such Notes; *provided*, *however*, that any Additional Notes that are not fungible with existing Notes of the same series for U.S. federal income tax purposes will have a separate CUSIP, ISIN and other identifying number from such existing Notes. Unless the context otherwise requires, for all purposes of the Indenture and this "Description of Exchange Notes," references to the Notes of a series include any Additional Notes of the same series actually issued.

Interest Rate for the 2016 Exchange Notes

The interest rate for the first 2016 Notes Interest Period (which ends on July 28, 2016) will be 1.33435%, which is the interest rate on the Outstanding 2016 Notes for the interest period ending on such date. The interest rate for the 2016 Notes Interest Period after the first 2016 Notes Interest Period will be the three-month U.S. dollar LIBOR, as determined on the applicable 2016 Notes Interest Determination Date, plus the Spread. The interest rate for the 2016 Exchange Notes will be reset quarterly on the 2016 Notes Interest Reset Date.

The calculation agent will determine the three-month U.S. dollar LIBOR in accordance with the following provisions: with respect to any 2016 Notes Interest Determination Date, the three-month U.S. dollar LIBOR will be the rate (expressed as a percentage per annum) for deposits in U.S. dollars having a maturity of three months that appears on the designated LIBOR page (as described below) as of 11:00 a.m., London time, on such 2016 Notes Interest Determination Date. If the three-month U.S. dollar LIBOR does not appear on the designated LIBOR page, the three-month U.S. dollar LIBOR, in respect of such 2016 Notes Interest Determination Date, will be determined as follows: the calculation agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected by the calculation agent (after consultation with KCS), to provide the calculation agent with its offered quotation for deposits in U.S. dollars for the period of three months commencing on the applicable 2016 Notes Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that 2016 Notes Interest Determination Date and in a principal amount of not less than $1,000,000 for a single transaction in U.S. dollars in such market at such time. If at least two quotations are provided, then the three-month U.S. dollar LIBOR on such 2016 Notes

Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two such quotations are provided, then the three-month U.S. dollar LIBOR on such 2016 Notes Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on such 2016 Notes Interest Determination Date by three major banks in New York City selected by the calculation agent (after consultation with KCS) for loans in U.S. dollars to leading European banks, having a three-month maturity and in a principal amount of not less than $1,000,000 for a single transaction in U.S. dollars in such market at such time; *provided*, *however*, that if the banks selected by the calculation agent are not providing quotations in the manner described by this sentence, the three-month U.S. dollar LIBOR determined as of such 2016 Notes Interest Determination Date will be the three-month U.S. dollar LIBOR in effect with respect to the 2016 Exchange Notes prior to such 2016 Notes Interest Determination Date.

The designated LIBOR page shall be: (1) the Reuters screen "LIBOR01" or such other page as may replace the Reuters screen "LIBOR01" on that service or (2) if, on any 2016 Notes Interest Determination Date, the three-month U.S. dollar LIBOR does not appear or is not available on such date on the designated Reuters screen described in clause (1) above, the designated LIBOR page shall be Bloomberg L.P. page "BBAM" or such other page as may replace Bloomberg L.P. page "BBAM" on that service. All percentages resulting from any calculation of any interest rate for the 2016 Exchange Notes will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 3.876545% (or .03876545) would be rounded to 3.87655% (or .0387655)), and all U.S. dollar amounts will be rounded to the nearest cent, with one-half cent being rounded upward. Each calculation of the interest rate on the 2016 Exchange Notes by the calculation agent will (in the absence of manifest error) be final and binding on the holders of the 2016 Exchange Notes and KCS.

U.S. Bank National Association will act as calculation agent for the 2016 Exchange Notes.

Note Guarantees

The Exchange Notes will be unconditionally Guaranteed, jointly and severally, on an unsecured senior basis, by each of KCS's current and future Domestic Subsidiaries that from time to time Guarantees the Credit Agreement or any other Debt of KCS or any of KCS's Significant Subsidiaries that is a Guarantor. The obligations of each Guarantor under its Note Guarantee will be limited as necessary to prevent that Note Guarantee from constituting a fraudulent conveyance under applicable law. See "Risk Factors—Risks Related to the Exchange Offers and Holding the Exchange Notes—The indebtedness represented by the Exchange Notes and the Note Guarantees may be unenforceable due to voidable transfer statutes." For the avoidance of doubt, KCSM and any other foreign Subsidiaries of KCS will not Guarantee the Exchange Notes.

The Note Guarantee of a Guarantor will be released:

(1) in connection with any sale, disposition or transfer of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) KCS or a Guarantor;

(2) in connection with any sale, disposition or transfer of all of the Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) KCS or a Guarantor;

(3) upon the release or discharge of such Guarantors' Guarantee of the Credit Agreement or under the Debt that triggered such Guarantor's Note Guarantee;

(4) upon the liquidation or dissolution of such Guarantor; *provided* that no Default or Event of Default shall occur as a result thereof or has occurred and is continuing; or

(5) upon defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge."

Ranking

The Exchange Notes will be KCS's general unsecured senior obligations and will rank equally in right of payment with all existing and future senior indebtedness of KCS and senior in right of payment to all of KCS's future subordinated indebtedness. The Exchange Notes will be effectively subordinated to KCS's secured indebtedness, if any, to the extent of the value of the assets securing such indebtedness and will be structurally subordinated to all liabilities of any of KCS's subsidiaries that are not Guarantors.

Each Note Guarantee will be a general unsecured senior obligation of that Guarantor, will rank equally in right of payment with all existing and future senior indebtedness of that Guarantor and senior in right of payment to any future subordinated indebtedness of that Guarantor. Each Note Guarantee will be effectively subordinated to any existing and future secured indebtedness of that Guarantor to the extent of the value of any collateral securing such indebtedness.

As of March 31, 2016, KCS and its subsidiaries had (a) $746.0 million of availability under the KCS Revolving Credit Facility and (b) total indebtedness of $2,368.6 million, consisting of (i) $2,171.6 million of senior indebtedness of KCS and the Guarantors, of which $54.5 million was secured indebtedness and (ii) $197.0 million of senior indebtedness of subsidiaries of KCS that are not Guarantors, and such subsidiaries had approximately 49% of KCS's consolidated assets (excluding intercompany receivables and investments in consolidated subsidiaries). Moreover, such subsidiaries represented approximately 53% of KCS's consolidated revenues for each of the fiscal year ended December 31, 2015 and the three months ended March 31, 2016. In addition, on May 16, 2016, KCS issued $250.0 million in aggregate principal amount of 3.125% Senior Notes due 2026.

Payments on the Exchange Notes

Principal of, premium, if any, and interest on the Exchange Notes will be payable, and the Exchange Notes may be exchanged or transferred, at the office of the applicable paying agent in The City of New York; provided that, at KCS's option, payment of interest may be made by check mailed to the holders at their addresses as they appear in the applicable Exchange Notes register.

Optional Redemption

General

2016 Exchange Notes

Other than as provided under the caption "—Following the Exchange Offers," KCS may not redeem the 2016 Exchange Notes prior to maturity.

2020 Exchange Notes

Prior to April 15, 2020 (the date that is one month prior to the maturity date), the 2020 Exchange Notes will be redeemable in whole or in part at any time and from time to time, at KCS's option, at a redemption price equal to the greater of (i) 100% of the principal amount of the 2020 Exchange Notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 2020 Exchange Notes to be redeemed (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the then-current Treasury Rate, plus 20 basis points, plus accrued interest to but excluding the redemption date.

On or after April 15, 2020 (the date that is one month prior to the maturity date), the 2020 Exchange Notes will be redeemable in whole or in part at any time and from time to time, at KCS's option, at a redemption price

equal to 100% of the principal amount of the 2020 Exchange Notes to be redeemed plus accrued interest to but excluding the redemption date.

3.00% 2023 Exchange Notes

Prior to February 15, 2023 (the date that is three months prior to the maturity date), the 3.00% 2023 Exchange Notes will be redeemable in whole or in part at any time and from time to time, at KCS's option, at a redemption price equal to the greater of (i) 100% of the principal amount of the 3.00% 2023 Exchange Notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 3.00% 2023 Exchange Notes to be redeemed (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the then-current Treasury Rate, plus 20 basis points, plus accrued interest to but excluding the redemption date.

On or after February 15, 2023 (the date that is three months prior to the maturity date), the 3.00% 2023 Exchange Notes will be redeemable in whole or in part at any time and from time to time, at KCS's option, at a redemption price equal to 100% of the principal amount of the 3.00% 2023 Exchange Notes to be redeemed plus accrued interest to but excluding the redemption date.

3.85% 2023 Exchange Notes

Prior to August 15, 2023 (the date that is three months prior to the maturity date), the 3.85% 2023 Exchange Notes will be redeemable in whole or in part at any time and from time to time, at KCS's option, at a redemption price equal to the greater of (i) 100% of the principal amount of the 3.85% 2023 Exchange Notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 3.85% 2023 Exchange Notes to be redeemed (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the then-current Treasury Rate, plus 20 basis points, plus accrued interest to but excluding the redemption date.

On or after August 15, 2023 (the date that is three months prior to the maturity date), the 3.85% 2023 Exchange Notes will be redeemable in whole or in part at any time and from time to time, at KCS's option, at a redemption price equal to 100% of the principal amount of 3.85% 2023 Exchange Notes to be redeemed plus accrued interest to but excluding the redemption date.

2043 Exchange Notes

Prior to November 15, 2042 (the date that is six months prior to the maturity date), the 2043 Exchange Notes will be redeemable in whole or in part at any time and from time to time, at KCS's option, at a redemption price equal to the greater of (i) 100% of the principal amount of the 2043 Exchange Notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 2043 Exchange Notes to be redeemed (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at then-current Treasury Rate, plus 25 basis points, plus accrued interest to but excluding the redemption date.

On or after November 15, 2042 (the date that is six months prior to the maturity date), the 2043 Exchange Notes will be redeemable in whole or in part at any time and from time to time, at KCS's option, at a redemption price equal to 100% of the principal amount of the 2043 Exchange Notes to be redeemed plus accrued interest to but excluding the redemption date.

2045 Exchange Notes

Prior to February 15, 2045 (the date that is six months prior to the maturity date), the 2045 Exchange Notes will be redeemable in whole or in part at any time and from time to time, at KCS's option, at a redemption price

equal to the greater of (i) 100% of the principal amount of the 2045 Exchange Notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 2045 Exchange Notes to be redeemed (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the then-current Treasury Rate, plus 30 basis points, plus accrued interest to but excluding the redemption date.

On or after February 15, 2045 (the date that is six months prior to the maturity date), the 2045 Exchange Notes will be redeemable in whole or in part at any time and from time to time, at KCS's option, at a redemption price equal to 100% of the principal amount of the 2045 Exchange Notes to be redeemed plus accrued interest to but excluding the redemption date.

Following the Exchange Offers

Upon completion of the Exchange Offers, with respect to each series of Exchange Notes to be issued in the applicable Exchange Offer, KCS may redeem any related Outstanding Notes that are not exchanged in the applicable Exchange Offer in an amount up to 2% of the original aggregate principal amount of such Outstanding Notes at a redemption price of 100% of their principal amount plus accrued interest to but not including the redemption date.

Selection and Notice

In the case of any partial redemption, selection of the Exchange Notes of a particular series for redemption will be made by the trustee in compliance with the requirements of the principal national securities exchange, if any, on which such Exchange Notes are listed or, if such Exchange Notes are not listed on a national securities exchange, pro rata, by lot or by such other method as the trustee in its sole discretion shall deem to be fair and appropriate; provided that no Note of $2,000 in principal amount or less shall be redeemed in part.

Notice of the redemption will be mailed to holders of the Exchange Notes to be redeemed by first-class mail at least 30 and not more than 60 days prior to the redemption date, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of Exchange Notes or a satisfaction and discharge of an Indenture and redemption notices may be mailed not less than three days prior to a redemption date if the notice is issued with respect to Outstanding Notes to be redeemed as set forth under "—Optional Redemption—Following the Exchange Offers." Notices of redemption may not be conditional.

If any Exchange Note is to be redeemed in part only, the notice of redemption relating to such Exchange Note shall state the portion of the principal amount at maturity thereof to be redeemed. An Exchange Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Exchange Note. On and after the redemption date, interest will cease to accrue on the Exchange Notes to be redeemed if KCS has deposited with the applicable paying agent funds in satisfaction of the redemption price.

Covenants

Limitation on Secured Indebtedness and Indebtedness of Non-Guarantor Subsidiaries

If KCS or any of KCS's Significant Subsidiaries that is a Guarantor creates or permits any lien of any kind upon (1) any stock, whether owned on the Closing Date or thereafter acquired, of any of KCS's Significant Subsidiaries that is a Guarantor or (2) any indebtedness, whether owned on the Closing Date or thereafter acquired, of KCS or any of KCS's Significant Subsidiaries that is a Guarantor, in each case, to secure any Debt (other than, with respect to a series of Notes, the Notes of such series) of KCS, any of KCS's Subsidiaries or any other person, KCS will cause the outstanding Notes of such series to be secured equally and ratably with that

Debt, unless the aggregate principal amount of all such secured Debt then outstanding (together with any Debt outstanding under clauses (1), (3), (4) and (5) of the following paragraph) would not exceed 10.0% of KCS's Consolidated Net Assets. This provision does not restrict any other property of KCS or its Subsidiaries. Subject to the following paragraph, the Indenture will not prohibit the sale by KCS or any of its Subsidiaries of any stock or indebtedness of any Subsidiary, including any Significant Subsidiary.

In addition, KCS shall not permit any Subsidiary of KCS that is not a Guarantor to incur any Debt, except (1) Debt with a final maturity of not more than 365 days, (2) intercompany Debt owed to KCS or any of its Subsidiaries, (3) Debt of any joint venture to which KCS or any of its Subsidiaries is a party, (4) any Existing KCSM Notes and any Secured Debt of any Subsidiary of KCS that is not a Guarantor, in each case, outstanding on the Closing Date and (5) Debt not otherwise permitted by this paragraph in an aggregate principal amount, at any one time outstanding, not to exceed $150.0 million less the aggregate principal amount of any Existing KCSM Notes outstanding at the time of such incurrence (but not less than $0); provided that the limitations set forth in this paragraph shall not apply to Meridian Speedway, LLC.

Change of Control Repurchase Event

If a Change of Control Repurchase Event occurs with respect to a series of Notes, KCS will be required to make an offer to each holder of such Notes to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of that holder's Notes of such series at a repurchase price in cash equal to 101% of the aggregate principal amount of such Notes repurchased plus accrued interest, if any, to, but excluding, the date of repurchase. Within 30 days following a Change of Control Repurchase Event with respect to a series of Notes or, at KCS's option, prior to a Change of Control, but after the public announcement of the Change of Control, KCS will mail a notice to each holder of the Notes of such series, with a copy to the trustee, describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase such Notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on a Change of Control Repurchase Event occurring with respect to that series of Notes on or prior to the payment date specified in the notice. KCS will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of such Notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of a series of Notes, KCS will comply with the applicable securities laws and regulations and will not be deemed to have breached KCS's obligations under the Change of Control Repurchase Event provisions of such Notes by virtue of such conflict.

On the repurchase date following a Change of Control Repurchase Event with respect to a series of Notes, KCS will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes of such series properly tendered pursuant to KCS's offer;

(2) deposit with the applicable paying agent an amount equal to the aggregate purchase price in respect of all Notes or portions of Notes of such series properly tendered; and

(3) deliver or cause to be delivered to the trustee the Notes of such series properly accepted, together with an officers' certificate stating the aggregate principal amount of such Notes being purchased by KCS.

The applicable paying agent will promptly mail to each holder of such Notes that are properly tendered the purchase price for such Notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note of the same series equal in principal amount to any unpurchased portion of any such Notes surrendered; *provided* that each new Note will be in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

KCS will not be required to make an offer to repurchase the Notes of a series upon a Change of Control Repurchase Event with respect to such series if (1) a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by KCS and such third party purchases all Notes of such series properly tendered and not withdrawn under its offer or (2) notice of redemption for all outstanding Notes of such series has been given pursuant to the applicable Indenture as described above under the caption "—Optional Redemption."

The Change of Control Repurchase Event feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of KCS and, thus, the removal of incumbent management. KCS could, in the future, enter into certain transactions, including asset sales, acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control Repurchase Event under the Notes, but that could increase the amount of indebtedness outstanding at such time or otherwise affect KCS's capital structure or credit ratings on the Notes.

Additional Guarantors

KCS shall cause each Domestic Subsidiary that Guarantees the Credit Agreement or any other Debt of KCS or any of KCS's Significant Subsidiaries that is a Guarantor to become a Guarantor and execute a supplemental indenture and deliver an opinion of counsel satisfactory to the trustee within 30 days of becoming a guarantor of such Debt; *provided* that, for avoidance of doubt, none of KCSM or any other foreign Subsidiary of KCS shall be required to become a Guarantor.

Reports

Whether or not KCS is required to file reports with the SEC, KCS shall file with the SEC all such reports and other information when and as KCS would be required to file with the SEC by Sections 13(a) or 15(d) under the Exchange Act if KCS were subject thereto, unless the SEC does not permit such filings, in which case KCS shall provide such reports and other information to the trustee (within the same time periods that would be applicable if KCS were required and permitted to file reports with the SEC) and instruct the trustee to mail such reports and other information to holders of the Notes at their addresses set forth on the applicable Notes register. KCS shall supply the trustee and each holder of Notes of a series or shall supply to the trustee for forwarding to each such holder, without cost to such holder, copies of such reports and other information. Notwithstanding the foregoing sentence, the trustee and each holder of Notes of a series shall be deemed to have been supplied the foregoing reports and other information at the time the trustee or such holder may electronically access such reports and other information by means of the SEC's homepage on the internet or at KCS's homepage on the internet.

Furthermore, KCS agrees that, for so long as any Notes remain outstanding, it will furnish to the holders of Notes, beneficial owners of the Notes, *bona fide* prospective investors, securities analysts and market makers, upon their request, the reports described above and any other information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Merger, Consolidation and Sale of Assets

Neither KCS nor any Guarantor will consolidate with, merge with or into, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its property and assets (as an entirety or substantially as an entirety in one transaction or a series of related transactions) to, any Person or permit any Person to merge with or into KCS or such Guarantor unless:

(1) KCS or such Guarantor shall be the continuing Person, or the Person (if other than KCS or such Guarantor) formed by such consolidation or into which KCS or such Guarantor is merged or that acquired or leased such property and its assets shall be a corporation organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia (or in the

case of a Guarantor, a corporation, partnership, limited liability company or similar entity organized and validly existing under the laws of the jurisdiction under which such Guarantor was organized) and shall expressly assume, by a supplemental indenture, executed and delivered to the trustee, in form reasonably satisfactory to the trustee, all of the obligations of KCS or such Guarantor under the applicable Notes, the applicable Note Guarantee, the applicable Indenture and the registration rights agreement, as applicable; *provided* that this clause (1) shall not apply with respect to a Guarantor whose Note Guarantee is released as described in the second paragraph under the caption "—Note Guarantees";

(2) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and

(3) KCS delivers to the trustee an officers' certificate and opinion of counsel, in each case stating that such consolidation, merger, sale, assignment, conveyance, transfer, lease or other deposition and such supplemental indenture complies with this covenant.

Events of Default

Each of the following is an "Event of Default" with respect to a series of Notes:

(1) default in the payment of principal of (or premium, if any, on) any Note of such series when the same becomes due at maturity, upon acceleration, redemption or otherwise;

(2) default in the payment of interest on any Note of such series when due and such default continues for a period of 30 days;

(3) default in the performance of any covenant of KCS or a Guarantor in the Indenture (other than a default specified in clause (1) or (2) above), and such default continues for a period of 90 days after written notice by the trustee with respect to such series or the holders of 25% or more in aggregate principal amount of the Notes of such series;

(4) a court having jurisdiction in the premises enters a decree or order for:

(A) relief in respect of KCS or a Guarantor in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect,

(B) appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for KCS or a Guarantor or for all or substantially all of the property and assets of KCS or a Guarantor, or

(C) the winding-up or liquidation of the affairs of KCS or a Guarantor;

and, in each case, such decree or order shall remain unstayed and in effect for a period of 30 consecutive days;

(5) KCS or a Guarantor:

(A) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law,

(B) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for KCS or a Guarantor or for all or substantially all of the property and assets of KCS or a Guarantor, or

(C) effects any general assignment for the benefit of creditors;

(6) any Note Guarantee of such series ceases to be in full force and effect (except as contemplated by the terms of the applicable Indenture) or any Guarantor or Person acting on behalf of such Guarantor

denies or disaffirms such Guarantor's obligations under such Indenture or any such Note Guarantee and such default continues for a period of 10 days after written notice by the trustee or the holders of 25% or more in aggregate principal amount of the Notes of such series; and

(7) (A) the Concession Title shall cease to grant to KCSM the rights provided therein as of the Closing Date and such cessation has had a material adverse effect on KCS and its Subsidiaries taken as a whole,

(B) (x) the Concession Title shall for any reason be terminated and not reinstated within 30 days or (y) rights provided therein which were originally exclusive to KCSM shall become nonexclusive and the cessation of such exclusivity has had a material adverse effect on KCS and its Subsidiaries taken as a whole, or

(C) the operations of the Northeast Rail Lines shall be commandeered or repossessed (*a requisa*) for a period of 90 days or more.

If an Event of Default described above shall have occurred and is continuing with respect to a series of Notes, either the trustee or the holders of at least 25% in aggregate principal amount of the Notes of such series then outstanding may declare all outstanding Notes of such series to be due and payable immediately. The holders of a majority in aggregate principal amount of a series of Notes then outstanding may, by notice to the trustee, on behalf of the holders of all of Notes of such series, rescind an acceleration or waive any existing Default or Event of Default and its consequences under the applicable Indenture, except a continuing Default or Event of Default in the payment of interest or premium, if any, on, or the principal of, such Notes. For information as to the waiver of Defaults, see "—Amendment, Supplement and Waiver."

The holders of a majority in aggregate principal amount of a series of Notes then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to such series of Notes. However, the trustee may refuse to follow any direction that conflicts with law or the applicable Indenture, that may involve the trustee in personal liability, or that the trustee determines in good faith may be unduly prejudicial to the rights of holders of Notes of such series not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from holders of Notes of such series. A holder may not pursue any remedy with respect to an Indenture or the Notes of a series unless:

- the holder gives the trustee written notice of a continuing Event of Default;
- the holders of at least 25% in aggregate principal amount of outstanding Notes of such series make a written request to the trustee to pursue the remedy;
- such holder or holders offer the trustee indemnity satisfactory to the trustee against any costs, liability or expense;
- the trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and
- during such 60-day period, the holders of a majority in aggregate principal amount of the outstanding Notes of such series do not give the trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any holder of Notes of such series to receive payment of the principal of, premium, if any, or interest on, such Notes or to bring suit for the enforcement of any such payment, on or after the due date expressed in such Notes, which right shall not be impaired or affected without the consent of the holder.

The Indenture requires certain of the KCS's officers to certify, on or before a date not more than 90 days after the end of each fiscal year, that a review has been conducted of KCS's activities and those of the Guarantors and of KCS's and the Guarantors' performance under the Indenture and that, to the best of such person's

knowledge, KCS and the Guarantors have fulfilled all obligations thereunder, or, if there has been a Default in the fulfillment of any such obligation, specifying each such Default and the nature and status thereof. KCS is also obligated to notify the trustee of any Default or Defaults in the performance of any covenants or agreements under the Indenture.

Legal Defeasance and Covenant Defeasance

KCS may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an officers' certificate, elect to have all of its obligations with respect to the outstanding Notes of a series and all obligations of the Guarantors with respect to the Note Guarantees thereof discharged ("Legal Defeasance") except for:

(1) the rights of holders of outstanding Notes of such series to receive payments in respect of the principal of, or interest, or premium, if any, on, such Notes when such payments are due from the trust referred to below;

(2) KCS's obligations with respect to such Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the trustee, and the obligations of KCS and the Guarantors in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, KCS may, at its option and at any time, elect to have the obligations of KCS and the Guarantors with respect to a series of Notes released with respect to certain covenants that are described in the Indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to such Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under "—Events of Default" will no longer constitute an Event of Default with respect to such Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) KCS must irrevocably deposit with the trustee, in trust, for the benefit of the holders of the Notes of such series, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest, and premium, if any, on, the outstanding Notes of such series on the Stated Maturity thereof or on the applicable redemption date, as the case may be, and KCS must specify whether such Notes are being defeased to such Stated Maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, KCS must deliver to the trustee an opinion of counsel (or opinions of counsel) confirming that (x) KCS has received from, or there has been published by, the Internal Revenue Service a ruling or (y) since the date of the Indenture, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes of such series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, KCS must deliver to the trustee an opinion of counsel (or opinions of counsel) confirming that the holders of the outstanding Notes of such series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default with respect to such Notes has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit or liens securing such borrowing) and the deposit will not result in a breach or violation of, or constitute a Default under, any other instrument to which KCS is a party or by which KCS is bound;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a Default under, any material agreement or instrument (other than the Indenture) to which KCS or any of its Subsidiaries is a party or by which KCS or any of its Subsidiaries is bound;

(6) KCS must deliver to the trustee an officers' certificate stating that the deposit was not made by KCS with the intent of preferring the holders of Notes of such series over the other creditors of KCS with the intent of defeating, hindering, delaying or defrauding any creditors of KCS or others; and

(7) KCS must deliver to the trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes of a series issued thereunder when:

(1) either:

(A) all Notes that have been authenticated thereunder, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to KCS, have been delivered to the trustee for cancellation; or

(B) all Notes issued thereunder that have not been delivered to the trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and KCS has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the holders of such Notes, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on such Notes not delivered to the trustee for cancellation for principal, premium, if any, and accrued interest to the Stated Maturity or redemption, as the case may be;

(2) no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit or liens securing such borrowing) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which KCS is a party or by which KCS is bound;

(3) KCS has paid or caused to be paid all sums payable by it under the Indenture with respect to such Notes; and

(4) KCS has delivered irrevocable instructions to the trustee under the Indenture with respect to such Notes to apply the deposited money toward the payment of such Notes issued thereunder at Stated Maturity or on the redemption date, as the case may be.

In addition, KCS must deliver an officers' certificate and an opinion of counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture, the Notes of a series and the Note Guarantees thereof may be amended or supplemented with the consent of the holders of a majority in aggregate

principal amount of Notes of such series then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes of a series or Note Guarantee thereof may be waived with the consent of the holders of a majority in aggregate principal amount of then outstanding Notes of such series (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes).

Without the consent of each holder of Notes affected, an amendment, supplement or waiver may not:

- change the Stated Maturity of the principal of, or any installment of interest on, any Note;
- reduce the principal amount of, or premium, if any, or interest on, any Note;
- change the place or currency of payment of principal of, or premium, if any, or interest on, any Note;
- impair the right to institute suit for the enforcement of any payment on or with respect to any Note;
- reduce the percentage or principal amount of outstanding Notes, the consent of whose holders is necessary to modify or amend the applicable Indenture or waive compliance with certain provisions of the applicable Indenture or waive certain Defaults;
- waive a Default in the payment of principal of, premium, if any, or interest on, the Notes; or
- release any Guarantor from any of its obligations under its Note Guarantee or the applicable Indenture, except as set forth under the caption "—Note Guarantees."

Notwithstanding the preceding, without the consent of any holder of Notes, KCS, the Guarantors and the trustee may amend or supplement an Indenture, the Notes and the Note Guarantees:

- to cure any ambiguity, omission, mistake, defect or inconsistency;
- to provide for uncertificated Notes in addition to or in place of certificated Notes;
- to provide for the assumption of the obligations of KCS or a Guarantor to holders of the Notes and the Note Guarantees in the case of a merger or consolidation or a sale, assignment, transfer, conveyance, lease or other disposition of all or substantially all of the assets of KCS or such Guarantor, as applicable, in accordance with the terms of the Indenture;
- to make any change that would provide any additional rights or benefits to the holders of any Notes or that does not adversely affect the legal rights under the Indenture of any such holder;
- to comply with requirements of the SEC in order to effect or maintain the qualification of an Indenture under the Trust Indenture Act;
- to conform the text of an Indenture, the Note Guarantees and the Notes to any provision of the Description of KCS Notes section of the Confidential Offering Memorandum and Consent Solicitation Statement dated November 9, 2015, to the extent that such provision in such Description of KCS Notes was intended to be a verbatim recitation of a provision thereof;
- to add a Guarantor or release any Guarantor from its Note Guarantee if such release is in accordance with the terms of an Indenture; or
- to provide for the issuance of Additional Notes in accordance with the limitations set forth in the applicable Indenture.

No Personal Liability of Incorporators, Stockholders, Officers, Directors, or Employees

Each Indenture provides that no recourse for the payment of the principal of, premium, if any, or interest on any of the Notes issued thereunder or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of KCS or any Guarantor in the Indenture, or in

any of the Notes or the Note Guarantees or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of KCS, any Guarantor or of any successor Person thereof. Each holder, by accepting the Notes, waives and releases all such liability.

Notices

All notices shall be deemed to have been given upon the mailing by first class mail, postage prepaid, of such notices to holders at their registered addresses as recorded in the applicable Notes register, not later than the latest date, and not earlier than the earliest date, prescribed in the Indenture for the giving of such notice.

Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder.

Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive notices.

Governing Law

The Notes, the Note Guarantees and the Indenture are governed by the laws of the State of New York.

Form and Denomination

Initially, each series of Exchange Notes will be represented by one or more registered notes in global form without interest coupons (collectively, the "Global Securities"). The Global Securities will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. The Global Securities will be deposited with the trustee as custodian for DTC and registered in the name of a nominee of DTC for credit to the respective accounts of the purchaser at DTC.

Except in the limited circumstances described below under "—Certificated Notes," owners of beneficial interests in the Global Securities will not be entitled to receive physical delivery of Certificated Notes (as defined below). The Exchange Notes are not issuable in bearer form. The Global Securities may be transferred, in whole or in part, only to another nominee of DTC.

The Global Securities

Ownership of beneficial interests in a Global Security will be limited to persons who have accounts with DTC ("participants") or persons who hold interests through participants. Ownership of beneficial interests in a Global Security will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Investors may hold their interests in the Global Securities directly through DTC if they are participants in such system, or indirectly through organizations that are participants in such system.

So long as DTC, or its nominee, is the registered owner or holder of the Global Securities, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by the Global Securities for all purposes under the Indenture and the Notes. No beneficial owner of an interest in a Global Security will be able to transfer that interest except in accordance with the applicable procedures of DTC, in addition to those provided for under the Indenture and, if applicable, those of Euroclear and Clearstream Banking. Payments of the principal of, premium, if any, and interest on, the Global Securities will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither KCS, the Guarantors, the trustee nor any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

KCS expects that DTC or its nominee, upon receipt of any payment of principal, premium, if any, or interest in respect of a Global Security, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount at maturity of such Global Security as shown on the records of DTC or its nominee. KCS also expects that payments by participants to owners of beneficial interests in a Global Security held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream Banking will be effected in the ordinary way in accordance with their respective rules and operating procedures. KCS expects that DTC will take any action permitted to be taken by a holder of the Exchange Notes (including the presentation of Exchange Notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a Global Security is credited and only in respect of such portion of the aggregate principal amount at maturity of Exchange Notes as to which such participant or participants have given such direction. However, if there is an Event of Default, DTC will exchange the Global Securities for Certificated Notes, which it will distribute to its participants.

KCS understands that DTC is a limited purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A under the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates and certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly ("indirect participants").

Although DTC, Euroclear and Clearstream Banking are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Securities among participants of DTC, Euroclear and Clearstream Banking, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither KCS or the Guarantors nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream Banking or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes

If DTC is at any time unwilling or unable to continue as a depositary for the Global Securities and a successor depositary is not appointed by KCS within 90 days, KCS will issue certificated notes ("Certificated Notes") in exchange for the Global Securities. Holders of an interest in the Global Securities may receive Certificated Notes in accordance with DTC's rules and procedures in addition to those provided for under the Indenture.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for the full definitions of all terms as well as any other capitalized term used herein for which no definition is provided.

"2016 Notes Interest Determination Date" means, for each 2016 Notes Interest Reset Date, the second London Business Day preceding such 2016 Notes Interest Reset Date.

"2016 Notes Interest Period" means the period beginning on, and including, a 2016 Notes Interest Payment Date and ending on, but not including, the following 2016 Notes Interest Payment Date.

"2016 Notes Interest Reset Date" means for each 2016 Notes Interest Period, other than the first 2016 Notes Interest Period, the first day of such 2016 Notes Interest Period.

"Below Investment Grade Ratings Event" means, on any day within the 60-day period (which period shall be extended so long as the rating of the applicable Notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies) after the earlier of (1) the occurrence of a Change of Control or (2) public notice by KCS of the occurrence of a Change of Control or KCS's intention to effect a Change of Control, the applicable Notes are rated below Investment Grade by two of the three Rating Agencies. Notwithstanding the foregoing, a Below Investment Grade Ratings Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Ratings Event for purposes of the definition of Change of Control Repurchase Event hereunder) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the trustee in writing at KCS's request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the ratings event).

"Business Day" means any calendar day that is not a Saturday, Sunday or legal holiday in New York, New York and on which banking institutions and trust companies are open for business in New York, New York.

"Business Day Convention" means if any 2016 Notes Interest Payment Date in respect of any Outstanding 2016 Note or any 2016 Exchange Note (other than the maturity date) is not a Business Day, then such 2016 Notes Interest Payment Date will be postponed to the next succeeding Business Day unless that Business Day is in the next succeeding calendar month, in which case the 2016 Notes Interest Payment Date will be the immediately preceding Business Day. If any such 2016 Notes Interest Payment Date (other than the maturity date) is postponed or brought forward as described above, the interest amount will be adjusted accordingly and the holder will be entitled to more or less interest, respectively. If the maturity date in respect of the Outstanding 2016 Note or the 2016 Exchange Notes or any date fixed for redemption of the Outstanding 2016 Note or the 2016 Exchange Notes is not a Business Day, the payment of principal and interest will not be made until the next following Business Day, and no further interest will be paid in respect of the delay in such payment.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in the equity of such Person, whether now outstanding or issued after the Closing Date.

"Change of Control" means the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" or "group" (as those terms are used in Section 13(d)(3) of the Exchange Act), other than KCS and its Subsidiaries, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the combined voting power of the total Voting Stock of KCS or other Voting Stock into which KCS's Voting Stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares.

"Change of Control Repurchase Event" means the occurrence of both a Change of Control and a Below Investment Grade Ratings Event.

"Closing Date" means the date on which the Outstanding Notes were originally issued under the Indenture.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term (as measured from the date of

redemption) ("Remaining Life") of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the applicable Notes.

"Comparable Treasury Price" means, with respect to any redemption date, the average of the Reference Treasury Dealer Quotations for such redemption date.

"Concession Title" means KCSM's right for a period of 30 years to be the exclusive provider (subject to certain trackage rights) of freight transportation services over the Northeast Rail Lines and for an additional 20 years to be a non-exclusive provider of such services granted by the Mexican government pursuant to the Concession Title, subject in all cases to the terms and conditions of the Concession Title, as in effect on June 23, 1997.

"Consolidated Net Assets" means total assets after deducting therefrom all current liabilities as set forth on the most recent publicly filed balance sheet of KCS and its consolidated subsidiaries and computed in accordance with generally accepted accounting principles.

"Credit Agreement" means the Credit Agreement, dated as of the Closing Date, among KCS, the guarantors described therein, lenders thereunder and the other parties thereto, as amended or supplemented from time to time.

"Debt" means indebtedness for money borrowed or indebtedness evidenced by a bond, note, debenture or other evidence of indebtedness.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Domestic Subsidiary" means a Subsidiary of KCS that was formed under the laws of the United States or any state of the United States or the District of Columbia.

"Existing KCSM Notes" means any Floating Rate Senior Notes due 2016, 2.35% Senior Notes due 2020 and 3.00% Senior Notes due 2023, each issued by KCSM.

"Fitch" means Fitch Ratings, Inc.

"Government Securities" means direct obligations of, obligations fully and unconditionally guaranteed by, or participation in pools consisting solely of (or repurchase transactions relating to) obligations of or obligations fully and unconditionally guaranteed by the United States of America for the payment of which guarantee or obligations the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the option of KCS thereof.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Debt of any other Person. The term "Guarantee" used as a verb has a corresponding meaning.

"Guarantor" means each subsidiary of KCS that executes a Note Guarantee, and its successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by KCS.

"Investment Grade" means a rating of Baa3 or better by Moody's (or its equivalent under any successor rating categories of Moody's), a rating of BBB- or better by S&P (or its equivalent under any successor rating categories of S&P), a rating of BBB- or better by Fitch (or its equivalent under any successor rating categories of Fitch) and the equivalent investment grade credit rating from any additional Rating Agency or Rating Agencies selected by KCS.

"KCSM" means Kansas City Southern de México, S.A. de C.V., a *sociedad anónima de capital variable* organized under the laws of the United Mexican States.

"London Business Day" means any day which is not a Saturday, Sunday, or a day on which commercial banking institutions are authorized or obligated by law, regulation or executive order to be closed in London.

"Moody's" means Moody's Investors Service, Inc.

"Northeast Rail Lines" means that portion of the Mexican railroad system that is the subject of the Concession Title.

"Note Guarantee" means each Guarantee of the obligations with respect to the Notes issued by a Person pursuant to the terms of the Indenture.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, government or agency or political subdivision thereof or any other entity.

"Rating Agency" means (1) each of Moody's, S&P and Fitch; and (2) if any of Moody's, S&P or Fitch ceases to rate the applicable Notes or fails to make a rating of the applicable Notes publicly available for reasons outside of KCS's control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by KCS (as certified by a resolution of KCS's board of directors) as a replacement agency for Moody's, S&P or Fitch, or all of them, as the case may be, with respect to such Notes.

"Reference Treasury Dealer" means each of Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC (or their respective affiliates that are primary Government Securities dealers) and their respective successors; *provided*, *however*, that if any Reference Treasury Dealer is not at the applicable time a primary Government Securities dealer (a "Primary Treasury Dealer"), KCS shall substitute therefor another Primary Treasury Dealer selected by it.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue for the Notes (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

"S&P" means Standard & Poor's Ratings Services, a division of Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc.

"Secured Debt" means Debt secured by a lien, mortgage, pledge, charge, security interest or encumbrance of any kind on any property or assets.

"Significant Subsidiary" means, at any date of determination, any of KCS's Subsidiaries that, together with its Subsidiaries, (i) for KCS's most recent fiscal year, accounted for more than 10.0% of the consolidated revenues of KCS and its Subsidiaries or (ii) as of the end of such fiscal year, was the owner of more than 10.0% of the consolidated assets of KCS and its Subsidiaries, in each case as set forth on KCS's most recently available consolidated financial statements for such fiscal year.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of indebtedness, the date on which the payment of interest or principal is scheduled to be paid in the documentation governing such indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subsidiary" means, with respect to any Person, any corporation, association or other business entity of which more than 50.0% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

"Treasury Rate" means, on any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the applicable Comparable Treasury Issue (if no maturity is within three months before or after the Remaining Life, yields for the two published maturities most closely corresponding to such Comparable Treasury Issue shall be determined and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the related Comparable Treasury Issue, calculated using a price for that Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate shall be calculated on the third Business Day preceding the redemption date.

"Voting Stock" means, with respect to any Person, all classes of Capital Stock of such Person then outstanding and entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

MATERIAL FEDERAL INCOME TAX CONSIDERATIONS

The exchange of Outstanding Notes for Exchange Notes in the Exchange Offers will not result in a taxable event for U.S. federal income tax purposes. Accordingly, you will not recognize any income, gain or loss as a result of exchanging your Outstanding Notes for Exchange Notes in the Exchange Offers. Your holding period for an Exchange Note will include the holding period of the Outstanding Note exchanged therefor, and your tax basis in the Exchange Note will be the same as your tax basis in the Outstanding Note immediately before the exchange.

Persons considering the exchange of Outstanding Notes for Exchange Notes should consult their own tax advisors concerning the United States federal income tax consequences in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

PLAN OF DISTRIBUTION

Each broker-dealer that receives Exchange Notes for its own account pursuant to the Exchange Offers must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Outstanding Notes where such Outstanding Notes were acquired as a result of market-making activities or other trading activities. KCS has agreed that, starting on the Expiration Date and ending on the close of business 180 days after the Expiration Date, it will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

KCS will not receive any proceeds from any sale of Exchange Notes by brokers-dealers. Exchange Notes received by broker-dealers for their own account pursuant to the Exchange Offers may be sold from time to time in one or more transactions in the over-the counter market, in negotiated transactions, through the writing of options on the Exchange Notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such Exchange Notes. Any broker-dealer that resells Exchange Notes that were received by it for its own account pursuant to the Exchange Offers and any broker or dealer that participates in a distribution of such Exchange Notes may be deemed to be an “underwriter” within the meaning of the Securities Act and any profit of any such resale of Exchange Notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that by acknowledging that it will deliver and by delivering a prospectus, such broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

For a period of 180 days after the Expiration Date, KCS will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. KCS has agreed to pay all expenses incident to the Exchange Offers (including the expenses of one counsel for such broker-dealers) other than commissions or concessions of any brokers or dealers and will indemnify the holders of the Outstanding Notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

LEGAL MATTERS

The validity of the Exchange Notes and the Exchange Note Guarantees will be passed upon for us by White & Case LLP, New York, New York, as to New York law. The validity of the Exchange Notes and the Exchange Note Guarantees will be passed upon for us by Husch Blackwell LLP, Kansas City, Missouri, as to certain matters of Illinois and Missouri law.

EXPERTS

The consolidated financial statements of Kansas City Southern as of December 31, 2015 and 2014, and for each of the years in the three-year period ended December 31, 2015, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2015 have been incorporated by reference herein and in the registration statement in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We and the Exchange Note Guarantors have filed a registration statement on Form S-4 under the Securities Act with the SEC with respect to the Exchange Notes. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules thereto. For further information about us and the Exchange Notes, reference is made to the registration statement and the exhibits and any schedules filed therewith and the documents incorporated by reference herein. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement.

KCS files annual, quarterly and current reports, proxy and registration statements and other information with the SEC. You may read and copy any reports, statements, or other information that we file, including the registration statement, of which this prospectus forms a part, the exhibits and schedules filed with it, and the information incorporated by reference herein, without charge at the public reference room maintained by the SEC, located at 100 F Street, NE, Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from the SEC on the payment of the fees prescribed by the SEC. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains an internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the website is www.sec.gov.

If for any reason we are not required to comply with the rules and regulations of the SEC we are still required under the indentures governing the Exchange Notes to furnish the holders of the Exchange Notes with the information, documents and other reports specified in Sections 13 and 15(d) of the Exchange Act to the extent provided in the indentures. See “Description of the Exchange Notes—Certain Covenants—Reports.” In addition, we have agreed that, for so long as any Notes remain outstanding, we will furnish to the holders of the Notes and to securities analysts and prospective investors, upon their request, the information required to be delivered by Rule 144A(d)(4) under the Securities Act.

Until , 2016, all dealers effecting transactions in the Exchange Notes, whether or not participating in the Exchange Offers, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when selling Exchange Notes received in exchange for Outstanding Notes held for their own account.

KANSAS CITY SOUTHERN

OFFERS TO EXCHANGE
UP TO THE AMOUNT OF EACH SERIES OF THE EXCHANGE NOTES SPECIFIED ON THE FRONT COVER OF THIS PROSPECTUS AND THE RELATED GUARANTEES, WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED,
FOR
ANY AND ALL OF ITS UNREGISTERED
OUTSTANDING NOTES OF THE SERIES SPECIFIED ON THE FRONT COVER OF THIS PROSPECTUS AND THE RELATED GUARANTEES

PROSPECTUS

, 2016

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

Delaware Corporations

Delaware General Corporation Law. Section 145(a) of the Delaware General Corporation Law (the "DGCL") provides that a Delaware corporation may indemnify any persons who were, are or are threatened to be made, parties to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer, director, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that such person's conduct was illegal. Section 145(b) of the DGCL provides that a Delaware corporation may indemnify officers, directors, employees and agents in an action by or in the right of the corporation under the same conditions, except that no indemnification is permitted without judicial approval if the officer, director, employee or agent is adjudged to be liable to the corporation. Under Section 145(c) of the DGCL, where an officer, director, employee or agent is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify such person against the expenses (including attorney's fees) which he or she actually and reasonably incurred.

Section 145(g) of the DGCL provides that a corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation against any liability asserted against such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of the DGCL.

Kansas City Southern

Certificate of Incorporation and Bylaws. Article 16 of the restated certificate of incorporation of KCS provides that, to the fullest extent permitted by the DGCL, no director of KCS shall be liable to KCS or its stockholders for money damages for breach of fiduciary duty as a director.

Article X of the bylaws of KCS, as amended and restated (the "KCS Bylaws"), provides that each person who at any time is, or shall have been, a director, officer or employee of KCS, and is threatened to be or is made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is, or was, a director, officer or employee of KCS, or served at the request of KCS as a director, officer, employee or trustee of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified against expense (including attorneys' fees), judgment, fines and amounts paid in settlement actually and reasonably incurred by him in connection with any such action, suit or proceeding to the full extent provided under Section 145 of the DGCL. Article X of the KCS Bylaws further provides that the right to indemnification conferred on directors and officers thereunder shall include the right to have KCS pay the expenses incurred in defending any such proceeding in advance of its final disposition; *provided, however*, that if the DGCL so requires, the payment of such expenses incurred shall be made only upon delivery to KCS of an undertaking by or on behalf of such director or officer to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such director or officer is not entitled to be indemnified under the KCS Bylaws.

The Kansas City Northern Railway Company

Certificate of Incorporation and Bylaws. Article VIII of the certificate of incorporation of the Kansas City Northern Railway Company ("KCNRC") provides that directors and officers of KCNRC shall be indemnified to the maximum extent permitted by law. Article IX of the certificate of incorporation the KCNRC further provides that directors shall not be personally liable to the corporation or its stockholders for money damages for breach of fiduciary duty, except to the extent such exception from liability or limitation thereof is not permitted under the DGCL.

Article VII of the amended and restated bylaws of KCNRC provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of KCNRC or the legal representative of any of the foregoing, shall be indemnified and held harmless by KCNRC to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by KCNRC in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by KCNRC; *provided*, that in connection with a proceeding initiated by such person, KCNRC shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by KCNRC after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against KCNRC to recover the unpaid amount of the claim or the advancement of expenses.

Trans-Serve, Inc.

Certificate of Incorporation and Bylaws. Article Thirteen of the amended certificate of incorporation of Trans-Serve, Inc. ("TSI") provides that each person who at any time is, or shall have been, a director or officer of TSI, and who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of TSI, or served at the request of TSI as a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by TSI against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such officer or director in connection with any such action, suit or proceeding to the full extent permitted by Delaware law. Article Fourteen of the amended certificate of incorporation of TSI further provides that a director shall not be personally liable to the corporation or its stockholders for money damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (3) under Section 174 of the DGCL, or (4) for any transaction from which the director derived an improper personal benefit.

Article VII of the amended and restated bylaws of TSI provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of TSI or the legal representative of any of the foregoing, shall be indemnified and held harmless by TSI to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by TSI in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by TSI; *provided*, that in connection with a proceeding initiated by such person, TSI shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by TSI after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against TSI to recover the unpaid amount of the claim or the advancement of expenses.

KCS Holdings I, Inc.

Certificate of Incorporation and Bylaws. Article Seven of the certificate of incorporation of KCS Holdings I, Inc. ("KCSH") provides that each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of KCSH or is or was serving at the request of KCSH as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise shall be indemnified and held harmless by KCSH to the fullest extent authorized by the DGCL. Article Seven of the amended certificate of incorporation of KCSH further provides a director shall not be personally liable to the corporation or its stockholders for money damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (3) under Section 174 of the DGCL, or (4) for any transaction from which the director derived an improper personal benefit.

Article VII of the amended and restated bylaws of KCSH provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of KCSH or the legal representative of any of the foregoing, shall be indemnified and held harmless by KCSH to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by KCSH in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by KCSH; *provided*, that in connection with a proceeding initiated by such person, KCSH shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by KCSH after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against KCSH to recover the unpaid amount of the claim or the advancement of expenses.

KCS Ventures I, Inc.

Certificate of Incorporation and Bylaws. Article Seven of the certificate of incorporation of KCS Ventures I, Inc. ("KCSV") provides that each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of KCSV or is or was serving at the request of KCSV as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise shall be indemnified and held harmless by KCSV to the fullest extent authorized by the DGCL. Article Seven of the amended certificate of incorporation of KCSV further provides that a director shall not be personally liable to the corporation or its stockholders for money damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (3) under Section 174 of the DGCL, or (4) for any transaction from which the director derived an improper personal benefit.

Article VII of the amended and restated bylaws of KCSV provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of KCSV or the legal representative of any of the foregoing, shall be indemnified and held harmless by KCSV to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by KCSV in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by KCSV; *provided*, that in connection with a proceeding initiated by

such person, KCSV shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by KCSV after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against KCSV to recover the unpaid amount of the claim or the advancement of expenses.

Southern Industrial Services, Inc.

Certificate of Incorporation and Bylaws. Article Eleven of the amended certificate of incorporation of Southern Industrial Services, Inc. ("SIS") provides that each person who at any time is, or shall have been, a director or officer of SIS, and who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of SIS, or served at the request of SIS as a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by SIS against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such officer or director in connection with any such action, suit or proceeding to the full extent permitted by Delaware law. Article Twelve of the amended certificate of incorporation of SIS further provides that a director shall not be personally liable to the corporation or its stockholders for money damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (3) under Section 174 of the DGCL, or (4) for any transaction from which the director derived an improper personal benefit.

Article VII of the amended and restated bylaws of SIS provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of SIS or the legal representative of any of the foregoing, shall be indemnified and held harmless by SIS to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by SIS in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by SIS; *provided*, that in connection with a proceeding initiated by such person, SIS shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by SIS after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against SIS to recover the unpaid amount of the claim or the advancement of expenses.

Veals, Inc.

Bylaws. Article VII of the amended and restated bylaws of Veals, Inc. ("Veals") provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of Veals or the legal representative of any of the foregoing, shall be indemnified and held harmless by Veals to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by Veals in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by Veals; *provided*, that in connection with a proceeding initiated by such person, Veals shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by Veals after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against Veals to recover the unpaid amount of the claim or the advancement of expenses.

Pabtex, Inc.

Certificate of Incorporation and Bylaws. Article 9(a) of the certificate of incorporation of Pabtex, Inc. ("Pabtex") provides that a director of Pabtex shall not be personally liable to Pabtex or its stockholders for monetary damages for breach of fiduciary duty as a director, except for such liability as is expressly not subject to limitation under the DGCL. Article 9(b) of the certificate of incorporation of Pabtex further provides that Pabtex shall, to the fullest extent permitted by law, indemnify any and all officers and directors of Pabtex, and may, to the fullest extent permitted by law or to such lesser extent as is determined in the discretion of the board of directors, indemnify and advance expenses to any and all other persons whom it shall have power to indemnify, from and against all expenses, liabilities or other matters arising out of their status as such or their acts, omissions or services rendered in such capacities.

Article VII of the amended and restated bylaws of Pabtex provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of Pabtex or the legal representative of any of the foregoing, shall be indemnified and held harmless by Pabtex to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by Pabtex in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by Pabtex; *provided*, that in connection with a proceeding initiated by such person, Pabtex shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by Pabtex after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against Pabtex to recover the unpaid amount of the claim or the advancement of expenses.

Illinois Corporations

Illinois Business Corporation Act. Under Section 8.75(a) of the Illinois Business Corporation Act of 1983 ("ILBCA"), a corporation may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or who is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Under Section 8.75(b) of the ILBCA, in actions brought by or in the right of the corporation, a corporation may indemnify such person against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner that he or she reasonably believed to be in or not opposed to the best interests of the corporation, *provided* that no indemnification may be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable to the corporation, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which the court shall deem proper. To the extent that such person has been successful on the merits or otherwise in defending any such action, suit or proceeding referred to above or any claim, issue or matter therein, he or she is entitled to indemnification for expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, if such person acted in good faith and in a manner that person reasonably believed to be in or not opposed to the best interests of the corporation under Section 8.75(c).

Under Section 8.75(g) of the ILBCA, a corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or who is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions Section 8.75 of the ILBCA.

Gateway Eastern Railway Company

Bylaws. Article VI of the amended and restated bylaws of Gateway Eastern Railway Company ("***Gateway***") provides that Gateway shall indemnify each director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of Gateway) by reason of the fact that he or she is or was a director, officer, employee or agent of Gateway, or is or was serving at the request of Gateway as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of Gateway, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of Gateway, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful. Gateway shall indemnify each director, officer, employee and agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of Gateway to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of Gateway, or is or was serving at the request of Gateway as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of Gateway and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to Gateway unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite that adjudication of liability but in view of all the circumstances of the case, such director, officer, employee or agent is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper. Article VI of the amended and restated bylaws further provides that the determination of whether to indemnify such director, officer, employee or agent shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable but a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the shareholders. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by Gateway in advance of the final disposition of such action, suit or proceeding, as authorized by the board of directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount. If Gateway has paid indemnity or has advanced expenses to a director, officer, employee or agent, Gateway shall report the indemnification or advance in writing to the shareholders with or before the notice of the next shareholders' meeting.

Missouri Corporations

General and Business Corporation Law of Missouri. Under Section 351.355(1) of the General and Business Corporation Law of Missouri (the "Missouri GBCL"), a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding,

whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful. Under Section 351.355(2) of the Missouri GBCL, in the case of an action or suit by or in the right of the corporation, no person shall be indemnified as to any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the corporation unless and only to the extent that the court in which the action or suit was brought determines upon application that, despite the adjudication of liability and in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for expenses which the court shall deem proper. Under Section 351.355(3) of the Missouri GBCL, except as otherwise provided in the articles of incorporation or the bylaws, to the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in subsections 1 and 2 of this section, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the action, suit, or proceeding.

Under Section 351.355(8) of the Missouri GBCL, a corporation may purchase and maintain insurance or another arrangement on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him against such liability under Section 351.355 of the Missouri GBCL.

The Kansas City Southern Railway Company

Certificate of Incorporation and Bylaws. Article Ten of the amended certificate of incorporation provides that KCSR shall indemnify directors and officers to the full extent permitted by Section 351.355 of the Missouri GBCL.

Article VII of the amended and restated bylaws of KCSR provide that KCSR shall indemnify and hold harmless any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of KCSR) by reason of the fact that he is or was a director, officer, employee or agent of KCSR, or is or was serving at the request of KCSR as a director, officer, employee or agent of another corporation partnership joint venture, trust or other enterprise, against expenses, losses, costs and damages (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of KCSR, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of KCSR, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful. KCSR shall indemnify and hold harmless any person

who was or is a party to or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of KCSR to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of KCSR, or is or was serving at the request of KCSR as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, and amounts paid in settlement actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of KCSR; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to KCSR unless and only to the extent that the court in which the action or suit was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Article VII of the amended and restated bylaws of KCSR provides that the determination whether to provide indemnification because the applicable standard of conduct set forth in the amended and restated bylaws of KCSR has been met shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the shareholders of KCSR, and in the case of an employee who is not a director or officer, such determination may be made by the general counsel of KCSR (or such officer serving in similar capacity). Article VII of the amended and restated bylaws of KCSR further provides that expenses may be paid by KCSR in advance of the final disposition of the action, suit or proceeding as authorized by the board of directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by KCSR. KCSR may provide such further indemnity to any person who is or was a director, officer, employee or agent of KCSR, or is or was serving at the request of KCSR as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, *provided* that no such indemnity shall indemnify any person from or on account of such person's conduct which was finally adjudged to have been knowingly fraudulent, deliberately dishonest, or willful misconduct. However, KCSR's indemnity shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained by KCSR, or (ii) from such other corporation, partnership, joint venture, trust or other enterprise, or from insurance purchased by any of them.

Southern Development Company

Bylaws. Article VII of the amended and restated bylaws of the Southern Development Company ("SDC") provides that SDC shall indemnify and hold harmless any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of SDC) by reason of the fact that he is or was a director, officer, employee or agent of SDC, or is or was serving at the request of SDC as a director, officer, employee or agent of another corporation partnership joint venture, trust or other enterprise, against expenses, losses, costs and damages (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of SDC, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of SDC, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful. SDC shall indemnify and hold harmless any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of SDC to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of SDC, or is or was serving at the

request of SDC as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, and amounts paid in settlement actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of SDC; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to SDC unless and only to the extent that the court in which the action or suit was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Article VII of the amended and restated bylaws of SDC provides that the determination whether to provide indemnification because the applicable standard of conduct set forth in the amended and restated bylaws of SDC has been met shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the shareholders of SDC, and in the case of an employee who is not a director or officer, such determination may be made by the general counsel of SDC (or such officer serving in similar capacity). Article VII of the amended and restated bylaws of SDC further provides that expenses may be paid by SDC in advance of the final disposition of the action, suit or proceeding as authorized by the board of directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by SDC. SDC may provide such further indemnity to any person who is or was a director, officer, employee or agent of SDC, or is or was serving at the request of SDC as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, *provided* that no such indemnity shall indemnify any person from or on account of such person's conduct which was finally adjudged to have been knowingly fraudulent, deliberately dishonest, or willful misconduct. However, SDC's indemnity shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained by SDC, or (ii) from such other corporation, partnership, joint venture, trust or other enterprise, or from insurance purchased by any of them.

Item 21. Exhibits and Financial Statement Schedules.

Exhibits

Exhibit No.	Description
1.1	Underwriting Agreement, dated July 22, 2015, among The Kansas City Southern Railway Company ("***KCSR***"), the Note Guarantors and Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("***Merrill Lynch***") and Morgan Stanley & Co. LLC ("***Morgan Stanley***"), as representatives of the underwriters listed therein, filed as Exhibit 1.1 to the Company's Current Report on Form 8-K, filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 1.1.
1.2	Underwriting Agreement, dated May 11, 2016, among Kansas City Southern (the "***Company***"), the Note Guarantors and J.P. Morgan Securities LLC ("***JPM***"), Merrill Lynch and Morgan Stanley, as representatives of the underwriters listed therein, filed as Exhibit 1.1 to the Company's Current Report on Form 8-K, filed on May 17, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 1.2.
3.1	Amended and Restated Certificate of Incorporation of the Company, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on May 7, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.1.
3.1.1	Amendments to the Kansas City Southern Amended and Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 5, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.1.1.

Exhibit No.	Description
3.2	Amended and Restated Bylaws of the Company, as amended and restated on May 6, 2016, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on May 10, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.2.
3.3	Amended Certificate of Incorporation of KCSR, filed as Exhibit 3.3 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.3.
3.4	Amended and Restated Bylaws of KCSR, as adopted on May 18, 2009, filed as Exhibit 3.4 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.4.
3.5	Articles of Incorporation of Gateway Eastern Railway Company, filed as Exhibit 3.5 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.5.
3.6	Amended and Restated Bylaws of Gateway Eastern Railway Company, as adopted on July 1, 2008, filed as Exhibit 3.6 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.6.
3.7	Certificate of Incorporation of The Kansas City Northern Railway Company, filed as Exhibit 3.7 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.7.
3.8	Amended and Restated Bylaws of The Kansas City Northern Railway Company, as adopted on July 1, 2008, filed as Exhibit 3.8 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.8.
3.9	Amended Certificate of Incorporation of Trans-Serve, Inc., filed as Exhibit 3.9 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.9.
3.10	Amended and Restated Bylaws of Trans-Serve, Inc., as adopted on July 1, 2008, filed as Exhibit 3.10 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.10.
3.11	Certificate of Incorporation of KCS Holdings I, Inc., filed as Exhibit 3.11 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.11.
3.12	Amended and Restated Bylaws of KCS Holdings I, Inc., as adopted on July 1, 2008, filed as Exhibit 3.12 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.12.
3.13	Certificate of Incorporation of KCS Ventures I, Inc., filed as Exhibit 3.13 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.13.
3.14	Amended and Restated Bylaws of KCS Ventures I, Inc., as adopted on July 1, 2008, filed as Exhibit 3.14 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.14.
3.15	Articles of Incorporation of Southern Development Company, filed as Exhibit 3.15 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.15.
3.16	Amended and Restated Bylaws of Southern Development Company, as adopted on July 1, 2008, filed as Exhibit 3.16 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.16.

Exhibit No.	Description
3.17	Amended Certificate of Incorporation of Southern Industrial Services, Inc., filed as Exhibit 3.17 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.17.
3.18	Amended and Restated Bylaws of Southern Industrial Services, Inc., as adopted on July 1, 2008, filed as Exhibit 3.18 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.18.
3.19	Certificate of Incorporation of Veals, Inc., filed as Exhibit 3.19 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.19.
3.20	Amended and Restated Bylaws of Veals, Inc., as adopted on July 1, 2008, filed as Exhibit 3.20 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.20.
3.21	Certificate of Incorporation of Pabtex, Inc., filed as Exhibit 3.21 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.21.
3.22	Amended and Restated Bylaws of Pabtex, Inc., as adopted on July 1, 2008, filed as Exhibit 3.22 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.22.
4.1	As permitted by Item 601(b)(4)(iii)(A) of Regulation S-K, KCS has not filed with this Registration Statement on Form S-4 certain instruments defining the rights of holders of long-term debt of KCS and its subsidiaries because the total amount of securities authorized under any of such instruments does not exceed 10% of the total assets of KCS and its subsidiaries on a consolidated basis. KCS agrees to furnish a copy of any such agreements to the SEC upon request.
4.2	2043 Notes Indenture, dated April 29, 2013, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 29, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.2.
4.2.1	First Supplemental Indenture, dated November 23, 2015, among KCSR, the Guarantors and the U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.2.1.
4.2.2	Registration Rights Agreement, dated April 29, 2013, among KCSR, the Guarantors and JPM, Merrill Lynch and Morgan Stanley, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on April 29, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.2.2.
4.2.3	Form of Rule 144A Restricted Global Note representing KCSR's 4.30% Senior Notes due 2043, filed as Exhibit 4.2.2 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.2.3.
4.2.4	Form of Regulation S Restricted Global Note representing KCSR's 4.30% Senior Notes due 2043, filed as Exhibit 4.2.3 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.2.4.
4.2.5	Form of Special Global Note representing KCSR's 4.30% Senior Notes due 2043, filed as Exhibit 4.2.4 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.2.5.
4.3	2020 KCSM Notes Indenture, dated May 3, 2013, between KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 8, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.

Exhibit No.	Description
4.3.1	First Supplemental Indenture, dated November 23, 2015, between KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.5 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.1.
4.3.2	2023 KCSM Notes Indenture, dated May 3, 2013, between KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 8, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.2.
4.3.3	First Supplemental Indenture, dated November 23, 2015, between KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.6 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.3.
4.3.4	Registration Rights Agreement, dated May 3, 2013, among KCSM, JPM, Merrill Lynch and Morgan Stanley, filed as exhibit 4.3 to the Company's Current Report on Form 8-K filed on May 8, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.4.
4.3.5	Form of Rule 144A Restricted Global Note representing the 2.35% Senior Notes due 2020, filed as Exhibit 4.4.1 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.5.
4.3.6	Form of Regulation S Restricted Global Note representing the 2.35% Senior Notes due 2020, filed as Exhibit 4.4.2 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.6.
4.3.7	Special Global Note representing the 2.35% Senior Notes due 2020, filed as Exhibit 4.4.3 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.7.
4.3.8	Form of Rule 144A Restricted Global Note representing the 3.0% Senior Notes due 2023, filed as Exhibit 4.5.1 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.8.
4.3.9	Form of Regulation S Restricted Global Note representing the 3.0% Senior Notes due 2023, filed as Exhibit 4.5.2 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.9.
4.3.10	Special Global Note representing the 3.0% Senior Notes due 2023, filed as Exhibit 4.5.3 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.10.
4.4	2023 Notes Indenture, dated October 29, 2013, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 30, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.4.
4.4.1	First Supplemental Indenture, dated November 23, 2015, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1- 4717), is incorporated herein by reference as Exhibit 4.4.1.
4.4.2	Registration Rights Agreement, dated October 29, 2013, among KCSR, the Guarantors and JPM, Merrill Lynch and Morgan Stanley, filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on October 30, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.4.2.

Exhibit No.	Description
4.4.3	Form of Rule 144A Restricted Global Note representing KCSR's 3.85% Senior Notes due 2023, filed as Exhibit 4.4.2 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.4.3.
4.4.4	Form of Regulation S Restricted Global Note representing KCSR's 3.85% Senior Notes due 2023, filed as Exhibit 4.4.2 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.4.4.
4.4.5	Form of Special Global Note representing KCSR's 3.85% Senior Notes due 2023, filed as Exhibit 4.4.2 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.4.5.
4.5	2016 Notes Indenture, dated October 29, 2013, among KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.1 to KCSM's Current Report on Form 8-K filed on October 30, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.
4.5.1	First Supplemental Indenture, dated November 23, 2015, between KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.4 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.1.
4.5.2	Registration Rights Agreement, dated October 29, 2013, among KCSM and JPM, Merrill Lynch and Morgan Stanley, filed as Exhibit 4.2 to KCSM's Current Report on Form 8-K filed on October 30, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.2.
4.5.3	Form of Rule 144A Restricted Global Note representing the Floating Rate Senior Notes due 2016, filed as Exhibit 4.7.2 to the Registration Statement on Form S-4 for KCSM, filed on November 7, 2013 (File No. 333-192179), is incorporated herein by reference as Exhibit 4.5.3.
4.5.4	Form of Regulation S Restricted Global Note representing the Floating Rate Senior Notes due 2016, filed as Exhibit 4.7.3 to the Registration Statement on Form S-4 for KCSM, filed on November 7, 2013 (File No. 333-192179), is incorporated herein by reference as Exhibit 4.5.4.
4.5.5	Special Global Note representing the Floating Rate Senior Notes due 2016, filed as Exhibit 4.7.4 to the Registration Statement on Form S-4 for KCSM, filed on November 7, 2013 (File No. 333-192179), is incorporated herein by reference as Exhibit 4.5.5.
4.6	2045 Notes Indenture, dated July 27, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.
4.6.1	First Supplemental Indenture, dated July 27, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.1.
4.6.2	Second Supplemental Indenture, dated November 23, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.2.
4.6.3	Form of Note representing 4.950% Senior Notes due 2045 (included in Exhibit 4.6.1), filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.3.
4.7	Base Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.

Exhibit No.	Description
4.7.1	First Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.1.
4.7.2	Second Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.2.
4.7.3	Third Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.4 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.3.
4.7.4	Fourth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.5 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.4.
4.7.5	Fifth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.6 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.5.
4.7.6	Sixth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.7 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.6.
4.7.7	Registration Rights Agreement, dated December 9, 2015, among KCS, the Note Guarantors, Citigroup Global Markets Inc., JPM, Merrill Lynch and Morgan Stanley, filed as Exhibit 4.8 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.7.
4.7.8	Seventh Supplemental Indenture, dated May 16, 2016, among the Company, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed on May 17, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.8.
4.7.9	Form of Note representing 3.125% Senior Notes due 2026 (included in Exhibit 4.7.8), filed as Exhibit 4.3 to the Company's Current Report on Form 8-K, filed on May 17, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.9.
5.1*	Legal Opinion of White & Case LLP.
5.2*	Legal Opinion of Husch Blackwell LLP.
10.1	Form of Officer Indemnification Agreement, attached as Exhibit 10.1 to the Company's Form 10-K for the year ended December 31, 2001, filed on March 29, 2002 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.1.
10.2	Form of Director Indemnification Agreement, attached as Exhibit 10.2 to the Company's Form 10-K for the year ended December 31, 2001, filed on March 29, 2002 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.2.
10.3	Directors Deferred Fee Plan, adopted August 20, 1982, as amended and restated effective May 2, 2007, filed as Exhibit 10.3 to the Company's Form 10-K for the year ended December 31, 2010, filed on February 9, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.3.

Exhibit No.	Description
10.4	Kansas City Southern 1991 Amended and Restated Stock Option and Performance Award Plan, as amended and restated effective as of August 7, 2007 (the "***Amended 1991 Plan***"), filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended September 30, 2007, filed on October 26, 2007 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.
10.4.1	First Amendment to the Kansas City Southern 1991 Amended and Restated Stock Option and Performance Award Plan, effective July 2, 2008, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 8, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.1.
10.4.2	Form of Non-Qualified Stock Option Award Agreement for employees under the Amended 1991 Plan, filed as Exhibit 10.8.2 to the Company's Form 10-K for the year ended December 31, 2004, filed on March 30, 2005 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.2.
10.4.3	Form of Non-Qualified Stock Option Award Agreement for Directors under the Amended 1991 Plan, filed as Exhibit 10.8.3 to the Company's Form 10-K for the year ended December 31, 2004, filed on March 30, 2005 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.3.
10.4.4	Form of Non-Qualified Stock Option Award agreement for employees under the Amended 1991 Plan (referencing threshold dates), filed as Exhibit 10.8.4 to the Company's Form 10-K for the year ended December 31, 2004, filed on March 30, 2005 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.4.
10.4.5	Form of Restricted Shares Award Agreement (cliff vesting) under the Amended 1991 Plan, filed as Exhibit 10.5.6 to the Company's Form 10-K for the year ended December 31, 2007, filed on February 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.5.
10.4.6	Form of Restricted Shares Award Agreement under the Amended 1991 Plan (applicable to restricted shares to be purchased), filed as Exhibit 10.8.7 to the Company's Form 10-K for the year ended December 31, 2004, filed on March 30, 2005 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.6.
10.4.7	Form of Restricted Shares Award Agreement (consultants) under the Amended 1991 Plan, filed as Exhibit 10.5.9 to the Company's Form 10-K for the year ended December 31, 2007, filed on February 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.7.
10.4.8	Form of Restricted Shares Award Agreement (executive plan) under the Amended 1991 Plan, filed as Exhibit 10.5.10 to the Company's Form 10-K for the year ended December 31, 2007, filed on February 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.8.
10.5	Employment Agreement, dated February 19, 2015, between KCSR and Patrick J. Ottensmeyer filed as Exhibit 10.9 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.5.
10.6	Kansas City Southern Executive Plan (Amended and Restated February 18, 2015), filed as Exhibit 10.7 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.6.
10.7	Kansas City Southern Annual Incentive Plan, as amended and restated as of March 10, 2016, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 15, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.7.
10.8	English translation of concession title granted by the Secretaría de Comunicaciones y Transportes ("***SCT***") in favor of Ferrocarril del Noreste, S.A. de C.V. ("***FNE***"), dated December 2, 1996, filed as Exhibit 10.10 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.

Exhibit No.	Description
10.8.1	English translation of amendment, dated February 12, 2001, filed as Exhibit 10.10.1 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, is incorporated herein by reference as Exhibit 10.8.1.
10.8.2	English translation of amendment no. 2, dated November 22, 2006, filed as Exhibit 10.10.2 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, amended February 12, 2001, is incorporated herein by reference as Exhibit 10.8.2.
10.9	Lease Agreement, originally dated June 26, 2001 and amended March 26, 2002, between KCSR and Broadway Square Partners LLP, filed as Exhibit 10.34 to the Company's Form 10-K for the year ended December 31, 2001, filed on March 29, 2002 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.
10.10	Agreement to Forego Compensation between A. Edward Allinson and KCS, fully executed on March 30, 2001; Loan Agreement between A. Edward Allinson and KCS, fully executed on September 18, 2001; and the Promissory Note executed by the Trustees of The A. Edward Allinson Irrevocable Trust Agreement, dated June 4, 2001, Courtney Ann Arnot, A. Edward Allinson III and Bradford J. Allinson, Trustees, as Maker, and KCS, as Holder, filed as Exhibit 10.36 to the Company's Form 10-K for the year ended December 31, 2002, filed on March 28, 2003 (File No. 1-4717), are incorporated herein by reference as Exhibit 10.10.
10.11	Agreement to Forego Compensation between Michael G. Fitt and KCS, fully executed on March 30, 2001; Loan Agreement between Michael G. Fitt and KCS, fully executed on September 7, 2001; and the Promissory Note executed by the Trustees of The Michael G. and Doreen E. Fitt Irrevocable Insurance Trust, Anne E. Skyes, Colin M-D. Fitt and Ian D.G. Fitt, Trustees, as Maker, and KCS, as Holder, filed as Exhibit 10.37 to the Company's Form 10-K for the year ended December 31, 2002, filed on March 28, 2003 (File No. 1-4717), are incorporated herein by reference as Exhibit 10.11.
10.12	Transaction Agreement, dated December 1, 2005, among KCS, KCSR, Norfolk Southern Corporation and The Alabama Great Southern Railroad Company (the "***Transaction Agreement***"), filed as Exhibit 10.46 to the Company's Form 10-K for the year ended December 31, 2005, filed on April 7, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.
10.12.1	Amendment No. 1 to the Transaction Agreement, dated January 17, 2006, filed as Exhibit 10.47 to the Company's Form 10-K for the year ended December 31, 2005, filed on April 7, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.1.
10.12.2	Amendment No. 2 to the Transaction Agreement, dated May 1, 2006, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2006, filed on May 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.2.
10.12.3	Limited Liability Company Agreement of Meridian Speedway, LLC, dated May 1, 2006, between the Alabama Great Southern Railroad Company and KCS, filed as Exhibit 10.3 to the Company's Form 10-Q for the quarter ended March 31, 2006, filed on May 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.3.
10.12.4	Amendment No. 1 and Waiver to Limited Liability Company Agreement, dated August 12, 2011, among Meridian Speedway, LLC, KCS, KCS Holdings, Inc. and The Alabama Great Southern Railroad Company, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended September 30, 2011, filed on October 21, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.4.

Exhibit No.	Description
10.13	Participation Agreement, dated August 2, 2006, among KCSR, KCSR Trust 2006-1 (acting through Wilmington Trust Company, as owner trustee) ("***2006 Trust***"), HSH Nordbank AG, New York Branch, Wells Fargo Bank Northwest, National Association, and DVB Bank AG, filed as Exhibit 10.4 to the Company's Form 10-Q for the quarter ended September 30, 2006, filed on November 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.13.
10.13.1	Equipment Lease Agreement, dated August 2, 2006, between KCSR and the KCSR Trust 2006-1, filed as Exhibit 10.41 to the Company's Form 10-Q for the quarter ended September 30, 2006, filed on November 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.13.1
10.14	Participation Agreement, dated September 27, 2007, among KCSR, KCSR 2007-1 Statutory Trust (acting through U.S. Bank Trust National Association, as owner trustee) ("***2007 Trust***"), U.S. Bank Trust National Association, GS Leasing (KCSR 2007-1) LLC, Wilmington Trust Company, and KfW, filed as Exhibit 10.51 to the Company's Form 10-K for the year ended December 31, 2007, filed on February 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.14.
10.14.1	Equipment Lease Agreement, dated September 27, 2007, between KCSR and the KCSR 2007-1 Statutory Trust, filed as Exhibit 10.52 to the Company's Form 10-K for the year ended December 31, 2007, filed on February 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.14.1.
10.15	Kansas City Southern 2008 Stock Option and Performance Award Plan (the "***2008 Plan***") (amended and restated on February 18, 2015), filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.
10.15.1	Form of Non-Qualified Stock Option Award Agreement under the 2008 Plan, filed as Exhibit 10.47.1 to the Company's Form 10-K for the year ended December 31, 2008, filed on February 17, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.1.
10.15.2	Form of Restricted Shares Award Agreement (cliff vesting) under the 2008 Plan, filed as Exhibit 10.47.2 to the Company's Form 10-K for the year ended December 31, 2008, filed on February 17, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.2.
10.15.3	Form of Restricted Shares Award Agreement (graded vesting) under the 2008 Plan, filed as Exhibit 10.47.3 to the Company's Form 10-K for the year ended December 31, 2008, filed on February 17, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.3.
10.15.4	Form of Restricted Shares Award Agreement under the 2008 Plan (applicable to restricted shares to be purchased), filed as Exhibit 10.47.4 to the Company's Form 10-K for the year ended December 31, 2008, filed on February 17, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.4.
10.15.5	Form of Restricted Shares Award and Performance Shares Award Agreement under the 2008 Plan, filed as Exhibit 10.47.5 to the Company's Form 10-K for the year ended December 31, 2008, filed on February 17, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.5.
10.15.6	Form of Restricted Shares Award Agreement (performance based vesting) under the 2008 Plan, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on September 17, 2010 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.6.
10.15.7	Form of Restricted Shares Award Agreement (Standard Form) under the 2008 Plan, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.7.
10.15.8	Form of Restricted Shares Award Agreement (for use with the Executive Plan) under the 2008 Plan, filed as Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.8.

Exhibit No.	Description
10.15.9	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the 2008 Plan for the 2012 Long-Term Incentive Program, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 27, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.9.
10.15.10	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Non-United States Employees) under the 2008 Plan for the 2012 Long-Term Incentive Program, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 27, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.10.
10.15.11	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the 2008 Plan for the 2013 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 27, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.11.
10.15.12	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Non-United States Employees) under the 2008 Plan for the 2013 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 27, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.12.
10.15.13	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the 2008 Plan for the 2014 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 26, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.13.
10.15.14	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Non-United States Employees) under the 2008 Plan for the 2014 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 26, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.14.
10.15.15	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Employees) under the 2008 Plan for the 2015 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.15.
10.15.16	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Independent Contractors) under the 2008 Plan for the 2015 Long-Term Incentive Program, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.16.
10.15.17	Performance Share Award Agreement for David Starling dated February 18, 2015, under the 2008 Plan, filed as Exhibit 10.6 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.17.
10.15.18	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Employees) under the 2008 Plan for the 2016 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 25, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.18.
10.15.19	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Independent Contractors) under the 2008 Plan for the 2016 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 25, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.19.
10.15.20	Form of Restricted Shares Award Agreement (Employees) under the 2008 Plan for the 2016 Stock Appreciation Incentive Plan, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 25, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.20.

Exhibit No.	Description
10.15.21	For4m of Restricted Shares Award Agreement (Independent Contractors) under the 2008 Plan for the 2016 Stock Appreciation Incentive Plan, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 25, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.21.
10.16	Participation Agreement (KCSR 2008-1), dated as of April 1, 2008, among KCSR, KCSR 2008-1 Statutory Trust (acting through U.S. Bank Trust National Association, not in its individual capacity, but solely as Owner Trustee) ("***KCSR 2008-1 Statutory Trust***"), U.S. Bank Trust National Association (only in its individual capacity as expressly provided therein), MetLife Capital, Limited Partnership (as Owners Participant), Wilmington Trust Company (as Indenture Trustee) and Export Development Canada (as Loan Participant), filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2008, filed on April 24, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.16.
10.16.1	Equipment Lease Agreement (KCSR 2008-1), dated as of April 1, 2008, between KCSR 2008-1 Statutory Trust (as Lessor) and KCSR (as Lessee), filed as Exhibit 10.3 to the Company's Form 10-Q for the quarter ended March 31, 2008, filed on April 24, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.16.1.
10.17	Loan and Security Agreement, dated February 26, 2008, between KCSM and Export Development Canada, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended March 31, 2008, filed on April 24, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.17.
10.18	Loan Agreement, dated as of September 24, 2008, between KCSM and DVB Bank AG, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2008, filed on October 28, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.18.
10.19	English translation of the Employment Agreement, dated April 20, 2006, between KCSM and José Guillermo Zozaya Delano, filed as Exhibit 10.4 to the Company's Form 10-Q for the quarter ended March 31, 2009, filed on April 30, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.19.
10.19.1	English translation of Amendment Agreement to the Individual Indefinite Employment Contract of April 20, 2006, dated May 27, 2009, between KCSM and José Guillermo Zozaya Delano, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on June 2, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.19.1.
10.20	Employment Agreement, dated August 15, 2008, between KCSR and Michael W. Upchurch, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on October 22, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.20.
10.20.1	Amendment to Employment Agreement dated December 17, 2012, between KCSR and Michael W. Upchurch, filed as Exhibit 10.28.1 to the Company's Form 10-K for the year ended December 31, 2012, filed on February 4, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.20.1.
10.21	Employment Agreement, dated September 10, 2008, between KCSR and David Starling, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on September 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.21.
10.21.1	Addendum to Employment Agreement, dated June 28, 2010, among the Company, KCSR and David L. Starling, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on June 29, 2010 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.21.1.
10.21.2	Amendment to Employment Agreement dated December 17, 2012, between KCSR and David L. Starling, filed as Exhibit 10.29.2 to the Company's Form 10-K for the year ended December 31, 2012, filed on February 4, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.21.2.
10.21.3	Retention Agreement dated February 18, 2015, between the Company and David Starling, filed as Exhibit 10.8 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.21.3.

Exhibit No.	Description
10.22	Employment Agreement, dated September 28, 2009, between KCSR and Mary K. Stadler, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on October 2, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.22.
10.22.1	Amendment to Employment Agreement dated December 17, 2012, between KCSR and Mary K. Stadler, filed as Exhibit 10.30.1 to the Company's Form 10-K for the year ended December 31, 2012, filed on February 4, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.22.1.
10.23	Trackage Rights Agreement, dated February 9, 2010, between KCSM and Ferromex, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2010, filed on April 27, 2010 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.23.
10.24	Form of Loan Agreement between General Electric Capital Corporation and KCSM, dated September 1, 2011, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2011, filed on October 21, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.24.
10.25	Financing Agreement dated as of February 21, 2012, between KCSR and the United States of America represented by the Secretary of Transportation acting through the Administrator of the Federal Railroad Administration, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 22, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.25.
10.26	Financing Agreement between The Texas-Mexican Railway Company and the Federal Railroad Administration, dated June 28, 2005, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q, filed on August 15, 2005 (File No. 1-04717), are incorporated herein by reference as Exhibit 10.26.
10.26.1	Pledge Agreement between Mexrail, Inc. and the Federal Railroad Administration, and Guaranty of Mexrail, Inc. in favor of the Federal Railroad Administration, filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q, filed on August 15, 2005 (File No. 1-04717), are incorporated herein by reference as Exhibit 10.26.1.
10.27	Credit Agreement dated as of October 22, 2014, by and among KCSII, the Company, the other Guarantors, and The Bank of TokyoMitsubishi UFJ, Ltd, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 24, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.27.
10.28	Credit Agreement, dated December 9, 2015, among the Company, the guarantors party thereto, the various financial institutions and other persons from time to time parties thereto as lenders, Bank of America, N.A., as administrative agent, JPMorgan Chase Bank, N.A. and Citibank, N.A., as co-syndication agents and Merrill Lynch, JPM and Citigroup Global Markets Inc., as joint lead arrangers and joint bookrunning managers, filed as exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.28.
10.29	Employment Agreement, dated February 18, 2015, between KCSR and Jeffrey M. Songer, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 15, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.29.
10.30	Employment Agreement, dated July 13, 2015, between KCSR and Brian Hancock, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended March 31, 2016, filed on April 19, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.30.
10.31	Form of Restricted Shares Award Agreement, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 10, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.31.
12.1*	Computation of Ratio of Earnings to Fixed Charges.

Exhibit No.	Description
21.1	Subsidiaries of the Company (incorporated by reference to Exhibit 21.1 to the Annual Report on Form 10-K of the Company, filed on January 29, 2016).
23.1*	Consent of KPMG LLP.
23.2*	Consent of White & Case LLP (included as part of Exhibit 5.1).
23.3*	Consent of Husch Blackwell LLP (included as part of Exhibit 5.2).
24.1	Powers of Attorney (included on signature pages).
25.1*	Statement of Eligibility of Trustee on Form T-1.
99.1*	Form of Letter of Transmittal.

* Filed herewith.

Item 22. Undertakings.

Each undersigned registrant hereby undertakes:

1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

   (a) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

   (b) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "***Calculation of Registration Fee***" table in the effective registration statement;

   (c) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; *provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

   (a) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

   (b) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

   (c) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

   (d) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

6) That, for purposes of determining any liability under the Securities Act of 1933, each filing of KCS's annual report pursuant to section 13(a) or section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

7) The undersigned registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Exchange Act; and, where interim financial information required to be presented by Article 3 of Regulation S-X are not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

8) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrants pursuant to the foregoing provisions, or otherwise, the registrants have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrants of expenses incurred or paid by a director, officer or controlling person of the registrants in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrants will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

9) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

10) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on May 17, 2016.

KANSAS CITY SOUTHERN

By: /s/ David L. Starling
Name: David L. Starling
Title: Chief Executive Officer and Director

SIGNATURES AND POWERS OF ATTORNEY

Each person whose signature appears below constitutes and appoints David L. Starling and Patrick J. Ottensmeyer his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	Chief Executive Officer and Director	May 17, 2016
/s/ Patrick J. Ottensmeyer Patrick J. Ottensmeyer	President	May 17, 2016
/s/ Michael W. Upchurch Michael W. Upchurch	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	May 17, 2016
/s/ Mary K. Stadler Mary K. Stadler	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	May 17, 2016
/s/ Robert J. Druten Robert J. Druten	Chairman of the Board and Director	May 17, 2016
/s/ Lu M. Córdova Lu M. Córdova	Director	May 17, 2016
/s/ Henry R. Davis Henry R. Davis	Director	May 17, 2016
/s/ Antonio O. Garza, Jr. Antonio O. Garza, Jr.	Director	May 17, 2016
/s/ Thomas A. McDonnell Thomas A. McDonnell	Director	May 17, 2016
/s/ Rodney E. Slater Rodney E. Slater	Director	May 17, 2016
/s/ David Garza Santos David Garza Santos	Director	May 17, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on May 17, 2016.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

By: /s/ David L. Starling
Name: David L. Starling
Title: Chairman and Chief Executive Officer

SIGNATURES AND POWERS OF ATTORNEY

Each person whose signature appears below constitutes and appoints David L. Starling and Patrick J. Ottensmeyer his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	May 17, 2016
/s/ Patrick J. Ottensmeyer Patrick J. Ottensmeyer	President and Director	May 17, 2016
/s/ Michael W. Upchurch Michael W. Upchurch	Executive Vice President, Chief Financial Officer and Director (Principal Financial Officer)	May 17, 2016
/s/ Mary K. Stadler Mary K. Stadler	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	May 17, 2016
/s/ Warren K. Erdman Warren K. Erdman	Director	May 17, 2016
/s/ William J. Wochner William J. Wochner	Director	May 17, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on May 17, 2016.

GATEWAY EASTERN RAILWAY COMPANY

By: /s/ David L. Starling
Name: David L. Starling
Title: Chairman and Chief Executive Officer

SIGNATURES AND POWERS OF ATTORNEY

Each person whose signature appears below constitutes and appoints David L. Starling and Patrick J. Ottensmeyer his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	May 17, 2016
/s/ Warren K. Erdman Warren K. Erdman	President and General Manager	May 17, 2016
/s/ Michael W. Upchurch Michael W. Upchurch	Vice President, Chief Financial Officer and Director (Principal Financial Officer)	May 17, 2016
/s/ Mary K. Stadler Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	May 17, 2016
/s/ Patrick J. Ottensmeyer Patrick J. Ottensmeyer	Director	May 17, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on May 17, 2016.

SOUTHERN DEVELOPMENT COMPANY

By: /s/ David L. Starling
Name: David L. Starling
Title: President

SIGNATURES AND POWERS OF ATTORNEY

Each person whose signature appears below constitutes and appoints David L. Starling and Patrick J. Ottensmeyer his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	May 17, 2016
/s/ Michael W. Upchurch Michael W. Upchurch	Vice President, Chief Financial Officer, Treasurer and Director (Principal Financial Officer)	May 17, 2016
/s/ Mary K. Stadler Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	May 17, 2016
/s/ Warren K. Erdman Warren K. Erdman	Director	May 17, 2016
/s/ Patrick J. Ottensmeyer Patrick J. Ottensmeyer	Director	May 17, 2016
/s/ William J. Wochner William J. Wochner	Director	May 17, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on May 17, 2016.

THE KANSAS CITY NORTHERN RAILWAY COMPANY

By: /s/ David L. Starling
Name: David L. Starling
Title: President

SIGNATURES AND POWERS OF ATTORNEY

Each person whose signature appears below constitutes and appoints David L. Starling and Patrick J. Ottensmeyer his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	May 17, 2016
/s/ Michael W. Upchurch Michael W. Upchurch	Vice President, Chief Financial Officer and Director (Principal Financial Officer)	May 17, 2016
/s/ Mary K. Stadler Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	May 17, 2016
/s/ Patrick J. Ottensmeyer Patrick J. Ottensmeyer	Director	May 17, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on May 17, 2016.

TRANS-SERVE, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

SIGNATURES AND POWERS OF ATTORNEY

Each person whose signature appears below constitutes and appoints David L. Starling and Patrick J. Ottensmeyer his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	May 17, 2016
/s/ Michael W. Upchurch Michael W. Upchurch	Vice President, Chief Financial Officer and Director (Principal Financial Officer)	May 17, 2016
/s/ Mary K. Stadler Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	May 17, 2016
/s/ Warren K. Erdman Warren K. Erdman	Director	May 17, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on May 17, 2016.

KCS HOLDINGS I, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

SIGNATURES AND POWERS OF ATTORNEY

Each person whose signature appears below constitutes and appoints David L. Starling and Patrick J. Ottensmeyer his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	May 17, 2016
/s/ Michael W. Upchurch Michael W. Upchurch	Vice President, Chief Financial Officer and Director (Principal Financial Officer)	May 17, 2016
/s/ Mary K. Stadler Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	May 17, 2016
/s/ Patrick J. Ottensmeyer Patrick J. Ottensmeyer	Director	May 17, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on May 17, 2016.

KCS VENTURES I, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

SIGNATURES AND POWERS OF ATTORNEY

Each person whose signature appears below constitutes and appoints David L. Starling and Patrick J. Ottensmeyer his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	May 17, 2016
/s/ Michael W. Upchurch Michael W. Upchurch	Vice President, Chief Financial Officer and Director (Principal Financial Officer)	May 17, 2016
/s/ Mary K. Stadler Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	May 17, 2016
/s/ Patrick J. Ottensmeyer Patrick J. Ottensmeyer	Director	May 17, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on May 17, 2016.

SOUTHERN INDUSTRIAL SERVICES, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

SIGNATURES AND POWERS OF ATTORNEY

Each person whose signature appears below constitutes and appoints David L. Starling and Patrick J. Ottensmeyer his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	May 17, 2016
/s/ Michael W. Upchurch Michael W. Upchurch	Vice President, Chief Financial Officer, Treasurer and Director (Principal Financial Officer)	May 17, 2016
/s/ Mary K. Stadler Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	May 17, 2016
/s/ Warren K. Erdman Warren K. Erdman	Director	May 17, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on May 17, 2016.

VEALS, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

SIGNATURES AND POWERS OF ATTORNEY

Each person whose signature appears below constitutes and appoints David L. Starling and Patrick J. Ottensmeyer his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	May 17, 2016
/s/ Michael W. Upchurch Michael W. Upchurch	Vice President, Chief Financial Officer, Treasurer and Director (Principal Financial Officer)	May 17, 2016
/s/ Mary K. Stadler Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	May 17, 2016
/s/ Patrick J. Ottensmeyer Patrick J. Ottensmeyer	Director	May 17, 2016
/s/ Warren K. Erdman Warren K. Erdman	Director	May 17, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on May 17, 2016.

PABTEX, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

SIGNATURES AND POWERS OF ATTORNEY

Each person whose signature appears below constitutes and appoints David L. Starling and Patrick J. Ottensmeyer his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	May 17, 2016
/s/ Michael W. Upchurch Michael W. Upchurch	Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	May 17, 2016
/s/ Mary K. Stadler Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	May 17, 2016
/s/ Patrick J. Ottensmeyer Patrick J. Ottensmeyer	Director	May 17, 2016
/s/ Warren K. Erdman Warren K. Erdman	Director	May 17, 2016

EXHIBIT 7.3

KANSAS CITY SOUTHERN
FORM S-4/A – AMENDMENT NO. 1
(JUNE 17, 2016)

As filed with the Securities and Exchange Commission on June 17, 2016.

Registration Statement No. 333- 211427

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1
to
FORM S-4
REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

KANSAS CITY SOUTHERN*

(Exact name of registrant as specified in its charter)
***And the Guarantors listed below**

Delaware	4011	44-0663509
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

427 West 12th Street
Kansas City, Missouri 64105
816-983-1303
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Copies to:

William J. Wochner, Esq. **Kansas City Southern** **427 West 12th Street** **Kansas City, Missouri 64105** **816-983-1324**	**Gary Kashar** **Andrew Weisberg** **White & Case LLP** **1155 Avenue of the Americas** **New York, New York 10036** **(212) 819-8200**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ☐

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ☐

The registrants hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until the registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

TABLE OF ADDITIONAL REGISTRANTS

Name of Additional Registrant*	State or Other Jurisdiction of Incorporation or Formation	I.R.S. Employer Identification Number
The Kansas City Southern Railway Company	Missouri	44-6000758
Gateway Eastern Railway Company	Illinois	37-1301047
The Kansas City Northern Railway Company	Delaware	43-1773503
Trans-Serve, Inc.	Delaware	43-0865086
KCS Holdings I, Inc.	Delaware	26-1816530
KCS Ventures I, Inc.	Delaware	26-1816446
Southern Development Company	Missouri	44-6005843
Southern Industrial Services, Inc.	Delaware	36-3499535
Veals, Inc.	Delaware	43-0811880
Pabtex, Inc.	Delaware	43-1915233

* The address, including zip code, and telephone number, including area code, of each registrant's principal executive offices is c/o Kansas City Southern, 427 West 12th Street, Kansas City, Missouri, 64105, Telephone (816) 983-1303.

EXPLANATORY NOTE

This Amendment No. 1 to the Registration Statement on Form S-4 (File No. 333-211427) is being filed solely for the purpose of filing certain exhibits, as indicated on the exhibit index contained in Item 21 of Part II below. This Amendment No. 1 does not modify the prospectus that forms a part of the Registration Statement. Accordingly, a preliminary prospectus has been omitted.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

Delaware Corporations

Delaware General Corporation Law. Section 145(a) of the Delaware General Corporation Law (the "DGCL") provides that a Delaware corporation may indemnify any persons who were, are or are threatened to be made, parties to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer, director, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that such person's conduct was illegal. Section 145(b) of the DGCL provides that a Delaware corporation may indemnify officers, directors, employees and agents in an action by or in the right of the corporation under the same conditions, except that no indemnification is permitted without judicial approval if the officer, director, employee or agent is adjudged to be liable to the corporation. Under Section 145(c) of the DGCL, where an officer, director, employee or agent is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify such person against the expenses (including attorney's fees) which he or she actually and reasonably incurred.

Section 145(g) of the DGCL provides that a corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation against any liability asserted against such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of the DGCL.

Kansas City Southern

Certificate of Incorporation and Bylaws. Article 16 of the restated certificate of incorporation of KCS provides that, to the fullest extent permitted by the DGCL, no director of KCS shall be liable to KCS or its stockholders for money damages for breach of fiduciary duty as a director.

Article X of the bylaws of KCS, as amended and restated (the "KCS Bylaws"), provides that each person who at any time is, or shall have been, a director, officer or employee of KCS, and is threatened to be or is made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is, or was, a director, officer or employee of KCS, or served at the request of KCS as a director, officer, employee or trustee of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified against expense (including attorneys' fees), judgment, fines and amounts paid in settlement actually and reasonably incurred by him in connection with any such action, suit or proceeding to the full extent provided under Section 145 of the DGCL. Article X of the KCS Bylaws further provides that the right to indemnification conferred on directors and officers thereunder shall include the right to have KCS pay the expenses incurred in defending any such proceeding in advance of its final disposition; *provided, however*, that if the DGCL so requires, the payment of such expenses incurred shall be made only upon delivery to KCS of an undertaking by or on behalf of such director or officer to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such director or officer is not entitled to be indemnified under the KCS Bylaws.

The Kansas City Northern Railway Company

Certificate of Incorporation and Bylaws. Article VIII of the certificate of incorporation of the Kansas City Northern Railway Company ("KCNRC") provides that directors and officers of KCNRC shall be indemnified to the maximum extent permitted by law. Article IX of the certificate of incorporation the KCNRC further provides that directors shall not be personally liable to the corporation or its stockholders for money damages for breach of fiduciary duty, except to the extent such exception from liability or limitation thereof is not permitted under the DGCL.

Article VII of the amended and restated bylaws of KCNRC provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of KCNRC or the legal representative of any of the foregoing, shall be indemnified and held harmless by KCNRC to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by KCNRC in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by KCNRC; *provided*, that in connection with a proceeding initiated by such person, KCNRC shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by KCNRC after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against KCNRC to recover the unpaid amount of the claim or the advancement of expenses.

Trans-Serve, Inc.

Certificate of Incorporation and Bylaws. Article Thirteen of the amended certificate of incorporation of Trans-Serve, Inc. ("TSI") provides that each person who at any time is, or shall have been, a director or officer of TSI, and who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of TSI, or served at the request of TSI as a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by TSI against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such officer or director in connection with any such action, suit or proceeding to the full extent permitted by Delaware law. Article Fourteen of the amended certificate of incorporation of TSI further provides that a director shall not be personally liable to the corporation or its stockholders for money damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (3) under Section 174 of the DGCL, or (4) for any transaction from which the director derived an improper personal benefit.

Article VII of the amended and restated bylaws of TSI provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of TSI or the legal representative of any of the foregoing, shall be indemnified and held harmless by TSI to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by TSI in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by TSI; *provided*, that in connection with a proceeding initiated by such person, TSI shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by TSI after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against TSI to recover the unpaid amount of the claim or the advancement of expenses.

KCS Holdings I, Inc.

Certificate of Incorporation and Bylaws. Article Seven of the certificate of incorporation of KCS Holdings I, Inc. ("KCSH") provides that each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of KCSH or is or was serving at the request of KCSH as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise shall be indemnified and held harmless by KCSH to the fullest extent authorized by the DGCL. Article Seven of the amended certificate of incorporation of KCSH further provides a director shall not be personally liable to the corporation or its stockholders for money damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (3) under Section 174 of the DGCL, or (4) for any transaction from which the director derived an improper personal benefit.

Article VII of the amended and restated bylaws of KCSH provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of KCSH or the legal representative of any of the foregoing, shall be indemnified and held harmless by KCSH to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by KCSH in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by KCSH; *provided*, that in connection with a proceeding initiated by such person, KCSH shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by KCSH after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against KCSH to recover the unpaid amount of the claim or the advancement of expenses.

KCS Ventures I, Inc.

Certificate of Incorporation and Bylaws. Article Seven of the certificate of incorporation of KCS Ventures I, Inc. ("KCSV") provides that each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of KCSV or is or was serving at the request of KCSV as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise shall be indemnified and held harmless by KCSV to the fullest extent authorized by the DGCL. Article Seven of the amended certificate of incorporation of KCSV further provides that a director shall not be personally liable to the corporation or its stockholders for money damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (3) under Section 174 of the DGCL, or (4) for any transaction from which the director derived an improper personal benefit.

Article VII of the amended and restated bylaws of KCSV provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of KCSV or the legal representative of any of the foregoing, shall be indemnified and held harmless by KCSV to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by KCSV in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by KCSV; *provided*, that in connection with a proceeding initiated by

such person, KCSV shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by KCSV after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against KCSV to recover the unpaid amount of the claim or the advancement of expenses.

Southern Industrial Services, Inc.

Certificate of Incorporation and Bylaws. Article Eleven of the amended certificate of incorporation of Southern Industrial Services, Inc. ("SIS") provides that each person who at any time is, or shall have been, a director or officer of SIS, and who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of SIS, or served at the request of SIS as a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by SIS against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such officer or director in connection with any such action, suit or proceeding to the full extent permitted by Delaware law. Article Twelve of the amended certificate of incorporation of SIS further provides that a director shall not be personally liable to the corporation or its stockholders for money damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (3) under Section 174 of the DGCL, or (4) for any transaction from which the director derived an improper personal benefit.

Article VII of the amended and restated bylaws of SIS provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of SIS or the legal representative of any of the foregoing, shall be indemnified and held harmless by SIS to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by SIS in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by SIS; *provided*, that in connection with a proceeding initiated by such person, SIS shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by SIS after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against SIS to recover the unpaid amount of the claim or the advancement of expenses.

Veals, Inc.

Bylaws. Article VII of the amended and restated bylaws of Veals, Inc. ("Veals") provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of Veals or the legal representative of any of the foregoing, shall be indemnified and held harmless by Veals to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by Veals in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by Veals; *provided*, that in connection with a proceeding initiated by such person, Veals shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by Veals after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against Veals to recover the unpaid amount of the claim or the advancement of expenses.

Pabtex, Inc.

Certificate of Incorporation and Bylaws. Article 9(a) of the certificate of incorporation of Pabtex, Inc. ("Pabtex") provides that a director of Pabtex shall not be personally liable to Pabtex or its stockholders for monetary damages for breach of fiduciary duty as a director, except for such liability as is expressly not subject to limitation under the DGCL. Article 9(b) of the certificate of incorporation of Pabtex further provides that Pabtex shall, to the fullest extent permitted by law, indemnify any and all officers and directors of Pabtex, and may, to the fullest extent permitted by law or to such lesser extent as is determined in the discretion of the board of directors, indemnify and advance expenses to any and all other persons whom it shall have power to indemnify, from and against all expenses, liabilities or other matters arising out of their status as such or their acts, omissions or services rendered in such capacities.

Article VII of the amended and restated bylaws of Pabtex provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of Pabtex or the legal representative of any of the foregoing, shall be indemnified and held harmless by Pabtex to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by Pabtex in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by Pabtex; *provided*, that in connection with a proceeding initiated by such person, Pabtex shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by Pabtex after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against Pabtex to recover the unpaid amount of the claim or the advancement of expenses.

Illinois Corporations

Illinois Business Corporation Act. Under Section 8.75(a) of the Illinois Business Corporation Act of 1983 ("ILBCA"), a corporation may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or who is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Under Section 8.75(b) of the ILBCA, in actions brought by or in the right of the corporation, a corporation may indemnify such person against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner that he or she reasonably believed to be in or not opposed to the best interests of the corporation, *provided* that no indemnification may be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable to the corporation, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which the court shall deem proper. To the extent that such person has been successful on the merits or otherwise in defending any such action, suit or proceeding referred to above or any claim, issue or matter therein, he or she is entitled to indemnification for expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, if such person acted in good faith and in a manner that person reasonably believed to be in or not opposed to the best interests of the corporation under Section 8.75(c).

Under Section 8.75(g) of the ILBCA, a corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or who is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions Section 8.75 of the ILBCA.

Gateway Eastern Railway Company

Bylaws. Article VI of the amended and restated bylaws of Gateway Eastern Railway Company ("***Gateway***") provides that Gateway shall indemnify each director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of Gateway) by reason of the fact that he or she is or was a director, officer, employee or agent of Gateway, or is or was serving at the request of Gateway as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of Gateway, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of Gateway, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful. Gateway shall indemnify each director, officer, employee and agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of Gateway to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of Gateway, or is or was serving at the request of Gateway as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of Gateway and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to Gateway unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite that adjudication of liability but in view of all the circumstances of the case, such director, officer, employee or agent is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper. Article VI of the amended and restated bylaws further provides that the determination of whether to indemnify such director, officer, employee or agent shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable but a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the shareholders. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by Gateway in advance of the final disposition of such action, suit or proceeding, as authorized by the board of directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount. If Gateway has paid indemnity or has advanced expenses to a director, officer, employee or agent, Gateway shall report the indemnification or advance in writing to the shareholders with or before the notice of the next shareholders' meeting.

Missouri Corporations

General and Business Corporation Law of Missouri. Under Section 351.355(1) of the General and Business Corporation Law of Missouri (the "Missouri GBCL"), a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding,

whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful. Under Section 351.355(2) of the Missouri GBCL, in the case of an action or suit by or in the right of the corporation, no person shall be indemnified as to any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the corporation unless and only to the extent that the court in which the action or suit was brought determines upon application that, despite the adjudication of liability and in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for expenses which the court shall deem proper. Under Section 351.355(3) of the Missouri GBCL, except as otherwise provided in the articles of incorporation or the bylaws, to the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in subsections 1 and 2 of this section, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the action, suit, or proceeding.

Under Section 351.355(8) of the Missouri GBCL, a corporation may purchase and maintain insurance or another arrangement on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him against such liability under Section 351.355 of the Missouri GBCL.

The Kansas City Southern Railway Company

Certificate of Incorporation and Bylaws. Article Ten of the amended certificate of incorporation provides that KCSR shall indemnify directors and officers to the full extent permitted by Section 351.355 of the Missouri GBCL.

Article VII of the amended and restated bylaws of KCSR provide that KCSR shall indemnify and hold harmless any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of KCSR) by reason of the fact that he is or was a director, officer, employee or agent of KCSR, or is or was serving at the request of KCSR as a director, officer, employee or agent of another corporation partnership joint venture, trust or other enterprise, against expenses, losses, costs and damages (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of KCSR, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of KCSR, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful. KCSR shall indemnify and hold harmless any person

who was or is a party to or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of KCSR to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of KCSR, or is or was serving at the request of KCSR as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, and amounts paid in settlement actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of KCSR; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to KCSR unless and only to the extent that the court in which the action or suit was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Article VII of the amended and restated bylaws of KCSR provides that the determination whether to provide indemnification because the applicable standard of conduct set forth in the amended and restated bylaws of KCSR has been met shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the shareholders of KCSR, and in the case of an employee who is not a director or officer, such determination may be made by the general counsel of KCSR (or such officer serving in similar capacity). Article VII of the amended and restated bylaws of KCSR further provides that expenses may be paid by KCSR in advance of the final disposition of the action, suit or proceeding as authorized by the board of directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by KCSR. KCSR may provide such further indemnity to any person who is or was a director, officer, employee or agent of KCSR, or is or was serving at the request of KCSR as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, *provided* that no such indemnity shall indemnify any person from or on account of such person's conduct which was finally adjudged to have been knowingly fraudulent, deliberately dishonest, or willful misconduct. However, KCSR's indemnity shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained by KCSR, or (ii) from such other corporation, partnership, joint venture, trust or other enterprise, or from insurance purchased by any of them.

Southern Development Company

Bylaws. Article VII of the amended and restated bylaws of the Southern Development Company ("SDC") provides that SDC shall indemnify and hold harmless any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of SDC) by reason of the fact that he is or was a director, officer, employee or agent of SDC, or is or was serving at the request of SDC as a director, officer, employee or agent of another corporation partnership joint venture, trust or other enterprise, against expenses, losses, costs and damages (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of SDC, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of SDC, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful. SDC shall indemnify and hold harmless any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of SDC to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of SDC, or is or was serving at the

request of SDC as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, and amounts paid in settlement actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of SDC; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to SDC unless and only to the extent that the court in which the action or suit was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Article VII of the amended and restated bylaws of SDC provides that the determination whether to provide indemnification because the applicable standard of conduct set forth in the amended and restated bylaws of SDC has been met shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the shareholders of SDC, and in the case of an employee who is not a director or officer, such determination may be made by the general counsel of SDC (or such officer serving in similar capacity). Article VII of the amended and restated bylaws of SDC further provides that expenses may be paid by SDC in advance of the final disposition of the action, suit or proceeding as authorized by the board of directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by SDC. SDC may provide such further indemnity to any person who is or was a director, officer, employee or agent of SDC, or is or was serving at the request of SDC as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, *provided* that no such indemnity shall indemnify any person from or on account of such person's conduct which was finally adjudged to have been knowingly fraudulent, deliberately dishonest, or willful misconduct. However, SDC's indemnity shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained by SDC, or (ii) from such other corporation, partnership, joint venture, trust or other enterprise, or from insurance purchased by any of them.

Item 21. Exhibits and Financial Statement Schedules.

Exhibits

Exhibit No.	Description
1.1	Underwriting Agreement, dated July 22, 2015, among The Kansas City Southern Railway Company ("***KCSR***"), the Note Guarantors and Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("***Merrill Lynch***") and Morgan Stanley & Co. LLC ("***Morgan Stanley***"), as representatives of the underwriters listed therein, filed as Exhibit 1.1 to the Company's Current Report on Form 8-K, filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 1.1.
1.2	Underwriting Agreement, dated May 11, 2016, among Kansas City Southern (the "***Company***"), the Note Guarantors and J.P. Morgan Securities LLC ("***JPM***"), Merrill Lynch and Morgan Stanley, as representatives of the underwriters listed therein, filed as Exhibit 1.1 to the Company's Current Report on Form 8-K, filed on May 17, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 1.2.
3.1	Amended and Restated Certificate of Incorporation of the Company, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on May 7, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.1.
3.1.1	Amendments to the Kansas City Southern Amended and Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 5, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.1.1.

Exhibit No.	Description
3.2	Amended and Restated Bylaws of the Company, as amended and restated on May 6, 2016, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on May 10, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.2.
3.3	Amended Certificate of Incorporation of KCSR, filed as Exhibit 3.3 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.3.
3.4	Amended and Restated Bylaws of KCSR, as adopted on May 18, 2009, filed as Exhibit 3.4 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.4.
3.5	Articles of Incorporation of Gateway Eastern Railway Company, filed as Exhibit 3.5 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.5.
3.6	Amended and Restated Bylaws of Gateway Eastern Railway Company, as adopted on July 1, 2008, filed as Exhibit 3.6 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.6.
3.7	Certificate of Incorporation of The Kansas City Northern Railway Company, filed as Exhibit 3.7 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.7.
3.8	Amended and Restated Bylaws of The Kansas City Northern Railway Company, as adopted on July 1, 2008, filed as Exhibit 3.8 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.8.
3.9	Amended Certificate of Incorporation of Trans-Serve, Inc., filed as Exhibit 3.9 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.9.
3.10	Amended and Restated Bylaws of Trans-Serve, Inc., as adopted on July 1, 2008, filed as Exhibit 3.10 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.10.
3.11	Certificate of Incorporation of KCS Holdings I, Inc., filed as Exhibit 3.11 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.11.
3.12	Amended and Restated Bylaws of KCS Holdings I, Inc., as adopted on July 1, 2008, filed as Exhibit 3.12 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.12.
3.13	Certificate of Incorporation of KCS Ventures I, Inc., filed as Exhibit 3.13 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.13.
3.14	Amended and Restated Bylaws of KCS Ventures I, Inc., as adopted on July 1, 2008, filed as Exhibit 3.14 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.14.
3.15	Articles of Incorporation of Southern Development Company, filed as Exhibit 3.15 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.15.
3.16	Amended and Restated Bylaws of Southern Development Company, as adopted on July 1, 2008, filed as Exhibit 3.16 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.16.

Exhibit No.	Description
3.17	Amended Certificate of Incorporation of Southern Industrial Services, Inc., filed as Exhibit 3.17 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.17.
3.18	Amended and Restated Bylaws of Southern Industrial Services, Inc., as adopted on July 1, 2008, filed as Exhibit 3.18 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.18.
3.19	Certificate of Incorporation of Veals, Inc., filed as Exhibit 3.19 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.19.
3.20	Amended and Restated Bylaws of Veals, Inc., as adopted on July 1, 2008, filed as Exhibit 3.20 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.20.
3.21	Certificate of Incorporation of Pabtex, Inc., filed as Exhibit 3.21 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.21.
3.22	Amended and Restated Bylaws of Pabtex, Inc., as adopted on July 1, 2008, filed as Exhibit 3.22 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.22.
4.1	As permitted by Item 601(b)(4)(iii)(A) of Regulation S-K, KCS has not filed with this Registration Statement on Form S-4 certain instruments defining the rights of holders of long-term debt of KCS and its subsidiaries because the total amount of securities authorized under any of such instruments does not exceed 10% of the total assets of KCS and its subsidiaries on a consolidated basis. KCS agrees to furnish a copy of any such agreements to the SEC upon request.
4.2	2043 Notes Indenture, dated April 29, 2013, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 29, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.2.
4.2.1	First Supplemental Indenture, dated November 23, 2015, among KCSR, the Guarantors and the U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.2.1.
4.2.2	Registration Rights Agreement, dated April 29, 2013, among KCSR, the Guarantors and JPM, Merrill Lynch and Morgan Stanley, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on April 29, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.2.2.
4.2.3	Form of Rule 144A Restricted Global Note representing KCSR's 4.30% Senior Notes due 2043, filed as Exhibit 4.2.2 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.2.3.
4.2.4	Form of Regulation S Restricted Global Note representing KCSR's 4.30% Senior Notes due 2043, filed as Exhibit 4.2.3 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.2.4.
4.2.5	Form of Special Global Note representing KCSR's 4.30% Senior Notes due 2043, filed as Exhibit 4.2.4 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.2.5.
4.3	2020 KCSM Notes Indenture, dated May 3, 2013, between KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 8, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.

Exhibit No.	Description
4.3.1	First Supplemental Indenture, dated November 23, 2015, between KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.5 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.1.
4.3.2	2023 KCSM Notes Indenture, dated May 3, 2013, between KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 8, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.2.
4.3.3	First Supplemental Indenture, dated November 23, 2015, between KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.6 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.3.
4.3.4	Registration Rights Agreement, dated May 3, 2013, among KCSM, JPM, Merrill Lynch and Morgan Stanley, filed as exhibit 4.3 to the Company's Current Report on Form 8-K filed on May 8, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.4.
4.3.5	Form of Rule 144A Restricted Global Note representing the 2.35% Senior Notes due 2020, filed as Exhibit 4.4.1 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.5.
4.3.6	Form of Regulation S Restricted Global Note representing the 2.35% Senior Notes due 2020, filed as Exhibit 4.4.2 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.6.
4.3.7	Special Global Note representing the 2.35% Senior Notes due 2020, filed as Exhibit 4.4.3 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.7.
4.3.8	Form of Rule 144A Restricted Global Note representing the 3.0% Senior Notes due 2023, filed as Exhibit 4.5.1 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.8.
4.3.9	Form of Regulation S Restricted Global Note representing the 3.0% Senior Notes due 2023, filed as Exhibit 4.5.2 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.9.
4.3.10	Special Global Note representing the 3.0% Senior Notes due 2023, filed as Exhibit 4.5.3 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.10.
4.4	2023 Notes Indenture, dated October 29, 2013, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 30, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.4.
4.4.1	First Supplemental Indenture, dated November 23, 2015, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1- 4717), is incorporated herein by reference as Exhibit 4.4.1.
4.4.2	Registration Rights Agreement, dated October 29, 2013, among KCSR, the Guarantors and JPM, Merrill Lynch and Morgan Stanley, filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on October 30, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.4.2.

Exhibit No.	Description
4.4.3	Form of Rule 144A Restricted Global Note representing KCSR's 3.85% Senior Notes due 2023, filed as Exhibit 4.4.2 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.4.3.
4.4.4	Form of Regulation S Restricted Global Note representing KCSR's 3.85% Senior Notes due 2023, filed as Exhibit 4.4.2 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.4.4.
4.4.5	Form of Special Global Note representing KCSR's 3.85% Senior Notes due 2023, filed as Exhibit 4.4.2 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.4.5.
4.5	2016 Notes Indenture, dated October 29, 2013, among KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.1 to KCSM's Current Report on Form 8-K filed on October 30, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.
4.5.1	First Supplemental Indenture, dated November 23, 2015, between KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.4 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.1.
4.5.2	Registration Rights Agreement, dated October 29, 2013, among KCSM and JPM, Merrill Lynch and Morgan Stanley, filed as Exhibit 4.2 to KCSM's Current Report on Form 8-K filed on October 30, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.2.
4.5.3	Form of Rule 144A Restricted Global Note representing the Floating Rate Senior Notes due 2016, filed as Exhibit 4.7.2 to the Registration Statement on Form S-4 for KCSM, filed on November 7, 2013 (File No. 333-192179), is incorporated herein by reference as Exhibit 4.5.3.
4.5.4	Form of Regulation S Restricted Global Note representing the Floating Rate Senior Notes due 2016, filed as Exhibit 4.7.3 to the Registration Statement on Form S-4 for KCSM, filed on November 7, 2013 (File No. 333-192179), is incorporated herein by reference as Exhibit 4.5.4.
4.5.5	Special Global Note representing the Floating Rate Senior Notes due 2016, filed as Exhibit 4.7.4 to the Registration Statement on Form S-4 for KCSM, filed on November 7, 2013 (File No. 333-192179), is incorporated herein by reference as Exhibit 4.5.5.
4.6	2045 Notes Indenture, dated July 27, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.
4.6.1	First Supplemental Indenture, dated July 27, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.1.
4.6.2	Second Supplemental Indenture, dated November 23, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.2.
4.6.3	Form of Note representing 4.950% Senior Notes due 2045 (included in Exhibit 4.6.1), filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.3.
4.7	Base Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.

Exhibit No.	Description
4.7.1	First Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.1.
4.7.2	Second Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.2.
4.7.3	Third Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.4 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.3.
4.7.4	Fourth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.5 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.4.
4.7.5	Fifth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.6 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.5.
4.7.6	Sixth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.7 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.6.
4.7.7	Registration Rights Agreement, dated December 9, 2015, among KCS, the Note Guarantors, Citigroup Global Markets Inc., JPM, Merrill Lynch and Morgan Stanley, filed as Exhibit 4.8 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.7.
4.7.8	Seventh Supplemental Indenture, dated May 16, 2016, among the Company, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed on May 17, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.8.
4.7.9	Form of Note representing 3.125% Senior Notes due 2026 (included in Exhibit 4.7.8), filed as Exhibit 4.3 to the Company's Current Report on Form 8-K, filed on May 17, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.9.
5.1**	Legal Opinion of White & Case LLP.
5.2*	Legal Opinion of Husch Blackwell LLP.
10.1	Form of Officer Indemnification Agreement, attached as Exhibit 10.1 to the Company's Form 10-K for the year ended December 31, 2001, filed on March 29, 2002 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.1.
10.2	Form of Director Indemnification Agreement, attached as Exhibit 10.2 to the Company's Form 10-K for the year ended December 31, 2001, filed on March 29, 2002 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.2.
10.3	Directors Deferred Fee Plan, adopted August 20, 1982, as amended and restated effective May 2, 2007, filed as Exhibit 10.3 to the Company's Form 10-K for the year ended December 31, 2010, filed on February 9, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.3.

Exhibit No.	Description
10.4	Kansas City Southern 1991 Amended and Restated Stock Option and Performance Award Plan, as amended and restated effective as of August 7, 2007 (the "***Amended 1991 Plan***"), filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended September 30, 2007, filed on October 26, 2007 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.
10.4.1	First Amendment to the Kansas City Southern 1991 Amended and Restated Stock Option and Performance Award Plan, effective July 2, 2008, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 8, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.1.
10.4.2	Form of Non-Qualified Stock Option Award Agreement for employees under the Amended 1991 Plan, filed as Exhibit 10.8.2 to the Company's Form 10-K for the year ended December 31, 2004, filed on March 30, 2005 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.2.
10.4.3	Form of Non-Qualified Stock Option Award Agreement for Directors under the Amended 1991 Plan, filed as Exhibit 10.8.3 to the Company's Form 10-K for the year ended December 31, 2004, filed on March 30, 2005 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.3.
10.4.4	Form of Non-Qualified Stock Option Award agreement for employees under the Amended 1991 Plan (referencing threshold dates), filed as Exhibit 10.8.4 to the Company's Form 10-K for the year ended December 31, 2004, filed on March 30, 2005 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.4.
10.4.5	Form of Restricted Shares Award Agreement (cliff vesting) under the Amended 1991 Plan, filed as Exhibit 10.5.6 to the Company's Form 10-K for the year ended December 31, 2007, filed on February 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.5.
10.4.6	Form of Restricted Shares Award Agreement under the Amended 1991 Plan (applicable to restricted shares to be purchased), filed as Exhibit 10.8.7 to the Company's Form 10-K for the year ended December 31, 2004, filed on March 30, 2005 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.6.
10.4.7	Form of Restricted Shares Award Agreement (consultants) under the Amended 1991 Plan, filed as Exhibit 10.5.9 to the Company's Form 10-K for the year ended December 31, 2007, filed on February 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.7.
10.4.8	Form of Restricted Shares Award Agreement (executive plan) under the Amended 1991 Plan, filed as Exhibit 10.5.10 to the Company's Form 10-K for the year ended December 31, 2007, filed on February 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.8.
10.5	Employment Agreement, dated February 19, 2015, between KCSR and Patrick J. Ottensmeyer filed as Exhibit 10.9 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.5.
10.6	Kansas City Southern Executive Plan (Amended and Restated February 18, 2015), filed as Exhibit 10.7 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.6.
10.7	Kansas City Southern Annual Incentive Plan, as amended and restated as of March 10, 2016, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 15, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.7.
10.8	English translation of concession title granted by the Secretaría de Comunicaciones y Transportes ("***SCT***") in favor of Ferrocarril del Noreste, S.A. de C.V. ("***FNE***"), dated December 2, 1996, filed as Exhibit 10.10 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.

Exhibit No.	Description
10.8.1	English translation of amendment, dated February 12, 2001, filed as Exhibit 10.10.1 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, is incorporated herein by reference as Exhibit 10.8.1.
10.8.2	English translation of amendment no. 2, dated November 22, 2006, filed as Exhibit 10.10.2 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, amended February 12, 2001, is incorporated herein by reference as Exhibit 10.8.2.
10.9	Lease Agreement, originally dated June 26, 2001 and amended March 26, 2002, between KCSR and Broadway Square Partners LLP, filed as Exhibit 10.34 to the Company's Form 10-K for the year ended December 31, 2001, filed on March 29, 2002 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.
10.10	Agreement to Forego Compensation between A. Edward Allinson and KCS, fully executed on March 30, 2001; Loan Agreement between A. Edward Allinson and KCS, fully executed on September 18, 2001; and the Promissory Note executed by the Trustees of The A. Edward Allinson Irrevocable Trust Agreement, dated June 4, 2001, Courtney Ann Arnot, A. Edward Allinson III and Bradford J. Allinson, Trustees, as Maker, and KCS, as Holder, filed as Exhibit 10.36 to the Company's Form 10-K for the year ended December 31, 2002, filed on March 28, 2003 (File No. 1-4717), are incorporated herein by reference as Exhibit 10.10.
10.11	Agreement to Forego Compensation between Michael G. Fitt and KCS, fully executed on March 30, 2001; Loan Agreement between Michael G. Fitt and KCS, fully executed on September 7, 2001; and the Promissory Note executed by the Trustees of The Michael G. and Doreen E. Fitt Irrevocable Insurance Trust, Anne E. Skyes, Colin M-D. Fitt and Ian D.G. Fitt, Trustees, as Maker, and KCS, as Holder, filed as Exhibit 10.37 to the Company's Form 10-K for the year ended December 31, 2002, filed on March 28, 2003 (File No. 1-4717), are incorporated herein by reference as Exhibit 10.11.
10.12	Transaction Agreement, dated December 1, 2005, among KCS, KCSR, Norfolk Southern Corporation and The Alabama Great Southern Railroad Company (the "***Transaction Agreement***"), filed as Exhibit 10.46 to the Company's Form 10-K for the year ended December 31, 2005, filed on April 7, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.
10.12.1	Amendment No. 1 to the Transaction Agreement, dated January 17, 2006, filed as Exhibit 10.47 to the Company's Form 10-K for the year ended December 31, 2005, filed on April 7, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.1.
10.12.2	Amendment No. 2 to the Transaction Agreement, dated May 1, 2006, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2006, filed on May 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.2.
10.12.3	Limited Liability Company Agreement of Meridian Speedway, LLC, dated May 1, 2006, between the Alabama Great Southern Railroad Company and KCS, filed as Exhibit 10.3 to the Company's Form 10-Q for the quarter ended March 31, 2006, filed on May 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.3.
10.12.4	Amendment No. 1 and Waiver to Limited Liability Company Agreement, dated August 12, 2011, among Meridian Speedway, LLC, KCS, KCS Holdings, Inc. and The Alabama Great Southern Railroad Company, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended September 30, 2011, filed on October 21, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.4.

Exhibit No.	Description
10.13	Participation Agreement, dated August 2, 2006, among KCSR, KCSR Trust 2006-1 (acting through Wilmington Trust Company, as owner trustee) ("***2006 Trust***"), HSH Nordbank AG, New York Branch, Wells Fargo Bank Northwest, National Association, and DVB Bank AG, filed as Exhibit 10.4 to the Company's Form 10-Q for the quarter ended September 30, 2006, filed on November 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.13.
10.13.1	Equipment Lease Agreement, dated August 2, 2006, between KCSR and the KCSR Trust 2006-1, filed as Exhibit 10.41 to the Company's Form 10-Q for the quarter ended September 30, 2006, filed on November 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.13.1
10.14	Participation Agreement, dated September 27, 2007, among KCSR, KCSR 2007-1 Statutory Trust (acting through U.S. Bank Trust National Association, as owner trustee) ("***2007 Trust***"), U.S. Bank Trust National Association, GS Leasing (KCSR 2007-1) LLC, Wilmington Trust Company, and KfW, filed as Exhibit 10.51 to the Company's Form 10-K for the year ended December 31, 2007, filed on February 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.14.
10.14.1	Equipment Lease Agreement, dated September 27, 2007, between KCSR and the KCSR 2007-1 Statutory Trust, filed as Exhibit 10.52 to the Company's Form 10-K for the year ended December 31, 2007, filed on February 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.14.1.
10.15	Kansas City Southern 2008 Stock Option and Performance Award Plan (the "***2008 Plan***") (amended and restated on February 18, 2015), filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.
10.15.1	Form of Non-Qualified Stock Option Award Agreement under the 2008 Plan, filed as Exhibit 10.47.1 to the Company's Form 10-K for the year ended December 31, 2008, filed on February 17, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.1.
10.15.2	Form of Restricted Shares Award Agreement (cliff vesting) under the 2008 Plan, filed as Exhibit 10.47.2 to the Company's Form 10-K for the year ended December 31, 2008, filed on February 17, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.2.
10.15.3	Form of Restricted Shares Award Agreement (graded vesting) under the 2008 Plan, filed as Exhibit 10.47.3 to the Company's Form 10-K for the year ended December 31, 2008, filed on February 17, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.3.
10.15.4	Form of Restricted Shares Award Agreement under the 2008 Plan (applicable to restricted shares to be purchased), filed as Exhibit 10.47.4 to the Company's Form 10-K for the year ended December 31, 2008, filed on February 17, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.4.
10.15.5	Form of Restricted Shares Award and Performance Shares Award Agreement under the 2008 Plan, filed as Exhibit 10.47.5 to the Company's Form 10-K for the year ended December 31, 2008, filed on February 17, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.5.
10.15.6	Form of Restricted Shares Award Agreement (performance based vesting) under the 2008 Plan, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on September 17, 2010 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.6.
10.15.7	Form of Restricted Shares Award Agreement (Standard Form) under the 2008 Plan, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.7.
10.15.8	Form of Restricted Shares Award Agreement (for use with the Executive Plan) under the 2008 Plan, filed as Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.8.

Exhibit No.	Description
10.15.9	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the 2008 Plan for the 2012 Long-Term Incentive Program, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 27, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.9.
10.15.10	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Non-United States Employees) under the 2008 Plan for the 2012 Long-Term Incentive Program, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 27, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.10.
10.15.11	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the 2008 Plan for the 2013 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 27, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.11.
10.15.12	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Non-United States Employees) under the 2008 Plan for the 2013 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 27, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.12.
10.15.13	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the 2008 Plan for the 2014 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 26, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.13.
10.15.14	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Non-United States Employees) under the 2008 Plan for the 2014 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 26, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.14.
10.15.15	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Employees) under the 2008 Plan for the 2015 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.15.
10.15.16	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Independent Contractors) under the 2008 Plan for the 2015 Long-Term Incentive Program, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.16.
10.15.17	Performance Share Award Agreement for David Starling dated February 18, 2015, under the 2008 Plan, filed as Exhibit 10.6 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.17.
10.15.18	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Employees) under the 2008 Plan for the 2016 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 25, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.18.
10.15.19	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Independent Contractors) under the 2008 Plan for the 2016 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 25, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.19.
10.15.20	Form of Restricted Shares Award Agreement (Employees) under the 2008 Plan for the 2016 Stock Appreciation Incentive Plan, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 25, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.20.

Exhibit No.	Description
10.15.21	For4m of Restricted Shares Award Agreement (Independent Contractors) under the 2008 Plan for the 2016 Stock Appreciation Incentive Plan, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 25, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.21.
10.16	Participation Agreement (KCSR 2008-1), dated as of April 1, 2008, among KCSR, KCSR 2008-1 Statutory Trust (acting through U.S. Bank Trust National Association, not in its individual capacity, but solely as Owner Trustee) ("***KCSR 2008-1 Statutory Trust***"), U.S. Bank Trust National Association (only in its individual capacity as expressly provided therein), MetLife Capital, Limited Partnership (as Owners Participant), Wilmington Trust Company (as Indenture Trustee) and Export Development Canada (as Loan Participant), filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2008, filed on April 24, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.16.
10.16.1	Equipment Lease Agreement (KCSR 2008-1), dated as of April 1, 2008, between KCSR 2008-1 Statutory Trust (as Lessor) and KCSR (as Lessee), filed as Exhibit 10.3 to the Company's Form 10-Q for the quarter ended March 31, 2008, filed on April 24, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.16.1.
10.17	Loan and Security Agreement, dated February 26, 2008, between KCSM and Export Development Canada, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended March 31, 2008, filed on April 24, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.17.
10.18	Loan Agreement, dated as of September 24, 2008, between KCSM and DVB Bank AG, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2008, filed on October 28, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.18.
10.19	English translation of the Employment Agreement, dated April 20, 2006, between KCSM and José Guillermo Zozaya Delano, filed as Exhibit 10.4 to the Company's Form 10-Q for the quarter ended March 31, 2009, filed on April 30, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.19.
10.19.1	English translation of Amendment Agreement to the Individual Indefinite Employment Contract of April 20, 2006, dated May 27, 2009, between KCSM and José Guillermo Zozaya Delano, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on June 2, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.19.1.
10.20	Employment Agreement, dated August 15, 2008, between KCSR and Michael W. Upchurch, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on October 22, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.20.
10.20.1	Amendment to Employment Agreement dated December 17, 2012, between KCSR and Michael W. Upchurch, filed as Exhibit 10.28.1 to the Company's Form 10-K for the year ended December 31, 2012, filed on February 4, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.20.1.
10.21	Employment Agreement, dated September 10, 2008, between KCSR and David Starling, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on September 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.21.
10.21.1	Addendum to Employment Agreement, dated June 28, 2010, among the Company, KCSR and David L. Starling, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on June 29, 2010 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.21.1.
10.21.2	Amendment to Employment Agreement dated December 17, 2012, between KCSR and David L. Starling, filed as Exhibit 10.29.2 to the Company's Form 10-K for the year ended December 31, 2012, filed on February 4, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.21.2.
10.21.3	Retention Agreement dated February 18, 2015, between the Company and David Starling, filed as Exhibit 10.8 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.21.3.

Exhibit No.	Description
10.22	Employment Agreement, dated September 28, 2009, between KCSR and Mary K. Stadler, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on October 2, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.22.
10.22.1	Amendment to Employment Agreement dated December 17, 2012, between KCSR and Mary K. Stadler, filed as Exhibit 10.30.1 to the Company's Form 10-K for the year ended December 31, 2012, filed on February 4, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.22.1.
10.23	Trackage Rights Agreement, dated February 9, 2010, between KCSM and Ferromex, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2010, filed on April 27, 2010 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.23.
10.24	Form of Loan Agreement between General Electric Capital Corporation and KCSM, dated September 1, 2011, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2011, filed on October 21, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.24.
10.25	Financing Agreement dated as of February 21, 2012, between KCSR and the United States of America represented by the Secretary of Transportation acting through the Administrator of the Federal Railroad Administration, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 22, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.25.
10.26	Financing Agreement between The Texas-Mexican Railway Company and the Federal Railroad Administration, dated June 28, 2005, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q, filed on August 15, 2005 (File No. 1-04717), are incorporated herein by reference as Exhibit 10.26.
10.26.1	Pledge Agreement between Mexrail, Inc. and the Federal Railroad Administration, and Guaranty of Mexrail, Inc. in favor of the Federal Railroad Administration, filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q, filed on August 15, 2005 (File No. 1-04717), are incorporated herein by reference as Exhibit 10.26.1.
10.27	Credit Agreement dated as of October 22, 2014, by and among KCSII, the Company, the other Guarantors, and The Bank of TokyoMitsubishi UFJ, Ltd, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 24, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.27.
10.28	Credit Agreement, dated December 9, 2015, among the Company, the guarantors party thereto, the various financial institutions and other persons from time to time parties thereto as lenders, Bank of America, N.A., as administrative agent, JPMorgan Chase Bank, N.A. and Citibank, N.A., as co-syndication agents and Merrill Lynch, JPM and Citigroup Global Markets Inc., as joint lead arrangers and joint bookrunning managers, filed as exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.28.
10.29	Employment Agreement, dated February 18, 2015, between KCSR and Jeffrey M. Songer, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 15, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.29.
10.30	Employment Agreement, dated July 13, 2015, between KCSR and Brian Hancock, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended March 31, 2016, filed on April 19, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.30.
10.31	Form of Restricted Shares Award Agreement, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 10, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.31.
12.1**	Computation of Ratio of Earnings to Fixed Charges.

Exhibit No.	Description
21.1	Subsidiaries of the Company (incorporated by reference to Exhibit 21.1 to the Annual Report on Form 10-K of the Company, filed on January 29, 2016).
23.1**	Consent of KPMG LLP.
23.2**	Consent of White & Case LLP (included as part of Exhibit 5.1).
23.3*	Consent of Husch Blackwell LLP (included as part of Exhibit 5.2).
24.1**	Powers of Attorney (included on signature pages).
25.1**	Statement of Eligibility of Trustee on Form T-1.
99.1**	Form of Letter of Transmittal.

* Filed herewith.
** Previously filed.

Item 22. Undertakings.

Each undersigned registrant hereby undertakes:

1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

   (a) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

   (b) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "***Calculation of Registration Fee***" table in the effective registration statement;

   (c) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; *provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

   (a) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

   (b) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

   (c) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

   (d) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

6) That, for purposes of determining any liability under the Securities Act of 1933, each filing of KCS's annual report pursuant to section 13(a) or section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

7) The undersigned registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Exchange Act; and, where interim financial information required to be presented by Article 3 of Regulation S-X are not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

8) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrants pursuant to the foregoing provisions, or otherwise, the registrants have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrants of expenses incurred or paid by a director, officer or controlling person of the registrants in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrants will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

9) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

10) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 17, 2016.

KANSAS CITY SOUTHERN

By: /s/ David L. Starling
Name: David L. Starling
Title: Chief Executive Officer and Director

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	Chief Executive Officer and Director	June 17, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	President	June 17, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	June 17, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 17, 2016
/s/ Robert J. Druten* Robert J. Druten	Chairman of the Board and Director	June 17, 2016
/s/ Lu M. Córdova* Lu M. Córdova	Director	June 17, 2016
/s/ Henry R. Davis* Henry R. Davis	Director	June 17, 2016
/s/ Antonio O. Garza, Jr.* Antonio O. Garza, Jr.	Director	June 17, 2016
/s/ Thomas A. McDonnell* Thomas A. McDonnell	Director	June 17, 2016
/s/ Rodney E. Slater* Rodney E. Slater	Director	June 17, 2016
/s/ David Garza Santos* David Garza Santos	Director	June 17, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 17, 2016.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

By: /s/ David L. Starling
Name: David L. Starling
Title: Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	June 17, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	President and Director	June 17, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Executive Vice President, Chief Financial Officer and Director (Principal Financial Officer)	June 17, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 17, 2016
/s/ Warren K. Erdman* Warren K. Erdman	Director	June 17, 2016
/s/ William J. Wochner* William J. Wochner	Director	June 17, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 17, 2016.

GATEWAY EASTERN RAILWAY COMPANY

By: /s/ David L. Starling
Name: David L. Starling
Title: Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	June 17, 2016
/s/ Warren K. Erdman* Warren K. Erdman	President and General Manager	June 17, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer and Director (Principal Financial Officer)	June 17, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 17, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	Director	June 17, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 17, 2016.

SOUTHERN DEVELOPMENT COMPANY

By: /s/ David L. Starling
Name: David L. Starling
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	June 17, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer, Treasurer and Director (Principal Financial Officer)	June 17, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 17, 2016
/s/ Warren K. Erdman* Warren K. Erdman	Director	June 17, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	Director	June 17, 2016
/s/ William J. Wochner* William J. Wochner	Director	June 17, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 17, 2016.

THE KANSAS CITY NORTHERN RAILWAY COMPANY

By: /s/ David L. Starling
Name: David L. Starling
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	June 17, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer and Director (Principal Financial Officer)	June 17, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 17, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	Director	June 17, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 17, 2016.

TRANS-SERVE, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	June 17, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer and Director (Principal Financial Officer)	June 17, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 17, 2016
/s/ Warren K. Erdman* Warren K. Erdman	Director	June 17, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 17, 2016.

KCS HOLDINGS I, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	June 17, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer and Director (Principal Financial Officer)	June 17, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 17, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	Director	June 17, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 17, 2016.

KCS VENTURES I, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	June 17, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer and Director (Principal Financial Officer)	June 17, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 17, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	Director	June 17, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 17, 2016.

SOUTHERN INDUSTRIAL SERVICES, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	June 17, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer, Treasurer and Director (Principal Financial Officer)	June 17, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 17, 2016
/s/ Warren K. Erdman* Warren K. Erdman	Director	June 17, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 17, 2016.

VEALS, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	June 17, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer, Treasurer and Director (Principal Financial Officer)	June 17, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 17, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	Director	June 17, 2016
/s/ Warren K. Erdman* Warren K. Erdman	Director	June 17, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 17, 2016.

PABTEX, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	June 17, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	June 17, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 17, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	Director	June 17, 2016
/s/ Warren K. Erdman* Warren K. Erdman	Director	June 17, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

EXHIBIT 7.4

KANSAS CITY SOUTHERN
FORM S-4/A – AMENDMENT NO. 2
(JUNE 27, 2016)

As filed with the Securities and Exchange Commission on June 27, 2016.

Registration Statement No. 333- 211427

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2
to
FORM S-4
REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

KANSAS CITY SOUTHERN*

(Exact name of registrant as specified in its charter)
***And the Guarantors listed below**

Delaware	4011	44-0663509
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

427 West 12th Street
Kansas City, Missouri 64105
816-983-1303
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Copies to:

William J. Wochner, Esq.
Kansas City Southern
427 West 12th Street
Kansas City, Missouri 64105
816-983-1324

Gary Kashar
Andrew Weisberg
White & Case LLP
1155 Avenue of the Americas
New York, New York 10036
(212) 819-8200

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ☐

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ☐

The registrants hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until the registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

TABLE OF ADDITIONAL REGISTRANTS

Name of Additional Registrant*	State or Other Jurisdiction of Incorporation or Formation	I.R.S. Employer Identification Number
The Kansas City Southern Railway Company	Missouri	44-6000758
Gateway Eastern Railway Company	Illinois	37-1301047
The Kansas City Northern Railway Company	Delaware	43-1773503
Trans-Serve, Inc.	Delaware	43-0865086
KCS Holdings I, Inc.	Delaware	26-1816530
KCS Ventures I, Inc.	Delaware	26-1816446
Southern Development Company	Missouri	44-6005843
Southern Industrial Services, Inc.	Delaware	36-3499535
Veals, Inc.	Delaware	43-0811880
Pabtex, Inc.	Delaware	43-1915233

* The address, including zip code, and telephone number, including area code, of each registrant's principal executive offices is c/o Kansas City Southern, 427 West 12th Street, Kansas City, Missouri, 64105, Telephone (816) 983-1303.

EXPLANATORY NOTE

This Amendment No. 2 to the Registration Statement on Form S-4 (File No. 333-211427) is being filed solely for the purpose of filing an exhibit, as indicated on the exhibit index contained in Item 21 of Part II below. This Amendment No. 2 does not modify the prospectus that forms a part of the Registration Statement. Accordingly, a preliminary prospectus has been omitted.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

Delaware Corporations

Delaware General Corporation Law. Section 145(a) of the Delaware General Corporation Law (the "DGCL") provides that a Delaware corporation may indemnify any persons who were, are or are threatened to be made, parties to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer, director, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that such person's conduct was illegal. Section 145(b) of the DGCL provides that a Delaware corporation may indemnify officers, directors, employees and agents in an action by or in the right of the corporation under the same conditions, except that no indemnification is permitted without judicial approval if the officer, director, employee or agent is adjudged to be liable to the corporation. Under Section 145(c) of the DGCL, where an officer, director, employee or agent is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify such person against the expenses (including attorney's fees) which he or she actually and reasonably incurred.

Section 145(g) of the DGCL provides that a corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation against any liability asserted against such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of the DGCL.

Kansas City Southern

Certificate of Incorporation and Bylaws. Article 16 of the restated certificate of incorporation of KCS provides that, to the fullest extent permitted by the DGCL, no director of KCS shall be liable to KCS or its stockholders for money damages for breach of fiduciary duty as a director.

Article X of the bylaws of KCS, as amended and restated (the "KCS Bylaws"), provides that each person who at any time is, or shall have been, a director, officer or employee of KCS, and is threatened to be or is made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is, or was, a director, officer or employee of KCS, or served at the request of KCS as a director, officer, employee or trustee of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified against expense (including attorneys' fees), judgment, fines and amounts paid in settlement actually and reasonably incurred by him in connection with any such action, suit or proceeding to the full extent provided under Section 145 of the DGCL. Article X of the KCS Bylaws further provides that the right to indemnification conferred on directors and officers thereunder shall include the right to have KCS pay the expenses incurred in defending any such proceeding in advance of its final disposition; *provided, however*, that if the DGCL so requires, the payment of such expenses incurred shall be made only upon delivery to KCS of an undertaking by or on behalf of such director or officer to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such director or officer is not entitled to be indemnified under the KCS Bylaws.

The Kansas City Northern Railway Company

Certificate of Incorporation and Bylaws. Article VIII of the certificate of incorporation of the Kansas City Northern Railway Company ("KCNRC") provides that directors and officers of KCNRC shall be indemnified to the maximum extent permitted by law. Article IX of the certificate of incorporation the KCNRC further provides that directors shall not be personally liable to the corporation or its stockholders for money damages for breach of fiduciary duty, except to the extent such exception from liability or limitation thereof is not permitted under the DGCL.

Article VII of the amended and restated bylaws of KCNRC provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of KCNRC or the legal representative of any of the foregoing, shall be indemnified and held harmless by KCNRC to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by KCNRC in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by KCNRC; *provided*, that in connection with a proceeding initiated by such person, KCNRC shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by KCNRC after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against KCNRC to recover the unpaid amount of the claim or the advancement of expenses.

Trans-Serve, Inc.

Certificate of Incorporation and Bylaws. Article Thirteen of the amended certificate of incorporation of Trans-Serve, Inc. ("TSI") provides that each person who at any time is, or shall have been, a director or officer of TSI, and who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of TSI, or served at the request of TSI as a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by TSI against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such officer or director in connection with any such action, suit or proceeding to the full extent permitted by Delaware law. Article Fourteen of the amended certificate of incorporation of TSI further provides that a director shall not be personally liable to the corporation or its stockholders for money damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (3) under Section 174 of the DGCL, or (4) for any transaction from which the director derived an improper personal benefit.

Article VII of the amended and restated bylaws of TSI provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of TSI or the legal representative of any of the foregoing, shall be indemnified and held harmless by TSI to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by TSI in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by TSI; *provided*, that in connection with a proceeding initiated by such person, TSI shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by TSI after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against TSI to recover the unpaid amount of the claim or the advancement of expenses.

KCS Holdings I, Inc.

Certificate of Incorporation and Bylaws. Article Seven of the certificate of incorporation of KCS Holdings I, Inc. ("KCSH") provides that each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of KCSH or is or was serving at the request of KCSH as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise shall be indemnified and held harmless by KCSH to the fullest extent authorized by the DGCL. Article Seven of the amended certificate of incorporation of KCSH further provides a director shall not be personally liable to the corporation or its stockholders for money damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (3) under Section 174 of the DGCL, or (4) for any transaction from which the director derived an improper personal benefit.

Article VII of the amended and restated bylaws of KCSH provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of KCSH or the legal representative of any of the foregoing, shall be indemnified and held harmless by KCSH to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by KCSH in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by KCSH; *provided*, that in connection with a proceeding initiated by such person, KCSH shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by KCSH after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against KCSH to recover the unpaid amount of the claim or the advancement of expenses.

KCS Ventures I, Inc.

Certificate of Incorporation and Bylaws. Article Seven of the certificate of incorporation of KCS Ventures I, Inc. ("KCSV") provides that each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of KCSV or is or was serving at the request of KCSV as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise shall be indemnified and held harmless by KCSV to the fullest extent authorized by the DGCL. Article Seven of the amended certificate of incorporation of KCSV further provides that a director shall not be personally liable to the corporation or its stockholders for money damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (3) under Section 174 of the DGCL, or (4) for any transaction from which the director derived an improper personal benefit.

Article VII of the amended and restated bylaws of KCSV provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of KCSV or the legal representative of any of the foregoing, shall be indemnified and held harmless by KCSV to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by KCSV in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by KCSV; *provided*, that in connection with a proceeding initiated by

such person, KCSV shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by KCSV after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against KCSV to recover the unpaid amount of the claim or the advancement of expenses.

Southern Industrial Services, Inc.

Certificate of Incorporation and Bylaws. Article Eleven of the amended certificate of incorporation of Southern Industrial Services, Inc. ("SIS") provides that each person who at any time is, or shall have been, a director or officer of SIS, and who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of SIS, or served at the request of SIS as a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by SIS against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such officer or director in connection with any such action, suit or proceeding to the full extent permitted by Delaware law. Article Twelve of the amended certificate of incorporation of SIS further provides that a director shall not be personally liable to the corporation or its stockholders for money damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (3) under Section 174 of the DGCL, or (4) for any transaction from which the director derived an improper personal benefit.

Article VII of the amended and restated bylaws of SIS provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of SIS or the legal representative of any of the foregoing, shall be indemnified and held harmless by SIS to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by SIS in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by SIS; *provided*, that in connection with a proceeding initiated by such person, SIS shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by SIS after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against SIS to recover the unpaid amount of the claim or the advancement of expenses.

Veals, Inc.

Bylaws. Article VII of the amended and restated bylaws of Veals, Inc. ("Veals") provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of Veals or the legal representative of any of the foregoing, shall be indemnified and held harmless by Veals to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by Veals in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by Veals; *provided*, that in connection with a proceeding initiated by such person, Veals shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by Veals after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against Veals to recover the unpaid amount of the claim or the advancement of expenses.

Pabtex, Inc.

Certificate of Incorporation and Bylaws. Article 9(a) of the certificate of incorporation of Pabtex, Inc. ("Pabtex") provides that a director of Pabtex shall not be personally liable to Pabtex or its stockholders for monetary damages for breach of fiduciary duty as a director, except for such liability as is expressly not subject to limitation under the DGCL. Article 9(b) of the certificate of incorporation of Pabtex further provides that Pabtex shall, to the fullest extent permitted by law, indemnify any and all officers and directors of Pabtex, and may, to the fullest extent permitted by law or to such lesser extent as is determined in the discretion of the board of directors, indemnify and advance expenses to any and all other persons whom it shall have power to indemnify, from and against all expenses, liabilities or other matters arising out of their status as such or their acts, omissions or services rendered in such capacities.

Article VII of the amended and restated bylaws of Pabtex provides that each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any proceeding because he or she is a person who is, was, or had agreed to become a director, officer, employee, agent or a delegate of Pabtex or the legal representative of any of the foregoing, shall be indemnified and held harmless by Pabtex to the fullest extent permitted under the DGCL. Article VII of the amended and restated bylaws further provides that expenses (including attorneys' fees) incurred shall be paid by Pabtex in advance of the final disposition of such proceeding upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by Pabtex; *provided*, that in connection with a proceeding initiated by such person, Pabtex shall pay said expenses in advance of final disposition only if such proceeding was authorized by the board of directors. If a claim or advancement of expenses, as the case may be, are not promptly paid in full by Pabtex after a written claim or request, as applicable, has been received, the claimant may at any time thereafter bring suit against Pabtex to recover the unpaid amount of the claim or the advancement of expenses.

Illinois Corporations

Illinois Business Corporation Act. Under Section 8.75(a) of the Illinois Business Corporation Act of 1983 ("ILBCA"), a corporation may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or who is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Under Section 8.75(b) of the ILBCA, in actions brought by or in the right of the corporation, a corporation may indemnify such person against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner that he or she reasonably believed to be in or not opposed to the best interests of the corporation, *provided* that no indemnification may be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable to the corporation, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which the court shall deem proper. To the extent that such person has been successful on the merits or otherwise in defending any such action, suit or proceeding referred to above or any claim, issue or matter therein, he or she is entitled to indemnification for expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, if such person acted in good faith and in a manner that person reasonably believed to be in or not opposed to the best interests of the corporation under Section 8.75(c).

Under Section 8.75(g) of the ILBCA, a corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or who is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions Section 8.75 of the ILBCA.

Gateway Eastern Railway Company

Bylaws. Article VI of the amended and restated bylaws of Gateway Eastern Railway Company ("***Gateway***") provides that Gateway shall indemnify each director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of Gateway) by reason of the fact that he or she is or was a director, officer, employee or agent of Gateway, or is or was serving at the request of Gateway as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of Gateway, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of Gateway, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful. Gateway shall indemnify each director, officer, employee and agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of Gateway to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of Gateway, or is or was serving at the request of Gateway as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of Gateway and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to Gateway unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite that adjudication of liability but in view of all the circumstances of the case, such director, officer, employee or agent is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper. Article VI of the amended and restated bylaws further provides that the determination of whether to indemnify such director, officer, employee or agent shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable but a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the shareholders. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by Gateway in advance of the final disposition of such action, suit or proceeding, as authorized by the board of directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount. If Gateway has paid indemnity or has advanced expenses to a director, officer, employee or agent, Gateway shall report the indemnification or advance in writing to the shareholders with or before the notice of the next shareholders' meeting.

Missouri Corporations

General and Business Corporation Law of Missouri. Under Section 351.355(1) of the General and Business Corporation Law of Missouri (the "Missouri GBCL"), a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding,

whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful. Under Section 351.355(2) of the Missouri GBCL, in the case of an action or suit by or in the right of the corporation, no person shall be indemnified as to any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the corporation unless and only to the extent that the court in which the action or suit was brought determines upon application that, despite the adjudication of liability and in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for expenses which the court shall deem proper. Under Section 351.355(3) of the Missouri GBCL, except as otherwise provided in the articles of incorporation or the bylaws, to the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in subsections 1 and 2 of this section, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the action, suit, or proceeding.

Under Section 351.355(8) of the Missouri GBCL, a corporation may purchase and maintain insurance or another arrangement on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him against such liability under Section 351.355 of the Missouri GBCL.

The Kansas City Southern Railway Company

Certificate of Incorporation and Bylaws. Article Ten of the amended certificate of incorporation provides that KCSR shall indemnify directors and officers to the full extent permitted by Section 351.355 of the Missouri GBCL.

Article VII of the amended and restated bylaws of KCSR provide that KCSR shall indemnify and hold harmless any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of KCSR) by reason of the fact that he is or was a director, officer, employee or agent of KCSR, or is or was serving at the request of KCSR as a director, officer, employee or agent of another corporation partnership joint venture, trust or other enterprise, against expenses, losses, costs and damages (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of KCSR, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of KCSR, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful. KCSR shall indemnify and hold harmless any person

who was or is a party to or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of KCSR to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of KCSR, or is or was serving at the request of KCSR as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, and amounts paid in settlement actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of KCSR; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to KCSR unless and only to the extent that the court in which the action or suit was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Article VII of the amended and restated bylaws of KCSR provides that the determination whether to provide indemnification because the applicable standard of conduct set forth in the amended and restated bylaws of KCSR has been met shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the shareholders of KCSR, and in the case of an employee who is not a director or officer, such determination may be made by the general counsel of KCSR (or such officer serving in similar capacity). Article VII of the amended and restated bylaws of KCSR further provides that expenses may be paid by KCSR in advance of the final disposition of the action, suit or proceeding as authorized by the board of directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by KCSR. KCSR may provide such further indemnity to any person who is or was a director, officer, employee or agent of KCSR, or is or was serving at the request of KCSR as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, *provided* that no such indemnity shall indemnify any person from or on account of such person's conduct which was finally adjudged to have been knowingly fraudulent, deliberately dishonest, or willful misconduct. However, KCSR's indemnity shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained by KCSR, or (ii) from such other corporation, partnership, joint venture, trust or other enterprise, or from insurance purchased by any of them.

Southern Development Company

Bylaws. Article VII of the amended and restated bylaws of the Southern Development Company ("SDC") provides that SDC shall indemnify and hold harmless any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of SDC) by reason of the fact that he is or was a director, officer, employee or agent of SDC, or is or was serving at the request of SDC as a director, officer, employee or agent of another corporation partnership joint venture, trust or other enterprise, against expenses, losses, costs and damages (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of SDC, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of SDC, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful. SDC shall indemnify and hold harmless any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of SDC to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of SDC, or is or was serving at the

request of SDC as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, and amounts paid in settlement actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of SDC; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to SDC unless and only to the extent that the court in which the action or suit was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Article VII of the amended and restated bylaws of SDC provides that the determination whether to provide indemnification because the applicable standard of conduct set forth in the amended and restated bylaws of SDC has been met shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the shareholders of SDC, and in the case of an employee who is not a director or officer, such determination may be made by the general counsel of SDC (or such officer serving in similar capacity). Article VII of the amended and restated bylaws of SDC further provides that expenses may be paid by SDC in advance of the final disposition of the action, suit or proceeding as authorized by the board of directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by SDC. SDC may provide such further indemnity to any person who is or was a director, officer, employee or agent of SDC, or is or was serving at the request of SDC as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, *provided* that no such indemnity shall indemnify any person from or on account of such person's conduct which was finally adjudged to have been knowingly fraudulent, deliberately dishonest, or willful misconduct. However, SDC's indemnity shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained by SDC, or (ii) from such other corporation, partnership, joint venture, trust or other enterprise, or from insurance purchased by any of them.

Item 21. Exhibits and Financial Statement Schedules.

Exhibits

Exhibit No.	Description
1.1	Underwriting Agreement, dated July 22, 2015, among The Kansas City Southern Railway Company ("***KCSR***"), the Note Guarantors and Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("***Merrill Lynch***") and Morgan Stanley & Co. LLC ("***Morgan Stanley***"), as representatives of the underwriters listed therein, filed as Exhibit 1.1 to the Company's Current Report on Form 8-K, filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 1.1.
1.2	Underwriting Agreement, dated May 11, 2016, among Kansas City Southern (the "***Company***"), the Note Guarantors and J.P. Morgan Securities LLC ("***JPM***"), Merrill Lynch and Morgan Stanley, as representatives of the underwriters listed therein, filed as Exhibit 1.1 to the Company's Current Report on Form 8-K, filed on May 17, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 1.2.
3.1	Amended and Restated Certificate of Incorporation of the Company, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on May 7, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.1.
3.1.1	Amendments to the Kansas City Southern Amended and Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 5, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.1.1.

Exhibit No.	Description
3.2	Amended and Restated Bylaws of the Company, as amended and restated on May 6, 2016, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on May 10, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.2.
3.3	Amended Certificate of Incorporation of KCSR, filed as Exhibit 3.3 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.3.
3.4	Amended and Restated Bylaws of KCSR, as adopted on May 18, 2009, filed as Exhibit 3.4 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.4.
3.5	Articles of Incorporation of Gateway Eastern Railway Company, filed as Exhibit 3.5 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.5.
3.6	Amended and Restated Bylaws of Gateway Eastern Railway Company, as adopted on July 1, 2008, filed as Exhibit 3.6 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.6.
3.7	Certificate of Incorporation of The Kansas City Northern Railway Company, filed as Exhibit 3.7 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.7.
3.8	Amended and Restated Bylaws of The Kansas City Northern Railway Company, as adopted on July 1, 2008, filed as Exhibit 3.8 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.8.
3.9	Amended Certificate of Incorporation of Trans-Serve, Inc., filed as Exhibit 3.9 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.9.
3.10	Amended and Restated Bylaws of Trans-Serve, Inc., as adopted on July 1, 2008, filed as Exhibit 3.10 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.10.
3.11	Certificate of Incorporation of KCS Holdings I, Inc., filed as Exhibit 3.11 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.11.
3.12	Amended and Restated Bylaws of KCS Holdings I, Inc., as adopted on July 1, 2008, filed as Exhibit 3.12 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.12.
3.13	Certificate of Incorporation of KCS Ventures I, Inc., filed as Exhibit 3.13 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.13.
3.14	Amended and Restated Bylaws of KCS Ventures I, Inc., as adopted on July 1, 2008, filed as Exhibit 3.14 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.14.
3.15	Articles of Incorporation of Southern Development Company, filed as Exhibit 3.15 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.15.
3.16	Amended and Restated Bylaws of Southern Development Company, as adopted on July 1, 2008, filed as Exhibit 3.16 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.16.

Exhibit No.	Description
3.17	Amended Certificate of Incorporation of Southern Industrial Services, Inc., filed as Exhibit 3.17 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.17.
3.18	Amended and Restated Bylaws of Southern Industrial Services, Inc., as adopted on July 1, 2008, filed as Exhibit 3.18 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.18.
3.19	Certificate of Incorporation of Veals, Inc., filed as Exhibit 3.19 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.19.
3.20	Amended and Restated Bylaws of Veals, Inc., as adopted on July 1, 2008, filed as Exhibit 3.20 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.20.
3.21	Certificate of Incorporation of Pabtex, Inc., filed as Exhibit 3.21 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.21.
3.22	Amended and Restated Bylaws of Pabtex, Inc., as adopted on July 1, 2008, filed as Exhibit 3.22 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 3.22.
4.1	As permitted by Item 601(b)(4)(iii)(A) of Regulation S-K, KCS has not filed with this Registration Statement on Form S-4 certain instruments defining the rights of holders of long-term debt of KCS and its subsidiaries because the total amount of securities authorized under any of such instruments does not exceed 10% of the total assets of KCS and its subsidiaries on a consolidated basis. KCS agrees to furnish a copy of any such agreements to the SEC upon request.
4.2	2043 Notes Indenture, dated April 29, 2013, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 29, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.2.
4.2.1	First Supplemental Indenture, dated November 23, 2015, among KCSR, the Guarantors and the U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.2.1.
4.2.2	Registration Rights Agreement, dated April 29, 2013, among KCSR, the Guarantors and JPM, Merrill Lynch and Morgan Stanley, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on April 29, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.2.2.
4.2.3	Form of Rule 144A Restricted Global Note representing KCSR's 4.30% Senior Notes due 2043, filed as Exhibit 4.2.2 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.2.3.
4.2.4	Form of Regulation S Restricted Global Note representing KCSR's 4.30% Senior Notes due 2043, filed as Exhibit 4.2.3 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.2.4.
4.2.5	Form of Special Global Note representing KCSR's 4.30% Senior Notes due 2043, filed as Exhibit 4.2.4 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.2.5.
4.3	2020 KCSM Notes Indenture, dated May 3, 2013, between KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 8, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.

Exhibit No.	Description
4.3.1	First Supplemental Indenture, dated November 23, 2015, between KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.5 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.1.
4.3.2	2023 KCSM Notes Indenture, dated May 3, 2013, between KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 8, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.2.
4.3.3	First Supplemental Indenture, dated November 23, 2015, between KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.6 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.3.
4.3.4	Registration Rights Agreement, dated May 3, 2013, among KCSM, JPM, Merrill Lynch and Morgan Stanley, filed as exhibit 4.3 to the Company's Current Report on Form 8-K filed on May 8, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.4.
4.3.5	Form of Rule 144A Restricted Global Note representing the 2.35% Senior Notes due 2020, filed as Exhibit 4.4.1 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.5.
4.3.6	Form of Regulation S Restricted Global Note representing the 2.35% Senior Notes due 2020, filed as Exhibit 4.4.2 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.6.
4.3.7	Special Global Note representing the 2.35% Senior Notes due 2020, filed as Exhibit 4.4.3 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.7.
4.3.8	Form of Rule 144A Restricted Global Note representing the 3.0% Senior Notes due 2023, filed as Exhibit 4.5.1 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.8.
4.3.9	Form of Regulation S Restricted Global Note representing the 3.0% Senior Notes due 2023, filed as Exhibit 4.5.2 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.9.
4.3.10	Special Global Note representing the 3.0% Senior Notes due 2023, filed as Exhibit 4.5.3 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.10.
4.4	2023 Notes Indenture, dated October 29, 2013, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 30, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.4.
4.4.1	First Supplemental Indenture, dated November 23, 2015, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1- 4717), is incorporated herein by reference as Exhibit 4.4.1.
4.4.2	Registration Rights Agreement, dated October 29, 2013, among KCSR, the Guarantors and JPM, Merrill Lynch and Morgan Stanley, filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on October 30, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.4.2.

Exhibit No.	Description
4.4.3	Form of Rule 144A Restricted Global Note representing KCSR's 3.85% Senior Notes due 2023, filed as Exhibit 4.4.2 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.4.3.
4.4.4	Form of Regulation S Restricted Global Note representing KCSR's 3.85% Senior Notes due 2023, filed as Exhibit 4.4.2 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.4.4.
4.4.5	Form of Special Global Note representing KCSR's 3.85% Senior Notes due 2023, filed as Exhibit 4.4.2 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.4.5.
4.5	2016 Notes Indenture, dated October 29, 2013, among KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.1 to KCSM's Current Report on Form 8-K filed on October 30, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.
4.5.1	First Supplemental Indenture, dated November 23, 2015, between KCSM and U.S. Bank National Association, as trustee and paying agent, filed as Exhibit 4.4 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.1.
4.5.2	Registration Rights Agreement, dated October 29, 2013, among KCSM and JPM, Merrill Lynch and Morgan Stanley, filed as Exhibit 4.2 to KCSM's Current Report on Form 8-K filed on October 30, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.2.
4.5.3	Form of Rule 144A Restricted Global Note representing the Floating Rate Senior Notes due 2016, filed as Exhibit 4.7.2 to the Registration Statement on Form S-4 for KCSM, filed on November 7, 2013 (File No. 333-192179), is incorporated herein by reference as Exhibit 4.5.3.
4.5.4	Form of Regulation S Restricted Global Note representing the Floating Rate Senior Notes due 2016, filed as Exhibit 4.7.3 to the Registration Statement on Form S-4 for KCSM, filed on November 7, 2013 (File No. 333-192179), is incorporated herein by reference as Exhibit 4.5.4.
4.5.5	Special Global Note representing the Floating Rate Senior Notes due 2016, filed as Exhibit 4.7.4 to the Registration Statement on Form S-4 for KCSM, filed on November 7, 2013 (File No. 333-192179), is incorporated herein by reference as Exhibit 4.5.5.
4.6	2045 Notes Indenture, dated July 27, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.
4.6.1	First Supplemental Indenture, dated July 27, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.1.
4.6.2	Second Supplemental Indenture, dated November 23, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.2.
4.6.3	Form of Note representing 4.950% Senior Notes due 2045 (included in Exhibit 4.6.1), filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.3.
4.7	Base Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.

Exhibit No.	Description
4.7.1	First Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.1.
4.7.2	Second Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.2.
4.7.3	Third Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.4 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.3.
4.7.4	Fourth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.5 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.4.
4.7.5	Fifth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.6 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.5.
4.7.6	Sixth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.7 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.6.
4.7.7	Registration Rights Agreement, dated December 9, 2015, among KCS, the Note Guarantors, Citigroup Global Markets Inc., JPM, Merrill Lynch and Morgan Stanley, filed as Exhibit 4.8 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.7.
4.7.8	Seventh Supplemental Indenture, dated May 16, 2016, among the Company, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed on May 17, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.8.
4.7.9	Form of Note representing 3.125% Senior Notes due 2026 (included in Exhibit 4.7.8), filed as Exhibit 4.3 to the Company's Current Report on Form 8-K, filed on May 17, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.7.9.
5.1**	Legal Opinion of White & Case LLP.
5.2**	Legal Opinion of Husch Blackwell LLP.
10.1	Form of Officer Indemnification Agreement, attached as Exhibit 10.1 to the Company's Form 10-K for the year ended December 31, 2001, filed on March 29, 2002 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.1.
10.2	Form of Director Indemnification Agreement, attached as Exhibit 10.2 to the Company's Form 10-K for the year ended December 31, 2001, filed on March 29, 2002 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.2.
10.3	Directors Deferred Fee Plan, adopted August 20, 1982, as amended and restated effective May 2, 2007, filed as Exhibit 10.3 to the Company's Form 10-K for the year ended December 31, 2010, filed on February 9, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.3.

Exhibit No.	Description
10.4	Kansas City Southern 1991 Amended and Restated Stock Option and Performance Award Plan, as amended and restated effective as of August 7, 2007 (the "***Amended 1991 Plan***"), filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended September 30, 2007, filed on October 26, 2007 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.
10.4.1	First Amendment to the Kansas City Southern 1991 Amended and Restated Stock Option and Performance Award Plan, effective July 2, 2008, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 8, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.1.
10.4.2	Form of Non-Qualified Stock Option Award Agreement for employees under the Amended 1991 Plan, filed as Exhibit 10.8.2 to the Company's Form 10-K for the year ended December 31, 2004, filed on March 30, 2005 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.2.
10.4.3	Form of Non-Qualified Stock Option Award Agreement for Directors under the Amended 1991 Plan, filed as Exhibit 10.8.3 to the Company's Form 10-K for the year ended December 31, 2004, filed on March 30, 2005 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.3.
10.4.4	Form of Non-Qualified Stock Option Award agreement for employees under the Amended 1991 Plan (referencing threshold dates), filed as Exhibit 10.8.4 to the Company's Form 10-K for the year ended December 31, 2004, filed on March 30, 2005 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.4.
10.4.5	Form of Restricted Shares Award Agreement (cliff vesting) under the Amended 1991 Plan, filed as Exhibit 10.5.6 to the Company's Form 10-K for the year ended December 31, 2007, filed on February 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.5.
10.4.6	Form of Restricted Shares Award Agreement under the Amended 1991 Plan (applicable to restricted shares to be purchased), filed as Exhibit 10.8.7 to the Company's Form 10-K for the year ended December 31, 2004, filed on March 30, 2005 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.6.
10.4.7	Form of Restricted Shares Award Agreement (consultants) under the Amended 1991 Plan, filed as Exhibit 10.5.9 to the Company's Form 10-K for the year ended December 31, 2007, filed on February 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.7.
10.4.8	Form of Restricted Shares Award Agreement (executive plan) under the Amended 1991 Plan, filed as Exhibit 10.5.10 to the Company's Form 10-K for the year ended December 31, 2007, filed on February 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.8.
10.5	Employment Agreement, dated February 19, 2015, between KCSR and Patrick J. Ottensmeyer filed as Exhibit 10.9 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.5.
10.6	Kansas City Southern Executive Plan (Amended and Restated February 18, 2015), filed as Exhibit 10.7 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.6.
10.7	Kansas City Southern Annual Incentive Plan, as amended and restated as of March 10, 2016, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 15, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.7.
10.8	English translation of concession title granted by the Secretaría de Comunicaciones y Transportes ("***SCT***") in favor of Ferrocarril del Noreste, S.A. de C.V. ("***FNE***"), dated December 2, 1996, filed as Exhibit 10.10 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.

Exhibit No.	Description
10.8.1	English translation of amendment, dated February 12, 2001, filed as Exhibit 10.10.1 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, is incorporated herein by reference as Exhibit 10.8.1.
10.8.2	English translation of amendment no. 2, dated November 22, 2006, filed as Exhibit 10.10.2 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, amended February 12, 2001, is incorporated herein by reference as Exhibit 10.8.2.
10.9	Lease Agreement, originally dated June 26, 2001 and amended March 26, 2002, between KCSR and Broadway Square Partners LLP, filed as Exhibit 10.34 to the Company's Form 10-K for the year ended December 31, 2001, filed on March 29, 2002 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.
10.10	Agreement to Forego Compensation between A. Edward Allinson and KCS, fully executed on March 30, 2001; Loan Agreement between A. Edward Allinson and KCS, fully executed on September 18, 2001; and the Promissory Note executed by the Trustees of The A. Edward Allinson Irrevocable Trust Agreement, dated June 4, 2001, Courtney Ann Arnot, A. Edward Allinson III and Bradford J. Allinson, Trustees, as Maker, and KCS, as Holder, filed as Exhibit 10.36 to the Company's Form 10-K for the year ended December 31, 2002, filed on March 28, 2003 (File No. 1-4717), are incorporated herein by reference as Exhibit 10.10.
10.11	Agreement to Forego Compensation between Michael G. Fitt and KCS, fully executed on March 30, 2001; Loan Agreement between Michael G. Fitt and KCS, fully executed on September 7, 2001; and the Promissory Note executed by the Trustees of The Michael G. and Doreen E. Fitt Irrevocable Insurance Trust, Anne E. Skyes, Colin M-D. Fitt and Ian D.G. Fitt, Trustees, as Maker, and KCS, as Holder, filed as Exhibit 10.37 to the Company's Form 10-K for the year ended December 31, 2002, filed on March 28, 2003 (File No. 1-4717), are incorporated herein by reference as Exhibit 10.11.
10.12	Transaction Agreement, dated December 1, 2005, among KCS, KCSR, Norfolk Southern Corporation and The Alabama Great Southern Railroad Company (the "***Transaction Agreement***"), filed as Exhibit 10.46 to the Company's Form 10-K for the year ended December 31, 2005, filed on April 7, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.
10.12.1	Amendment No. 1 to the Transaction Agreement, dated January 17, 2006, filed as Exhibit 10.47 to the Company's Form 10-K for the year ended December 31, 2005, filed on April 7, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.1.
10.12.2	Amendment No. 2 to the Transaction Agreement, dated May 1, 2006, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2006, filed on May 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.2.
10.12.3	Limited Liability Company Agreement of Meridian Speedway, LLC, dated May 1, 2006, between the Alabama Great Southern Railroad Company and KCS, filed as Exhibit 10.3 to the Company's Form 10-Q for the quarter ended March 31, 2006, filed on May 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.3.
10.12.4	Amendment No. 1 and Waiver to Limited Liability Company Agreement, dated August 12, 2011, among Meridian Speedway, LLC, KCS, KCS Holdings, Inc. and The Alabama Great Southern Railroad Company, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended September 30, 2011, filed on October 21, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.4.

Exhibit No.	Description
10.13	Participation Agreement, dated August 2, 2006, among KCSR, KCSR Trust 2006-1 (acting through Wilmington Trust Company, as owner trustee) ("***2006 Trust***"), HSH Nordbank AG, New York Branch, Wells Fargo Bank Northwest, National Association, and DVB Bank AG, filed as Exhibit 10.4 to the Company's Form 10-Q for the quarter ended September 30, 2006, filed on November 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.13.
10.13.1	Equipment Lease Agreement, dated August 2, 2006, between KCSR and the KCSR Trust 2006-1, filed as Exhibit 10.41 to the Company's Form 10-Q for the quarter ended September 30, 2006, filed on November 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.13.1
10.14	Participation Agreement, dated September 27, 2007, among KCSR, KCSR 2007-1 Statutory Trust (acting through U.S. Bank Trust National Association, as owner trustee) ("***2007 Trust***"), U.S. Bank Trust National Association, GS Leasing (KCSR 2007-1) LLC, Wilmington Trust Company, and KfW, filed as Exhibit 10.51 to the Company's Form 10-K for the year ended December 31, 2007, filed on February 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.14.
10.14.1	Equipment Lease Agreement, dated September 27, 2007, between KCSR and the KCSR 2007-1 Statutory Trust, filed as Exhibit 10.52 to the Company's Form 10-K for the year ended December 31, 2007, filed on February 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.14.1.
10.15	Kansas City Southern 2008 Stock Option and Performance Award Plan (the "***2008 Plan***") (amended and restated on February 18, 2015), filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.
10.15.1	Form of Non-Qualified Stock Option Award Agreement under the 2008 Plan, filed as Exhibit 10.47.1 to the Company's Form 10-K for the year ended December 31, 2008, filed on February 17, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.1.
10.15.2	Form of Restricted Shares Award Agreement (cliff vesting) under the 2008 Plan, filed as Exhibit 10.47.2 to the Company's Form 10-K for the year ended December 31, 2008, filed on February 17, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.2.
10.15.3	Form of Restricted Shares Award Agreement (graded vesting) under the 2008 Plan, filed as Exhibit 10.47.3 to the Company's Form 10-K for the year ended December 31, 2008, filed on February 17, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.3.
10.15.4	Form of Restricted Shares Award Agreement under the 2008 Plan (applicable to restricted shares to be purchased), filed as Exhibit 10.47.4 to the Company's Form 10-K for the year ended December 31, 2008, filed on February 17, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.4.
10.15.5	Form of Restricted Shares Award and Performance Shares Award Agreement under the 2008 Plan, filed as Exhibit 10.47.5 to the Company's Form 10-K for the year ended December 31, 2008, filed on February 17, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.5.
10.15.6	Form of Restricted Shares Award Agreement (performance based vesting) under the 2008 Plan, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on September 17, 2010 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.6.
10.15.7	Form of Restricted Shares Award Agreement (Standard Form) under the 2008 Plan, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.7.
10.15.8	Form of Restricted Shares Award Agreement (for use with the Executive Plan) under the 2008 Plan, filed as Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.8.

Exhibit No.	Description
10.15.9	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the 2008 Plan for the 2012 Long-Term Incentive Program, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 27, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.9.
10.15.10	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Non-United States Employees) under the 2008 Plan for the 2012 Long-Term Incentive Program, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 27, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.10.
10.15.11	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the 2008 Plan for the 2013 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 27, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.11.
10.15.12	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Non-United States Employees) under the 2008 Plan for the 2013 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 27, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.12.
10.15.13	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the 2008 Plan for the 2014 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 26, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.13.
10.15.14	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Non-United States Employees) under the 2008 Plan for the 2014 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 26, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.14.
10.15.15	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Employees) under the 2008 Plan for the 2015 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.15.
10.15.16	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Independent Contractors) under the 2008 Plan for the 2015 Long-Term Incentive Program, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.16.
10.15.17	Performance Share Award Agreement for David Starling dated February 18, 2015, under the 2008 Plan, filed as Exhibit 10.6 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.17.
10.15.18	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Employees) under the 2008 Plan for the 2016 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 25, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.18.
10.15.19	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Independent Contractors) under the 2008 Plan for the 2016 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 25, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.19.
10.15.20	Form of Restricted Shares Award Agreement (Employees) under the 2008 Plan for the 2016 Stock Appreciation Incentive Plan, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 25, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.20.

Exhibit No.	Description
10.15.21	For4m of Restricted Shares Award Agreement (Independent Contractors) under the 2008 Plan for the 2016 Stock Appreciation Incentive Plan, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 25, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.15.21.
10.16	Participation Agreement (KCSR 2008-1), dated as of April 1, 2008, among KCSR, KCSR 2008-1 Statutory Trust (acting through U.S. Bank Trust National Association, not in its individual capacity, but solely as Owner Trustee) ("***KCSR 2008-1 Statutory Trust***"), U.S. Bank Trust National Association (only in its individual capacity as expressly provided therein), MetLife Capital, Limited Partnership (as Owners Participant), Wilmington Trust Company (as Indenture Trustee) and Export Development Canada (as Loan Participant), filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2008, filed on April 24, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.16.
10.16.1	Equipment Lease Agreement (KCSR 2008-1), dated as of April 1, 2008, between KCSR 2008-1 Statutory Trust (as Lessor) and KCSR (as Lessee), filed as Exhibit 10.3 to the Company's Form 10-Q for the quarter ended March 31, 2008, filed on April 24, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.16.1.
10.17	Loan and Security Agreement, dated February 26, 2008, between KCSM and Export Development Canada, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended March 31, 2008, filed on April 24, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.17.
10.18	Loan Agreement, dated as of September 24, 2008, between KCSM and DVB Bank AG, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2008, filed on October 28, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.18.
10.19	English translation of the Employment Agreement, dated April 20, 2006, between KCSM and José Guillermo Zozaya Delano, filed as Exhibit 10.4 to the Company's Form 10-Q for the quarter ended March 31, 2009, filed on April 30, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.19.
10.19.1	English translation of Amendment Agreement to the Individual Indefinite Employment Contract of April 20, 2006, dated May 27, 2009, between KCSM and José Guillermo Zozaya Delano, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on June 2, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.19.1.
10.20	Employment Agreement, dated August 15, 2008, between KCSR and Michael W. Upchurch, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on October 22, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.20.
10.20.1	Amendment to Employment Agreement dated December 17, 2012, between KCSR and Michael W. Upchurch, filed as Exhibit 10.28.1 to the Company's Form 10-K for the year ended December 31, 2012, filed on February 4, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.20.1.
10.21	Employment Agreement, dated September 10, 2008, between KCSR and David Starling, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on September 15, 2008 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.21.
10.21.1	Addendum to Employment Agreement, dated June 28, 2010, among the Company, KCSR and David L. Starling, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on June 29, 2010 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.21.1.
10.21.2	Amendment to Employment Agreement dated December 17, 2012, between KCSR and David L. Starling, filed as Exhibit 10.29.2 to the Company's Form 10-K for the year ended December 31, 2012, filed on February 4, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.21.2.
10.21.3	Retention Agreement dated February 18, 2015, between the Company and David Starling, filed as Exhibit 10.8 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.21.3.

Exhibit No.	Description
10.22	Employment Agreement, dated September 28, 2009, between KCSR and Mary K. Stadler, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on October 2, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.22.
10.22.1	Amendment to Employment Agreement dated December 17, 2012, between KCSR and Mary K. Stadler, filed as Exhibit 10.30.1 to the Company's Form 10-K for the year ended December 31, 2012, filed on February 4, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.22.1.
10.23	Trackage Rights Agreement, dated February 9, 2010, between KCSM and Ferromex, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2010, filed on April 27, 2010 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.23.
10.24	Form of Loan Agreement between General Electric Capital Corporation and KCSM, dated September 1, 2011, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2011, filed on October 21, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.24.
10.25	Financing Agreement dated as of February 21, 2012, between KCSR and the United States of America represented by the Secretary of Transportation acting through the Administrator of the Federal Railroad Administration, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 22, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.25.
10.26	Financing Agreement between The Texas-Mexican Railway Company and the Federal Railroad Administration, dated June 28, 2005, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q, filed on August 15, 2005 (File No. 1-04717), are incorporated herein by reference as Exhibit 10.26.
10.26.1	Pledge Agreement between Mexrail, Inc. and the Federal Railroad Administration, and Guaranty of Mexrail, Inc. in favor of the Federal Railroad Administration, filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q, filed on August 15, 2005 (File No. 1-04717), are incorporated herein by reference as Exhibit 10.26.1.
10.27	Credit Agreement dated as of October 22, 2014, by and among KCSII, the Company, the other Guarantors, and The Bank of TokyoMitsubishi UFJ, Ltd, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 24, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.27.
10.28	Credit Agreement, dated December 9, 2015, among the Company, the guarantors party thereto, the various financial institutions and other persons from time to time parties thereto as lenders, Bank of America, N.A., as administrative agent, JPMorgan Chase Bank, N.A. and Citibank, N.A., as co-syndication agents and Merrill Lynch, JPM and Citigroup Global Markets Inc., as joint lead arrangers and joint bookrunning managers, filed as exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.28.
10.29	Employment Agreement, dated February 18, 2015, between KCSR and Jeffrey M. Songer, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 15, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.29.
10.30	Employment Agreement, dated July 13, 2015, between KCSR and Brian Hancock, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended March 31, 2016, filed on April 19, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.30.
10.31	Form of Restricted Shares Award Agreement, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 10, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.31.
12.1**	Computation of Ratio of Earnings to Fixed Charges.

Exhibit No.	Description
21.1	Subsidiaries of the Company (incorporated by reference to Exhibit 21.1 to the Annual Report on Form 10-K of the Company, filed on January 29, 2016).
23.1*	Consent of KPMG LLP.
23.2**	Consent of White & Case LLP (included as part of Exhibit 5.1).
23.3**	Consent of Husch Blackwell LLP (included as part of Exhibit 5.2).
24.1**	Powers of Attorney (included on signature pages).
25.1**	Statement of Eligibility of Trustee on Form T-1.
99.1**	Form of Letter of Transmittal.

* Filed herewith.
** Previously filed.

Item 22. Undertakings.

Each undersigned registrant hereby undertakes:

1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

   (a) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

   (b) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "***Calculation of Registration Fee***" table in the effective registration statement;

   (c) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; *provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

   (a) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

   (b) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

   (c) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

   (d) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

6) That, for purposes of determining any liability under the Securities Act of 1933, each filing of KCS's annual report pursuant to section 13(a) or section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

7) The undersigned registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Exchange Act; and, where interim financial information required to be presented by Article 3 of Regulation S-X are not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

8) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrants pursuant to the foregoing provisions, or otherwise, the registrants have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrants of expenses incurred or paid by a director, officer or controlling person of the registrants in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrants will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

9) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

10) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 27, 2016.

KANSAS CITY SOUTHERN

By: /s/ David L. Starling
Name: David L. Starling
Title: Chief Executive Officer and Director

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	Chief Executive Officer and Director	June 27, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	President	June 27, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	June 27, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 27, 2016
/s/ Robert J. Druten* Robert J. Druten	Chairman of the Board and Director	June 27, 2016
/s/ Lu M. Córdova* Lu M. Córdova	Director	June 27, 2016
/s/ Henry R. Davis* Henry R. Davis	Director	June 27, 2016
/s/ Antonio O. Garza, Jr.* Antonio O. Garza, Jr.	Director	June 27, 2016
/s/ Thomas A. McDonnell* Thomas A. McDonnell	Director	June 27, 2016
/s/ Rodney E. Slater* Rodney E. Slater	Director	June 27, 2016
/s/ David Garza Santos* David Garza Santos	Director	June 27, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 27, 2016.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

By: /s/ David L. Starling
Name: David L. Starling
Title: Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	June 27, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	President and Director	June 27, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Executive Vice President, Chief Financial Officer and Director (Principal Financial Officer)	June 27, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 27, 2016
/s/ Warren K. Erdman* Warren K. Erdman	Director	June 27, 2016
/s/ William J. Wochner* William J. Wochner	Director	June 27, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 27, 2016.

GATEWAY EASTERN RAILWAY COMPANY

By: /s/ David L. Starling
Name: David L. Starling
Title: Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	June 27, 2016
/s/ Warren K. Erdman* Warren K. Erdman	President and General Manager	June 27, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer and Director (Principal Financial Officer)	June 27, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 27, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	Director	June 27, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 27, 2016.

SOUTHERN DEVELOPMENT COMPANY

By: /s/ David L. Starling
Name: David L. Starling
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	June 27, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer, Treasurer and Director (Principal Financial Officer)	June 27, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 27, 2016
/s/ Warren K. Erdman* Warren K. Erdman	Director	June 27, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	Director	June 27, 2016
/s/ William J. Wochner* William J. Wochner	Director	June 27, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 27, 2016.

THE KANSAS CITY NORTHERN RAILWAY COMPANY

By: /s/ David L. Starling
Name: David L. Starling
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	June 27, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer and Director (Principal Financial Officer)	June 27, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 27, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	Director	June 27, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 27, 2016.

TRANS-SERVE, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	June 27, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer and Director (Principal Financial Officer)	June 27, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 27, 2016
/s/ Warren K. Erdman* Warren K. Erdman	Director	June 27, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 27, 2016.

KCS HOLDINGS I, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	June 27, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer and Director (Principal Financial Officer)	June 27, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 27, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	Director	June 27, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 27, 2016.

KCS VENTURES I, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	June 27, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer and Director (Principal Financial Officer)	June 27, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 27, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	Director	June 27, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 27, 2016.

SOUTHERN INDUSTRIAL SERVICES, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	June 27, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer, Treasurer and Director (Principal Financial Officer)	June 27, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 27, 2016
/s/ Warren K. Erdman* Warren K. Erdman	Director	June 27, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 27, 2016.

VEALS, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	June 27, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer, Treasurer and Director (Principal Financial Officer)	June 27, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 27, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	Director	June 27, 2016
/s/ Warren K. Erdman* Warren K. Erdman	Director	June 27, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, State of Missouri, on June 27, 2016.

PABTEX, INC.

By: /s/ David L. Starling
Name: David L. Starling
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature/Name	Position	Date
/s/ David L. Starling David L. Starling	President and Director (Principal Executive Officer)	June 27, 2016
/s/ Michael W. Upchurch* Michael W. Upchurch	Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	June 27, 2016
/s/ Mary K. Stadler* Mary K. Stadler	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 27, 2016
/s/ Patrick J. Ottensmeyer* Patrick J. Ottensmeyer	Director	June 27, 2016
/s/ Warren K. Erdman* Warren K. Erdman	Director	June 27, 2016

*By: /s/ David L. Starling
Name: David L. Starling
Title: Attorney-in-fact

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36500

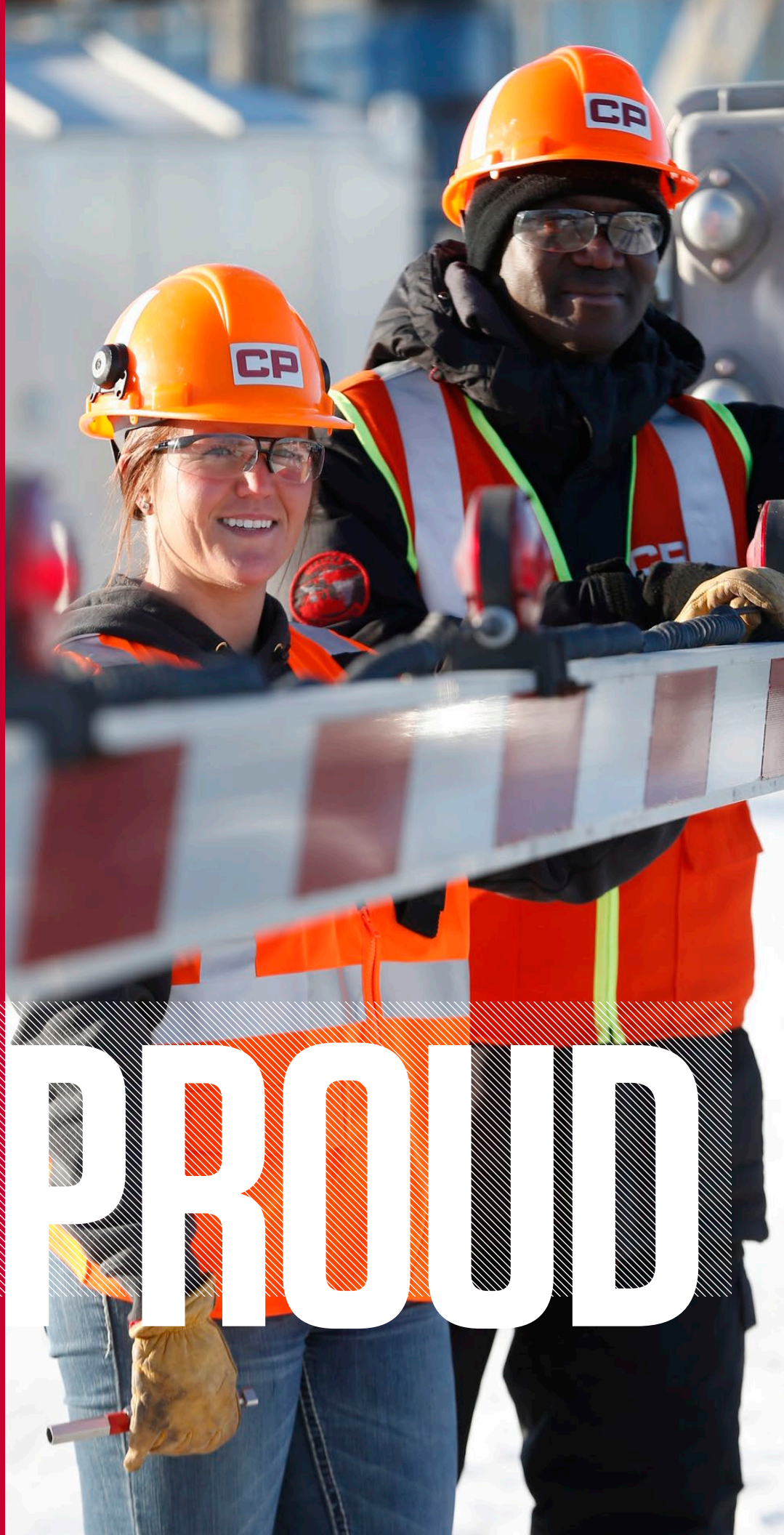
CANADIAN PACIFIC RAILWAY LIMITED, *ET AL*. – CONTROL – KANSAS CITY SOUTHERN, *ET AL*.

EXHIBIT 9

ANNUAL REPORTS
[SECTION 1180.6(b)(4)]

EXHIBIT 9.1

CANADIAN PACIFIC RAILWAY LIMITED
2020 ANNUAL REPORT
(FILED WITH THE SEC ON FEBRUARY 18, 2021)



2020 ANNUAL REPORT

CP PROUD

PERFORMANCE HIGHLIGHTS

$ in millions of Canadian dollars except for per share data, ratios, or unless otherwise indicated

	2016	2017	2018	2019	2020
FINANCIAL HIGHLIGHTS					
Total revenues	$6,232	$6,554	$7,316	$7,792	$7,710
Operating income	$2,411	$2,519	$2,831	$3,124	$3,311
Adjusted operating income[1]	$2,411	$2,468	$2,831	$3,124	$3,311
Operating ratio[2]	61.3%	61.6%	61.3%	59.9%	57.1%
Adjusted operating ratio[1]	61.3%	62.4%	61.3%	59.9%	57.1%
Net income	$1,599	$2,405	$1,951	$2,440	$2,444
Adjusted income[1]	$1,549	$1,666	$2,080	$2,290	$2,403
Diluted earnings per share ("EPS")	$10.63	$16.44	$13.61	$17.52	$17.97
Adjusted diluted EPS[1]	$10.29	$11.39	$14.51	$16.44	$17.67
Cash provided by operating activities	$2,089	$2,182	$2,712	$2,990	$2,802
Cash used in investing activities	($1,069)	($1,295)	($1,458)	($1,803)	($2,030)
Cash used in financing activities	($1,493)	($700)	($1,542)	($1,111)	($764)
Free cash[1]	$1,007	$874	$1,289	$1,357	$1,157
Return on average shareholders' equity[2]	33.9%	43.4%	29.8%	35.6%	34.0%
Adjusted return on invested capital ("Adjusted ROIC")[1]	14.0%	14.7%	16.2%	16.9%	16.7%
Dividend payout ratio[2]	17.4%	13.3%	18.5%	17.9%	19.8%
Adjusted dividend payout ratio[1]	18.0%	19.2%	17.3%	19.1%	20.1%
Long-term debt to Net income ratio[2]	5.4	3.4	4.5	3.6	4.0
Adjusted net debt to Adjusted EBITDA ratio[1]	2.9	2.6	2.6	2.4	2.5
STATISTICAL HIGHLIGHTS[3]					
Revenue ton-miles ("RTMs") (millions)	135,952	142,540	154,207	154,378	151,891
Carloads (thousands)	2,525	2,634	2,740	2,766	2,708
Gross ton-miles ("GTMs") (millions)	242,694	252,195	275,362	280,724	272,360
Locomotive productivity (GTMs / operating horsepower)	204	201	198	202	207
Fuel efficiency (U.S. gallons of locomotive fuel consumed /1,000 GTMs)	0.980	0.980	0.953	0.955	0.942
Average train weight - excluding local traffic (tons)	8,614	8,806	9,100	9,129	9,707
Average train length - excluding local traffic (feet)	7,217	7,214	7,313	7,388	7,929
Average terminal dwell (hours)	6.7	6.6	6.8	6.4	6.5
Average train speed (miles per hour, or "mph")	23.5	22.6	21.5	22.2	22.0
Total employees (end of period)	11,693	12,215	12,840	12,694	11,890
Workforce (end of period)	11,738	12,294	12,866	12,732	11,904
SAFETY INDICATORS[3]					
FRA personal injuries per 200,000 employee-hours	1.67	1.65	1.47	1.42	1.11
FRA train accidents per million train-miles	1.12	0.99	1.10	1.06	0.96

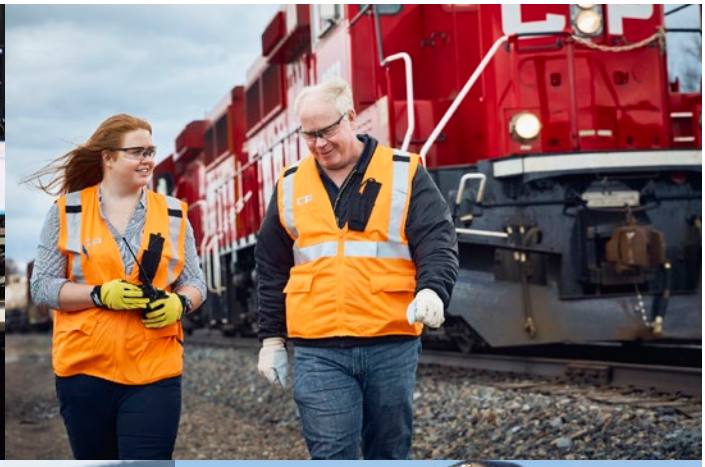
(1) These measures have no standardized meanings prescribed by accounting principles generally accepted in the United States of America ("GAAP") and, therefore, may not be comparable to similar measures presented by other companies. These measures are defined and reconciled in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K.

(2) These measures are defined in Item 6. Selected Financial Data in our Annual Report on Form 10-K.

(3) Certain statistical highlights and safety indicators have been updated to reflect new information or have been restated to conform with current presentation. The restatements of safety indicators reflect new information available within specified periods stipulated by the Federal Railroad Administration ("FRA") but that exceed the Company's financial reporting timeline.













One purpose.
One culture.
12,000 strong.



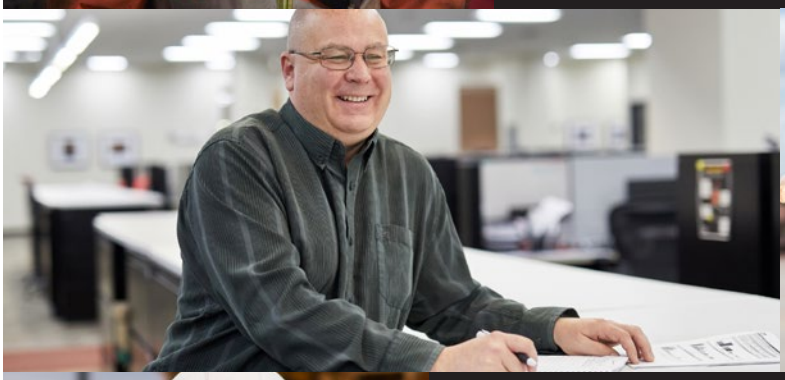


NOTE: Some photos were taken previous to COVID-19 mandated health and safety guidelines.



“It’s more than just a job.







“It’s not just what I do every day, it’s what I love to do.



“I’m honoured to be a part of this CP family.









“I’m very proud to be a railroader.



"Pride means to me doing the best you can all the time.







"I love this job.

CP PROUD

In a time of adversity, our CP family didn't just meet the needs of the North American economy. We became stronger.

In the past year, we made our railroad safer and more efficient, increased capacity, created service solutions and further developed our greatest asset – our people.

CP's performance in a challenging environment is the result of a family of railroaders united by a single purpose and culture. A 12,000-strong team executing our precision scheduled railroading (PSR) operating model. A culture focused on service, performance and the pursuit of continued excellence, rooted in the values of accountability, diversity and pride.

When the COVID-19 pandemic began, our CP family embraced our role as essential workers with pride and fortitude. We continued to work on the ground across the network, to support the supply chain and provide goods and services for North Americans when they needed them most. Our CP family served from locomotives, shops, yards, offices and home offices to deliver as promised.

This year is a testament to the strength of PSR and our people. That is why we moved ahead with training and leadership development throughout the crisis so that our railroaders can continue to grow, whether they lead people, lead by example or both.

CP's strong results demonstrate our team's skill and ability to deliver for customers and shareholders alike, in any environment.

We have only just started to unlock our true potential.

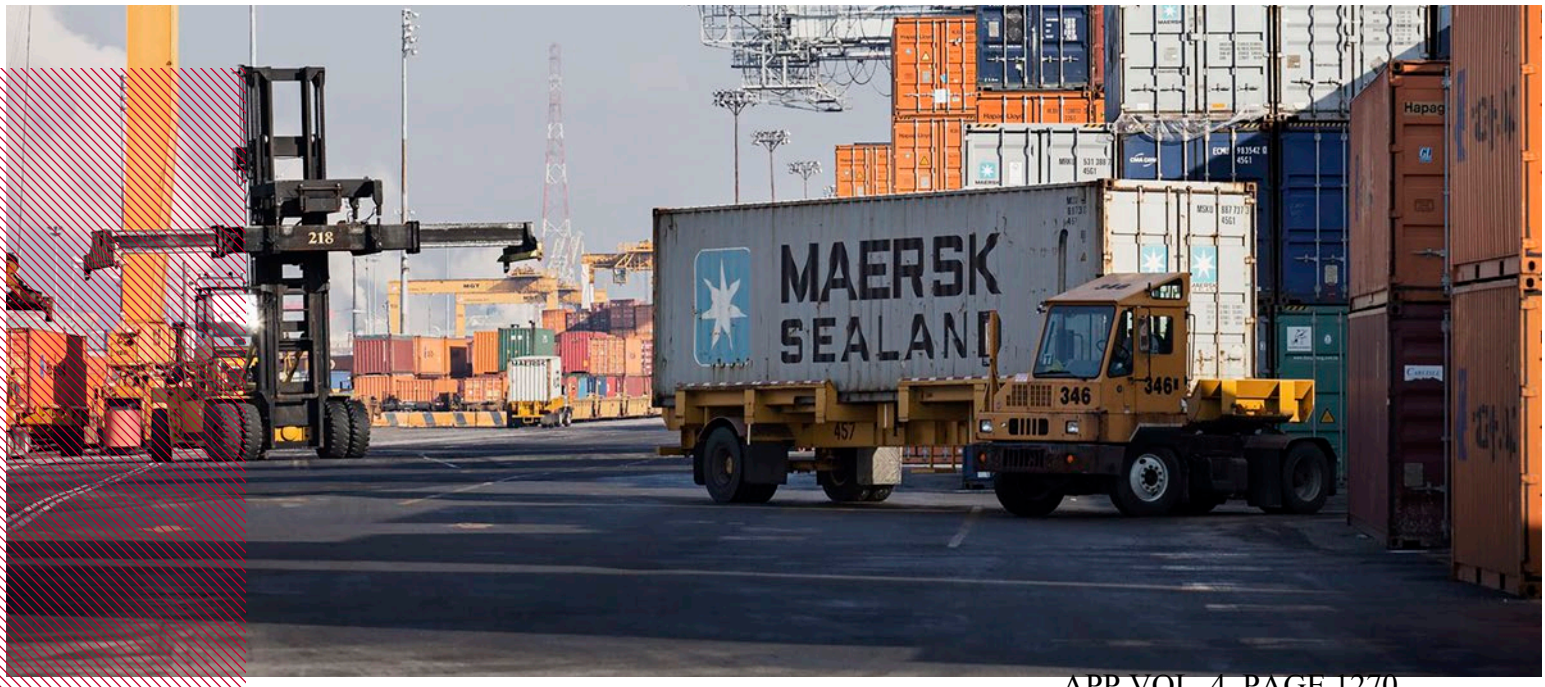
CREATING NEW CAPACITY AND SERVICE SOLUTIONS

Our growth strategy is both simple and compelling: leverage our land holdings and franchise strengths and convert them into new service offerings that are meaningful for our customers.

We want to create relationships that are mutually beneficial: our customers strengthen their market presence and we grow with them. We provide customers with a service offering that's unique to CP and creates customer loyalty. This drives profitable, sustainable growth.

This past year, CP and A.P. Moller-Maersk announced that we will build and operate a world-class transload and distribution facility together in Vancouver, expanding supply chain options for customers of both companies. CP's unique landholdings in Vancouver enable us to bring to market a transload facility that creates tremendous opportunity for sustainable growth. Together with Maersk, a global shipping leader, we will strengthen intermodal service in North America.

The opportunity matches CP's strategic land with a new customer looking to control their end-to-end supply chain, reduce third-party truck involvement and remove thousands of round trips from Vancouver roads. The new transload service will be an expansion of CP's existing Vancouver Intermodal Facility and will benefit from turnkey rail infrastructure. The import transload facility is planned to be operational in 2021.





RECORD GRAIN VOLUME

CP moved 31.32 million metric tonnes of Canadian grain and grain products in 2020, more than any prior calendar year in our history. This performance is a testament to the efficiency of CP's 8,500-foot High Efficiency Product train model, which more grain customers are converting to use, and strong collaboration with farmers and supply chain enablers.

NEW TRANSLOAD FACILITY

CP opened its new multi-commodity transload facility in Montréal. The new facility offers transloading services and supplementary intermodal transportation and distribution services from CP's Côte Saint-Luc yard, with 50 acres for future development to provide customers with access to new markets.





AUTOMOTIVE GEARING UP

We are growing with our customers and extending our reach in the automotive space, expanding auto compounds in Vancouver, Calgary and Cottage Grove, MN. Combined with a new auto compound in Chicago and a new NBSR compound in Saint John, we are well positioned to continue ramping up in this sector.



OUR NETWORK

873 MILES
AVERAGE LENGTH OF HAUL

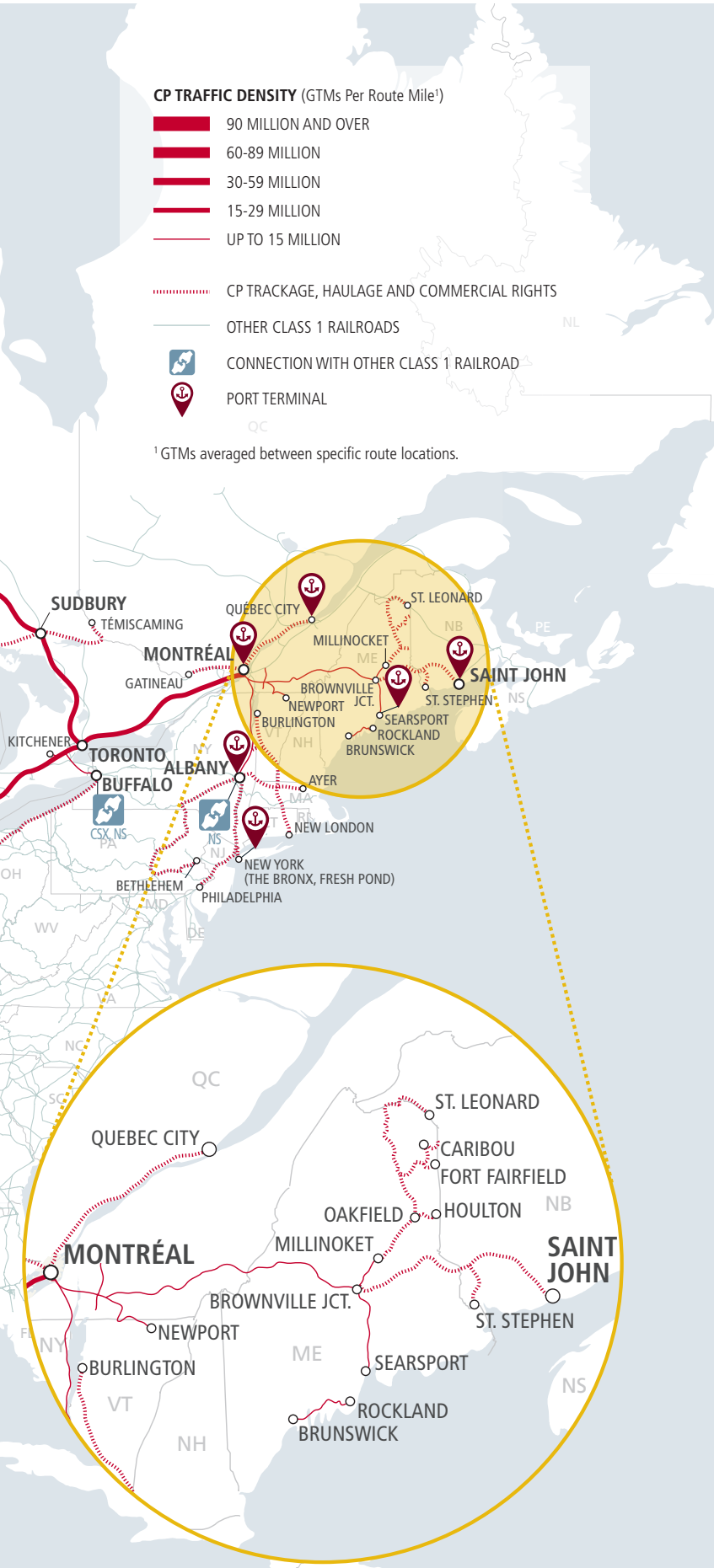
SHORTEST ROUTES
VANCOUVER TO U.S. MIDWEST
TORONTO TO CALGARY
SAINT JOHN TO MONTRÉAL AND TORONTO

11 PORTS
SERVED ON WEST AND EAST COASTS

13,000 MILE
RAIL NETWORK

MOST BORDER CROSSINGS
IN WESTERN CANADA

100+
TRANSLOAD FACILITIES



STRENGTHENING OUR NETWORK

Our strong position has allowed us to transform a significant portion of our network.

CP's purchase of the Central Maine & Quebec Railway (CMQ) and acquisition of the full ownership of the Detroit River Tunnel Partnership (DRTP) strengthens our eastern network and marks CP's return as a truly coast-to-coast railroad.

Together with increased efficiencies, extended sidings, surplus land and innovation, we continue to create new service offerings and highly desired capacity on our network.

CP has the most compelling value proposition for customers. We have the shortest and fastest routes in key lanes across Canada and the U.S. Our flagship transcontinental service provides the fastest and most consistent service between Eastern Canada, Calgary and Vancouver.

We leverage strategic relationships to extend our reach past the mainline. CP has connections with other railways; a network of more than 100 transload facilities across Canada and the U.S. to further our reach to markets not directly served by rail; and, links with ports on both the west and east coasts.

We are also bringing our customers closer to our network. Through ongoing input and insight from our Customer Advisory Council, we are leveraging innovative technology to create a more seamless customer experience. We are providing our customers with increased visibility to manage their inventory or fleet and improved access to information that integrates with their own business systems. CP is providing effective real-time communication that gives customers the information they need, when they need it. Our network strategy is straightforward: meet customer needs and keep the supply chain moving safely and efficiently.

Service excellence wins business. Capacity allows it to grow.

The opportunities created by our return to the Atlantic region are generational.

EASTERN REACH EXPANDED

In June 2020, CP completed the acquisition of the CMQ and its rail lines primarily in Québec and Maine, stretching approximately 481 miles. CP is now a 13,000-mile rail network connecting the Atlantic coast to the Pacific coast across six Canadian provinces and 11 U.S. states.

The opportunities created by our return to the Atlantic region are generational.

After a 25-year absence, CP and its customers now have seamless, safe and efficient access to deep-water, congestion-free Atlantic Ocean ports at Searsport, Maine, and Saint John, N.B., via Eastern Maine Railway Company and New Brunswick Southern Railway.

The Port of Saint John can move products in every line of our business, including containers, automotive and bulk commodities. The Port of Searsport provides materials handling in many areas, including bulk, break-bulk, heavy lift and liquid transfer.

This expansion of CP's network directly and efficiently connects Atlantic Canada to Montréal, Toronto and the U.S. Midwest. We also have access to 10 additional transload facilities that serve a variety of commodities. Importantly, we now have a lane that is approximately 200 miles shorter than the competition, getting CP customers from the East Coast into Montréal, Toronto and Chicago faster. That's just the starting point as we continuously work to do better.

Our customers are aligned. After the successful calls to Port of Saint John in 2020, Hapag-Lloyd will begin regular service via CP to this key port starting in 2021.

CP has committed to investing up to $90 million over three years into the CMQ property to enhance safety and efficiency over the corridor.

Complementing that investment is the Port of Saint John's $205 million West Side Modernization project, which includes a new wharf, a terminal upgrade and a deeper shipping channel. These strategic investments, along with anticipated future investments, will make it possible for the Port of Saint John to increase capacity four-fold to 800,000 TEUs (20-foot-equivalent units) in the future.

With a world-class terminal operator in DP World and CP's investment in the CMQ, we are giving customers and shareholders exposure to a new world-class gateway in the years to come.

CONSOLIDATING A KEY CORRIDOR

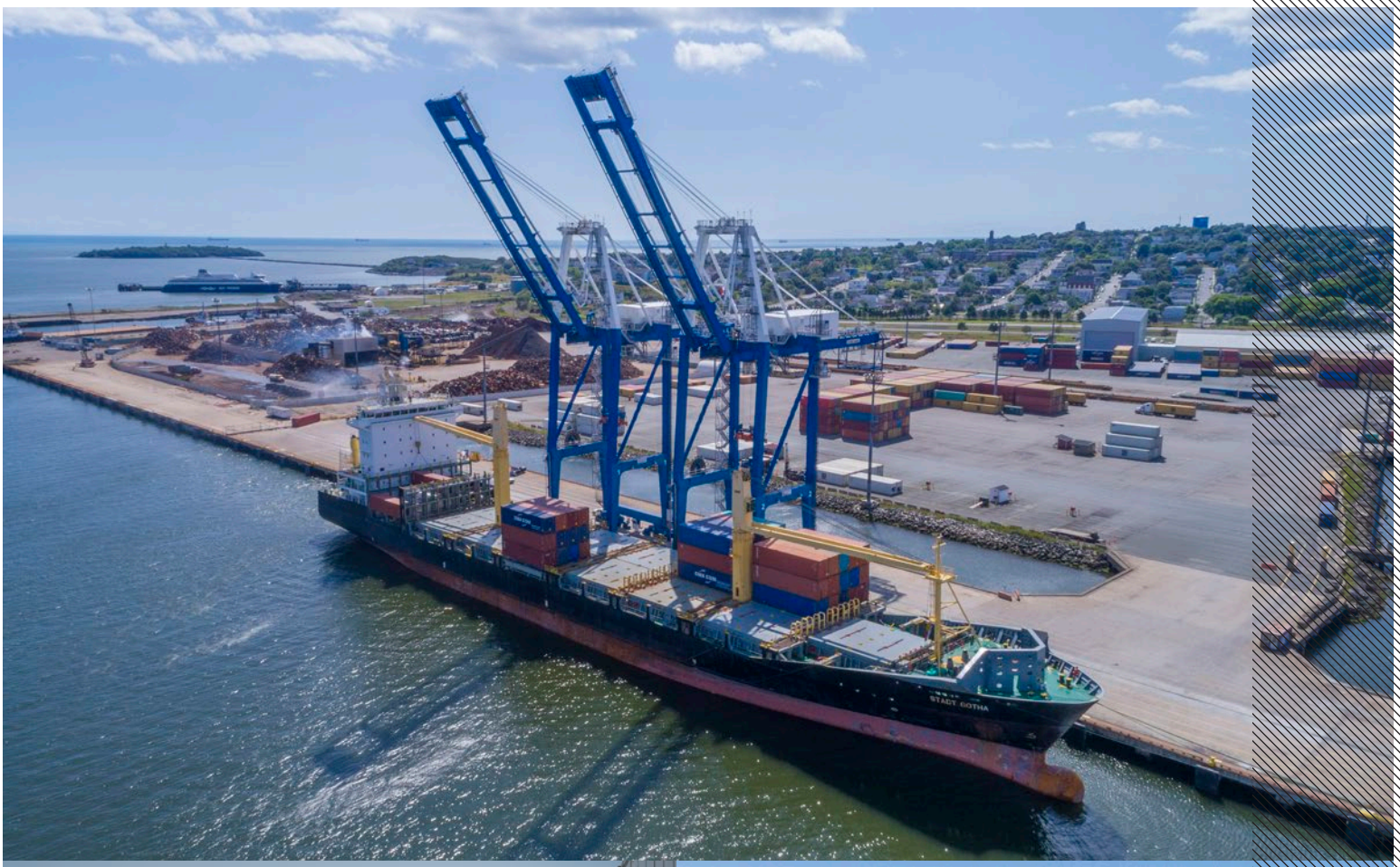
To further strengthen our eastern network, CP moved from minority owner to acquiring full control of the DRTP. By taking 100 percent ownership of the 1.6-mile tunnel linking Windsor, Ont., and Detroit, MI, CP can better operate the asset to the benefit of our customers and the North American supply chain. The accretive acquisition immediately reduces CP's operating costs and increases margins related to movements through the tunnel. Control of this strategic asset, combined with our purchase of CMQ, will further integrate the eastern part of our network and give us leverage to move more traffic from Atlantic Canada through to the Midwest.

ATLANTIC OPPORTUNITY

2 NEW PORTS
DEEP-WATER ACCESS AT SEARSPORT, MAINE & SAINT JOHN, N.B.

4X CAPACITY
PORT SAINT JOHN CAPACITY PLANNED TO INCREASE FROM 200,000 TO 800,000 TEUs

200 MILES SHORTER
GETTING CUSTOMERS FROM THE EAST COAST INTO MONTRÉAL AND TORONTO FASTER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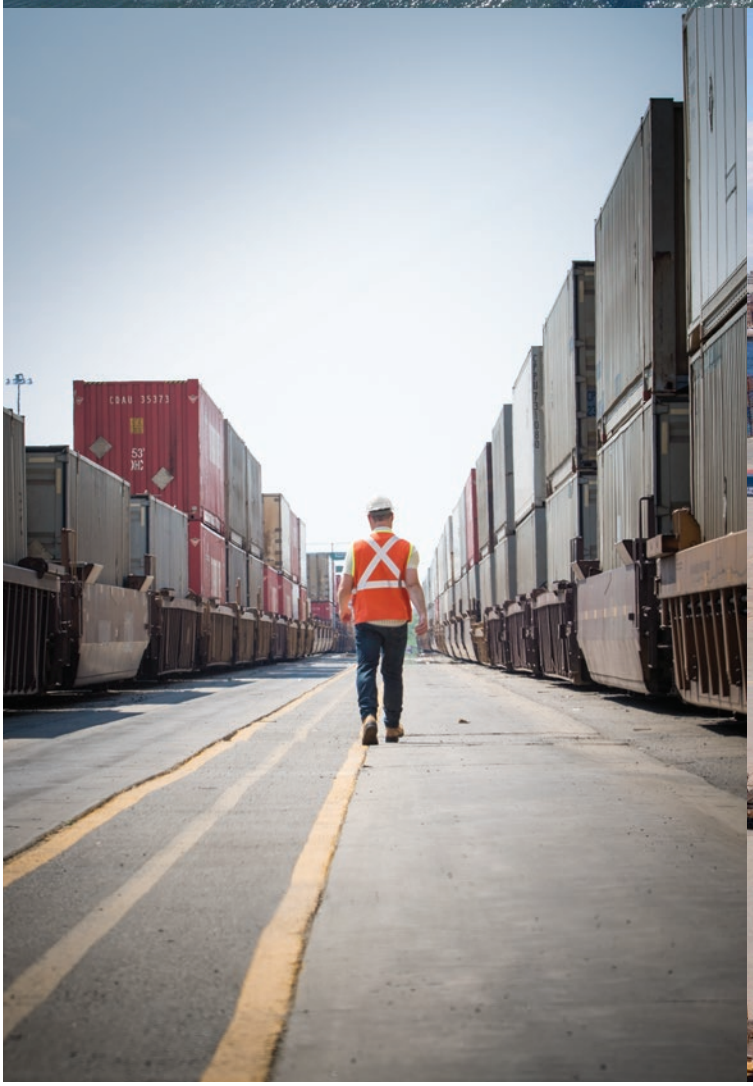
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HC


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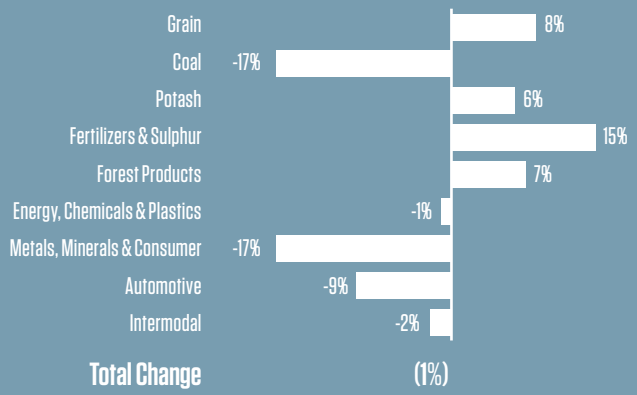
RESILIENCE: PERFORMANCE OVERCOMING ADVERSITY

Thanks to our industry-leading operating model and world-class employees, we have not only persevered throughout 2020 but are strongly positioned for the future.



FREIGHT REVENUE VARIANCE[1]

Foreign Exchange Adjusted % change, 2020 Freight Revenue vs 2019



3% DILUTED EPS GROWTH | 7% ADJUSTED DILUTED EPS GROWTH[1]

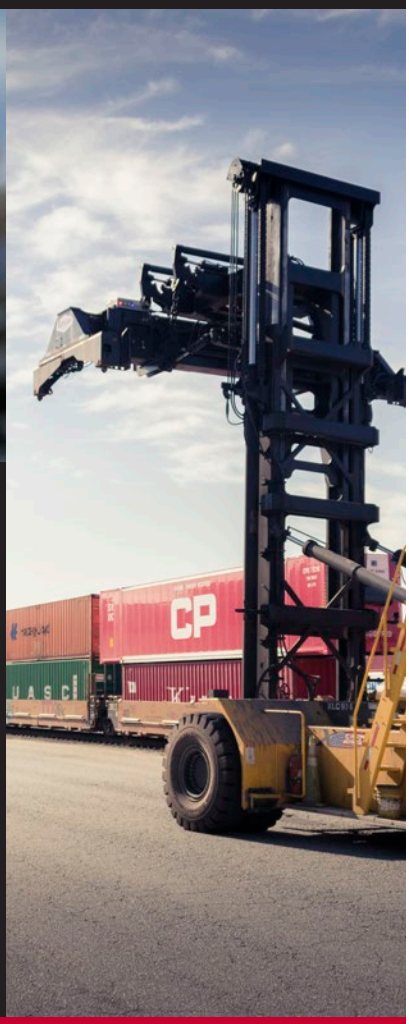
[1] These measures have no standardized meaning prescribed by accounting principles generally accepted in the United States ("GAAP") and, therefore, may not be comparable to similar measures presented by other companies. These measures are defined and reconciled in Non-GAAP Measures in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K.

+6%
RECORD AVG. TRAIN
WEIGHTS

+7%
RECORD AVG. TRAIN
LENGTHS

57.1%
OPERATING RATIO
COMPANY RECORD





BUSINESS MIX

% of 2020 Freight Revenue



Intermodal 21%

Merchandise 36%
- Energy, Chemicals & Plastics 20%
- Metals, Minerals & Consumer 8%
- Automotive 4%
- Forest Products 4%

Bulk 43%
- Grain 24%
- Coal 8%
- Potash 7%
- Fertilizers & Sulphur 4%



15th STRAIGHT YEAR
INDUSTRY LEADER IN SAFETY
0.96: FEDERAL RAILROAD ADMINISTRATION REPORTABLE TRAIN ACCIDENT FREQUENCY (PER MILLION TRAIN-MILES)

TRAIN INSPECTION PORTAL

Our high-speed camera-based train inspection system is capable of producing full body high-resolution images of trains at track speed.







BETTER, SAFER, MORE EFFICIENT

We innovate today for safer and more efficient rail operations tomorrow. We are focused on developing and implementing technology that provides practical solutions to enhance our best-in-class safety and efficiency.

Our technology enables us to optimize assets and proactively manage repairs across the network to minimize potentially costly failures and enhance network efficiency. Our technology innovations are aimed at reducing dwell, improving speed, running longer and heavier trains and ensuring that we continue to operate North America's safest railway. All of these innovations will help CP operate safely and control costs.

SAFETY THROUGH AUTOMATION

TRAIN INSPECTION PORTAL

Located on our Maple Creek subdivision, our high-speed camera-based train inspection system is capable of producing full body high-resolution images of trains at track speed. The system uses multiple algorithms to help identify defective car components and detects 87 percent more required repairs than visual inspections. CP's portal stands apart from other similar portals through the use of infrared imaging which better detects issues and reduces the likelihood for images to be distorted. The portal produces 72 high-resolution images per car. CP received a Transport Canada exemption for visual inspections for outbound loaded potash trains. When used in conjunction with the cold wheel brake test alternative, loaded potash trains do not require any manual or brake inspections and are free to depart, which reduces dwell by up to four hours for every train. In addition, undercarriage imaging inspects the underside of all passing railcars and locomotives to identify missing bolts, bent or broken rigging, open bottom gates, broken coupling systems and draft arrangements. Combining all of these systems, we are able to reduce dwell, improve employee productivity, inspect trains 360 degrees and increase safety.

AUTONOMOUS TRACK GEOMETRY MEASUREMENT SYSTEM (ATGMS)

ATGMS is a system that uses a non-contact, laser-based optical measuring system attached beneath a boxcar that operates in revenue train service. We are able to detect, in real-time, defects that predict track deterioration. Our technology allows us to improve service, better prevent derailments and reduce service failures.

VEHICLE TRACK INSPECTION

Technology mounted on our locomotives can identify possible track deviations by measuring vertical and horizontal accelerations. Algorithms are then used to determine the type and severity of deviation and notifications are automatically sent to field personnel for remediation. Our vehicle track interaction systems now analyze more than 600,000 miles of data annually on our network.

CP INNOVATION

BROKEN RAIL DETECTION IN DARK TERRITORY

In our non-signaled territories, or dark territories, we are leveraging cost-effective technologies to automatically detect broken rails by running circuits through the rail. This provides the same benefit of identifying broken rail as Centralized Traffic Control at a tenth of the cost.

COLD WHEEL TECHNOLOGY

Our cold wheel technology can evaluate air brakes on descending grades using wheel temperatures. A wheel with no heat when descending a grade signifies that the brakes may not be applying effectively. We are able to leverage this technology to optimize assets by efficiently completing repairs. This test,

which was developed by CP, has a 32 percent higher detection rate than traditional inspections. CP proactively worked with Transport Canada to obtain an exemption from visual inspection requirements, which reduces terminal dwell. The exemption allows us to remove 2,400 hours of annual inspection time for each of the coal, potash, and sulphur fleets. We have received an exemption for grain, and are seeking an additional exemption for intermodal.

CRACKED WHEEL DETECTION

We have invented a method to detect and proactively remove wheels that have potential to break. The award-winning detection system identifies metallurgical defects in the surface of the wheels that could be missed via traditional visual inspection. This technology enables CP to detect defects and conduct proactive maintenance before a wheel failure occurs.

ENHANCED RAIL FLAW DETECTION

Leveraging our cracked wheel technology, we have applied this innovation to identify rolling contact fatigue electromagnetically on the surface of the rail. The technology uses an algorithm to identify the depth of cracks in the rail, compared to the rest of the analyzed rail, and if deemed an outlier, the rail is flagged for repair. We are then able to proactively manage rail repairs through either rail grinding or replacement. With this rail technology, we are able to better prevent derailments and avoid service failures.

LEVERAGING BIG DATA

WHEEL LIFE FORECASTING

Leveraging data analytics, CP can predict within a month when wheel failures may occur, which improves safety, reduces online failures and decreases the need to set off cars in transit, which impacts network speed. We are able to use this data to proactively conduct maintenance on the affected wheels and reduce mechanical failures. Our wheel analytics have reduced wheel-related service interruptions by 30 percent. In addition, private car owners can subscribe to our reports to conduct their own proactive maintenance, which will continue to drive down service interruptions.

PREDICTIVE BEARING FAILURE

Our acoustic detector system predicts when a bearing is going to fail up to three months in advance. The microphones located next to the track are able to detect bearing defects before failure by inferring acoustic signals from train noises. Our patented detection process has reduced online bearing-related failures by 95 percent by enabling proactive detection and replacement. In 2018, our predictive analytics innovation was recognized with a safety award by the Railway Association of Canada.

OPTIMIZING OPERATIONS*

30% ↓ WHEEL-RELATED SERVICE INTERRUPTIONS

95% ↓ ONLINE BEARING-RELATED FAILURES

2,400 HOURS ↓ DWELL TIME FOR CERTAIN FLEETS

87% ↑ IMPROVED FLAW DETECTION

*Compared to previous technology and methods.

SUSTAINABLY DRIVEN

Sustainability is ingrained in CP's precision scheduled railroading culture.

Do better. Do more with less. Create long-term, win-win relationships with customers. Be mindful of our people, shareholders and the communities we operate in – and be safe. Our focus on long-term sustainable growth is aligned with environmental, social and governance performance.

CP's leadership in sustainability was recognized by several organizations in 2020.

We were added to the 2020 Dow Jones Sustainability Index North America, which measures corporate sustainability leaders' performance through a comprehensive assessment of economic, environmental and social criteria, in a year that saw a record number of participants in the Corporate Sustainability Assessment. CDP (formerly the Carbon Disclosure Project) awarded CP a leadership level score of A- for our 2020 climate change disclosure. CP has been a contributing participant to CDP for more than a decade, consistently disclosing progress on improving the management of greenhouse gas emissions and ongoing energy efficiency initiatives. World Finance's Sustainability Awards 2020 recognized us as a sustainability leader in the transportation industry for our efforts in transitioning to a low-carbon economy. Corporate Knights Magazine included CP on its Best 50 Corporate Citizens list, and we were named one of Canada's Best Diversity Employers for 2020.

Year-in, year-out, we are committed to operating in an ethical and responsible manner that considers our obligations to employees, customers, communities and shareholders – and we are seeking to understand how we can leverage our people, processes and technology to become even better.



Rendering of solar installation at our Calgary headquarters, to be completed in early 2021.

ENVIRONMENTAL

RAIL VS. TRUCKING 75% LESS GHG EMISSIONS

44% REDUCED GHG INTENSITY (2020 VS 1990)

SOCIAL

HELPED RAISE $2.47M THROUGH CP HAS HEART TO IMPROVE THE HEART HEALTH OF NORTH AMERICANS

43% TRAIN ACCIDENT FREQUENCY (2020 VS 2012)

GOVERNANCE

54.5% OF DIRECTORS ARE MEMBERS OF DESIGNATED GROUPS

ENVIRONMENTAL

At CP, we believe moving freight by rail will continue to play a crucial role in the low carbon economy in North America. In 2020, we released our first public statement on climate change, demonstrating our commitment to take action and meet the challenge of climate change. Our statement supports the goals of the Paris Agreement and the Pan-Canadian Framework on Clean Growth and Climate Change, which seek to limit global temperature rise to well below 2°C above pre-industrial levels. CP committed to establishing a science-based emissions reduction target to guide its climate action. In 2020, we completed a comprehensive scenario analysis to understand the full range of possible climate change impacts to our business and align with the recommendations of the Task Force on Climate-Related Financial Disclosure. Through this work, we plan to formalize the integration of climate-related risks into our enterprise risk-management mechanisms and develop strategies for mitigation of risk and pursuit of opportunity.

This past year, we broke ground on one of the largest private solar operations in Alberta at our headquarters in Calgary. The installation will be completed in 2021 and is expected to generate more power than consumed annually at this location. It will also help avoid an estimated 2,600 tonnes of carbon emissions a year.

SOCIAL

CP believes that we must focus on not only our economic impact, but also on the ways in which we contribute to society. Whether it's establishing a culture of integrity, inclusion, diversity and respect within our workforce; integrating workplace, operational and public safety into everything we do; supporting communities along our network through job creation, business partnerships or educational programs; or supporting healthy lifestyle initiatives, we recognize that our success is directly linked to building positive relationships with all of our stakeholders.

In 2020, we retained our status as the industry's leader with the lowest FRA-reportable train accident rate in North America for the 15th consecutive year, demonstrating the effectiveness of our efforts to protect public safety and the environment.

Our culture is focused on people. We believe that different backgrounds, experiences and perspectives enhance creativity and innovation and encourage diversity of thought in the workplace. In 2020, CP provided respectful and inclusive workplace training to 1,885 employees. Additionally,



approximately 800 management employees completed diversity and inclusion education sessions. Since 2019, more than 1,500 executives, engineering, mechanical, operations, network services and head office management employees received Indigenous cultural awareness training as part of CP's support for diversity and inclusion in our workplace.

In response to ongoing social unrest and social injustice across the U.S., CP donated US$1 million to three organizations to support the people of Minneapolis (home to the headquarters of our U.S. operations) and meaningful positive social change nationally. CP also continued to support the development and advancement of women within our operations; increased our veteran recruitment and hiring efforts; and, progressed our relationships with associations and organizations that attract, recruit and support skilled immigrants, persons with disabilities and women.

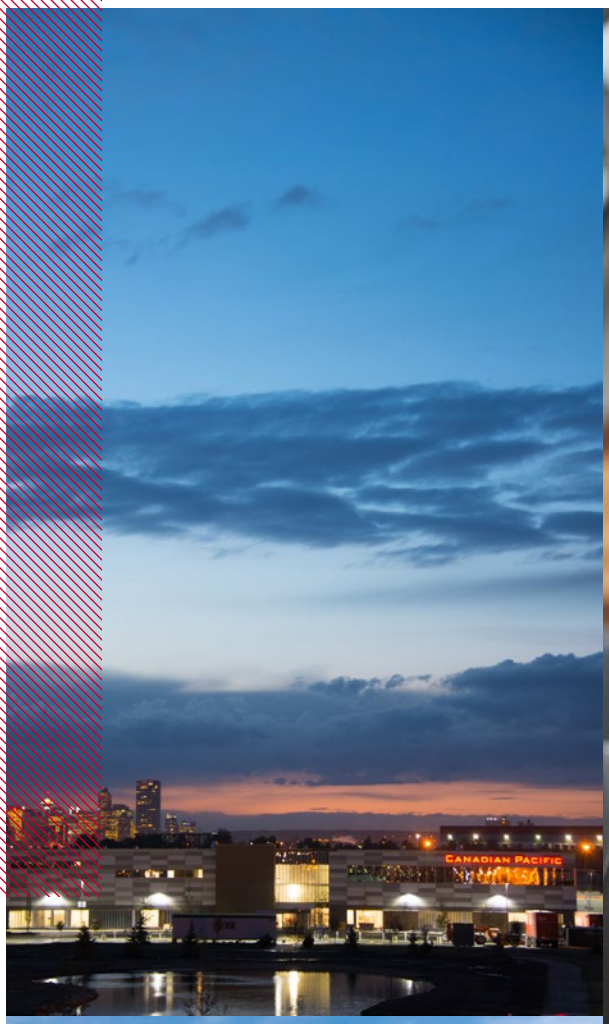
GOVERNANCE

Our commitment to sustainability and resulting performance is guided by our Board of Directors, comprising of a diverse group of individuals with expertise in rail, strategic planning, risk management, crisis response, finance and accounting, executive compensation and human resources. Led by Isabelle Courville, the first female chair of any Class 1 railroad in North America, CP's board has 45 percent female representation and nine percent visible minority representation. Accordingly, 54.5 percent of CP's Board are members of designated groups.

The Board works with our executive leaders to establish and regularly review short and long-term strategic objectives for CP. The Board also oversees these efforts through several committees, including the Risk and Sustainability Committee, formed in 2019, which monitors oversight of CP's key risks, strategies and sustainability topics.

CP remains committed to increasing diversity throughout all levels of the organization and implemented an employee diversity and inclusion policy. In addition, CP's Board of Directors adopted a Board diversity policy, which outlines that recommendation of directors for election or appointment to the Board will be made based on balance of skills, background, experience and knowledge, and will take into account diversity considerations, such as gender, age, ethnicity and different abilities.

For more information on our sustainability commitment and reporting, visit **sustainability.cpr.ca**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LETTER TO SHAREHOLDERS FROM THE PRESIDENT AND CEO

OUR CP FAMILY IS RESILIENT, TOUGH AND COMMITTED

This past year demonstrated the full strength of our conviction and pride in being CP railroaders.

In a time of great challenge and need during a global pandemic, the CP family delivered. North Americans now recognize, more than ever before, that the railroaders who deliver supplies they count on are essential workers.

More capacity, new service solutions, innovations in safety, environmental leadership and extended network reach – all the result of our 12,000-strong family of railroaders united by the shared purpose and values of precision scheduled railroading (PSR). As 2020 has clearly shown, there are no limits to what we can achieve together.

The playbook for our ongoing success is straightforward: deliver excellent service that provides value to customers and rewards to shareholders; do it safely and with the lowest possible environmental impact; provide a rewarding workplace that invests in its people; and grow in lockstep with our operating model, not at its expense.

I am extremely proud of our operational performance during a volatile year. The people who power our railroad did an extraordinary job effectively managing service, train weights, train lengths and crews as volumes came back. As a true PSR railroad, we know a low operating ratio is an outcome of running the business the right way. In 2019, our operating ratio was sub-60 percent, a company record. Despite the extraordinary challenges thrown at us in 2020, we produced a new record-low operating ratio of 57.1 percent. This year-over-year improvement truly demonstrates the resiliency of our PSR operating model and the power of our culture of accountability, particularly while operating in a tough environment. In 2020, facing economic headwinds, we grew reported diluted earnings per share 3 percent to 17.97 and adjusted diluted earnings per share 7 percent to $17.67[1] and our share price appreciated by 33 percent.

We also continue to create value that cannot be easily replicated – unique, exceptional service offerings and cost structures that are second to none. CP has the shortest lengths of haul in key domestic markets and we have built upon that competitive advantage with faster and more reliable service. CP also possesses significant land holdings at key locations across our network, giving us optionality to create unique market solutions for customers.

There are no shortcuts to long-term, sustainable success. If we are going to win in this marketplace, we've got to consistently provide meaningful, sustainable customer-focused solutions.

SUSTAINABLE GROWTH

If we're investing in growth, it has to make sense for the long term and fit with our franchise. Sustainable means sticking to our model.

Our agreement with Maersk is a textbook example. In Vancouver, approximately 25 percent of what comes off tidewater gets transloaded, as opposed to 75 percent at other West Coast ports. Most goods are trucked off the port in a very congested area. We're solving that. Our proposal to Maersk: let's build a facility inside our existing land footprint, provide you with rail service from the port and reduce the need for trucking.

[1] This measure has no standardized meaning prescribed by GAAP and, therefore, may not be comparable to similar measures presented by other companies. This measure is defined and reconciled in Non-GAAP Measures in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K.

There are no shortcuts to long-term, sustainable success. If we are going to win in this marketplace, we've got to consistently provide meaningful, sustainable customer-focused solutions.

Together, we are constructing a new, world-class transload and distribution facility in Vancouver to expand CP's and Maersk's supply chain options for customers. It's a win-win for CP, for Maersk and for the environment.

In lockstep with the grain supply chain, we are also moving record volumes of grain as a result of the 8,500-foot High Efficiency Product train model. Our new high efficiency railcars carry 15 percent more grain by volume. Working in close collaboration with grain shippers, we continue to set records for Canadian grain across all metrics and have yet to reach our full potential as more customers adopt our model. We continue to invest in our grain fleet with additional hopper cars coming into service each week. Since announcing a half-billion-dollar plan in 2018, CP has added more than 3,800 new hopper cars to its fleet via purchase or lease.

Our recent acquisition of Central Maine & Quebec Railway has extended our reach and gives us deep-water, congestion-free access to two Atlantic Ocean ports – and a transformational opportunity to create new capacity, service and growth. Hapag-Lloyd will begin regular service with CP and Port of Saint John starting in 2021. CP's 200-mile route advantage to key centers like Montreal, Toronto and Chicago provides unmatched service and the opportunity to grow the Port of Saint John into the key Atlantic Canada trade gateway. CP, along with the Port of Saint John, is investing in improvements and new capacity to bring more long-term customers online.

These are just some of the many new service offerings and opportunities across all of our lines of business that point to strong growth potential in 2021 and beyond.

SAFETY INNOVATION

Operating safely is a foundational principle at CP. I am proud to state that this past year, CP achieved a new record low for Federal Railroad Administration (FRA)-reportable injuries and held our position as the safest Class 1 railroad in North America for the 15th straight year, based on FRA-reportable train accident frequency. We continued to strengthen our Home Safe program to help ensure our railroaders go home safely, and made milestone achievements not only in improving safety but also in strengthening network efficiency. For example, our train inspection portal technology and cold wheel brake test innovation can detect significantly more defects than traditional inspections. Both innovations have made our operations safer and earned exemptions from Transport Canada, reducing dwell times for certain fleets.

ENVIRONMENTAL ACTION

Profitable, sustainable growth means having a modern long-term vision for this historic railroad. Our focus remains on delivering value for shareholders and customers as we transition to a low-carbon economy in North America. Times of change or disruption provide opportunities for leadership through both example and action. Across the supply chain, we are taking action when it comes to making a positive impact on the environment.

This past year, we released our first public statement on climate change, supporting the goals of the Paris Agreement and the Pan-Canadian Framework on Clean Growth and Climate Change, which seek to limit global temperature rise to well below 2°C above pre-industrial levels. We are backing that statement up with innovative initiatives such as building a solar panel farm at our headquarters in Calgary. This will be one of the largest private solar operations in the province and is expected to generate more power than consumed annually at our headquarters by early 2021. We are also developing North America's first line-haul hydrogen-powered locomotive. CP's Hydrogen Locomotive Program will retrofit a line-haul locomotive with hydrogen fuel cells and battery technology to drive the locomotive's electric traction motors.

As our volumes and market presence grow, more truck traffic is removed from the roads. Estimates show that our new transload facility with Maersk will remove up to 100,000 trucks from Metro Vancouver's congested roads and reduce greenhouse gas emissions by over 4,000 tons per year. This is good for our business and for the environment. Rail produces 75 percent less greenhouse gas emissions than trucks and is four times more fuel efficient. CP's fuel efficiency exceeds the North American Class 1



railway average – since 1990, we've improved our fuel use by more than 40 percent.

Our world-class railroaders will continue to develop and implement solutions that drive safety, sustainability, reliability and efficiency.

DEVELOPING PEOPLE

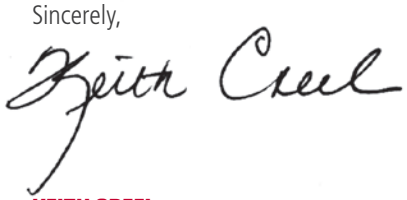
The challenges presented by the pandemic emphasized the fact that our people are our greatest asset. That is why, instead of pulling back, we ramped up training and leadership development throughout the year so that our railroaders can continue to grow. The past year came with unexpected and extraordinary opportunities for the CP family at all levels and in all areas of the business to step up and become even stronger.

We also embraced the opportunity to review and improve our diversity initiatives, and took further steps to help ensure we are attracting, hiring, retaining and nurturing a workforce where all employees have equal opportunities to succeed and advance. Three new diversity councils – racial, Indigenous and gender – were established to help ensure we consider diversity and inclusion when we make decisions, provide feedback on corporate direction and promote initiatives that relate to each council's area of focus.

I am deeply grateful to our CP family for their resilience and effort throughout a historically challenging year, and remain optimistic about what lies ahead. We know that our PSR operating model works in good times; this year has further demonstrated how well it works when times get tough.

Individually and collectively, we are CP Proud!

Sincerely,



KEITH CREEL
President and CEO



LETTER FROM THE CHAIR

This past year was extraordinary in so many ways. As essential workers, the CP team continued to deliver safely and efficiently in the face of COVID-19. 2020 highlighted CP's collective commitment and the depth and breadth of the team, led by President and CEO Keith Creel. It was also a year where CP focused intensely on sustainability and its commitment to environmental, social and governance stewardship.

ENVIRONMENTAL

Despite the ongoing challenges of 2020, CP grew stronger and continued to operate safely and sustainably. In July, CP released its first public statement on climate change. The statement acknowledges the effects of rising global temperatures and lays out CP's commitment to ongoing efforts to mitigate the impacts. In 2021, CP will establish a science-based emissions reduction target to guide its climate action.

Railroads have a powerful role to play as we transition to a less carbon-intensive economy. This past year, CP forged new relationships with other transportation industry sustainability leaders like Maersk. The relationship with Maersk will see thousands of trucks come off publicly funded highways across the Lower Mainland of British Columbia. This type of forward-thinking collaboration is a win for CP, the supply chain and the environment.

Because of its ongoing collaborative efforts and commitment, CP saw improvements in its scoring by major sustainability ratings firms. In November, CP was named to the Dow Jones Sustainability Index North America, and in December, the CDP recognized CP for leadership on climate action with an A- score on its 2020 climate change disclosure. This past year CP was also named to Corporate Knights' 2020 list of Canada's best corporate citizens and the World Finance Sustainability Awards 2020 named the company a sustainability leader in the transportation industry.

SAFETY AND SOCIAL

In 2020, CP did not depart from its commitment to safety, leading the North American industry for a 15th straight year with the lowest Federal Railroad Administration (FRA)-reportable train accident frequency. CP continues to focus on safety, which is an ongoing journey, not a destination.

CP also continued to invest in its communities, despite the pandemic. These investments included a US$1 million donation to one national and two Minneapolis-based organizations. In 2020, CP Has Heart helped raise nearly $2.5 million for cardiac causes across the CP network, bringing the total since 2014 to $23 million, and CP ran a virtual Holiday Train, donating $1.24 million to 201 food banks in communities that ordinarily host in-person events. Since 1999, the Holiday Train has helped raise $19 million and collected 4.8 million pounds for food banks in the communities in which CP operates.

GOVERNANCE

In January 2020, the Board enacted a diversity policy and we continue to focus on diversity, especially as we look at Board renewal. Our Board is currently made up of 45 percent women with one member who is a visible minority. Women chair two of our four standing committees, and one of those committees is chaired by our visible minority Board member. We believe this diversity makes us stronger and better equipped to serve CP shareholders.

In 2020, CP ranked second in the Globe and Mail's annual comprehensive ranking of Canada's corporate boards, known as "Board Games", in part due to our strong focus on governance.

2020 was also the first time in our nearly 140-year history we hosted a virtual Annual General Meeting. To put it simply, it was a year like no other. Thanks to the CP family, customers and shareholders, the company persevered and prospered.

While it was not the first time this management team has faced challenges, it served as another reminder of the resilience of their leadership and of the sustainable nature of this historic, proud company.

Sincerely,



ISABELLE COURVILLE
Chair of the Board

CANADIAN PACIFIC RAILWAY LIMITED

FORM 10-K

CANADIAN PACIFIC RAILWAY LIMITED
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PART I

ITEM 1. BUSINESS

Company Overview

Canadian Pacific Railway Limited ("CPRL"), together with its subsidiaries ("CP" or the "Company"), owns and operates a transcontinental freight railway in Canada and the United States ("U.S."). CP provides rail and intermodal transportation services over a network of approximately 13,000 miles, directly serving the principal business centres of Canada from Montréal, Québec, to Vancouver, British Columbia ("B.C."), and the U.S. Northeast and Midwest regions. CP's railway network feeds directly into the U.S. heartland from the East and West coasts. Agreements with other carriers extend the Company's market reach in Canada, through the U.S. and into Mexico. CP transports bulk commodities, merchandise freight and intermodal traffic. For additional information regarding CP's network and geographical locations, refer to Item 2. Properties.

CPRL was incorporated on June 22, 2001, under the *Canada Business Corporations Act* and controls and owns all of the Common Shares of Canadian Pacific Railway Company ("CPRC"), which was incorporated in 1881 by Letters Patent pursuant to an Act of the Parliament of Canada. CPRL's registered, executive and corporate head office is located at 7550 Ogden Dale Road S.E., Calgary, Alberta T2C 4X9. CPRL's Common Shares (the "Common Shares") are listed on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE") under the symbol "CP".

For purposes of this annual report, all references herein to "CP", "the Company", "we", "our" and "us" refer to CPRL, CPRL and its subsidiaries, CPRL and one or more of its subsidiaries, or one or more of CPRL's subsidiaries, as the context may require. All references to currency amounts included in this annual report, including the Consolidated Financial Statements, are in Canadian dollars unless specifically noted otherwise.

Strategy

CP is continuing the journey to become the best railway in North America, with a culture of responsibility and accountability focused on five key foundations:

- **Provide Service:** Providing efficient and consistent transportation solutions for the Company's customers. "Doing what we say we are going to do" is what drives CP in providing a reliable product with a lower cost operating model. Centralized planning aligned with local execution is bringing the Company closer to the customer and accelerating decision-making.
- **Control Costs:** Controlling and removing unnecessary costs from the organization, eliminating bureaucracy and continuing to identify productivity enhancements are the keys to success.
- **Optimize Assets:** Through longer and heavier trains, and improved asset utilization, the Company is moving increased volumes with fewer locomotives and cars while unlocking capacity for future growth potential.
- **Operate Safely:** Each year, CP safely moves millions of carloads of freight across North America while ensuring the safety of our people and the communities through which we operate. Safety is never to be compromised. CP strives for continuous implementation of state-of-the-art safety technology, safety management systems, and safety culture with our employees to ensure safe, efficient operations across our network.
- **Develop People:** CP recognizes that none of the other foundations can be achieved without its people. Every CP employee is a railroader and the Company has established a culture focused on our values of accountability, diversity and pride, in everything we do. Coaching and mentoring all employees into becoming leaders will continue to drive CP forward.

Starting in 2012, CP transformed its operations by investing in the network and executing a precision scheduled railroading model that lowers costs, optimizes assets, and provides better, more competitive service.

Today, we continue to apply our long-term strategy: leverage our lower cost base, network strengths and improved service to drive sustainable, profitable growth. While the accomplishments during the turnaround were tremendous, CP's journey to become North America's best-performing rail carrier is far from over. As a Company, we will remain focused on our next level of service, productivity, and innovation to continue to generate sustainable value for our customers and results for our shareholders.

Business Developments

COVID-19 pandemic

The effects of the COVID-19 pandemic on consumer demand resulted in lower volumes in the following lines of business: Energy, chemicals and plastics, Metals, minerals and consumer products, and Automotive.

As COVID-19 continued to spread throughout Canada and the United States during 2020, CP conducted business as usual, to the greatest extent possible in the circumstances, while continuing to apply the principles of precision scheduled railroading to respond to changes in demand. The Company is continuing to take a variety of measures to ensure the availability of its transportation services throughout our network, promote the safety and security of our

employees, and support the communities in which we operate. Certain modifications the Company has made in response to the COVID-19 pandemic include but are not limited to: implementing periods of working at home for certain office employees; restricting employee business travel; implementing post-travel employee screening; strengthening clean workplace practices; reinforcing socially responsible sick leave recommendations; limiting visitor and third-party access to Company facilities; launching internal COVID-19 resources for employees; creating a pandemic response team comprised of employees and members of senior management; and encouraging telephonic and video conference-based meetings along with other hygiene and social distancing practices recommended by health authorities including Health Canada, the U.S. Centers for Disease Control and Prevention, and the World Health Organization. CP supported employees by working with labour unions to shorten recall times to be prepared for demand increases while supplementing employment insurance payments and maintaining health benefit coverage for employees during that period. CP also awarded a bonus for our frontline employees who worked or were laid off in 2020 due to the COVID-19 pandemic. CP is responding to this crisis through measures designed to protect our workforce and prevent disruptions to the central role the Company's operations provide to the North American economy. CP's service is deemed essential as part of the transportation industry. We believe that we remain well positioned to adjust to market conditions to assist our customers as they work to manage their supply chain and inventories.

Preventative measures that serve to minimize the risk of exposure to COVID-19 remain in effect, including modifying our workspace to implement physical distancing measures, and continuously reevaluating our efforts with safety as a top priority.

In addition to the above, we have also observed many other companies, including companies in our industry, taking precautionary and preemptive actions to address the COVID-19 pandemic, and companies may take further actions that alter their normal business operations. We will continue to actively monitor the situation and may take further actions that could materially alter our business operations as may be required or recommended by federal, provincial, state or local authorities, or that we determine are in the best interests of our employees, customers, shareholders, partners, suppliers, and other stakeholders.

Additional information concerning the impact COVID-19 may have to our future business and results of operations is provided in Part I, Item 1A. Risk Factors.

Other current business developments

On January 27, 2021, CP announced its Board of Directors will seek shareholder and regulatory approval for the implementation of a five-for-one share split of CP's issued and outstanding common shares. The share split is subject to the approval of shareholders at the Annual and Special Meeting of Shareholders scheduled to be held on April 21, 2021 and to the requirements of the Toronto Stock Exchange ("TSX") and New York Stock Exchange ("NYSE"). CP also announced a normal course issuer bid ("NCIB") commencing January 29, 2021, to purchase up to 3.33 million Common Shares in the open market for cancellation before January 28, 2022.

On December 22, 2020, CP acquired full ownership of the Detroit River Tunnel Partnership ("DRTP"), which owns a 1.6-mile rail tunnel linking Windsor, Ontario, and Detroit, Michigan. The purchase price for the transaction was approximately $398 million, net of cash acquired. CP previously owned a 16.5 percent interest in the partnership and was its designated operator. The acquisition will reduce CP’s operating costs related to movements through the tunnel while further integrating the eastern part of our network. For additional information regarding this acquisition, refer to Item 8. Financial Statements and Supplementary Data, Note 10 Business combination.

In the fourth quarter of 2020, CP announced its plan to develop North America's first line-haul hydrogen-powered locomotive. CP's Hydrogen Locomotive Program will retrofit a line-haul locomotive with hydrogen fuel cells and battery technology to drive the locomotive's electric traction motors. Once operational, CP will conduct rail service trials and qualification testing to evaluate the technology's readiness for the freight-rail sector. The work builds on CP's prior experience with testing low-emitting locomotive technologies, including biofuels, compressed natural gas and battery-powered solutions. This project aligns with CP's focus on finding innovative solutions to support a sustainable future.

In the fourth quarter of 2020, CP received a leadership level score of A- from CDP for its 2020 climate change disclosure. This accomplishment represented a significant milestone in CP's journey to integrate climate-related risks and opportunities into the company's sustainability programs and reporting practices. CDP is an internationally recognized non-profit organization that runs a global environmental disclosure platform assessing companies on their climate-related performance and transparency.

In the fourth quarter of 2020, CP was added to the 2020 Dow Jones Sustainability Index North America. The index measures corporate sustainability leaders' performance through a comprehensive assessment of economic, environmental and social criteria. The top companies were selected from a record number of participants.

In the third quarter of 2020, CP released its first public statement on climate change, acknowledging the effects of rising global temperatures and our commitment to ongoing efforts to mitigate the impacts. The statement supports the goals of the Paris Agreement and the Pan-Canadian Framework on Clean Growth and Climate Change, which seek to limit global temperature rise to well below 2°C above pre-industrial levels. In support of this initiative, we plan to establish a science-based emissions reduction target to guide our climate action.

On July 21, 2020, CP increased its quarterly dividend to $0.95 per share on the outstanding Common Shares, from $0.83 per share from the prior quarter.

In the second quarter of 2020, CP completed its previously announced acquisition of Central Maine and Québec Railway U.S. Inc. ("CMQ U.S."). Together with the December 30, 2019 completion of the acquisition of Central Maine & Québec Railway Canada Inc. ("CMQ Canada"), the acquisition of CMQ U.S. completed CP's purchase of the entire Central Maine & Québec Railway ("CMQ") network originally announced on November 20, 2019, for approximately $174 million (U.S. $133 million). CMQ U.S. and CMQ Canada will continue to operate in the U.S. and in Canada respectively as subsidiaries of CP. CMQ owns rail lines primarily in Québec and Maine, stretching approximately 481 miles, and primarily moving forest products, refined petroleum products, chemicals and plastics. This acquisition provides CP with strategic access into the U.S. Northeast and Atlantic Canada. The transaction provides CP customers with seamless, safe and efficient access to ports at Searsport, Maine, and to Saint John, New Brunswick, via Eastern Maine Railway Company and New Brunswick Southern Railway. With the CMQ acquisition, CP is now a 13,000-mile rail network connecting the Atlantic coast to the Pacific coast across six Canadian provinces and 11 U.S. states. For additional information regarding this acquisition, refer to Item 8. Financial Statements and Supplementary Data, Note 10 Business combination.

On April 21, 2020, the Company held its annual meeting of shareholders, which was conducted via a virtual only format by live webcast online for the first time. All 11 director nominees were elected.

Prior Developments

On December 17, 2019, the Company announced an NCIB, commencing December 20, 2019, to purchase up to 4.80 million Common Shares in the open market for cancellation before December 19, 2020.

During the first quarter of 2019, the Company experienced severe winter operating conditions and an increase in the frequency and severity of casualty incidents and derailments. As a result, the Company incurred significant costs to manage severe weather conditions, as well as direct casualty costs, and higher operating costs. During this period and the subsequent network recovery the Company also experienced losses and deferrals of potential revenues.

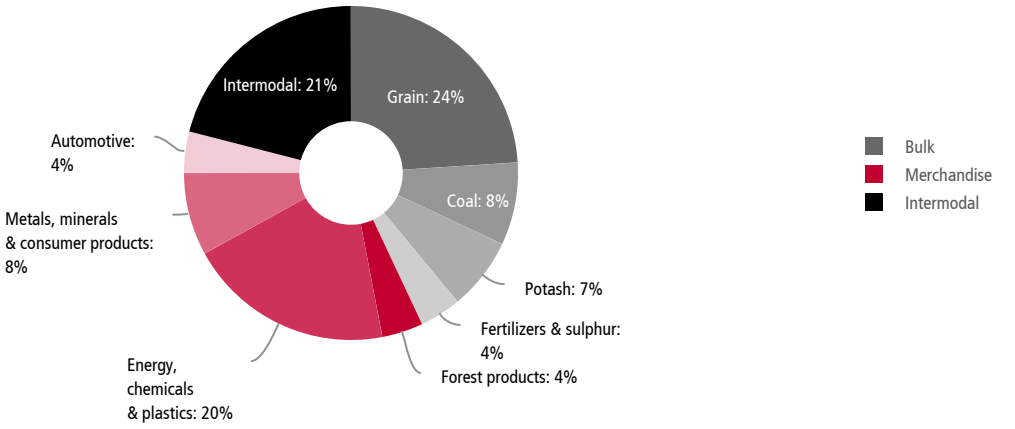
Operations

The Company operates in only one operating segment: rail transportation. Although the Company provides a breakdown of revenue by business line, the overall financial and operational performance of the Company is analyzed as one segment due to the integrated nature of the rail network. Additional information regarding the Company's business and operations, including revenue and financial information, and information by geographic location is presented in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and Item 8. Financial Statements and Supplementary Data, Note 27 Segmented and geographic information.

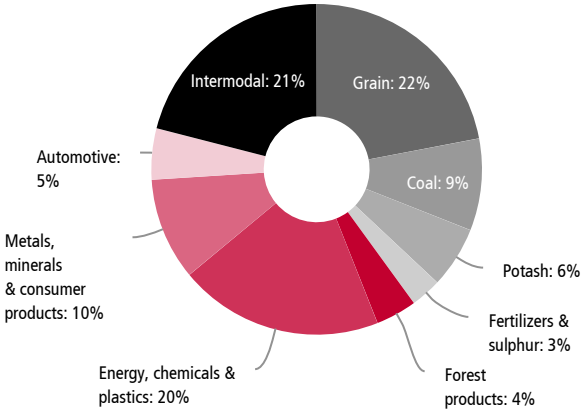
Lines of Business

The Company transports bulk commodities, merchandise freight, and intermodal traffic. Bulk commodities, which typically move in large volumes across long distances, include Grain, Coal, Potash, and Fertilizers and sulphur. Merchandise freight consists of industrial and consumer products, such as Energy, chemicals and plastics, Metals, minerals and consumer products, Forest products, and Automotive. Intermodal traffic consists largely of retail goods in overseas containers that can be transported by train, ship and truck, and in domestic containers and trailers that can be moved by train and truck.

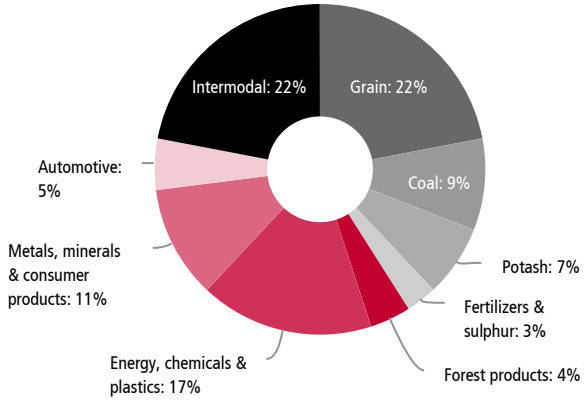
The Company's revenues are primarily derived from transporting freight. The following chart shows the Company's Freight revenue by each line of business in 2020, 2019 and 2018:



2020 Freight Revenues

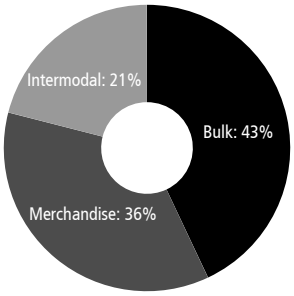


2019 Freight Revenues

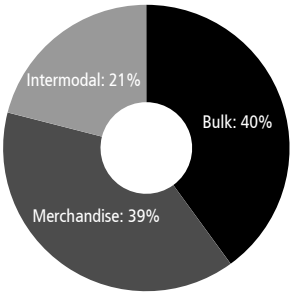


2018 Freight Revenues

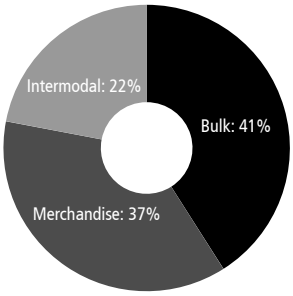
In 2020, the Company generated Freight revenues totalling $7,541 million ($7,613 million in 2019 and $7,152 million in 2018). The following charts compare the percentage of the Company's total Freight revenues derived from each of the three major business lines in 2020, 2019 and 2018:



2020 Freight Revenues



2019 Freight Revenues

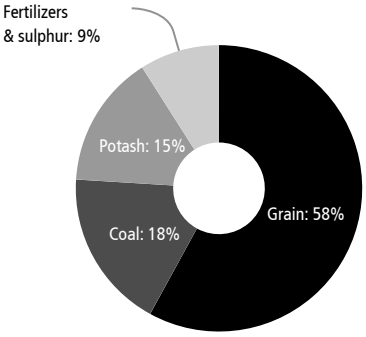


2018 Freight Revenues

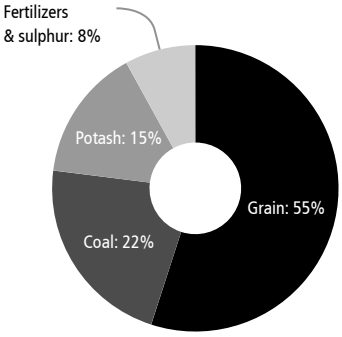
BULK

The Company's Bulk business represented approximately 43% of total Freight revenues in 2020.

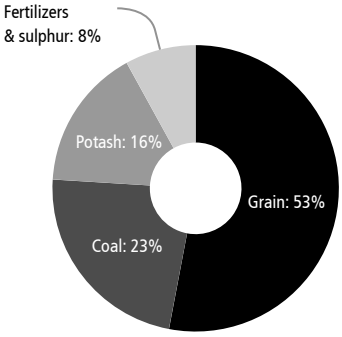
The following charts compare the percentage of the Company's Bulk freight revenues by commodity business in 2020, 2019 and 2018:



2020 Bulk Revenues
(43% of Freight Revenues)



2019 Bulk Revenues
(40% of Freight Revenues)

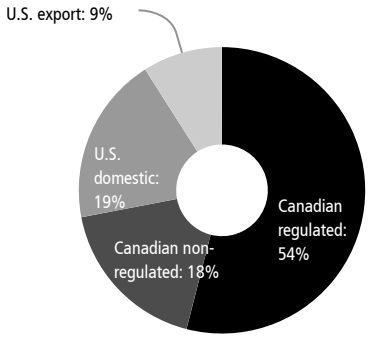


2018 Bulk Revenues
(41% of Freight Revenues)

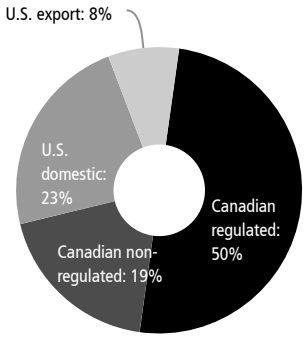
Grain

The Company's Grain business represented approximately 58% of Bulk revenues, and was 24% of total Freight revenues in 2020.

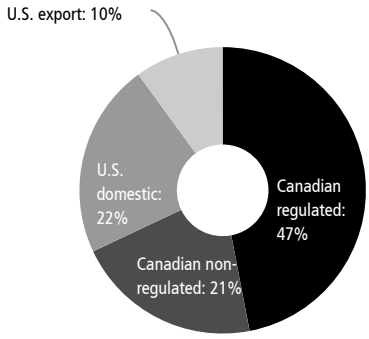
The following charts compare the percentage of the Company's Grain freight revenues generated from Canadian and U.S. shipments in 2020, 2019 and 2018:



2020 Grain Revenues
(58% of Bulk Revenues; 24% of Freight Revenues)



2019 Grain Revenues
(55% of Bulk Revenues; 22% of Freight Revenues)



2018 Grain Revenues
(53% of Bulk Revenues; 22% of Freight Revenues)

CP's Grain network is unique among railways in North America as it is strategically positioned in the heart of grain-producing regions of western Canada and the Northern Plains of the U.S. Canadian grain transported by CP consists of both whole grains, such as wheat, canola, durum, pulses, and barley, and processed products such as oils, meals, and malt. This business is centred in the Canadian Prairies (Saskatchewan, Alberta, and Manitoba), with grain shipped primarily west to the Port of Vancouver, and east to the Port of Thunder Bay for export. Grain is also shipped to the U.S., to eastern Canada, and to Mexico for domestic consumption.

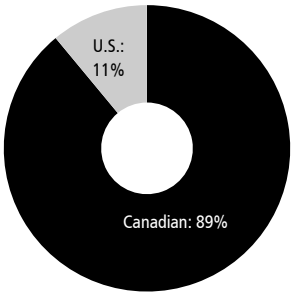
Canadian grain includes a division of business that is regulated by the Canadian government through the *Canada Transportation Act* ("CTA"). This regulated business is subject to a maximum revenue entitlement ("MRE"). Under the CTA, railways can set their own rates for individual movements. However, the MRE governs aggregate revenue earned by the railway based on a formula that factors in the total volumes, length of haul, average revenue per ton, and inflationary adjustments. The regulation applies to western Canadian export grain shipments to the ports of Vancouver and Thunder Bay.

U.S. grain transported by CP consists of both whole grains, such as wheat, soybeans, corn and durum, and processed products such as feed, meals and flour. This business is centred in the states of Minnesota, North Dakota, and Iowa. Grain destined for domestic consumption moves east via Chicago, to the U.S. Northeast or is interchanged with other carriers to the U.S. Pacific Northwest and U.S. Southeast. In partnership with other railways, CP also moves grain to export terminals in the U.S. Pacific Northwest and the Gulf of Mexico. Export grain traffic is also shipped to ports at Superior and Duluth.

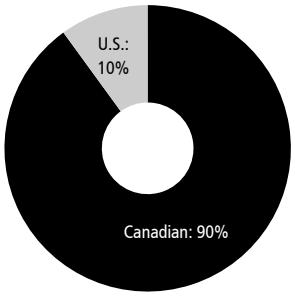
Coal

The Company's Coal business represented approximately 18% of Bulk revenues, and was 8% of total Freight revenues in 2020.

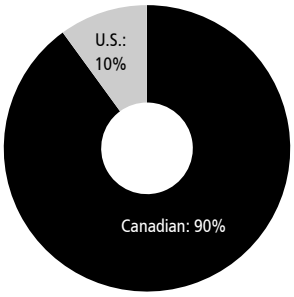
The following charts compare the percentage of the Company's Coal freight revenues generated from Canadian and U.S. shipments in 2020, 2019 and 2018:



2020 Coal Revenues
(18% of Bulk Revenues; 8% of Freight Revenues)



2019 Coal Revenues
(22% of Bulk Revenues; 9% of Freight Revenues)



2018 Coal Revenues
(23% of Bulk Revenues; 9% of Freight Revenues)

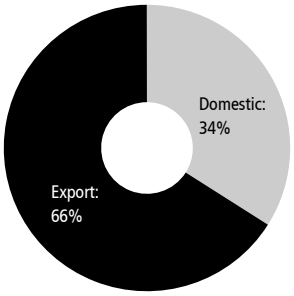
In Canada, CP handles mostly metallurgical coal destined for export for use in the steelmaking process. CP's Canadian coal traffic originates mainly from Teck Resources Limited's mines in southeastern B.C. CP moves coal west from these mines to port terminals for export to world markets (Pacific Rim, Europe and South America), and east for the U.S. Midwest markets.

In the U.S., CP moves primarily thermal coal from connecting railways, serving the thermal coal fields in the Powder River Basin in Montana and Wyoming, which is delivered to power-generating facilities in the U.S. Midwest.

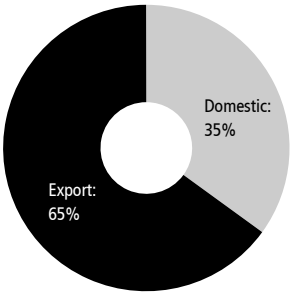
Potash

The Company's Potash business represented approximately 15% of Bulk revenues, and was 7% of total Freight revenues in 2020.

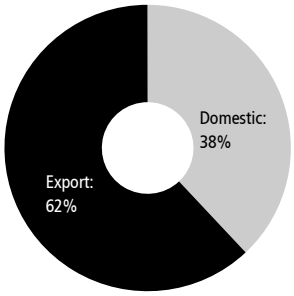
The following charts compare the percentage of the Company's Potash freight revenues generated from export and domestic potash shipments in 2020, 2019 and 2018:



2020 Potash Revenues
(15% of Bulk Revenues; 7% of Freight Revenues)



2019 Potash Revenues
(15% of Bulk Revenues; 6% of Freight Revenues)



2018 Potash Revenues
(16% of Bulk Revenues; 7% of Freight Revenues)

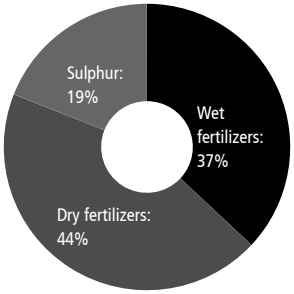
The Company's Potash traffic moves mainly from Saskatchewan to offshore markets through the ports of Vancouver, Portland, and Thunder Bay, and to markets in the U.S. All potash shipments for export beyond Canada and the U.S. are marketed by Canpotex Limited and K+S Potash Canada. Canpotex is an

export company owned in equal shares by Nutrien Ltd. and The Mosaic Company. Independently, these producers move domestic potash with CP primarily to the U.S. Midwest for local application.

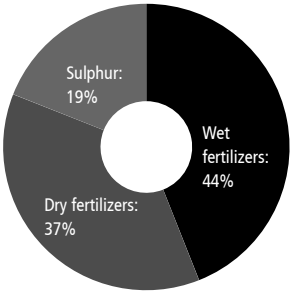
Fertilizers and Sulphur

The Company's Fertilizers and sulphur business represented approximately 9% of Bulk revenues, and was 4% of total Freight revenues in 2020.

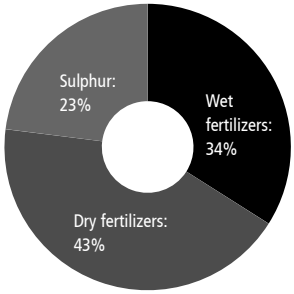
The following charts compare the percentage of the Company's Fertilizers and sulphur freight revenues generated from dry fertilizers, wet fertilizers and sulphur transportation in 2020, 2019 and 2018:



2020 Fertilizers & Sulphur Revenues
(9% of Bulk Revenues; 4% of Freight Revenues)



2019 Fertilizers & Sulphur Revenues
(8% of Bulk Revenues; 3% of Freight Revenues)



2018 Fertilizers & Sulphur Revenues
(8% of Bulk Revenues; 3% of Freight Revenues)

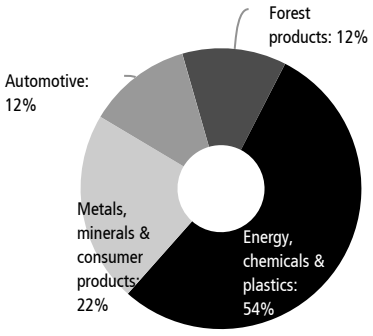
Dry fertilizers include: phosphate, urea, ammonium sulphate, and nitrate. Wet fertilizers are primarily anhydrous ammonia. More than half of CP's fertilizer shipments originate from production facilities in Alberta, where abundant sources of natural gas and other chemicals provide feedstock for fertilizer production.

Most sulphur is produced in Alberta as a byproduct of processing sour natural gas, refining crude oil, and upgrading bitumen produced in the Alberta oil sands. Sulphur is a raw material used primarily in the manufacturing of sulphuric acid, which is used most extensively in the production of phosphate fertilizers.

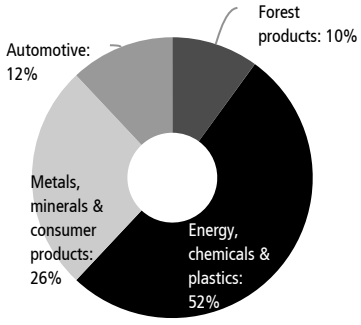
MERCHANDISE

The Company's Merchandise business represented approximately 36% of total Freight revenues in 2020.

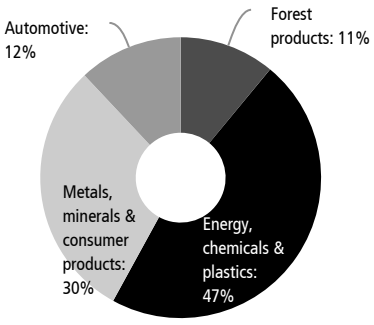
The following charts compare the percentage of the Company's Merchandise freight revenue by commodity business in 2020, 2019 and 2018:



2020 Merchandise Revenues
(36% of Freight Revenues)



2019 Merchandise Revenues
(39% of Freight Revenues)



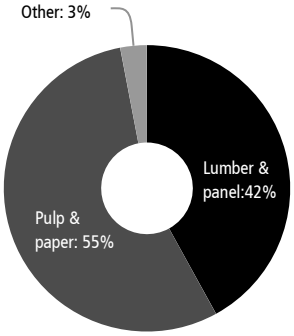
2018 Merchandise Revenues
(37% of Freight Revenues)

Merchandise products move in both mixed freight and unit trains, in a variety of car types. Service involves delivering products to many different customers and destinations. In addition to traditional rail service, CP moves merchandise traffic through a network of truck-rail transload facilities, expanding the reach of CP's network to non-rail served facilities.

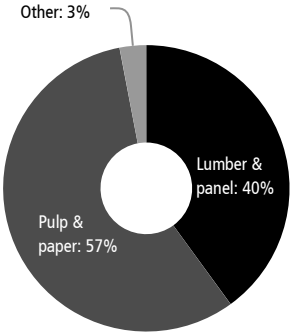
Forest Products

The Company's Forest products business represented approximately 12% of Merchandise revenues, and was 4% of total Freight revenues in 2020.

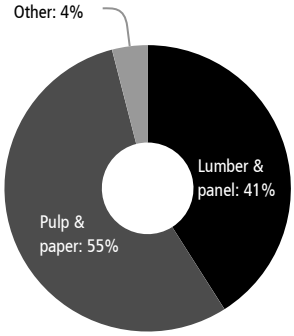
The following charts compare the percentage of the Company's Forest products freight revenues generated from pulp and paper (wood pulp, paperboard, newsprint, and paper), lumber and panel, and other shipments in 2020, 2019 and 2018:



2020 Forest Products Revenues
(12% of Merchandise Revenues;
4% of Freight Revenues)



2019 Forest Products Revenues
(10% of Merchandise Revenues;
4% of Freight Revenues)



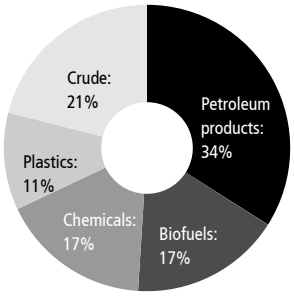
2018 Forest Products Revenues
(11% of Merchandise Revenues;
4% of Freight Revenues)

Forest products traffic includes pulp and paper, and lumber and panel shipped from key producing areas in B.C., Ontario, Québec, Alberta, and New Brunswick, to destinations throughout North America, including Vancouver and Montreal to export markets.

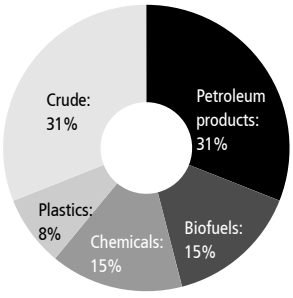
Energy, Chemicals and Plastics

The Company's Energy, chemicals and plastics business represented approximately 54% of Merchandise revenues, and was 20% of total Freight revenues in 2020.

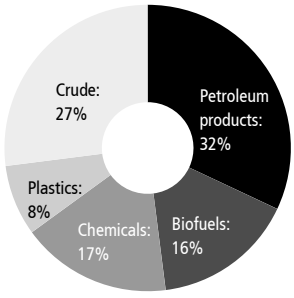
The following charts compare the percentage of the Company's Energy, chemicals and plastics freight revenues generated from petroleum products, crude, chemicals, biofuels, and plastics shipments in 2020, 2019 and 2018:



2020 Energy, Chemicals & Plastics Revenues
(54% of Merchandise Revenues;
20% of Freight Revenues)



2019 Energy, Chemicals & Plastics Revenues
(52% of Merchandise Revenues;
20% of Freight Revenues)



2018 Energy, Chemicals & Plastics Revenues
(47% of Merchandise Revenues;
17% of Freight Revenues)

Petroleum products consist of commodities such as liquefied petroleum gas ("LPG"), fuel oil, asphalt, gasoline, condensate (diluent), and lubricant oils. The majority of the Company's western Canadian energy traffic originates in the Alberta Industrial Heartland, Canada's largest hydrocarbon processing region, and Saskatchewan. The Bakken formation region in Saskatchewan and North Dakota is another source of condensate, LPG, and other refined petroleum. Interchanges with several rail interline partners give the Company access to destination and export markets in the U.S. West Coast, the U.S. Midwest, and Mexico, as well as the Texas and Louisiana petrochemical corridor and port connections.

Crude moves from production facilities throughout Alberta, North Dakota, and Saskatchewan. CP provides efficient routes to refining markets in the Gulf Coast, the U.S. Northeast, and the West Coast through connections with our railway partners.

The Company's chemical traffic includes products such as ethylene glycol, caustic soda, sulphuric acid, methanol, styrene, and soda ash. These shipments originate from western Canada, the Gulf of Mexico, the U.S. Midwest, and eastern Canada, and move to end markets in Canada, the U.S. and overseas.

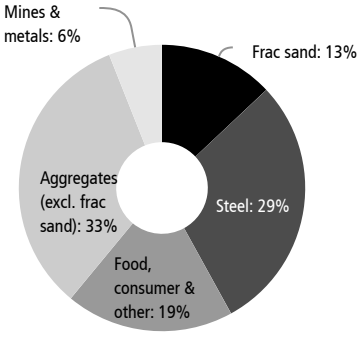
CP's biofuels traffic originates mainly from facilities in the U.S. Midwest, shipping primarily to destinations in the U.S. Northeast.

The most commonly shipped plastics products are polyethylene and polypropylene. Approximately half of the Company's plastics traffic originates in central and northern Alberta and moves to various North American destinations.

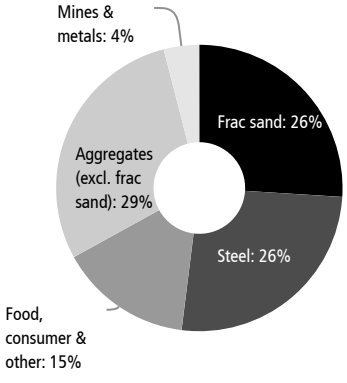
Metals, Minerals and Consumer Products

The Company's Metals, minerals and consumer products business represented approximately 22% of Merchandise revenues, and was 8% of total Freight revenues in 2020.

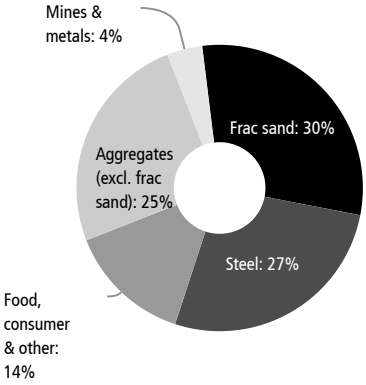
The following charts compare the percentage of the Company's Metals, minerals and consumer products freight revenues generated from aggregates (excluding frac sand), steel, frac sand, food and consumer products, and non-ferrous metals transportation in 2020, 2019 and 2018:



2020 Metals, Minerals & Consumer Products Revenues
(22% of Merchandise Revenues; 8% of Freight Revenues)



2019 Metals, Minerals & Consumer Products Revenues
(26% of Merchandise Revenues; 10% of Freight Revenues)



2018 Metals, Minerals & Consumer Products Revenues
(30% of Merchandise Revenues; 11% of Freight Revenues)

Aggregate products include coarse particulate and composite materials such as cement, limestone, clay, and gypsum. Cement is the leading commodity within aggregates, and is shipped directly from production facilities in Alberta, Québec, and Ontario to energy and construction projects in the U.S. Midwest, Canadian Prairies, and the U.S. Pacific Northwest.

The majority of frac sand originates at mines located along the Company's network in Wisconsin and moves to the Bakken, Marcellus Shale, Permian Basin, and other shale formations across North America.

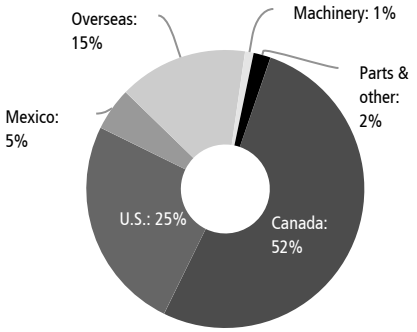
CP transports steel in various forms from mills in the U.S. Midwest, Ontario, and Saskatchewan to a variety of industrial users. The Company carries base metals such as aluminum, zinc, and lead. CP also moves ores from mines to smelters and refineries for processing, and the processed metal to automobile and consumer products manufacturers.

Food, consumer, and other products traffic consists of a diverse mix of goods, including food products, railway equipment, building materials, and waste products.

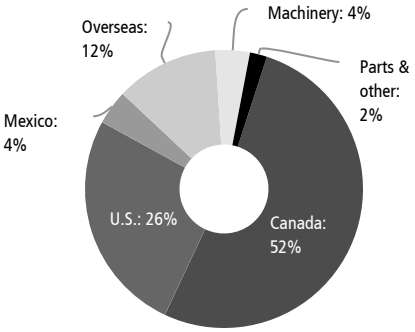
Automotive

The Company's Automotive business represented approximately 12% of Merchandise revenues, and was 4% of total Freight revenues in 2020.

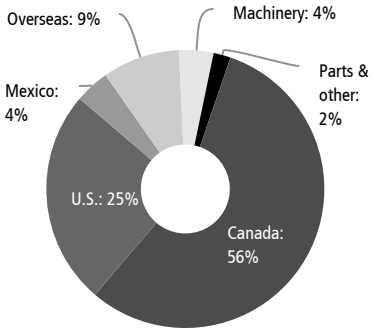
The following charts compare the percentage of the Company's Automotive freight revenues generated by movements of finished vehicles from Canadian, U.S., overseas, and Mexican origins, machinery, and parts and other in 2020, 2019 and 2018:



2020 Automotive Revenues
(12% of Merchandise Revenues; 4% of Freight Revenues)



2019 Automotive Revenues
(12% of Merchandise Revenues; 5% of Freight Revenues)



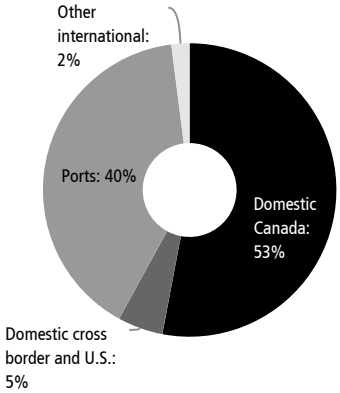
2018 Automotive Revenues
(12% of Merchandise Revenues; 5% of Freight Revenues)

CP's Automotive portfolio consists of four finished vehicle traffic components: Canadian-produced vehicles that ship to the U.S. from Ontario production facilities; U.S.-produced vehicles that ship within the U.S. as well as cross border shipments to Canadian markets; vehicles from overseas that move through the Port of Vancouver to eastern Canadian markets; and Mexican-produced vehicles that ship to the U.S. and Canada. In addition to finished vehicles, CP ships machinery, pre-owned vehicles, and automotive parts. A comprehensive network of automotive compounds is utilized to facilitate final delivery of vehicles to dealers throughout Canada and in the U.S.

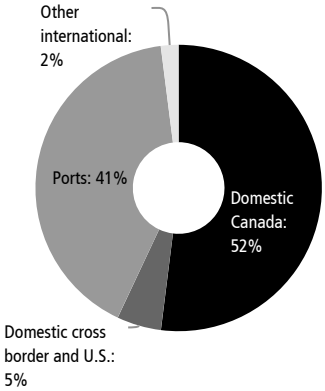
INTERMODAL

The Company's Intermodal business represented approximately 21% of total Freight revenues in 2020.

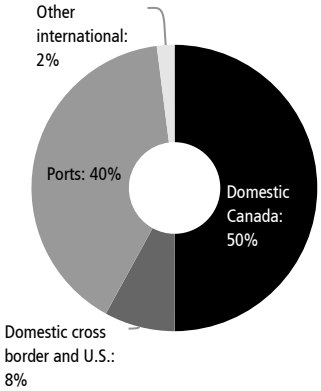
The following charts compare the percentage of the Company's Intermodal freight revenues generated from Canada, ports, cross border transportation, other international, and U.S. in 2020, 2019 and 2018:



2020 Intermodal Revenues
(21% of Freight Revenues)



2019 Intermodal Revenues
(21% of Freight Revenues)



2018 Intermodal Revenues
(22% of Freight Revenues)

Domestic intermodal freight consists primarily of manufactured consumer products that are predominantly moved in 53-foot containers within North America. International intermodal freight moves in marine containers to and from ports and North American inland markets.

CP's domestic intermodal business moves goods from a broad spectrum of industries including wholesale, retail, food, forest products, and various other commodities. Key service factors in domestic intermodal include consistent on-time delivery, the ability to provide door-to-door service, and the availability of value-added services. The majority of the Company's domestic intermodal business originates in Canada, where CP markets its services directly to retailers and manufacturers, providing complete door-to-door service and maintaining direct relationships with its customers. In the U.S., the Company's service is delivered mainly through intermodal marketing companies.

CP's international intermodal business consists primarily of containerized traffic moving between the ports of Vancouver, Montréal, Saint John, and inland points across Canada and the U.S. Import traffic from the Port of Vancouver is mainly long-haul business destined for eastern Canada and the U.S. Midwest and Northeast. CP works closely with the Port of Montréal, a major year-round East Coast gateway to Europe, to serve markets primarily in the U.S. Midwest and Canada. CP's access to the Port of Saint John provides the fastest rail service from the east coast to the Canadian and U.S. Midwest markets for import and export cargo from Europe, South America, and Asia.

Fuel Cost Adjustment Program

The short-term volatility in fuel prices may adversely or positively impact revenues. CP employs a fuel cost adjustment program designed to respond to fluctuations in fuel prices and help reduce volatility to changing fuel prices. Fuel surcharge revenues are earned on individual shipments and are based primarily on the price of On-Highway Diesel. As such, fuel surcharge revenues are a function of freight volumes and fuel prices. Fuel surcharge revenues accounted for approximately 4% of the Company's Freight revenues in 2020. The Company is also subject to carbon taxation systems and levies in some jurisdictions in which it operates, the costs of which are passed on to the shipper. As such, fuel surcharge revenue includes carbon taxes and levy recoveries.

Freight revenues included fuel surcharge revenues of $297 million in 2020, a decrease of $167 million, or 36%, from $464 million in the same period of 2019. This decrease was primarily due to lower fuel prices. This decrease was partially offset by the timing of recoveries from CP's fuel cost adjustment program and increased carbon tax recoveries.

Non-freight Revenues

Non-freight revenues accounted for approximately 2% of the Company's Total revenues in 2020. Non-freight revenues are generated from leasing certain assets; other arrangements, including logistical services and contracts with passenger service operators; and switching fees.

Significant Customers

For each of the years ended December 31, 2020, 2019 and 2018, the company's revenues and operations were not dependent on any major customers.

Competition

The Company is in the ground transportation and logistics business. The Company sees competition in this segment from other railways, motor carriers, ship and barge operators, and pipelines. Depending on the specific market, competing railways, motor carriers, and other competitors may exert pressure on price and service levels. The Company continually evaluates the market needs and the competition. The Company responds as it deems appropriate to provide competitive services to the market. This includes developing new offerings such as transload facilities, new train services, and other logistics services.

Seasonality

Volumes and revenues from certain goods are stronger during different periods of the year. First-quarter revenues are typically lower mainly due to winter weather conditions, closure of the Port of Thunder Bay, and reduced transportation of retail goods. Second and third quarter revenues generally improve compared to the first quarter, as fertilizer volumes are typically highest during the second quarter and demand for construction-related goods is generally highest in the third quarter. Revenues are typically strongest in the fourth quarter, primarily as a result of the transportation of grain after the harvest, fall fertilizer programs, and increased demand for retail goods moved by rail. Operating income is also affected by seasonal fluctuations. Operating income is typically lowest in the first quarter, due to lower freight revenue and higher operating costs associated with winter conditions.

Government Regulation

The Company's railway operations are subject to extensive federal laws, regulations, and rules in both Canada and the U.S., which directly affect how operations and business activities are managed.

Economic Regulation - Canada

The Company's rail operations in Canada are subject to economic regulation by the Canadian Transportation Agency (the "Agency") as delegated by the *Canada Transportation Act*. The *Canada Transportation Act* indirectly regulates rates by providing remedies for freight rates, including ancillary charges, remedies for level of service, long-haul interswitching rates, and regulated interswitching rates in Canada. The CTA regulates the MRE for the movement of export grain, construction and abandonment of railways, commuter and passenger access, and noise and vibration-related disputes.

In 2018, the *Transportation Modernization Act* became law. The legislation amended the *Canada Transportation Act* and the *Railway Safety Act* ("RSA"), among other Acts, to (1) replace the previous 160 kilometre extended interswitching limit and the competitive line rate provisions with a new long-haul interswitching regime; (2) modify the existing Level of Service remedy for shippers by instructing the Agency to determine, upon receipt of a complaint, if a railway company is fulfilling its common carrier obligation to the "highest level of service that is reasonable in the circumstances"; (3) allow the existing Service Level Agreement arbitration remedy to include the consideration of reciprocal financial penalties; (4) increase the threshold for summary Final Offer Arbitration from $750,000 to $2 million; (5) bifurcate the Volume-Related Composite Price Index component of the annual MRE determination for transportation of regulated grain, to encourage hopper car investment by CP and Canadian National Railway ("CN"); (6) mandate the installation of locomotive voice and video recorders ("LVVRs"), with statutory permission for random access by railway companies and Transport Canada ("TC") to the LVVR data in order to proactively strengthen railway safety in Canada; and (7) compel railways to provide additional data to the federal government.

Economic Regulation - U.S.

The Company's U.S. rail operations are subject to economic regulation by the Surface Transportation Board (the "STB"). The STB provides economic regulatory oversight and administers *Title 49 of the United States Code* and related *Code of Federal Regulations*. The STB has jurisdiction over railroad rate and service issues and proposed railroad mergers and other transactions.

The *STB Reauthorization Act of 2015* resulted in numerous changes to the structure and composition of the STB, removing it from under the Department of Transport and establishing the STB as an independent U.S. agency, as well as increasing STB Board membership from three to five members. Notably, the law vests in the STB certain limited enforcement powers, by authorizing it to investigate rail carrier violations on the STB Board's own initiative. The law also requires the STB to establish a voluntary binding arbitration process to resolve rail rate and practice disputes.

Safety Regulation - Canada

The Company's operations in Canada are subject to safety regulatory oversight by TC pursuant to the RSA. The RSA regulates safety-related aspects of railway operations in Canada, including the delegation of inspection, investigation and enforcement powers to TC. TC is also responsible for overseeing the transportation of dangerous goods as set out under the *Transportation of Dangerous Goods Act* ("TDGA").

After the tragic accident in Lac-Mégantic, Québec, in July 2013 involving a non-related short-line railway company, the Government of Canada implemented several measures pursuant to the RSA and the TDGA. These modifications implemented changes with respect to rules associated with securing unattended trains; the classification of crude being imported, handled, offered for transport, or transported; and the provision of information to municipalities through which dangerous goods are transported by rail. The U.S. federal government has taken similar actions. These changes did not have a material impact on CP's operating practices.

In 2015, *An Act to amend the Canada Transportation Act and the Railway Safety Act* became law. The legislation sets out minimum insurance requirements for federally regulated railways based on amounts of crude and toxic inhalation hazards ("TIH") or poisonous inhalation hazards moved. It also imposes strict liability; limits railway liability to the minimum insurance level; mandates the creation of a fund paid for by levies on crude shipments, to be utilized for damages beyond a railway's liability; allows railways and insurers to maintain rights to pursue other parties (subrogation); and prevents shifting liability to shippers from railways except through written agreement.

The Company is allocating resources, including working with public and private rail crossing owners, to meet the *Grade Crossings Regulations*, under the RSA, which came into force in 2014. The regulations require existing crossings to meet specified safety standards by November 2021.

On November 25, 2020, the Minister of Transport announced updated *Duty and Rest Period Rules for Railway Operating Employees*. The new rules, founded on modern-day fatigue management principles, reduce the length of a duty period and increase the length of the minimum rest period between shifts. The rules establish limits on the total number of duty hours, 60 hours in a seven-day period and 192 hours in a 28-day period. These requirements will be phased in 30 months from the date of the announcement. The new rules also require federally regulated railways, including the Company, to complete a Fatigue Management Plan by November 25, 2021, and implement the Fitness for Duty provisions by November 25, 2022.

Safety Regulation - U.S.

The Company's U.S. operations are subject to safety regulations enforced by the Federal Railroad Administration ("FRA"), and the Pipelines and Hazardous Materials Safety Administration ("PHMSA"). The FRA regulates safety-related aspects of the Company's railway operations in the U.S. under the Federal Railroad Safety Act, as well as rail portions of other safety statutes. The PHMSA regulates the safe transportation of all hazardous materials by rail.

On October 29, 2015, the *Surface Transportation Extension Act of 2015* ("STEA") was signed into law. The law extends, by three years, the deadline for the U.S. rail industry to implement Positive Train Control ("PTC"), a set of highly advanced technologies designed to prevent train-to-train collisions, speed-related derailments, and other accidents caused by human error by determining the precise location, direction and speed of trains, warning train operators of potential problems, and taking immediate action if an operator does not respond. Legislation passed by the U.S. Congress in 2008 mandated that PTC systems be operable by the end of 2015 on rail lines used to transport passengers or toxic-by-inhalation materials. The STEA extended the deadline to install and activate PTC to December 31, 2018, with an optional two-year extension (December 31, 2020) under certain circumstances. The Company received the two-year extension to ensure safe and effective implementation of PTC on its rail network. CP successfully implemented PTC and was PTC compliant as of December 1, 2020.

For further details on the capital expenditures associated with compliance with the PTC regulatory mandate, refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources.

Various other regulators directly and indirectly affect the Company's operations in areas such as health, safety, security, environmental, and other matters.

Environmental Laws and Regulations

The Company's operations and real estate assets are subject to extensive federal, provincial, state, and local environmental laws and regulations governing emissions to the air, management and remediation of historical contaminant sites, discharges to waters and the handling, storage, transportation, and disposal of waste and other materials. If the Company is found to have violated such laws or regulations, it could have a material adverse effect on the Company's business, financial condition, or operating results. In addition, in operating a railway, it is possible that releases of hazardous materials during derailments or other accidents may occur that could cause harm to human health or to the environment. Costs of remediation, damages and changes in regulations could materially affect the Company's operating results, financial condition, and reputation.

The Company has implemented an Environmental Management System to facilitate the reduction of environmental risk. Specific environmental programs are in place to address areas such as air emissions, wastewater, management of vegetation, chemicals and waste, storage tanks, and fueling facilities. CP has also undertaken environmental impact assessments and risk assessments to identify, prevent, and mitigate environmental risks. There is continued focus on preventing spills and other incidents that have a negative impact on the environment. There is an established strategic emergency response contractor network, and spill equipment kits are located across Canada and the U.S. to ensure a rapid and efficient response in the event of an environmental incident. In addition, emergency preparedness and response plans are regularly updated and tested. In 2020, updates to CP's comprehensive oil spill response plan were made in accordance with the changes in the PHMSA regulations.

The Company has developed an environmental audit program that comprehensively, systematically, and regularly assesses the Company's facilities for compliance with legal requirements and the Company's policies for conformance to accepted industry standards. Included in this is a corrective action follow-up process and semi-annual review by senior management.

CP focuses on key strategies, identifying tactics and actions to support and operationalize our environmental commitments. The Company's strategies include:

- Implementing measures to minimize or prevent environmental impacts from our operations and facilities, and to ensure compliance with applicable environmental laws and regulations;
- Maintaining an Environmental Management System to provide consistent, effective guidance and resources to CP employees in regard to the management of air emissions, dangerous goods and waste materials, emergency preparedness and response, petroleum products management, and water and wastewater systems;
- Reducing environmental and safety risk through business processes to identify and mitigate potential environmental impacts related to all CP operations and activities;
- Ensuring that new or altered operations and other business activities are evaluated, planned, permitted in accordance with applicable regulations, and executed to mitigate environmental risk;
- Engaging with relevant stakeholders to consider and discuss CP's environmental management practices and environmental issues and concerns associated with our operations;
- Employing best practices, proven technologies, and safe operating standards for activities involving elevated environmental risk; and
- Planning and preparing for emergency responses to ensure all appropriate steps are taken in the event of a derailment, spill, or other incident involving a release to the environment.

Security

CP is subject to statutory and regulatory directives in Canada and the U.S. that address security concerns. CP plays a critical role in the North American transportation system. Rail lines, facilities and equipment, including railcars carrying hazardous materials, could be direct targets or indirect casualties of terrorist attacks, actions by criminal and non-criminal organizations, and activities by individuals. Regulations by the U.S. Department of Transportation and the Department of Homeland Security in the U.S. include speed restrictions, chain of custody and security measures, which can impact service and increase costs for the transportation of hazardous materials, especially TIH materials. New regulations published by TC under the TDGA have added requirements for railway companies to take actions to mitigate security risks of transporting dangerous goods by rail. In addition, insurance premiums for some or all of the Company's current coverage could increase significantly, or certain coverage may not be available to the Company in the future. While CP will continue to work closely with Canadian and U.S. government agencies, future decisions by these agencies on security matters or decisions by the industry in response to security threats to the North American rail network could have a material adverse effect on the Company's business, financial condition, or operating results.

CP takes the following security measures:

- CP employs its own police service that works closely with communities and other law enforcement and government agencies to promote railway safety and infrastructure security. As a railway law enforcement agency, CP Police Services is headquartered in Calgary, with police officers assigned to over 25 field offices responsible for railway police operations in six Canadian provinces and 14 U.S. states. CP Police Services operates on the CP rail network as well as in areas where CP has non-railway operations;
- CP's Police Communication Centre ("PCC") operates 24 hours a day. PCC receives reports of emergencies, dangerous or potentially dangerous conditions, and other safety and security issues from our employees, the public, and law enforcement and other government officials. PCC ensures that proper emergency responders are notified as well as governing bodies;
- CP's Security Management Plan is a comprehensive, risk-based plan modelled on and developed in conjunction with the security plan prepared by the Association of American Railroads post-September 11, 2001. Under this plan, CP routinely examines and prioritizes railway assets, physical and cyber vulnerabilities, and threats, as well as tests and revises measures to provide essential railway security. To address cyber security risks, CP implements mitigation programs that evolve with the changing technology threat environment. The Company has also worked diligently to establish backup sites to ensure a seamless transition in the event that the Company's operating systems are the target of a cyber-attack. By doing so, CP is able to maintain network fluidity; and
- CP security efforts consist of a wide variety of measures including employee training, periodic security assessments, engagement with our customers, and training of emergency responders.

Human Capital Management

CP is focused on attracting, developing, and retaining a resilient, high performing workforce that delivers on providing service for our customers. CP's culture is guided by three core values: Accountability, Diversity, and Pride. These values drive our actions. Everything we do is grounded in precision scheduled railroading and our five foundations of Provide Service, Control Costs, Optimize Assets, Operate Safely, and Develop People.

At CP, our approximately 12,000-strong team of railroaders across North America underpin CP's success and bring value to our customers and shareholders. Accordingly, Develop People is one foundation of how we do business, illustrating our focus and energy towards empowering our people, providing an engaging culture and cultivating an industry leading team.

Total Employees and Workforce

An employee is defined by the Company as an individual currently engaged in full-time, part-time, or seasonal employment with CP. The total number of employees as of December 31, 2020, was 11,890, a decrease of 804, or 6%, compared to 12,694 as at December 31, 2019, due to reduced workload as measured in GTMs and more efficient resource planning.

Workforce is defined as total employees plus contractors and consultants. The total workforce as at December 31, 2020 was 11,904, a decrease of 828, or 7%, compared to 12,732 as at December 31, 2019, due to more efficient resource planning. .

Unionized Workforce

Class I railways are party to collective bargaining agreements with various labour unions. The majority of CP's employees belong to labour unions and are subject to these agreements. CP manages collaborative relationships with union members in both Canada and the U.S.

CP employs approximately 12,000 active employees across North America with three-quarters based in Canada and the remainder in the United States. Unionized employees represent nearly 72% of our workforce and are represented by 36 active bargaining units.

Canada

Within Canada there are eight bargaining units representing approximately 6,600 Canadian unionized active employees. From time to time, we negotiate to renew collective agreements with various unionized groups of employees. In such cases, the collective agreements remain in effect until the bargaining process has been exhausted (pursuant to the *Canada Labour Code*). One agreement is pending ratification and one other remains open for renewal and is

under negotiation as of December 31, 2020. Agreements are in place with the other six bargaining units in Canada, two are effective until December 31, 2021, and four are effective until 2022.

U.S.

In the U.S., there are currently 28 active bargaining units on three subsidiary railroads representing nearly 1,900 unionized active employees. Nine agreements are open for amendment and are under negotiation at this time. 15 agreements will become amendable in 2021 and one in 2022. Negotiations have been concluded with respect to the remaining three agreements which will expire beyond 2022.

Health and Safety

CP is an industry leader in rail safety and we are committed to protecting our employees, our communities, our environment, and our customers' goods. This is CP's 15th consecutive year as industry leader in train accident statistics. Operate Safely is one of our five foundations of successful railroading and it starts with knowing and following the rules. Aside from running trains, many of our employees work in yards, terminals, and shops across our network with machinery and heavy equipment, or in extreme weather conditions. Their safety and security is of utmost importance to CP and is foundational to the way we view employee safety education and training. CP HomeSafe™ is an initiative designed to improve our safety culture by tapping into the human side of safety and promoting both safety engagement and feedback. HomeSafe™ puts everyone on the same level and empowers all employees to begin a safety conversation, no matter the rank or position. Safety performance is disclosed publicly on a quarterly basis using standardized metrics set out by the FRA. Additional information on FRA safety measures is included in Performance Indicators in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Talent Management

CP's approach for talent management begins with our Human Resources department, which oversees recruitment, hiring, development, engagement, and retention with the current and future workforce and leadership of CP.

The Management Resources and Compensation Committee of the Board of Directors reviews and informs CP's compensation plan and programming, and makes recommendations to the Board on succession planning for senior management and processes to identify, develop, and retain executive talent. Additionally, as part of CP's succession planning program, senior leaders are actively engaged in building the pool of future leaders, and present their development plans to the Board.

CP maintains a number of internal policies related to recruitment, relocation, compensation, employment equity, and diversity and inclusion. The effective implementation of these policies alongside our ongoing workforce initiatives ensures CP's attraction and recruitment, employee development, succession, engagement, and diversity and inclusion practices are consistent and aligned with CP's commitments, foundations and values.

Attraction and Recruitment

With a rail network spanning Canada and the U.S., we employ a number of recruitment and retention tactics to attract the best and diverse talent across North America. CP offers many rewarding career opportunities in a variety of roles within the organization in both operating and support functions. We base our recruitment strategy on workforce planning needs, and our focus is on ensuring that we have a diverse candidate pool to fill our open positions.

CP recognizes the valuable skills and experience that veterans have gained from serving their country. Our veteran program was recognized as part of Canada's Best Diversity Employers® of 2020 and we were named part of the top 10 Military Friendly® employers in the U.S. for 2021.

CP tracks recruitment performance and success rates to better understand which tactics, benefits, and strategic partnerships are most successful in bringing in and retaining new talent.

Talent Development & Succession

As part of our core foundation and commitment to Develop People, we encourage all employees to take an active role in their career planning and development. We believe that investing in our employees leads to improved workplace morale and fosters a supportive working environment.

Training and Development

CP offers a variety of training courses through our Learning Management System that provides online and technical training, including mandatory, role-specific and voluntary courses. This enables our employees to succeed in their current roles and prepares them for career advancement opportunities.

Non-union employees also complete annual performance management and development action plans with their supervisors to set individual goals and track progress against Company expectations as well as long-term career goals.

CP offers key development programs for current and emerging leaders. For our Operations groups, CP's Leadership Management Trainee program provides internal and external candidates with comprehensive training on the critical skills necessary for railway operations and people leadership. Upon successful completion of the six to seven month program, participants qualify for a variety of operations frontline leader roles.

Leadership skills are long considered a core trait of CP employees. We encourage staff to develop leadership expertise as part of ongoing training and development through regular performance reviews and CP-specific skill development programs. Our Consequence Leadership training program focuses on creating a high-performance culture and feedback-rich environment at CP. The online learning module and interactive workshops introduce a practical set of tools and thought processes for instilling communications skills and management capabilities in our leaders and our employees. The goal is to create a constructive environment that improves bottom-line results and enables employees to perform at their best. To complement the Consequence Leadership training program, CP has developed in-house training to enhance leadership capabilities among leaders across the organization to ensure a long-term focus on our foundation to Develop People. For employees interested in further developing their leadership skills, CP also offers on-demand learning through Harvard ManageMentor.

Succession Management

CP undergoes extensive succession planning for both executive and management level positions. We measure the retention of our most critical positions and develop potential successors to be ready to fill critical roles as soon as positions become available. Looking ahead, CP is developing succession and development goals for the many high-potential successors for all critical positions, and will begin to measure the success rate of placing emerging leaders in those key positions.

Retention & Engagement

CP's career development programs and diverse and inclusive workplace culture help drive employee retention and engagement. In addition, we have adopted a performance-based culture, and reward employees for dedication and hard work. CP's competitive compensation and benefits packages are benchmarked yearly to ensure they reflect changes in the market. CP offers employees a wellness and fitness subsidy program. Along with our community investment programs, CP's employee programs and resources illustrate our dedication to our employees' well-being and satisfaction with their careers at CP.

CP periodically administers non-union surveys to measure employee perspectives and engagement. In 2019, we administered a new Employee Perspective survey to continue gathering actionable data regarding employee satisfaction and engagement, and to gain insight into what motivates and inspires our employees. These surveys help CP to better tailor our development and retention efforts.

Employee recognition programs are in place to celebrate wins and highlight the great work of our employees. CP's CEO on the Spot awards, Annual Safety Awards and Broken Wheel Awards recognize good performance, heroic acts, milestones, and safety excellence with cash rewards. In addition, CP's annual CEO Awards of Excellence and gala recognizes employees who have gone above and beyond the call of duty to exemplify CP's five foundations and support our focus on providing superior service to our customers and driving value for our shareholders.

Diversity and Inclusion

Diversity is one of our core values at CP. We believe that different backgrounds, experiences, and perspectives enhance creativity and innovation and encourage diversity of thought in the workplace. Fostering an inclusive environment where all employees feel empowered to strive for and achieve success supports our high-performance culture and is integral to our growth and success as an organization.

CP recognizes the importance of Board member diversity as a critical component of objective oversight and continuous improvement. As of December 31, 2020, women represented 46% of CP's 2020 Board Membership.

CP has regulatory requirements to report on workforce diversity representation in Canada (Employment Equity Act) and the U.S. (Equal Employment Opportunity Commission). CP currently collects diversity data on the following categories: women, persons with disabilities, minorities (visible minorities), and Indigenous peoples (Canada) from employees through voluntary self-disclosure. CP continues to focus our efforts on attracting, recruiting, and developing a diverse workforce. This data is shared in various disclosures and government reporting, internally with employees and leaders as well as our Board of Directors.

Year over Year Diversity Representation

Canada and U.S. Diversity Percentages[1]	2020	2019	2018
Women	**10%**	10%	10%
Persons with disabilities	**3%**	3%	2%
Minorities (visible minorities)[2]	**13%**	13%	13%
Indigenous peoples (Canada only)	**3%**	4%	3%

[1] Percentages are based on total workforce (total number of active employees) at year-end.

[2] Minority is a term used in the U.S., Visible Minority is a term used in Canada.

CP continues to work collaboratively with our employees, communities along our network, and partner organizations in Canada and the U.S. to progress and support CP's commitment toward a more representative and inclusive workplace. Some of our initiatives include:

- Establishing three diversity councils (Indigenous, Gender and Racial). Each council is chaired by a CP executive and represents a diverse group of employees. The councils work to ensure we consider diversity and inclusion when we make decisions, provide feedback on corporate directions and promote initiatives that relate to each council's area of focus;
- Continuing our existing partnerships with associations and organizations that attract, recruit, and support skilled immigrants, transitioning veterans, persons with disabilities, and women;
- Working with Indigenous groups to develop relationships that are more meaningful, create targeted outreach programs and employment opportunities, and better understand their history, culture, and opportunities for collaboration.
- Supporting the development and advancement of women at CP; and
- Increasing employee awareness regarding CP's workplace diversity and inclusion practices through communications, education, and training.

Further, CP recently published a Diversity Commitment. This commitment re-enforces the efforts we have made, and will continue to make, in our journey to becoming a more diverse and inclusive company, one that we and those we do business with are proud to be a part.

We pride ourselves on offering a diverse workplace with a variety of careers in both our corporate and field locations. We recruit and hire talent based on relevant skills and experience, and seek to attract the highest quality candidates regardless of gender, age, cultural heritage, or ethnic origin. One of our primary objectives is attracting, recruiting, retaining, and developing a workforce representative of the communities in which we operate.

Available Information

CP makes available on or through its website www.cpr.ca free of charge, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such reports are filed with or furnished to the U.S. Securities and Exchange Commission ("SEC"). Our website also contains charters for each of the committees of our Board of Directors, our corporate governance guidelines and our Code of Business Ethics. This Form 10-K and other SEC filings made by CP are also accessible through the SEC's website at www.sec.gov.

The Company has included the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") certifications regarding the Company's public disclosure required by Section 302 of the *Sarbanes-Oxley Act of 2002* and applicable securities laws in Canada as Exhibits to this annual report.

All references to our websites contained herein do not constitute incorporation by reference of information contained on such websites and such information should not be considered part of this document.

ITEM 1A. RISK FACTORS

The risks set forth in the following risk factors could have a materially adverse effect on the Company's business, financial condition, results of operations, and liquidity, and could cause those results to differ materially from those expressed or implied in the Company's forward-looking statements and forward-looking information (collectively, "forward-looking statements").

The information set forth in this Item 1A. Risk Factors should be read in conjunction with the rest of the information included in this annual report, including Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8. Financial Statements and Supplementary Data.

Business Risks

The COVID-19 pandemic has negatively affected and may continue to negatively affect the Company's business and operating results. The effects of the COVID-19 pandemic on consumer demand resulted in lower volumes in several of the Company's lines of business, including Energy, chemicals and plastics, Metals, minerals and consumer products, and Automotive. The future impacts of COVID-19 on the Company's business or operating and financial results are unpredictable and cannot be identified or assessed with certainty at this time. The COVID-19 pandemic has adversely affected the global economy and resulted in a widespread economic downturn which has adversely impacted and could continue to adversely impact demand for our services and otherwise cause interruptions, including fluctuations to commodity prices, disruptions or restrictions on the ability to transport freight in the ordinary course, temporary closures of facilities and ports, or the facilities and ports of our customers, partners, suppliers or other third-party service providers, and/or changes to export/import restrictions. The pandemic caused by COVID-19 has impacted and may continue to impact the seasonal trends that typically characterize our revenues and operating income. There is no assurance that the outbreak will not continue to have a material and adverse impact on our business or results of operations. Additionally, our operations could be further negatively affected if a significant number of our employees are unable to perform their normal duties, including because of contracting COVID-19 or based on further direction from governments, public health authorities or regulatory agencies. The extent of the impact, if any, will depend on developments, many of which are beyond our control, including actions taken by governments, financial institutions, monetary policy authorities, and public health authorities to contain and respond to public health concerns and general economic conditions as a result of the pandemic. The COVID-19 pandemic may also result in continued substantial market volatility and declines, which could adversely impact future net periodic benefit costs and funding requirements of CP's pension plans. Furthermore, certain impacts of the COVID-19 pandemic, including demand for our services and to economic conditions generally, could continue following the pandemic or the expiration or termination of government actions in respect of the pandemic.

We will continue to actively monitor the situation and may take further actions that alter our business operations as may be required or recommended by federal, provincial, state or local authorities, or that we determine are in the best interests of our employees, customers, partners, suppliers, shareholders and other stakeholders. We cannot be certain of potential effects that any such alterations or modifications may have on our business or operating and financial results in future fiscal periods.

To the extent COVID-19 adversely affects our business or operating and financial results, it may also have the effect of heightening many of the other risks described above and below.

As a common carrier, the Company is required by law to transport dangerous goods and hazardous materials, which could expose the Company to significant costs and claims. Railways, including CP, are legally required to transport dangerous goods and hazardous materials as part of their common carrier obligations regardless of risk or potential exposure to loss. CP transports dangerous goods and hazardous materials, including but not limited to crude oil, ethanol and TIH materials such as chlorine gas and anhydrous ammonia. A train accident involving hazardous materials could result in significant claims against CP arising from personal injury, property or natural resource damage, environmental penalties and remediation obligations. Such claims, if insured, could exceed the existing insurance coverage commercially available to CP, which could have a material adverse effect on CP's financial condition, operating results, and liquidity. CP is also required to comply with rules and regulations regarding the handling of dangerous goods and hazardous materials in Canada and the U.S. Noncompliance with these rules and regulations can subject the Company to significant penalties and could factor in litigation arising out of a train accident. Changes to these rules and regulations could also increase operating costs, reduce operating efficiencies and impact service delivery.

The Company is subject to significant governmental legislation and regulation over commercial, operating and environmental matters. The Company's railway operations are subject to extensive federal laws, regulations and rules in both Canada and the U.S. Operations are subject to economic and safety regulations in Canada primarily by the Agency and TC. The Company's U.S. operations are subject to economic and safety regulation by the STB and the FRA. Various other regulators directly and indirectly affect the Company's operations in areas such as health, safety, security, environmental and other matters. Additional economic regulation of the rail industry by these regulators or the Canadian and U.S. federal and state or provincial legislative bodies, whether under new or existing laws, could have a significant negative impact on the Company's ability to determine prices for rail services and result in a material adverse effect in the future on the Company's business, financial position, results of operations, and liquidity in a particular year or quarter. This potential material adverse effect could also result in reduced capital spending on the Company's rail network or in abandonment of lines.

The Company's compliance with safety and security regulations may result in increased capital expenditures and operating costs. For example, compliance with the *Rail Safety Improvement Act of 2008* has resulted in additional capital expenditures associated with the statutorily mandated implementation of PTC. In addition to increased capital expenditures, implementation of such regulations may result in reduced operational efficiency and service levels, as well as increased operating expenses.

The Company's operations are subject to extensive federal, state, provincial and local environmental laws concerning, among other matters, emissions to the air, land and water and the handling of hazardous materials and wastes. Violation of these laws and regulations can result in significant fines and penalties, as well as other potential impacts on CP's operations. These laws can impose strict, and in some circumstances, joint and several liability on both current and former owners, and on operators of facilities. Such environmental liabilities may also be raised by adjacent landowners or third parties. In addition, in operating a railway, it is possible that releases of hazardous materials during derailments or other accidents may occur that could cause harm to human health or to the environment. Costs of remediation, damages and changes in regulations could materially affect the Company's operating results and reputation. The Company has been, and may in the future be, subject to allegations or findings to the effect that it has violated, or is strictly liable under, environmental laws or regulations. The Company currently has obligations at existing sites for investigation, remediation and monitoring, and will likely have obligations at other sites in the future. The actual costs associated with both current and long-term liabilities may vary from the Company's estimates due to a number of factors including, but not limited to changes in: the content or interpretation of environmental laws and regulations; required remedial actions; technology associated with site investigation or remediation; and the involvement and financial viability of other parties that may be responsible for portions of those liabilities.

The Company faces competition from other transportation providers and failure to compete effectively could adversely affect financial results. The Company faces significant competition for freight transportation in Canada and the U.S., including competition from other railways, motor carriers, ship and barge operators, and pipelines. Competition is based mainly on quality of service, freight rates and access to markets. Other transportation modes generally use public rights-of-way that are built and maintained by government entities, while CP and other railways must use internal resources to build and maintain their rail networks. Competition with the trucking industry is generally based on freight rates, flexibility of service and transit time performance. Any future improvements or expenditures materially increasing the quality or reducing the cost of alternative modes of transportation, or legislation that eliminates or significantly reduces the burden of the size or weight limitations currently applicable to trucking carriers, could have a material adverse effect on CP's financial results.

The operations of carriers with which the Company interchanges may adversely affect operations. The Company's ability to provide rail services to customers in Canada and the U.S. also depends upon its ability to maintain cooperative relationships with connecting carriers with respect to, among other matters, revenue division, car supply and locomotive availability, data exchange and communications, reciprocal switching, interchange, and trackage rights. Deterioration in the operations or services provided by connecting carriers, or in the Company's relationship with those connecting carriers, could result in CP's inability to meet customers' demands or require the Company to use alternate train routes, which could result in significant additional costs and network inefficiencies and adversely affect our business, operating results, and financial condition.

The Company may be subject to litigation and other claims that could result in significant expenditures. By nature of its operations, the Company is exposed to potential for litigation and other claims, including personal injury claims, labour and employment disputes, commercial and contract disputes, environmental liability, freight claims and property damage claims. Accruals are made in accordance with applicable accounting standards and based on an ongoing assessment of the likelihood of success of the claim together with an evaluation of the damages or other monetary relief sought. Material changes to litigation trends, a catastrophic rail incident or series of incidents involving freight loss, property damage, personal injury, environmental liability, or other claims, and other significant matters could have a material adverse impact to the Company's results of operations, financial position and liquidity, in each case, to the extent not covered by insurance.

The Company may be affected by acts of terrorism, war, or risk of war. CP plays a critical role in the North American transportation system and therefore could become the target for acts of terrorism or war. CP is also involved in the transportation of hazardous materials, which could result in CP's equipment or infrastructure being direct targets or indirect casualties of terrorist attacks. Acts of terrorism, or other similar events, any government response thereto, and war or risk of war could cause significant business interruption to CP and may adversely affect the Company's results of operations, financial condition and liquidity.

Severe weather or natural disasters could result in significant business interruptions and costs to the Company. CP is exposed to severe weather conditions and natural disasters including earthquakes, hurricanes, floods, fires, avalanches, mudslides, extreme temperatures and significant precipitation that may cause business interruptions that can adversely affect the Company's entire rail network. This could result in increased costs, increased liabilities and decreased revenues, which could have a material adverse effect on the Company's results of operations, financial condition, and liquidity. Insurance maintained by the Company to protect against loss of business and other related consequences resulting from these natural occurrences is subject to coverage limitations, depending on the nature of the risk insured. This insurance may not be sufficient to cover all of the Company's damages or damages to others, and may not continue to be available at commercially reasonable rates. Even with insurance, if any natural occurrence leads to a catastrophic interruption of services, the Company may not be able to restore services without a significant interruption in operations.

Human Capital Risks

The availability of qualified personnel could adversely affect the Company's operations. Changes in employee demographics, training requirements and the availability of qualified personnel, particularly locomotive engineers and trainpersons, could negatively impact the Company's ability to meet demand for rail services. Unpredictable increases in the demand for rail services may increase the risk of having insufficient numbers of trained personnel, which could have a material adverse effect on the Company's results of operations, financial condition and liquidity. In addition, changes in operations and other technology improvements may significantly impact the number of employees required to meet the demand for rail services.

Strikes or work stoppages could adversely affect the Company's operations. Class I railways are party to collective bargaining agreements with various labour unions. The majority of CP's employees belong to labour unions and are subject to these agreements. Disputes with regard to the terms of these agreements or the Company's potential inability to negotiate acceptable contracts with these unions could result in, among other things, strikes, work stoppages, slowdowns or lockouts, which could cause a significant disruption of the Company's operations and have a material adverse effect on the Company's results of operations, financial condition and liquidity. Additionally, future national labour agreements, or provisions of labour agreements related to health care, could significantly increase the Company's costs for health and welfare benefits, which could have a material adverse impact on its financial condition and liquidity.

Volatility Risks

The Company may be affected by fluctuating fuel prices. Fuel expense constitutes a significant portion of the Company's operating costs. Fuel prices can be subject to dramatic fluctuations, and significant price increases could have a material adverse effect on the Company's results of operations. The Company currently employs a fuel cost adjustment program to help reduce volatility in changing fuel prices, but the Company cannot be certain that it will always be able to fully mitigate rising or elevated fuel costs through this program. Factors affecting fuel prices include worldwide oil demand, international politics, weather, refinery capacity, supplier and upstream outages, unplanned infrastructure failures, environmental and sustainability policies, and labour and political instability.

Technology Risks

The Company relies on technology and technological improvements to operate its business. Information technology is critical to all aspects of CP's business. If the Company were to experience a significant disruption or failure of one or more of its information technology or communications systems (either as a result of an intentional cyber or malicious act, or an unintentional error) it could result in service interruptions or other failures, misappropriation of confidential information and deficiencies, which could have a material adverse effect on the Company's results of operations, financial condition, and liquidity. If CP is unable to acquire or implement new technology, the Company may suffer a competitive disadvantage, which could also have an adverse effect on its results of operations, financial condition, and liquidity.

Supply Chain Risks

Disruptions within the supply chain could negatively affect the Company's operational efficiencies and increase costs. The North American transportation system is integrated. CP's operations and service may be negatively impacted by service disruptions of other transportation links, such as ports, handling facilities, customer facilities and other railways. A prolonged service disruption at one of these entities could have a material adverse effect on the Company's results of operations, financial condition, and liquidity.

The Company is dependent on certain key suppliers of core railway equipment and materials that could result in increased price volatility or significant shortages of materials, which could adversely affect results of operations, financial condition, and liquidity. Due to the complexity and specialized nature of core railway equipment and infrastructure (including rolling stock equipment, locomotives, rail and ties), there can be a limited number of suppliers of rail equipment and materials available. Should these specialized suppliers cease production or experience capacity or supply shortages, this concentration of suppliers could result in CP experiencing cost increases or difficulty in obtaining rail equipment and materials, which could have a material adverse effect on the Company's results of operations, financial condition and liquidity. Additionally, CP's operations are dependent on the availability of diesel fuel. A significant fuel supply shortage arising from production decreases, increased demand in existing or emerging foreign markets, disruption of oil imports, disruption of domestic refinery production, damage to refinery or pipeline infrastructure, political unrest, war or other factors could have a material adverse effect on the Company's results of operations, financial position and liquidity in a particular year or quarter.

General Risk Factors

Global Risks

Global economic conditions could negatively affect demand for commodities and other freight transported by the Company. A decline or disruption in domestic, cross border or global economic conditions that affect the supply or demand for the commodities that CP transports may decrease CP's freight volumes and may result in a material adverse effect on CP's financial or operating results and liquidity. Economic conditions resulting in bankruptcies of one or more large customers could have a significant impact on CP's financial position, results of operations, and liquidity in a particular year or quarter.

The Company may be directly and indirectly affected by the impacts of global climate change. There is potential for significant impacts to CP's business and rail infrastructure due to changes in global climate conditions. Increasing frequency, intensity and duration of extreme weather events such as

flooding, storms and forest fires may result in substantial costs to respond during the event, to recover from the event and possibly to modify existing or implementing new infrastructure to prevent recurrence. The Company is currently subject to emerging regulatory programs that place a price on carbon emissions associated with railway operations in Canada. Government bodies at the provincial and federal level are imposing carbon taxation systems and cap and trade market mechanisms in the Canadian jurisdictions in which CP operates. As a significant consumer of diesel fuel, an escalating price on carbon emissions will lead to a corresponding increase of the Company's business costs. Programs that place a price on carbon emissions or other government restrictions on certain market sectors may further impact current and potential customers including thermal coal, petroleum crude oil and renewable fuel sectors. Introduction of, or changes to, regulations by government bodies in response to these anticipated impacts could result in a significant increase in expenses and could adversely affect our business performance, results of operations, financial position, and liquidity.

Liquidity Risks

The state of capital markets could adversely affect the Company's liquidity. Weakness in the capital and credit markets could negatively impact the Company's access to capital. From time to time, the Company relies on the capital markets to provide some of its capital requirements, including the issuance of long-term debt instruments and commercial paper. Significant instability or disruptions of the capital markets and the credit markets, or deterioration of the Company's financial condition due to internal or external factors could restrict or eliminate the Company's access to, and/or significantly increase the cost of, various financing sources, including bank credit facilities and issuance of corporate bonds. Instability or disruptions of the capital markets and deterioration of the Company's financial condition, alone or in combination, could also result in a reduction in the Company's credit rating to below investment grade, which could also further prohibit or restrict the Company from accessing external sources of short-term and long-term debt financing, and/or significantly increase the associated costs.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Network Geography

The Company's network in Canada extends from the Port of Vancouver on Canada's Pacific Coast to the Port of Montréal and eastern Québec up into the Port of Saint John, New Brunswick via haulage, and to the U.S. industrial centres of Chicago, Illinois; Detroit, Michigan; Buffalo and Albany, New York; Kansas City, Missouri; and Minneapolis, Minnesota.



The Company's network is composed of three primary corridors: Western, Central and Eastern.

The Western Corridor: Vancouver to Thunder Bay

Overview – The Western Corridor links Vancouver with Thunder Bay, which is the Western Canadian terminus of the Company's Eastern Corridor. With service through Calgary, the Western Corridor is an important part of the Company's routes between Vancouver and the U.S. Midwest, and between Vancouver and eastern Canada. The Western Corridor provides access to the Port of Thunder Bay, Canada's primary Great Lakes bulk terminal.

Products – The Western Corridor is the Company's primary route for bulk and resource products traffic from western Canada to the Port of Vancouver for export. CP also handles significant volumes of international intermodal containers and domestic general merchandise traffic.

Feeder Lines – CP supports its Western Corridor with four significant feeder lines: the "Coal Route", which links southeastern B.C. coal deposits to the Western Corridor and to coal terminals at the Port of Vancouver; the "Edmonton-Calgary Route", which provides rail access to Alberta's Industrial Heartland (north of Edmonton, Alberta) in addition to the petrochemical facilities in central Alberta; the "Pacific CanAm Route", which connects Calgary and Medicine Hat in Alberta with Pacific Northwest rail routes at Kingsgate, B.C. via the Crowsnest Pass in Alberta; and the "North Main Line Route" that provides rail service to customers between Portage la Prairie, Manitoba, and Wetaskiwin, Alberta, including intermediate stations at Yorkton and Saskatoon in Saskatchewan. This line is an important collector of Canadian grain and fertilizer, serving the potash mines located east and west of Saskatoon and many high-throughput grain elevators and processing facilities. In addition, this line provides direct access to refining and upgrading facilities at Lloydminster, Alberta, and western Canada's largest pipeline terminal at Hardisty, Alberta.

Connections – The Company's Western Corridor connects with the Union Pacific Railroad ("UP") at Kingsgate and with Burlington Northern Santa Fe Railway ("BNSF") at Coutts, Alberta, and at New Westminster and Huntingdon in B.C. This corridor also connects with CN at many locations including Thunder Bay, Winnipeg, Manitoba, Regina and Saskatoon in Saskatchewan, Red Deer, Camrose, Calgary and Edmonton in Alberta, Kamloops and several locations in the Greater Vancouver area in B.C.

Yards and Repair Facilities – CP supports rail operations on the Western Corridor with main rail yards at Vancouver, Calgary, Edmonton, Moose Jaw in Saskatchewan, Winnipeg and Thunder Bay. The Company has locomotive and railcar repair facilities at Golden in B.C., Vancouver, Calgary, Moose Jaw and Winnipeg. CP also has major intermodal terminals at Vancouver, Calgary, Edmonton, Regina and Winnipeg.

The Central Corridor: Moose Jaw and Winnipeg to Chicago and Kansas City

Overview – The Central Corridor connects with the Western Corridor at Moose Jaw and Winnipeg. By running south to Chicago and Kansas City, through the Twin Cities of Minneapolis and St. Paul, Minnesota, and through Milwaukee, Wisconsin, CP provides a direct, single-carrier route between western Canada and the U.S. Midwest, providing access to Great Lakes and Mississippi River ports. From La Crosse, Wisconsin, the Central Corridor continues south towards Kansas City via the Quad Cities (Davenport and Bettendorf in Iowa, and Rock Island and Moline in Illinois), providing an efficient route for traffic destined for southern U.S. and Mexican markets. CP's Kansas City line also has a direct connection into Chicago and by extension to points east on CP's network such as Toronto, Ontario and the Port of Montréal in Québec.

Products – Traffic transported on the Central Corridor includes intermodal containers from the Port of Vancouver, fertilizers, chemicals, crude, frac sand, Automotive, and Grain and other agricultural products.

Feeder Lines – The Company has operating rights over BNSF tracks between Minneapolis and St. Paul along with connectivity to the twin ports of Duluth, Minnesota and Superior, Wisconsin. CP maintains its own yard facilities that provide an outlet for grain from the U.S. Midwest to the grain terminals at these ports. This is a strategic entry point for large dimensional shipments that can be routed via CP's network to locations such as Alberta's Industrial Heartland to serve the needs of the oil sands and energy industry. CP's route from Winona, Minnesota, to Tracy, Minnesota, provides access to key agricultural and industrial commodities. CP's feeder line between Drake and New Town in North Dakota is geographically situated in a highly strategic region for Bakken oil production. CP also owns two significant feeder lines in North Dakota and western Minnesota operated by the Dakota Missouri Valley and Western Railroad and the Northern Plains Railroad, respectively. Both of these short lines are also active in providing service to agricultural and Bakken-oil-related customers.

Connections – The Company's Central Corridor connects with all major railways at Chicago. Outside of Chicago, CP has major connections with BNSF at Minneapolis, Minot, North Dakota, and the Duluth-Superior Terminal and with UP at St. Paul and Mankato, Minnesota. CP connects with CN at Milwaukee and Chicago. At Kansas City, CP connects with Kansas City Southern ("KCS"), BNSF, Norfolk Southern Railway ("NS") and UP. CP's Central Corridor also links to several short-line railways that primarily serve grain and coal producing areas in the U.S., and extend CP's market reach in the rich agricultural areas of the U.S. Midwest. A haulage arrangement with Genesee & Wyoming Inc., provides Intermodal service to Jeffersonville, Ohio.

Yards and Repair Facilities – The Company supports rail operations on the Central Corridor with main rail yards in Chicago, Milwaukee, St. Paul and Glenwood in Minnesota, and Mason City and Davenport in Iowa. In addition, CP has a major locomotive repair facility at St. Paul and car repair facilities at St. Paul and Chicago. CP shares a yard with KCS in Kansas City. CP owns 49% of the Indiana Harbor Belt Railroad, a switching railway serving Greater Chicago and northwest Indiana. CP is also part owner of the Belt Railway Company of Chicago, which is the largest intermediate switching terminal railroad in the U.S. CP has major intermodal terminals in Minneapolis and Chicago as well as a dried distillers' grains transload facility that complements the service offering in Chicago.

The Eastern Corridor: Thunder Bay to Eastern Québec, Detroit and Albany

Overview – The Eastern Corridor extends from Thunder Bay through to the Port of Montréal, Searsport, Maine and the Port of Saint John, via haulage agreement, and from Toronto to Chicago via Detroit or Buffalo. The Company's Eastern Corridor provides shippers direct rail service from Toronto, Montréal, and Saint John to Calgary and Vancouver via the Company's Western Corridor and to the U.S. via the Central Corridor. This is a key element of the Company's transcontinental intermodal service. The corridor also supports the Company's market position at the Port of Montréal by providing one of the shortest rail routes for European cargo destined to the U.S. Midwest, using the CP-owned route between Montréal and Detroit, coupled with a trackage rights arrangement on NS tracks between Detroit and Chicago or the CP-owned route between Montréal and Buffalo coupled with a haulage arrangement on CSX Corporation ("CSX") tracks between Buffalo and Chicago. CP's 2019 acquisition of CMQ Canada and the 2020 acquisition of CMQ U.S. extends access through southern and eastern Québec to Saint John, New Brunswick and the U.S. Northeast including Searsport, Maine. In 2020, CP acquired full ownership of the DRTP. The 1.6-mile tunnel linking Windsor and Detroit will continue to be operated by CP.

Products – Major traffic categories transported in the Eastern Corridor include Forest products, chemicals and plastics, crude, ethanol, Metals, minerals and consumer products, Intermodal, automotive products and general merchandise.

Feeder Lines – A major feeder line serves the steel industry at Hamilton, Ontario and provides connections with both CSX and NS at Buffalo. The Delaware & Hudson Railway Company, Inc. ("D&H") feeder line extends from Montréal to Albany.

Connections – The Eastern Corridor connects with a number of short-line railways including routes from Montréal to Québec City, Québec and Brownsville Junction, Maine to Saint John, New Brunswick. Connections are also made with PanAm Southern at Mechanicville, New York, for service to the Boston and New England areas, the Vermont Railway at Whitehall, New York, and at Northern Main Junction. Through haulage arrangements, CP has service to Fresh Pond, New York, to connect with New York & Atlantic Railway as well as direct access to the Bronx and Queens, New York. CP can also access Philadelphia as well as a number of short-lines in Pennsylvania. Connections are also made with CN at a number of locations, including Sudbury, North Bay, Windsor, London, Hamilton and Toronto in Ontario, and Montréal in Québec. CP also connects in New York with the two eastern Class I railways; NS and CSX at Buffalo, NS at Schenectady and CSX at Albany.

Yards and Repair Facilities – CP supports its rail operations in the Eastern Corridor with major rail yards at Sudbury, Toronto, London and Montréal. The Company has locomotive repair facilities at Montréal and Toronto and car repair facilities at Thunder Bay, Toronto and Montréal. The Company's largest intermodal facility is located in the northern Toronto suburb of Vaughan and serves the Greater Toronto and southwestern Ontario areas. CP also operates intermodal terminals at Montréal and Detroit. CP also has transload facilities in Agincourt, Milton, and Hamilton, Ontario and in Montréal, Québec to meet a variety of commodity needs in these areas.

Right-of-Way

The Company's rail network is standard gauge, which is used by all major railways in Canada, the U.S. and Mexico. Continuous welded rail is used on the core main line rail network.

CP uses different train control systems on portions of the Company's owned track, depending on the volume of rail traffic. Remotely controlled centralized traffic control signals are used in various corridors to authorize the movement of trains. CP has implemented PTC on 2,117 miles of its U.S. network.

In other corridors, train movements are directed by written instructions transmitted electronically and by radio from rail traffic controllers to train crews. In some specific areas of intermediate traffic density, CP uses an automatic block signalling system in conjunction with written instructions from rail traffic controllers.

Network Investment

The Company continually assesses its network to ensure appropriate capacity to meet market demand. As part of CP's annual capital program, the Company has made substantial investments to support current and future volumes, including upgrading the network to handle longer and heavier trains, such as extending sidings to accommodate new train lengths. The Company's operating metrics, such as average train speed, length, and weight, demonstrate efficient utilization of network capacity, discussed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Performance Indicators.

Track and Infrastructure

CP operates on a network of approximately 13,000 miles of track, of which 2,300 miles CP accesses under trackage rights. The Company's owned track miles include leases with wholly owned subsidiaries where the term of the lease exceeds 99 years. CP's track network represents the size of the Company's operations that connects markets, customers and other railways. Of the total mileage operated, approximately 5,400 miles are located in western Canada, 2,500 miles in eastern Canada (including CMQ Canada), 4,500 miles in the U.S. Midwest and 700 miles in the U.S. Northeast. CP's network accesses the U.S. markets directly through four wholly owned subsidiaries: Soo Line Railroad Company ("Soo Line"), a Class I railway operating in the U.S. Midwest; the Dakota, Minnesota & Eastern Railroad ("DM&E"), which operates in the U.S. Midwest; the D&H, which operates between eastern Canada and the U.S. Northeast; and the CMQ U.S., which operates in the U.S. Northeast.

At December 31, 2020, the breakdown of CP operated track miles is as follows:

	Total
First main track	13,046
Second and other main track	1,051
Passing sidings and yard track	4,261
Industrial and way track	878
Total track miles	**19,236**

Rail Facilities

CP operates numerous facilities including: terminals for intermodal, transload, automotive and other freight; classification rail yards for train-building and switching, storage-in-transit and other activities; offices to administer and manage operations; dispatch centres to direct traffic on the rail network; crew quarters to house train crews along the rail line; shops and other facilities for fuelling; maintenance and repairs of locomotives; and facilities for maintenance of freight cars and other equipment. The Company continues to invest in terminal upgrades and new facilities to accommodate incremental growth in volumes, such as creating additional capacity with the redesign of the classification yard at Alyth in Calgary. The Company's average terminal dwell is an indicator of efficient utilization of yard capacity, discussed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Performance Indicators. Typically in all of our major yards, CP Police Services has offices to ensure the safety and security of the yards and operations.

The following table includes the major yards, terminals and transload facilities on CP's network:

Classification Yards	Intermodal Terminals	Transload Facilities
Vancouver, British Columbia	Vancouver, British Columbia	Vancouver, British Columbia
Calgary, Alberta	Calgary, Alberta	Toronto, Ontario
Edmonton, Alberta	Edmonton, Alberta	Hamilton, Ontario
Moose Jaw, Saskatchewan	Regina, Saskatchewan	Côte Saint-Luc, Québec
Winnipeg, Manitoba	Winnipeg, Manitoba	
Toronto, Ontario	Vaughan, Ontario	
Montréal, Québec	Lachine, Québec	
Chicago, Illinois	Chicago, Illinois	
St. Paul, Minnesota	Minneapolis, Minnesota	

Equipment

CP's equipment includes: owned and leased locomotives and railcars; heavy maintenance equipment and machinery; other equipment and tools in our shops, offices and facilities; and vehicles for maintenance, transportation of crews, and other activities. In this section, owned equipment includes units acquired by CP, equipment leased to third parties, and units held under finance leases, and leased equipment includes units under a short-term or long-term operating lease.

The Company's locomotive fleet is composed of largely high-adhesion alternating current locomotives that are more fuel efficient and reliable and have superior hauling capacity as compared with standard direct current locomotives. The Company is continuing a modernization program on several of the oldest locomotives in the fleet in order to improve reliability and availability, as well as to introduce new technology to the fleet. CP's locomotive productivity, defined as the daily average GTMs divided by daily average operating horsepower, for the years ended December 31, 2020, 2019, and 2018, was 207, 202, and 198 GTMs per Operating horsepower, respectively. Operating horsepower excludes units offline, tied up or in storage, or in use on other railways, and includes foreign units online. As of December 31, 2020, the Company had 310 locomotives in storage. As of December 31, 2020, CP owned or leased the following locomotive units:

Locomotives	Owned	Leased	Total	Average Age (in years)
Line haul	770	62	832	14
Road switcher	566	14	580	30
Total locomotives	**1,336**	**76**	**1,412**	**20**

CP's average in-service utilization percentage for freight cars, for the years ended December 31, 2020, 2019, and 2018, was 81%, 81%, and 84%, respectively. Average in-service utilization is defined as average active fleet for the year divided by total cars, excluding company service cars and tank cars as these are utilized only as required for non-revenue movements. As of December 31, 2020, CP owned and leased the following units of freight cars:

Freight cars	Owned	Leased	Total	Average Age (in years)
Box car	2,502	545	3,047	31
Covered hopper	8,623	7,693	16,316	21
Flat car	1,436	998	2,434	26
Gondola	3,623	1,595	5,218	22
Intermodal	1,315	150	1,465	16
Multi-level autorack	2,800	1,017	3,817	26
Company service car	2,413	176	2,589	45
Open top hopper	113	—	113	34
Tank car	33	32	65	14
Total freight cars	**22,858**	**12,206**	**35,064**	**24**

As of December 31, 2020, CP owned and leased the following units of intermodal equipment:

Intermodal equipment	Owned	Leased	Total	Average Age (in years)
Containers	8,150	—	8,150	7
Chassis	6,374	109	6,483	12
Total intermodal equipment	**14,524**	**109**	**14,633**	**9**

Headquarters Office Building

CP owns and operates a multi-building campus in Calgary encompassing the head office building, a data centre, training facility and other office and operational buildings.

The Company's main dispatch centre is located in Calgary, and is the primary dispatching facility in Canada. Rail traffic controllers coordinate and dispatch crews, and manage the day-to-day locomotive management along the network, 24 hours a day, and seven days a week. The operations centre has a complete backup system in the event of any power disruption.

In addition to fully operational redundant systems, CP has a fully integrated Business Continuity Centre, should CP's operations centre be affected by any natural disaster, fire, cyber-attack or hostile threat.

CP also maintains a secondary dispatch centre located in Minneapolis, where a facility similar to the one in Calgary exists. It services the dispatching needs of locomotives and train crews working in the U.S.

Capital Expenditures

The Company incurs expenditures to expand and enhance its rail network, rolling stock and other infrastructure. These expenditures are aimed at improving efficiency and safety of our operations. Such investments are also an integral part of the Company's multi-year capital program and support growth initiatives. For further details, refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources.

Encumbrances

Refer to Item 8. Financial Statements and Supplementary Data, Note 16 Debt, for information on the Company's finance lease obligations and assets held as collateral under these agreements.

ITEM 3. LEGAL PROCEEDINGS

For further details, refer to Item 8. Financial Statements and Supplementary Data, Note 25 Commitments and contingencies.

SEC regulations require the disclosure of any proceeding under environmental laws to which a government authority is a party unless the registrant reasonably believes it will not result in sanctions over a certain threshold. The Company uses a threshold of U.S. $1 million for the purposes of determining proceedings requiring disclosure.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Our executive officers are appointed by the Board of Directors and they hold office until their successors are appointed, subject to resignation, retirement or removal by the Board of Directors. There are no family relationships among our officers, nor any arrangement or understanding between any officer and any other person pursuant to which the officer was selected. As of the date of this filing, the executive officers' names, ages and business experience are:

Name, Age and Position	Business Experience
Keith Creel, 52 President and Chief Executive Officer	Mr. Creel became President and CEO of CP on January 31, 2017. Previously, he was President and Chief Operating Officer ("COO") from February 5, 2013, to January 30, 2017. Prior to joining CP, Mr. Creel was Executive Vice-President and COO at CN from January 2010 to February 2013. During his time at CN, Mr. Creel held various positions including Executive Vice-President, Operations, Senior Vice-President Eastern Region, Senior Vice-President Western Region, and Vice-President of the Prairie Division. Mr. Creel began his railroad career at Burlington Northern Railway in 1992 as an intermodal ramp manager in Birmingham, Alabama. He also spent part of his career at Grand Trunk Western Railroad as a superintendent and general manager, and at Illinois Central Railroad as a trainmaster and director of corridor operations, prior to its merger with CN in 1999.
Mark Redd, 50 Executive Vice-President, Operations	Mr. Redd has been Executive Vice-President Operations since September 1, 2019. Before this appointment, he was Senior Vice-President Operations Western Region from February 2, 2017, to August 31, 2019, and Vice-President Operations Western Region from April 20, 2016, to February 1, 2017. Previous to these roles, he was General Manager Operations U.S. West and General Manager Operations Central Division. He was named CP's 2016 Railroader of the Year. Prior to joining CP in October 2013, Mr. Redd worked for over 20 years at Kansas City Southern Railway where he held a variety of leadership positions in network and field operations. Mr. Redd holds bachelor and Master of Business Administration ("MBA") degrees from the University of Missouri – Kansas City.
Nadeem Velani, 48 Executive Vice-President and Chief Financial Officer	Mr. Velani has been Executive Vice-President and CFO of CP since October 17, 2017. Previous to this appointment, he was the Vice-President and CFO of CP from October 19, 2016, to October 16, 2017, Vice-President, Investor Relations from October 28, 2015, and Assistant Vice-President, Investor Relations from March 11, 2013. Prior to joining CP, Mr. Velani spent 15 years at CN where he worked in a variety of positions in Strategic and Financial Planning, Investor Relations, Sales and Marketing, and the Office of the President and CEO. Mr. Velani holds a Bachelor of Economics degree from Western University and an MBA in Finance/ International Business from McGill University.
John Brooks, 50 Executive Vice-President and Chief Marketing Officer	Mr. Brooks has been Executive Vice-President and Chief Marketing Officer ("CMO") of CP since February 14, 2019. Previous to this appointment, he was the Senior Vice-President and CMO of CP from February 14, 2017, to February 13, 2019. He has worked in senior marketing roles at CP since he joined the Company in 2007, most recently as Vice-President, Marketing – Bulk and Intermodal. Mr. Brooks began his railroading career with UP and later helped start I&M Rail Link, LLC, which was purchased by DM&E in 2002. Mr. Brooks was Vice-President, Marketing at DM&E prior to it being acquired by CP in 2007. With more than 20 years in the railroading business, Mr. Brooks brings a breadth of experience to the CMO role that is pivotal to CP's continued and future success.

Laird Pitz, 76 Senior Vice-President and Chief Risk Officer	Mr. Pitz has been Senior Vice-President and Chief Risk Officer ("CRO") of CP since October 17, 2017. Previously, he was the Vice-President and CRO of CP from October 29, 2014, to October 16, 2017, and the Vice-President, Security and Risk Management of CP from April 2014 to October 2014. Prior to joining CP, Mr. Pitz was retired from March 2012 to April 2014, and Vice-President, Risk Mitigation of CN from September 2003 to March 2012. Mr. Pitz, a Vietnam War veteran and former Federal Bureau of Investigation special agent, is a 40-year career professional who has directed strategic and operational risk mitigation, security and crisis management functions for companies operating in a wide range of fields, including defence, logistics and transportation.
James Clements, 51 Senior Vice-President, Strategic Planning and Technology Transformation	Mr. Clements has been Senior Vice-President, Strategic Planning and Technology Transformation since September 1, 2019. Before this appointment, he was the Vice-President, Strategic Planning and Transportation Services of CP from 2014. Mr. Clements has responsibilities that include strategic network issues, Network Service Centre operations and Information Services. In addition, he has responsibility for all of CP's facilities and real estate across North America. Mr. Clements has been at CP for 26 years and his previous experience covers a wide range of areas of CP's business, including car management, finance, joint facilities agreements, logistics, grain marketing and sales in both Canada and the U.S., as well as marketing and sales responsibility for various other lines of business at CP. He has an MBA in Finance/International Business from McGill University and a Bachelor of Science in Computer Science and Mathematics from McMaster University.
Jeffrey Ellis, 53 Chief Legal Officer and Corporate Secretary	Mr. Ellis has been Chief Legal Officer and Corporate Secretary of CP since November 23, 2015. Mr. Ellis is accountable for the overall strategic leadership, oversight and performance of the legal, corporate secretarial, government relations and public affairs functions of CP in Canada and the U.S. Prior to joining CP in 2015, Mr. Ellis was the U.S. General Counsel at BMO Financial Group ("BMO"). Before joining BMO in 2006, Mr. Ellis was with the law firm of Borden Ladner Gervais LLP in Toronto, Ontario. Mr. Ellis has Bachelor of Arts and Master of Arts degrees from the University of Toronto, Juris Doctor and Master of Laws degrees from Osgoode Hall Law School, and an MBA from the Richard Ivey School of Business, Western University. Mr. Ellis is a member of the bars of New York, Illinois, Ontario and Alberta.
Mike Foran, 47 Vice-President, Market Strategy and Asset Management	Mr. Foran has been Vice-President, Market Strategy and Asset Management of CP since February 14, 2017. His prior roles with CP include Vice-President Network Transportation from 2014 to 2017, Assistant Vice-President Network Transportation from 2013 to 2014, and General Manager – Asset Management from 2012 to 2013. In over 20 years at CP, Mr. Foran has worked in operations, business development, marketing and general management. Mr. Foran holds an Executive MBA from the Ivey School of Business at Western University and a Bachelor of Commerce from the University of Calgary.
Michael Redeker, 60 Vice-President and Chief Information Officer	Mr. Redeker has been Vice-President and Chief Information Officer ("CIO") of CP since October 15, 2012. Prior to joining CP, Mr. Redeker was Vice-President and CIO of Alberta Treasury Branch from May 2007 to September 2012. He also spent 11 years at IBM Canada, where he focused on delivering quality information technology services within the financial services industry.
Chad Rolstad, 44 Vice-President, Human Resources and Chief Culture Officer	Mr. Rolstad has been Vice-President, Human Resources since February 14, 2019, and the Chief Culture Officer since September 1, 2019. Previous to this appointment, he was Assistant Vice-President, Human Resources of CP from August 1, 2018, to February 13, 2019, and Assistant Vice-President, Strategic Procurement of CP from April 10, 2017, to July 31, 2018. Prior to joining CP, Mr. Rolstad held various leadership positions at BNSF Railway in marketing and operations. Mr. Rolstad has a Bachelor of Science from the Colorado School of Mines and an MBA from Duke University.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Share Information

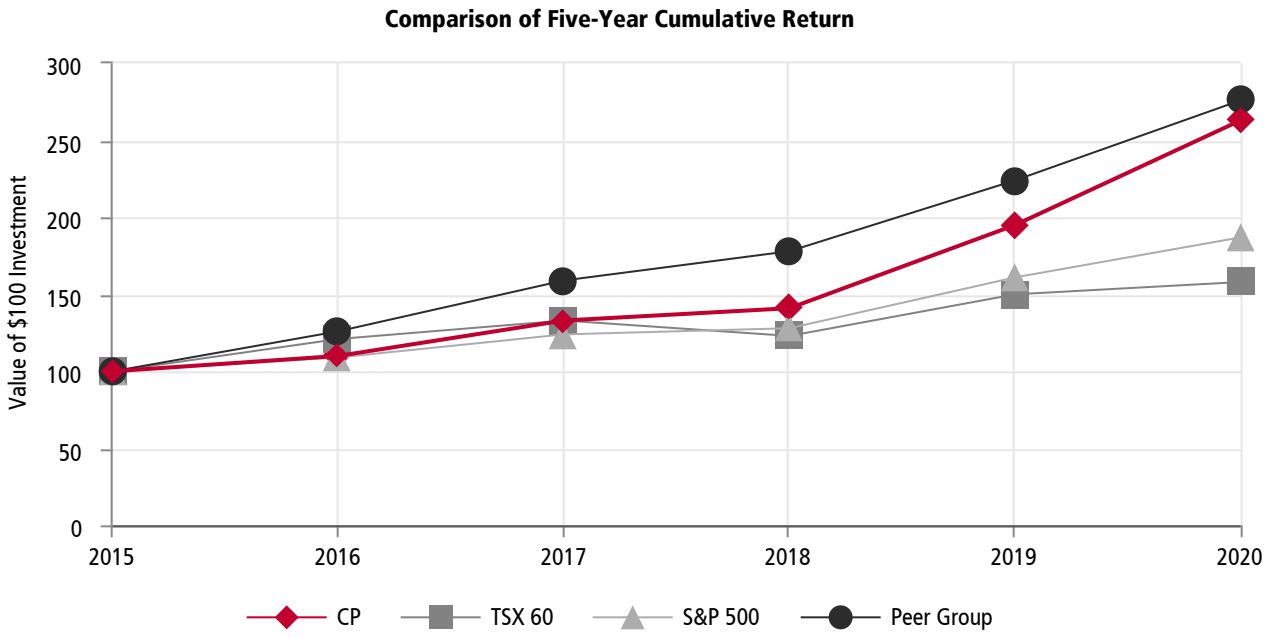
The Common Shares are listed on the TSX and on the NYSE under the symbol "CP".

Share Capital

At February 17, 2021, the latest practicable date prior to the date of this Annual Report on Form 10-K, there were 133,297,236 Common Shares and no preferred shares issued and outstanding, which consists of 13,779 holders of record of the Common Shares. In addition, CP has a Management Stock Option Incentive Plan ("MSOIP"), under which key officers and employees are granted options to purchase the Common Shares. Each option granted can be exercised for one Common Share. At February 17, 2021, 1,521,584 options were outstanding under the MSOIP and stand-alone option agreements entered into with Mr. Keith Creel. There are 733,836 options available to be issued by the Company's MSOIP in the future. CP has a Director's Stock Option Plan ("DSOP"), under which directors are granted options to purchase Common Shares. There are no outstanding options under the DSOP, which has 340,000 options available to be issued in the future.

Stock Performance Graph

The following graph provides an indicator of cumulative total shareholder return on the Common Shares, of an assumed investment of $100, as compared to the TSX 60 Index ("TSX 60"), the Standard & Poor's 500 Stock Index ("S&P 500"), and the peer group index (comprising CN, KCS, UP, NS and CSX) on December 31 for each of the years indicated. The values for the assumed investments depicted on the graph and in the table have been calculated assuming that any dividends are reinvested.



Issuer Purchase of Equity Securities

CP has established a share repurchase program which is further described in Item 8. Financial Statements and Supplementary Data, Note 20 Shareholders' equity. The following table presents the number of Common Shares repurchased during each month of the fourth quarter of 2020 and the average price paid by CP for the repurchase of such Common Shares.

2020	Total number of shares purchased[1]	Average price paid per share[2]	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
October 1 to October 31	230,195	$ 407.28	230,195	1,620,676
November 1 to November 30	451,299	425.89	451,299	1,169,377
December 1 to December 31	640,000	429.23	640,000	nil[3]
Ending Balance	**1,321,494**	**$ 424.26**	**1,321,494**	**N/A**

[1] Includes shares repurchased but not yet cancelled at quarter end.
[2] Includes brokerage fees.
[3] The Company's NCIB expired on December 19, 2020. At the time of expiration, 529,377 Common Shares authorized for repurchase had not yet been purchased by the Company.

ITEM 6. SELECTED FINANCIAL DATA

The following table presents as of, and for the years ended, December 31, selected financial data related to the Company's financial results for the last five fiscal years. The selected financial data should be read in conjunction with Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8. Financial Statements and Supplementary Data.

For information regarding historical exchange rates, please see Impact of Foreign Exchange on Earnings in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(in millions, except per share data, percentage and ratios)	**2020**	2019	2018	2017	2016
Financial Performance and Liquidity					
Total revenues	**$ 7,710**	$ 7,792	$ 7,316	$ 6,554	$ 6,232
Operating income	**3,311**	3,124	2,831	2,519	2,411
Adjusted operating income[1]	**3,311**	3,124	2,831	2,468	2,411
Net income	**2,444**	2,440	1,951	2,405	1,599
Adjusted income[1]	**2,403**	2,290	2,080	1,666	1,549
Basic earnings per share ("EPS")	**18.05**	17.58	13.65	16.49	10.69
Diluted EPS	**17.97**	17.52	13.61	16.44	10.63
Adjusted diluted EPS[1]	**17.67**	16.44	14.51	11.39	10.29
Dividends declared per share	**3.5600**	3.1400	2.5125	2.1875	1.8500
Cash provided by operating activities	**2,802**	2,990	2,712	2,182	2,089
Cash used in investing activities	**(2,030)**	(1,803)	(1,458)	(1,295)	(1,069)
Cash used in financing activities	**(764)**	(1,111)	(1,542)	(700)	(1,493)
Free cash[1]	**1,157**	1,357	1,289	874	1,007
Financial Position					
Total assets	**$ 23,640**	$ 22,367	$ 21,254	$ 20,135	$ 19,221
Total long-term debt, including current portion	**9,771**	8,757	8,696	8,159	8,684
Total shareholders' equity	**7,319**	7,069	6,636	6,437	4,626
Financial Ratios					
Operating ratio[2]	**57.1%**	59.9%	61.3%	61.6%	61.3%
Adjusted operating ratio[1]	**57.1%**	59.9%	61.3%	62.4%	61.3%
Return on average shareholders' equity[3]	**34.0%**	35.6%	29.8%	43.4%	33.9%
Adjusted return on invested capital ("Adjusted ROIC")[1]	**16.7%**	16.9%	16.2%	14.7%	14.0%
Dividend payout ratio[4]	**19.8%**	17.9%	18.5%	13.3%	17.4%
Adjusted dividend payout ratio[1]	**20.1%**	19.1%	17.3%	19.2%	18.0%
Long-term debt to Net income ratio[5]	**4.0**	3.6	4.5	3.4	5.4
Adjusted net debt to adjusted EBITDA ratio[1]	**2.5**	2.4	2.6	2.6	2.9

[1] These measures have no standardized meanings prescribed by accounting principles generally accepted in the United States of America ("GAAP") and, therefore, may not be comparable to similar measures presented by other companies. These measures are defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

[2] Operating ratio is defined as operating expenses divided by revenues, further discussed in Results of Operations of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

[3] Return on average shareholders' equity is defined as Net income divided by average shareholders' equity, averaged between the beginning and ending balance over a rolling 12-month period, further discussed in Results of Operations of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

[4] Dividend payout ratio is defined as dividends declared per share divided by Diluted EPS, further discussed in Liquidity and Capital Resources of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

[5] Long-term debt to Net income ratio is defined as long-term debt, including long-term debt maturing within one year, divided by Net income, further discussed in Liquidity and Capital Resources of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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The following discussion and analysis should be read in conjunction with the Company's Consolidated Financial Statements and the related notes in Item 8. Financial Statements and Supplementary Data, and other information in this annual report. Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars.

Executive Summary

2020 Results

- **Financial performance** – In 2020, CP reported Diluted earnings per share ("EPS") of $17.97, a 3% increase from $17.52 in 2019. Adjusted diluted EPS increased to $17.67, a 7% increase compared to $16.44 in 2019. CP's commitment to service and operational efficiency produced an Operating ratio of 57.1%. Adjusted diluted EPS is defined and reconciled in Non-GAAP Measures and discussed further in Results of Operations of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

- **Total revenues** – CP's Total revenues decreased by 1% to $7,710 million in 2020 from $7,792 million in 2019, driven primarily by the unfavourable impact of lower fuel surcharge revenue as a result of lower fuel prices, and lower volumes as measured by revenue ton-miles ("RTMs") primarily due to the impacts of COVID-19. This decrease was partially offset by higher liquidated damages, including customer volume commitments, and higher freight rates.

- **Operating performance** – Average train weight increased by 6% to 9,707 tons and average train length increased by 7% to 7,929 feet due to improvements in operating plan efficiency, in each case compared to 2019. These metrics are discussed further in Performance Indicators of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following table compares 2020 outlook to actual results:

	RTM growth	Adjusted diluted EPS[(1)]	Capital expenditures
Outlook	Mid-single-digit growth Revised quarterly and updated at the end of the third quarter to low single-digit decrease	High single-digit to low double-digit growth Revised quarterly and updated at the end of the third quarter to at least mid-single-digit Adjusted diluted EPS growth from full-year 2019 Adjusted diluted EPS of $16.44.	Approximately $1.60 billion
Actual outcomes	RTMs decreased by 2,487 million, or 2%	Adjusted diluted EPS growth of 7% to $17.67	$1.67 billion

[(1)] Adjusted diluted EPS is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. As described in the 2021 Outlook section below, CP had not calculated an outlook for Diluted EPS in 2020.

The updates in RTM growth and Adjusted diluted EPS expectations were based on the impacts of the COVID-19 pandemic on consumer demand in the following lines of business: Energy, chemicals and plastics, Metals, minerals and consumer products, and Automotive. CP revised its outlook quarterly given the evolving nature of impacts from the COVID-19 pandemic.

2021 Outlook

With a 2021 plan that encompasses profitable sustainable growth, CP expects high single-digit RTM growth and double-digit Adjusted diluted EPS growth. CP's expectations for Adjusted diluted EPS growth in 2021 are based on Adjusted diluted EPS of $17.67 in 2020. For the purposes of this outlook, CP assumes an effective tax rate of 24.6 percent. CP estimates other components of net periodic benefit recovery to increase by approximately $40 million versus 2020. As CP continues to invest in service, productivity and safety, the Company plans to invest approximately $1.55 billion in capital programs in 2021. Capital programs are defined and discussed further in Liquidity and Capital Resources of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Adjusted diluted EPS is defined and discussed further in Non-GAAP Measures and in Forward-Looking Statements of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. Although CP has provided a forward-looking Non-GAAP measure (Adjusted diluted EPS), management is unable to reconcile, without unreasonable efforts, the forward-looking Adjusted diluted EPS to the most comparable GAAP measure, due to unknown variables and uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value. In recent years, CP has recognized changes in income tax rates and a change to an uncertain tax item. These or other similar, large unforeseen transactions affect diluted EPS but may be excluded from CP's Adjusted diluted EPS. Additionally, the Canadian dollar-to-U.S. exchange rate is unpredictable and can have a significant impact on CP's reported results but may be excluded from CP's Adjusted diluted EPS. In particular, CP excludes the foreign exchange ("FX")

impact of translating the Company's debt and lease liabilities from Adjusted diluted EPS. Please see Forward-Looking Statements of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion.

Performance Indicators

The following table lists the key measures of the Company's operating performance:

For the year ended December 31	2020	2019	2018	% Change 2020 vs. 2019	% Change 2019 vs. 2018
Operations Performance					
Gross ton-miles ("GTMs") (millions)	**272,360**	280,724	275,362	(3)	2
Train miles (thousands)	**30,324**	32,924	32,312	(8)	2
Average train weight – excluding local traffic (tons)	**9,707**	9,129	9,100	6	—
Average train length – excluding local traffic (feet)	**7,929**	7,388	7,313	7	1
Average terminal dwell (hours)	**6.5**	6.4	6.8	2	(6)
Average train speed (miles per hour, or "mph")	**22.0**	22.2	21.5	(1)	3
Locomotive productivity (GTMs / operating horsepower, or "GTMs/OHP")	**207**	202	198	2	2
Fuel efficiency (U.S. gallons of locomotive fuel consumed /1,000 GTMs)	**0.942**	0.955	0.953	(1)	—
Total Employees and Workforce					
Total employees (average)	**12,168**	13,103	12,756	(7)	3
Total employees (end of period)	**11,890**	12,694	12,840	(6)	(1)
Workforce (end of period)	**11,904**	12,732	12,866	(7)	(1)
Safety Indicators[1]					
FRA personal injuries per 200,000 employee-hours	**1.11**	1.42	1.47	(22)	(3)
FRA train accidents per million train-miles	**0.96**	1.06	1.10	(9)	(4)

[1] FRA personal injuries per 200,000 employee-hours for the year ended December 31, 2018, previously reported as 1.48, was restated to 1.47 in this report. This restatement reflects new information available within specified periods stipulated by the FRA but that exceed the Company's financial reporting timeline.

Operations Performance

These key measures are used by management as comparisons to historical operating results and in the planning process to facilitate decisions that continue to drive further productivity improvements in the Company's operations. Results of these key measures reflect how effective CP's management is at controlling costs and executing the Company's operating plan and strategy. Continued monitoring of these key measures ensures that the Company can take appropriate actions to ensure the delivery of superior service and be able to grow its business at low incremental cost.

A **GTM** is defined as the movement of one ton of train weight over one mile. GTMs are calculated by multiplying total train weight by the distance the train moved. Total train weight comprises the weight of the freight cars, their contents, and any inactive locomotives. An increase in GTMs indicates additional workload. GTMs for 2020 were 272,360 million, a 3% decrease compared with 280,724 million in 2019. This decrease was primarily driven by decreased volumes of crude, Coal, and frac sand. This decrease was partially offset by increased volumes of Grain, Potash, and Fertilizers and sulphur.

GTMs in 2019 were 280,724 million, a 2% increase compared with 275,362 million in 2018. This increase was primarily driven by increased volumes of Energy, chemicals and plastics and Intermodal. This increase was partially offset by decreased volumes of Potash, frac sand, and Coal.

Train miles are defined as the sum of the distance moved by all trains operated on the network. Train miles provide a measure of the productive utilization of our network. A smaller increase in train miles relative to increases in volumes, as measured by RTMs, and/or workload, as measured by GTMs, indicates improved train productivity. Train miles for 2020 were 30,324 thousands, a decrease of 8% compared with 32,924 thousands in 2019. This decrease reflects the impact of a 3% decrease in workload (GTMs), as well as a 6% increase in average train weights.

Train miles in 2019 were 32,924, an increase of 2% compared with 32,312 thousands in 2018. This reflects the impact of higher GTMs in 2019.

Average train weight is defined as the average gross weight of CP trains, both loaded and empty. This excludes trains in short-haul service, work trains used to move CP's track equipment and materials, and the haulage of other railways' trains on CP's network. An increase in average train weight indicates improved asset utilization and may also be the result of moving heavier commodities. Average train weight of 9,707 tons in 2020 increased by 578 tons, or 6% compared with 9,129 tons in 2019. This increase was a result of improvements in operating plan efficiency, continued improvements in operational efficiency due to moving longer and heavier export potash and Grain trains, and improved winter operating conditions in the first quarter of 2020. This increase was partially offset by moving lower volumes of heavier commodities such as Canadian coal and crude. Improvements for Grain trains were driven by the High Efficiency Product ("HEP") train model, which is an 8,500-foot train model that features the new high-capacity grain hopper cars and increased grain carrying capacity.

Average train weight of 9,129 tons in 2019 increased by 29 tons from 9,100 tons in 2018. This slight increase was a result of improvements in operating plan efficiency. This increase was partially offset by the implementation of CP's winter contingency plan in the first quarter of 2019 resulting in shorter and lighter trains within the operating plan.

Average train length is defined as the average total length of CP trains, both loaded and empty. This includes all cars and locomotives on the train and is calculated as the sum of each car or locomotive's length multiplied by the distance travelled, divided by train miles. This excludes trains in short-haul service, work trains used to move CP's track equipment and materials, and the haulage of other railroads' trains on CP's network. An increase in average train length indicates improved asset utilization. Average train length of 7,929 feet in 2020 increased by 541 feet, or 7%, compared with 7,388 feet in 2019. This increase was a result of improvements in operating plan efficiency and continued improvements in operational efficiency due to moving longer Grain and export potash trains. This increase was partially offset by moving lower volumes of commodities such as Canadian coal, which move in longer trains. Improvements for Grain trains were driven by the 8,500-foot HEP train model.

Average train length of 7,388 feet in 2019 increased by 75 feet, or 1%, from 7,313 feet in 2018. This was a result of improvements in operating plan efficiency and increased Intermodal volumes which move on longer trains. This increase was partially offset by the implementation of CP's winter contingency plan in the first quarter of 2019 resulting in shorter and lighter trains within the operating plan.

Average terminal dwell is defined as the average time a freight car resides within terminal boundaries expressed in hours. The timing starts with a train arriving at the terminal, a customer releasing the car to the Company, or a car arriving at interchange from another railroad. The timing ends when the train leaves, a customer receives the car from CP, or the freight car is transferred to another railroad. Freight cars are excluded if they are being stored at the terminal or used in track repairs. A decrease in average terminal dwell indicates improved terminal performance resulting in faster cycle times and improved railcar utilization. Average terminal dwell of 6.5 hours in 2020 increased by 2% from 6.4 hours in 2019. This unfavourable increase was a result of aligning the operating plan to demand in order to maintain network efficiencies in the last three quarters of 2020. Aligning the operating plan to demand resulted in increased average train weight, average train length, and increased locomotive productivity.

Average terminal dwell of 6.4 hours in 2019 favourably decreased by 6% from 6.8 hours in 2018. This favourable decrease was due to improved network fluidity.

Average train speed is defined as a measure of the line-haul movement from origin to destination including terminal dwell hours. It is calculated by dividing the total train miles travelled by the total train hours operated. This calculation does not include delay time related to customers or foreign railways and excludes the time and distance travelled by: i) trains used in or around CP's yards; ii) passenger trains; and iii) trains used for repairing track. An increase in average train speed indicates improved on-time performance resulting in improved asset utilization. Average train speed was 22.0 mph in 2020, a decrease of 1%, from 22.2 mph in 2019. This decrease in speed was a result of aligning the operating plan to demand in order to maintain network efficiencies in the last three quarters of 2020, partially offset by improved winter operating conditions in the first quarter of 2020. Aligning the operating plan to demand resulted in increased average train weight, average train length, and increased locomotive productivity.

Average train speed in 2019 was 22.2 mph, an increase of 3%, from 21.5 mph in 2018. This increase in speed was due to the completion of network infrastructure projects, partially offset by the impact of harsh winter operating conditions and network disruptions in the first quarter of 2019.

Locomotive productivity is defined as the daily average GTMs divided by daily average operating horsepower. Operating horsepower excludes units offline, tied up or in storage, or in use on other railways, and includes foreign units online. An increase in locomotive productivity indicates more efficient locomotive utilization and may also be the result of moving heavier commodities. Locomotive productivity was 207 GTMs/OHP in 2020, an increase of 5 GTMs/OHP, or 2%, compared to 202 GTMs/OHP in 2019. This increase was primarily due to improvements in operating plan efficiency as a result of aligning the operating plan to demand.

Locomotive productivity was 202 GTMs/OHP in 2019, an increase of 4 GTMs/OHP, or 2%, compared to 198 GTMs/OHP in 2018. This increase was primarily due to improvements in operating plan efficiency as a result of aligning the operating plan to demand.

Fuel efficiency is defined as U.S. gallons of locomotive fuel consumed per 1,000 GTMs. Fuel consumed includes gallons from freight, yard and commuter service but excludes fuel used in capital projects and other non-freight activities. An improvement in fuel efficiency indicates operational cost savings and

CP's commitment to corporate sustainability through a reduction of greenhouse gas emissions intensity. Fuel efficiency for 2020 was 0.942 U.S. gallons/1,000 GTMs, an improvement of 1% compared to 2019. This improvement was primarily due to improved winter operating conditions in the first quarter of 2020. Fuel efficiency for 2019 of 0.955 U.S. gallons/1,000 GTMs was flat compared to 2018.

Total Employees and Workforce

An **employee** is defined as an individual currently engaged in full-time, part-time, or seasonal employment with CP while **workforce** is defined as total employees plus contractors and consultants. The Company monitors employment and workforce levels in order to efficiently meet service and strategic requirements. The number of employees is a key driver to total compensation and benefits costs.

The average number of total employees for 2020 decreased by 935, or 7%, compared with 2019. This decrease was primarily due to more efficient resource planning, including furloughs associated with the economic downturn caused by COVID-19, partially offset by the addition of CMQ employees. The total number of employees as at December 31, 2020 was 11,890, a decrease of 804, or 6%, compared to 12,694 as at December 31, 2019, due to reduced workload as measured in GTMs and more efficient resource planning.

The average number of total employees for 2019 increased by 347, or 3%, compared to 2018. This increase was primarily due to growth in workload as measured in GTMs. The total number of employees as at December 31, 2019 was 12,694, a decrease of 146, or 1%, compared to 12,840 as at December 31, 2018, due to more efficient resource planning and reduced workload in the fourth quarter, partially offset by the addition of CMQ Canada employees.

The total workforce as at December 31, 2020 was 11,904, a decrease of 828, or 7%, compared to 12,732 as at December 31, 2019, due to more efficient resource planning.

The total workforce as at December 31, 2019 was 12,732, a decrease of 134, or 1%, compared to 12,866 as at December 31, 2018, due to more efficient resource planning.

Safety Indicators

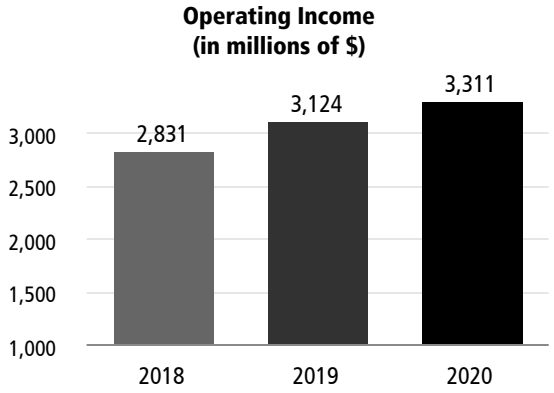
Safety is a key priority and core strategy for CP's management, employees, and Board of Directors. Personal injuries and train accidents are indicators of the effectiveness of the Company's safety systems, and are used by management to evaluate and, as necessary, alter the Company's safety systems, procedures, and protocols. Each measure follows U.S Federal Railroad Administration ("FRA") reporting guidelines, which can result in restatement after initial publication to reflect new information available within specified periods stipulated by the FRA but that exceed the Company's financial reporting timeline.

The **FRA personal injuries per 200,000 employee-hours** frequency is the number of personal injuries, multiplied by 200,000 and divided by total employee hours. Personal injuries are defined as injuries that require employees to lose time away from work, modify their normal duties or obtain medical treatment beyond minor first aid. FRA employee-hours are the total hours worked, excluding vacation and sick time, by all employees, excluding contractors. The FRA personal injuries per 200,000 employee-hours frequency for CP was 1.11 in 2020, compared with 1.42 in 2019 and 1.47 in 2018.

The **FRA train accidents per million train-miles** frequency is the number of train accidents, multiplied by 1,000,000 and divided by total train miles. Train accidents included in this metric meet or exceed the FRA reporting threshold of U.S. $10,700 in damage. The FRA train accidents per million train-miles frequency for CP was 0.96 in 2020 , compared with 1.06 in 2019 and 1.10 in 2018.

Results of Operations

Income

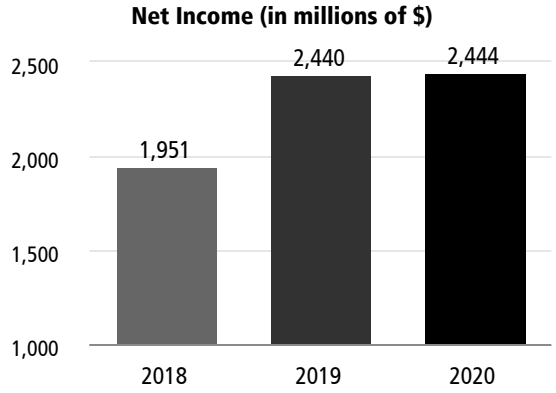


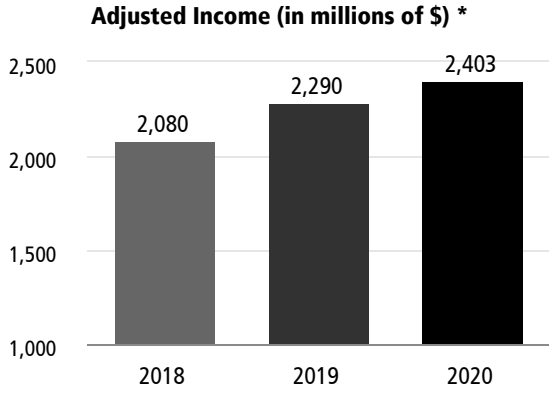
Operating income was $3,311 million in 2020, an increase of $187 million, or 6%, from $3,124 million in 2019. This increase was primarily due to:
- liquidated damages, including customer volume commitments, and higher freight rates;
- the efficiencies generated from improved operating performance and asset utilization;
- a gain of $68 million as a result of the remeasurement to fair value of the previously held equity investment in the Detroit River Tunnel Partnership ("DRTP");
- the impact of harsher winter operating conditions in 2019; and
- decreased operating expense associated with lower casualty costs incurred in 2020.

This increase was partially offset by:
- lower volumes as measured by RTMs;
- higher depreciation and amortization of $71 million (excluding FX);
- cost inflation; and
- higher stock-based compensation of $37 million primarily driven by an increase in stock price.

Operating income was $3,124 million in 2019, an increase of $293 million, or 10%, from $2,831 million in 2018. This increase was primarily due to:
- higher freight rates;
- the efficiencies generated from improved operating performance and asset utilization;
- the favourable impact of change in FX of $39 million; and
- the favourable impact from changes in fuel prices of $38 million.

This increase was partially offset by:
- increased operating expense associated with higher casualty costs in 2019 of $76 million (excluding FX);
- higher stock-based compensation of $58 million;
- cost inflation; and
- increased weather related costs as a result of harsh winter operating conditions in the first quarter of 2019.





*Adjusted income is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Net income was $2,444 million in 2020, an increase of $4 million, from $2,440 million in 2019. This increase was primarily due to:
- higher Operating income;
- a deferred tax recovery relating to a tax return filing election for the state of North Dakota; and
- a provision for an uncertain tax item of a prior period in 2019.

This increase was partially offset by:
- an income tax recovery associated with changes in tax rates in 2019;
- lower FX translation gain on U.S. dollar-denominated debt and lease liabilities compared to 2019; and
- lower other components of net periodic benefit recovery.

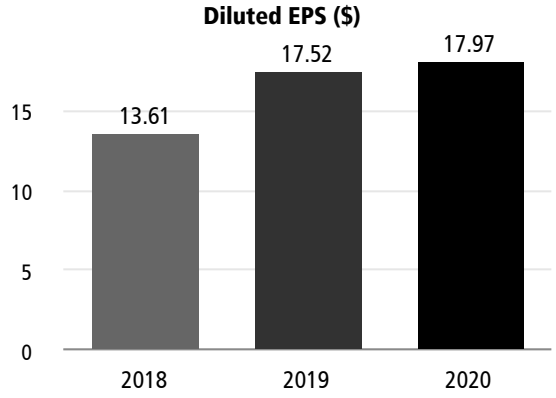
Net income was $2,440 million in 2019, an increase of $489 million, or 25%, from $1,951 million in 2018. This increase was primarily due to:
- higher Operating income;
- FX translation gains on debt and lease liabilities in 2019 compared to FX translation losses on debt in 2018; and
- a higher income tax recovery associated with changes in tax rates.

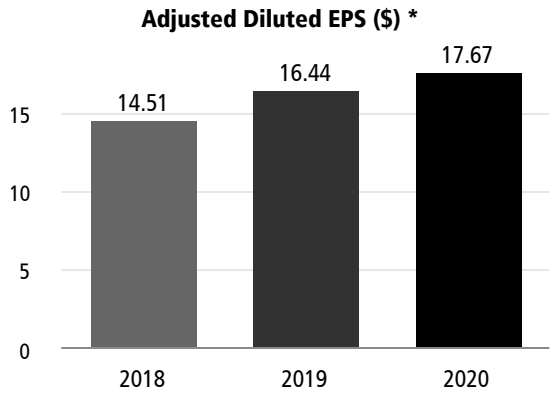
This increase was partially offset by higher income taxes due to higher taxable income and a provision for an uncertain tax item of a prior period.

Adjusted income, defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, was $2,403 million in 2020, an increase of $113 million, or 5%, from $2,290 million in 2019. This increase was primarily due to higher Operating income, partially offset by lower other components of net periodic benefit recovery.

Adjusted income was $2,290 million in 2019, an increase of $210 million, or 10%, from $2,080 million in 2018. This increase was due to the same factors discussed above for the increase in Net income, except that Adjusted income excludes FX translation gains and losses on debt and lease liabilities, income tax recoveries associated with changes in tax rates, and a provision for an uncertain tax item of a prior period.

Diluted Earnings per Share





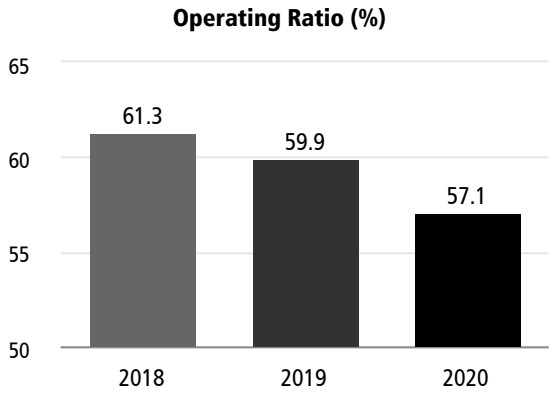
*Adjusted diluted EPS is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Diluted EPS was $17.97 in 2020, an increase of $0.45, or 3%, from $17.52 in 2019. This increase was due to a lower average number of outstanding Common Shares due to the Company's share repurchase program, and higher Net income.

Diluted EPS was $17.52 in 2019, an increase of $3.91, or 29%, from $13.61 in 2018. This increase was due to higher Net income and lower average number of outstanding Common Shares due to the Company's share repurchase program.

Adjusted diluted EPS, defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, was $17.67 in 2020, an increase of $1.23, or 7%, from $16.44 in 2019. Adjusted diluted EPS was $16.44 in 2019, an increase of $1.93, or 13%, from $14.51 in 2018. These increases were due to higher Adjusted income and lower average number of outstanding Common Shares due to the Company's share repurchase program.

Operating Ratio



The Operating ratio provides the percentage of revenues used to operate the railway. A lower percentage normally indicates higher efficiency in the operation of the railway. The Company's Operating ratio was 57.1% in 2020, a 280 basis point improvement from 59.9% in 2019. This improvement was primarily due to:

- liquidated damages, including customer volume commitments, and higher freight rates;
- the favourable impact of changes in fuel prices;

- the efficiencies generated from improved operating performance and asset utilization; and
- a gain as a result of the remeasurement to fair value of the previously held equity investment in DRTP.

This improvement was partially offset by:
- higher depreciation and amortization;
- cost inflation; and
- higher stock-based compensation.

The Company's Operating ratio was 59.9% in 2019, a 140 basis point improvement from 61.3% in 2018. This improvement was primarily due to:
- higher freight rates;
- the favourable impact of changes in fuel prices; and
- the efficiencies generated from improved operating performance and asset utilization.

This improvement was partially offset by:
- increased operating expense associated with higher casualty costs in 2019;
- higher stock-based compensation; and
- cost inflation.

Return on Average Shareholders' Equity and Adjusted Return on Invested Capital

Return on average shareholders' equity and Adjusted return on invested capital ("Adjusted ROIC") are measures used by management to determine how productively the Company uses its long-term capital investments, representing critical indicators of good operating and investment decisions. Adjusted ROIC is also an important performance criteria in determining certain elements of the Company's long-term incentive plan.

Return on average shareholders' equity was 34.0% in 2020, a 160 basis point decrease compared to 35.6% in 2019. This decrease was due to higher average shareholders' equity due to accumulated Net income, partially offset by the impact of the Company's share repurchase program.

Return on average shareholders' equity was 35.6% in 2019, a 580 basis point increase compared to 29.8% in 2018. This increase was due to higher Net income. This increase was partially offset by higher average shareholders' equity due to accumulated Net income, partially offset by the impact of the Company's share repurchase program.

Adjusted ROIC was 16.7% in 2020, a 20 basis point decrease compared to 16.9% in 2019. This decrease was primarily due to higher average long-term debt, partially offset by higher Operating income.

Adjusted ROIC was 16.9% in 2019, a 70 basis point increase compared to 16.2% in 2018. This increase was primarily due to higher Operating income. This increase was partially offset by the increase in adjusted average invested capital primarily due to higher Adjusted income, partially offset by lower Common Shares due to the Company's share repurchase program.

Adjusted ROIC is a Non-GAAP measure, which is defined and reconciled from Return on average shareholders' equity, the most comparable measure calculated in accordance with GAAP, in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Impact of Foreign Exchange on Earnings

Fluctuations in FX affect the Company's results because U.S. dollar-denominated revenues and expenses are translated into Canadian dollars. U.S. dollar-denominated revenues and expenses increase (decrease) when the Canadian dollar weakens (strengthens) in relation to the U.S. dollar.

On February 12, 2021, the noon buying rate certified for customs purposes by the U.S. Federal Reserve Bank of New York was U.S. $1.00 = $1.27 Canadian dollars.

The following tables set forth, for the periods indicated, the average exchange rate between the Canadian dollar and the U.S. dollar expressed in the Canadian dollar equivalent of one U.S. dollar, the period end exchange rates, and the high and low exchange rates for the periods indicated. Average exchange rates are calculated by using the exchange rates on the last day of each full month during the relevant period. These rates are based on the noon buying rate certified for customs purposes by the U.S. Federal Reserve Bank of New York set forth in the H.10 statistical release of the Federal Reserve Board.

Average exchange rates (Canadian/U.S. dollar)		**2020**	2019	2018	2017	2016
For the year ended – December 31	**$**	**1.34** $	1.33 $	1.30 $	1.30 $	1.33
For the three months ended – December 31	**$**	**1.30** $	1.32 $	1.32 $	1.27 $	1.33

Exchange rates (Canadian/U.S. dollar)		2020	2019	2018	2017	2016
Beginning of year – January 1	$	**1.30**	$ 1.36	$ 1.25	$ 1.34	$ 1.38
Beginning of quarter – April 1	$	**1.41**	$ 1.33	$ 1.29	$ 1.33	$ 1.30
Beginning of quarter – July 1	$	**1.36**	$ 1.31	$ 1.32	$ 1.30	$ 1.29
Beginning of quarter – October 1	$	**1.33**	$ 1.32	$ 1.29	$ 1.25	$ 1.31
End of year – December 31	$	**1.28**	$ 1.30	$ 1.36	$ 1.25	$ 1.34

High/Low exchange rates (Canadian/U.S. dollar)		2020	2019	2018	2017	2016
High	$	**1.45**	$ 1.36	$ 1.37	$ 1.37	$ 1.46
Low	$	**1.27**	$ 1.30	$ 1.23	$ 1.21	$ 1.25

In 2020, the impact of a stronger U.S. dollar resulted in an increase in total revenues of $33 million, an increase in total operating expenses of $23 million and an increase in net interest expense of $4 million. In 2019, the impact of a stronger U.S. dollar resulted in an increase in total revenues of $87 million, an increase in total operating expenses of $48 million and an increase in net interest expense of $10 million.

The impact of fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar on the Company's results is discussed further in Item 7A. Quantitative and Qualitative Disclosures About Market Risk, Foreign Exchange Risk.

Impact of Fuel Price on Earnings

Fluctuations in fuel prices affect the Company's results because fuel expense constitutes a significant portion of CP's operating costs. As fuel prices fluctuate, there will be a timing impact on earnings, as discussed further in Item 1. Business, Operations, Fuel Cost Adjustment Program and Item 1A. Risk Factors, Volatility Risks.

Average Fuel Price (U.S. dollars per U.S. gallon)		2020	2019	2018
For the year ended – December 31	$	**1.90**	$ 2.49	$ 2.72
For the three months ended – December 31	$	**1.91**	$ 2.53	$ 2.71

The impact of fuel price on earnings includes the impacts of provincial and federal carbon taxes and levies recovered and paid, on revenues and expenses, respectively.

In 2020, the favourable impact of fuel prices on Operating income was $25 million. Lower fuel prices resulted in a decrease in total operating expenses of $195 million. Lower fuel prices, partially offset by the timing of recoveries from CP's fuel cost adjustment program and increased carbon tax recoveries, resulted in a decrease in total revenues of $170 million from 2019. In 2019, the impact of lower fuel prices resulted in a decrease in Total revenues of $39 million and a decrease in Total operating expenses of $77 million.

Impact of Share Price on Earnings

Fluctuations in the Common Share price affect the Company's operating expenses because share-based liabilities are measured at fair value. The Company's Common Shares are listed on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE") with ticker symbol "CP". The following tables indicate the opening and closing Common Share price on the TSX and the NYSE for each quarter and the change in the price of the Common Shares on the TSX and the NYSE for the years ended December 31, 2020, 2019 and 2018:

Toronto Stock Exchange (in Canadian dollars)		2020	2019	2018
Opening Common Share price, as at January 1	$	**331.03**	$ 242.24	$ 229.66
Ending Common Share price, as at March 31	$	**310.55**	$ 275.34	$ 227.20
Ending Common Share price, as at June 30	$	**345.32**	$ 308.43	$ 240.92
Ending Common Share price, as at September 30	$	**405.05**	$ 294.42	$ 273.23
Ending Common Share price, as at December 31	$	**441.53**	$ 331.03	$ 242.24
Change in Common Share price for the year ended December 31	$	**110.50**	$ 88.79	$ 12.58

New York Stock Exchange (in U.S. dollars)		2020		2019		2018
Opening Common Share price, as at January 1	**$**	**254.95**	$	177.62	$	182.76
Ending Common Share price, as at March 31	**$**	**219.59**	$	206.03	$	176.50
Ending Common Share price, as at June 30	**$**	**255.34**	$	235.24	$	183.02
Ending Common Share price, as at September 30	**$**	**304.43**	$	222.46	$	211.94
Ending Common Share price, as at December 31	**$**	**346.69**	$	254.95	$	177.62
Change in Common Share price for the year ended December 31	**$**	**91.74**	$	77.33	$	(5.14)

In 2020, the impact of the change in Common Share prices resulted in an increase in stock-based compensation expense of $58 million compared to $42 million in 2019, and $2 million in 2018.

The impact of share price on stock-based compensation is discussed further in Item 7A. Quantitative and Qualitative Disclosures About Market Risk, Share Price Impact on Stock-Based Compensation.

Operating Revenues

				2020 vs. 2019			2019 vs. 2018		
For the year ended December 31	**2020**	2019	2018	Total Change	% Change	FX Adjusted % Change[2]	Total Change	% Change	FX Adjusted % Change[2]
Freight revenues (in millions)[1]	**$ 7,541**	$ 7,613	$ 7,152	$ (72)	(1)	(1)	$ 461	6	5
Non-freight revenues (in millions)	**169**	179	164	(10)	(6)	(6)	15	9	8
Total revenues (in millions)	**$ 7,710**	$ 7,792	$ 7,316	$ (82)	(1)	(1)	$ 476	7	5
Carloads (in thousands)	**2,708.4**	2,766.4	2,739.8	(58.0)	(2)	N/A	26.6	1	N/A
Revenue ton-miles (in millions)	**151,891**	154,378	154,207	(2,487)	(2)	N/A	171	—	N/A
Freight revenue per carload (in dollars)	**$ 2,784**	$ 2,752	$ 2,611	$ 32	1	1	$ 141	5	4
Freight revenue per revenue ton-mile (in cents)	**4.96**	4.93	4.64	0.03	1	—	0.29	6	5

[1] Freight revenues include fuel surcharge revenues of $297 million in 2020, $464 million in 2019 and $492 million in 2018. Fuel surcharge revenues include recoveries of carbon taxes, levies, and obligations under cap-and-trade programs.

[2] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company's revenues are primarily derived from transporting freight. Changes in freight volumes generally contribute to corresponding changes in freight revenues and certain variable expenses, such as fuel, crew costs, and equipment rents. Non-freight revenue is generated from other arrangements, including contracts with passenger service operators and logistical services; leasing of certain assets; and switching fees.

Freight Revenues

Freight revenues were $7,541 million in 2020, a decrease of $72 million, or 1%, from $7,613 million in 2019. This decrease was primarily due to lower volumes as measured by RTMs. This decrease was partially offset by higher freight revenue per revenue ton-mile.

Freight revenues were $7,613 million in 2019, an increase of $461 million, or 6%, from $7,152 million in 2018. This increase was primarily due to higher freight revenue per revenue ton-mile.

RTMs

RTMs are defined as the movement of one revenue-producing ton of freight over a distance of one mile. RTMs measure the relative weight and distance of rail freight moved by the Company. RTMs for 2020 were 151,891 million, a decrease of 2,487 million, compared with 154,378 million in 2019. This decrease was mainly attributable to lower volumes of crude, Coal and frac sand. This decrease was partially offset by higher volumes of Grain, Potash and Fertilizers and sulphur.

RTMs for 2019 were 154,378 million, an increase of 171 million compared with 154,207 million in 2018. This increase was mainly attributable to increased shipments of Energy, chemicals and plastics and Intermodal, partially offset by decreased shipments of Potash, frac sand and Coal.

Freight revenue per revenue ton-mile

Freight revenue per revenue ton-mile is defined as freight revenue per revenue-producing ton of freight over a distance of one mile. This is an indicator of yield. Freight revenue per revenue ton-mile was 4.96 cents in 2020, an increase of 0.03 cents, or 1%, from 4.93 cents in 2019. This increase was primarily due to higher liquidated damages, including customer volume commitments, higher freight rates, and the favourable impact of the change in FX of $33 million. This increase was partially offset by the unfavourable impact of lower fuel surcharge revenue, as a result of lower fuel prices of $170 million and moving lower volumes of Automotive, which has a higher freight revenue per revenue ton-mile compared to the corporate average.

Freight revenue per revenue ton-mile was 4.93 cents in 2019, an increase of 0.29 cents, or 6%, from 4.64 cents in 2018. This increase was primarily due to higher liquidated damages, including customer volume commitments, higher freight rates, and the favourable impact of the change in FX of $86 million. This increase was partially offset by the unfavourable impact of lower fuel surcharge revenue, as a result of lower fuel prices of $39 million.

Carloads

Carloads are defined as revenue-generating shipments of containers and freight cars. Carloads were 2,708.4 thousand in 2020, a decrease of 58.0 thousand, or 2%, from 2,766.4 thousand in 2019. This decrease was primarily due to lower volumes of crude, Coal, and frac sand. This decrease was partially offset by higher volumes of Grain and Potash.

Carloads were 2,766.4 thousand in 2019, an increase of 26.6 thousand, or 1%, from 2,739.8 thousand in 2018. This increase was mainly attributable to increased shipments of Energy, chemicals and plastics and Intermodal, partially offset by decreased shipments of frac sand and Potash.

Freight revenue per carload

Freight revenue per carload is defined as freight revenue per revenue-generating shipment of containers or freight cars. This is an indicator of yield. Freight revenue per carload was $2,784 in 2020, an increase of $32, or 1%, from $2,752 in 2019. This increase was primarily due to higher liquidated damages, including customer volume commitments, higher freight rates, and the favourable impact of the change in FX of $33 million. This increase was partially offset by the unfavourable impact of lower fuel surcharge revenue, as a result of lower fuel prices of $170 million.

Freight revenue per carload was $2,752 in 2019, an increase of $141, or 5%, from $2,611 in 2018. This increase was primarily due to liquidated damages, including customer volume commitments, higher freight rates, and the favourable impact of the change in FX of $86 million. This increase was partially offset by the unfavourable impact of lower fuel surcharge revenue, as a result of lower fuel prices of $39 million.

Non-freight Revenues

Non-freight revenues were $169 million in 2020, a decrease of $10 million, or 6%, from $179 million in 2019. This decrease was primarily due to lower revenue from passenger service operators.

Non-freight revenues were $179 million in 2019, an increase of $15 million, or 9%, from $164 million in 2018. This increase was primarily due to higher switching fees and logistical services revenue.

Lines of Business

Grain

				2020 vs. 2019			2019 vs. 2018		
For the year ended December 31	**2020**	2019	2018	Total Change	% Change	FX Adjusted % Change[1]	Total Change	% Change	FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 1,829**	$ 1,684	$ 1,566	$ 145	9	8	$ 118	8	6
Carloads (in thousands)	**480.1**	431.4	429.4	48.7	11	N/A	2.0	—	N/A
Revenue ton-miles (in millions)	**41,747**	36,941	36,856	4,806	13	N/A	85	—	N/A
Freight revenue per carload (in dollars)	**$ 3,810**	$ 3,904	$ 3,645	$ (94)	(2)	(3)	$ 259	7	6
Freight revenue per revenue ton-mile (in cents)	**4.38**	4.56	4.25	(0.18)	(4)	(4)	0.31	7	6

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Grain revenue was $1,829 million in 2020, an increase of $145 million, or 9%, from $1,684 million in 2019. This increase was primarily due to moving record volumes of Canadian grain, primarily to Vancouver and Thunder Bay, higher volumes of U.S. soybeans and corn to the U.S. Pacific Northwest, higher freight rates, and the favourable impact of the change in FX. This increase was partially offset by decreased freight revenue per ton-mile. Freight revenue per

revenue ton-mile decreased due to moving proportionately higher volumes of long haul soybeans and corn to U.S. Pacific Northwest, which also caused RTMs to increase more than carloads, and lower fuel surcharge revenue as a result of lower fuel prices.

Grain revenue was $1,684 million in 2019, an increase of $118 million, or 8%, from $1,566 million in 2018. This increase was primarily due to increased freight revenue per revenue ton-mile, higher volumes of regulated Canadian grain, and the favourable impact of the change in FX. This increase was partially offset by lower volumes of U.S. grain, primarily corn, to the U.S. Pacific Northwest. Freight revenue per revenue ton-mile increased due to higher freight rates, primarily for regulated Canadian grain.

Coal

				2020 vs. 2019			2019 vs. 2018		
For the year ended December 31	**2020**	2019	2018	Total Change	% Change	FX Adjusted % Change[1]	Total Change	% Change	FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 566**	$ 682	$ 673	$ (116)	(17)	(17)	$ 9	1	1
Carloads (in thousands)	**260.4**	304.3	304.3	(43.9)	(14)	N/A	—	—	N/A
Revenue ton-miles (in millions)	**18,510**	21,820	22,443	(3,310)	(15)	N/A	(623)	(3)	N/A
Freight revenue per carload (in dollars)	**$ 2,174**	$ 2,241	$ 2,211	$ (67)	(3)	(3)	$ 30	1	1
Freight revenue per revenue ton-mile (in cents)	**3.06**	3.13	3.00	(0.07)	(2)	(2)	0.13	4	4

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Coal revenue was $566 million in 2020, a decrease of $116 million, or 17%, from $682 million in 2019. This decrease was primarily due to lower volumes of Canadian coal primarily to Vancouver, driven by supply chain challenges at both the mines and the ports, lower volumes of U.S. coal to Wisconsin, and decreased freight revenue per revenue ton-mile. Freight revenue per revenue ton-mile decreased due to the unfavourable impact of lower fuel surcharge revenue as a result of lower fuel prices.

Coal revenue was $682 million in 2019, an increase of $9 million, or 1%, from $673 million in 2018. This increase was primarily due to higher freight revenue per revenue ton-mile. This increase was partially offset by lower volumes of Canadian coal, driven by supply chain challenges at both the mines and the ports. Freight revenue per revenue ton-mile increased due to higher freight rates. RTMs decreased while carloads remained flat due to moving proportionately higher volumes of short haul U.S. coal.

Potash

				2020 vs. 2019			2019 vs. 2018		
For the year ended December 31	**2020**	2019	2018	Total Change	% Change	FX Adjusted % Change[1]	Total Change	% Change	FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 493**	$ 462	$ 486	$ 31	7	6	$ (24)	(5)	(6)
Carloads (in thousands)	**162.9**	149.3	158.4	13.6	9	N/A	(9.1)	(6)	N/A
Revenue ton-miles (in millions)	**18,784**	17,297	18,371	1,487	9	N/A	(1,074)	(6)	N/A
Freight revenue per carload (in dollars)	**$ 3,026**	$ 3,094	$ 3,071	$ (68)	(2)	(3)	$ 23	1	—
Freight revenue per revenue ton-mile (in cents)	**2.62**	2.67	2.65	(0.05)	(2)	(2)	0.02	1	—

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Potash revenue was $493 million in 2020, an increase of $31 million, or 7%, from $462 million in 2019. This increase was primarily due to higher volumes of export potash following resolved international contract negotiations, higher freight rates, and the favourable impact of the change in FX. This increase was partially offset by decreased freight revenue per revenue ton-mile due to lower fuel surcharge revenue as a result of lower fuel prices.

Potash revenue was $462 million in 2019, a decrease of $24 million, or 5%, from $486 million in 2018. This decrease was primarily due to lower volumes of domestic potash driven by poor weather affecting the application seasons, and lower volumes of export potash driven by unresolved international contract negotiations. This decrease was partially offset by the favourable impact of the change in FX.

Fertilizers and Sulphur

				2020 vs. 2019			2019 vs. 2018		
For the year ended December 31	**2020**	2019	2018	Total Change	% Change	FX Adjusted % Change[1]	Total Change	% Change	FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 290**	$ 250	$ 243	$ 40	16	15	$ 7	3	1
Carloads (in thousands)	**61.6**	57.0	58.1	4.6	8	N/A	(1.1)	(2)	N/A
Revenue ton-miles (in millions)	**4,683**	3,846	4,051	837	22	N/A	(205)	(5)	N/A
Freight revenue per carload (in dollars)	**$ 4,708**	$ 4,386	$ 4,186	$ 322	7	6	$ 200	5	3
Freight revenue per revenue ton-mile (in cents)	**6.19**	6.50	6.00	(0.31)	(5)	(5)	0.50	8	7

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Fertilizers and sulphur revenue was $290 million in 2020, an increase of $40 million, or 16%, from $250 million in 2019. This increase was primarily due to higher volumes of dry fertilizers, sulphur, and wet fertilizers, as well as the favourable impact of the change in FX. This increase was partially offset by decreased freight revenue per revenue ton-mile due to lower fuel surcharge revenue as a result of lower fuel prices. RTMs increased more than carloads due to moving lower volumes of wet and dry fertilizers within Alberta, which has a shorter length of haul.

Fertilizers and sulphur revenue was $250 million in 2019, an increase of $7 million, or 3%, from $243 million in 2018. This increase was primarily due to higher freight revenue per revenue ton-mile, the favourable impact of the change in FX, and higher volumes of wet fertilizer. This increase was partially offset by lower volumes of sulphur and dry fertilizer. Freight revenue per revenue ton-mile increased due to higher freight rates. RTMs decreased more than carloads due to moving proportionately less wet fertilizer to the U.S. Midwest, which has a longer length of haul.

Forest Products

				2020 vs. 2019			2019 vs. 2018		
For the year ended December 31	**2020**	2019	2018	Total Change	% Change	FX Adjusted % Change[1]	Total Change	% Change	FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 328**	$ 304	$ 284	$ 24	8	7	$ 20	7	5
Carloads (in thousands)	**71.6**	71.5	68.6	0.1	—	N/A	2.9	4	N/A
Revenue ton-miles (in millions)	**5,491**	4,974	4,763	517	10	N/A	211	4	N/A
Freight revenue per carload (in dollars)	**$ 4,581**	$ 4,252	$ 4,139	$ 329	8	7	$ 113	3	1
Freight revenue per revenue ton-mile (in cents)	**5.97**	6.11	5.96	(0.14)	(2)	(3)	0.15	3	1

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forest products revenue was $328 million in 2020, an increase of $24 million, or 8%, from $304 million in 2019. This increase was primarily due to higher volumes of lumber and wood pulp, higher freight rates, and the favourable impact of the change in FX. This increase was partially offset by decreased freight revenue per revenue ton-mile due to lower fuel surcharge revenue as a result of lower fuel prices. RTMs increased more than carloads due to moving higher volumes of panel products and wood pulp from Canada to the U.S., which has a longer length of haul.

Forest products revenue was $304 million in 2019, an increase of $20 million, or 7%, from $284 million in 2018. This increase was primarily due to higher volumes of wood pulp, newsprint, and lumber, increased freight revenue per revenue ton-mile, and the favourable impact of the change in FX. Freight revenue per revenue ton-mile increased due to higher freight rates.

Energy, Chemicals and Plastics

				2020 vs. 2019			2019 vs. 2018		
For the year ended December 31	**2020**	2019	2018	Total Change	% Change	FX Adjusted % Change[1]	Total Change	% Change	FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 1,519**	$ 1,534	$ 1,243	$ (15)	(1)	(1)	$ 291	23	22
Carloads (in thousands)	**308.8**	358.1	334.6	(49.3)	(14)	N/A	23.5	7	N/A
Revenue ton-miles (in millions)	**24,172**	29,356	27,830	(5,184)	(18)	N/A	1,526	5	N/A
Freight revenue per carload (in dollars)	**$ 4,919**	$ 4,284	$ 3,715	$ 635	15	15	$ 569	15	14
Freight revenue per revenue ton-mile (in cents)	**6.28**	5.23	4.47	1.05	20	20	0.76	17	15

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Energy, chemicals and plastics revenue was $1,519 million in 2020, a decrease of $15 million, or 1%, from $1,534 million in 2019. This decrease was primarily due to lower volumes of crude, liquefied petroleum gas ("LPG"), and biofuels as a result of the COVID-19 pandemic and lower fuel surcharge revenue as a result of lower fuel prices. The decrease was partially offset by increased freight revenue per revenue ton-mile and higher volumes of plastics. Freight revenue per revenue ton-mile increased primarily due to higher liquidated damages, including customer volume commitments, and higher freight rates. RTMs decreased more than carloads due to moving lower volumes of crude, which has a longer length of haul.

Energy, chemicals and plastics revenue was $1,534 million in 2019, an increase of $291 million, or 23%, from $1,243 million in 2018. This increase was primarily due to increased freight revenue per revenue ton-mile, higher volumes of crude, LPG, fuel oil, and other refined products, and the favourable impact of the change in FX. Freight revenue per revenue ton-mile increased primarily due to liquidated damages, including customer volume commitments, and higher freight rates. Carloads increased more than RTMs due to moving proportionately less long haul crude to Kansas City, Missouri, and proportionately more short haul crude to Chicago, Illinois and Noyes, Minnesota.

Metals, Minerals and Consumer Products

				2020 vs. 2019			2019 vs. 2018		
For the year ended December 31	**2020**	2019	2018	Total Change	% Change	FX Adjusted % Change[1]	Total Change	% Change	FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 629**	$ 752	$ 797	$ (123)	(16)	(17)	$ (45)	(6)	(8)
Carloads (in thousands)	**207.3**	234.3	252.2	(27.0)	(12)	N/A	(17.9)	(7)	N/A
Revenue ton-miles (in millions)	**9,325**	10,684	11,858	(1,359)	(13)	N/A	(1,174)	(10)	N/A
Freight revenue per carload (in dollars)	**$ 3,034**	$ 3,210	$ 3,161	$ (176)	(5)	(6)	$ 49	2	—
Freight revenue per revenue ton-mile (in cents)	**6.75**	7.04	6.72	(0.29)	(4)	(5)	0.32	5	3

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Metals, minerals and consumer products revenue was $629 million in 2020, a decrease of $123 million, or 16%, from $752 million in 2019. This decrease was primarily due to moving lower volumes of frac sand as a result of the COVID-19 pandemic and decreased freight revenue per revenue ton-mile. This decrease was partially offset by the favourable impact of the change in FX. Freight revenue per revenue ton-mile decreased due to lower fuel surcharge revenue as a result of lower fuel prices.

Metals, minerals and consumer products revenue was $752 million in 2019, a decrease of $45 million, or 6%, from $797 million in 2018. This decrease was primarily due to lower volumes of frac sand and steel. This decrease was partially offset by increased freight revenue per revenue ton-mile, and the favourable impact of the change in FX. Freight revenue per revenue ton-mile increased due to higher freight rates. Carloads decreased less than RTMs due to increased volumes of short haul metallic ore.

Automotive

For the year ended December 31	2020	2019	2018	2020 vs. 2019 Total Change	2020 vs. 2019 % Change	2020 vs. 2019 FX Adjusted % Change[1]	2019 vs. 2018 Total Change	2019 vs. 2018 % Change	2019 vs. 2018 FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 324**	$ 352	$ 322	$ (28)	(8)	(9)	$ 30	9	7
Carloads (in thousands)	**106.1**	114.4	108.3	(8.3)	(7)	N/A	6.1	6	N/A
Revenue ton-miles (in millions)	**1,321**	1,427	1,347	(106)	(7)	N/A	80	6	N/A
Freight revenue per carload (in dollars)	**$ 3,054**	$ 3,077	$ 2,975	$ (23)	(1)	(2)	$ 102	3	1
Freight revenue per revenue ton-mile (in cents)	**24.53**	24.67	23.92	(0.14)	(1)	(1)	0.75	3	1

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Automotive revenue was $324 million in 2020, a decrease of $28 million, or 8%, from $352 million in 2019. This decrease was primarily due to lower volumes caused by manufacturing plant shutdowns in the second quarter of 2020 across North America as a result of the COVID-19 pandemic, and decreased freight revenue per revenue-ton mile. Freight revenue per revenue ton-mile decreased due to lower fuel surcharge revenue as a result of lower fuel prices. This decrease was partially offset by the onboarding of customers moving to and from Vancouver, higher freight rates, and the favourable impact of the change in FX.

Automotive revenue was $352 million in 2019, an increase of $30 million, or 9% from $322 million in 2018. This increase was primarily due to higher volumes from Vancouver to eastern Canada, higher volumes from the U.S. to CP's new Vancouver Automotive Compound, increased freight revenue per revenue ton-mile, and the favourable impact of the change in FX. Freight revenue per revenue ton-mile increased due to higher freight rates.

Intermodal

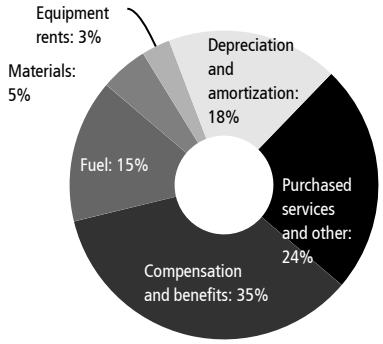
For the year ended December 31	2020	2019	2018	2020 vs. 2019 Total Change	2020 vs. 2019 % Change	2020 vs. 2019 FX Adjusted % Change[1]	2019 vs. 2018 Total Change	2019 vs. 2018 % Change	2019 vs. 2018 FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 1,563**	$ 1,593	$ 1,538	$ (30)	(2)	(2)	$ 55	4	3
Carloads (in thousands)	**1,049.6**	1,046.1	1,025.9	3.5	—	N/A	20.2	2	N/A
Revenue ton-miles (in millions)	**27,858**	28,033	26,688	(175)	(1)	N/A	1,345	5	N/A
Freight revenue per carload (in dollars)	**$ 1,489**	$ 1,523	$ 1,499	$ (34)	(2)	(2)	$ 24	2	1
Freight revenue per revenue ton-mile (in cents)	**5.61**	5.68	5.76	(0.07)	(1)	(2)	(0.08)	(1)	(2)

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

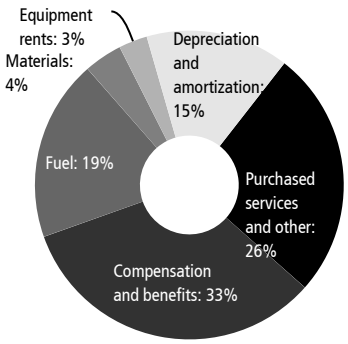
Intermodal revenue was $1,563 million in 2020, a decrease of $30 million, or 2%, from $1,593 million in 2019. This decrease was primarily due to decreased freight revenue per revenue ton-mile and lower volumes of international intermodal driven by the completion of a customer contract. This decrease was partially offset by the onboarding of a new international intermodal customer, higher freight rates, and the favourable impact of the change in FX. Freight revenue per revenue ton-mile decreased due to lower fuel surcharge revenues as a result of lower fuel prices.

Intermodal revenue was $1,593 million in 2019, an increase of $55 million, or 4%, from $1,538 million in 2018. This increase was primarily due to higher international volumes through the Port of Vancouver, the onboarding of a new domestic retail customer, and the favourable impact of the change in FX. This increase was partially offset by a decrease in freight revenue per revenue ton-mile. RTMs increased more than carloads due to discontinuing expressway service in the second quarter of 2018, which had a shorter length of haul. Freight revenue per revenue ton-mile decreased due to lower fuel surcharge revenue as a result of lower fuel prices.

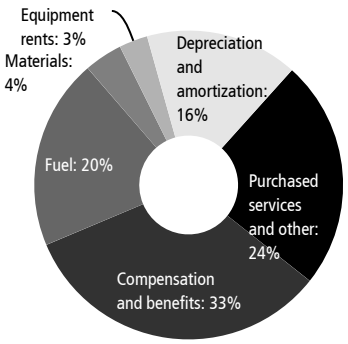
Operating Expenses



2020 Operating Expenses



2019 Operating Expenses



2018 Operating Expenses

For the year ended December 31 (in millions of Canadian dollars)	2020	2019	2018	2020 vs. 2019 Total Change	2020 vs. 2019 % Change	2020 vs. 2019 FX Adjusted % Change[1]	2019 vs. 2018 Total Change	2019 vs. 2018 % Change	2019 vs. 2018 FX Adjusted % Change[1]
Compensation and benefits	**$ 1,560**	$ 1,540	$ 1,468	$ 20	1	1	$ 72	5	4
Fuel	**652**	882	918	(230)	(26)	(27)	(36)	(4)	(6)
Materials	**216**	210	201	6	3	3	9	4	4
Equipment rents	**142**	137	130	5	4	2	7	5	3
Depreciation and amortization	**779**	706	696	73	10	10	10	1	1
Purchased services and other	**1,050**	1,193	1,072	(143)	(12)	(12)	121	11	10
Total operating expenses	**$ 4,399**	$ 4,668	$ 4,485	$ (269)	(6)	(6)	$ 183	4	3

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Operating expenses were $4,399 million in 2020, a decrease of $269 million, or 6%, from $4,668 million in 2019. This decrease was primarily due to:

- the favourable impact of $195 million from lower fuel prices;
- efficiencies generated from improved operating performance and asset utilization;
- a gain of $68 million as a result of the remeasurement to fair value of the previously held equity investment in DRTP;
- reduced variable expenses from lower volumes;
- the impact of harsher winter operating conditions in 2019; and
- lower casualty costs incurred in 2020.

This decrease was partially offset by:

- higher depreciation and amortization of $71 million (excluding FX);
- cost inflation;
- higher stock-based compensation of $37 million primarily driven by an increase in stock price; and
- the unfavourable impact of the change in FX of $23 million.

Operating expenses were $4,668 million in 2019, an increase of $183 million, or 4%, from $4,485 million in 2018. This increase was primarily due to:

- increased operating expense associated with higher casualty costs incurred in 2019 of $76 million (excluding FX);
- higher stock-based compensation of $58 million primarily driven by an increase in stock price;
- cost inflation;
- the unfavourable impact of the change in FX of $48 million;
- increased weather related costs as a result of harsh winter operating conditions in the first quarter of 2019; and
- increased variable expenses from higher volumes.

This increase was partially offset by the favourable impact from changes in fuel prices of $77 million and the efficiencies generated from improved operating performance and asset utilization.

Compensation and Benefits

Compensation and benefits expense includes employee wages, salaries, fringe benefits, and stock-based compensation. Compensation and benefits expense was $1,560 million in 2020, an increase of $20 million, or 1%, from $1,540 million in 2019. This increase was primarily due to:

- the impact of wage and benefit inflation;
- increased stock-based compensation of $37 million primarily driven by the impact of changes in share price;
- higher defined benefit ("DB") pension and post-retirement benefits current service cost of $33 million;
- a bonus paid to frontline employees of $17 million; and
- unfavourable impact of the change in FX of $5 million.

This increase was partially offset by:

- labour efficiencies generated from improved operating performance and asset utilization;
- reduced training costs;
- lower volume variable expense as a result of decreased workload as measured by GTMs; and
- the impact of weather related costs as a result of harsh winter operating conditions in the first quarter of 2019.

Compensation and benefits expense was $1,540 million in 2019, an increase of $72 million, or 5% from $1,468 million in 2018. This increase was primarily due to:

- higher stock-based compensation of $58 million primarily driven by an increase in stock price;
- the impact of wage and benefit inflation;
- the impact of harsher winter operating conditions driven by operational inefficiencies and increased track labour and overtime;
- the unfavourable impact of the change in FX of $11 million; and
- higher volume variable expenses as a result of an increase in workload as measured by GTMs.

This increase was partially offset by:

- lower incentive compensation;
- lower DB pension and post-retirement benefits current service costs of $14 million; and
- labour efficiencies.

Fuel

Fuel expense consists mainly of fuel used by locomotives and includes provincial, state, and federal fuel taxes. Fuel expense was $652 million in 2020, a decrease of $230 million, or 26%, from $882 million in 2019. This decrease was primarily due to:

- the favourable impact of lower fuel prices of $195 million;
- a decrease in workload, as measured by GTMs; and
- an improvement in fuel efficiency of 1% from improved winter operating conditions in the first quarter of 2020.

This decrease was partially offset by the unfavourable impact of the change in FX of $8 million.

Fuel expense was $882 million in 2019, a decrease of $36 million, or 4%, from $918 million in 2018. This decrease was primarily due to the favourable impact from lower fuel prices of $77 million.

This decrease was partially offset by an increase in workload, as measured by GTMs, and the unfavourable impact of the change in FX of $18 million.

Materials

Materials expense includes the cost of material used for maintenance of track, locomotives, freight cars, and buildings as well as software sustainment. Materials expense was $216 million in 2020, an increase of $6 million, or 3%, from $210 million in 2019. This increase was primarily due to higher spending on locomotive maintenance and overhauls, and track maintenance.

Materials expense was $210 million in 2019, an increase of $9 million, or 4%, from $201 million in 2018. This increase was primarily due to higher locomotive maintenance and higher non-locomotive fuel costs.

Equipment Rents

Equipment rents expense includes the cost associated with using other companies' freight cars, intermodal equipment, and locomotives, net of rental income received from other railways for the use of CP's equipment. Equipment rents expense was $142 million in 2020, an increase of $5 million, or 4%, from $137 million in 2019. This increase was primarily due to lower receipts for CP freight cars used by other railways and the unfavourable impact of the change in FX of $2 million, partially offset by lower usage of pooled freight cars as a result of lower volumes.

Equipment rents expense was $137 million in 2019, an increase of $7 million, or 5%, from $130 million in 2018. This increase was primarily due to greater usage of pooled freight cars and the unfavourable impact of the change in FX of $3 million.

Depreciation and Amortization

Depreciation and amortization expense represents the charge associated with the use of track and roadway, buildings, rolling stock, information systems, and other depreciable assets. Depreciation and amortization expense was $779 million for 2020, an increase of $73 million, or 10%, from $706 million in 2019. This increase was primarily due to:

- a higher asset base, as a result of the capital program spending in 2020;
- the impact of depreciation studies and other adjustments made in 2019; and
- the unfavourable impact of the change in FX of $2 million.

Depreciation and amortization expense was $706 million for 2019, an increase of $10 million, or 1%, from $696 million in 2018. This increase was primarily due to a higher asset base, as a result of the capital program spending in 2019, and the unfavourable impact of the change in FX of $4 million, partially offset by the impact of depreciation studies and other adjustments.

Purchased Services and Other

For the year ended December 31 (in millions of Canadian dollars)	2020	2019	2018	2020 vs. 2019 Total Change	2020 vs. 2019 % Change	2019 vs. 2018 Total Change	2019 vs. 2018 % Change
Support and facilities	**$ 271**	$ 278	$ 264	$ (7)	(3)	$ 14	5
Track and operations	**282**	278	268	4	1	10	4
Intermodal	**209**	222	221	(13)	(6)	1	—
Equipment	**113**	125	143	(12)	(10)	(18)	(13)
Casualty	**116**	149	73	(33)	(22)	76	104
Property taxes	**126**	133	124	(7)	(5)	9	7
Other	**(57)**	29	20	(86)	(297)	9	45
Land sales	**(10)**	(21)	(41)	11	(52)	20	(49)
Total Purchased services and other	**$ 1,050**	$ 1,193	$ 1,072	$ (143)	(12)	$ 121	11

Purchased services and other expense encompasses a wide range of third-party costs, including contractor and consulting fees, locomotive and freight car repairs performed by third parties, property and other taxes, intermodal pickup and delivery services, casualty expense, expenses for joint facilities, and gains on land sales. Purchased services and other expense was $1,050 million in 2020, a decrease of $143 million, or 12%, from $1,193 million in 2019. This decrease was primarily due to:

- a gain of $68 million as a result of the remeasurement to fair value of the previously held equity investment in DRTP, reported in Other.
- lower expenses primarily due to reduced number and severity of casualty incidents, reported in Casualty;
- reduced business travel and event cost due to COVID-19, reported in primarily Support and facilities and Track and operations;
- a decrease in charges associated with contingencies of $10 million, reported in Other; and
- reduced variable expenses from lower volumes, reported in Intermodal and Equipment.

This decrease was partially offset by lower gains on land sales of $11 million in 2020, reported in Land sales and the unfavourable impact of the change in FX of $6 million.

Purchased services and other expense was $1,193 million in 2019, an increase of $121 million, or 11%, from $1,072 million in 2018. This increase was primarily due to:

- an increase in number and severity of casualty incidents of $73 million (excluding FX), which were the result of difficult operating conditions due to weather in the first half of 2019, reported in Casualty;
- lower gains on land sales of $20 million mainly as a result of the sale of the Bass Lake railway line in 2018;
- the unfavourable impact of the change in FX of $11 million;
- an increase in legal fees, reported in Support and facilities;

- higher snow removal and other weather related costs; and
- higher property taxes due to higher tax rates.

This increase was partially offset by:
- a decrease in charges associated with contingencies of $10 million, reported in Other;
- a decrease in costs for locomotive warranty service agreements due to the insourcing of maintenance of certain locomotives in the company's fleet, reported in Equipment; and
- costs related to labour disruptions in the second quarter of 2018, reported in Track and operations.

Other Income Statement Items

Other (Income) Expense

Other (income) expense consists of gains and losses from the change in FX on debt and lease liabilities and working capital, costs related to financing, shareholder costs, equity income, and other non-operating expenditures. Other income was $7 million in 2020, a decrease of $82 million, or 92%, from $89 million in the same period of 2019. This decrease was primarily due to a lower FX translation gain on U.S. dollar-denominated debt and lease liabilities of $80 million.

Other income was $89 million in 2019, a change of $263 million, or 151%, compared to an expense of $174 million in 2018. This change was primarily due to an FX translation gain on U.S. dollar-denominated debt and lease liabilities of $94 million, compared to an FX translation loss on U.S. dollar-denominated debt of $168 million in 2018.

FX translation gains and losses on debt and lease liabilities are discussed further in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Other Components of Net Periodic Benefit Recovery

Other components of net periodic benefit recovery were $342 million in 2020, a decrease of $39 million, or 10%, from $381 million in 2019. This decrease was primarily due to an increase in the recognized net actuarial loss resulting from a reduction in discount rate.

Other components of net periodic benefit recovery were $381 million in 2019, a decrease of $3 million or 1%, from $384 million in 2018. This decrease was primarily due to higher interest cost on the benefit obligation.

Net Interest Expense

Net interest expense includes interest on long-term debt and finance leases. Net interest expense was $458 million in 2020, an increase of $10 million, or 2%, from $448 million in 2019. This increase was primarily due to the unfavourable impacts of an increase in debt levels of $34 million and the change in FX of $4 million. This increase was partially offset by a reduction in interest related to long-term debt of $29 million as the result of a lower effective interest rate following the Company's debt refinancing completed in 2019 and 2020.

Net interest expense was $448 million in 2019, a decrease of $5 million, or 1%, from $453 million in 2018. This was primarily due to a net reduction in interest related to long-term debt of $21 million as the result of a lower effective interest rate following the Company's debt refinancing completed in 2018 and 2019, partially offset by the unfavourable impact of the change in FX of $10 million and an increase in commercial paper interest of $6 million.

Income Tax Expense

Income tax expense was $758 million in 2020, an increase of $52 million, or 7%, from $706 million in 2019. The increase was primarily due to higher taxable earnings and lower net income tax recoveries in 2020. In 2020, a tax filing election lowered the North Dakota rate resulting in net income tax recoveries of $29 million compared to 2019 when net income tax recoveries were $88 million as a result of an Alberta corporate tax rate decrease, partially offset by a 2019 tax expense for an unrecognized tax benefit of $24 million.

Income tax expense was $706 million in 2019, an increase of $69 million, or 11%, from $637 million in 2018. The increase was due to:
- higher taxable earnings;
- an increase in unrecognized tax benefits of $24 million; and
- net income tax recoveries in 2018 of $21 million as a result of the Iowa and Missouri corporate tax rate decreases.

This increase was partially offset by net income tax recoveries in 2019 of $88 million as a result of an Alberta corporate tax rate decrease.

The effective income tax rate for 2020 was 23.66% on reported income and 24.61% on Adjusted income. The effective income tax rate for 2019 was 22.43% on reported income and 24.96% on Adjusted income. The effective income tax rate for 2018 was 24.64% on reported income and 24.55% on

Adjusted income. Adjusted income is a Non-GAAP measure, which is discussed further in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company expects a 2021 effective tax rate of 24.60%. The Company's 2021 outlook for its effective tax rate is based on certain assumptions about events and developments that may or may not materialize, or that may be offset entirely or partially by new events and developments. These assumptions are discussed further in Item 1A. Risk Factors.

Liquidity and Capital Resources

The Company believes adequate amounts of Cash and cash equivalents are available in the normal course of business to provide for ongoing operations, including the obligations identified in the tables in Contractual Commitments of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. The Company is not aware of any trends or expected fluctuations in the Company's liquidity that would create any deficiencies. The Company's primary sources of liquidity include its Cash and cash equivalents, its commercial paper program, its bilateral letter of credit facilities, and its revolving credit facility.

As at December 31, 2020, the Company had $147 million of Cash and cash equivalents compared to $133 million at December 31, 2019.

As at December 31, 2020, the Company's revolving credit facility was undrawn (December 31, 2019 – undrawn), from a total available amount of U.S. $1.3 billion. The agreement requires the Company to maintain a financial covenant in conjunction with the facility. As at December 31, 2020, the Company was in compliance with all terms and conditions of the credit facility arrangements and satisfied the financial covenant.

The Company has a commercial paper program that enables it to issue commercial paper up to a maximum aggregate principal amount of U.S. $1.0 billion in the form of unsecured promissory notes. This commercial paper program is backed by the revolving credit facility. As at December 31, 2020, total commercial paper borrowings were U.S. $644 million (December 31, 2019 – $397 million).

As at December 31, 2020, under its bilateral letter of credit facilities, the Company had letters of credit drawn of $59 million from a total available amount of $300 million (December 31, 2019 - $80 million). Under the bilateral letter of credit facilities, the Company has the option to post collateral in the form of Cash or cash equivalents, equal at least to the face value of the letter of credit issued. As at December 31, 2020, the Company did not have any collateral posted on its bilateral letter of credit facilities (December 31, 2019 – $nil).

The following discussion of operating, investing, and financing activities describes the Company's indicators of liquidity and capital resources.

Operating Activities

Cash provided by operating activities was $2,802 million in 2020, a decrease of $188 million, or 6%, compared to $2,990 million in 2019. This decrease was primarily due to lower receipts from customers in advance of performing services, compared to 2019.

Cash provided by operating activities was $2,990 million in 2019, an increase of $278 million, or 10%, compared to $2,712 million in 2018. This increase was primarily due to advance receipts of consideration for service under freight contracts as well as higher cash generating income, compared to 2018.

Investing Activities

Cash used in investing activities was $2,030 million in 2020, an increase of $227 million, or 13%, from $1,803 million in 2019. This increase was primarily due to the acquisition of DRTP in 2020, compared to the acquisition of CMQ in 2019.

Cash used in investing activities was $1,803 million in 2019, an increase of $345 million, or 24%, from $1,458 million in 2018. This increase was primarily due to:

- the acquisition of CMQ;
- higher additions to properties; and
- lower proceeds from the sale of properties and other assets.

Capital Programs

For the year ended December 31 (in millions of Canadian dollars, except for track miles and crossties)	2020	2019	2018
Additions to capital			
Track and roadway	**$ 1,161**	$ 1,004	$ 965
Rolling stock [1]	**253**	393	318
Information systems software [2]	**45**	55	53
Buildings [3]	**103**	58	54
Other [3]	**126**	154	184
Total – accrued additions to capital	**1,688**	1,664	1,574
Less:			
Non-cash transactions	**17**	17	23
Cash invested in additions to properties (per Consolidated Statements of Cash Flows)	**$ 1,671**	$ 1,647	$ 1,551
Track installation capital programs			
Track miles of rail laid (miles)	**301**	246	281
Track miles of rail capacity expansion (miles)	**28**	11	4
Crossties installed (thousands)	**1,417**	1,122	1,015

[1] Previously reported as Rolling Stock and containers. Containers of approximately $3 million in 2020 (2019 - $33 million; 2018 - $83 million) included in Other.
[2] Previously reported as Information Systems including hardware and software. Hardware of approximately $17 million in 2020 (2019 - $15 million; 2018 - $33 million) included in Other.
[3] Previously reported as Buildings and other, now separated.

Track and roadway expenditures include the replacement and enhancement of the Company's track infrastructure. Of the $1,161 million additions in 2020 (2019 – $1,004 million), approximately $1,008 million (2019 – $918 million) was invested in the renewal of depleted assets, namely rail, ties, ballast, signals, and bridges. Approximately $25 million (2019 – $27 million) was spent on PTC compliance requirements and $128 million (2019 – $59 million) was invested in network improvements and growth initiatives.

Rolling stock investments encompass locomotives and railcars. In 2020, expenditures on locomotives were approximately $126 million (2019 – $174 million) and were focused on the continued re-investment in CP's existing locomotive fleet. Railcar investment of approximately $127 million (2019 – $219 million) was largely focused on renewal of depleted assets, including the acquisition of covered hoppers for grain transportation.

In 2020, CP invested approximately $45 million (2019 – $55 million) in information systems software primarily focused on rationalizing and enhancing business systems and providing real-time data. Investments in buildings were approximately $103 million (2019 - $58 million) included items such as facility upgrades, renovations and shop equipment. Other items were $126 million (2019 – $154 million) and included investments in modernizing core information systems hardware, containers, and vehicles.

For 2021, CP expects to invest approximately $1.55 billion in its capital programs, which will be financed with cash generated from operations. Approximately 60% to 65% of the planned capital programs is for track and roadway. Approximately 20% is expected to be allocated to rolling stock, including railcars and locomotive improvements. Approximately 5% is expected to be allocated to information services, and 10% to 15% is expected to be allocated to buildings and other.

Free Cash

CP generated positive Free cash of $1,157 million in 2020, a decrease of $200 million, or 15%, from $1,357 million in 2019. This decrease was primarily due to a decrease in cash provided by operating activities.

CP generated positive Free cash of $1,357 million in 2019, an increase of $68 million, or 5%, from $1,289 million in 2018. This increase was primarily due to an increase in cash provided by operating activities, partially offset by higher additions to properties and lower proceeds from the sale of properties and other assets during 2019.

Free cash is affected by seasonal fluctuations and by other factors including the size of the Company's capital programs. The 2020 capital programs are discussed above. Free cash is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Financing Activities

Cash used in financing activities was $764 million in 2020, a decrease of $347 million, or 31%, from $1,111 million in 2019. This decrease was primarily due to the issuances of U.S. $500 million 2.050% notes due March 5, 2030 and $300 million 3.050% notes due March 9, 2050 in 2020, compared to the issuance of $400 million 3.150% notes due March 13, 2029 in 2019, as well as the principal repayment of U.S. $350 million of the Company's 7.250% notes at maturity in May 2019. This was partially offset by higher payments to buy back shares under the Company's share repurchase program, lower net issuances of commercial paper during 2020, and higher dividends paid during 2020.

Cash used in financing activities was $1,111 million in 2019, a decrease of $431 million, or 28%, from $1,542 million in 2018. This decrease was primarily due to the net issuance of commercial paper in 2019 and a lower principal repayment of U.S. $350 million of the Company's 7.250% notes maturing May 2019, compared to the principal repayments in 2018 of U.S. $275 million of the Company's 6.500% notes maturing May 2018 and $375 million of the Company's 6.250% medium term notes maturing June 2018. This was partially offset by the issuance of $400 million 3.150% notes due March 13, 2029 in 2019 compared to the issuance of U.S. $500 million 4.000% notes due June 1, 2028 in 2018, and higher dividends paid during 2019.

Credit Measures

Credit ratings provide information relating to the Company's operations and liquidity, and affect the Company's ability to obtain short-term and long-term financing and/or the cost of such financing.

A mid-investment grade credit rating is an important measure in assessing the Company's ability to maintain access to public financing and to minimize the cost of capital. It also affects the ability of the Company to engage in certain collateralized business activities on a cost-effective basis.

Credit ratings and outlooks are based on the rating agencies' methodologies and can change from time to time to reflect their views of CP. Their views are affected by numerous factors including, but not limited to, the Company's financial position and liquidity along with external factors beyond the Company's control.

As at December 31, 2020, CP's credit ratings from Standard & Poor's Rating Services ("Standard & Poor's") and Moody's Investor Service ("Moody's") remain unchanged from December 31, 2019.

Credit ratings as at December 31, 2020[1]

Long-term debt			Outlook
Standard & Poor's			
	Long-term corporate credit	**BBB+**	stable
	Senior secured debt	**A**	stable
	Senior unsecured debt	**BBB+**	stable
Moody's			
	Senior unsecured debt	**Baa1**	stable
Commercial paper program			
Standard & Poor's		**A-2**	N/A
Moody's		**P-2**	N/A

[1] Credit ratings are not recommendations to purchase, hold, or sell securities and do not address the market price or suitability of a specific security for a particular investor. Credit ratings are based on the rating agencies' methodologies and may be subject to revision or withdrawal at any time by the rating agencies.

Financial Ratios

The Long-term debt to Net income ratio was 4.0 in 2020, compared with 3.6 in 2019 and 4.5 in 2018. The increase in the ratio from 2019 to 2020 was primarily due to higher debt. The decrease in the ratio from 2018 to 2019 was due to higher Net income, partially offset by higher debt.

The Adjusted net debt to Adjusted earnings before interest, tax, depreciation, and amortization ("EBITDA") ratio was 2.5 in 2020, compared with 2.4 in 2019 and 2.6 in 2018. The increase in the ratio from 2019 to 2020 was primarily due to a higher debt balance, partially offset by an increase in Adjusted EBITDA. The decrease from 2018 to 2019 was primarily due to an increase in Adjusted EBITDA. Adjusted net debt to Adjusted EBITDA ratio is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. Over the long term, CP targets an Adjusted net debt to Adjusted EBITDA ratio of 2.0 to 2.5.

Although CP has provided a target Non-GAAP measure (Adjusted net debt to Adjusted EBITDA ratio), management is unable to reconcile, without unreasonable efforts, the target Adjusted net debt to Adjusted EBITDA ratio to the most comparable GAAP measure (Long-term debt to Net income ratio), due to unknown variables and uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value. In recent years, CP has recognized changes in income tax rates and a change to an uncertain tax item. These or other similar, large unforeseen transactions affect Net income but may be excluded from CP's Adjusted EBITDA. Additionally, the U.S.-to-Canada dollar exchange rate is unpredictable and can have a significant impact on CP's reported results but may be excluded from CP's Adjusted EBITDA. In particular, CP excludes the FX impact of translating the Company's debt and lease liabilities, interest and taxes from Adjusted EBITDA. Please see Forward-Looking Statements in this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion.

Dividend Payout Ratio

The dividend payout ratio was 19.8% in 2020, compared with 17.9% in 2019 and 18.5% in 2018. The increase in the ratio from 2019 to 2020 was due to higher dividends declared per share, partially offset by higher diluted EPS. The decrease in the ratio from 2018 to 2019 was due to higher diluted EPS, partially offset by higher dividends declared per share.

The Adjusted dividend payout ratio was 20.1% in 2020, compared with 19.1% in 2019 and 17.3% in 2018. These increases were due to higher dividends declared per share, partially offset by higher Adjusted diluted EPS. Adjusted dividend payout ratio is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. Over the long term, CP targets an Adjusted dividend payout ratio of 25.0% to 30.0%.

Although CP has provided a target Non-GAAP measure (Adjusted dividend payout ratio), management is unable to reconcile, without unreasonable efforts, the target Adjusted dividend payout ratio to the most comparable GAAP measure (Dividend payout ratio), due to unknown variables and uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value. In recent years, CP has recognized changes in income tax rates and a change to an uncertain tax item. These or other similar, large unforeseen transactions affect Diluted EPS but may be excluded from CP's Adjusted diluted EPS. Additionally, the U.S.-to-Canada dollar exchange rate is unpredictable and can have a significant impact on CP's reported results but may be excluded from CP's Adjusted diluted EPS. In particular, CP excludes the FX impact of translating the Company's debt and lease liabilities from Adjusted diluted EPS. Please see Forward-Looking Statements in this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion.

Supplemental Guarantor Financial Information

Canadian Pacific Railway Company ("CPRC"), a 100%-owned subsidiary of Canadian Pacific Railway Limited ("CPRL"), is the issuer of certain securities which are fully and unconditionally guaranteed by CPRL on an unsecured basis. The other subsidiaries of CPRC do not guarantee the securities and are referred to below as the "Non-Guarantor Subsidiaries". The following is a description of the terms and conditions of the guarantees with respect to securities for which CPRC is the issuer and CPRL provides a full and unconditional guarantee.

As of December 31, 2020, CPRC has $7,448 million principal amount of debt securities outstanding due through 2115, and $45 million in perpetual 4% consolidated debenture stock, for all of which CPRL is the guarantor.

CPRL fully and unconditionally guarantees the payment of the principal (and premium, if any) and interest on the debt securities and consolidated debenture stock issued by CPRC, any sinking fund or analogous payments payable with respect to such securities, and any additional amounts payable when they become due, whether at maturity or otherwise. The guarantee is CPRL's unsubordinated and unsecured obligation and ranks equally with all of CPRL's other unsecured, unsubordinated obligations.

CPRL will be released and relieved of its obligations under the guarantees after obligations to the holders are satisfied in accordance with the terms of the respective instruments.

Pursuant to Rule 13-01 of the SEC's Regulation S-X, the Company provides summarized financial and non-financial information of CPRC in lieu of providing separate financial statements of CPRC.

More information on the securities under this guarantee structure can be found in Exhibit 22.1 List of Issuers and Guarantor Subsidiaries of this annual report.

Summarized Financial Information

The following tables present summarized financial information for CPRC (Subsidiary Issuer) and CPRL (Parent Guarantor) on a combined basis after elimination of (i) intercompany transactions and balances among CPRC and CPRL; (ii) equity in earnings from and investments in the Non-Guarantor Subsidiaries; and (iii) intercompany dividend income.

Statements of Income

	CPRC (Subsidiary Issuer) and CPRL (Parent Guarantor)	
(in millions of Canadian dollars)	**For the year ended December 31, 2020**	For the year ended December 31, 2019
Total revenues	**$ 5,797**	$ 5,662
Total operating expenses	**3,263**	3,446
Operating Income [1]	**2,534**	2,216
Less: Other [2]	**127**	(13)
Income before income tax expense	**2,407**	2,229
Net Income	**$ 1,792**	$ 1,704

[1] Includes net lease costs incurred from non-guarantor subsidiaries for the year ended December 31, 2020 and 2019 of $435 million and $320 million, respectively.
[2] Includes Other income, Other components of net periodic benefit recovery, and Net interest expense.

Balance Sheets

	CPRC (Subsidiary Issuer) and CPRL (Parent Guarantor)	
(in millions of Canadian dollars)	**As at December 31, 2020**	As at December 31, 2019
Assets		
Current Assets	**$ 907**	$ 842
Properties	**10,865**	10,287
Other non-current assets	**1,151**	1,208
Liabilities		
Current liabilities	**$ 2,290**	$ 1,833
Long-term debt	**8,585**	8,145
Other non-current liabilities	**2,981**	2,711

Excluded from the Income Statements and Balance Sheets above are the following significant intercompany transactions and balances that CPRC and CPRL have with the Non-Guarantor Subsidiaries:

Cash Transactions with Non-Guarantor Subsidiaries

	CPRC (Subsidiary Issuer) and CPRL (Parent Guarantor)	
(in millions of Canadian dollars)	**For the year ended December 31, 2020**	For the year ended December 31, 2019
Dividend income from non-guarantor subsidiaries	**$ 163**	$ 158
Capital contributions to non-guarantor subsidiaries	**—**	(125)
Return of capital from non-guarantor subsidiaries	**198**	1,345

Balances with Non-Guarantor Subsidiaries

	CPRC (Subsidiary Issuer) and CPRL (Parent Guarantor)	
(in millions of Canadian dollars)	**As at December 31, 2020**	As at December 31, 2019
Assets		
Accounts Receivable, intercompany	**$ 327**	$ 318
Short-term advances to affiliates	**20**	14
Long-term advances to affiliates	**9**	7
Liabilities		
Accounts payable, intercompany	**$ 179**	$ 249
Short-term advances from affiliates	**3,658**	3,700
Long-term advances from affiliates	**82**	84

Share Capital

At February 17, 2021, the latest practicable date prior to the date of this Annual Report on Form 10-K, there were 133,297,236 Common Shares and no preferred shares issued and outstanding, which consists of 13,779 holders of record of the Common Shares. In addition, CP has a Management Stock Option Incentive Plan ("MSOIP"), under which key officers and employees are granted options to purchase the Common Shares. Each option granted can be exercised for one Common Share. At February 17, 2021, 1,521,584 options were outstanding under the MSOIP and stand-alone option agreements entered into with Mr. Keith Creel. There are 733,836 options available to be issued by the Company's MSOIP in the future. CP has a Director's Stock Option Plan ("DSOP"), under which directors are granted options to purchase Common Shares. There are no outstanding options under the DSOP, which has 340,000 options available to be issued in the future.

Non-GAAP Measures

The Company presents Non-GAAP measures to provide a basis for evaluating underlying earnings and liquidity trends in the Company's business that can be compared with the results of operations in prior periods. In addition, these Non-GAAP measures facilitate a multi-period assessment of long-term profitability, allowing management and other external users of the Company's consolidated financial information to compare profitability on a long-term basis, including assessing future profitability, with that of the Company's peers.

These Non-GAAP measures have no standardized meaning and are not defined by GAAP and, therefore, may not be comparable to similar measures presented by other companies. The presentation of these Non-GAAP measures is not intended to be considered in isolation from, as a substitute for, or as superior to the financial information presented in accordance with GAAP.

Non-GAAP Performance Measures

The Company uses adjusted earnings results including Adjusted income, Adjusted diluted earnings per share, Adjusted operating income, and Adjusted operating ratio to evaluate the Company's operating performance and for planning and forecasting future business operations and future profitability. These Non-GAAP measures are presented in Item 6. Selected Financial Data and discussed further in other sections of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. These Non-GAAP measures provide meaningful supplemental information regarding operating results because they exclude certain significant items that are not considered indicative of future financial trends either by nature or amount. As a result, these items are excluded for management assessment of operational performance, allocation of resources, and preparation of annual budgets. These significant items may include, but are not limited to, restructuring and asset impairment charges, individually significant gains and losses from sales of assets, the FX impact of translating the Company's debt and lease liabilities (including borrowings under the credit facility), discrete tax items, changes in income tax rates, changes to an uncertain tax item, and certain items outside the control of management. These items may not be non-recurring. However, excluding these significant items from GAAP results allows for a consistent understanding of the Company's consolidated financial performance when performing a multi-period assessment including assessing the likelihood of future results. Accordingly, these Non-GAAP financial measures may provide insight to investors and other external users of the Company's consolidated financial information.

In 2020, there were two significant items included in Net income as follows:

- in the fourth quarter, a deferred tax recovery of $29 million due to a change relating to a tax return filing election for the state of North Dakota that favourably impacted Diluted EPS by 22 cents; and
- during the course of the year, a net non-cash gain of $14 million ($12 million after deferred tax) due to FX translation of debt and lease liabilities that favourably impacted Diluted EPS by 9 cents as follows:
  - in the fourth quarter, a $103 million gain ($90 million after deferred tax) that favourably impacted Diluted EPS by 67 cents;

  - in the third quarter, a $40 million gain ($38 million after deferred tax) that favourably impacted Diluted EPS by 29 cents;
  - in the second quarter, an $86 million gain ($82 million after deferred tax) that favourably impacted Diluted EPS by 59 cents; and
  - in the first quarter, a $215 million loss ($198 million after deferred tax) that unfavourably impacted Diluted EPS by $1.44.

In 2019, there were three significant items included in Net income as follows:

- in the fourth quarter, a deferred tax expense of $24 million as a result of a provision for an uncertain tax item of a prior period that unfavourably impacted Diluted EPS by 17 cents;
- in the second quarter, a deferred tax recovery of $88 million due to the change in the Alberta provincial corporate income tax rate that favourably impacted Diluted EPS by 63 cents; and
- during the course of the year, a net non-cash gain of $94 million ($86 million after deferred tax) due to FX translation of debt and lease liabilities that favourably impacted Diluted EPS by 62 cents as follows:
  - in the fourth quarter, a $37 million gain ($32 million after deferred tax) that favourably impacted Diluted EPS by 22 cents;
  - in the third quarter, a $25 million loss ($22 million after deferred tax) that unfavourably impacted Diluted EPS by 15 cents;
  - in the second quarter, a $37 million gain ($34 million after deferred tax) that favourably impacted Diluted EPS by 24 cents; and
  - in the first quarter, a $45 million gain ($42 million after deferred tax) that favourably impacted Diluted EPS by 30 cents.

In 2018, there were two significant items included in Net income as follows:

- in the second quarter, a deferred tax recovery of $21 million due to reductions in the Missouri and Iowa state tax rates that favourably impacted Diluted EPS by 15 cents; and
- during the course of the year, a net non-cash loss of $168 million ($150 million after deferred tax) due to FX translation of debt that unfavourably impacted Diluted EPS by $1.05 as follows:
  - in the fourth quarter, a $113 million loss ($103 million after deferred tax) that unfavourably impacted Diluted EPS by 72 cents;
  - in the third quarter, a $38 million gain ($33 million after deferred tax) that favourably impacted Diluted EPS by 23 cents;
  - in the second quarter, a $44 million loss ($38 million after deferred tax) that unfavourably impacted Diluted EPS by 27 cents; and
  - in the first quarter, a $49 million loss ($42 million after deferred tax) that unfavourably impacted Diluted EPS by 29 cents.

In 2017, there were five significant items included in Net income as follows:

- in the second quarter, a charge on hedge roll and de-designation of $13 million ($10 million after deferred tax) that unfavourably impacted Diluted EPS by 7 cents;
- in the second quarter, an insurance recovery of a legal settlement of $10 million ($7 million after current tax) that favourably impacted Diluted EPS by 5 cents;
- in the first quarter, a management transition recovery of $51 million related to the retirement of Mr. E. Hunter Harrison as CEO of CP ($39 million after deferred tax) that favourably impacted Diluted EPS by 27 cents;
- during the course of the year, a net deferred tax recovery of $541 million as a result of changes in income tax rates as follows:
  - in the fourth quarter, a deferred tax recovery of $527 million, primarily due to the U.S. tax reform, that favourably impacted Diluted EPS by $3.63;
  - in the third quarter, a deferred tax expense of $3 million as a result of the change in the Illinois state corporate income tax rate change that unfavourably impacted Diluted EPS by 2 cents;
  - in the second quarter, a deferred tax recovery of $17 million as a result of the change in the Saskatchewan provincial corporate income tax rate that favourably impacted Diluted EPS by 12 cents; and
- during the course of the year, a net non-cash gain of $186 million ($162 million after deferred tax) due to FX translation of debt that favourably impacted Diluted EPS by $1.10 as follows:
  - in the fourth quarter, a $14 million loss ($12 million after deferred tax) that unfavourably impacted Diluted EPS by 8 cents;
  - in the third quarter, a $105 million gain ($91 million after deferred tax) that favourably impacted Diluted EPS by 62 cents;
  - in the second quarter, a $67 million gain ($59 million after deferred tax) that favourably impacted Diluted EPS by 40 cents; and
  - in the first quarter, a $28 million gain ($24 million after deferred tax) that favourably impacted Diluted EPS by 16 cents.

In 2016, there were two significant items included in Net income as follows:

- in the third quarter, a $25 million expense ($18 million after current tax) related to a legal settlement that unfavourably impacted Diluted EPS by 12 cents; and
- during the course of the year, a net non-cash gain of $79 million ($68 million after deferred tax) due to FX translation of debt that favourably impacted Diluted EPS by 46 cents as follows:
  - in the fourth quarter, a $74 million loss ($64 million after deferred tax) that unfavourably impacted Diluted EPS by 43 cents;
  - in the third quarter, a $46 million loss ($40 million after deferred tax) that unfavourably impacted Diluted EPS by 27 cents;
  - in the second quarter, an $18 million gain ($16 million after deferred tax) that favourably impacted Diluted EPS by 10 cents; and
  - in the first quarter, a $181 million gain ($156 million after deferred tax) that favourably impacted Diluted EPS by $1.01.

Reconciliation of GAAP Performance Measures to Non-GAAP Performance Measures

The following tables reconcile the most directly comparable measures presented in accordance with GAAP to the Non-GAAP measures presented in Item 6. Selected Financial Data and discussed further in other sections of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations:

Adjusted income is calculated as Net income reported on a GAAP basis adjusted for significant items.

	For the year ended December 31				
(in millions of Canadian dollars)	**2020**	2019	2018	2017	2016
Net income as reported	**$ 2,444**	$ 2,440	$ 1,951	$ 2,405	$ 1,599
Less significant items (pre-tax):					
Legal settlement charge	**—**	—	—	—	(25)
Insurance recovery of legal settlement	**—**	—	—	10	—
Charge on hedge roll and de-designation	**—**	—	—	(13)	—
Management transition recovery	**—**	—	—	51	—
Impact of FX translation gain (loss) on debt and lease liabilities	**14**	94	(168)	186	79
Add:					
Tax effect of adjustments[1]	**2**	8	(18)	36	4
Income tax rate changes	**(29)**	(88)	(21)	(541)	—
Provision for uncertain tax item	**—**	24	—	—	—
Adjusted income	**$ 2,403**	$ 2,290	$ 2,080	$ 1,666	$ 1,549

[1] The tax effect of adjustments was calculated as the pre-tax effect of the adjustments multiplied by the applicable tax rate for the above items of 13.58%, 8.55%, 10.64%, 15.27% and 7.17% for the years presented, respectively. The applicable tax rates reflect the taxable jurisdictions and nature, being on account of capital or income, of the significant items.

Adjusted diluted earnings per share is calculated using Adjusted income, as defined above, divided by the weighted-average diluted number of Common Shares outstanding during the period as determined in accordance with GAAP.

	For the year ended December 31				
	2020	2019	2018	2017	2016
Diluted earnings per share as reported	**$ 17.97**	$ 17.52	$ 13.61	$ 16.44	$ 10.63
Less significant items (pre-tax):					
Legal settlement charge	**—**	—	—	—	(0.17)
Insurance recovery of legal settlement	**—**	—	—	0.07	—
Charge on hedge roll and de-designation	**—**	—	—	(0.09)	—
Management transition recovery	**—**	—	—	0.35	—
Impact of FX translation gain (loss) on debt and lease liabilities	**0.10**	0.67	(1.17)	1.27	0.53
Add:					
Tax effect of adjustments[1]	**0.01**	0.05	(0.12)	0.25	0.02
Income tax rate changes	**(0.21)**	(0.63)	(0.15)	(3.70)	—
Provision for uncertain tax item	**—**	0.17	—	—	—
Adjusted diluted earnings per share	**$ 17.67**	$ 16.44	$ 14.51	$ 11.39	$ 10.29

[1] The tax effect of adjustments was calculated as the pre-tax effect of the adjustments multiplied by the applicable tax rate for the above items of 13.58%, 8.55%, 10.64%, 15.27% and 7.17% for the years presented, respectively. The applicable tax rates reflect the taxable jurisdictions and nature, being on account of capital or income, of the significant items.

Adjusted operating income is calculated as Operating income reported on a GAAP basis less significant items.

	For the year ended December 31				
(in millions of Canadian dollars)	**2020**	2019	2018	2017	2016
Operating income as reported	**$ 3,311**	$ 3,124	$ 2,831	$ 2,519	$ 2,411
Less significant item:					
Management transition recovery	**—**	—	—	51	—
Adjusted operating income	**$ 3,311**	$ 3,124	$ 2,831	$ 2,468	$ 2,411

Adjusted operating ratio excludes those significant items that are reported within Operating income.

	For the year ended December 31				
	2020	2019	2018	2017	2016
Operating ratio as reported	**57.1 %**	59.9 %	61.3 %	61.6 %	61.3 %
Less significant item:					
Management transition recovery	**—**	—	—	(0.8)	—
Adjusted operating ratio	**57.1 %**	59.9 %	61.3 %	62.4 %	61.3 %

Adjusted ROIC

Adjusted ROIC is calculated as Adjusted return divided by Adjusted average invested capital. Adjusted return is defined as Net income adjusted for interest expense, tax effected at the Company's adjusted annualized effective tax rate, and significant items in the Company's Consolidated Financial Statements, tax effected at the applicable tax rate. Adjusted average invested capital is defined as the sum of total Shareholders' equity, Long-term debt, and Long-term debt maturing within one year, as presented in the Company's Consolidated Financial Statements, each averaged between the beginning and ending balance over a rolling 12-month period, adjusted for the impact of significant items, tax effected at the applicable tax rate, on closing balances as part of this average. Adjusted ROIC excludes significant items reported in the Company's Consolidated Financial Statements, as these significant items are not considered indicative of future financial trends either by nature or amount, and excludes interest expense, net of tax, to incorporate returns on the Company's overall capitalization. Adjusted ROIC is a performance measure that measures how productively the Company uses its long-term capital investments, representing critical indicators of good operating and investment decisions made by management, and is an important performance criteria in determining certain elements of the Company's long-term incentive plan. Adjusted ROIC, which is reconciled below from Return on average shareholders' equity, the most comparable measure calculated in accordance with GAAP, is also presented in Item 6. Selected Financial Data and discussed further in Results of Operations of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Beginning in the first quarter of 2020, CP aligned the reconciliation sequence for Adjusted ROIC to start with Net income, with no change to the calculated Adjusted return.

Calculation of Return on average shareholders' equity

	For the year ended December 31				
(in millions of Canadian dollars, except for percentages)	**2020**	2019	2018	2017	2016
Net income as reported	**$ 2,444**	$ 2,440	$ 1,951	$ 2,405	$ 1,599
Average shareholders' equity	**$ 7,194**	$ 6,853	$ 6,537	$ 5,539	$ 4,711
Return on average shareholders' equity	**34.0%**	35.6%	29.8%	43.4%	33.9%

Reconciliation of Net Income to Adjusted Return

	For the year ended December 31				
(in millions of Canadian dollars)	**2020**	2019	2018	2017	2016
Net income as reported	**$ 2,444**	$ 2,440	$ 1,951	$ 2,405	$ 1,599
Add:					
Net interest expense	**458**	448	453	473	471
Tax on interest[1]	**(113)**	(112)	(112)	(126)	(124)
Significant items (pre-tax):					
Legal settlement charge	**—**	—	—	—	25
Insurance recovery of legal settlement	**—**	—	—	(10)	—
Charge on hedge roll and de-designation	**—**	—	—	13	—
Management transition recovery	**—**	—	—	(51)	—
Impact of FX translation (gain) loss on debt and lease liabilities	**(14)**	(94)	168	(186)	(79)
Tax on significant items[2]	**2**	8	(18)	36	4
Income tax rate changes	**(29)**	(88)	(21)	(541)	—
Provision for uncertain tax item	**—**	24	—	—	—
Adjusted return	**$ 2,748**	$ 2,626	$ 2,421	$ 2,013	$ 1,896

[1] Tax was calculated at the adjusted annualized effective tax rate of 24.61%, 24.96%, 24.55%, 26.42%, and 26.20% for each of the above items for the years presented, respectively.
[2] Tax was calculated as the pre-tax effect of the adjustments multiplied by the applicable tax rate of 13.58%, 8.55%, 10.64%, 15.27%, and 7.17% for each of the above items for the years presented, respectively. The applicable tax rates reflect the taxable jurisdictions and nature, being on account of capital or income, of the significant items.

Reconciliation of Average shareholders' equity to Adjusted average invested capital

	For the year ended December 31				
(in millions of Canadian dollars)	**2020**	2019	2018	2017	2016
Average shareholders' equity	**$ 7,194**	$ 6,853	$ 6,537	$ 5,539	$ 4,711
Average Long-term debt, including long-term debt maturing within one year	**9,264**	8,726	8,427	8,422	8,821
	$ 16,458	$ 15,579	$ 14,964	$ 13,961	$ 13,532
Less:					
Significant items (pre-tax):					
Legal settlement charge	**—**	—	—	—	(13)
Insurance recovery of legal settlement	**—**	—	—	5	—
Charge on hedge roll and de-designation	**—**	—	—	(7)	—
Management transition recovery	**—**	—	—	26	—
Tax on significant items[1]	**—**	—	—	(5)	4
Income tax rate changes	**15**	44	11	270	—
Provision for uncertain tax item	**—**	(12)	—	—	—
Adjusted average invested capital	**$ 16,443**	$ 15,547	$ 14,953	$ 13,672	$ 13,541

[1] Tax was calculated as the pre-tax effect of the adjustments multiplied by the applicable tax rate of 15.27% and 7.17% for 2017 and 2016, respectively. The applicable tax rates reflect the taxable jurisdictions and nature, being on account of capital or income, of the significant items.

Calculation of Adjusted ROIC

	For the year ended December 31				
(in millions of Canadian dollars, except for percentages)	**2020**	2019	2018	2017	2016
Adjusted return	**$ 2,748**	$ 2,626	$ 2,421	$ 2,013	$ 1,896
Adjusted average invested capital	**$ 16,443**	$ 15,547	$ 14,953	$ 13,672	$ 13,541
Adjusted ROIC	**16.7%**	16.9%	16.2%	14.7%	14.0%

Free Cash

Free cash is calculated as Cash provided by operating activities, less Cash used in investing activities, adjusted for changes in cash and cash equivalents balances resulting from FX fluctuations, and the acquisitions of CMQ and DRTP. Free cash is a measure that management considers to be a valuable indicator of liquidity. Free cash is useful to investors and other external users of the Company's Consolidated Financial Statements as it assists with the evaluation of the Company's ability to generate cash to satisfy debt obligations and discretionary activities such as dividends, share repurchase programs, and other strategic opportunities. The acquisitions of CMQ and DRTP are not indicative of investment trends and have also been excluded from Free cash. Free cash should be considered in addition to, rather than as a substitute for, Cash provided by operating activities. Free cash is presented in Item 6. Selected Financial Data and discussed further in Liquidity and Capital Resources of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Reconciliation of Cash Provided by Operating Activities to Free Cash

	For the year ended December 31				
(in millions of Canadian dollars)	**2020**	2019	2018	2017	2016
Cash provided by operating activities	**$ 2,802**	$ 2,990	$ 2,712	$ 2,182	$ 2,089
Cash used in investing activities	**(2,030)**	(1,803)	(1,458)	(1,295)	(1,069)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	**6**	(4)	11	(13)	(13)
Less:					
Settlement of forward starting swaps on debt issuance	**—**	—	(24)	—	—
Investment in Central Maine & Québec Railway	**19**	(174)	—	—	—
Investment in Detroit River Tunnel Partnership	**(398)**	—	—	—	—
Free cash	**$ 1,157**	$ 1,357	$ 1,289	$ 874	$ 1,007

Foreign Exchange Adjusted % Change

FX adjusted % change allows certain financial results to be viewed without the impact of fluctuations in foreign currency exchange rates, thereby facilitating period-to-period comparisons in the analysis of trends in business performance. Financial result variances at constant currency are obtained by translating the comparable period of the prior year results denominated in U.S. dollars at the foreign exchange rates of the current period.

FX adjusted % changes in revenues are further used in calculating FX adjusted % change in freight revenue per carload and RTM. These items are presented in Operating Revenues of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(in millions of Canadian dollars)	Reported 2020	Reported 2019	Reported 2018	2020 vs. 2019 Variance due to FX	2020 vs. 2019 FX Adjusted 2019	2020 vs. 2019 FX Adj. % Change	2019 vs. 2018 Variance due to FX	2019 vs. 2018 FX Adjusted 2018	2019 vs. 2018 FX Adj. % Change
Freight revenues by line of business									
Grain	**$ 1,829**	$ 1,684	$ 1,566	$ 8	$ 1,692	8	$ 19	$ 1,585	6
Coal	**566**	682	673	1	683	(17)	2	675	1
Potash	**493**	462	486	2	464	6	6	492	(6)
Fertilizers and sulphur	**290**	250	243	2	252	15	4	247	1
Forest products	**328**	304	284	3	307	7	5	289	5
Energy, chemicals and plastics	**1,519**	1,534	1,243	3	1,537	(1)	17	1,260	22
Metals, minerals, and consumer products	**629**	752	797	7	759	(17)	16	813	(8)
Automotive	**324**	352	322	3	355	(9)	7	329	7
Intermodal	**1,563**	1,593	1,538	4	1,597	(2)	10	1,548	3
Freight revenues	**7,541**	7,613	7,152	33	7,646	(1)	86	7,238	5
Non-freight revenues	**169**	179	164	—	179	(6)	1	165	8
Total revenues	**$ 7,710**	$ 7,792	$ 7,316	$ 33	$ 7,825	(1)	$ 87	$ 7,403	5

FX adjusted % changes in operating expenses are discussed in Operating Expenses of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(in millions of Canadian dollars)	Reported 2020	Reported 2019	Reported 2018	2020 vs. 2019 Variance due to FX	2020 vs. 2019 FX Adjusted 2019	2020 vs. 2019 FX Adj. % Change	2019 vs. 2018 Variance due to FX	2019 vs. 2018 FX Adjusted 2018	2019 vs. 2018 FX Adj. % Change
Compensation and benefits	**$ 1,560**	$ 1,540	$ 1,468	$ 5	$ 1,545	1	$ 11	$ 1,479	4
Fuel	**652**	882	918	8	890	(27)	18	936	(6)
Materials	**216**	210	201	—	210	3	1	202	4
Equipment rents	**142**	137	130	2	139	2	3	133	3
Depreciation and amortization	**779**	706	696	2	708	10	4	700	1
Purchased services and other	**1,050**	1,193	1,072	6	1,199	(12)	11	1,083	10
Total operating expenses	**$ 4,399**	$ 4,668	$ 4,485	$ 23	$ 4,691	(6)	$ 48	$ 4,533	3

Dividend Payout Ratio and Adjusted Dividend Payout Ratio

Dividend payout ratio is calculated as dividends declared per share divided by Diluted EPS. Adjusted dividend payout ratio is calculated as dividends declared per share divided by Adjusted diluted EPS, as defined above. These ratios are measures of shareholder return and provide information on the Company's ability to declare dividends on an ongoing basis. Dividend payout ratio and Adjusted dividend payout ratio are presented in Item 6. Selected Financial Data and discussed further in Liquidity and Capital Resources of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Calculation of Dividend Payout Ratio

(in dollars, except for percentages)	For the year ended December 31 2020	2019	2018	2017	2016
Dividends declared per share	**$ 3.5600**	$ 3.1400	$ 2.5125	$ 2.1875	$ 1.8500
Diluted EPS	**17.97**	17.52	13.61	16.44	10.63
Dividend payout ratio	**19.8%**	17.9%	18.5%	13.3%	17.4%

Calculation of Adjusted Dividend Payout Ratio

	For the year ended December 31				
(in dollars, except for percentages)	**2020**	2019	2018	2017	2016
Dividends declared per share	**$ 3.5600**	$ 3.1400	$ 2.5125	$ 2.1875	$ 1.8500
Adjusted diluted EPS	**17.67**	16.44	14.51	11.39	10.29
Adjusted dividend payout ratio	**20.1%**	19.1%	17.3%	19.2%	18.0%

Adjusted Net Debt to Adjusted EBITDA Ratio

Adjusted net debt to Adjusted earnings before interest, tax, depreciation and amortization ("EBITDA") ratio is calculated as Adjusted net debt divided by Adjusted EBITDA. The Adjusted net debt to Adjusted EBITDA ratio is a key credit measure used to assess the Company's financial capacity. The ratio provides information on the Company's ability to service its debt and other long-term obligations. The Adjusted net debt to Adjusted EBITDA ratio, which is reconciled below from the Long-term debt to Net income ratio, the most comparable measure calculated in accordance with GAAP, is also presented in Item 6. Selected Financial Data and discussed further in Liquidity and Capital Resources of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Calculation of Long-term Debt to Net Income Ratio

(in millions of Canadian dollars, except for ratios)	**2020**	2019	2018	2017	2016
Long-term debt including long-term debt maturing within one year as at December 31	**$ 9,771**	$ 8,757	$ 8,696	$ 8,159	$ 8,684
Net income for the year ended December 31	**2,444**	2,440	1,951	2,405	1,599
Long-term debt to Net income ratio	**4.0**	3.6	4.5	3.4	5.4

Reconciliation of Long-term Debt to Adjusted Net Debt

Adjusted net debt is defined as Long-term debt, Long-term debt maturing within one year and Short-term borrowing as reported on the Company's Consolidated Balance Sheets adjusted for pension plans deficit, operating lease liabilities recognized on the Company's Consolidated Balance Sheets, and Cash and cash equivalents.

(in millions of Canadian dollars)	**2020**	2019	2018	2017	2016
Long-term debt including long-term debt maturing within one year as at December 31	**$ 9,771**	$ 8,757	$ 8,696	$ 8,159	$ 8,684
Add:					
Pension plans deficit[(1)]	**328**	294	266	278	273
Operating lease liabilities	**311**	354	387	281	361
Less:					
Cash and cash equivalents	**147**	133	61	338	164
Adjusted net debt as at December 31	**$ 10,263**	$ 9,272	$ 9,288	$ 8,380	$ 9,154

[(1)] Pension plans deficit is the total funded status of the Pension plans in deficit only.

Reconciliation of Net Income to EBIT, Adjusted EBIT and Adjusted EBITDA

Earnings before interest and tax ("EBIT") is calculated as Net income before Net interest expense and Income tax expense. Adjusted EBIT excludes significant items reported in both Operating income and Other (income) expense. Adjusted EBITDA is calculated as Adjusted EBIT plus operating lease expense and Depreciation and amortization, less Other components of net periodic benefit recovery.

	For the year ended December 31				
(in millions of Canadian dollars)	**2020**	2019	2018	2017	2016
Net income as reported	**$ 2,444**	$ 2,440	$ 1,951	$ 2,405	$ 1,599
Add:					
Net interest expense	**458**	448	453	473	471
Income tax expense	**758**	706	637	93	553
EBIT	**3,660**	3,594	3,041	2,971	2,623
Less significant items (pre-tax):					
Legal settlement charge	**—**	—	—	—	(25)
Insurance recovery of legal settlement	**—**	—	—	10	—
Charge on hedge roll and de-designation	**—**	—	—	(13)	—
Management transition recovery	**—**	—	—	51	—
Impact of FX translation gain (loss) on debt and lease liabilities	**14**	94	(168)	186	79
Adjusted EBIT	**3,646**	3,500	3,209	2,737	2,569
Add:					
Operating lease expense	**78**	83	97	104	111
Depreciation and amortization	**779**	706	696	661	640
Less:					
Other components of net periodic benefit recovery	**342**	381	384	274	167
Adjusted EBITDA	**$ 4,161**	$ 3,908	$ 3,618	$ 3,228	$ 3,153

Calculation of Adjusted Net Debt to Adjusted EBITDA Ratio

(in millions of Canadian dollars, except for ratios)	**2020**	2019	2018	2017	2016
Adjusted net debt as at December 31	**$ 10,263**	$ 9,272	$ 9,288	$ 8,380	$ 9,154
Adjusted EBITDA for the year ended December 31	**4,161**	3,908	3,618	3,228	3,153
Adjusted net debt to Adjusted EBITDA ratio	**2.5**	2.4	2.6	2.6	2.9

Off-Balance Sheet Arrangements

Guarantees

Refer to Item 8. Financial Statements and Supplementary Data, Note 26 Guarantees for details.

Contractual Commitments

The accompanying table indicates the Company's obligations and commitments to make future payments for contracts such as debt, leases, and commercial arrangements as at December 31, 2020.

Payments due by period (in millions of Canadian dollars)	Total	2021	2022 & 2023	2024 & 2025	Thereafter
Interest on long-term debt and finance leases	$ 10,883	$ 441	$ 762	$ 693	$ 8,987
Long-term debt	9,717	1,178	946	974	6,619
Finance leases	143	8	111	14	10
Operating leases[1]	347	71	112	76	88
Supplier purchase	1,743	528	930	97	188
Other long-term liabilities[2]	494	54	102	98	240
Total contractual commitments	**$ 23,327**	$ 2,280	$ 2,963	$ 1,952	$ 16,132

[1] Residual value guarantees on certain leased equipment with a maximum exposure of $1 million are not included in the minimum payments shown above, as management believes that CP will not be required to make payments under these residual guarantees.

[2] Includes expected cash payments for environmental remediation, post-retirement benefits, workers' compensation benefits, long-term disability benefits, pension benefit payments for the Company's non-registered supplemental pension plan, and certain other long-term liabilities. Projected payments for post-retirement benefits, workers' compensation benefits, and long-term disability benefits include the anticipated payments for years 2021 to 2030. Pension contributions for the Company's registered pension plans are not included due to the volatility in calculating them. Pension payments are discussed further in Critical Accounting Estimates of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Certain Other Financial Commitments

In addition to the financial commitments mentioned above, the Company is party to certain other financial commitments discussed below.

Letters of Credit

Letters of credit are obtained mainly to provide security to third parties under the terms of various agreements, including the supplemental pension plan. CP is liable for these contractual amounts in the case of non-performance under these agreements. Letters of credit are accommodated through a revolving credit facility and the Company's bilateral letter of credit facilities.

Capital Commitments

The Company remains committed to maintaining the current high level of quality of our capital assets in pursuing sustainable growth. As part of this commitment, CP has entered into contracts with suppliers to make various capital purchases related to track and rolling stock programs. Payments for these commitments are due in 2021 through 2032. These expenditures are expected to be financed by cash generated from operations or by issuing new debt.

The accompanying table indicates the Company's commitments to make future payments for letters of credit and capital expenditures as at December 31, 2020.

Payments due by period (in millions of Canadian dollars)	Total	2021	2022 & 2023	2024 & 2025	Thereafter
Letters of credit	$ 59	$ 59	$ —	$ —	$ —
Capital commitments	547	369	79	41	58
Total certain other financial commitments	**$ 606**	$ 428	$ 79	$ 41	$ 58

Critical Accounting Estimates

To prepare the Consolidated Financial Statements that conform with GAAP, the Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reported periods. Using the most current information available, the Company reviews estimates on an ongoing basis, including those related to environmental liabilities, pensions and other benefits, property, plant and equipment, deferred income taxes, and personal injury and other claims liabilities.

The development, selection and disclosure of these estimates, and this Management's Discussion and Analysis of Financial Condition and Results of Operations, have been reviewed by the Board of Directors' Audit and Finance Committee, which is composed entirely of independent directors.

Environmental Liabilities

Environmental remediation accruals cover site-specific remediation programs. CP estimates of the probable costs to be incurred in the remediation of properties contaminated by past railway activities reflect the nature of contamination at individual sites according to typical activities and scale of operations conducted. The Company screens and classifies sites according to typical activities and scale of operations conducted. CP has developed remediation strategies for each property based on the nature and extent of the contamination, as well as the location of the property and surrounding areas that may be adversely affected by the presence of contaminants. CP also considers available technologies, treatment and disposal facilities and the acceptability of site-specific plans based on the local regulatory environment. Site-specific plans range from containment and risk management of the contaminants through to the removal and treatment of the contaminants and affected soils and groundwater. The details of the estimates reflect the environmental liability at each property. The Company is committed to fully meeting regulatory and legal obligations with respect to environmental matters.

Some sites include remediation activities that are projected beyond the 10-year period, which CP is unable to reasonably estimate and determine. Therefore, CP's accruals of the environmental liabilities is based on an estimate of costs for a rolling 10-year period covered by the environmental program. Payments are expected to be made over 10 years to 2030. A limited portion of the environmental accruals, the stable Perpetual Care for the environmental program, are fixed and reliably determined. This portion of the environmental liabilities is discounted using a risk-free rate, adjusted by inflation and productivity improvements.

Provisions for environmental remediation costs are recorded in "Other long-term liabilities" (refer to Item 8. Financial Statements and Supplementary Data, Note 18 Other long-term liabilities), except for the current portion which is recorded in "Accounts payable and accrued liabilities" (refer to Item 8. Financial Statements and Supplementary Data, Note 15 Accounts payable and accrued liabilities). The accruals for environmental remediation represent CP's best estimate of its probable future obligations and include both asserted and unasserted claims, without reduction for anticipated recoveries from third parties. Although the recorded accruals include CP's best estimate of all probable costs, CP's total environmental remediation costs cannot be predicted with certainty. Accruals for environmental remediation may change from time to time as new information about previously untested sites becomes known, environmental laws and regulations evolve and advances are made in environmental remediation technology. The accruals may also vary as the courts decide legal proceedings against outside parties responsible for contamination. These potential charges, which cannot be quantified at this time, are not expected to be material to the Company's financial position, but may materially affect income in the period in which a charge is recognized.

The environmental liabilities are also sensitive to the increase in cost of materials which would be reflected as increases to "Other long-term liabilities" and "Accounts payable and accrued liabilities" on the Company's Consolidated Balance Sheets and to "Purchased services and other" within Operating expenses on the Company's Consolidated Statements of Income. CP's cash payments for environmental initiatives are estimated to be approximately $9 million in 2021, $10 million in 2022, $9 million in 2023 and a total of approximately $53 million over the remaining years through 2030. All payments will be funded from general operations.

Pensions and Other Benefits

CP has defined benefit and defined contribution pension plans. Other benefits include post-retirement medical and life insurance for pensioners, and some post-employment workers' compensation and long-term disability benefits in Canada. Workers' compensation and long-term disability benefits are discussed in the Personal Injury and Other Claims Liabilities section below. Pension and post-retirement benefits liabilities are subject to various external influences and uncertainties.

Information concerning the measurement of costs for pensions and other benefits is discussed in Item 8. Financial Statements and Supplementary Data, Note 1 Summary of significant accounting policies and Note 22 Pensions and other benefits.

Net Periodic Benefit Costs

The Company reports the current service cost component of net periodic benefit cost in "Compensation and benefits" for pensions and post-retirement benefits and in "Purchased services and other" for self-insured workers' compensation and long-term disability benefits on the Company's Consolidated Statements of Income. The Other components of net periodic benefit recovery are reported as a separate line item outside of Operating income on the Company's Consolidated Statements of Income. Components of the net periodic benefit costs (credits) are as follows:

(in millions of Canadian dollars)	2020 Current service cost	2020 Other components	2020 Total	2019 Current service cost	2019 Other components	2019 Total
Defined benefit pensions	**$ 140**	**$ (363)**	**$ (223)**	$ 107	$ (414)	$ (307)
Defined contribution pensions	**12**	**—**	**12**	11	—	11
Post-retirement benefits	**4**	**17**	**21**	4	16	20
Self-insured workers' compensation and long-term disability benefits	**8**	**4**	**12**	7	17	24
All plans	**$ 164**	**$ (342)**	**$ (178)**	$ 129	$ (381)	$ (252)

CP estimates net periodic benefit credits for defined benefit pensions to be approximately $230 million in 2021 ($171 million in current service cost and $401 million in other components of net periodic recovery), and net periodic benefit costs for defined contribution pensions to be approximately $12 million in 2021. Net periodic benefit costs for post-retirement benefits in 2021 are not expected to differ materially from the 2020 costs. Total net periodic benefit credits for all plans are estimated to be approximately $185 million in 2021 (2020 – $178 million), comprising $196 million (2020 – $164 million) in current service cost and $381 million (2020 – $342 million) in other components of net periodic recovery. The expected rate of return on the market-related asset value used to compute the net periodic benefit credit was 7.50% in 2019 and 7.25% in 2020. For computing the net periodic benefit credit in 2021, the Company is reducing this rate to 6.90% to reflect CP's current view of future long-term investment returns. Net periodic benefit costs and credits are discussed further in Item 8. Financial Statements and Supplementary Data, Note 22 Pensions and other benefits.

Pension Plan Contributions

The Company made contributions of $27 million to the defined benefit pension plans in 2020, compared with $53 million in 2019. The Company's main Canadian defined benefit pension plan accounts for nearly all of CP's pension obligation and can produce significant volatility in pension funding requirements, given the pension fund's size, the many factors that drive the pension plan's funded status, and Canadian statutory pension funding requirements. The Company made voluntary prepayments of $600 million in 2011, $650 million in 2010, and $500 million in 2009 to the Company's main Canadian defined benefit pension plan. CP has applied $1,324 million of these voluntary prepayments to reduce its pension funding requirements in 2012–2020, leaving $426 million of the voluntary prepayments still available at December 31, 2020 to reduce CP's pension funding requirements in 2021 and future years. CP continues to have significant flexibility with respect to the rate at which the remaining voluntary prepayments are applied to reduce future years' pension contribution requirements, which allows CP to manage the volatility of future pension funding requirements. At this time, CP estimates it will not apply any of the remaining voluntary prepayments against its 2021 pension funding requirements.

CP estimates its aggregate pension contributions, including its defined benefit and defined contribution plans, to be in the range of $30 million to $40 million in 2021, and in the range of $30 million to $50 million per year from 2022 to 2024. These estimates reflect the Company's current intentions with respect to the rate at which CP will apply the remaining voluntary prepayments against contribution requirements in the next few years.

Future pension contributions will be highly dependent on the Company's actual experience with such variables as investment returns, interest rate fluctuations, and demographic changes, on the rate at which previous years' voluntary prepayments are applied against pension contribution requirements, and on any changes in the regulatory environment. CP will continue to make contributions to the pension plans that, at a minimum, meet pension legislative requirements.

Pension Plan Risks

Fluctuations in the liability and net periodic benefit costs for pensions result from favourable or unfavourable investment returns and changes in long-term interest rates. The impact of favourable or unfavourable investment returns is moderated by the use of a market-related asset value for the main Canadian defined benefit pension plan's public equity securities and absolute return strategies. The impact of changes in long-term interest rates on pension obligations is partially offset by their impact on the pension funds' investments in fixed income assets.

The plans' investment policy provides a target allocation of approximately 45% of the plans' assets to be invested in public equity securities. As a result, stock market performance is a key driver in determining the pension funds' asset performance. If the rate of investment return on the plans' public equity securities in 2020 had been 10% higher (or lower) than the actual 2020 rate of investment return on such securities, 2021 net periodic benefit costs for pensions would be lower (or higher) by approximately $24 million.

Changes in bond yields can result in changes to discount rates and to changes in the value of fixed income assets. If the discount rate as at December 31, 2020 had been higher (or lower) by 0.1% with no related changes in the value of the pension funds' investment in fixed income assets, 2021 net periodic benefit costs for pensions would be lower (or higher) by approximately $15 million and 2021 current service costs for pensions would be lower (or higher) by approximately $6 million. However, a change in bond yields would also lead to a change in the value of the pension funds' investment in fixed income assets, and this change would partially offset the impact on net periodic benefit costs noted above.

The Company estimates that an increase in the discount rate of 0.1% would decrease the defined benefit pension plans' projected benefit obligations by approximately $203 million, and that a decrease in the discount rate of 0.1% would increase the defined benefit pension plans' projected benefit obligations by approximately $212 million. Similarly, for every 0.1% the actual return on assets varies above (or below) the estimated return for the year, the value of the defined benefit pension plans' assets would increase (or decrease) by approximately $14 million.

Adverse experience with respect to these factors could eventually increase funding and pension expense significantly, while favourable experience with respect to these factors could eventually decrease funding and pension expense significantly.

Fluctuations in the post-retirement benefit obligation also can result from changes in the discount rate used. A 0.1% increase (decrease) in the discount rate would decrease (increase) the obligation by approximately $6 million.

CP reviews its pensioner mortality experience to ensure that the mortality assumption continues to be appropriate, or to determine what changes to the assumption are needed.

Property, Plant and Equipment

The Company follows the group depreciation method under which a single depreciation rate is applied to the total cost in a particular class of property, despite differences in the service life or salvage value of individual properties within the same class. CP performs depreciation studies of each property asset class approximately every three years to update depreciation rates. The studies are conducted with assistance from third-party specialists and analyzed and reviewed by the Company's management. Depreciation studies for U.S. assets are reviewed and approved by the Surface Transportation Board ("STB"). Depreciation studies for Canadian assets are provided to the Canadian Transportation Agency (the "Agency"), but the Agency does not approve depreciation rates. In determining appropriate depreciation rates, management is required to make judgments and assumptions about a variety of key factors that are subject to future variability due to inherent uncertainties. These include the following:

Key Assumptions	Assessments
• Whole and remaining asset lives	• Statistical analysis of historical retirement patterns; • Evaluation of management strategy and its impact on operations and the future use of specific property assets; • Assessment of technological advances; • Engineering estimates of changes in current operations and analysis of historic, current and projected future usage; • Additional factors considered for track assets: density of traffic and whether rail is new or has been re-laid in a subsequent position; • Assessment of policies and practices for the management of assets including maintenance; and • Comparison with industry data.
• Salvage values	• Analysis of historical, current and estimated future salvage values.

CP depreciates the cost of properties, net of salvage, on a straight-line basis over the estimated useful life of the class of property. The estimates of economic lives are uncertain and can vary due to changes in any of the assessed factors noted in the table above for whole and remaining asset lives. Additionally, the depreciation rates are updated to reflect the change in residual values of the assets in the class.

It is anticipated that there will be changes in the estimates of weighted-average useful lives and net salvage for each property asset class as assets are acquired, used and retired. Substantial changes in either the useful lives of properties or the salvage assumptions could result in significant changes to depreciation expense. For example, if the estimated average life of track assets, including rail, ties, ballast and other track material, increased (or decreased) by one year, annual depreciation expense would decrease (or increase) by approximately $18 million.

Due to the capital intensive nature of the railway industry, depreciation represents a significant part of operating expenses. The estimated useful lives of properties have a direct impact on the amount of depreciation recorded as a component of "Properties" on the Company's Consolidated Balance Sheets. At December 31, 2020 and 2019, accumulated depreciation was $8,629 million and $8,099 million, respectively.

Deferred Income Taxes

CP accounts for deferred income taxes based on the liability method. This method focuses on the Company's balance sheet and the temporary differences otherwise calculated from the comparison of book versus tax values. The provision for deferred income taxes arises from temporary differences in the carrying values of assets and liabilities for financial statement and income tax purposes and the effect of loss carry forwards. It is assumed that such temporary differences will be settled in the deferred income tax assets and liabilities at the balance sheet date.

In determining deferred income taxes, the Company makes estimates and assumptions regarding deferred tax matters, including estimating the timing of the realization and settlement of deferred income tax assets (including the benefit of tax losses) and liabilities, and estimating unrecognized tax benefits for uncertain tax positions. Deferred income taxes are calculated using enacted federal, provincial, and state future income tax rates, which may differ in future periods.

Deferred income tax expense is included in "Income tax expense" on the Company's Consolidated Statements of Income. Additional disclosures are provided in Item 8. Financial Statements and Supplementary Data, Note 6 Income taxes.

Personal Injury and Other Claims Liabilities

CP estimates the potential liability arising from incidents, claims and pending litigations relating to personal injury claims by employees, third-party claims, certain occupation-related claims and property damage claims.

Personal Injury

In Canada, employee occupational injuries are governed by provincial workers' compensation legislation. Occupational injury claims in the provinces of Québec, Ontario, Manitoba and B.C. are self-insured and administered through each Worker's Compensation Board ("WCB"). The future costs related to occupation-related injuries are actuarially determined based on past experience and assumptions associated with the injury, compensation, income replacement, health care and administrative costs. In the four provinces where the Company is self-insured, a discount rate is applied to the future estimated costs based on market rates for investment grade corporate bonds to determine the liability. An actuarial study is performed on an annual basis. In the provinces of Saskatchewan and Alberta, the Company is assessed an annual WCB contribution on a premium basis and this amount is not subject to estimation by management. At December 31, 2020 and 2019, respectively, the WCB liability was $84 million and $85 million in "Pension and other benefit liabilities"; $11 million and $11 million in "Accounts payable and accrued liabilities", offset by deposits paid to WCB of $1 million and $1 million in "Other assets" on the Company's Consolidated Balance Sheets.

U.S. railway employees are covered by federal law under the Federal Employers' Liability Act ("FELA") rather than workers' compensation programs. Accruals are set for individual cases based on facts, legal opinion and statistical analysis. U.S. accruals are also set and include alleged occupational exposure or injury.

Other Claims

A provision for litigation matters, equipment damages or other claims will be accrued according to applicable accounting standards and any such accrual will be based on an ongoing assessment of the strengths and weaknesses of the litigation or claim and its likelihood of success, together with an evaluation of the damages or other monetary relief sought. CP accrues for probable claims when the facts of an incident become known and investigation results provide a reasonable basis for estimating the liability. The lower end of the range is accrued if the facts and circumstances permit only a range of reasonable estimates and no single amount in that range is a better estimate than any other. Facts and circumstances related to asserted claims can change, and a process is in place to monitor accruals for changes in accounting estimates.

Forward-Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations and Annual Report on Form 10-K contains certain forward-looking statements within the meaning of the *United States Private Securities Litigation Reform Act of 1995* and forward-looking information within the meaning of other relevant securities legislation, including applicable securities laws in Canada (collectively referred to herein as "forward-looking statements"). Forward-looking statements typically include words such as “financial expectations”, “key assumptions”, “anticipate”, “believe”, “expect”, “plan”, “will”, “outlook”, “should” or similar words suggesting future outcomes. To the extent that CP has provided forecasts or targets using Non-GAAP financial measures, the Company may not be able to provide a reconciliation to a GAAP measure without unreasonable efforts, due to unknown variables and uncertainty related to future results.

This Management's Discussion and Analysis of Financial Condition and Results of Operations and Annual Report on Form 10-K includes forward-looking statements relating, but not limited to statements concerning the Company’s defined benefit pension expectations for 2021 and through 2024, our expectations for 2021 financial and operational performance, including our full-year guidance for expected RTM and adjusted diluted EPS growth, planned capital expenditures (including how such capital expenditures are expected to be financed), expected impacts resulting from changes in the U.S.-to-Canadian dollar exchange rate, and the effective tax rate, as well as statements concerning the Company’s operations, anticipated financial performance, business prospects and strategies, including statements concerning the anticipation that cash flow from operations and various sources of financing will be sufficient to meet debt repayments and obligations in the foreseeable future and concerning anticipated capital programs, and statements regarding future payments including income taxes and pension contributions. The purpose of the 2021 Adjusted diluted EPS growth projection is to assist readers in understanding our expected and targeted financial results, and this information may not be appropriate for other purposes.

The forward-looking statements contained in this Management’s Discussion and Analysis of Financial Condition and Results of Operations and Annual Report on Form 10-K are based on current expectations, estimates, projections and assumptions, having regard to the Company's experience and its perception of historical trends, and includes, but is not limited to, expectations, estimates, projections and assumptions relating to: North American and

global economic growth; commodity demand growth; sustainable industrial and agricultural production; commodity prices and interest rates; foreign exchange rates (as specified herein); effective tax rates (as specified herein); performance of our assets and equipment; sufficiency of our budgeted capital expenditures in carrying out our business plan; geopolitical conditions; applicable laws, regulations and government policies; the availability and cost of labour, services and infrastructure; the satisfaction by third parties of their obligations to the Company; and the anticipated impacts of the COVID-19 pandemic on the Company's business, operating results, cash flows and/or financial condition. Although the Company believes the expectations, estimates, projections and assumptions reflected in the forward-looking statements presented herein are reasonable as of the date hereof, there can be no assurance that they will prove to be correct. Current conditions, economic and otherwise, render assumptions, although reasonable when made, subject to greater uncertainty.

Undue reliance should not be placed on forward-looking statements as actual results may differ materially from those expressed or implied by forward-looking statements. By their nature, forward-looking statements involve numerous inherent risks and uncertainties that could cause actual results to differ materially from the forward-looking statements, including but not limited to the following factors: changes in business strategies; general North American and global economic, credit and business conditions; risks associated with agricultural production such as weather conditions and insect populations; the availability and price of energy commodities; the effects of competition and pricing pressures; industry capacity; shifts in market demand; changes in commodity prices; uncertainty surrounding timing and volumes of commodities being shipped via CP; inflation; geopolitical instability; changes in laws, regulations and government policies, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; changes in fuel prices; uncertainties of investigations, proceedings or other types of claims and litigation; labour disputes; risks and liabilities arising from derailments; transportation of dangerous goods; timing of completion of capital and maintenance projects; currency and interest rate fluctuations; effects of changes in market conditions and discount rates on the financial position of pension plans and investments; trade restrictions or other changes to international trade arrangements; climate change; various events that could disrupt operations, including severe weather, such as droughts, floods, avalanches and earthquakes, and cybersecurity attacks, as well as security threats and governmental response to them, and technological changes; and the pandemic created by the outbreak of COVID-19 and resulting effects on economic conditions, the demand environment for logistics requirements and energy prices, restrictions imposed by public health authorities or governments, fiscal and monetary policy responses by governments and financial institutions, and disruptions to global supply chains. The foregoing list of factors is not exhaustive.

There are more specific factors that could cause actual results to differ materially from those described in the forward-looking statements contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations and Annual Report on Form 10-K. These more specific factors are identified and discussed in Item 1A. Risk Factors. Other risks are detailed from time to time in reports filed by CP with securities regulators in Canada and the United States.

The forward-looking statements contained in this Management’s Discussion and Analysis of Financial Condition and Results of Operations and Annual Report on Form 10-K are made as of the date hereof. Except as required by law, CP undertakes no obligation to update publicly or otherwise revise any forward-looking statements, or the foregoing assumptions and risks affecting such forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

Although CP conducts business primarily in Canada, a significant portion of its revenues, expenses, assets and liabilities including debt are denominated in U.S. dollars. The value of the Canadian dollar is affected by a number of domestic and international factors, including, without limitation, economic performance, and Canadian, U.S. and international monetary policies. Consequently, the Company's results are affected by fluctuations in the exchange rate between these currencies. In 2021, CP expects that every $0.01 weakening (or strengthening) of the Canadian dollar relative to the U.S. dollar, positively (or negatively) impacts Total revenues by approximately $27 million (2019 – approximately $30 million), negatively (or positively) impacts Operating expenses by approximately $14 million (2019 – approximately $15 million), and negatively (or positively) impacts Net interest expense by approximately $3 million (2019 – approximately $3 million) on an annualized basis.

CP uses U.S. dollar-denominated debt to hedge its net investment in U.S. operations. As at December 31, 2020, the net investment in U.S. operations is less than the total U.S. denominated debt. Consequently, FX translation on the Company's undesignated debt and lease liabilities causes additional impacts on earnings in Other income.

To manage its exposure to fluctuations in exchange rates between Canadian and U.S. dollars, CP may sell or purchase U.S. dollar forwards at fixed rates in future periods. In addition, changes in the exchange rate between the Canadian dollar and other currencies (including the U.S. dollar) make the goods transported by the Company more or less competitive in the world marketplace and may in turn positively or negatively affect revenues.

Share Price Impact on Stock-Based Compensation

Based on information available at December 31, 2020 and expectations for 2021 grants, for every $1.00 change in share price, stock-based compensation expense has a corresponding change of approximately $0.4 million to $0.6 million (2019 – approximately $0.4 million to $0.6 million). This excludes the impact of changes in share price relative to the S&P/TSX 60 Index, the S&P/TSX Capped Industrial Index, the S&P 1500 Road and Rail Index, and to Class I railways, which may trigger different performance share unit payouts. Stock-based compensation may also be impacted by non-market performance conditions.

Additional information concerning stock-based compensation is included in Item 8. Financial Statements and Supplementary Data, Note 23 Stock-based compensation.

Interest Rate Risk

Debt financing forms part of the Company's capital structure. The debt agreements entered into expose CP to increased interest costs on future fixed debt instruments and existing variable rate debt instruments, should market rates increase. In addition, the present value of the Company's assets and liabilities will also vary with interest rate changes. To manage interest rate exposure, CP may enter into forward rate agreements such as treasury rate locks or bond forwards that lock in rates for a future date, thereby protecting against interest rate increases. CP may also enter into swap agreements whereby one party agrees to pay a fixed rate of interest while the other party pays a floating rate. Contingent on the direction of interest rates, the Company may incur higher costs depending on the contracted rate.

As at December 31, 2020, CP did not have any floating rate debt obligations outstanding, and therefore fluctuations in interest rates would not have an impact on the Company's financial condition, results of operations, or liquidity.

The fair value of the Company's fixed rate debt may fluctuate with changes in market interest rates. A hypothetical one percent decrease in interest rates as of December 31, 2020 would result in an increase of approximately $1.5 billion to the fair value of our debt as at December 31, 2020 (December 31, 2019 - approximately $1.2 billion). Fair values of CP's fixed rate debt are estimated by considering the impact of the hypothetical interest rates on quoted market prices and current borrowing rates, but do not consider other factors that could impact actual results.

Information concerning market risks is supplemented in Item 8. Financial Statements and Supplementary Data, Note 17 Financial instruments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Canadian Pacific Railway Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Canadian Pacific Railway Limited and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, cash flows, and changes in shareholders' equity, for each of the three years in the period ended December 31, 2020, and the related notes and the financial statement schedule listed in the Index at Item 8 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 18, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Properties – Direct Costs that are Capitalized to Self-constructed Assets – Refer to Notes 1, 12 and 19 to the Financial Statements

Critical Audit Matter Description

The Company recognizes direct costs as capitalized additions to self-constructed assets, within properties, based on expenditures necessary to make an asset ready for its intended use. The capitalization of self-constructed assets requires management to make significant estimates and assumptions related to the capitalization of direct cost additions to self-constructed assets based on whether the expenditures meet capitalization criteria under US GAAP.

We identified the capitalization of direct cost additions to self-constructed assets as a critical audit matter because the judgments and assumptions management makes could have a significant impact on the capitalization of direct cost additions. As such auditing the capitalization of direct cost additions involves a high degree of auditor judgment.

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures related to the capitalization of direct cost additions to self-constructed assets included the following, among others:

- Evaluated the effectiveness of controls over self-constructed assets, including those over the capitalization of direct cost additions to self-constructed assets.
- Selected a sample of direct costs and obtained evidence to support the capitalized additions to self-constructed assets and assessed whether these expenditures met the capitalization criteria under US GAAP.

Defined Benefit Pension – Refer to Notes 1 and 22 to the Financial Statements

Critical Audit Matter Description

The Company's accounting of its defined benefit pension plans involves the measurement of the projected benefit obligation and fair value of fund assets. The measurement of the projected-benefit obligation requires management to make significant estimates and assumptions in the determination of the discount rate, which is based on blended market interest rates of high-quality corporate debt instruments with matching cash flows. The measurement of the fair value of fund assets requires management to make significant estimates and assumptions in the determination of the expected return on fund assets, which is calculated using the market-related value of assets.

We identified the determination of the discount rate (for the projected benefit obligation), and the determination of the expected return on fund assets (for the determination of the net period benefit cost) as the critical audit matters because of the significant estimates and assumptions management makes could have a significant impact on the projected benefit obligation and the fair value of fund assets. As such auditing the determination of the discount rate and the expected return on fund assets involves a high degree of auditor judgment as the estimates and assumptions made by management contains significant measurement uncertainty and resulted in an increased extent of effort, which included the need to involve an actuarial specialist.

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures related to the determination of the discount rate (for the projected benefit obligation), and the expected return on fund assets (for the determination of the fair value of fund assets) included the following, among others:

- Evaluated the effectiveness of controls over defined benefit pension plans, including those over the determination of the discount rate and the expected return on fund assets.
- With the assistance of an actuarial specialist, we evaluated the reasonableness of the discount rate by:
  - Assessing the methodology used in management's determination of the discount rate,
  - Testing the underlying source information, and
  - Developing a range of independent estimates and comparing those to the discount rate selected by management.
- With the assistance of an actuarial specialist, we evaluated the reasonableness of the expected return on fund assets by:
  - Assessing the methodology used in management's determination of the expected return on fund assets,
  - Testing the underlying source information, and
  - Comparing management's assumptions to historical data and available market trends.
- Evaluated management's ability to accurately forecast the discount rate and expected return on fund assets by comparing actual results to management's historical forecasts.

/s/ Deloitte LLP

Chartered Professional Accountants
Calgary, Canada
February 18, 2021

We have served as the Company's auditor since 2011.

CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31 (in millions of Canadian dollars, except share and per share data)	2020	2019	2018
Revenues (Note 3)			
Freight	**$ 7,541**	$ 7,613	$ 7,152
Non-freight	**169**	179	164
Total revenues	**7,710**	7,792	7,316
Operating expenses			
Compensation and benefits (Note 22, 23)	**1,560**	1,540	1,468
Fuel	**652**	882	918
Materials	**216**	210	201
Equipment rents	**142**	137	130
Depreciation and amortization	**779**	706	696
Purchased services and other (Note 10)	**1,050**	1,193	1,072
Total operating expenses	**4,399**	4,668	4,485
Operating income	**3,311**	3,124	2,831
Less:			
Other (income) expense (Note 4)	**(7)**	(89)	174
Other components of net periodic benefit recovery (Note 22)	**(342)**	(381)	(384)
Net interest expense (Note 5)	**458**	448	453
Income before income tax expense	**3,202**	3,146	2,588
Income tax expense (Note 6)	**758**	706	637
Net income	**$ 2,444**	$ 2,440	$ 1,951
Earnings per share (Note 7)			
Basic earnings per share	**$ 18.05**	$ 17.58	$ 13.65
Diluted earnings per share	**$ 17.97**	$ 17.52	$ 13.61
Weighted-average number of shares (millions) (Note 7)			
Basic	**135.5**	138.8	142.9
Diluted	**136.0**	139.3	143.3

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended December 31 (in millions of Canadian dollars)	2020	2019	2018
Net income	**$ 2,444**	$ 2,440	$ 1,951
Net gain (loss) in foreign currency translation adjustments, net of hedging activities	**18**	37	(60)
Change in derivatives designated as cash flow hedges	**9**	10	38
Change in pension and post-retirement defined benefit plans	**(407)**	(661)	(449)
Other comprehensive loss before income taxes	**(380)**	(614)	(471)
Income tax recovery on above items	**88**	135	169
Other comprehensive loss (Note 8)	**(292)**	(479)	(302)
Comprehensive income	**$ 2,152**	$ 1,961	$ 1,649

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

As at December 31 (in millions of Canadian dollars, except Common Shares)		2020		2019
Assets				
Current assets				
Cash and cash equivalents	**$**	**147**	$	133
Accounts receivable, net (Note 9)		**825**		805
Materials and supplies		**208**		182
Other current assets		**141**		90
		1,321		1,210
Investments (Note 11)		**199**		341
Properties (Note 12, 19)		**20,422**		19,156
Goodwill and intangible assets (Note 10, 13)		**366**		206
Pension asset (Note 22)		**894**		1,003
Other assets (Note 14, 19)		**438**		451
Total assets	**$**	**23,640**	$	22,367
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities (Note 15, 19)	**$**	**1,467**	$	1,693
Long-term debt maturing within one year (Note 16, 17, 19)		**1,186**		599
		2,653		2,292
Pension and other benefit liabilities (Note 22)		**832**		785
Other long-term liabilities (Note 18, 19)		**585**		562
Long-term debt (Note 16, 17, 19)		**8,585**		8,158
Deferred income taxes (Note 6)		**3,666**		3,501
Total liabilities		**16,321**		15,298
Shareholders' equity				
Share capital (Note 20) Authorized unlimited Common Shares without par value. Issued and outstanding are 133.3 million and 137.0 million as at December 31, 2020 and 2019, respectively.		**1,983**		1,993
Authorized unlimited number of first and second preferred shares; none outstanding.				
Additional paid-in capital		**55**		48
Accumulated other comprehensive loss (Note 8)		**(2,814)**		(2,522)
Retained earnings		**8,095**		7,550
		7,319		7,069
Total liabilities and shareholders' equity	**$**	**23,640**	$	22,367

See Commitments and contingencies (Note 25).

See Notes to Consolidated Financial Statements.

Approved on behalf of the Board:

/s/ ISABELLE COURVILLE
Isabelle Courville, Director,
Chair of the Board

/s/ JANE L. PEVERETT
Jane L. Peverett, Director,
Chair of the Audit and Finance Committee

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31 (in millions of Canadian dollars)	2020	2019	2018
Operating activities			
Net income	**$ 2,444**	$ 2,440	$ 1,951
Reconciliation of net income to cash provided by operating activities:			
Depreciation and amortization	**779**	706	696
Deferred income tax expense (Note 6)	**221**	181	256
Pension recovery and funding (Note 22)	**(250)**	(360)	(321)
Foreign exchange (gain) loss on debt and lease liabilities (Note 4)	**(14)**	(94)	168
Settlement of forward starting swaps on debt issuance (Note 17)	**—**	—	(24)
Other operating activities, net	**11**	143	(79)
Change in non-cash working capital balances related to operations (Note 21)	**(389)**	(26)	65
Cash provided by operating activities	**2,802**	2,990	2,712
Investing activities			
Additions to properties	**(1,671)**	(1,647)	(1,551)
Investment in Detroit River Tunnel Partnership (Note 10)	**(398)**	—	—
Investment in Central Maine & Québec Railway (Note 10)	**19**	(174)	—
Proceeds from sale of properties and other assets	**22**	26	78
Other	**(2)**	(8)	15
Cash used in investing activities	**(2,030)**	(1,803)	(1,458)
Financing activities			
Dividends paid	**(467)**	(412)	(348)
Issuance of CP Common Shares (Note 23)	**52**	26	24
Purchase of CP Common shares (Note 20)	**(1,509)**	(1,134)	(1,103)
Issuance of long-term debt, excluding commercial paper (Note 16)	**958**	397	638
Repayment of long-term debt, excluding commercial paper (Note 16)	**(84)**	(500)	(753)
Net issuance of commercial paper (Note 16)	**270**	524	—
Net increase in short-term borrowings (Note 16)	**5**	—	—
Other	**11**	(12)	—
Cash used in financing activities	**(764)**	(1,111)	(1,542)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	**6**	(4)	11
Cash position			
Increase (decrease) in cash and cash equivalents	**14**	72	(277)
Cash and cash equivalents at beginning of year	**133**	61	338
Cash and cash equivalents at end of year	**$ 147**	$ 133	$ 61
Supplemental disclosures of cash flow information:			
Income taxes paid	**$ 582**	$ 506	$ 318
Interest paid	**$ 443**	$ 444	$ 463

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of Canadian dollars, except per share data)	Share capital	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
Balance at December 31, 2017	$ 2,032	$ 43	$ (1,741)	$ 6,103	$ 6,437
Net income	—	—	—	1,951	1,951
Other comprehensive loss (Note 8)	—	—	(302)	—	(302)
Dividends declared ($2.5125 per share)	—	—	—	(358)	(358)
Effect of stock-based compensation expense	—	11	—	—	11
CP Common Shares repurchased (Note 20)	(66)	—	—	(1,061)	(1,127)
Shares issued under stock option plan (Note 20)	36	(12)	—	—	24
Balance at December 31, 2018	2,002	42	(2,043)	6,635	6,636
Impact of accounting change	—	—	—	(5)	(5)
Balance at January 1, 2019, as restated	2,002	42	(2,043)	6,630	6,631
Net income	—	—	—	2,440	2,440
Other comprehensive loss (Note 8)	—	—	(479)	—	(479)
Dividends declared ($3.1400 per share)	—	—	—	(434)	(434)
Effect of stock-based compensation expense	—	15	—	—	15
CP Common Shares repurchased (Note 20)	(54)	—	—	(1,086)	(1,140)
Shares issued under stock option plan (Note 20)	45	(9)	—	—	36
Balance at December 31, 2019	1,993	48	(2,522)	7,550	7,069
Impact of accounting change (Note 2)	—	—	—	(1)	(1)
Balance at January 1, 2020, as restated	1,993	48	(2,522)	7,549	7,068
Net income	—	—	—	2,444	2,444
Other comprehensive loss (Note 8)	—	—	(292)	—	(292)
Dividends declared ($3.5600 per share)	—	—	—	(479)	(479)
Effect of stock-based compensation expense	—	17	—	—	17
CP Common Shares repurchased (Note 20)	(58)	—	—	(1,419)	(1,477)
Shares issued under stock option plan (Note 20)	48	(10)	—	—	38
Balance at December 31, 2020	**$ 1,983**	**$ 55**	**$ (2,814)**	**$ 8,095**	**$ 7,319**

See Notes to Consolidated Financial Statements.

CANADIAN PACIFIC RAILWAY LIMITED
Notes to Consolidated Financial Statements
December 31, 2020

Canadian Pacific Railway Limited ("CPRL"), through its subsidiaries (collectively referred to as "CP" or "the Company"), operates a transcontinental railway in Canada and the United States ("U.S."). CP provides rail and intermodal transportation services over a network of approximately 13,000 miles, serving the principal business centres of Canada from Montréal, Québec, to Vancouver, British Columbia, and the U.S. Northeast and Midwest regions. CP's railway network feeds directly into the U.S. heartland from the East and West coasts. Agreements with other carriers extend the Company's market reach in Canada, throughout the U.S. and into Mexico. CP transports bulk commodities, merchandise freight and intermodal traffic. Bulk commodities include grain, coal, fertilizers and sulphur. Merchandise freight consists of finished vehicles and automotive parts, as well as forest, industrial and consumer products. Intermodal traffic consists largely of retail goods in overseas containers that can be transported by train, ship and truck, and in domestic containers and trailers that can be moved by train and truck.

1. Summary of significant accounting policies

Accounting principles generally accepted in the United States of America ("GAAP")

These Consolidated Financial Statements are expressed in Canadian dollars and have been prepared in accordance with GAAP.

Principles of consolidation

These Consolidated Financial Statements include the accounts of CP and all its subsidiaries. The Company's investments in which it has significant influence are accounted for using the equity method. Distributions received from equity method investees are classified using the nature of the distribution approach for cash flow presentation purposes, whereby distributions received are classified based on the nature of the activity or activities of the investee that generated the distribution as either a return on investment (classified as a cash inflow from operating activities) or a return of investment (classified as a cash inflow from investing activities). All intercompany accounts and transactions have been eliminated.

Use of estimates

The preparation of these Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the year, the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. Management regularly reviews its estimates, including those related to environmental liabilities, pensions and other benefits, depreciable lives of properties, deferred income tax assets and liabilities, as well as legal and personal injury liabilities based upon currently available information. Actual results could differ from these estimates.

Revenue recognition

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for providing services. Government imposed taxes that the Company collects concurrent with revenue generating activities are excluded from revenue. In the normal course of business, the Company does not generate any material revenue through acting as an agent for other entities.

The Company provides rail freight transportation services to a wide variety of customers and transports bulk commodities, merchandise freight and intermodal traffic. The Company signs master service agreements with customers that dictate future services the Company is to perform for a customer at the time a bill of lading or service request is received. Each bill of lading or service request represents a separate distinct performance obligation that the Company is obligated to satisfy. The transaction price is generally in the form of a fixed fee determined at the inception of the bill of lading or service request. The Company allocates the transaction price to each distinct performance obligation based on the estimated standalone selling price for each performance obligation. As each bill of lading or service request represents a separate distinct performance obligation, the estimated standalone selling price is assessed at an observable price which is fair market value. Certain customer agreements include variable consideration in the form of rebates, discounts, or incentives. The expected value method is used to estimate variable consideration and is allocated to the applicable performance obligation and is recognized when the related performance obligation is satisfied. Additionally, the Company offers published rates for services through public tariff agreements in which a customer can request service, triggering a performance obligation the Company must satisfy. Railway freight revenues are recognized over time as services are provided based on the percentage of completed service method. Volume rebates to customers are accrued as a reduction of freight revenues based on estimated volumes and contract terms as freight service is provided. Freight revenues also include certain ancillary and other services provided in association with the performance of rail freight movements. Revenues from these activities are not material and therefore have been aggregated with the freight revenues from customer contracts with which they are associated.

Non-freight revenues, including revenues earned from passenger service operators, switching fees, and revenues from logistics services, are recognized at the point in time the services are provided or when the performance obligations are satisfied. Non-freight revenues also include leasing revenues.

Payment by customers is due upon satisfaction of performance obligations. Payment terms are such that amounts outstanding at the period end are expected to be collected within one reporting period. The Company invoices customers at the time the bill of lading or service request is processed and therefore the Company has no material unbilled receivables and no contract assets. All performance obligations not fully satisfied at period end are expected to be satisfied within the reporting period immediately following. Contracted customer incentives are amortized to income over the term of the related revenue contract.

Income taxes

The Company follows the liability method of accounting for income taxes. Deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The effect of a change in income tax rates on deferred income tax assets and liabilities is recognized in income in the period during which the change occurs.

When appropriate, the Company records a valuation allowance against deferred tax assets to reflect that these tax assets may not be realized. In determining whether a valuation allowance is appropriate, CP considers whether it is more likely than not that all or some portion of CP's deferred tax assets will not be realized, based on management's judgment using available evidence about future events.

At times, tax benefit claims may be challenged by a tax authority. Tax benefits are recognized only for tax positions that are more likely than not sustainable upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely to be realized upon settlement. A liability for "unrecognized tax benefits" is recorded for any tax benefits claimed in CP's tax returns that do not meet these recognition and measurement standards.

Investment and other similar tax credits are deferred on the Company's Consolidated Balance Sheets and amortized to "Income tax expense" as the related asset is recognized in income. Income tax recovery or expense on items in "Accumulated other comprehensive loss" are recognized in "Income tax expense" as the related item is recognized in income.

Earnings per share

Basic earnings per share are calculated using the weighted-average number of the Company's Common Shares ("Common Shares") outstanding during the year. Diluted earnings per share are calculated using the treasury stock method for determining the dilutive effect of options.

Foreign currency translation

Assets and liabilities denominated in foreign currencies, other than those held through foreign subsidiaries, are translated into Canadian dollars at the year-end exchange rate for monetary items and at the historical exchange rates for non-monetary items. Foreign currency revenues and expenses are translated at the exchange rates in effect on the dates of the related transactions. Foreign exchange ("FX") gains and losses, other than those arising from the translation of the Company's net investment in foreign subsidiaries, are included in income.

The accounts of the Company's foreign subsidiaries are translated into Canadian dollars using the year-end exchange rate for assets and liabilities and the average exchange rates during the year for revenues, expenses, gains, and losses. FX gains and losses arising from the translation of the foreign subsidiaries' assets and liabilities are included in "Other comprehensive loss". A portion of U.S. dollar-denominated long-term debt has been designated as a hedge of the net investment in foreign subsidiaries. As a result, unrealized FX gains and losses on U.S. dollar-denominated long-term debt, designated as a hedge, are offset against FX gains and losses arising from the translation of foreign subsidiaries' accounts in "Other comprehensive loss".

Cash and cash equivalents

Cash and cash equivalents include highly liquid short-term investments that are readily convertible to cash with original maturities of three months or less, but excludes cash and cash equivalents subject to restrictions.

Accounts receivable

Accounts receivable from customers are recognized initially at fair value and subsequently measured at amortized cost less allowance for expected credit losses. Losses on accounts receivable are estimated based on historical credit loss experience of receivables with similar risk characteristics. Historical loss experience is adjusted to reflect any management expectations that current or future conditions will differ from conditions that existed for the period over which historical information is evaluated.

To determine expected credit losses, receivables are disaggregated by credit characteristics, type of customer service, customer line of business, and receivable aging. Receivables are considered to be in default and are written off against the allowance for credit losses when it is probable that all remaining contractual payments due will not be collected in accordance with the terms of the customer contracts. Subsequent recoveries of amounts previously written off are credited to earnings in the period recovered.

Materials and supplies

Materials and supplies are carried at the lower of average cost or market value and consist primarily of fuel and parts used in the repair and maintenance of track structures, equipment, locomotives and freight cars.

Properties

Fixed asset additions and major renewals are recorded at cost, including direct costs, attributable indirect costs and carrying costs, less accumulated depreciation and any impairment. When there is a legal obligation associated with the retirement of property, a liability, when reliably estimable, is initially recognized at its fair value and a corresponding asset retirement cost is added to the gross book value of the related asset and amortized to expense over the estimated term to retirement. The Company reviews the carrying amounts of its properties whenever changes in circumstances indicate that such carrying amounts may not be recoverable based on future undiscounted cash flows. When such properties are determined to be impaired, recorded asset values are revised to their fair value and an impairment loss is recognized.

The Company recognizes expenditures as additions to properties or operating expenses based on whether the expenditures increase the output or service capacity, lower the associated operating costs or extend the useful life of the properties and whether the expenditures exceed minimum physical and financial thresholds.

Much of the additions to properties, both new and replacement properties, are self-constructed. These are initially recorded at cost, including direct costs and attributable indirect costs, overheads and carrying costs. Direct costs include, among other things, labour costs, purchased services, equipment costs and material costs. Attributable indirect costs and overheads include incremental long-term variable costs resulting from the execution of capital projects. Indirect costs mainly include work trains, material distribution, highway vehicles and work equipment. Overheads primarily include a portion of the engineering department's costs, which plans, designs and administers these capital projects. These costs are allocated to projects by applying a measure consistent with the nature of the cost, based on cost studies. For replacement properties, the project costs are allocated to dismantling and installation based on cost studies. Dismantling work, which is expensed, is performed concurrently with the installation.

Ballast programs including undercutting, shoulder ballasting and renewal programs that form part of the annual track program are capitalized as this work, and the related added ballast material, significantly improves drainage, which in turn extends the life of ties and other track materials. These costs are tracked separately from the underlying assets and depreciated over the period to the next estimated similar ballast program. Spot replacement of ballast is considered a repair which is expensed as incurred.

The costs of large refurbishments are capitalized and locomotive overhauls are expensed as incurred, except where overhauls represent a betterment of the locomotive in which case costs are capitalized.

The Company capitalizes development costs for major new computer systems.

The Company follows group depreciation, which groups assets which are similar in nature and have similar economic lives. The property groups are depreciated on a straight-line basis reflecting their expected economic lives determined by depreciation studies. Depreciation studies are regular reviews of asset service lives, salvage values, accumulated depreciation and other related factors. Depreciation rates are established through these studies. Actual use and retirement of assets may vary from current estimates, and would be identified in the next study. These changes in expected economic lives would impact the amount of depreciation expense recognized in future periods. All track assets are depreciated using a straight-line method which recognizes the value of the asset consumed as a percentage of the whole life of the asset.

When depreciable property is retired or otherwise disposed of in the normal course of business, the book value, less net salvage proceeds, is charged to accumulated depreciation and if different than the assumptions under the depreciation study could potentially result in adjusted depreciation expense over a period of years. However, when removal costs exceed the salvage value on assets and the Company has no legal obligation to remove the assets, the removal costs incurred are charged to income in the period in which the assets are removed and are not charged to accumulated depreciation.

For certain asset classes, the historical cost of the asset is separately recorded in the Company's property records. This amount is retired from the property records upon retirement of the asset. For assets for which the historical cost cannot be separately identified the amount of the gross book value to be retired is estimated using either an indexation methodology, whereby the current replacement cost of the asset is indexed to the estimated year of installation for the asset, or a first-in, first-out approach, or statistical analysis is used to determine the age of the retired asset. CP uses indices that closely correlate to the principal costs of the assets.

There are a number of estimates inherent in the depreciation and retirement processes and as it is not possible to precisely estimate each of these variables until a group of property is completely retired, CP regularly monitors the estimated service lives of assets and the associated accumulated depreciation for each asset class to ensure depreciation rates are appropriate. If the recorded amounts of accumulated depreciation are greater or less than the amounts indicated by the depreciation studies, then the excess or deficit is amortized as a component of depreciation expense over the remaining service lives of the applicable asset classes.

For the sale or retirement of larger groups of depreciable assets that are unusual and were not considered in the Company's depreciation studies, CP records a gain or loss for the difference between net proceeds and net book value of the assets sold or retired. The accumulated depreciation to be retired includes asset-specific accumulated depreciation, when known, and an appropriate portion of the accumulated depreciation recorded for the relevant asset class as a whole, calculated using a cost-based allocation.

Revisions to the estimated useful lives and net salvage projections constitute a change in accounting estimate and are addressed prospectively by amending depreciation rates.

Equipment under finance lease is included in Properties and depreciated over the period of expected use.

Leases

The Company has leases for rolling stock, buildings, vehicles, railway equipment, roadway machines, and information systems hardware. CP has entered into rolling stock and roadway machine leases that are fully variable or contain both fixed and variable components. Variable components are dependent on the hours and miles that the underlying equipment has been used. Fixed term, short-term, and variable operating lease costs are recorded in "Equipment rents" and "Purchased services and other" on the Company's Consolidated Statements of Income. Components of finance lease costs are recorded in "Depreciation and amortization" and "Net interest expense" on the Company's Consolidated Statements of Income.

The Company determines lease existence and classification at the lease inception date. Leases are identified when an agreement conveys the right to control identified property for a period of time in exchange for consideration. The Company recognizes both an operating lease liability and right-of-use ("ROU") asset for operating leases with fixed terms and in-substance fixed terms. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease payments include fixed and variable payments that are based on an index or a rate. If the Company's leases do not provide a readily determinable implicit interest rate, the Company uses internal incremental secured borrowing rates for comparable tenor in the same currency at the commencement date in determining the present value of lease payments. Operating and finance lease ROU assets also include lease prepayments and initial direct costs, but are reduced by lease incentives. The lease term may include periods associated with options to extend or exclude periods associated with options to terminate the lease when it is reasonably certain that the Company will exercise these options.

The Company has short-term operating leases with terms of 12 months or less, some of which include options to purchase that the Company is not reasonably certain to exercise. The Company has elected to apply the recognition exemption and, as such, accounts for leases with a term of 12 months or less off-balance sheet. Therefore, lease payments on these short-term operating leases are not included in operating lease ROU assets and liabilities, but are recognized as an expense in the Company's Consolidated Statements of Income on a straight-line basis over the term of the lease. Further, the Company has elected to combine lease and non-lease components for all leases, except for leases of roadway machines and information systems hardware.

Assets held for sale

Assets to be disposed that meet the held for sale criteria are reported in "Other assets" at the lower of their carrying amount and fair value, less costs to sell, and are no longer depreciated.

Goodwill and intangible assets

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets upon acquisition of a business. Goodwill is assigned to the reporting units that are expected to benefit from the business acquisition which, after integration of operations with the railway network, may be different than the acquired business.

The carrying value of goodwill, which is not amortized, is assessed for impairment annually in the fourth quarter of each year as at October 1st, or more frequently as economic events dictate. The Company has the option of performing an assessment of certain qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying value or proceeding directly to a quantitative impairment test. Qualitative factors include but are not limited to, economic, market and industry conditions, cost factors and overall financial performance of the reporting unit. If the assessment of qualitative factors indicates that the carrying value is less than the fair value, then performing the quantitative goodwill impairment test is unnecessary. The quantitative assessment compares the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit is less than its carrying value, goodwill is impaired. The impairment charge that would be recognized is the excess of the carrying value over the fair value of the reporting unit, limited to the total amount of goodwill allocated to the reporting unit.

Intangible assets with finite lives are amortized on a straight-line basis over the estimated useful lives of the respective assets. Favourable leases, customer relationships and interline contracts have amortization periods ranging from 15 to 20 years. When there is a change in the estimated useful life of an intangible asset with a finite life, amortization is adjusted prospectively.

Pensions and other benefits

Pension costs are actuarially determined using the projected-benefit method pro-rated over the credited service periods of employees. This method incorporates management's best estimates of expected plan investment performance, salary escalation and retirement ages of employees. The expected return on fund assets is calculated using market-related asset values developed from a five-year average of market values for the fund's public equity securities and absolute return strategies (with each prior year's market value adjusted to the current date for assumed investment income during the intervening period) plus the market value of the fund's fixed income, real estate, infrastructure and private debt securities, subject to the market-related asset value not being greater than 120% of the market value nor being less than 80% of the market value. The discount rate used to determine the projected-benefit obligation is based on blended market interest rates on high-quality debt instruments with matching cash flows. Unrecognized actuarial gains and losses in excess of 10% of the greater of the benefit obligation and the market-related value of plan assets are amortized over the expected average remaining service period of active employees expected to receive benefits under the plan (approximately 12 years). Prior service costs arising from collectively bargained amendments to pension plan benefit provisions are amortized over the term of the applicable union agreement. Prior service costs arising from all other sources are amortized over the expected average remaining service period of active employees who are expected to receive benefits under the plan at the date of amendment.

Costs for post-retirement and post-employment benefits other than pensions, including post-retirement health care and life insurance and some workers' compensation and long-term disability benefits in Canada, are actuarially determined on a basis similar to pension costs.

The over or under funded status of defined benefit pension and other post-retirement benefit plans are measured as the difference between the fair value of the plan assets and the benefit obligation, and are recognized on the balance sheets. In addition, any unrecognized actuarial gains and losses and prior service costs and credits that arise during the period are recognized as a component of "Other comprehensive loss", net of tax.

Gains and losses on post-employment benefits that do not vest or accumulate, including some workers' compensation and long-term disability benefits in Canada, are included immediately on the Company's Consolidated Statements of Income as "Other components of net periodic benefit cost or recovery".

The current service cost component of net periodic benefit cost is reported in "Compensation and benefits" for pensions and post-retirement benefits, and in "Purchased services and other" for self-insured workers' compensation and long-term disability benefits on the Company's Consolidated Statements of Income. Other components of net periodic benefit cost or recovery are reported in "Other components of net periodic benefit cost or recovery" outside of Operating income on the Company's Consolidated Statements of Income.

Capitalization of pension costs, when applicable, is restricted to the current service cost component of net periodic benefit cost.

Financial instruments

Financial instruments are contracts that give rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial instruments are recognized initially at fair value, which is the amount of consideration that would be agreed upon in an arm's-length transaction between willing parties.

Subsequent measurement depends on how the financial instruments have been classified. Accounts receivable and other investments, classified as loans and receivables, are measured at amortized cost, using the effective interest method. Cash and cash equivalents and derivatives are classified as held for trading and are measured at fair value. Accounts payable, accrued liabilities, short-term borrowings, other long-term liabilities, and long-term debt are also measured at amortized cost.

Derivative financial instruments

Derivative financial and commodity instruments may be used from time to time by the Company to manage its exposure to risks relating to foreign currency exchange rates, stock-based compensation, interest rates, and fuel prices. When CP utilizes derivative instruments in hedging relationships, CP identifies, designates, and documents those hedging transactions and regularly tests the transactions to demonstrate effectiveness in order to continue hedge accounting.

All derivative instruments are classified as held for trading and recorded at fair value. Any change in the fair value of derivatives that are not designated as hedges is recognized in the period in which the change occurs in the Company's Consolidated Statements of Income in the line item to which the derivative instrument is related.

For fair value hedges, the periodic changes in value are recognized in income, on the same line as the changes in value of the hedged items are also recorded. For an effective cash flow hedge, the entire change in value of the hedging instrument is recognized in "Other comprehensive loss". The change in value of the effective cash flow hedge remains in "Accumulated other comprehensive loss" until the related hedged item settles, at which time amounts recognized in "Accumulated other comprehensive loss" are reclassified to the same income or balance sheet account that records the hedged item.

Cash flows relating to derivative instruments designated as hedges are included in the same line as the related hedged items on the Company's Consolidated Statements of Cash Flows.

Environmental remediation

Environmental remediation accruals, recorded on an undiscounted basis unless a reliably determinable estimate as to amount and timing of costs can be established, cover site-specific remediation programs. The accruals are recorded when the costs to remediate are probable and reasonably estimable. Certain future costs to monitor sites are discounted at an adjusted risk-free rate. Provisions for environmental remediation costs are recorded in "Other long-term liabilities", except for the current portion, which is recorded in "Accounts payable and accrued liabilities".

Stock-based compensation

CP follows the fair value based approach to account for stock options. Compensation expense and an increase in "Additional paid-in capital" are recognized for stock options over their vesting period or over the period from the grant date to the date employees become eligible to retire, when this is shorter than the vesting period, based on their fair values on the grant date as determined using the Black-Scholes option-pricing model. Forfeitures are estimated at issuance and monitored on a periodic basis. Any consideration paid by employees on exercise of stock options is credited to "Share capital" when the option is exercised and the recorded fair value of the option is removed from "Additional paid-in capital" and credited to "Share capital".

Compensation expense is also recognized for performance share units ("PSUs"), performance deferred share units ("PDSUs"), deferred share units ("DSUs"), and restricted share units ("RSUs") that settle in cash using the fair value method. Compensation expense is recognized over the vesting period or over the period from the grant date to the date employees become eligible to retire, when this is shorter than the vesting period where applicable. Forfeitures are estimated at issuance and monitored on a periodic basis.

The employee share purchase plan gives rise to compensation expense that is recognized using the issue price by amortizing the cost over the vesting period.

2. Accounting changes

Implemented in 2020

Financial Instruments - Credit Losses

On January 1, 2020, the Company adopted the new Accounting Standards Update ("ASU") 2016-13, issued by the Financial Accounting Standards Board ("FASB"), and all related amendments under FASB Accounting Standards Codification ("ASC") Topic 326, Financial Instruments - Credit Losses. Using a modified retrospective approach, the Company recognized a cumulative-effect adjustment to its opening retained earnings balance in the period of adoption. Accordingly, comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods.

The impact of the adoption of ASC 326 as at January 1, 2020 was an increase in the allowance for credit losses of $1 million, with the offsets to "Deferred income taxes" and "Retained earnings" on the Company's Consolidated Balance Sheet. See Note 9 for further discussion of the current period credit loss.

Simplification of Financial Disclosures about Guarantors

During the second quarter of 2020, the Company early adopted the Securities and Exchange Commission amendments to the financial disclosure requirements for guarantors and issuers of guaranteed securities, as specified in Rule 3-10 of Regulation S-X. The amendments simplify disclosure requirements by replacing condensed consolidating financial information ("CCFI") with summarized financial information and expanded qualitative non-financial disclosures about the guarantees, issuers, and guarantors. This disclosure can be found in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources.

3. Revenues

The following table disaggregates the Company's revenues from contracts with customers by major source:

(in millions of Canadian dollars)	2020	2019	2018
Freight			
Grain	**$ 1,829**	$ 1,684	$ 1,566
Coal	**566**	682	673
Potash	**493**	462	486
Fertilizers and sulphur	**290**	250	243
Forest products	**328**	304	284
Energy, chemicals and plastics	**1,519**	1,534	1,243
Metals, minerals and consumer products	**629**	752	797
Automotive	**324**	352	322
Intermodal	**1,563**	1,593	1,538
Total freight revenues	**7,541**	7,613	7,152
Non-freight excluding leasing revenues	**107**	116	102
Revenues from contracts with customers	**7,648**	7,729	7,254
Leasing revenues	**62**	63	62
Total revenues	**$ 7,710**	$ 7,792	$ 7,316

Contract liabilities

Contract liabilities represent payments received for performance obligations not yet satisfied and relate to deferred revenue and are presented as components of "Accounts payable and accrued liabilities" and "Other long-term liabilities" on the Company's Consolidated Balance Sheets.

The following table summarizes the changes in contract liabilities for the years ended December 31, 2020 and 2019:

(in millions of Canadian dollars)	2020	2019
Opening balance	**$ 146**	$ 2
Revenue recognized that was included in the contract liability balance at the beginning of the period	**(100)**	(2)
Increase due to consideration received, net of revenue recognized during the period	**15**	146
Closing balance	**$ 61**	$ 146

4. Other (income) expense

(in millions of Canadian dollars)	2020	2019	2018
Foreign exchange (gain) loss on debt and lease liabilities	**$ (14)**	$ (94)	$ 168
Other foreign exchange (gains) losses	**(1)**	(4)	3
Other	**8**	9	3
Other (income) expense	**$ (7)**	$ (89)	$ 174

5. Net interest expense

(in millions of Canadian dollars)	2020	2019	2018
Interest cost	**$ 478**	$ 471	$ 475
Interest capitalized to Properties	**(16)**	(17)	(20)
Interest expense	**462**	454	455
Interest income	**(4)**	(6)	(2)
Net interest expense	**$ 458**	$ 448	$ 453

Interest expense includes interest on finance leases of $11 million for the year ended December 31, 2020 (2019 – $11 million; 2018 – $11 million).

6. Income taxes

The following is a summary of the major components of the Company's income tax expense:

(in millions of Canadian dollars)	2020	2019	2018
Current income tax expense	**$ 537**	$ 525	$ 381
Deferred income tax expense			
Origination and reversal of temporary differences	**277**	316	214
Effect of tax rate decrease	**(32)**	(95)	(21)
Effect of hedge of net investment in foreign subsidiaries	**(18)**	(38)	64
Other	**(6)**	(2)	(1)
Total deferred income tax expense	**221**	181	256
Total income taxes	**$ 758**	$ 706	$ 637
Income before income tax expense			
Canada	**$ 2,518**	$ 2,392	$ 1,788
Foreign	**684**	754	800
Total income before income tax expense	**$ 3,202**	$ 3,146	$ 2,588
Income tax expense			
Current			
Canada	**$ 412**	$ 410	$ 336
Foreign	**125**	115	45
Total current income tax expense	**537**	525	381
Deferred			
Canada	**231**	141	174
Foreign	**(10)**	40	82
Total deferred income tax expense	**221**	181	256
Total income taxes	**$ 758**	$ 706	$ 637

The provision for deferred income taxes arises from temporary differences in the carrying values of assets and liabilities for financial statement and income tax purposes and the effect of loss carry forwards. The items comprising the deferred income tax assets and liabilities are as follows:

(in millions of Canadian dollars)		**2020**		2019
Deferred income tax assets				
Amount related to tax losses carried forward	**$**	**17**	$	6
Liabilities carrying value in excess of tax basis		**131**		139
Unrealized foreign exchange losses		**4**		26
Environmental remediation costs		**22**		22
Other		**4**		4
Total net deferred income tax assets		**178**		197
Deferred income tax liabilities				
Properties carrying value in excess of tax basis		**3,708**		3,524
Pensions carrying value in excess of tax basis		**43**		83
Other		**93**		91
Total deferred income tax liabilities		**3,844**		3,698
Total net deferred income tax liabilities	**$**	**3,666**	$	3,501

The Company's consolidated effective income tax rate differs from the expected Canadian statutory tax rates. Expected income tax expense at statutory rates is reconciled to income tax expense as follows:

(in millions of Canadian dollars, except percentage)		**2020**		2019		2018
Statutory federal and provincial income tax rate (Canada)		**26.31 %**		26.77 %		26.86 %
Expected income tax expense at Canadian enacted statutory tax rates	**$**	**842**	$	842	$	695
(Decrease) increase in taxes resulting from:						
(Gains) losses not subject to tax		**(23)**		(19)		8
Canadian tax rate differentials		**(3)**		—		—
Foreign tax rate differentials		**(32)**		(33)		(55)
Effect of tax rate decrease		**(32)**		(95)		(21)
Valuation allowance		**—**		(5)		5
Unrecognized tax benefits		**(7)**		33		—
Other		**13**		(17)		5
Income tax expense	**$**	**758**	$	706	$	637

In 2020, the Company revalued its deferred income tax balances as a result of a tax filing election for the state of North Dakota resulting in a lower corporate income tax rate and a net recovery of $29 million.

In 2019, the Company revalued its deferred income tax balances as a result of a corporate income tax rate decrease in the province of Alberta, resulting in a net recovery of $88 million.

In 2018, the Company revalued its deferred income tax balances as a result of corporate income tax rate decreases in the states of Iowa and Missouri, resulting in a net recovery of $21 million.

The Company has not provided a deferred liability for the income taxes, if any, which might become payable on any temporary difference associated with its foreign investments because the Company intends to indefinitely reinvest in its foreign investments and has no intention to realize this difference by a sale of its interest in foreign investments. It is not practical to calculate the amount of the deferred tax liability.

It is more likely than not that the Company will realize the majority of its deferred income tax assets from the generation of future taxable income, as the payments for provisions, reserves and accruals are made and losses and tax credits carried forward are utilized.

At December 31, 2020, the Company had tax effected operating losses carried forward of $15 million (2019 – $4 million), which have been recognized as a deferred tax asset. The losses carried forward will begin to expire in 2031. The Company expects to fully utilize these tax effected operating losses before their expiry. The Company did not have any minimum tax credits or investment tax credits carried forward.

At December 31, 2020, the Company had $2 million (2019 – $2 million) in tax effected capital losses carried forward recognized as a deferred tax asset. The Company has no unrecognized tax benefits from capital losses at December 31, 2020 and 2019.

The following table provides a reconciliation of uncertain tax positions in relation to unrecognized tax benefits for Canada and the U.S. for the year ended December 31:

(in millions of Canadian dollars)		**2020**	2019	2018
Unrecognized tax benefits at January 1	**$**	**52**	$ 13	$ 13
Increase in unrecognized:				
Tax benefits related to the current year		**—**	9	1
Tax benefits related to prior years		**10**	34	—
Dispositions:				
Gross uncertain tax benefits related to prior years		**(9)**	—	(1)
Settlements with taxing authorities		**2**	(4)	—
Unrecognized tax benefits at December 31	**$**	**55**	$ 52	$ 13

If these uncertain tax positions were recognized, all of the amount of unrecognized tax positions as at December 31, 2020 would impact the Company's effective tax rate.

During the fourth quarter of 2019, a tax authority proposed an adjustment for a prior tax year without assessing taxes. Although the Company had commenced action to have the proposal removed, an increase in uncertain tax position was recorded on deferred income tax liability and expense in the amount of $24 million. While the proposed adjustment was withdrawn during 2020, the ultimate resolution of this matter may give rise to further favourable or unfavourable adjustments to deferred tax, the timing and amount of which are not determinable at this time.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of "Income tax expense" in the Company's Consolidated Statements of Income. The net amount of accrued interest and penalties in 2020 was a $1 million recovery (2019 – $1 million recovery; 2018 – $nil). The total amount of accrued interest and penalties associated with unrecognized tax benefits at December 31, 2020 was $9 million (2019 – $10 million; 2018 – $11 million).

The Company and its subsidiaries are subject to either Canadian federal and provincial income tax, U.S. federal, state and local income tax, or the relevant income tax in other international jurisdictions. The Company has substantially concluded all Canadian federal and provincial income tax matters for the years through 2014. The federal and provincial income tax returns filed for 2015 and subsequent years remain subject to examination by the Canadian taxation authorities. The Internal Revenue Service ("IRS") audit for 2012 and 2013 has been settled. The income tax returns for 2016 and subsequent years continue to remain subject to examination by the IRS and U.S. state tax jurisdictions. The Company believes that it has recorded sufficient income tax reserves at December 31, 2020 with respect to these income tax examinations.

7. Earnings per share

Basic earnings per share has been calculated using Net income for the year divided by the weighted-average number of shares outstanding during the year.

Diluted earnings per share has been calculated using the treasury stock method which assumes that any proceeds received from the exercise of in-the-money options would be used to purchase CP Common Shares at the average market price for the period. For purposes of this calculation, at December 31, 2020, there were 1.4 million dilutive options outstanding (2019 – 1.6 million; 2018 – 1.3 million).

The number of shares used in the earnings per share calculations are reconciled as follows:

(in millions of Canadian dollars, except per share data)		**2020**		2019		2018
Net income	**$**	**2,444**	$	2,440	$	1,951
Weighted-average basic shares outstanding (millions)		**135.5**		138.8		142.9
Dilutive effect of stock options (millions)		**0.5**		0.5		0.4
Weighted-average diluted shares outstanding (millions)		**136.0**		139.3		143.3
Earnings per share – basic	**$**	**18.05**	$	17.58	$	13.65
Earnings per share – diluted	**$**	**17.97**	$	17.52	$	13.61

In 2020, there were no options excluded from the computation of diluted earnings per share (2019 – nil; 2018 – 0.2 million).

8. Other comprehensive loss and accumulated other comprehensive loss

The components of Other comprehensive loss and the related tax effects are as follows:

(in millions of Canadian dollars)	Before tax amount	Income tax (expense) recovery	Net of tax amount
For the year ended December 31, 2020			
Unrealized foreign exchange (loss) gain on:			
Translation of the net investment in U.S. subsidiaries	**$ (118)**	**$ —**	**$ (118)**
Translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries (Note 17)	**136**	**(18)**	**118**
Realized loss on derivatives designated as cash flow hedges recognized in income	**9**	**(3)**	**6**
Change in pension and other benefits actuarial gains and losses	**(403)**	**108**	**(295)**
Change in prior service pension and other benefit costs	**(4)**	**1**	**(3)**
Other comprehensive loss	**$ (380)**	**$ 88**	**$ (292)**
For the year ended December 31, 2019			
Unrealized foreign exchange (loss) gain on:			
Translation of the net investment in U.S. subsidiaries	$ (251)	$ —	$ (251)
Translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries (Note 17)	288	(38)	250
Realized loss on derivatives designated as cash flow hedges recognized in income	10	(2)	8
Change in pension and other benefits actuarial gains and losses	(661)	175	(486)
Other comprehensive loss	$ (614)	$ 135	$ (479)
For the year ended December 31, 2018			
Unrealized foreign exchange gain (loss) on:			
Translation of the net investment in U.S. subsidiaries	$ 419	$ —	$ 419
Translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries (Note 17)	(479)	64	(415)
Change in derivatives designated as cash flow hedges:			
Realized loss on cash flow hedges recognized in income	10	(3)	7
Unrealized gain on cash flow hedges and other	28	(8)	20
Change in pension and other benefits actuarial gains and losses	(447)	115	(332)
Change in prior service pension and other benefit costs	(2)	1	(1)
Other comprehensive loss	$ (471)	$ 169	$ (302)

The components of Accumulated other comprehensive loss, net of tax, are as follows:

(in millions of Canadian dollars)	**2020**	2019
Unrealized foreign exchange gain on translation of the net investment in U.S. subsidiaries	**$ 493**	$ 611
Unrealized foreign exchange loss on translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries	**(381)**	(499)
Net deferred losses on derivatives and other	**(48)**	(54)
Amounts for defined benefit pension and other post-retirement plans not recognized in income (Note 22)	**(2,878)**	(2,580)
Accumulated other comprehensive loss	**$ (2,814)**	$ (2,522)

Changes in Accumulated other comprehensive loss by component are as follows:

(in millions of Canadian dollars)	Foreign currency net of hedging activities[1]	Derivatives and other[1]	Pension and post-retirement defined benefit plans[1]	Total[1]
Opening balance, January 1, 2020	**$ 112**	**$ (54)**	**$ (2,580)**	**$ (2,522)**
Other comprehensive loss before reclassifications	**—**	**(2)**	**(430)**	**(432)**
Amounts reclassified from accumulated other comprehensive loss	**—**	**8**	**132**	**140**
Net other comprehensive income (loss)	**—**	**6**	**(298)**	**(292)**
Closing balance, December 31, 2020	**$ 112**	**$ (48)**	**$ (2,878)**	**$ (2,814)**
Opening balance, January 1, 2019	$ 113	$ (62)	$ (2,094)	$ (2,043)
Other comprehensive loss before reclassifications	(1)	—	(550)	(551)
Amounts reclassified from accumulated other comprehensive loss	—	8	64	72
Net other comprehensive (loss) income	(1)	8	(486)	(479)
Closing balance, December 31, 2019	$ 112	$ (54)	$ (2,580)	$ (2,522)

[1] Amounts are presented net of tax.

Amounts in Pension and post-retirement defined benefit plans reclassified from Accumulated other comprehensive loss are as follows:

(in millions of Canadian dollars)	2020	2019
Amortization of prior service costs[1]	**$ (1)**	$ —
Recognition of net actuarial loss[1]	**180**	84
Total before income tax	**179**	84
Income tax recovery	**(47)**	(20)
Total net of income tax	**$ 132**	$ 64

[1] Impacts "Other components of net periodic benefit recovery" on the Consolidated Statements of Income.

9. Accounts receivable, net

	As at December 31, 2020			As at December 31, 2019[1]		
(in millions of Canadian dollars)	**Freight**	**Non-Freight**	**Total**	Freight	Non-Freight	Total
Total accounts receivable	**$ 662**	**$ 203**	**$ 865**	$ 637	$ 210	$ 847
Allowance for credit losses	**(25)**	**(15)**	**(40)**	(26)	(16)	(42)
Total accounts receivable, net	**$ 637**	**$ 188**	**$ 825**	$ 611	$ 194	$ 805

[1] Prior year amounts have not been adjusted under the modified retrospective method (Note 2).

	For the twelve months ended December 31, 2020		
(in millions of Canadian dollars)	**Freight**	**Non-Freight**	**Total**
Allowance for credit losses, opening balance[1]	$ (27)	$ (16)	$ (43)
Current period credit loss provision, net	2	1	3
Allowance for credit losses, closing balance	$ (25)	$ (15)	$ (40)

[1] Opening balance at January 1, 2020 was restated as described in Note 2.

10. Business combinations

DRTP

On December 22, 2020, CP completed its acquisition of the 83.5% ownership of the Detroit River Tunnel Partnership ("DRTP") held by OMERS Infrastructure Management Inc. ("OMERS") for cash, net of cash acquired, of $398 million. The purchase price is subject to customary closing adjustments, including any final adjustment for closing working capital and certain closing costs. With this acquisition CP obtained 100% ownership of DRTP. The acquisition of DRTP will reduce CP's operating costs related to movements through the tunnel which amounted to approximately $34 million in 2020, and better integrate the eastern part of the network. DRTP owns a 1.6-mile rail tunnel linking Windsor, Ontario, and Detroit, Michigan and additional, separate lands in both cities. The acquisition was funded with cash from operations and CP's commercial paper program.

The acquisition of DRTP has been accounted for as a business combination under the acquisition method of accounting. The acquired assets and assumed liabilities are recorded at their estimated fair values at the date of acquisition. The fair values were estimated by applying an income approach using the discounted cash flow method of future cash flows, appraised land values reflecting a corridor enhancement factor where appropriate, and depreciated replacement cost for depreciable assets including the tunnel, track, signaling systems, and other railway related infrastructure assets.

Prior to the close of the transaction, CP owned a 16.5% interest in DRTP, which was accounted for as an equity method investment. The previously held equity investment was remeasured to fair value which was determined from the negotiated purchase price that reflected a market value established in a competitive bid process. As a result of the acquisition, the Company recognized a before-tax gain of $68 million on the remeasurement to fair value of its equity interest within "Purchased services and other", calculated as the difference between the fair value of CP's 16.5% interest in DRTP of $81 million and the book value of the interest of $13 million.

The purchase price allocation was prepared on a preliminary basis and is subject to change as additional information becomes available concerning the fair value and tax bases of the net assets acquired. Any adjustments to the purchase price allocation will be made as soon as practicable but no later than one year from the date of acquisition.

The following summarizes the estimated fair values of the acquired assets and liabilities of DRTP:

(in millions of Canadian dollars)		December 22, 2020
Fair value of net assets acquired:		
Accounts receivable, net	$	5
Properties		436
Intangible assets (Note 13)		4
Accounts payable and accrued liabilities		(1)
Deferred taxes		(55)
Total identifiable assets and liabilities	$	389
Goodwill (Note 13)		90
	$	**479**
Consideration:		
Cash, net of cash acquired	$	398
Fair value of previously held equity method investment		81
Total consideration	**$**	**479**

The goodwill of $90 million relates primarily to the contract that DRTP has for CP's use of the tunnel and deferred taxes recognized as a result of the purchase price allocation. The goodwill recognized is not deductible for tax purposes.

Prior to the acquisition of DRTP, CP had pre-existing agreements to use the tunnel and to operate and manage the tunnel on behalf of DRTP. On acquisition, no gain or loss was recognized in respect of the effective settlement of these pre-existing relationships as they were determined to be at fair market value based on an assessment of current market conditions and market participants.

Acquired cash and cash equivalents of $6 million is presented as a reduction of cash used in investing activities in the Company's Consolidated Statements of Cash Flows.

CP has not provided pro forma information relating to the pre-acquisition period as it is not material.

CMQ

On December 30, 2019, CP purchased 100% of Central Maine & Québec Railway Canada Inc. ("CMQ Canada") and Central Maine & Québec Railway U.S. Inc. ("CMQ U.S.") (together "CMQ") for cash consideration of $174 million. CMQ owns 237 miles of rail lines in Québec and 244 miles of rail lines in Maine and Vermont.

CMQ U.S.

The acquisition of CMQ U.S. was subject to approval from the United States Surface Transportation Board ("STB"). From the December 30, 2019 date of purchase, all purchased shares of CMQ U.S. were held in an independent voting trust (the "Trust") pending the STB's approval of CP's application for control of CMQ U.S. Approval was granted with an effective date of June 3, 2020. Between December 30, 2019 and June 3, 2020, CP accounted for its acquisition of CMQ U.S. as an equity method investment. During this time, CP paid additional consideration for CMQ of $3 million, representing changes from the finalization of previously estimated closing date working capital.

On June 3, 2020 the Trust was dissolved and CP assumed control of CMQ U.S. At this time, CP accounted for its acquisition in CMQ U.S. as a business combination using the acquisition method of accounting. Accordingly, the acquired tangible and intangible assets and assumed liabilities were recorded at their estimated fair values as at June 3, 2020 and results from operations and cash flows were consolidated prospectively. There was no material change in the acquisition-date fair value of the equity interest held by the Company in CMQ U.S. immediately before the acquisition date. Fair values were determined primarily through the use of an income approach.

After a measurement period adjustment of $1 million to increase Other long-term liabilities and goodwill resulting from the finalization of acquisition date deferred tax, the final allocation of total consideration to the fair values of the acquired assets and liabilities of CMQ U.S. is summarized as follows:

(in millions of Canadian dollars)		**June 3, 2020**
Fair value of net assets acquired:		
Cash and cash equivalents	$	22
Accounts receivable, net		2
Properties		54
Intangible assets (Note 13)		27
Accounts payable and accrued liabilities		(13)
Other long-term liabilities		(6)
Total identifiable assets and liabilities	$	86
Goodwill (Note 13)		52
	$	**138**
Consideration:		
Fair value of previously held equity method investment	**$**	**138**

Goodwill of $52 million relates primarily to expected operating business synergies between the Company and CMQ U.S. The factors that contribute to the goodwill are revenue growth from customers which are currently not served by CP, access to new routes, and an assembled workforce. Goodwill recognized is not deductible for tax purposes.

Intangible assets of $27 million reflect customer lists acquired in the purchase of CMQ U.S., and have amortization periods of 20 years.

Acquired cash and cash equivalents of $22 million is presented as a reduction of cash used in investing activities on the Company's Consolidated Statement of Cash Flows, and is presented net of finalized closing working capital adjustments for CMQ of $3 million as described above.

CP has not provided pro forma information relating to the pre-acquisition period as it is not material.

CMQ Canada

The acquisition of CMQ Canada was accounted for as a business combination under the acquisition method of accounting. The acquired tangible and intangible assets and assumed liabilities are recorded at their estimated fair values at the date of acquisition.

There have been no adjustments to the preliminary purchase price allocation. The final purchase price and allocation of the total consideration to the fair values of assets and liabilities acquired for CMQ Canada is summarized as follows:

(in millions of Canadian dollars)	December 30, 2019
Fair value of net assets acquired:	
Accounts receivable, net	$ 7
Properties	42
Intangible assets (Note 13)	5
Accounts payable and accrued liabilities	(2)
Long-term debt maturing within one year (Note 16)	(11)
Other long-term liabilities	(4)
Total identifiable assets and liabilities	37
Goodwill (Note 13)	10
	$ 47
Consideration:	
Cash, net of cash acquired	$ 47

The goodwill of $10 million relates primarily to expected operating business synergies. The factors that contribute to the goodwill are revenue growth from customers which are currently not served by CP, access to new routes and an assembled workforce. The goodwill recognized is not deductible for tax purposes.

CP has not provided pro forma information relating to the pre-acquisition period as it is not material.

11. Investments

(in millions of Canadian dollars)	2020	2019
Investment in CMQ U.S. accounted for on an equity basis (Note 10)	**$ —**	$ 127
Other rail investments accounted for on an equity basis	**150**	166
Other investments	**49**	48
Total investments	**$ 199**	$ 341

12. Properties

	2020	2020			2019		
(in millions of Canadian dollars except percentages)	Weighted-average annual depreciation rate	**Cost**	**Accumulated depreciation**	**Net book value**	Cost	Accumulated depreciation	Net book value
Track and roadway	2.8 %	**$ 20,676**	**$ 5,859**	**$ 14,817**	$ 19,299	$ 5,522	$ 13,777
Buildings	2.9 %	**937**	**259**	**678**	833	237	596
Rolling stock	2.8 %	**4,702**	**1,498**	**3,204**	4,529	1,445	3,084
Information systems software[1]	9.3 %	**569**	**253**	**316**	527	215	312
Other	5.2 %	**2,167**	**760**	**1,407**	2,067	680	1,387
Total		**$ 29,051**	**$ 8,629**	**$ 20,422**	$ 27,255	$ 8,099	$ 19,156

[1] During 2020, CP capitalized costs attributable to the design and development of internal-use software in the amount of $45 million (2019 – $55 million; 2018 – $53 million). Current year depreciation expense related to internal use software was $42 million (2019 – $44 million; 2018 – $49 million).

Finance leases included in properties

(in millions of Canadian dollars)	2020 Cost	2020 Accumulated depreciation	2020 Net book value	2019 Cost	2019 Accumulated depreciation	2019 Net book value
Rolling stock	**302**	**138**	**164**	303	130	173
Other	**8**	**1**	**7**	4	—	4
Total assets held under finance lease	**$ 310**	**$ 139**	**$ 171**	$ 307	$ 130	$ 177

13. Goodwill and intangible assets

(in millions of Canadian dollars)	Goodwill Net carrying amount	Intangible assets Cost	Intangible assets Accumulated amortization	Intangible assets Net carrying amount	Total goodwill and intangible assets
Balance at December 31, 2018	$ 194	$ 22	$ (14)	$ 8	$ 202
Additions (Note 10)	10	5	—	5	15
Amortization	—	—	(1)	(1)	(1)
Foreign exchange impact	(10)	—	—	—	(10)
Balance at December 31, 2019	194	27	(15)	12	206
Additions (Note 10)	142	31	—	31	173
Amortization	—	—	(3)	(3)	(3)
Foreign exchange impact	(7)	(3)	—	(3)	(10)
Balance at December 31, 2020	**$ 329**	**$ 55**	**$ (18)**	**$ 37**	**$ 366**

14. Other assets

(in millions of Canadian dollars)	2020	2019
Operating lease ROU assets (Note 19)	**$ 316**	$ 358
Contracted customer incentives	**60**	32
Long-term materials	**37**	41
Other	**25**	20
Total other assets	**$ 438**	$ 451

15. Accounts payable and accrued liabilities

(in millions of Canadian dollars)	2020	2019
Trade payables	$ **401**	$ 453
Accrued charges	**294**	348
Accrued interest	**134**	131
Dividends payable	**127**	114
Stock-based compensation liabilities	**121**	85
Income and other taxes payable	**115**	139
Payroll-related accruals	**68**	78
Operating lease liabilities (Note 19)	**63**	69
Accrued vacation	**59**	60
Personal injury and other claims provision	**37**	55
Deferred revenue (Note 3)	**27**	142
Deferred real estate lease and license revenue[(1)]	**11**	10
Provision for environmental remediation (Note 18)	**9**	7
Other[(1)]	**1**	2
Total accounts payable and accrued liabilities	$ **1,467**	$ 1,693

(1) 2019 comparative figures have been reclassified to conform with current presentation.

16. Debt

Long-term debt includes debt instruments and finance lease obligations. The following table outlines the Company's outstanding long-term debt as at December 31, 2020:

(in millions of Canadian dollars except percentages)			Maturity	Currency in which payable	2020	2019
9.450%	30-year Debentures	(A)	Aug 2021	U.S.$	**318**	325
5.100%	10-year Medium Term Notes	(A)	Jan 2022	CDN$	**125**	125
4.500%	10-year Notes	(A)	Jan 2022	U.S.$	**318**	324
4.450%	12.5-year Notes	(A)	Mar 2023	U.S.$	**445**	454
2.900%	10-year Notes	(A)	Feb 2025	U.S.$	**891**	909
3.700%	10.5-year Notes	(A)	Feb 2026	U.S.$	**318**	324
4.000%	10-year Notes	(A)	Jun 2028	U.S.$	**636**	649
3.150%	10-year Notes	(A)	Mar 2029	CDN$	**399**	399
2.050%	10-year Notes	(A)	Mar 2030	U.S.$	**636**	—
7.125%	30-year Debentures	(A)	Oct 2031	U.S.$	**446**	454
5.750%	30-year Debentures	(A)	Mar 2033	U.S.$	**312**	318
4.800%	20-year Notes	(A)	Sep 2035	U.S.$	**381**	388
5.950%	30-year Notes	(A)	May 2037	U.S.$	**567**	578
6.450%	30-year Notes	(A)	Nov 2039	CDN$	**400**	400
5.750%	30-year Notes	(A)	Jan 2042	U.S.$	**313**	319
4.800%	30-year Notes	(A)	Aug 2045	U.S.$	**698**	712
3.050%	30-year Notes	(A)	Mar 2050	CDN$	**298**	—
6.125%	100-year Notes	(A)	Sep 2115	U.S.$	**1,146**	1,169
8.000%	5-year Promissory Notes	(B)	up to Jun 2020	U.S.$	**—**	11
5.41%	Senior Secured Notes	(C)	Mar 2024	U.S.$	**89**	100
6.91%	Secured Equipment Notes	(D)	Oct 2024	CDN$	**75**	91
7.49%	Equipment Trust Certificates	(E)	Jan 2021	U.S.$	**14**	55
Obligations under finance leases						
1.99% -2.97%		(F)	2021 - 2023	CDN$/U.S.$	**4**	3
6.99%		(F)	Mar 2022	U.S.$	**97**	99
6.57%		(F)	Dec 2026	U.S.$	**38**	45
12.77%		(F)	Jan 2031	CDN$	**4**	4
Commercial Paper			up to Feb 2021	U.S.$	**820**	516
					9,788	8,771
Perpetual 4% Consolidated Debenture Stock		(G)		U.S.$	**39**	39
Perpetual 4% Consolidated Debenture Stock		(G)		G.B.£	**6**	6
					9,833	8,816
Unamortized fees on long-term debt					**(62)**	(59)
					9,771	8,757
Less: Long-term debt maturing within one year					**1,186**	599
				$	**8,585**	$ 8,158

At December 31, 2020, the gross amount of long-term debt denominated in U.S. dollars was U.S. $6,713 million (2019 – U.S. $6,016 million).

Annual maturities and principal repayment requirements, excluding those pertaining to finance leases, for each of the five years following 2020 are (in millions): 2021 – $1,178; 2022 – $471; 2023 – $475; 2024 – $83; 2025 – $891.

Fees on long-term debt are amortized to income over the term of the related debt.

A. These debentures and notes are presented net of unamortized discounts, pay interest semi-annually, and are unsecured but carry a negative pledge.

In 2020, the Company issued U.S $500 million 2.050% 10-year Notes due March 5, 2030 for net proceeds of U.S. $495 million ($662 million) and $300 million 3.050% 30-year Notes due March 9, 2050 for net proceeds of $296 million.

In 2019, the Company repaid U.S. $350 million 7.250% 10-year Notes at maturity for a total of U.S. $350 million ($471 million). The Company also issued $400 million 3.150% 10-year Notes due March 13, 2029 for net proceeds of $397 million.

B. On December 30, 2019, through its business combination with CMQ Canada, the Company assumed CMQ Canada's obligations under the 8.00% 5-year Promissory Notes totalling U.S. $8 million ($11 million) owing to CMQ U.S (see Note 10). In 2020, these notes were settled.

C. The 5.41% Senior Secured Notes are collateralized by specific locomotive units with a carrying value of $97 million at December 31, 2020. The Company pays equal blended semi-annual payments of principal and interest. Final repayment of the remaining principal of U.S. $44 million is due in March 2024.

D. The 6.91% Secured Equipment Notes are full recourse obligations of the Company collateralized by a first charge on specific locomotive units with a carrying value of $54 million at December 31, 2020. The Company pays equal blended semi-annual payments of principal and interest. Final repayment of the remaining principal of $11 million is due in October 2024.

E. The 7.49% Equipment Trust Certificates are secured by specific locomotive units with a carrying value of $91 million at December 31, 2020. The Company makes semi-annual payments that vary in amount and are interest-only payments or blended principal and interest payments. Final repayment of the remaining principal of U.S. $11 million is due in January 2021.

F. The carrying value of the assets collateralizing finance lease obligations was $171 million at December 31, 2020.

G. The Consolidated Debenture Stock, authorized by an *Act of Parliament of 1889*, constitutes a first charge upon and over the whole of the undertaking, railways, works, rolling stock, plant, property and effects of the Company, with certain exceptions.

Credit facility

CP has a revolving credit facility (the "facility") agreement with 14 highly rated financial institutions for a commitment amount of U.S. $1.3 billion, which consists of a U.S. $1.0 billion tranche maturing September 27, 2024 and a U.S. $300 million tranche maturing September 27, 2021. The facility can accommodate draws of cash and/or letters of credit at market competitive pricing. The agreement requires the Company to maintain a financial covenant in conjunction with the facility. As at December 31, 2020 and 2019, the Company was in compliance with all terms and conditions of the credit facility arrangements and satisfied the financial covenant. During the year ended December 31, 2020, the Company drew and fully repaid U.S. $100 million from the U.S. $300 million tranche of its revolving credit facility. As at December 31, 2020 and 2019, the facility was undrawn.

The Company also has a commercial paper program which enables it to issue commercial paper up to a maximum aggregate principal amount of U.S. $1.0 billion in the form of unsecured promissory notes. This commercial paper program is backed by the revolving credit facility. As at December 31, 2020, the Company had total commercial paper borrowings of U.S. $644 million ($820 million), included in "Long-term debt maturing within one year" on the Company's Consolidated Balance Sheets (December 31, 2019 – $516 million). The weighted-average interest rate on these borrowings was 0.27% (December 31, 2019 - 2.03%). The Company presents issuances and repayments of commercial paper, all of which have a maturity of less than 90 days, in the Company's Consolidated Statements of Cash Flows on a net basis.

CP has bilateral letter of credit facilities with six highly rated financial institutions to support its requirement to post letters of credit in the ordinary course of business. Under these agreements, the Company has the option to post collateral in the form of cash or cash equivalents, equal at least to the face value of the letter of credit issued. These agreements permit CP to withdraw amounts posted as collateral at any time; therefore, the amounts posted as collateral are presented as "Cash and cash equivalents" on the Company's Consolidated Balance Sheets. As at December 31, 2020 and 2019, the Company did not have any collateral posted on its bilateral letter of credit facilities but had letters of credit drawn of $59 million (December 31, 2019 – $80 million) from a total available amount of $300 million (December 31, 2019 – $300 million).

17. Financial instruments

A. Fair values of financial instruments

The Company categorizes its financial assets and liabilities measured at fair value into a three-level hierarchy established by GAAP that prioritizes those inputs to valuation techniques used to measure fair value based on the degree to which they are observable. The three levels of the fair value hierarchy are as follows: Level 1 inputs are quoted prices in active markets for identical assets and liabilities; Level 2 inputs, other than quoted prices included within Level 1, are observable for the asset or liability either directly or indirectly; and Level 3 inputs are not observable in the market.

The Company's short-term financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and short-term borrowings including commercial paper. The carrying value of short-term financial instruments approximate their fair values.

The carrying value of the Company's long-term debt does not approximate its fair value. The estimated fair value has been determined based on market information where available, or by discounting future payments of principal and interest at estimated interest rates expected to be available to the Company at period end. All measurements are classified as Level 2. The Company's long-term debt, including current maturities, with a carrying value of $8,951 million at December 31, 2020 (December 31, 2019 - $8,241 million), had a fair value of $11,597 million (December 31, 2019 - $10,149 million).

B. Financial risk management

Derivative financial instruments

Derivative financial instruments may be used to selectively reduce volatility associated with fluctuations in interest rates, FX rates, the price of fuel, and stock-based compensation expense. Where derivatives are designated as hedging instruments, the relationship between the hedging instruments and their associated hedged items is documented, as well as the risk management objective and strategy for the use of the hedging instruments. This documentation includes linking the derivatives that are designated as fair value or cash flow hedges to specific assets or liabilities on the Company's Consolidated Balance Sheets, commitments, or forecasted transactions. At the time a derivative contract is entered into and at least quarterly thereafter, an assessment is made as to whether the derivative item is effective in offsetting the changes in fair value or cash flows of the hedged items. The derivative qualifies for hedge accounting treatment if it is effective in substantially mitigating the risk it was designed to address.

It is not the Company's intent to use financial derivatives or commodity instruments for trading or speculative purposes.

Credit risk management

Credit risk refers to the possibility that a customer or counterparty will fail to fulfill its obligations under a contract and as a result create a financial loss for the Company.

The railway industry predominantly serves financially established customers, and the Company has experienced limited financial losses with respect to credit risk. The credit worthiness of customers is assessed using credit scores supplied by a third party and through direct monitoring of their financial well-being on a continual basis. The Company establishes guidelines for customer credit limits and should thresholds in these areas be reached, appropriate precautions are taken to improve collectability.

Counterparties to financial instruments expose the Company to credit losses in the event of non-performance. Counterparties for derivative and cash transactions are limited to high credit quality financial institutions, which are monitored on an ongoing basis. Counterparty credit assessments are based on the financial health of the institutions and their credit ratings from external agencies. The Company does not anticipate non-performance that would materially impact the Company's financial statements. In addition, the Company believes there are no significant concentrations of credit risk.

FX management

The Company conducts business transactions and owns assets in both Canada and the United States. As a result, the Company is exposed to fluctuations in the value of financial commitments, assets, liabilities, income, or cash flows due to changes in FX rates. The Company may enter into FX risk management transactions primarily to manage fluctuations in the exchange rate between Canadian and U.S. currencies. FX exposure is primarily mitigated through natural offsets created by revenues, expenditures, and balance sheet positions incurred in the same currency. Where appropriate, the Company may negotiate with customers and suppliers to reduce the net exposure.

Net investment hedge

The FX gains and losses on long-term debt are mainly unrealized and can only be realized when U.S. dollar-denominated long-term debt matures or is settled. The Company also has long-term FX exposure on its investment in foreign subsidiaries with a U.S. dollar functional currency. The majority of the Company's U.S. dollar-denominated long-term debt has been designated as a hedge of the net investment in these foreign subsidiaries. This designation has the effect of mitigating volatility on Net income by offsetting long-term FX gains and losses on U.S. dollar-denominated long-term debt and gains and losses on its net investment. The effect of the net investment hedge recognized in "Other comprehensive loss" in 2020 was an FX gain of $136 million, the majority of which was unrealized (2019 – unrealized gain of $288 million; 2018 – unrealized loss of $479 million) (see Note 8).

Interest rate management

The Company is exposed to interest rate risk, which is the risk that the fair value or future cash flows of a financial instrument will vary as a result of changes in market interest rates. In order to manage funding needs or capital structure goals, the Company enters into debt or finance lease agreements that are subject to either fixed market interest rates set at the time of issue or floating rates determined by ongoing market conditions. Debt subject to variable interest rates exposes the Company to variability in interest expense, while debt subject to fixed interest rates exposes the Company to variability in the fair value of debt.

To manage interest rate exposure, the Company accesses diverse sources of financing and manages borrowings in line with a targeted range of capital structure, debt ratings, liquidity needs, maturity schedule, and currency and interest rate profiles. In anticipation of future debt issuances, the Company may enter into forward rate agreements, that are designated as cash flow hedges, to substantially lock in all or a portion of the effective future interest expense. The Company may also enter into swap agreements, designated as fair value hedges, to manage the mix of fixed and floating rate debt.

Forward starting swaps

During the second quarter of 2018, the Company settled a notional amount of U.S. $500 million of forward starting swaps related to the U.S. $500 million 4.000% 10-year Notes issued in the same period. The fair value of these derivative instruments at the time of settlement was a loss of U.S. $19 million ($24 million). The Company no longer has any active forward starting swaps.

For the year ended December 31, 2020, a net loss of $9 million related to previously settled forward starting swap hedges has been amortized to "Net interest expense" (2019 – loss of $9 million; 2018 – loss of $10 million). The Company expects that during the next 12 months, $9 million of net losses will be amortized to "Net interest expense".

Treasury rate locks

At December 31, 2020, the Company had net unamortized losses related to interest rate locks, which are accounted for as cash flow hedges, settled in previous years totalling $17 million (December 31, 2019 – $18 million). This amount is composed of various unamortized gains and losses related to specific debts which are reflected in "Accumulated other comprehensive loss" and are amortized to "Net interest expense" in the period that interest on the related debt is charged. The amortization of these gains and losses resulted in a $1 million increase to "Net interest expense" and "Other comprehensive loss" in 2020 (2019 – $1 million; 2018 – $1 million). The Company expects that during the next 12 months, a net loss of $1 million related to these previously settled derivatives will be reclassified to "Net interest expense".

18. Other long-term liabilities

(in millions of Canadian dollars)		2020		2019
Operating lease liabilities, net of current portion (Note 19)	$	**248**	$	285
Stock-based compensation liabilities, net of current portion		**146**		111
Provision for environmental remediation, net of current portion[1]		**71**		70
Deferred revenue, net of current portion (Note 3)[2]		**34**		4
Deferred real estate lease and license revenue, net of current portion[3]		**18**		20
Deferred gains on sale leaseback transactions[3]		**5**		6
Other, net of current portion [2]		**63**		66
Total other long-term liabilities	$	**585**	$	562

[1] As at December 31, 2020, the aggregate provision for environmental remediation, including the current portion was $80 million (2019 – $77 million).
[2] 2019 comparative figures have been reclassified to conform with current presentation.
[3] The deferred real estate lease and license revenue and deferred gains on sale leaseback transactions are being amortized to income on a straight-line basis over the related lease terms.

Environmental remediation accruals

Environmental remediation accruals cover site-specific remediation programs. The estimate of the probable costs to be incurred in the remediation of properties contaminated by past railway activities reflects the nature of contamination at individual sites according to typical activities and scale of operations conducted. CP has developed remediation strategies for each property based on the nature and extent of the contamination, as well as the location of the property and surrounding areas that may be adversely affected by the presence of contaminants, considering available technologies, treatment and disposal facilities and the acceptability of site-specific plans based on the local regulatory environment. Site-specific plans range from containment and risk management of the contaminants through to the removal and treatment of the contaminants and affected soils and groundwater. The details of the estimates reflect the environmental liability at each property. Provisions for environmental remediation costs are recorded in "Other long-term liabilities", except for the current portion which is recorded in "Accounts payable and accrued liabilities" (see Note 15). Payments are expected to be made over 10 years to 2030.

The accruals for environmental remediation represent CP's best estimate of its probable future obligation and include both asserted and unasserted claims, without reduction for anticipated recoveries from third parties. Although the recorded accruals include CP's best estimate of all probable costs, CP's total environmental remediation costs cannot be predicted with certainty. Accruals for environmental remediation may change from time to time as new information about previously untested sites becomes known, environmental laws and regulations evolve and advances are made in environmental remediation technology. The accruals may also vary as the courts decide legal proceedings against outside parties responsible for contamination. These potential charges, which cannot be quantified at this time, may materially affect income in the particular period in which a charge is recognized. Costs related to existing, but as yet unknown, or future contamination will be accrued in the period in which they become probable and reasonably estimable. Changes to costs are reflected as changes to "Other long-term liabilities" or "Accounts payable and accrued liabilities" on the Company's Consolidated Balance Sheets and to "Purchased services and other" within operating expenses on the Company's Consolidated Statements of Income. The amount charged to income in 2020 was $10 million (2019 – $6 million; 2018 – $6 million).

19. Leases

The Company's leases have remaining terms of less than one year to 14 years, some include options to extend up to an additional 10 years, and some include options to terminate within one year.

Residual value guarantees are provided on certain vehicle operating leases. Cumulatively, these guarantees are limited to $1 million and are not included in lease liabilities as it is not currently probable that any amounts will be owed.

Components of lease expense for the year ended December 31 are as follows:

(in millions of Canadian dollars)	2020	2019
Operating lease cost	$ 83	$ 89
Short-term lease cost	10	10
Variable lease cost	13	13
Sublease income	(3)	(3)
Finance Lease Cost		
Amortization of right-of-use assets	9	9
Interest on lease liabilities	11	11
Total lease costs	**$ 123**	**$ 129**

Supplemental balance sheet information related to leases is as follows:

(in millions of Canadian dollars)	**Classification**	2020	2019
Assets			
Operating	Other assets	$ 316	$ 358
Finance	Properties, net book value	171	177
Liabilities			
Current			
Operating	Accounts payable and accrued liabilities	63	69
Finance	Long-term debt maturing within one year	8	7
Long-term			
Operating	Other long-term liabilities	248	285
Finance	Long-term debt	135	144

The following table provides the Company's weighted-average remaining lease terms and discount rates:

	2020	2019
Weighted-Average Remaining Lease Term		
Operating leases	7 years	7 years
Finance leases	3 years	4 years
Weighted-Average Discount Rate		
Operating leases	3.32 %	3.45 %
Finance leases	7.06 %	7.07 %

Supplemental information related to leases is as follows:

(in millions of Canadian dollars)	2020	2019
Cash paid for amounts included in measurement of lease liabilities		
Operating cash outflows from operating leases	$ 74	$ 82
Operating cash outflows from finance leases	10	10
Financing cash outflows from finance leases	8	6
Right-of-use assets obtained in exchange for lease liabilities		
Operating leases	34	38
Finance leases	4	4

The following table provides the maturities of lease liabilities for the next five years and thereafter as at December 31, 2020:

(in millions of Canadian dollars)	Finance Leases	Operating Leases
2021	$ 11	$ 71
2022	107	59
2023	9	53
2024	8	42
2025	8	34
Thereafter	12	88
Total lease payments	**155**	**347**
Imputed interest	(12)	(36)
Present value of lease payments	**$ 143**	**$ 311**

20. Shareholders' equity

Authorized and issued share capital

The Company is authorized to issue an unlimited number of Common Shares, an unlimited number of First Preferred Shares, and an unlimited number of Second Preferred Shares. At December 31, 2020, no First or Second Preferred Shares had been issued.

The following table summarizes information related to Common Share balances as at December 31:

(number of shares in millions)	**2020**	2019	2018
Share capital, January 1	**137.0**	140.5	144.9
CP Common Shares repurchased	**(4.0)**	(3.8)	(4.6)
Shares issued under stock option plan	**0.3**	0.3	0.2
Share capital, December 31	**133.3**	137.0	140.5

The change in the "Share capital" balance includes $10 million of stock-based compensation transferred from "Additional paid-in capital" (2019 – $7 million; 2018 – $12 million).

Share repurchases

On December 17, 2019, the Company announced a normal course issuer bid ("NCIB"), commencing December 20, 2019, to purchase up to 4.80 million Common Shares in the open market for cancellation on or before December 19, 2020. Upon expiry of this NCIB, the Company had purchased 4.27 million Common Shares for $1,577 million.

On October 19, 2018, the Company announced a NCIB, commencing October 24, 2018, to purchase up to 5.68 million Common Shares for cancellation on or before October 23, 2019. The Company completed this NCIB on October 23, 2019.

On May 10, 2017, the Company announced a NCIB, commencing May 15, 2017, to purchase up to 4.38 million Common Shares in the open market for cancellation on or before May 14, 2018. The Company completed this NCIB on May 10, 2018.

All purchases were made in accordance with the respective NCIB at prevailing market prices plus brokerage fees, or such other prices that were permitted by the Toronto Stock Exchange ("TSX"), with consideration allocated to "Share capital" up to the average carrying amount of the shares and any excess allocated to "Retained earnings".

The following table provides activities under the share repurchase programs for each of the years ended December 31:

	2020	2019	2018
Number of Common Shares repurchased[1]	**3,973,076**	3,794,149	4,683,162
Weighted-average price per share[2]	**$ 371.74**	$ 300.65	$ 240.68
Amount of repurchase (in millions)[2]	**$ 1,477**	$ 1,141	$ 1,127

[1] Includes shares repurchased but not yet cancelled at year end.
[2] Includes brokerage fees.

On January 27, 2021, the Company announced that the TSX has accepted its notice to implement a new NCIB, commencing January 29, 2021, to purchase up to approximately 3.33 million Common Shares for cancellation on or before January 28, 2022.

21. Change in non-cash working capital balances related to operations

(in millions of Canadian dollars)	**2020**	2019	2018
(Use) source of cash:			
Accounts receivable, net	**$ (61)**	$ 27	$ (107)
Materials and supplies	**(15)**	(8)	(11)
Other current assets	**(5)**	(24)	30
Accounts payable and accrued liabilities	**(308)**	(21)	153
Change in non-cash working capital	**$ (389)**	$ (26)	$ 65

22. Pensions and other benefits

The Company has both defined benefit ("DB") and defined contribution ("DC") pension plans. At December 31, 2020, the Canadian pension plans represent nearly all of total combined pension plan assets and nearly all of total combined pension plan obligations.

The DB plans provide for pensions based principally on years of service and compensation rates near retirement. Pensions for Canadian pensioners are partially indexed to inflation. Annual employer contributions to the DB plans, which are actuarially determined, are made on the basis of being not less than the minimum amounts required by federal pension supervisory authorities.

The Company has other benefit plans including post-retirement health and life insurance for pensioners, and post-employment long-term disability and workers' compensation benefits, which are based on Company-specific claims. At December 31, 2020, the Canadian other benefits plans represent nearly all of total combined other plan obligations.

The Audit and Finance Committee of the Board of Directors has approved an investment policy that establishes long-term asset mix targets which take into account the Company's expected risk tolerances. Pension plan assets are managed by a suite of independent investment managers, with the allocation by manager reflecting these asset mix targets. Most of the assets are actively managed with the objective of outperforming applicable benchmarks. In accordance with the investment policy, derivative instruments may be used by investment managers to hedge or adjust existing or anticipated exposures.

To develop the expected long-term rate of return assumption used in the calculation of net periodic benefit cost applicable to the market-related value of plan assets, the Company considers the expected composition of the plans' assets, past experience, and future estimates of long-term investment returns. Future estimates of investment returns reflect the long-term return expectation for fixed income, public equity, real estate, infrastructure, private debt, and absolute return investments, and the expected added value (relative to applicable benchmark indices) from active management of pension fund assets.

The Company has elected to use a market-related value of assets for the purpose of calculating net periodic benefit cost, developed from a five year average of market values for the plans' public equity and absolute return investments (with each prior year's market value adjusted to the current date for assumed investment income during the intervening period) plus the market value of the plans' fixed income, real estate, infrastructure, and private debt securities.

The benefit obligation is discounted using a discount rate that is a blended yield to maturity for a hypothetical portfolio of high-quality debt instruments with cash flows matching projected benefit payments. The discount rate is determined by management.

Net periodic benefit cost

The elements of net periodic benefit cost for DB pension plans and other benefits recognized in the year include the following components:

	Pensions			Other benefits		
(in millions of Canadian dollars)	**2020**	2019	2018	**2020**	2019	2018
Current service cost (benefits earned by employees)	**$ 140**	$ 107	$ 120	**$ 12**	$ 11	$ 12
Other components of net periodic benefit cost (recovery):						
Interest cost on benefit obligation	**406**	450	438	**17**	20	19
Expected return on fund assets	**(945)**	(947)	(955)	**—**	—	—
Recognized net actuarial loss	**177**	84	114	**4**	12	2
Amortization of prior service costs	**(1)**	(1)	(2)	**—**	1	—
Total other components of net periodic benefit (recovery) cost	**(363)**	(414)	(405)	**21**	33	21
Net periodic benefit (recovery) cost	**$ (223)**	$ (307)	$ (285)	**$ 33**	$ 44	$ 33

Projected benefit obligation, fund assets, and funded status

Information about the Company's DB pension plans and other benefits, in aggregate, is as follows:

	Pensions		Other benefits	
(in millions of Canadian dollars)	**2020**	2019	**2020**	2019
Change in projected benefit obligation:				
Benefit obligation at January 1	**$ 12,610**	$ 11,372	**$ 541**	$ 501
Current service cost	**140**	107	**12**	11
Interest cost	**406**	450	**17**	20
Employee contributions	**42**	41	**—**	—
Benefits paid	**(653)**	(646)	**(34)**	(34)
Foreign currency changes	**(5)**	(10)	**—**	—
Plan amendments and other	**3**	—	**—**	—
Actuarial loss	**1,256**	1,296	**17**	43
Projected benefit obligation at December 31	**$ 13,799**	$ 12,610	**$ 553**	$ 541

The net actuarial losses for Pensions and Other benefits in 2020 were primarily due to the decrease in discount rate from 3.25% to 2.58%. The net actuarial losses for Pensions and Other benefits in 2019 were primarily due to the decrease in discount rate from 4.01% to 3.25%.

	Pensions		Other benefits	
(in millions of Canadian dollars)	**2020**	2019	**2020**	2019
Change in fund assets:				
Fair value of fund assets at January 1	**$ 13,319**	$ 12,349	**$ 5**	$ 4
Actual return on fund assets	**1,634**	1,528	**—**	1
Employer contributions	**27**	53	**34**	34
Employee contributions	**42**	41	**—**	—
Benefits paid	**(653)**	(646)	**(34)**	(34)
Foreign currency changes	**(4)**	(6)	**—**	—
Fair value of fund assets at December 31	**$ 14,365**	$ 13,319	**$ 5**	$ 5
Funded status – plan surplus (deficit)	**$ 566**	$ 709	**$ (548)**	$ (536)

The table below shows the aggregate pension projected benefit obligation and aggregate fair value of plan assets for pension plans with fair value of plan assets in excess of projected benefit obligations (i.e. surplus), and for pension plans with projected benefit obligations in excess of fair value of plan assets (i.e. deficit):

	2020		2019	
(in millions of Canadian dollars)	**Pension plans in surplus**	**Pension plans in deficit**	Pension plans in surplus	Pension plans in deficit
Projected benefit obligation at December 31	**$ (13,220)**	**$ (579)**	$ (12,076)	$ (534)
Fair value of fund assets at December 31	**14,114**	**251**	13,079	240
Funded Status	**$ 894**	**$ (328)**	$ 1,003	$ (294)

The DB pension plans' accumulated benefit obligation as at December 31, 2020 was $13,528 million (2019 – $12,201 million). The accumulated benefit obligation is calculated on a basis similar to the projected benefit obligation, except no future salary increases are assumed in the projection of future benefits. For pension plans with accumulated benefit obligations in excess of fair value of plan assets (i.e. deficit), the aggregate pension accumulated benefit obligation as at December 31, 2020 was $443 million (2019 – $419 million) and the aggregate fair value of plan assets as at December 31, 2020 was $187 million (2019 –$186 million).

All Other benefits plans were in a deficit position at December 31, 2020 and 2019.

Pension asset and liabilities in the Company's Consolidated Balance Sheets

Amounts recognized in the Company's Consolidated Balance Sheets are as follows:

	Pensions		Other benefits	
(in millions of Canadian dollars)	**2020**	2019	**2020**	2019
Pension asset	**$ 894**	$ 1,003	**$ —**	$ —
Accounts payable and accrued liabilities	**(11)**	(11)	**(33)**	(34)
Pension and other benefit liabilities	**(317)**	(283)	**(515)**	(502)
Total amount recognized	**$ 566**	$ 709	**$ (548)**	$ (536)

The measurement date used to determine the plan assets and the accrued benefit obligation is December 31. The most recent actuarial valuation for pension funding purposes for the Company's main Canadian pension plan was performed as at January 1, 2020. During 2021, the Company expects to file with the pension regulator a new valuation performed as at January 1, 2021.

Accumulated other comprehensive loss

Amounts recognized in accumulated other comprehensive loss are as follows:

	Pensions		Other benefits	
(in millions of Canadian dollars)	**2020**	2019	**2020**	2019
Net actuarial loss:				
Other than deferred investment gains	**$ 3,960**	$ 3,434	**$ 104**	$ 91
Deferred investment gains	**(95)**	41	**—**	—
Prior service cost	**5**	1	**1**	1
Deferred income tax	**(1,070)**	(964)	**(27)**	(24)
Total (Note 8)	**$ 2,800**	$ 2,512	**$ 78**	$ 68

Actuarial assumptions

Weighted-average actuarial assumptions used were approximately:

(percentages)	**2020**	2019	2018
Benefit obligation at December 31:			
Discount rate	**2.58**	3.25	4.01
Projected future salary increases	**2.75**	2.75	2.75
Health care cost trend rate	**5.00** [1]	5.50 [1]	6.00 [1]
Benefit cost for year ended December 31:			
Discount rate	**3.25**	4.01	3.80
Expected rate of return on fund assets [3]	**7.25**	7.50	7.75
Projected future salary increases	**2.75**	2.75	2.75
Health care cost trend rate	**5.50** [1]	6.00 [1]	7.00 [2]

[1] The health care cost trend rate was assumed to be 6.00% in 2019 and 5.50% in 2020 and is assumed to be 5.00% per year in 2021 and thereafter.
[2] The health care cost trend rate was previously assumed to be 7.00% in 2018, and then decreasing by 0.50% per year to an ultimate rate of 5.00% per year in 2022 and thereafter.
[3] The expected rate of return on fund assets that will be used to compute the 2021 net periodic benefit credit is 6.90%.

Plan assets

Plan assets are recorded at fair value. The major asset categories are public equity securities, fixed income securities, real estate, infrastructure, absolute return investments, and private debt. The fair values of the public equity and fixed income securities are primarily based on quoted market prices. Real estate and infrastructure values are based on the value of each fund's assets as calculated by the fund manager, generally using third party appraisals or discounted cash flow analysis and taking into account current market conditions and recent sales transactions where practical and appropriate. Private debt values are

based on the value of each fund's assets as calculated by the fund manager taking into account current market conditions and reviewed annually by external parties. Absolute return investments are a portfolio of units of externally managed hedge funds and are valued by the fund administrators.

The Company's pension plan asset allocation, the weighted-average asset allocation targets, and the weighted average policy range for each major asset class at year end were as follows:

			Percentage of plan assets at December 31	
Asset allocation (percentage)	Asset allocation target	Policy range	**2020**	2019
Cash and cash equivalents	**1.2**	**0 – 10**	**2.0**	0.9
Fixed income	**24.1**	**20 – 40**	**28.1**	24.6
Public equity	**45.1**	**35 – 55**	**49.3**	54.5
Real estate and infrastructure	**9.8**	**4 – 13**	**6.3**	6.8
Private debt	**9.8**	**4 – 13**	**3.3**	2.4
Absolute return	**10.0**	**4 – 13**	**11.0**	10.8
Total	**100.0**		**100.0**	100.0

Summary of the assets of the Company's DB pension plans

The following is a summary of the assets of the Company's DB pension plans at December 31, 2020 and 2019. As of December 31, 2020 and 2019, there were no plan assets classified as Level 3 valued investments.

	Assets Measured at Fair Value			
(in millions of Canadian dollars)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Investments measured at NAV[1]	Total Plan Assets
December 31, 2020				
Cash and cash equivalents	$ 219	$ —	$ —	$ 219
Fixed income				
Government bonds[2]	284	1,699	—	1,983
Corporate bonds[2]	691	1,144	—	1,835
Mortgages[3]	220	5	—	225
Public equities				
Canada	1,183	—	—	1,183
U.S. and international	5,871	28	—	5,899
Real estate[4]	—	—	704	704
Infrastructure[5]	—	—	199	199
Private debt[6]	—	—	465	465
Derivative instruments[7]	—	71	—	71
Absolute return[8]				
Funds of hedge funds	—	—	1,560	1,560
Multi-strategy funds	—	—	22	22
	$ 8,468	**$ 2,947**	**$ 2,950**	**$ 14,365**
December 31, 2019				
Cash and cash equivalents	$ 112	$ —	$ —	$ 112
Fixed income				
Government bonds[2]	233	1,857	—	2,090
Corporate bonds[2]	273	819	—	1,092
Mortgages[3]	159	5	—	164
Public equities				
Canada	1,351	—	—	1,351
U.S. and international	5,883	22	—	5,905
Real estate[4]	—	—	724	724
Infrastructure[5]	—	—	187	187
Private debt[6]	—	—	313	313
Derivative instruments[7]	—	(59)	—	(59)
Absolute return[8]				
Funds of hedge funds	—	—	1,418	1,418
Multi-strategy funds	—	—	22	22
	$ 8,011	$ 2,644	$ 2,664	$ 13,319

(1) Investments measured at net asset value ("NAV"):

Amounts are comprised of certain investments measured using NAV (or its equivalent) as a practical expedient. These investments have not been classified in the fair value hierarchy.

(2) Government & Corporate Bonds:

Fair values for bonds are based on market prices supplied by independent sources as of the last trading day.

(3) Mortgages:

The fair values of mortgages are based on current market yields of financial instruments of similar maturity, coupon and risk factors.

(4) Real estate:

Real estate fund values are based on the NAV of the funds that invest directly in real estate investments. The values of the investments have been estimated using the capital accounts representing the plan's ownership interest in the funds. Of the total, $580 million is subject to redemption frequencies ranging from monthly to annually and a redemption notice period of 90 days (2019 – $606 million). The remaining $124 million is not subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying real estate investments (2019 – $118 million). As at December 31, 2020, there are $32 million of unfunded commitments for real estate investments (December 31, 2019 – $35 million).

(5) Infrastructure:

Infrastructure fund values are based on the NAV of the funds that invest directly in infrastructure investments. The values of the investments have been estimated using the capital accounts representing the plans' ownership interest in the funds. Of the total, $112 million is subject to redemption frequencies ranging from monthly to annually and a redemption notice period of 90 days (2019 – $119 million). The remaining $87 million is not subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying infrastructure investments (2019 – $68 million). As at December 31, 2020, there are $491 million of unfunded commitments for infrastructure investments (December 31, 2019 – $286 million).

(6) Private debt:

Private debt fund values are based on the NAV of the funds that invest directly in private debt investments. The values of the investments have been estimated using the capital accounts representing the plans' ownership interest in the funds. Of the total, $154 million is subject to redemption frequencies ranging from monthly to annually and a redemption notice period of 90 days (2019 – $154 million). The remaining $311 million is not subject to redemption and is normally returned through distributions as a result of the repayment of the underlying loans (2019 - $159 million). As at December 31, 2020, there are $533 million of unfunded commitments for private debt investments (December 31, 2019 – $392 million).

(7) Derivatives:

The investment managers may utilize the following derivative instruments: equity futures to replicate equity index returns (Level 2); currency forwards to partially hedge foreign currency exposures (Level 2); bond forwards to reduce asset/liability interest rate risk exposures (Level 2); interest rate swaps to manage duration and interest rate risk (Level 2); credit default swaps to manage credit risk (Level 2); and options to manage interest rate risk and volatility (Level 2). The Company may utilize derivatives directly, but only for the purpose of hedging foreign currency exposures. As at December 31, 2020, there are currency forwards with a notional value of $1,041 million (December 31, 2019 – $334 million) and a fair value of $73 million (December 31, 2019 – $13 million). The fixed income investment manager utilizes a portfolio of bond forwards for the purpose of reducing asset/liability interest rate exposure. As at December 31, 2020, there are bond forwards with a notional value of $3,540 million (December 31, 2019 – $3,269 million) and a negative fair value of $2 million (December 31, 2019 – $(72) million).

(8) Absolute return:

The value of absolute return fund investments is based on the NAV reported by the fund administrators. The funds have different redemption policies with redemption notice periods varying from 60 to 95 days and frequencies ranging from monthly to triennially.

Additional plan assets information

The Company's primary investment objective for pension plan assets is to achieve a long–term return, net of all fees and expenses, that is sufficient for the plan's assets to satisfy the current and future obligations to plan beneficiaries, while minimizing the financial impact on the Company. In identifying the asset allocation ranges, consideration was given to the long-term nature of the underlying plan liabilities, the solvency and going-concern financial position of the plan, long-term return expectations, and the risks associated with key asset classes as well as the relationships of returns on key asset classes with each other, inflation, and interest rates. When advantageous and with due consideration, derivative instruments may be utilized by investment managers, provided the total value of the underlying assets represented by financial derivatives (excluding currency forwards, liability hedging derivatives in fixed income portfolios, and derivatives held by absolute return funds) is limited to 30% of the market value of the fund.

The funded status of the plans is exposed to fluctuations in interest rates, which affects the relative values of the plans' liabilities and assets. In order to mitigate interest rate risk, the Company's main Canadian defined benefit pension plan utilizes a liability driven investment strategy in its fixed income portfolio, which uses a combination of long duration bonds and derivatives to hedge interest rate risk, managed by the investment manager. At December 31, 2020, the plan's solvency funded position was 47% hedged against interest rate risk (2019 – 45%).

When investing in foreign securities, the plans are exposed to foreign currency risk; the effect of which is included in the valuation of the foreign securities. At December 31, 2020, the plans were 33% exposed to the U.S. dollar net of currency forwards (40% excluding the currency forwards), 6% exposed to the Euro, and 14% exposed to various other currencies. At December 31, 2019, the plans were 39% exposed to the U.S. dollar net of currency forwards (41% excluding the currency forwards), 6% exposed to the Euro, and 14% exposed to various other currencies.

At December 31, 2020, fund assets included 109,008 of the Common Shares of the Company (2019 – 119,758) at a market value of $48 million (2019 – $40 million).

Estimated future benefit payments

The estimated future DB pension and other benefit payments to be paid by the plans for each of the next five years and the subsequent five-year period are as follows:

(in millions of Canadian dollars)	Pensions	Other benefits
2021	$ 632	$ 33
2022	629	31
2023	631	31
2024	633	30
2025	635	30
2026-2030	3,203	142

The benefit payments from the Canadian registered and U.S. qualified DB pension plans are payable from their respective pension funds. Benefit payments from the supplemental pension plan and from the other benefits plans are payable directly from the Company.

Defined contribution plan

Canadian non-unionized employees hired prior to July 1, 2010 had the option to participate in the Canadian DC plan. All Canadian non-unionized employees hired after such date must participate in this plan. Employee contributions are based on a percentage of salary. The Company matches employee contributions to a maximum percentage each year.

Effective July 1, 2010, a new U.S. DC plan was established. All U.S. non-unionized employees hired after such date must participate in this plan. Employees do not contribute to the plan. The Company annually contributes a percentage of salary.

The DC plans provide a pension based on total employee, where appropriate, and employer contributions plus investment income earned on those contributions.

In 2020, the net cost of the DC plans, which generally equals the employer's required contribution, was $12 million (2019 – $11 million; 2018 – $10 million).

Contributions to multi-employer plans

Some of the Company's unionized employees in the U.S. are members of a U.S. national multi-employer benefit plan. Contributions made by the Company to this plan in 2020 in respect of post-retirement medical benefits were $3 million (2019 – $3 million; 2018 – $3 million).

23. Stock-based compensation

At December 31, 2020, the Company had several stock-based compensation plans including stock option plans, various cash-settled liability plans, and an employee share purchase plan. These plans resulted in an expense of $170 million in 2020 (2019 – $133 million; 2018 – $75 million).

A. Stock option plan

The following table summarizes the Company's stock option plan as at December 31, 2020:

	Options outstanding		Non-vested options	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average grant date fair value
Outstanding, January 1, 2020	1,416,346	$ 199.12	761,784	$ 53.54
Granted	217,240	$ 344.04	217,240	$ 69.00
Exercised	(232,034)	$ 162.87	N/A	N/A
Vested	N/A	N/A	(188,108)	$ 50.91
Forfeited	(13,839)	$ 271.75	(13,839)	$ 58.29
Expired	(347)	$ 168.84	N/A	N/A
Outstanding, December 31, 2020	1,387,366	$ 225.20	777,077	$ 58.40
Vested or expected to vest at December 31, 2020[1]	1,366,649	$ 223.98	N/A	N/A
Exercisable, December 31, 2020	610,289	$ 177.65	N/A	N/A

[1] As at December 31, 2020, the weighted-average remaining term of vested or expected to vest options was 4.5 years with an aggregate intrinsic value of $297 million.

The following table provides the number of stock options outstanding and exercisable as at December 31, 2020 by range of exercise price and their related intrinsic aggregate value, and for options outstanding, the weighted-average years to expiration. The table also provides the aggregate intrinsic value for in-the-money stock options, which represents the amount that would have been received by option holders had they exercised their options on December 31, 2020 at the Company's closing stock price of $441.53.

	Options outstanding				Options exercisable		
Range of exercise prices	Number of options	Weighted-average years to expiration	Weighted-average exercise price	Aggregate intrinsic value (millions)	Number of options	Weighted-average exercise price	Aggregate intrinsic value (millions)
$65.06 - $188.78	342,773	3.4	$ 141.26	$ 103	342,773	$ 141.26	$ 103
$188.79 - $214.58	327,811	3.1	$ 196.82	$ 80	109,375	$ 203.83	$ 26
$214.59 - $261.88	394,953	4.4	$ 244.17	$ 78	134,845	$ 232.54	$ 28
$261.89 - $411.37	321,829	5.8	$ 320.21	$ 39	23,296	$ 272.56	$ 4
Total[1]	1,387,366	4.2	$ 225.20	$ 300	610,289	$ 177.65	$ 161

[1] As at December 31, 2020, the total number of in-the-money stock options outstanding was 1,387,366 with a weighted-average exercise price of $225.20. The weighted-average years to expiration of exercisable stock options is 3.6 years.

Pursuant to the employee plan, options may be exercised upon vesting, which is between 12 months and 48 months after the grant date, and will expire after seven years. Certain stock options granted in 2019 and 2018 vest upon the achievement of specific performance criteria. Under the fair value method, the fair value of the stock options at grant date was approximately $15 million for options issued in 2020 (2019 – $14 million; 2018 – $16 million). The weighted-average fair value assumptions were approximately:

	2020	2019	2018
Expected option life (years)[1]	**4.75**	5.00	5.00
Risk-free interest rate[2]	**1.28%**	2.22%	2.22%
Expected stock price volatility[3]	**23.14%**	25.04%	24.81%
Expected annual dividends per share[4]	**$ 3.3200**	$ 2.6191	$ 2.3854
Expected forfeiture rate[5]	**4.41%**	6.05%	4.70%
Weighted-average grant date fair value of options granted during the year	**$ 69.00**	$ 63.69	$ 55.63

[1] Represents the period of time that awards are expected to be outstanding. Historical data on exercise behaviour or, when available, specific expectations regarding future exercise behaviour were used to estimate the expected life of the option.

[2] Based on the implied yield available on zero-coupon government issues with an equivalent term commensurate with the expected term of the option.
[3] Based on the historical volatility of the Company's stock price over a period commensurate with the expected term of the option.
[4] Determined by the current annual dividend at the time of grant. The Company does not employ different dividend yields throughout the contractual term of the option. On July 21, 2020, the Company announced an increase in its quarterly dividend to $0.9500 per share, representing $3.8000 on an annual basis.
[5] The Company estimates forfeitures based on past experience. The rate is monitored on a periodic basis.

In 2020, the expense for stock options (regular and performance) was $16 million (2019 – $14 million; 2018 – $10 million). At December 31, 2020, there was $12 million of total unrecognized compensation related to stock options which is expected to be recognized over a weighted-average period of approximately 1.1 years.

The total fair value of shares vested for the stock option plan during 2020 was $10 million (2019 – $8 million; 2018 – $11 million).

The following table provides information related to all options exercised in the stock option plan during the years ended December 31:

(in millions of Canadian dollars)	2020	2019	2018
Total intrinsic value	**$ 52**	$ 63	$ 17
Cash received by the Company upon exercise of options	**52**	26	24

B. Other share-based plans

Performance share unit plans

During 2020, the Company issued 97,998 PSUs with a grant date fair value of approximately $34 million and 10,029 PDSUs with a grant date fair value, including value of expected future matching units, of approximately $4 million. PSUs and PDSUs attract dividend equivalents in the form of additional units, based on dividends paid on the Company's Common Shares, and vest approximately three years after the grant date contingent upon CP's performance ("performance factor"). The fair value of these PSUs and PDSUs is measured periodically until settlement using closing share price on the date of measurement. The fair value of units that are probable of vesting based on forecasted performance factors over the three-year performance period is recognized as expense in the Consolidated Statements of Income. Vested PSUs are settled in cash. Vested PDSUs are settled in cash pursuant to the DSU plan and are eligible for a 25% match if the holder has not exceeded their share ownership requirements, and are paid out only when the holder ceases their employment with CP.

The performance period for PSUs and PDSUs issued in 2020 is January 1, 2020 to December 31, 2022, and the performance factors are Return on Invested Capital ("ROIC"), Total Shareholder Return ("TSR") compared to the S&P/TSX 60 Index, and TSR compared to Class I railways.

The performance period for 133,681 PSUs issued in 2019 is January 1, 2019 to December 31, 2021, and the performance factors for these PSUs are ROIC, TSR compared to the S&P/TSX 60 Index, and TSR compared to Class I railways. The performance factors for the remaining 579 PSUs are annual revenue for the fiscal year 2020, diluted earnings per share for the fiscal year 2020, and share price appreciation.

The performance period for 125,280 PSUs issued in 2018 is January 1, 2018 to December 31, 2020, and the performance factors for these PSUs were ROIC, TSR compared to the S&P/TSX Capped Industrial Index, and TSR compared to the S&P 1500 Road and Rail Index. The resulting estimated payout on these awards was 200% on 113,769 total outstanding awards representing a total fair value of $98 million at December 31, 2020, calculated using the Company's average share price of the last 30 trading days preceding December 31, 2020. The performance factors for the remaining 36,975 PSUs were annual revenue for the fiscal year 2020, diluted earnings per share for the fiscal year 2020, and share price appreciation.

The performance period for PSUs issued in 2017 was January 1, 2017 to December 31, 2019, and the performance factors for these PSUs were ROIC, TSR compared to the S&P/TSX Capped Industrial Index, and TSR compared to the S&P 1500 Road and Rail Index. The resulting payout was 193% of the outstanding units multiplied by the Company's average share price calculated using the last 30 trading days preceding December 31, 2019. In the first quarter of 2020, payouts occurred on the total outstanding awards, including dividends reinvested, totalling $76 million on 121,225 outstanding awards.

The following table summarizes information related to the Company's PSUs and PDSUs as at December 31:

	2020	2019
Outstanding, January 1	**403,136**	395,048
Granted	**108,027**	134,260
Units, in lieu of dividends	**3,843**	4,032
Settled	**(121,225)**	(117,228)
Forfeited	**(11,912)**	(12,976)
Outstanding, December 31	**381,869**	403,136

In 2020, the expense for PSUs and PDSUs was $121 million (2019 – $89 million; 2018 – $54 million). At December 31, 2020, there was $51 million of total unrecognized compensation related to these awards which is expected to be recognized over a weighted-average period of approximately 1.4 years.

Deferred share unit plan

The Company established the DSU plan as a means to compensate and assist in attaining share ownership targets set for certain key employees and Directors. A DSU entitles the holder to receive, upon redemption, a cash payment equivalent to the Company's average share price using the 10 trading days prior to redemption. DSUs vest over various periods of up to 36 months and are only redeemable for a specified period after employment is terminated.

Senior managers may elect to receive DSUs in lieu of annual bonus cash payments in the bonus deferral program. In addition, senior managers will be granted a 25% company match of DSUs when deferring cash to DSUs to meet ownership targets. The election to receive eligible payments in DSUs is no longer available to a participant when the value of the participant's DSUs is sufficient to meet the Company's stock ownership guidelines. Senior managers have five years to meet their ownership targets.

The expense for DSUs is recognized over the vesting period for both the initial subscription price and the change in value between reporting periods.

The following table summarizes information related to the DSUs as at December 31:

	2020	2019
Outstanding, January 1	**161,219**	152,760
Granted	**19,041**	19,912
Units, in lieu of dividends	**1,511**	1,608
Settled	**(26,788)**	(12,110)
Forfeited	**(172)**	(951)
Outstanding, December 31	**154,811**	161,219

During 2020, the Company granted 19,041 DSUs with a grant date fair value of approximately $7 million. In 2020, the expense for DSUs was $21 million (2019 – $20 million expense; 2018 – $4 million expense). At December 31, 2020, there was $1 million of total unrecognized compensation related to DSUs which is expected to be recognized over a weighted-average period of approximately 1.3 years.

Summary of share-based liabilities paid

The following table summarizes the total share-based liabilities paid for each of the years ended December 31:

(in millions of Canadian dollars)	2020	2019	2018
Plan			
PSUs	**$ 76**	$ 54	$ 30
DSUs	**9**	4	6
Other	**1**	—	1
Total	**$ 86**	$ 58	$ 37

C. Employee share purchase plan

The Company has an employee share purchase plan whereby both employee and the Company contributions are used to purchase shares on the open market for employees. The Company's contributions are expensed over the one year vesting period. Under the plan, the Company matches $1 for every $3 contributed by employees up to a maximum employee contribution of 6% of annual salary.

The total number of shares purchased in 2020 on behalf of participants, including the Company's contributions, was 115,344 (2019 – 137,942; 2018 – 118,865). In 2020, the Company's contributions totalled $9 million (2019 – $8 million; 2018 – $6 million) and the related expense was $7 million (2019 – $6 million; 2018 – $5 million).

24. Variable interest entities

The Company leases equipment from certain trusts, which have been determined to be variable interest entities financed by a combination of debt and equity provided by unrelated third parties. The lease agreements, which are classified as operating leases, have fixed price purchase options which create the Company's variable interests and result in the trusts being considered variable interest entities.

Maintaining and operating the leased assets according to specific contractual obligations outlined in the terms of the lease agreements and industry standards is the Company's responsibility. The rigour of the contractual terms of the lease agreements and industry standards are such that the Company has limited discretion over the maintenance activities associated with these assets. As such, the Company concluded these terms do not provide the Company with the power to direct the activities of the variable interest entities in a way that has a significant impact on the entities' economic performance.

The financial exposure to the Company as a result of its involvement with the variable interest entities is equal to the fixed lease payments due to the trusts. In 2020, lease payments after tax were $14 million. Future minimum lease payments, before tax, of $126 million will be payable over the next 10 years. The Company does not guarantee the residual value of the assets to the lessor; however, it must deliver to the lessor the assets in good operating condition, subject to normal wear and tear, at the end of the lease term.

As the Company's actions and decisions do not significantly affect the variable interest entities' performance, and the Company's fixed price purchase option is not considered to be potentially significant to the variable interest entities, the Company is not considered to be the primary beneficiary, and does not consolidate these variable interest entities.

25. Commitments and contingencies

In the normal course of its operations, the Company becomes involved in various legal actions, including claims relating to injuries and damage to property. The Company maintains provisions it considers to be adequate for such actions. While the final outcome with respect to actions outstanding or pending at December 31, 2020 cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the Company's business, financial position, or results of operations. However, an unexpected adverse resolution of one or more of these legal actions could have a material adverse effect on the Company's business, financial position, results of operations, or liquidity in a particular quarter or fiscal year.

Commitments

At December 31, 2020, the Company had committed to total future capital expenditures amounting to $547 million and operating expenditures relating to supplier purchase obligations, such as bulk fuel purchase agreements, locomotive maintenance and overhaul agreements, as well as agreements to purchase other goods and services amounting to approximately $1.7 billion for the years 2021–2032, of which CP estimates approximately $1.6 billion will be incurred in the next five years.

Commitments related to leases, including minimum annual payments for the next five years and thereafter, are included in Note 19.

Legal proceedings related to Lac-Mégantic rail accident

On July 6, 2013, a train carrying petroleum crude oil operated by Montréal Maine and Atlantic Railway ("MMAR") or a subsidiary, Montréal Maine & Atlantic Canada Co. ("MMAC" and collectively the "MMA Group"), derailed in Lac-Mégantic, Québec. The derailment occurred on a section of railway owned and operated by the MMA Group and while the MMA Group exclusively controlled the train.

Following the derailment, MMAC sought court protection in Canada under the *Companies' Creditors Arrangement Act* and MMAR filed for bankruptcy in the U.S. Plans of arrangement were approved in both Canada and the U.S. (the "Plans"), providing for the distribution of approximately $440 million amongst those claiming derailment damages.

A number of legal proceedings, set out below, were commenced in Canada and the U.S. against CP and others:

(1) Québec's Minister of Sustainable Development, Environment, Wildlife and Parks ordered various parties, including CP, to remediate the derailment site (the "Cleanup Order") and served CP with a Notice of Claim for $95 million for those costs. CP appealed the Cleanup Order and contested the Notice

of Claim with the Administrative Tribunal of Québec. These proceedings are stayed pending determination of the Attorney General of Québec ("AGQ") action (paragraph 2 below).

(2) The AGQ sued CP in the Québec Superior Court claiming $409 million in damages, which was amended and reduced to $315 million (the "AGQ Action"). The AGQ Action alleges that: (i) CP was responsible for the petroleum crude oil from its point of origin until its delivery to Irving Oil Ltd.; and (ii) CP is vicariously liable for the acts and omissions of the MMA Group.

(3) A class action in the Québec Superior Court on behalf of persons and entities residing in, owning or leasing property in, operating a business in, or physically present in Lac-Mégantic at the time of the derailment was certified against CP on May 8, 2015 (the "Class Action"). Other defendants including MMAC and Mr. Thomas Harding ("Harding") were added to the Class Action on January 25, 2017. The Class Action seeks unquantified damages, including for wrongful death, personal injury, property damage, and economic loss.

(4) Eight subrogated insurers sued CP in the Québec Superior Court claiming approximately $16 million in damages, which was amended and reduced to approximately $15 million (the "Promutuel Action"), and two additional subrogated insurers sued CP claiming approximately $3 million in damages (the "Royal Action"). Both actions contain similar allegations as the AGQ Action. The actions do not identify the subrogated parties. As such, the extent of any overlap between the damages claimed in these actions and under the Plans is unclear. The Royal Action is stayed pending determination of the consolidated proceedings described below.

On December 11, 2017, the AGQ Action, the Class Action and the Promutuel Action were consolidated. These consolidated claims are currently scheduled for a joint liability trial commencing on or around September 13, 2021, followed by a damages trial, if necessary.

(5) Forty-eight plaintiffs (all individual claims joined in one action) sued CP, MMAC, and Harding in the Québec Superior Court claiming approximately $5 million in damages for economic loss and pain and suffering, and asserting similar allegations as in the Class Action and the AGQ Action. The majority of the plaintiffs opted-out of the Class Action and all but two are also plaintiffs in litigation against CP, described in paragraph 7 below. This action is stayed pending determination of the consolidated claims described above.

(6) The MMAR U.S. bankruptcy estate representative commenced an action against CP in November 2014 in the Maine Bankruptcy Court claiming that CP failed to abide by certain regulations and seeking approximately U.S. $30 million in damages for MMAR's loss in business value according to a recent report. This action asserts that CP knew or ought to have known that the shipper misclassified the petroleum crude oil and therefore should have refused to transport it.

(7) The class and mass tort action commenced against CP in June 2015 in Texas (on behalf of Lac-Mégantic residents and wrongful death representatives) and the wrongful death and personal injury actions commenced against CP in June 2015 in Illinois and Maine, were all transferred and consolidated in Federal District Court in Maine (the "Maine Actions"). The Maine Actions allege that CP negligently misclassified and improperly packaged the petroleum crude oil. On CP's motion, the Maine Actions were dismissed. The plaintiffs are appealing the dismissal decision, which is pending.

(8) The trustee for the wrongful death trust commenced Carmack Amendment claims against CP in North Dakota Federal Court, seeking to recover approximately U.S. $6 million for damaged rail cars and lost crude and reimbursement for the settlement paid by the consignor and the consignee under the Plans (alleged to be U.S. $110 million and U.S. $60 million, respectively). The Court issued an Order on August 6, 2020 granting and denying in parts the parties' summary judgment motions which has been reviewed and confirmed following motions by the parties for clarification and reconsideration. This action is scheduled for trial on September 21, 2021.

At this stage of the proceedings, any potential responsibility and the quantum of potential losses cannot be determined. Nevertheless, CP denies liability and is vigorously defending these proceedings.

26. Guarantees

In the normal course of operating the railway, the Company enters into contractual arrangements that involve providing certain guarantees, which extend over the term of the contracts. These guarantees include, but are not limited to:

- guarantees to pay other parties in the event of the occurrence of specified events, including damage to equipment, in relation to assets used in the operation of the railway through operating leases, rental agreements, easements, trackage, and interline agreements; and
- indemnifications of certain tax-related payments incurred by lessors and lenders.

The maximum amount that could be payable under these guarantees, excluding residual value guarantees, cannot be reasonably estimated due to the nature of certain of these guarantees. All or a portion of amounts paid under guarantees to other parties in the event of the occurrence of specified events could be recoverable from other parties or through insurance. The Company has accrued for all guarantees that it expects to pay. At December 31, 2020, these accruals amounted to $18 million (2019 – $10 million), and are recorded in "Accounts payable and accrued liabilities".

Indemnifications

Pursuant to a trust and custodial services agreement with the trustee of the Canadian Pacific Railway Company Pension Plan, the Company has undertaken to indemnify and save harmless the trustee, to the extent not paid by the fund, from any and all taxes, claims, liabilities, damages, costs, and expenses arising out of the performance of the trustee's obligations under the agreement, except as a result of misconduct by the trustee. The indemnity includes liabilities, costs, or expenses relating to any legal reporting or notification obligations of the trustee with respect to the defined benefit and defined contribution options of the pension plans, or otherwise with respect to the assets of the pension plans that are not part of the fund. The indemnity survives the termination or expiry of the agreement with respect to claims and liabilities arising prior to the termination or expiry. At December 31, 2020, the Company had not recorded a liability associated with this indemnification as it does not expect to make any payments pertaining to it.

27. Segmented and geographic information

Operating segment

The Company operates in only one operating segment: rail transportation. Operating results by geographic areas, railway corridors, or other lower-level components or units of operation are not reviewed by the Company's chief operating decision-maker to make decisions about the allocation of resources to, or the assessment of performance of, such geographic areas, corridors, components, or units of operation.

In the years ended December 31, 2020, 2019, and 2018, no one customer comprised more than 10% of total revenues and accounts receivable.

Geographic information

All of the company's revenue and long-lived assets excluding financial instruments are held within Canada and the United States.

(in millions of Canadian dollars)	Canada	United States	Total
2020			
Revenues	**$ 5,829**	**$ 1,881**	**$ 7,710**
Long-term assets excluding financial instruments and pension assets	**14,258**	**7,165**	**21,423**
2019			
Revenues	5,675	2,117	7,792
Long-term assets excluding financial instruments and pension assets	13,131	7,020	20,151
2018			
Revenues	5,232	2,084	7,316
Long-term assets excluding financial instruments and pension assets	12,133	6,759	18,892

28. Selected quarterly data (unaudited)

For the quarter ended	2020				2019			
(in millions of Canadian dollars, except per share data)	**Dec. 31**	**Sep. 30**	**Jun. 30**	**Mar. 31**	Dec. 31	Sep. 30	Jun. 30	Mar. 31
Total revenues	**$ 2,012**	**$ 1,863**	**$ 1,792**	**$ 2,043**	$ 2,069	$ 1,979	$ 1,977	$ 1,767
Operating income	**928**	**779**	**770**	**834**	890	869	822	543
Net income	**802**	**598**	**635**	**409**	664	618	724	434
Basic earnings per share[1]	**$ 5.97**	**$ 4.42**	**$ 4.68**	**$ 2.99**	$ 4.84	$ 4.47	$ 5.19	$ 3.10
Diluted earnings per share[1]	**$ 5.95**	**$ 4.41**	**$ 4.66**	**$ 2.98**	$ 4.82	$ 4.46	$ 5.17	$ 3.09

[1] Earnings per share for the four quarters combined may not equal earnings per share for the year due to rounding.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of December 31, 2020, an evaluation was carried out under the supervision of and with the participation of CP's management, including CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the *Exchange Act*. Based on that evaluation, the CEO and CFO concluded that these disclosure controls and procedures were effective as of December 31, 2020, to ensure that information required to be disclosed by the Company in reports that they file or submit under the *Exchange Act* is (i) recorded, processed, summarized and reported within the time periods specified by the SEC rules and forms and (ii) accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Management is responsible for the financial statements and for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rules 13a-15(f) and 15d-15(f) of the *Exchange Act*. The Corporation's internal control system was designed to provide reasonable assurance to the Corporation's management and Board of Directors regarding the preparation and fair presentation of published financial statements. Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of the Company's internal control over financial reporting in accordance with the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework (2013)*. Based on this assessment, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2020. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the reliability of financial reporting and preparation of financial statements in accordance with generally accepted accounting principles.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2020 has been audited by Deloitte LLP, the Company's independent registered public accounting firm who audited the Company's Consolidated Financial Statements included in this Form 10-K, as stated in their report, which is included herein.

Changes in Internal Control over Financial Reporting

During the three months ended December 31, 2020, the Company has not identified any changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Canadian Pacific Railway Limited

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Canadian Pacific Railway Limited and subsidiaries (the "Company") as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2020, of the Company and our report dated February 18, 2021, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte LLP

Chartered Professional Accountants
Calgary, Canada
February 18, 2021

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors of Registrant

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2020. This information will also be contained in the management proxy circular that we prepare in accordance with applicable Canadian corporate and securities law requirements.

Executive Officers of Registrant

The information regarding executive officers is included in Part I of this annual report under Information about our Executive Officers, following Item 4. Mine Safety Disclosures.

Compliance with Section 16(a) of the Exchange Act

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2020.

Code of Ethics for Chief Executive Officer and Senior Financial Officers

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2020.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2020. This information will also be contained in the management proxy circular that we prepare in accordance with applicable Canadian corporate and securities law requirements.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2020.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2020. This information will also be contained in the management proxy circular that we prepare in accordance with applicable Canadian corporate and securities law requirements.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2020. This information will also be contained in the management proxy circular that we prepare in accordance with applicable Canadian corporate and securities law requirements.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE

The following documents are filed as part of this annual report:

(a) Financial Statements

The financial statements filed as part of this filing are listed on the Index to Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data.

(b) Financial Statement Schedule

Schedule II – Valuation and Qualifying Accounts

(in millions of Canadian dollars)	Beginning balance at January 1	Additions charged to expenses	Payments and other reductions	Impact of FX	Ending balance at December 31
Accruals for personal injury and other claims provision[1]					
2018	$ 118	$ 93	$ (60)	$ 1	$ 152
2019	$ 152	$ 142	$ (152)	$ (1)	$ 141
2020	**$ 141**	**$ 105**	**$ (119)**	**$ (1)**	**$ 126**
Environmental liabilities					
2018	$ 78	$ 6	$ (7)	$ 5	$ 82
2019	$ 82	$ 6	$ (8)	$ (3)	$ 77
2020	**$ 77**	**$ 10**	**$ (6)**	**$ (1)**	**$ 80**

[1] Includes WCB, FELA, occupational, damage, and other.

(c) Exhibits

Exhibits are listed in the exhibit index below. The exhibits include management contracts, compensatory plans and arrangements required to be filed as exhibits to the Form 10-K by Item 601 (10) (iii) of Regulation S-K.

Exhibit	Description
3	***Articles of Incorporation and Bylaws:***
3.1	Restated Certificate and Articles of Incorporation of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 99.2 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on October 22, 2015, File No. 001-01342).
3.2	By-law No. 1, as amended, of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 1 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on May 22, 2009, File No. 001-01342).
3.3	By-law No. 2 of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 99.1 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on March 13, 2015, File No. 001-01342).
3.4	General By-law, as amended, of Canadian Pacific Railway Company, a wholly owned subsidiary of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 2 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on May 22, 2009, File No. 001-01342).
4	***Instruments Defining the Rights of Security Holders, Including Indentures:***
4.1	Indenture dated as of May 8, 2007 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.1 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.2	First Supplemental Indenture dated as of May 8, 2007 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.2 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.3	Second Supplemental Indenture dated as of May 20, 2008 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.3 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).

4.4	Third Supplemental Indenture dated as of May 15, 2009 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.4 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.5	Fourth Supplemental Indenture dated as of September 23, 2010 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.5 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.6	Fifth Supplemental Indenture dated as of December 1, 2011 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.6 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.7	Sixth Supplemental Indenture dated as of February 2, 2015 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.7 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.8	Seventh Supplemental Indenture dated as of August 3, 2015 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.8 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.9	Eighth Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.9 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.10	Indenture dated as of October 30, 2001 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.10 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.11	First Supplemental Indenture dated as of April 23, 2004 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.11 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.12	Second Supplemental Indenture dated as of October 12, 2011 between Canadian Pacific Railway Limited and The Bank of New York Mellon (incorporated by reference to Exhibit 4.12 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.13	Third Supplemental Indenture dated as of October 13, 2011 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.13 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.14	Fourth Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.14 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.15	Indenture dated as of July 15, 1991 between Canadian Pacific Railway Company and Harris Trust and Savings Bank (incorporated by reference to Exhibit 4.15 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.16	First Supplemental Indenture dated as of July 1, 1996 between Canadian Pacific Railway Company and Harris Trust and Savings Bank (incorporated by reference to Exhibit 4.16 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.17	Second Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon (as successor in interest to Harris Trust and Savings Bank) (incorporated by reference to Exhibit 4.17 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.18	Indenture dated as of May 23, 2008 between Canadian Pacific Railway Company and Computershare Trust Company of Canada (incorporated by reference to Exhibit 4.18 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.19	First Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and Computershare Trust Company of Canada (incorporated by reference to Exhibit 4.19 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.20	Indenture dated as of September 11, 2015, from Canadian Pacific Railway Company to Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 99.1 to Canadian Pacific Railway Limited's Registration Statement on Form 6-K filed with the Securities and Exchange Commission on September 14, 2015, File No. 001-01342).
4.21	First Supplemental Indenture dated as of September 11, 2015 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.21 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.22	Second Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.22 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).

4.23	Guarantee of Canadian Pacific Railway Company's Perpetual 4% Consolidated Debenture Stock dated as of December 18, 2015, between Canadian Pacific Railway Limited and Canadian Pacific Railway Company (incorporated by reference to Exhibit 4.23 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.24	Third Supplemental Indenture dated as of May 16, 2018 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and Wells Fargo Bank (incorporated by reference to Exhibit 4.2 to Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 16, 2018, File No. 001-01342).
4.25	Officers' Certificate of Canadian Pacific Railway Company dated March 13, 2019 (incorporated by reference to Exhibit 4.1 to Canadian Pacific Railway Limited's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on April 24, 2019, File No. 001-01342).
4.26	Description of Securities – Equity Securities (incorporated by reference to Exhibit 4.26 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 20, 2020, File No. 001-01342).
4.27	Form of 2.050% Note due 2030 (incorporated by reference to Exhibit 4.1 to Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 6, 2020, File No. 001-01342).
4.28	Fourth Supplemental Indenture, dated as of March 5, 2020, by and among Canadian Pacific Railway Company, as issuer, Canadian Pacific Railway Limited, as guarantor, and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.2 to Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 6, 2020, File No. 001-01342).
4.29	Second Supplemental Indenture, dated as of March 9, 2020, by and among Canadian Pacific Railway Company, as issuer, Canadian Pacific Railway Limited, as guarantor, and Computershare Trust Company of Canada, as trustee (incorporated by reference to Exhibit 4.3 to Canadian Pacific Railway Limited's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on April 21, 2020, File No. 001-01342).
10	***Material Contracts:***
10.1*	Compensation letter dated February 14, 2017, between the Company and Nadeem Velani (incorporated by reference to Exhibit 10.1 Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 21, 2017, File No. 001-01342).
10.2	Fourth Amending Agreement, dated as of June 23, 2017, amending the Credit Agreement, dated September 26, 2014, between Canadian Pacific Railway Company, as Borrower, Canadian Pacific Railway Limited, as Covenantor, Royal Bank of Canada, as Administrative Agent, and the various Lenders party thereto (incorporated by reference to Exhibit 10.1 Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 27, 2017, File No. 001-01342).
10.3*	Amendment dated as of January 31, 2017 to the Executive Employment Agreement dated July 23, 2016 and effective as of July 1, 2017 between Keith Creel and Canadian Pacific Railway Company (incorporated by reference to Exhibit 10.1 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 16, 2017, File No. 001-01342).
10.4*	Offer of Employment Letter to Nadeem Velani dated October 18, 2016 (incorporated by reference to Exhibit 10.3 Canadian Pacific Railway Limited's Registration Statement on Form 8-K filed with the Securities and Exchange Commission on October 24, 2016, File No. 001-01342).
10.5*	Executive Employment Agreement, between the Canadian Pacific Railway Limited and Keith Creel effective July 1, 2017 (incorporated by reference to Exhibit 10.2 to Canadian Pacific Railway Limited's Registration Statement on Form 8-K filed with the Securities and Exchange Commission on July 26, 2016, File No. 001-01342).
10.6	Third Amending Agreement, dated as of June 28, 2016, amending the Credit Agreement, dated September 26, 2014, between Canadian Pacific Railway Company, as Borrower, Canadian Pacific Railway Limited, as Covenantor, Royal Bank of Canada, as Administrative Agent, and the various Lenders party thereto (incorporated by reference to Exhibit 10.1 to Canadian Pacific Railway Limited's Registration Statement on Form 8-K filed with the Securities and Exchange Commission on June 29, 2016, File No. 001-01342).
10.7*	CP 401(k) Savings Plan, as amended and restated effective October 27, 2014 (incorporated by reference to Exhibit 4.5 to Canadian Pacific Railway Limited's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on December 21, 2015, File No. 333-208647).
10.8*	Stand-Alone Option Agreement dated February 4, 2013 between the Registrant and Keith Creel (incorporated by reference to Exhibit 4.2 to Canadian Pacific Railway Limited's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on May 24, 2013, File No. 333-188827).
10.9*	Performance Share Unit Plan for Eligible Employees of Canadian Pacific Railway Limited, adopted with effect from February 17, 2009, as amended February 22, 2013, April 30, 2014 and February 18, 2015 (incorporated by reference to Exhibit 10.3 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.10*	Canadian Pacific Railway Limited Amended and Restated Management Stock Option Incentive Plan, as amended and restated effective November 19, 2015 (incorporated by reference to Exhibit 10.4 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).

10.11*	Canadian Pacific Railway Limited Employee Share Purchase Plan (U.S.) dated July 1, 2006 ("ESPP (U.S.)"), and Amendment to the ESPP (U.S.) effective January 1, 2015, and Amendment to the ESPP (U.S.) January 1, 2016 (incorporated by reference to Exhibit 10.5 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.12*	Directors' Stock Option Plan, effective October 1, 2001 (incorporated by reference to Exhibit 10.7 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.13*	Directors' Deferred Share Unit Plan, as amended effective July 1, 2013 (incorporated by reference to Exhibit 10.8 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.14*	Senior Executives' Deferred Share Unit Plan, effective as of January 1, 2001, as amended September 6, 2012 (incorporated by reference to Exhibit 10.9 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.15*	Canadian Pacific Railway Limited Employee Share Purchase Plan (Canada) dated July 1, 2006 ("ESPP (Canada)"), and Amendment to the ESPP (Canada) effective January 1, 2013, and Amendment to the ESPP (Canada) effective November 5, 2013, and Amendment to the ESPP (Canada) effective July 17, 2014 (incorporated by reference to Exhibit 10.10 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.16*	Canadian Pacific U.S. Salaried Retirement Income Plan, as restated effective January 1, 2015 (incorporated by reference to Exhibit 10.11 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.17*	Canadian Pacific U.S. Supplemental Executive Retirement Plan, effective January 1, 2013 ("CPUSERP"), and First Amendment to the CPUSERP effective November 14, 2013, and Second Amendment to the CPUSERP effective January 1, 2014 (incorporated by reference to Exhibit 10.12 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.18*	Restricted Share Unit Plan for Eligible Employees of Canadian Pacific Railway Limited, effective August 2, 2011, as amended February 21, 2013 (incorporated by reference to Exhibit 10.13 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.19*	Short Term Incentive Plan for Non-Unionized Employees (Canada) and US Salaried Employees, effective January 1, 2014 (incorporated by reference to Exhibit 10.14 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.20*	Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.15 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.21*	Amendment Number 1, effective July 1, 2010, to the Defined Contribution Provisions (Appendix B) of the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.16 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.22*	Amendment Number 2, effective April 1, 2011, to the Defined Contribution Provisions (Appendix B) of the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.17 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.23*	Amendment Number 3, effective January 1, 2013, to the Defined Contribution Provisions (Appendix B) of the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.18 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.24*	Amendment Number 1 to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009, approved by the Board of Directors on December 16, 2009 (incorporated by reference to Exhibit 10.19 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.25*	Amendment Number 2, effective January 1, 2010, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.20 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.26*	Amendment Number 3, effective January 1, 2010, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.21 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.27*	Amendment Number 4, effective January 1, 2011, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.22 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).

10.28*	Amendment Number 5, effective January 1, 2011, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.23 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.29*	Amendment Number 6, effective October 1, 2012, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.24 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.30*	Amendment Number 7, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.25 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.31*	Amendment Number 8, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.26 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.32*	Amendment Number 9, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.27 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.33*	Amendment Number 10, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.28 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.34*	Amendment Number 11, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.29 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.35*	Amendment Number 12, effective January 1, 2015, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.30 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.36*	Amendment Number 13, effective January 1, 2015, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.31 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.37*	Canadian Pacific Railway Company Secondary Pension Plan (Pension Plan Rules), effective June 1, 2013 (incorporated by reference to Exhibit 10.32 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.38*	Amendment Number 1, effective June 1, 2013, to the Canadian Pacific Railway Company Secondary Pension Plan (Pension Plan Rules), effective June 1, 2013 (incorporated by reference to Exhibit 10.33 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.39*	Amendment Number 2, effective January 1, 2015, to the Canadian Pacific Railway Company Secondary Pension Plan (Pension Plan Rules) effective January 1, 2015 (incorporated by reference to Exhibit 10.34 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.40*	Canadian Pacific Supplemental Executive Retirement Plan, effective January 1, 2011 (incorporated by reference to Exhibit 10.35 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.41*	Executive Employment Agreement between Canadian Pacific Railway Company, Soo Line Railroad Company and Keith Creel, effective as of February 5, 2013 (incorporated by reference to Exhibit 10.38 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.42*	Amendment dated August 10, 2015, to the Executive Employment Agreement between Canadian Pacific Railway Company, Soo Line Railroad Company and Keith Creel, effective as of February 5, 2013 (incorporated by reference to Exhibit 10.39 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.43	Credit Agreement dated as of September 26, 2014 among Canadian Pacific Railway Company and CPR Securities Limited, as borrowers, Canadian Pacific Railway Limited, as covenantor, the Financial Institutions that are signatories to the Credit Agreement, as Lenders, the Royal Bank of Canada, as Administrative Agent, RBC Capital Markets, J.P. Morgan Securities LLC, TD Securities, Morgan Stanley MUFG Loan Partners, LLC and Citibank, N.A., Canadian Branch, as Co-Lead Arrangers, RBC Capital Markets and J.P. Morgan Securities LLC, as Joint Bookrunners, J.P. Morgan Chase Bank, N.A., as Syndication Agent, The Toronto-Dominion Bank, Morgan Stanley MUFG Loan Partners, LLC and Citibank, N.A., Canadian Branch, as Co-Documentation Agents (incorporated by reference to Exhibit 10.45 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.44	First Amending Agreement dated as of June 15, 2015, to the Credit Agreement dated September 26, 2014, among Canadian Pacific Railway Company and CPR Securities Limited, as borrowers, Canadian Pacific Railway Limited, as covenantor, the signatories to this First Amending Agreement to the Credit Agreement, as Lenders, the Royal Bank of Canada, as Administrative Agent (incorporated by reference to Exhibit 10.46 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).

10.45	Second Amending Agreement dated as of September 17, 2015, to the Credit Agreement dated September 26, 2014, among Canadian Pacific Railway Company and CPR Securities Limited, as borrowers, Canadian Pacific Railway Limited, as covenantor, the signatories to the Second Amending Agreement to this Credit Agreement, as Lenders, the Royal Bank of Canada, as Administrative Agent (incorporated by reference to Exhibit 10.47 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.46	Fifth Amending Agreement, dated as of June 8, 2018, amending the Credit Agreement, dated September 26, 2014, between Canadian Pacific Railway Company, as Borrower, Canadian Pacific Railway Limited, as Covenantor, Royal Bank of Canada, as Administrative Agent, and the various Lenders party thereto (incorporated by reference to Exhibit 10.1 to Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 11, 2018, File No. 001-01342).
10.47*	Amendment dated as of January 1, 2019, to the Executive Employment Agreement between Canadian Pacific Railway Company and Keith Creel, dated July 23, 2016 and effective as of July 1, 2017 as amended as of January 31, 2017 (incorporated by reference to Exhibit 10.49 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 15, 2019, File No. 001-01342).
10.48	Amended and Restated Credit Agreement, dated as of September 27, 2019, between Canadian Pacific Railway Company, as Borrower, Canadian Pacific Railway Limited, as Covenantor, Royal Bank of Canada, as Administrative Agent, and the various Lenders party thereto (incorporated by reference to Exhibit 10.1 to Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 1, 2019, File No. 001-01342).
10.49* **	Amendment Number 3, effective June 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules) consolidated as at January 1, 2009.
10.50* **	Amendment Number 14, effective May 1, 2017, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules) consolidated as at January 1, 2009.
10.51* **	Amendment Number 15, effective January 1, 2019, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules) consolidated as at January 1, 2009.
10.52* **	Amendment Number 16, effective January 1, 2021, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules) consolidated as at January 1, 2009.
10.53* **	Offer of Employment Letter to Jeffrey Ellis dated October 19, 2015.
10.54* **	Offer of Employment Letter to John Brooks dated March 1, 2019.
10.55* **	Offer of Employment Letter to Mark Redd dated August 13, 2019.
21.1**	Subsidiaries of the registrant
22.1**	List of Issuers and Guarantor Subsidiaries
23.1**	Consent of Independent Registered Public Accounting Firm
24.1**	Power of attorney (included on the signature pages of this Form 10-K)
31.1**	CEO Rule 13a-14(a) Certifications
31.2**	CFO Rule 13a-14(a) Certifications
32.1**	CEO Section 1350 Certifications
32.2**	CFO Section 1350 Certifications
101.INS**	Inline XBRL Instance Document
101.SCH**	Inline XBRL Taxonomy Extension Schema Document
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document
	The following financial information from Canadian Pacific Railway Limited's Annual Report on Form 10-K for the year ended December 31, 2020, formatted in Extensible Business Reporting Language (XBRL) includes: (i) the Consolidated Statements of Income for each of the three years ended December 31, 2020, 2019, and 2018; (ii) the Consolidated Statements of Comprehensive Income for each of the three years ended December 31, 2020, 2019, and 2018; (iii) the Consolidated Balance Sheets at December 31, 2020 and 2019; (iv) the Consolidated Statements of Cash Flows for each of the three years ended December 31, 2020, 2019, and 2018; (v) the Consolidated Statements of Changes in Shareholders' Equity for each of the three years ended December 31, 2020, 2019, and 2018; and (vi) the Notes to Consolidated Financial Statements.
104 **	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Management contract or compensatory arrangement

** Filed with this Annual Report on Form 10-K

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the *Securities Exchange Act of 1934*, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CANADIAN PACIFIC RAILWAY LIMITED
(Registrant)
By: /s/ KEITH CREEL
Keith Creel
Chief Executive Officer

Dated: February 18, 2021

POWER OF ATTORNEY

Each of the undersigned do hereby appoint each of Nadeem Velani and Jeffrey J. Ellis, his or her true and lawful attorney-in-fact and agent, to sign on his or her behalf the Company's Annual Report on Form 10-K, for the year ended December 31, 2020, and any and all amendments thereto, and to file the same, with all exhibits thereto, with the Securities and Exchange Commission.

Pursuant to the requirements of the *Securities Exchange Act of 1934*, this report has been signed below by the following persons on behalf of the Company and in the capacities indicated on February 18, 2021.

Signature	Title
/s/ KEITH CREEL Keith Creel	Chief Executive Officer and Director (Principal Executive Officer)
/s/ NADEEM VELANI Nadeem Velani	Executive Vice-President and Chief Financial Officer (Principal Financial Officer)
/s/ ISABELLE COURVILLE Isabelle Courville	Chair of the Board of Directors
/s/ JOHN R. BAIRD John R. Baird	Director
/s/ GILLIAN H. DENHAM Gillian H. Denham	Director
/s/ EDWARD R. HAMBERGER Edward R. Hamberger	Director
/s/ REBECCA MACDONALD Rebecca MacDonald	Director
/s/ EDWARD L. MONSER Edward L. Monser	Director
/s/ MATTHEW H. PAULL Matthew H. Paull	Director
/s/ JANE L. PEVERETT Jane L. Peverett	Director
/s/ ANDREA ROBERTSON Andrea Robertson	Director
/s/ GORDON T. TRAFTON Gordon T. Trafton	Director

EXECUTIVE TEAM

Keith Creel
President and Chief Executive Officer

Nadeem Velani
Executive Vice-President and Chief Financial Officer

Mark Redd
Executive Vice-President Operations

John Brooks
Executive Vice-President and Chief Marketing Officer

Laird Pitz
Senior Vice-President and Chief Risk Officer

Jeffrey Ellis
Chief Legal Officer and Corporate Secretary

James Clements
Senior Vice-President Strategic Planning
and Technology Transformation

Mike Foran
Vice-President Market Strategy and Asset Management

Chad Rolstad
Vice-President Human Resources and Chief Culture Officer

Michael Redeker
Vice-President and Chief Information Officer

BOARD OF DIRECTORS

Isabelle Courville
Chair

Keith Creel
President and Chief Executive Officer

John R. Baird
Director

Jill Denham
Director

Edward R. Hamberger
Director

Rebecca MacDonald
Director

Edward Monser
Director

Matthew H. Paull
Director

Jane L. Peverett
Director

Andrea Robertson
Director

Gordon Trafton
Director

EXCHANGE LISTINGS

The common shares of Canadian Pacific Railway Limited are listed on the Toronto and New York stock exchanges under the symbol CP.

CONTACT US

Investor Relations
Email: investor@cpr.ca

Canadian Pacific Investor Relations
7550 Ogden Dale Road S.E.
Calgary, AB, Canada T2C 4X9

Shareholder Services
Email: shareholder@cpr.ca

Canadian Pacific Shareholder Services
Office of the Corporate Secretary
7550 Ogden Dale Road S.E.
Calgary, AB, Canada T2C 4X9

Transfer Agent and Registrar
Computershare Investor Services Inc. serves as transfer agent and registrar for the common shares in Canada. Computershare Trust Company, N.A. serves as co-transfer agent and co-registrar for the common shares in the U.S. Visit the Computershare website at: investorcentre.com/cp

Auditors
Deloitte LLP



CANADIAN PACIFIC

7550 Ogden Dale Road S.E.
Calgary, Alberta, Canada
T2C 4X9

cpr.ca

EXHIBIT 9.2

CANADIAN PACIFIC RAILWAY LIMITED
2019 ANNUAL REPORT
(FILED WITH THE SEC ON FEBRUARY 20, 2020)



SERVICE EXCELLENCE

2019 ANNUAL REPORT

PERFORMANCE HIGHLIGHTS

$ in millions of Canadian dollars, except per share data, ratios, or unless otherwise indicated

	2015	2016	2017	2018	2019
FINANCIAL HIGHLIGHTS					
Total revenues	$ 6,712	$ 6,232	$ 6,554	$ 7,316	$ 7,792
Operating income	$ 2,618	$ 2,411	$ 2,519	$ 2,831	$ 3,124
Adjusted operating income[1]	$ 2,550	$ 2,411	$ 2,468	$ 2,831	$ 3,124
Operating ratio	61.0%	61.3%	61.6 %	61.3 %	59.9 %
Adjusted operating ratio[1]	62.0%	61.3%	62.4 %	61.3 %	59.9 %
Net income	$ 1,352	$ 1,599	$ 2,405	$ 1,951	$ 2,440
Adjusted income[1]	$ 1,625	$ 1,549	$ 1,666	$ 2,080	$ 2,290
Diluted earnings per share ("EPS")	$ 8.40	$ 10.63	$ 16.44	$ 13.61	$ 17.52
Adjusted diluted EPS[1]	$ 10.10	$ 10.29	$ 11.39	$ 14.51	$ 16.44
Cash provided by operating activities	$ 2,459	$ 2,089	$ 2,182	$ 2,712	$ 2,990
Cash used in investing activities	$ (1,123)	$ (1,069)	$ (1,295)	$ (1,458)	$ (1,803)
Cash used in financing activities	$ (957)	$ (1,493)	$ (700)	$ (1,542)	$ (1,111)
Free cash[1]	$ 1,381	$ 1,007	$ 874	$ 1,289	$ 1,357
Return on invested capital ("ROIC")[1]	12.9%	14.4%	20.5 %	15.3 %	17.9 %
Adjusted ROIC[1]	15.2%	14.0%	14.7 %	16.2 %	16.9 %
Dividend payout ratio	16.7%	17.4%	13.3%	18.5%	17.9%
Adjusted dividend payout ratio[1]	13.9%	18.0%	19.2%	17.3%	19.1%
Long-term debt to net income ratio	6.6	5.4	3.4	4.5	3.6
Adjusted net debt to Adjusted EBITDA ratio[1]	2.8	2.9	2.6	2.6	2.4
STATISTICAL HIGHLIGHTS[2]					
Revenue ton-miles ("RTMs") (millions)	145,257	135,952	142,540	154,207	154,378
Carloads (thousands)	2,628	2,525	2,634	2,740	2,766
Gross ton-miles ("GTMs") (millions)	263,344	242,694	252,195	275,362	280,724
Fuel efficiency (U.S. gallons of locomotive fuel consumed /1,000 GTMs)	0.999	0.980	0.980	0.953	0.955
Average train weight - excluding local traffic (tons)	8,314	8,614	8,806	9,100	9,129
Average train length - excluding local traffic (feet)	6,935	7,217	7,214	7,313	7,388
Average terminal dwell (hours)	7.2	6.7	6.6	6.8	6.4
Average train speed (miles per hour, or "mph")	21.4	23.5	22.6	21.5	22.2
Total employees (end of period)	12,856	11,693	12,215	12,840	12,694
Workforce (end of period)	12,938	11,738	12,294	12,866	12,732
SAFETY INDICATORS[2]					
FRA personal injuries per 200,000 employee-hours	1.84	1.67	1.65	1.48	1.42
FRA train accidents per million train-miles	1.41	1.12	0.99	1.10	1.06

[1] These measures have no standardized meanings prescribed by accounting principles generally accepted in the United States ("GAAP") and, therefore, may not be comparable to similar measures presented by other companies. These measures are defined and reconciled in Non-GAAP Measures in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K.

[2] Certain statistical highlights and safety indicators have been updated to reflect new information or have been restated to conform with current presentation.

OUR PURPOSE IS TO SERVE.

AND DO IT BETTER THAN ANY OTHER RAILROAD.

COVER PHOTO

On Remembrance Day in Canada and Veterans Day in the U.S., CP unveiled five specially painted locomotives honouring the service and history of the armed forces (see story on page 16).


CANADIAN PACIFIC
CANADIAN PACIFIC






3017
3017
C:P



SERVICE EXCELLENCE

Service to us is not a job description. It is a duty – and one our 13,000-strong CP family of railroaders is passionate about.

We are committed to serving the North American economy and global community. When we meet this commitment, our stakeholders benefit including our customers, shareholders and each other.

Since 2012, we've redefined what best service and operational excellence mean. No matter what the challenge, we have performed. In 2019 alone, we overcame challenges posed by both markets and Mother Nature.

Precision scheduled railroading is the engine for our success. Our CP family is united by a single purpose and culture. A railroading mindset founded on providing service, controlling costs, optimizing assets, operating safely and developing people – all rooted in our values of accountability, diversity and pride.

Our iconic company was founded on uniting a country. Today, we are creating service solutions and capacity to allow our customers to compete and grow sustainably – for the benefit of everyone.

7% REVENUE GROWTH



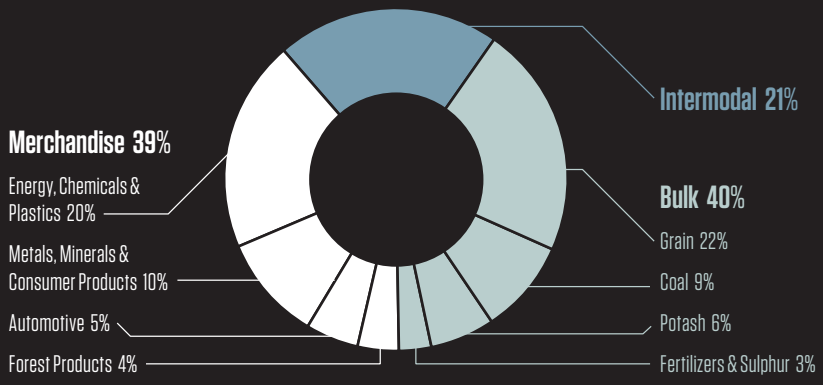
29% DOUBLE-DIGIT DILUTED EPS GROWTH

13% DOUBLE-DIGIT ADJUSTED DILUTED EPS GROWTH[1]

[1] This measure has no standardized meaning prescribed by accounting principles generally accepted in the United States ("GAAP") and, therefore, may not be comparable to similar measures presented by other companies. This measure is defined and reconciled in Non-GAAP Measures in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K.

59.9% OPERATING RATIO COMPANY RECORD

BUSINESS MIX % of 2019 Freight Revenue







14th STRAIGHT YEAR INDUSTRY LEADER IN SAFETY

1.06: FEDERAL RAILROAD ADMINISTRATION REPORTABLE TRAIN ACCIDENT FREQUENCY (PER MILLION TRAIN-MILES)

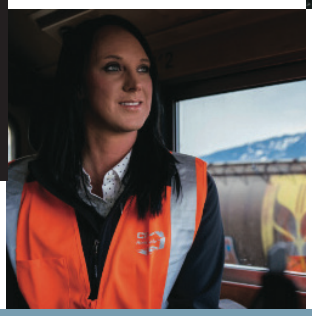




BUILT TO DRIVE GROWTH

RECORD REVENUE OF $7.8B





We continue to work with customers to leverage our network strengths and service.

We are hardwired for ongoing improvement so that customers can grow their business and we can grow ours. Our team is unlocking capacity, creating new opportunities for customers, growing volumes, improving margins and winning new business.

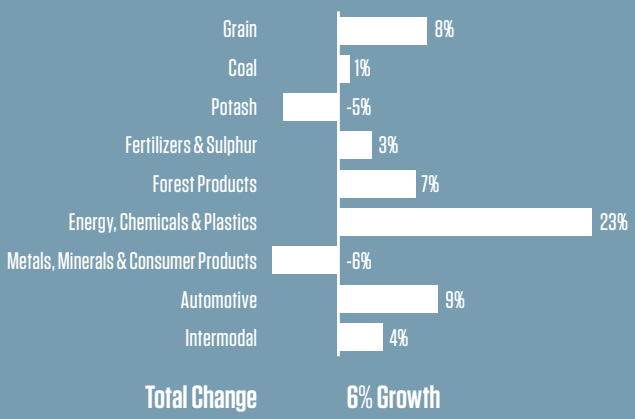
Quicker cycle times and reduced dwell times have created better asset utilization. Longer, heavier trains have increased network throughput capacity. Combined, our operating model significantly reduces costs for CP and our customers while providing reliable service.

The strong performance across our franchise this past year is a reflection of the resiliency of our model, the talent of our operating team and the discipline in our marketing strategy. Precision scheduled railroading is fully embedded in our DNA.

We have a compelling value proposition – one that's not easily replicated in our industry and uniquely positions us for profitable, sustainable growth.

FREIGHT REVENUE VARIANCE

% of 2019 Freight Revenue vs 2018



MORE GRAIN PER TRAIN





HIGH CAPACITY

A CP HEP train services Paterson's grain elevator in Bowden, Alta.

THE FUTURE OF GRAIN TRANSPORTATION

TODAY:

LOW-CAPACITY HOPPERS
7,000-FOOT TRAIN
10,400 TONNES OF
WHEAT PER TRAIN

15% MORE GRAIN PER TRAIN

NEW HOPPERS:

HIGH-CAPACITY HOPPERS
7,000-FOOT TRAIN
12,000 TONNES OF
WHEAT PER TRAIN

25% MORE GRAIN PER TRAIN

FUTURE:

HIGH-CAPACITY HOPPERS
8,500-FOOT TRAIN
15,000 TONNES OF
WHEAT PER TRAIN

>40%
MORE GRAIN PER TRAIN



CP is driving unparalleled efficiencies in our grain supply chain.

Investments into our 8,500-foot-long train model and high-capacity covered hopper cars provide our customers with a superior grain service offering.

By working with grain companies and port operators, our specialized train model allows for the entire supply chain – from harvest to vessel loading – to be optimized.

The 8,500-foot High Efficiency Product (HEP) model loads grain trains within 16 hours clear of CP main track and can carry >40 percent more grain per train at maximum capacity. With a minimum 134 cars per train, the new model delivers at least 20 percent more grain than traditional 112-car grain trains. CP's power-on model keeps the entire train intact for faster loading and departure. The combination of loading time and power-on provides efficiencies for both our asset utilization and grain shippers.

In 2018, we announced a $500 million investment in new high-capacity hopper cars. The covered hoppers replace aging assets in the grain fleet. The new hoppers carry more volume, are faster at loading and unloading and are more reliable. There will be 5,900 new covered hoppers online in the coming years, driving substantial benefits for CP, customers, farmers and other supply chain members.

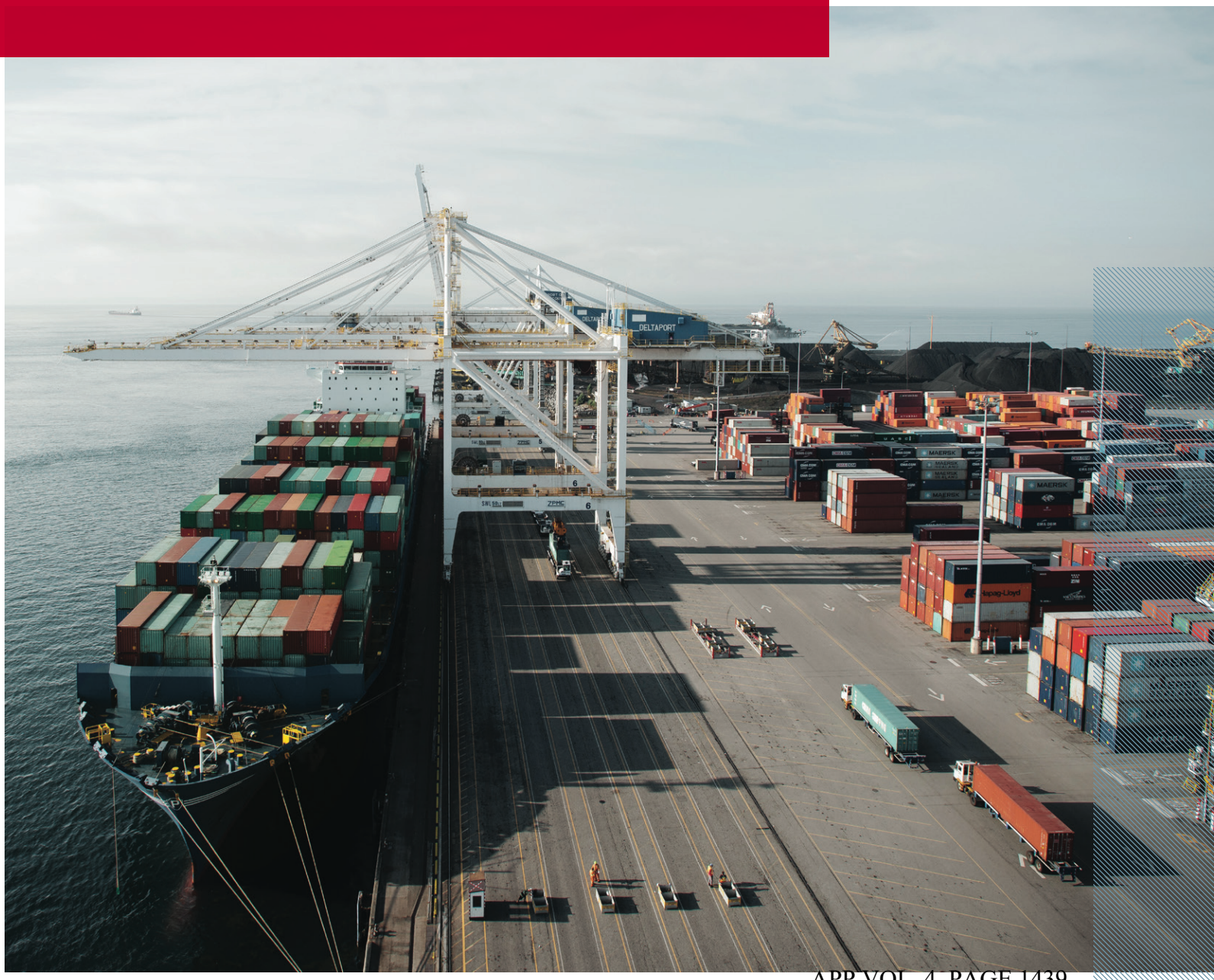
By combining the new high-capacity covered hoppers with our 8,500-foot HEP model, CP will be able to move >40 percent more grain per train and drive total train weight up to 15,000 tonnes.

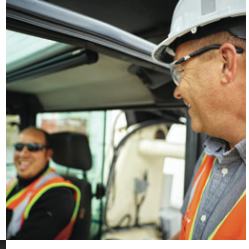
CP launched its first 8,500-foot HEP train, comprised of new high capacity hoppers cars, at the G3 Pasqua facility in Saskatchewan in December 2018. Customers are building new high-throughput elevators and expanding existing ones to accommodate the 8,500-foot model. During the 2018-2019 crop year, we moved more Canadian grain and grain products than any year in our history. CP will continue to work with stakeholders to build the most efficient and reliable grain supply chains in North America.





LEVERAGING CAPACITY FOR CUSTOMERS







CP is providing premium service solutions at low incremental cost.

As a result of operating improvements made with precision scheduled railroading, we have not only freed up rail capacity, but also land. Our land holdings in Vancouver, Toronto and Montréal have provided CP with a unique opportunity to bring on additional long-term, sustainable business.

CP embraces each and every opportunity and thrives on building long-term relationships with customers who are looking for sustainable mutual benefits. The alignment of our operations, finance and network teams allows us to identify key routes and land capacity to create service solutions.

Our Vancouver transload facility in Port Coquitlam is generating growth opportunities for our international intermodal customers by providing multi-commodity transloading services. Our rail-served transload facility quickly delivers product to the terminal. With its close proximity to our Vancouver intermodal facility, we can deliver containers to the port by rail. This creates a more cost-effective supply chain solution and reduces highway congestion by replacing hundreds of trucks typically destined for city streets.

We are building a transload facility in Montréal to bring additional cargo traffic to the railway in a market that is underserved. Strategically located, this new multi-commodity transload terminal will offer transportation and distribution services from CP's Montréal yard. The transload terminal will offer reliable multi-commodity transload services and logistics solutions to customers in key urban centres along the East Coast, further extending CP's reach to markets not directly served by rail. The first phase of construction – a 118,000 square foot rail-served facility – is scheduled to be completed in June 2020.

Annacis Island near Vancouver – one of the automotive industry's key North American hubs – receives inbound import vehicles from Asian markets and is also the main destination terminal for cars made in North America. This past year, CP converted 19 acres of land we owned in Vancouver to create a new automotive compound in close proximity to Annacis Island and signed on a new long-term anchor customer. Our new automotive compound provides a point of relief to a deeply congested automotive market in Vancouver.

CP has also deployed a new yard logistics system that automates yard processes and supports real-time inventory reporting to give customers better visibility of their shipments. It also strengthens our damage prevention processes by enabling immediate uploading of inspection images. This new system was introduced in Vancouver and is being rolled out to all CP automotive compounds.

As a result of our service, CP recently won awards from Toyota USA, Toyota Canada and American Honda. We have been recognized in the categories of logistics quality, on-time performance, damage-free service and overall customer service.

Port expansions at GCT Deltaport and Centerm have provided CP with additional room to grow and added incremental long-term volumes to the intermodal book of business. 2019 is the first full year of operations at our new Shoreham container facility. Located adjacent to CP's Minneapolis intermodal yard, the facility handles the loading of agriculture products into export containers destined for overseas markets. Our key positioning as a unique intermodal service provider equips our customers with cutting-edge solutions.

Our service extends across continents and we continue to earn traction with international customers. As of January 1, 2020, CP began serving all of Yang Ming's Vancouver volume on our railroad. In January 2019, we announced the renewal of our contract with Hapag-Lloyd, another validation of our quality service, reliability and trust with this customer.

CP was named Best Logistics Service Provider – Rail at the Asian Freight Logistics and Supply Chain Awards this past year. The customer-nominated award recognizes CP's leadership in service quality, innovation, customer-relationship management and reliability. CP was the only North American railroad nominated.

Our combination of service excellence, unique terminal capacity and land available for low-cost expansion gives CP an extremely powerful value proposition in the marketplace.



Our focus is to the right of the decimal point.

Precision scheduled railroading demands measurement and a commitment to continuous improvement. It is an operating model that embraces technology as a tool to strengthen service, safety and performance.

Data and connectivity are as powerful as a locomotive. Our information technology team has built a new integrated platform that has exponentially increased the volume of data available to us. We are informed in real-time and act as needed – even before issues arise.

PREDICTIVE ANALYTICS

In our industry, we are at the forefront of predictive analytics – anticipating issues with locomotives, railcars and track infrastructure and taking preventative measures before an incident occurs. Through a wide variety of wayside and rolling stock sensors, strategically located on our network, we process a massive amount of data into in-memory data management technology with unparalleled analytical capabilities. For example, the temperature of wheel bearings can sometimes exceed heat tolerances, causing the bearing to fail. Previously, CP could expect to suffer around 60 service failures per month as a result of hot bearings. CP's acoustic detector system now predicts, up to three months in advance, when a bearing is going to fail. Our patented detection process has resulted in a 95 percent reduction in bearing failures during scheduled service, keeping our trains moving safely across our network.

WHEEL TECHNOLOGIES

Our wheel impact load detectors, located on the rails, more precisely measure and produce alerts for overweight or severely imbalanced railcars. Tariffs are administered back to customers who overload cars to incentivize safe practices. There has been a significant reduction in the number of tariffs since our improved reporting, underlying how technology can educate customers and improve safety. CP can now also forecast individual freight car wheel life and be more proactive to avoid service interruptions. We are also expanding our cold wheel technology to evaluate air brakes on descending grades using wheel temperatures. This test, developed by CP, goes beyond current regulated testing procedures.

AUTONOMOUS TRACK GEOMETRY MEASUREMENT SYSTEM (ATGMS)

ATGMS vehicles ensure our track meets geometry design standards. This is critical to the safe movement of trains as deviations in track geometry from standards can result in derailments and other safety critical incidents. In 2019, CP added a second ATGMS, enabling increased inspection frequency in an effort to improve overall safety and decrease risk. This increase in inspection frequency also enables CP to inspect track above regulatory standards and provides additional data that feeds into predictive analytics for forecasting track health.

TRACK INSPECTION

We have technology mounted on locomotives to identify possible track defects by measuring vertical and horizontal acceleration and identifying unusual movements. Vehicle track interaction units now analyze more than 600,000 miles of data annually on our network. All of our track data from new or existing inspection applications is fed into our Track Asset Management platform to provide a consolidated view of track health, allowing CP to leverage big data.

TRAIN VISION SYSTEM

We have a high-speed, camera-based train inspection system capable of producing full body high-resolution images of trains at mainline track speed. The system uses multiple algorithms to assist in identifying defective car components.

Undercarriage imaging is a system that uses cameras to inspect the underside of all passing railcars and locomotives enabling CP to identify missing bolts, bent or broken brake rigging, open bottom gates, broken coupler systems and draft arrangements.



STRENGTHENING SAFETY, IMPROVING PERFORMANCE









TRAIN VISION SYSTEM

Our technology includes cameras that provide full-body high-resolution images of passing trains. Cameras capture images from above (1) and at sides (2), and with undercarriage imaging (3) and truckview wayside automated inspection (4).

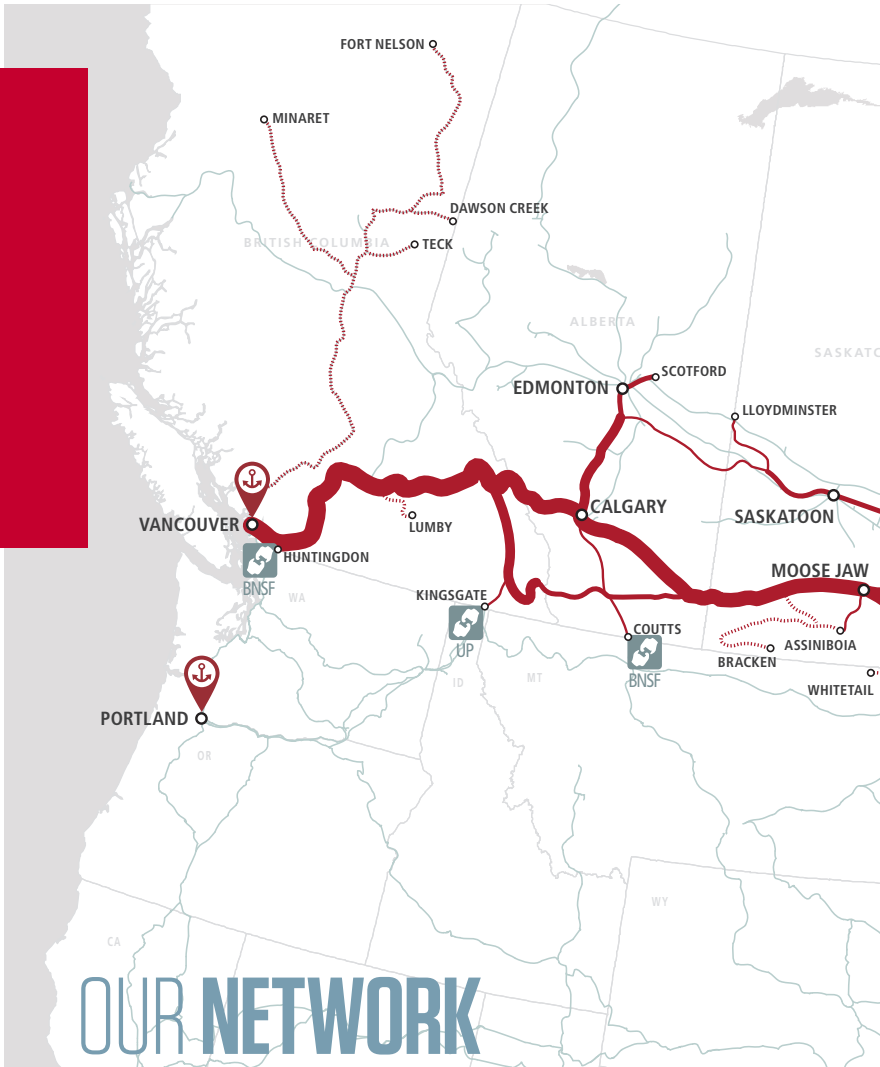
BIGGER FOOTPRINT

Service wins business, capacity allows it to grow.

Increased efficiencies, extended sidings, surplus land and innovation have together created new service offerings and highly desired capacity. In 2019, we further strengthened our network with the acquisition of Central Maine and Québec Railway (CMQ). CMQ owns rail lines primarily in Québec and Maine, stretching approximately 481 miles. This acquisition provides CP with strategic access into Northeastern U.S. and Atlantic Canada. CP customers now have seamless, safe and efficient access to ports at Searsport, Maine, and to Saint John, N.B., via Eastern Maine Railway Company and New Brunswick Southern Railway.

CP has the shortest and fastest routes in key lanes across Canada and the U.S. Our flagship transcontinental service provides the fastest and most consistent service between Eastern Canada, Calgary and Vancouver.

Our reach extends past the mainline. We have connections with other railways; a network of more than 100 transload facilities across Canada and the U.S. to extend our reach to markets not directly served by rail; and links with ports on both the west and east coasts. All of these components are enabling us to drive sustainable, profitable growth.



OUR NETWORK

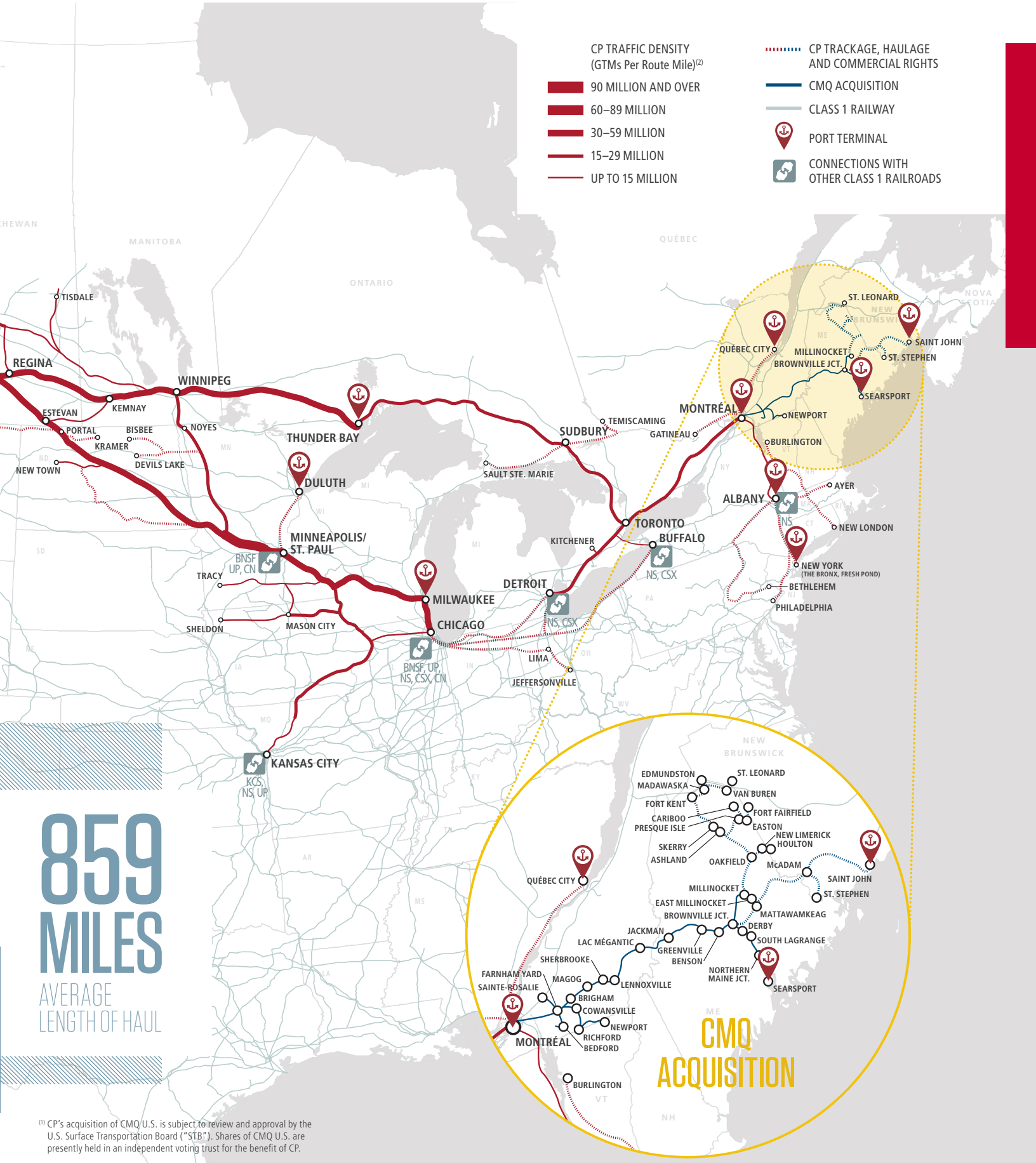
100+ TRANSLOAD FACILITIES

11 PORTS SERVED ON WEST AND EAST COASTS[10]

RAIL NETWORK[10] **13,000** MILES

SHORTEST ROUTES VANCOUVER TO U.S. MIDWEST TORONTO TO CALGARY

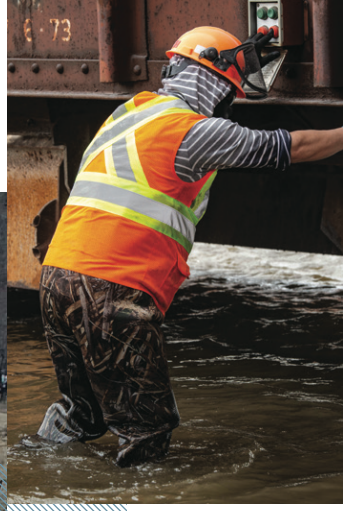
MOST BORDER CROSSINGS IN WESTERN CANADA



(1) CP's acquisition of CMQ U.S. is subject to review and approval by the U.S. Surface Transportation Board ("STB"). Shares of CMQ U.S. are presently held in an independent voting trust for the benefit of CP.

(2) GTMs averaged between specific route locations.

ABOVE AND BEYOND





Our strength is shown not only in our financial statements, but where the ballast meets the rail.

Service excellence takes resolve. We have a responsibility to ensure the safety and continued operation of our railway for the benefit of our customers and the broader economy.

Our high-performance railroading culture has proven resilient when faced with extraordinary challenges to provide service to our customers.

When the levees failed and the Mississippi River flooded southeastern Iowa and northwestern Illinois last spring, our team of railroaders crossed water and moved earth to maintain service.

A bridge that would typically take a year and a half to replace was re-opened by our team in less than two weeks.

When the waters rose, we lifted our rail.

The failure of a levee in Davenport, Iowa, left much of its downtown flooded. Our network shadows the Mississippi for 360 miles from St. Paul, Minn., to Muscatine, Iowa. The flat plain that unfolds from the river's west bank provides a low-grade route for operating trains, but it also imposes the risk of floods.

Our operating team laboured in challenging conditions and for long hours to keep CP's routes in operation for customers. They replaced a major rail bridge in record time, lifted and tamped track that was already under water and poured rock to protect the right-of-way from rushing water.

Our rail corridor remained open on days when, in the past, it would have closed. When closure could not be avoided, trains were rerouted to keep our promise to customers.

Our resiliency is a testament to the strength of our CP family of railroaders and commitment to service.









HONOURING THOSE WHO PROVIDE THE GREATEST SERVICE

CP continues to be an employer of choice for transitioning veterans by working closely with the Canadian and U.S. militaries to provide meaningful employment opportunities for veterans upon their completion of service.

We remain dedicated in our outreach programs and to our internal programs focused on career development initiatives for our veterans. CP aims to support the veterans of today and tomorrow.

Within CP, we have created numerous programs to support our veterans. Our five targeted military management trainee programs are designed for individuals who are interested in transitioning from the military into front-line management positions within various operations teams. CP recognizes veterans as having highly transferable skills due to their diverse training, leadership skills and experience working in adverse weather environments.

In October 2019, CP joined Homes for Heroes Foundation and other stakeholders for the grand opening of the ATCO Veterans Village in Calgary, a community of small homes aimed at getting homeless veterans off the street. Through our annual Spin for a Veteran event, CP has helped raise more than $800,000 for the cause since 2017.

On Remembrance Day in Canada and Veterans Day in the U.S., CP unveiled five specially painted locomotives honouring the service and history of the armed forces.

For our continued efforts into the development and recruitment of veterans, CP was awarded a Gold Top 10 Military Friendly Employer designation by VIQTORY Media in 2019.



INDIGENOUS COMMUNITIES

CP respects the history and diversity of Indigenous peoples in Canada and the U.S. More than 1,400 employees have participated in classroom-based Indigenous awareness training since the program began in mid-2018. CP is a Patron Member of the Canadian Council for Aboriginal Business and a Committed Member of the Council's Progressive Aboriginal Relations program.

CP HAS HEART

CP Has Heart funds programs that support heart health initiatives. As of 2019, we've raised more than $20.5 million to help improve the heart health of men, women and children across North America.

BOARD DIVERSITY

In May 2019, Isabelle Courville became the first woman to chair the Board of Directors at CP or any Class 1 railroad in North America. Women currently represent 45 percent of our board's membership.



CP HOLIDAY TRAIN

In 2019, more than $1.5 million was raised and 247,000 pounds of food were collected for local food banks and food shelves, supporting more than 170 communities along CP routes. Since its inaugural journey in 1999, the Holiday Train has raised more than $17.6 million and collected 4.8 million pounds of food.





CP FAMILY VALUES

Our culture is strong because it is founded on a simple and shared purpose.

We are an operating company with a team of dedicated, professional, community-minded railroaders, providing superior service for our customers by doing what we say we are going to do.

The values that underpin this service excellence are also clearly spelled out. Three words that shape our CP family; three words that are on the wall of every building in our franchise.

ACCOUNTABILITY. DIVERSITY. PRIDE.

These values drive our actions, foster respect and inspire our journey towards excellence.

- **Accountability:** Service means doing what we said we would do. We challenge the status quo, strive for excellence and take responsibility for our actions. We are results oriented, but will never sacrifice safety.
- **Diversity:** Our different backgrounds, experiences and perspectives lead to innovation and creativity. We encourage inclusive collaboration and open-mindedness.
- **Pride:** Celebrating our iconic history, we are grateful for our CP family past, present and future. We are passionate and tenacious railroaders delivering world-class service.

These living values are not only demonstrated in our financial and operating results, but in our respect for one another and the environment, including our commitment to sustainability.

In 2019, we released *Sustainably Driven*, our new corporate sustainability report and framework for sustainability reporting, highlighting CP's successes and achievements in the areas of safety, operational excellence and social impact.

Developed based on a comprehensive stakeholder materiality assessment conducted by CP in 2018, *Sustainably Driven* articulates our commitment to aligning all aspects of our business with clear sustainability goals and objectives.

As part of this transformational journey, we will continue to actively manage the carbon footprint associated with our operations and govern our business in a transparent, ethical and accountable manner, to the benefit of all our stakeholders.

Read more about our sustainability commitments and performance at **sustainability.cpr.ca**

DRIVING SERVICE EXCELLENCE FOR SHAREHOLDERS, CUSTOMERS AND EACH OTHER



Year in, year out, we are proving there is no limit to what our 13,000-strong CP family can achieve.

Since 2012, we have invested heavily in developing people passionate about railroading, driven to achieve and proud of delivering as promised. There is no app for excellence in our industry. To move the needle in this business it takes hard work, intestinal fortitude and people hardwired to believe the status quo is never good enough.

As outlined in our purpose statement, "We are an operating company with a team of dedicated, professional, community-minded railroaders, providing superior service for our customers by doing what we say we are going to do." In doing this, we are led by our values of accountability, diversity and pride.

With a culture of accountability and a drive for excellence, CP is an industry leader with a challenger mindset.

CP's potential is human potential. What's truly exciting is that our CP family has only scratched the surface of what's possible.

We have the best railroaders in the industry and remain focused on achieving even more in 2020.

SERVING EACH OTHER

Our people drive CP's growth and performance.

Through our collective efforts in 2019, we delivered record revenues of $7.8 billion while producing an all-time CP record-low operating ratio of 59.9 percent. We generated 29 percent earnings per share growth and 13 percent adjusted earnings per share[(1)] growth – the third consecutive year we've achieved double-digit adjusted earnings improvement.

This year's strong results are proof of our team's skill and ability, and demonstrate our commitment to find further efficiency opportunities in the future. In 2019, we achieved a number of year-over-year improvements as well as record performance in terminal dwell time, car miles per day and locomotive productivity.

Our record low operating ratio is the outcome of running the business the right way: ensuring safety while tightly managing resources and practicing discipline on pricing, regardless of market demand. Our marketing, sales, operating and financial teams work closely together to adjust resources in real-time to adapt to changing volume environments. We do not ramp up or down unnecessarily. This is not just about operating margins and safety. It is also about our people. When we welcome new employees, we want them to build lasting careers here and create legacies for their own families.

There is no greater example of our CP family working together to achieve operational strength than when our team of railroaders came together for a series of months to protect our railway, as well as our customers' freight, from historic flooding along the Mississippi River. These flooding events required around-the-clock resourcing of both our people and equipment in order to ensure the safety of our tracks and overall operations, while delivering for our customers. Our response was nothing short of remarkable. It is the grit and tenacity of our people that enables our success in the face of adversity.

Safety is a foundational principle of precision scheduled railroading and core to our CP family. We cannot have success if we do not operate safely. This year, we continued to make improvements in lowering personal injury rates to record levels at CP. For the 14th straight year, we remained the safest Class 1 railroad in North America, based on Federal Railroad Administration-reportable train accident frequency. However, we must continue to drive improvements and learn from past events.

On February 4, 2019, we lost railroaders Dylan Paradis, Daniel Waldenberger-Bulmer and Andrew Dockrell in a tragic incident near Field, B.C. The sense of loss is still palpable across the company and not a day goes by that these men are not on our minds. In December, we also lost Kirk McLean, who was fatally injured at our Port Coquitlam, B.C. railyard. We remain

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steadfast in our ongoing commitment to strengthen safety to honor their memory and ensure every member of our team gets home safely, every day.

Profitable, sustainable growth remains our focus.

To be truly sustainable, our culture has to be bigger than any one person – this is the true legacy of our transformation. Developing our people remains a priority and we are investing in people and growing the leaders of tomorrow from within. We continue to offer our employees workshops and programs to grow their skills as leaders, and are seeing the benefits. Our company culture must be one where we value feedback from all levels, in turn establishing an even deeper bench of leaders. As we grow the skills and the abilities of our CP family, we unlock potential in this company we cannot even see today.

As well, I continue to focus on employee outreach and engagement, participating in town halls across our network. The pride people have in working for this company is beyond measure, and unlike anything I have seen in my career. To collectively create this ongoing success is something I am truly honored to be a part of.

SERVING OUR CUSTOMERS

We are leveraging our strengths to grow with our existing customers and bring on new business. We remain disciplined in planning and execution. Profitable, sustainable growth is not a catchphrase. These are words we live by, every day, that determine all decisions.

In 2019, we saw varying levels of year-over-year strength in our lines of business. In particular, we realized gains in intermodal, automotive, forest products, and energy, chemicals and plastics.

CP is driving unparalleled efficiencies in our grain supply chain that delivers incremental margin improvements for our franchise. Investments into our 8,500-foot-long train model and high-capacity covered hopper cars provide our customers with a superior grain service offering. By combining the new hoppers with our 8,500-foot High-Efficiency Product (HEP) model, CP is able to move more than 40 percent more grain per train. Currently, 15 percent of the high-throughput elevators that CP services are handling these longer, high-efficiency trains. By the end of 2020, it is expected that more than a quarter of CP-served train-loading facilities will be HEP-qualified.

Faster cycle times, extended sidings, closed hump yards and repurposed land and infrastructure have all created significant capacity for growth on our existing network. However, we have a much larger playing field to compete on. We have nearly 2,000 acres of opportunity to expand our services and create new solutions for our customers to win in the marketplace.

We have also grown our mainline footprint. In 2019, we announced the acquisition of Central Maine and Québec Railway (CMQ). The acquisition gives us strategic access to East Coast ports at Searsport, Maine, and to Saint John, N.B., via Eastern Maine Railway Company and New Brunswick Southern Railway. CMQ creates opportunities for us to grow, including in forest products, chemicals and automotive. As a result, we now have access to a lane that is approximately 200 miles shorter than the competition, getting CP customers from the East Coast into Montréal and Toronto faster.

SERVING OUR SHAREHOLDERS

Our industry-leading financial performance has been driven by stronger margins and top-line growth. This has provided us with an enviable free cash[(1)] position, supporting prudent capital investment and return of capital to shareholders through a growing dividend and substantial share buybacks. Sustainable, profitable growth takes discipline – not only through the operating model but in managing our balance sheet.

Throughout our transformation, sound capital decisions have built a strong, safe and efficient network that will support our growth and provide value for our investors for years to come. We continue to make capital investments to run the business more productively, reliably, and safely, while also enabling future growth. As in 2018, this past year we invested a record-matching $1.65 billion and as our business continues to grow in 2020, we plan to continue investing at similar levels.

Strong free cash[(1)], combined with our disciplined approach to capital deployment, has enabled us to continue to return cash to shareholders. In 2019, we increased our dividend by 28 percent and repurchased over 3.8 million shares. Over the last six years, we have increased the dividend by





CP EXECUTIVE TEAM
May 2019

137 percent and repurchased approximately 30 percent of our public float, equating to nearly $10.5 billion in cash returned to shareholders.

Importantly, I would like to congratulate Isabelle Courville on becoming Chair of the Board this year and making history as the first woman to hold that position, not only for CP but across all Class 1 railroads in North America. As an organization whose values hinge on pride and diversity, I am extremely proud to serve on this diverse board with these distinguished business leaders. I also want to thank Andrew Reardon for his tireless service, dedication and outstanding leadership over the last four years as Chair of the Board.

THE FUTURE

Profitable, sustainable growth remains our focus. Our 13,000-strong team has only just started to unlock their true potential. At the start of our journey in 2012, many downplayed the stronger margins we created from precision scheduled railroading as "growing by shrinking." When we right-sized our assets and made strategic investments to improve our service and safety and pivoted to topline growth, some questioned our discipline. When faced with tougher economic challenges and competition for customers, some questioned our model. This past year, we proved them wrong. Again.

Our peers are taking note. Precision scheduled railroading is now becoming the standard operating model for North American Class 1 railroads. This will strengthen fluidity and create capacity to do more.

We're building this railroad for the long term. As detailed in our most recent sustainability report, transportation of freight by rail is a key component of the transition to a low-carbon economy in North America. Rail has an inherent emissions advantage over other forms of transportation, specifically, trucks. Transportation by rail is four times more fuel-efficient and produces 75 percent less greenhouse gas emissions than transportation by trucks. Notably, a single unit train keeps more than 300 trucks off public roads. We will continue to leverage these characteristic strengths, look for opportunities to improve our own carbon intensity, and remain a leader when it comes to safety, workforce management and corporate governance practices.

Our franchise has its own unique strengths. We are blessed with capacity and the best operating team in the industry. As we head into 2020 and beyond, we will continue to work with customers to leverage our network and service strengths and grow sustainably, together.

I am proud and honored to continue to lead this iconic company on its journey.

Sincerely,



KEITH CREEL
President and Chief Executive Officer

(1) These measures have no standardized meanings prescribed by accounting principles generally accepted in the United States (GAAP) and, therefore, may not be comparable to similar measures presented by other companies. These measures are defined and reconciled in Non-GAAP Measures in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K.



LETTER FROM THE CHAIR

In 2019, CP continued to execute the precision scheduled railroading model, producing record results in the process.

CP also continued to focus on sustainable growth with emphasis on the environment, creating a positive social impact and on good governance.

ENVIRONMENTAL

For over a century, CP has been delivering safe and efficient solutions for its customers. With increasing demand for consumer goods, rail can move these products more efficiently, and with 75 percent less greenhouse gas emissions, than trucks.

In the last five years, we've cut our locomotive greenhouse gas emissions intensity by nearly 5 percent and since 1990, locomotive fuel efficiency has improved by more than 40 percent. But there is still more to do. We continue to support investment in new equipment and new technologies that not only make us safer and more efficient, but also reduce our carbon footprint.

SOCIAL

In January 2019, CP introduced its values: accountability, diversity and pride. The significance that the team places on accountability manifested itself across the network this year as terminals and yards achieved new records for safety in the workplace. CP was the safest Class 1 railway for the 14th consecutive year, based on Federal Railroad Administration-reportable train accident frequency – an extraordinary accomplishment.

CP's enhanced military recruitment initiatives, professional association partnerships for the advancement of women in railroading, and Indigenous education and engagement programs for employees are only a few of the many ways CP demonstrated its commitment to diversity. The Board of Directors recently adopted a diversity policy, while the company has adopted its own diversity and inclusion policy.

Pride was on display this past year with the 21st edition of the CP Holiday Train. Since 1999, the train has helped raise $17.6 million and collected 4.8 million pounds for food banks in the communities in which CP operates.

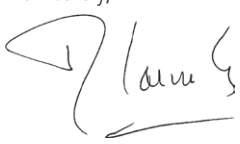
GOVERNANCE

On behalf of the board, I want to once again thank Andy Reardon for his tremendous leadership. As part of my transition to Chair in May 2019, the board made significant updates to its committee structure. These changes resulted in the reorganization of the audit-finance committee and creation of a new risk and sustainability committee.

Board renewal is integral to our ongoing success. In 2019, we welcomed Ed Hamberger and Andrea Robertson as new members. Ed brings a rich understanding of the railroad industry after serving more than two decades as the CEO of the Association of American Railroads. As President and CEO of STARS Air Ambulance, a highly safety-sensitive business, Andrea brings a wealth of experience in both health care and transportation.

CP recently released *Sustainably Driven*, its most substantive sustainability report to date. For a company founded in 1881 to be in operation today, sustainability and a focus on the future is essential. While much has changed since the late 1800s, and more work needs to be done, this team, led by Keith Creel, is resolutely committed to long-term sustainable, profitable growth.

Sincerely,



ISABELLE COURVILLE
Chair of the Board

CANADIAN PACIFIC RAILWAY LIMITED

FORM 10-K

CANADIAN PACIFIC RAILWAY LIMITED
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PART I

ITEM 1. BUSINESS

Company Overview

Canadian Pacific Railway Limited ("CPRL"), together with its subsidiaries ("CP" or the "Company"), owns and operates a transcontinental freight railway in Canada and the United States ("U.S."). CP provides rail and intermodal transportation services over a network of approximately 12,700 miles, serving the principal business centres of Canada from Montréal, Québec, to Vancouver, British Columbia ("B.C."), and the U.S. Northeast and Midwest regions. CP's railway network feeds directly into the U.S. heartland from the East and West coasts. Agreements with other carriers extend the Company's market reach in Canada, through the U.S. and into Mexico. CP transports bulk commodities, merchandise freight and intermodal traffic. For additional information regarding CP's network and geographical locations, refer to Item 2. Properties.

CPRL was incorporated on June 22, 2001, under the *Canada Business Corporations Act* and controls and owns all of the Common Shares of Canadian Pacific Railway Company ("CPRC"), which was incorporated in 1881 by Letters Patent pursuant to an Act of the Parliament of Canada. CPRL's registered, executive and corporate head office is located at 7550 Ogden Dale Road S.E., Calgary, Alberta T2C 4X9. CPRL's Common Shares (the "Common Shares") are listed on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE") under the symbol "CP".

For purposes of this annual report, all references herein to "CP", "the Company", "we", "our" and "us" refer to CPRL, CPRL and its subsidiaries, CPRL and one or more of its subsidiaries, or one or more of CPRL's subsidiaries, as the context may require. All references to currency amounts included in this annual report, including the Consolidated Financial Statements, are in Canadian dollars unless specifically noted otherwise.

Strategy

CP is continuing the journey to become the best railway in North America, with a culture of responsibility and accountability focused on five key foundations:

- **Provide Service:** Providing efficient and consistent transportation solutions for the Company's customers. "Doing what we say we are going to do" is what drives CP in providing a reliable product with a lower cost operating model. Centralized planning aligned with local execution is bringing the Company closer to the customer and accelerating decision-making.
- **Control Costs:** Controlling and removing unnecessary costs from the organization, eliminating bureaucracy and continuing to identify productivity enhancements are the keys to success.
- **Optimize Assets:** Through longer and heavier trains, and improved asset utilization, the Company is moving increased volumes with fewer locomotives and cars while unlocking capacity for future growth potential.
- **Operate Safely:** Each year, CP safely moves millions of carloads of freight across North America while ensuring the safety of our people and the communities through which we operate. Safety is never to be compromised. CP strives for continuous implementation of state-of-the-art safety technology, safety management systems, and safety culture with our employees to ensure safe, efficient operations across our network.
- **Develop People:** CP recognizes that none of the other foundations can be achieved without its people. Every CP employee is a railroader and the Company has established a culture focused on our values of accountability, diversity and pride, in everything we do. Coaching and mentoring all employees into becoming leaders will continue to drive CP forward.

Starting in 2012, CP transformed its operations by investing in the network and executing a precision scheduled railroading model that lowers costs, optimizes assets, and provides better, more competitive service.

Today, we continue to apply our long-term strategy: leverage our lower cost base, network strengths and improved service to drive sustainable, profitable growth. While the accomplishments during the turnaround were tremendous, CP's journey to become North America's best-performing rail carrier is far from over. As a Company, we will remain focused on our next level of service, productivity, and innovation to continue to generate value for our customers and results for our shareholders.

Business Developments

On December 30, 2019, CP acquired Central Maine & Québec Railway ("CMQ") for approximately $174 million (U.S. $133 million). CMQ owns rail lines primarily in Québec and Maine, stretching approximately 481 miles, and primarily moving forest products, refined petroleum products, chemicals and plastics. This acquisition provides CP with strategic access into the U.S. Northeast and Atlantic Canada. The transaction provides CP customers with seamless, safe and efficient access to ports at Searsport, Maine, and to Saint John, New Brunswick, via Eastern Maine Railway Company and New Brunswick Southern Railway. Of the total consideration paid, approximately 70% represents the issued and outstanding shares of Central Maine & Québec Railway U.S. Inc. ("CMQ U.S."), while the remaining approximately 30% represents the issued and outstanding shares of Central Maine & Québec Railway Canada Inc. ("CMQ Canada") (together CMQ). The acquisition of the shares of CMQ U.S. is subject to review and approval by the U.S. Surface Transportation Board

("STB") and as such, the shares of CMQ U.S. have been placed in an independent voting trust. For additional information regarding this acquisition, refer to Item 8. Financial Statements and Supplementary Data, Note 11 Business combination.

On December 17, 2019, the Company announced a new normal course issuer bid ("NCIB"), commencing December 20, 2019, to purchase up to 4.80 million Common Shares for cancellation before December 19, 2020.

During the first quarter of 2019, the Company experienced severe winter operating conditions and an increase in the frequency and severity of casualty incidents and derailments. As a result, the Company incurred significant costs to manage severe weather conditions, as well as direct casualty costs, and higher operating costs. During this period and the subsequent network recovery the Company also experienced losses and deferrals of potential revenues.

Change in Executive Officers

At the end of September 2019, Mr. Robert Johnson retired from his position as Executive Vice-President, Operations. Effective September 1, 2019, CP's new Executive Vice-President, Operations, is Mr. Mark Redd.

Change in Board of Directors

On July 15, 2019, the Company announced the appointment of Ms. Andrea Robertson and Mr. Edward R. Hamberger to CP's Board of Directors, effective July 15, 2019.

On May 7, 2019, CP announced the election of all nine director nominees and, upon her re-election as a director, Ms. Isabelle Courville was confirmed as Chair of CP's Board of Directors. Ms. Courville replaced Mr. Andrew F. Reardon, the prior Chair of CP's Board of Directors, who did not stand for re-election at the May 7, 2019 shareholder meeting.

Prior Developments

During the second quarter of 2018, the Company received multiple strike notices from the Teamsters Canada Rail Conference – Train & Engine ("TCRC"), representing approximately 3,000 conductors and locomotive engineers, and the International Brotherhood of Electrical Workers ("IBEW"), representing approximately 360 signal maintainers. CP reached a three-year agreement with IBEW, ratified by IBEW membership on June 29, 2018, and a four-year agreement with TCRC, ratified by TCRC membership on July 20, 2018. The wind-down of operations and return to full service levels following the strike notices caused disruption to the network, losses in potential revenue and costs related to labour disruptions.

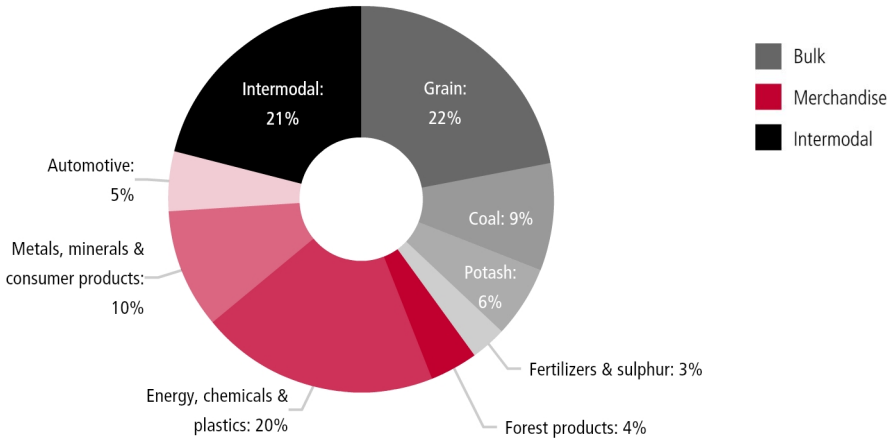
Operations

The Company operates in only one operating segment: rail transportation. Although the Company provides a breakdown of revenue by business line, the overall financial and operational performance of the Company is analyzed as one segment due to the integrated nature of the rail network. Additional information regarding the Company's business and operations, including revenue and financial information, and information by geographic location is presented in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and Item 8. Financial Statements and Supplementary Data, Note 28 Segmented and geographic information.

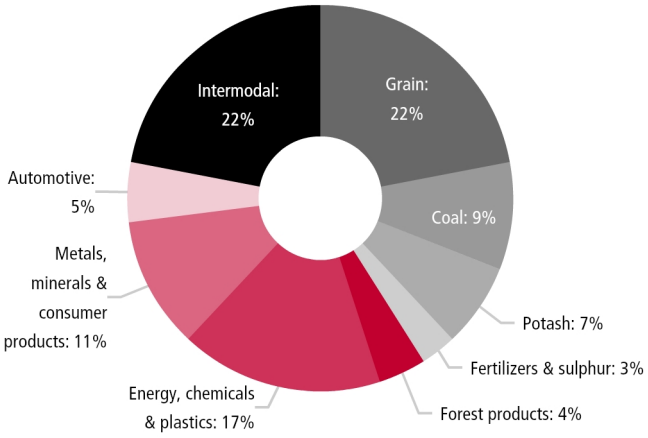
Lines of Business

The Company transports bulk commodities, merchandise freight and intermodal traffic. Bulk commodities, which typically move in large volumes across long distances, include Grain, Coal, Potash, and Fertilizers and sulphur. Merchandise freight consists of industrial and consumer products, such as Energy, chemicals and plastics, Metals, minerals and consumer products, Automotive and Forest products. Intermodal traffic consists largely of retail goods in overseas containers that can be transported by train, ship and truck, and in domestic containers and trailers that can be moved by train and truck.

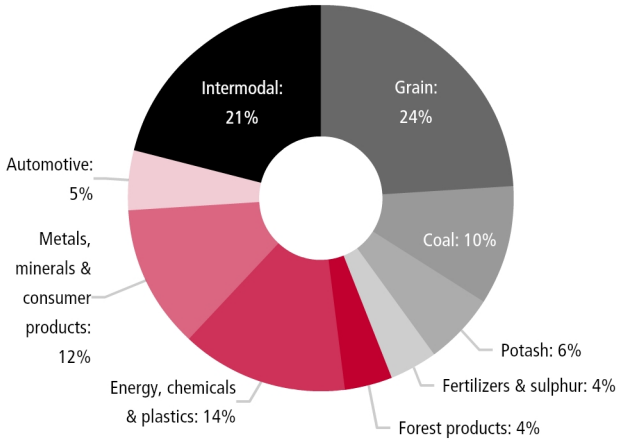
The Company's revenues are primarily derived from transporting freight. The following chart shows the Company's Freight revenue by each line of business in 2019, 2018 and 2017:



2019 Freight Revenues

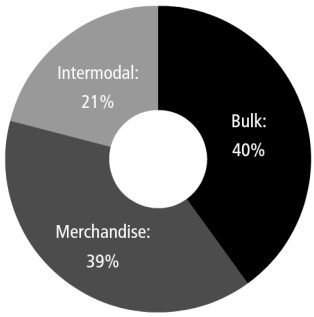


2018 Freight Revenues

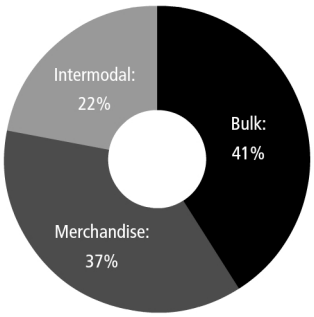


2017 Freight Revenues

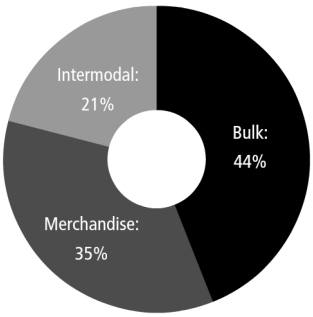
In 2019, the Company generated Freight revenues totalling $7,613 million ($7,152 million in 2018 and $6,375 million in 2017). The following charts compare the percentage of the Company's total Freight revenues derived from each of the three major business lines in 2019, 2018 and 2017:



2019 Freight Revenues



2018 Freight Revenues

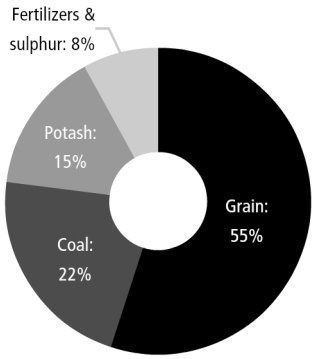


2017 Freight Revenues

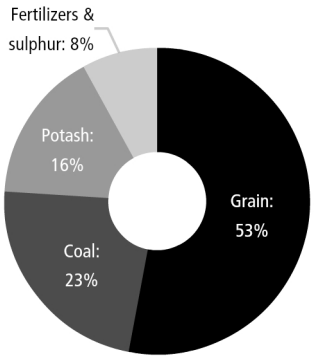
BULK

The Company's Bulk business represented approximately 40% of total Freight revenues in 2019.

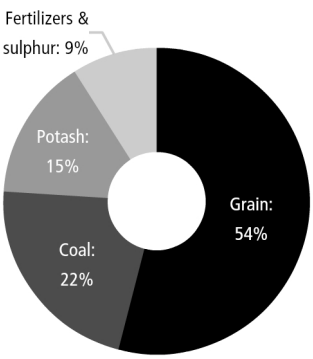
The following charts compare the percentage of the Company's Bulk freight revenues by commodity business in 2019, 2018 and 2017:



2019 Bulk Revenues
(40% of Freight Revenues)



2018 Bulk Revenues
(41% of Freight Revenues)

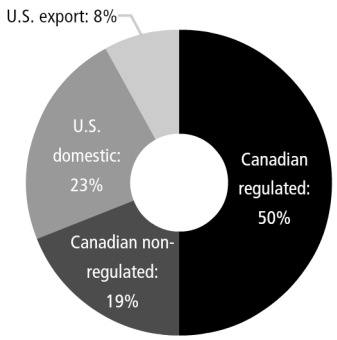


2017 Bulk Revenues
(44% of Freight Revenues)

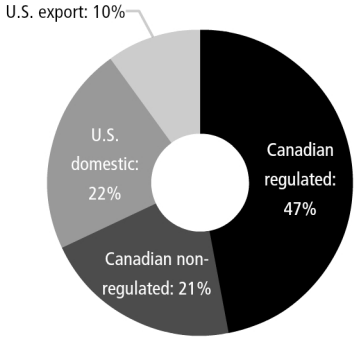
Grain

The Company's Grain business represented approximately 55% of Bulk revenues, which was 22% of total Freight revenues in 2019.

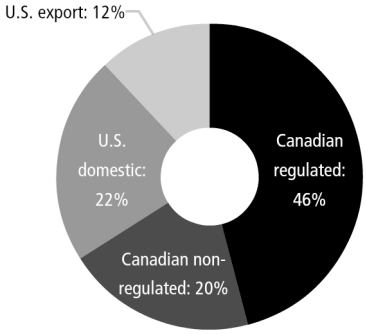
The following charts compare the percentage of the Company's Grain freight revenues generated from Canadian and U.S. shipments in 2019, 2018 and 2017:



2019 Grain Revenues
(55% of Bulk Revenues; 22% of Freight Revenues)



2018 Grain Revenues
(53% of Bulk Revenues; 22% of Freight Revenues)



2017 Grain Revenues
(54% of Bulk Revenues; 24% of Freight Revenues)

CP's Grain network is unique among railways in North America as it is strategically positioned in the heart of grain-producing regions of Western Canada and the Northern Plains of the U.S. Canadian grain transported by CP consists of both whole grains, such as wheat, durum, canola, pulses and soybeans, and processed products such as oils, meals and malt. This business is centred in the Canadian Prairies (Saskatchewan, Manitoba, and Alberta), with grain shipped primarily west to the Port of Vancouver, and east to the Port of Thunder Bay for export. Grain is also shipped to the U.S., to eastern Canada, and to Mexico for domestic consumption.

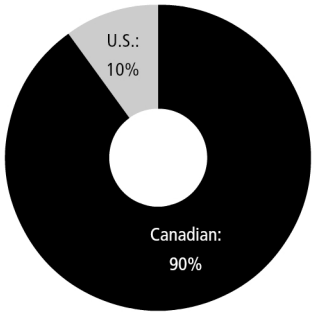
Canadian grain includes a division of business that is regulated by the Canadian government through the *Canada Transportation Act* ("CTA"). This regulated business is subject to a maximum revenue entitlement ("MRE"). Under the CTA, railways can set their own rates for individual movements. However, the MRE governs aggregate revenue earned by the railway based on a formula that factors in the total volumes, length of haul, average revenue per ton and inflationary adjustments. The regulation applies to western Canadian export grain shipments to the ports of Vancouver and Thunder Bay.

U.S. grain transported by CP consists of both whole grains, such as wheat, soybeans, corn and durum, and processed products such as meals, oils and flour. This business is centred in the states of Minnesota, North Dakota, South Dakota and Iowa. Grain destined for domestic consumption moves east via Chicago, to the U.S. Northeast or is interchanged with other carriers to the U.S. Pacific Northwest and U.S. Southeast. In partnership with other railways, CP also moves grain to export terminals in the U.S. Pacific Northwest and the Gulf of Mexico. Export grain traffic is also shipped to ports at Superior and Duluth.

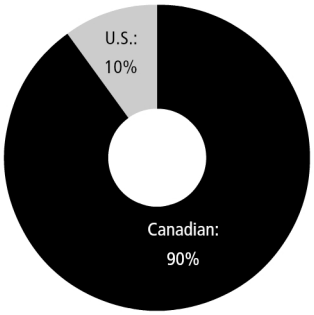
Coal

The Company's Coal business represented approximately 22% of Bulk revenues, which was 9% of total Freight revenues in 2019.

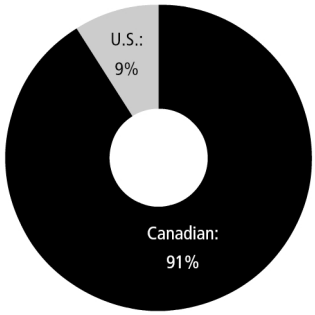
The following charts compare the percentage of the Company's Coal freight revenues generated from Canadian and U.S. shipments in 2019, 2018 and 2017:



2019 Coal Revenues
(22% of Bulk Revenues; 9% of Freight Revenues)



2018 Coal Revenues
(23% of Bulk Revenues; 9% of Freight Revenues)



2017 Coal Revenues
(22% of Bulk Revenues; 10% of Freight Revenues)

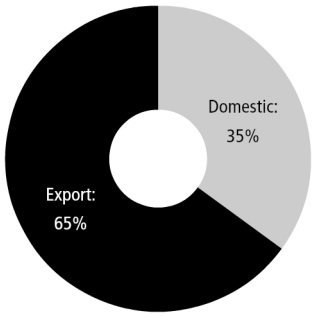
In Canada, CP handles mostly metallurgical coal destined for export for use in the steelmaking process. CP's Canadian coal traffic originates mainly from Teck Resources Limited's mines in southeastern B.C. CP moves coal west from these mines to port terminals for export to world markets (Pacific Rim, Europe and South America), and east for the U.S. Midwest markets.

In the U.S., CP moves primarily thermal coal from connecting railways, serving the thermal coal fields in the Powder River Basin in Montana and Wyoming, which is delivered to power-generating facilities in the U.S. Midwest.

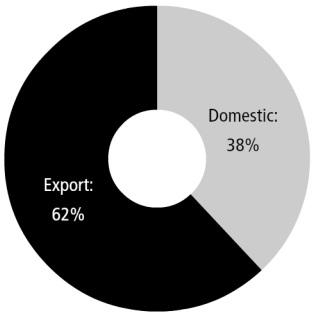
Potash

The Company's Potash business represented approximately 15% of Bulk revenues, which was 6% of total Freight revenues in 2019.

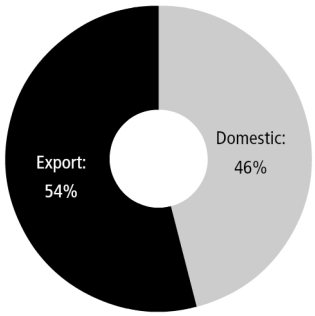
The following charts compare the percentage of the Company's Potash freight revenues generated from export and domestic potash shipments in 2019, 2018 and 2017:



2019 Potash Revenues
(15% of Bulk Revenues; 6% of Freight Revenues)



2018 Potash Revenues
(16% of Bulk Revenues; 7% of Freight Revenues)



2017 Potash Revenues
(15% of Bulk Revenues; 6% of Freight Revenues)

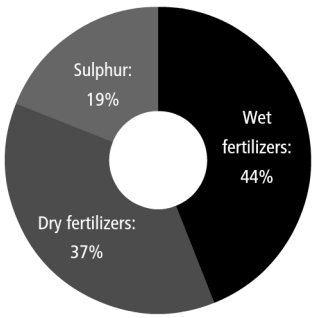
The Company's Potash traffic moves mainly from Saskatchewan to offshore markets through the ports of Vancouver, Portland and Thunder Bay, and to markets in the U.S. All potash shipments for export beyond Canada and the U.S. are marketed by Canpotex Limited and K+S Potash Canada. Canpotex is an export

company owned in equal shares by Nutrien Ltd. and The Mosaic Company. Independently, these producers move domestic potash with CP primarily to the U.S. Midwest for local application.

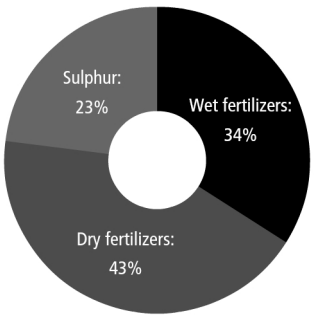
Fertilizers and Sulphur

The Company's Fertilizers and sulphur business represented approximately 8% of Bulk revenues, which was 3% of total Freight revenues in 2019.

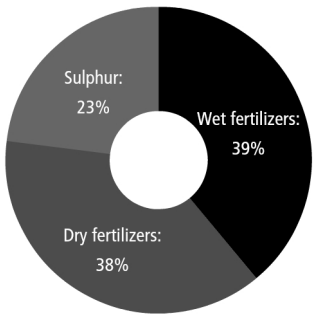
The following charts compare the percentage of the Company's Fertilizers and sulphur freight revenues generated from dry fertilizers, wet fertilizers and sulphur transportation in 2019, 2018 and 2017:



2019 Fertilizers & Sulphur Revenues
(8% of Bulk Revenues; 3% of Freight Revenues)



2018 Fertilizers & Sulphur Revenues
(8% of Bulk Revenues; 3% of Freight Revenues)



2017 Fertilizers & Sulphur Revenues
(9% of Bulk Revenues; 4% of Freight Revenues)

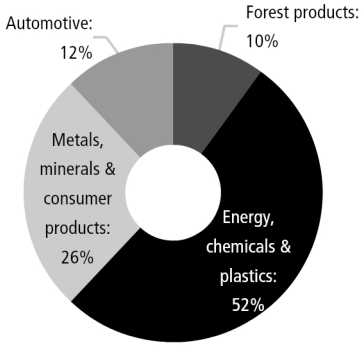
Dry fertilizers include: phosphate, urea, ammonium sulphate and nitrate. Wet fertilizers are primarily anhydrous ammonia. Approximately half of CP's fertilizer shipments originate from production facilities in Alberta, where abundant sources of natural gas and other chemicals provide feedstock for fertilizer production.

Most sulphur is produced in Alberta as a byproduct of processing sour natural gas, refining crude oil and upgrading bitumen produced in the Alberta oil sands. Sulphur is a raw material used primarily in the manufacturing of sulphuric acid, which is used most extensively in the production of phosphate fertilizers. Sulphuric acid is also a key ingredient in industrial processes ranging from smelting and nickel leaching to paper production.

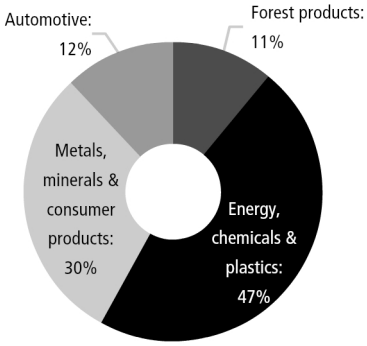
MERCHANDISE

The Company's Merchandise business represented approximately 39% of total Freight revenues in 2019.

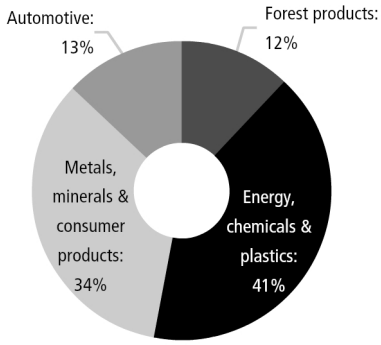
The following charts compare the percentage of the Company's Merchandise freight revenue by commodity business in 2019, 2018 and 2017:



2019 Merchandise Revenues
(39% of Freight Revenues)



2018 Merchandise Revenues
(37% of Freight Revenues)



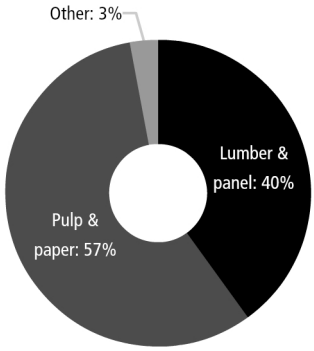
2017 Merchandise Revenues
(35% of Freight Revenues)

Merchandise products move in both mixed freight and unit trains, in a variety of car types. Service involves delivering products to many different customers and destinations. In addition to traditional rail service, CP moves merchandise traffic through a network of truck-rail transload facilities, expanding the reach of CP's network to non-rail served facilities.

Forest Products

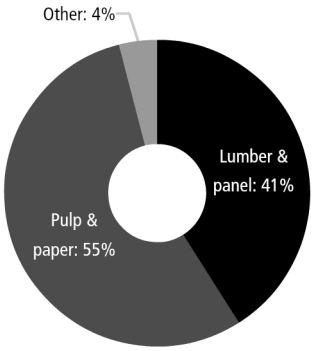
The Company's Forest products business represented approximately 10% of Merchandise revenues, which was 4% of total Freight revenues in 2019.

The following charts compare the percentage of the Company's Forest products freight revenues generated from pulp and paper (wood pulp, paperboard, newsprint and paper), lumber and panel, and other shipments in 2019, 2018 and 2017:



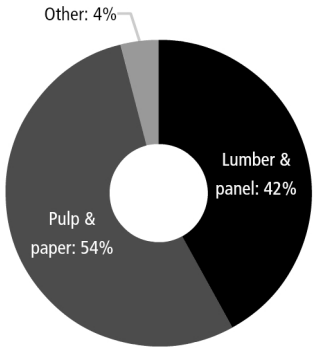
2019 Forest Products Revenues

(10% of Merchandise Revenues; 4% of Freight Revenues)



2018 Forest Products Revenues

(11% of Merchandise Revenues; 4% of Freight Revenues)



2017 Forest Products Revenues

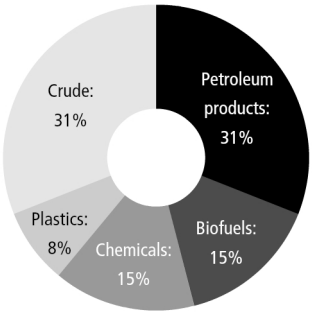
(12% of Merchandise Revenues; 4% of Freight Revenues)

Forest products traffic includes pulp and paper, and lumber and panel shipped from key producing areas in B.C., Ontario, Québec, and northern Alberta to destinations throughout North America, including Vancouver to export markets.

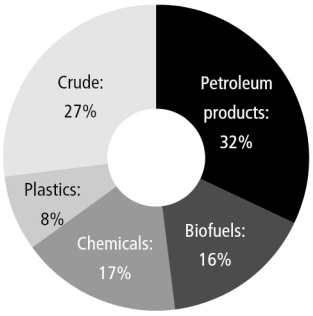
Energy, Chemicals and Plastics

The Company's Energy, chemicals and plastics business represented approximately 52% of Merchandise revenues, which was 20% of total Freight revenues in 2019.

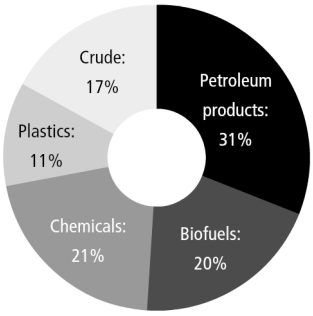
The following charts compare the percentage of the Company's Energy, chemicals and plastics freight revenues generated from petroleum products, crude, chemicals, biofuels and plastics shipments in 2019, 2018 and 2017:



2019 Energy, Chemicals & Plastics Revenues
(52% of Merchandise Revenues; 20% of Freight Revenues)



2018 Energy, Chemicals & Plastics Revenues
(47% of Merchandise Revenues; 17% of Freight Revenues)



2017 Energy, Chemicals & Plastics Revenues
(41% of Merchandise Revenues; 14% of Freight Revenues)

Petroleum products consist of commodities such as liquefied petroleum gas ("LPG"), fuel oil, asphalt, gasoline, condensate (diluent) and lubricant oils. The majority of the Company's western Canadian energy traffic originates in the Alberta Industrial Heartland, Canada's largest hydrocarbon processing region, and Saskatchewan. The Bakken formation region in Saskatchewan and North Dakota is another source of condensate, LPG and other refined petroleum. Interchanges with several rail interline partners gives the Company access to destination and export markets in Mexico, the U.S. Midwest, and the U.S. West Coast, as well as the Texas and Louisiana petrochemical corridor and port connections.

Crude moves from production facilities throughout Alberta, North Dakota, and Saskatchewan. CP provides efficient routes to refining markets in the Gulf Coast, the U.S. Northeast, and the West Coast through connections with our railway partners.

The Company's chemical traffic includes products such as ethylene glycol, caustic soda, methanol, sulphuric acid, styrene and soda ash. These shipments originate from western Canada, the Gulf of Mexico, the U.S. Midwest, and eastern Canada, and move to end markets in Canada, the U.S. and overseas.

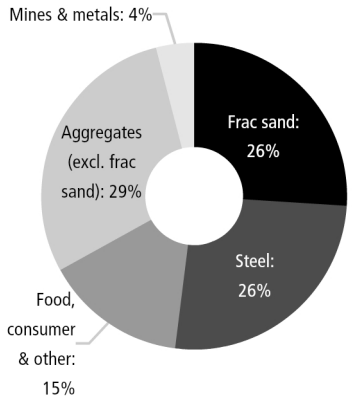
CP's biofuels traffic originates mainly from facilities in the U.S. Midwest, shipping primarily to destinations in the U.S. Northeast.

The most commonly shipped plastics products are polyethylene and polypropylene. Approximately half of the Company's plastics traffic originates in central and northern Alberta and moves to various North American destinations.

Metals, Minerals and Consumer Products

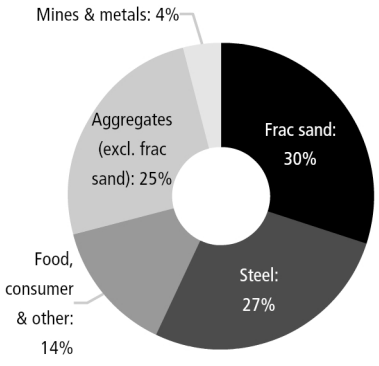
The Company's Metals, minerals and consumer products business represented approximately 26% of Merchandise revenues, which was 10% of total Freight revenues in 2019.

The following charts compare the percentage of the Company's Metals, minerals and consumer products freight revenues generated from aggregates (excluding frac sand), steel, frac sand, food and consumer products, and non-ferrous metals transportation in 2019, 2018 and 2017:



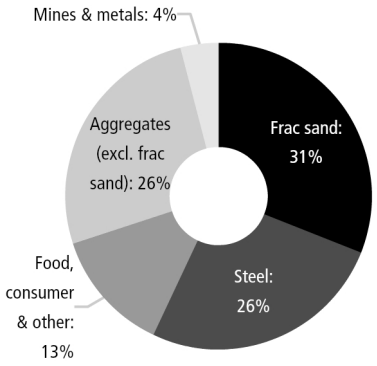
2019 Metals, Minerals & Consumer Products Revenues

(26% of Merchandise Revenues; 10% of Freight Revenues)



2018 Metals, Minerals & Consumer Products Revenues

(30% of Merchandise Revenues; 11% of Freight Revenues)



2017 Metals, Minerals & Consumer Products Revenues

(34% of Merchandise Revenues; 12% of Freight Revenues)

Aggregate products include coarse particulate and composite materials such as cement, limestone, dolomite, gravel, clay and gypsum. Cement is the leading commodity within aggregates, and is shipped directly from production facilities in Alberta, Québec, and Ontario to energy and construction projects in the U.S. Midwest, Alberta,and the U.S. Pacific Northwest.

The majority of frac sand originates at mines located along the Company's network in Wisconsin and moves to the Bakken, Marcellus Shale, Permian Basin, and other shale formations across North America.

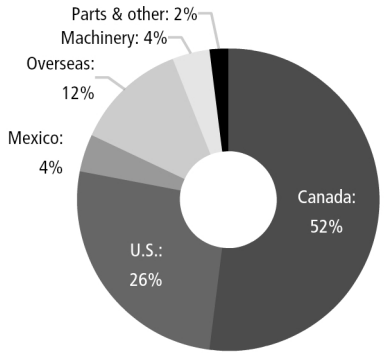
CP transports steel in various forms from mills in Iowa, Ontario and Saskatchewan to a variety of industrial users. The Company carries base metals such as zinc, aluminum, and lead. CP also moves ores from mines to smelters and refineries for processing, and the processed metal to automobile and consumer products manufacturers.

Food, consumer, and other products traffic consists of a diverse mix of goods, including food products, railway equipment, building materials and waste products.

Automotive

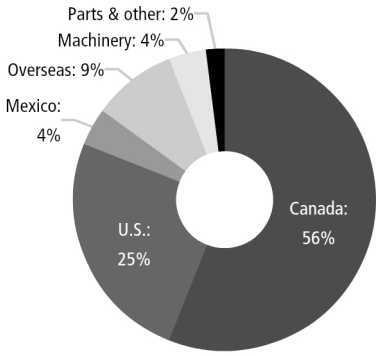
The Company's Automotive business represented approximately 12% of Merchandise revenues, which was 5% of total Freight revenues in 2019.

The following charts compare the percentage of the Company's Automotive freight revenues generated by movements of finished vehicles from Canadian, U.S., overseas, and Mexican origins, machinery, and parts and other in 2019, 2018 and 2017:



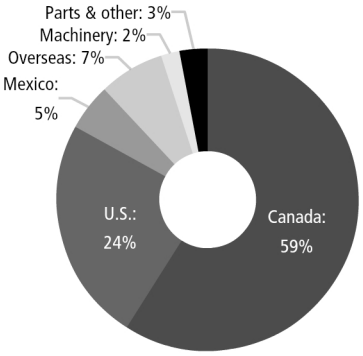
2019 Automotive Revenues

(12% of Merchandise Revenues; 5% of Freight Revenues)



2018 Automotive Revenues

(12% of Merchandise Revenues; 5% of Freight Revenues)



2017 Automotive Revenues

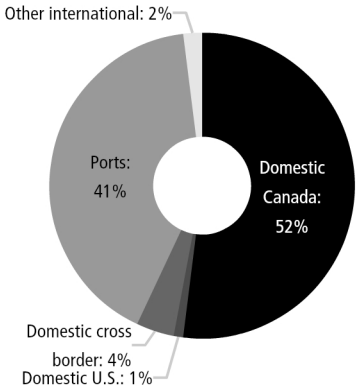
(13% of Merchandise Revenues; 5% of Freight Revenues)

CP's Automotive portfolio consists of four finished vehicle traffic components: Canadian-produced vehicles that ship to the U.S. from Ontario production facilities; U.S.-produced vehicles that ship within the U.S. as well as cross border shipments to Canadian markets; vehicles from overseas that move through the Port of Vancouver to eastern Canadian markets; and Mexican-produced vehicles that ship to the U.S. and Canada. In addition to finished vehicles, CP ships machinery, pre-owned vehicles, and automotive parts. A comprehensive network of automotive compounds is utilized to facilitate final delivery of vehicles to dealers throughout Canada and in the U.S.

INTERMODAL

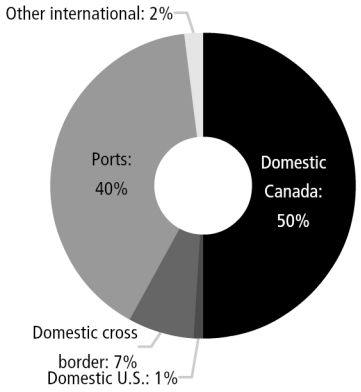
The Company's Intermodal business represented approximately 21% of total Freight revenues in 2019.

The following charts compare the percentage of the Company's Intermodal freight revenues generated from Canada, ports, cross border transportation, other international, and U.S. in 2019, 2018 and 2017:



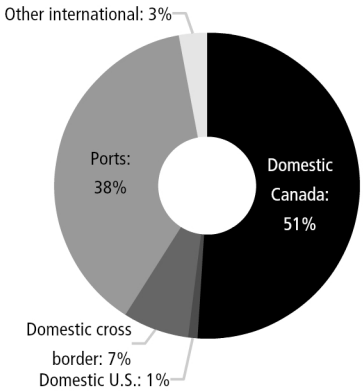
2019 Intermodal Revenues

(21% of Freight Revenues)



2018 Intermodal Revenues

(22% of Freight Revenues)



2017 Intermodal Revenues

(21% of Freight Revenues)

Domestic intermodal freight consists primarily of manufactured consumer products that are predominantly moved in 53-foot containers within North America. International intermodal freight moves in marine containers to and from ports and North American inland markets.

CP's domestic intermodal business moves goods from a broad spectrum of industries including wholesale, retail, food, forest products and various other commodities. Key service factors in domestic intermodal include consistent on-time delivery, the ability to provide door-to-door service and the availability of value-added services. The majority of the Company's domestic intermodal business originates in Canada, where CP markets its services directly to retailers and manufacturers, providing complete door-to-door service and maintaining direct relationships with its customers. In the U.S., the Company's service is delivered mainly through intermodal marketing companies ("IMC").

CP's international intermodal business consists primarily of containerized traffic moving between the ports of Vancouver and Montréal and inland points across Canada and the U.S. Import traffic from the Port of Vancouver is mainly long-haul business destined for eastern Canada and the U.S. Midwest and Northeast. CP works closely with the Port of Montréal, a major year-round East Coast gateway to Europe, to serve markets primarily in the U.S. Midwest and Canada. The Company's U.S. Northeast service connects eastern Canada with the Port of New York, offering a competitive alternative to trucks.

Fuel Cost Adjustment Program

The short-term volatility in fuel prices may adversely or positively impact revenues. CP employs a fuel cost adjustment program designed to respond to fluctuations in fuel prices and help reduce volatility to changing fuel prices. Fuel surcharge revenues are earned on individual shipments and are based primarily on the price of On-Highway Diesel. As such, fuel surcharge revenue is a function of freight volumes and fuel prices. Fuel surcharge revenues accounted for approximately 6% of the Company's Freight revenues in 2019. The Company is also subject to carbon taxation systems and levies in some jurisdictions in which it operates, the costs of which are passed on to the shipper. As such, fuel surcharge revenue includes carbon taxes and levy recoveries.

Non-freight Revenues

Non-freight revenues accounted for approximately 2% of the Company's Total revenues in 2019. Non-freight revenues are generated from leasing certain assets; other arrangements, including logistical services and contracts with passenger service operators; and switching fees.

Significant Customers

For each of the years ended December 31, 2019, 2018 and 2017, no customer comprised more than 10% of Total revenues or accounts receivable.

Competition

The Company is subject to competition from other railways, motor carriers, ship and barge operators, and pipelines. Price is only one factor of importance as shippers and receivers choose a transportation service provider. Service is another factor and requirement, both in terms of transit time and reliability, which vary by shipper and commodity. As a result, the Company's primary competition varies by commodity, geographic location, access to markets and mode of available transportation. CP's primary rail competitors are Canadian National Railway Company ("CN"), which operates throughout much of the Company's territory in Canada, and Burlington Northern Santa Fe, LLC, including its primary subsidiary BNSF Railway Company ("BNSF"), which operates throughout much of the Company's territory in the U.S. Midwest. Other railways also operate in parts of the Company's territory. Depending on the specific market, competing railways, motor carriers, and other competitors may exert pressure on price and service levels.

Seasonality

Volumes and revenues from certain goods are stronger during different periods of the year. First-quarter revenues are typically lower mainly due to winter weather conditions, closure of the Great Lakes ports and reduced transportation of retail goods. Second and third quarter revenues generally improve compared to the first quarter, as fertilizer volumes are typically highest during the second quarter and demand for construction-related goods is generally highest in the third quarter. Revenues are typically strongest in the fourth quarter, primarily as a result of the transportation of grain after the harvest, fall fertilizer programs and increased demand for retail goods moved by rail. Operating income is also affected by seasonal fluctuations. Operating income is typically lowest in the first quarter, due to lower freight revenue and higher operating costs associated with winter conditions.

Government Regulation

The Company's railway operations are subject to extensive federal laws, regulations and rules in both Canada and the U.S., which directly affect how operations and business activities are managed.

The Company's Canadian operations are subject to economic and safety regulations. Economic regulatory oversight is provided by the Canadian Transportation Agency (the "Agency") as delegated by the CTA, while safety regulatory oversight is primarily provided by Transport Canada ("TC") pursuant to the *Railway Safety Act* ("RSA"). The CTA indirectly regulates rates by providing remedies for freight rates, including ancillary charges, remedies for level of service, long-haul interswitching rates and regulated interswitching rates in Canada. The CTA also regulates the MRE for the movement of export grain, construction and abandonment of railways, commuter and passenger access, and noise and vibration-related disputes. The RSA regulates safety-related aspects of railway

operations in Canada, including the delegation of inspection, investigation and enforcement powers to TC. TC is also responsible for overseeing the transportation of dangerous goods as set out under the *Transportation of Dangerous Goods Act* (Canada) ("TDGA").

The Company's U.S. operations are similarly subject to economic and safety regulations. Economic regulatory oversight is provided by the STB which administers Title 49 of the United States Code and related Code of Federal Regulations. Safety regulatory oversight is exercised by the Federal Railroad Administration ("FRA"), and the Pipelines and Hazardous Materials Safety Administration ("PHMSA"). The STB is an economic regulatory body with jurisdiction over railroad rate and service issues and proposed railroad mergers and other transactions. The FRA regulates safety-related aspects of the Company's railway operations in the U.S. under the *Federal Railroad Safety Act*, as well as rail portions of other safety statutes. The PHMSA regulates the safe transportation of all hazardous materials by rail.

Various other regulators directly and indirectly affect the Company's operations in areas such as health, safety, security, environmental and other matters.

Regulatory Changes

After the tragic accident in Lac-Mégantic, Québec, in July 2013 involving a non-related short-line railway company, the Government of Canada implemented several measures pursuant to the RSA and the TDGA. These modifications implemented changes with respect to rules associated with securing unattended trains; the classification of crude being imported, handled, offered for transport or transported; and the provision of information to municipalities through which dangerous goods are transported by rail. The U.S. federal government has taken similar actions. These changes did not have a material impact on CP's operating practices.

On June 18, 2015, "An Act to amend the *Canada Transportation Act* and the *Railway Safety Act*" received Royal Assent and is now in force. The legislation set out new minimum insurance requirements for federally regulated railways based on amounts of crude and toxic inhalation hazards ("TIH") or poisonous inhalation hazards moved. It also imposes strict liability; limits railway liability to the minimum insurance level; mandates the creation of a fund paid for by levies on crude shipments, to be utilized for damages beyond a railway's liability; allows railways and insurers to maintain rights to pursue other parties (subrogation); and prevents shifting liability to shippers from railways except through written agreement.

On May 1, 2015, the U.S. Transportation Secretary announced the final rule for a new rail tank car standard for flammable liquids and the phase-out schedule for older tank cars used to transport flammable liquids. The development of the new tank car standard was done in coordination between TC, PHMSA and the FRA. This announcement was followed by publishing the new tank car standard and phase-out schedule in Canada on May 20, 2015. Canada has since issued two protective directions to advance phase-out dates. The first, Protective Direction 38, eliminated the ability to ship crude oil in legacy U.S. Department of Transportation ("DOT") 111 tank cars after November 1, 2016 (the phase-out date in the United States for these cars remained January 1, 2018). Protective Direction 39 was issued on September 19, 2018 and eliminated the ability to ship crude oil in unjacketed CPC 1232 tank cars after November 1, 2018, as well as certain condensates after January 1, 2019. The phase-out deadline for this car in the United States remains April 1, 2020. CP does not own any tank cars used for commercial transportation of hazardous commodities.

On October 29, 2015, the *Surface Transportation Extension Act of 2015* ("STEA") was signed into law. The law extends, by three years, the deadline for the U.S. rail industry to implement Positive Train Control ("PTC"), a set of highly advanced technologies designed to prevent train-to-train collisions, speed-related derailments and other accidents caused by human error by determining the precise location, direction and speed of trains, warning train operators of potential problems, and taking immediate action if an operator does not respond. Legislation passed by the U.S. Congress in 2008 mandated that PTC systems be put into service by the end of 2015 on rail lines used to transport passengers or toxic-by-inhalation materials. The STEA extended the deadline to install and activate PTC to December 31, 2018, with an optional two-year extension (December 31, 2020) under certain circumstances. The Company received the two-year extension to ensure safe and effective implementation of PTC on its rail network.

For further details on the capital expenditures associated with compliance with the PTC regulatory mandate, refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources.

On December 4, 2015, the *Fixing America's Surface Transportation Act* ("FAST Act") was signed into law, representing the first long-term transportation legislation enacted in the U.S. in over a decade. The FAST Act contains key provisions on safety enhancements for tank cars moving flammable liquids in the U.S. and electronically controlled pneumatic ("ECP") train braking. Among those key provisions, the FAST Act requires new tank cars to be equipped with thermal blankets, requires all legacy DOT-111 tank cars moving flammable liquids to be upgraded to new retrofit standards (regardless of how many cars may be in a train) and sets minimum requirements for protection of certain valves. The FAST Act called for the U.S. Secretary of Transportation to re-evaluate its ECP final rule within one year using the results of this evaluation to determine whether ECP braking system requirements are justified. On December 4, 2017, the DOT found the ECP brake rule costs outweigh the benefits. On September 24, 2018, PHMSA officially repealed the ECP brake rule.

The *STB Reauthorization Act of 2015* was signed into law on December 18, 2015. The law requires numerous changes to the structure and composition of the STB, removing it from under the DOT and establishing the STB as an independent U.S. agency, as well as increasing STB Board membership from three to five members. Notably, the law vests in the STB certain limited enforcement powers, by authorizing it to investigate rail carrier violations on the STB Board's own initiative. The law also requires the STB to establish a voluntary binding arbitration process to resolve rail rate and practice disputes.

Finally, on May 23, 2018, the *Transportation Modernization Act* received Royal Assent. The legislation amended the CTA and the RSA, among other Acts, to (1) replace the previous 160 kilometre extended interswitching limit and the competitive line rate provisions with a new long-haul interswitching regime; (2) modify the existing Level of Service remedy for shippers by instructing the Agency to determine, upon receipt of a complaint, if a railway company is fulfilling its common carrier obligation to the "highest level of service that is reasonable in the circumstances"; (3) allow the existing Service Level Agreement arbitration remedy to include the consideration of reciprocal financial penalties; (4) increase the threshold for summary Final Offer Arbitrations from $750,000 to $2 million; (5) bifurcate the Volume-Related Composite Price Index ("VRCPI") component of the annual MRE determination for transportation of regulated grain, to encourage hopper car investment by CP and CN; (6) mandate the installation of locomotive voice and video recorders ("LVVRs"), with statutory permission for random access by railway companies and TC to the LVVR data in order to proactively strengthen railway safety in Canada; and (7) compel railways to provide additional data to the federal government.

Environmental Laws and Regulations

The Company's operations and real estate assets are subject to extensive federal, provincial, state and local environmental laws and regulations governing emissions to the air, discharges to waters and the handling, storage, transportation and disposal of waste and other materials. If the Company is found to have violated such laws or regulations, it could have a material adverse effect on the Company's business, financial condition, or operating results. In addition, in operating a railway, it is possible that releases of hazardous materials during derailments or other accidents may occur that could cause harm to human health or to the environment. Costs of remediation, damages and changes in regulations could materially affect the Company's operating results, financial condition, and reputation.

The Company has implemented an Environmental Management System to facilitate the reduction of environmental risk. Specific environmental programs are in place to address areas such as air emissions, wastewater, management of vegetation, chemicals and waste, storage tanks and fueling facilities. CP has also undertaken environmental impact assessments and risk assessments to identify, prevent and mitigate environmental risks. There is continued focus on preventing spills and other incidents that have a negative impact on the environment. There is an established strategic emergency response contractor network, and spill equipment kits are located across Canada and the U.S. to ensure a rapid and efficient response in the event of an environmental incident. In addition, emergency preparedness and response plans are regularly updated and tested.

The Company has developed an environmental audit program that comprehensively, systematically and regularly assesses the Company's facilities for compliance with legal requirements and the Company's policies for conformance to accepted industry standards. Included in this is a corrective action follow-up process and semi-annual review by senior management.

CP focuses on key strategies, identifying tactics and actions to support commitments to the community. The Company's strategies include:

- protecting the environment;
- ensuring compliance with applicable environmental laws and regulations;
- promoting awareness and training;
- managing emergencies through preparedness; and
- encouraging involvement, consultation and dialogue with communities along the Company's rail lines.

Security

CP is subject to statutory and regulatory directives in Canada and the U.S. that address security concerns. CP plays a critical role in the North American transportation system. Rail lines, facilities and equipment, including railcars carrying hazardous materials, could be direct targets or indirect casualties of terrorist attacks. Regulations by the DOT and the Department of Homeland Security in the U.S. include speed restrictions, chain of custody and security measures, which can impact service and increase costs for the transportation of hazardous materials, especially TIH materials. New regulations published by TC under the TDGA have added requirements for railway companies to take actions to mitigate security risks of transporting dangerous goods by rail. In addition, insurance premiums for some or all of the Company's current coverage could increase significantly, or certain coverage may not be available to the Company in the future. While CP will continue to work closely with Canadian and U.S. government agencies, future decisions by these agencies on security matters or decisions by the industry in response to security threats to the North American rail network could have a material adverse effect on the Company's business, financial condition, or operating results.

CP takes the following security measures:

- CP employs its own police service that works closely with communities and other law enforcement and government agencies to promote railway safety and infrastructure security. As a railway law enforcement agency, CP Police Services is headquartered in Calgary, with police officers assigned to over 25 field offices responsible for railway police operations in six Canadian provinces and 14 U.S. states. CP Police Services operates on the CP rail network as well as in areas where CP has non-railway operations.
- CP's Police Communication Centre ("PCC") operates 24 hours a day. PCC receives reports of emergencies, dangerous or potentially dangerous conditions, and other safety and security issues from our employees, the public, and law enforcement and other government officials. PCC ensures that proper emergency responders are notified as well as governing bodies.

- CP's Security Management Plan is a comprehensive, risk-based plan modelled on and developed in conjunction with the security plan prepared by the Association of American Railroads post-September 11, 2001. Under this plan, CP routinely examines and prioritizes railway assets, physical and cyber vulnerabilities, and threats, as well as tests and revises measures to provide essential railway security. To address cyber security risks, CP implements mitigation programs that evolve with the changing technology threat environment. The Company has also worked diligently to establish backup sites to ensure a seamless transition in the event that the Company's operating systems are the target of a cyber-attack. By doing so, CP is able to maintain network fluidity.
- CP security efforts consist of a wide variety of measures including employee training, engagement with our customers and training of emergency responders.

Labour Relations

CP employs approximately 13,000 active employees across North America with three-quarters based in Canada and the remainder in the U.S. Unionized employees represent nearly 75% of our workforce and are represented by 34 active bargaining units.

Canada

Within Canada there are eight bargaining units representing approximately 7,100 Canadian unionized active employees. From time to time, we negotiate to renew collective agreements with various unionized groups of employees. In such cases, the collective agreements remain in effect until the bargaining process has been exhausted (pursuant to the *Canada Labour Code*). Agreements are in place with all eight bargaining units in Canada, effective until December 31, 2020, 2021 and 2022.

United States

In the U.S., there are currently 26 active bargaining units on three subsidiary railroads representing nearly 2,300 unionized active employees. Nine agreements are open for amendment and are under negotiation at this time. All other agreements have been negotiated and concluded, or will become amendable in 2020, 2021, and 2022.

Available Information

CP makes available on or through its website www.cpr.ca free of charge, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such reports are filed with or furnished to the U.S. Securities and Exchange Commission ("SEC"). Our website also contains charters for each of the committees of our Board of Directors, our corporate governance guidelines and our Code of Business Ethics. This Form 10-K and other SEC filings made by CP are also accessible through the SEC's website at www.sec.gov.

The Company has included the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") certifications regarding the Company's public disclosure required by Section 302 of the *Sarbanes-Oxley Act of 2002* and applicable securities laws in Canada as Exhibits to this annual report.

All references to our websites contained herein do not constitute incorporation by reference of information contained on such websites and such information should not be considered part of this document.

ITEM 1A. RISK FACTORS

The risks set forth in the following risk factors could have a materially adverse effect on the Company's business, financial condition, results of operations, and liquidity, and could cause those results to differ materially from those expressed or implied in the Company's forward-looking statements and forward-looking information (collectively, "forward-looking statements").

The information set forth in this Item 1A. Risk Factors should be read in conjunction with the rest of the information included in this annual report, including Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8. Financial Statements and Supplementary Data.

As a common carrier, the Company is required by law to transport dangerous goods and hazardous materials, which could expose the Company to significant costs and claims. Railways, including CP, are legally required to transport dangerous goods and hazardous materials as part of their common carrier obligations regardless of risk or potential exposure to loss. CP transports dangerous goods and hazardous materials, including but not limited to crude oil, ethanol and TIH materials such as chlorine gas and anhydrous ammonia. A train accident involving hazardous materials could result in significant claims against CP arising from personal injury, property or natural resource damage, environmental penalties and remediation obligations. Such claims, if insured, could exceed the existing insurance coverage commercially available to CP, which could have a material adverse effect on CP's financial condition, operating results, and liquidity. CP is also required to comply with rules and regulations regarding the handling of dangerous goods and hazardous materials in Canada and the U.S. Noncompliance with these rules and regulations can subject the Company to significant penalties and could factor in litigation arising out of a train accident. Changes to these rules and regulations could also increase operating costs, reduce operating efficiencies and impact service delivery.

The Company is subject to significant governmental legislation and regulation over commercial, operating and environmental matters. The Company's railway operations are subject to extensive federal laws, regulations and rules in both Canada and the U.S. Operations are subject to economic and safety regulations in Canada primarily by the Agency and TC. The Company's U.S. operations are subject to economic and safety regulation by the STB and the FRA. Various other regulators directly and indirectly affect the Company's operations in areas such as health, safety, security, environmental and other matters. Additional economic regulation of the rail industry by these regulators or the Canadian and U.S. federal and state or provincial legislative bodies, whether under new or existing laws, could have a significant negative impact on the Company's ability to determine prices for rail services and result in a material adverse effect in the future on the Company's business, financial position, results of operations, and liquidity in a particular year or quarter. This potential material adverse effect could also result in reduced capital spending on the Company's rail network or in abandonment of lines.

The Company's compliance with safety and security regulations may result in increased capital expenditures and operating costs. For example, compliance with the *Rail Safety Improvement Act of 2008* has resulted in additional capital expenditures associated with the statutorily mandated implementation of PTC. In addition to increased capital expenditures, implementation of such regulations may result in reduced operational efficiency and service levels, as well as increased operating expenses.

The Company's operations are subject to extensive federal, state, provincial and local environmental laws concerning, among other matters, emissions to the air, land and water and the handling of hazardous materials and wastes. Violation of these laws and regulations can result in significant fines and penalties, as well as other potential impacts on CP's operations. These laws can impose strict, and in some circumstances, joint and several liability on both current and former owners, and on operators of facilities. Such environmental liabilities may also be raised by adjacent landowners or third parties. In addition, in operating a railway, it is possible that releases of hazardous materials during derailments or other accidents may occur that could cause harm to human health or to the environment. Costs of remediation, damages and changes in regulations could materially affect the Company's operating results and reputation. The Company has been, and may in the future be, subject to allegations or findings to the effect that it has violated, or is strictly liable under, environmental laws or regulations. The Company currently has obligations at existing sites for investigation, remediation and monitoring, and will likely have obligations at other sites in the future. The actual costs associated with both current and long-term liabilities may vary from the Company's estimates due to a number of factors including, but not limited to changes in: the content or interpretation of environmental laws and regulations; required remedial actions; technology associated with site investigation or remediation; and the involvement and financial viability of other parties that may be responsible for portions of those liabilities.

Global economic conditions could negatively affect demand for commodities and other freight transported by the Company. A decline or disruption in domestic, cross border or global economic conditions that affect the supply or demand for the commodities that CP transports may decrease CP's freight volumes and may result in a material adverse effect on CP's financial or operating results and liquidity. Economic conditions resulting in bankruptcies of one or more large customers could have a significant impact on CP's financial position, results of operations, and liquidity in a particular year or quarter.

The Company faces competition from other transportation providers and failure to compete effectively could adversely affect financial results. The Company faces significant competition for freight transportation in Canada and the U.S., including competition from other railways, motor carriers, ship and barge operators, and pipelines. Competition is based mainly on quality of service, freight rates and access to markets. Other transportation modes generally use public rights-of-way that are built and maintained by government entities, while CP and other railways must use internal resources to build and maintain their rail networks. Competition with the trucking industry is generally based on freight rates, flexibility of service and transit time performance. Any future improvements or expenditures materially increasing the quality or reducing the cost of alternative modes of transportation, or legislation that eliminates

or significantly reduces the burden of the size or weight limitations currently applicable to trucking carriers, could have a material adverse effect on CP's financial results.

The operations of carriers with which the Company interchanges may adversely affect operations. The Company's ability to provide rail services to customers in Canada and the U.S. also depends upon its ability to maintain cooperative relationships with connecting carriers with respect to, among other matters, revenue division, car supply and locomotive availability, data exchange and communications, reciprocal switching, interchange, and trackage rights. Deterioration in the operations or services provided by connecting carriers, or in the Company's relationship with those connecting carriers, could result in CP's inability to meet customers' demands or require the Company to use alternate train routes, which could result in significant additional costs and network inefficiencies and adversely affect our business, operating results, and financial condition.

The availability of qualified personnel could adversely affect the Company's operations. Changes in employee demographics, training requirements and the availability of qualified personnel, particularly locomotive engineers and trainpersons, could negatively impact the Company's ability to meet demand for rail services. Unpredictable increases in the demand for rail services may increase the risk of having insufficient numbers of trained personnel, which could have a material adverse effect on the Company's results of operations, financial condition and liquidity. In addition, changes in operations and other technology improvements may significantly impact the number of employees required to meet the demand for rail services.

Strikes or work stoppages could adversely affect the Company's operations. Class I railways are party to collective bargaining agreements with various labour unions. The majority of CP's employees belong to labour unions and are subject to these agreements. Disputes with regard to the terms of these agreements or the Company's potential inability to negotiate acceptable contracts with these unions could result in, among other things, strikes, work stoppages, slowdowns or lockouts, which could cause a significant disruption of the Company's operations and have a material adverse effect on the Company's results of operations, financial condition and liquidity. Additionally, future national labour agreements, or provisions of labour agreements related to health care, could significantly increase the Company's costs for health and welfare benefits, which could have a material adverse impact on its financial condition and liquidity.

The Company may be subject to litigation and other claims that could result in significant expenditures. By nature of its operations, the Company is exposed to potential for litigation and other claims, including personal injury claims, labour and employment disputes, commercial and contract disputes, environmental liability, freight claims and property damage claims. Accruals are made in accordance with applicable accounting standards and based on an ongoing assessment of the likelihood of success of the claim together with an evaluation of the damages or other monetary relief sought. Material changes to litigation trends, a catastrophic rail incident or series of incidents involving freight loss, property damage, personal injury, environmental liability, or other claims, and other significant matters could have a material adverse impact to the Company's results of operations, financial position and liquidity, in each case, to the extent not covered by insurance.

The Company may be affected by acts of terrorism, war, or risk of war. CP plays a critical role in the North American transportation system and therefore could become the target for acts of terrorism or war. CP is also involved in the transportation of hazardous materials, which could result in CP's equipment or infrastructure being direct targets or indirect casualties of terrorist attacks. Acts of terrorism, or other similar events, any government response thereto, and war or risk of war could cause significant business interruption to CP and may adversely affect the Company's results of operations, financial condition and liquidity.

Severe weather or natural disasters could result in significant business interruptions and costs to the Company. CP is exposed to severe weather conditions and natural disasters including earthquakes, floods, fires, avalanches, mudslides, extreme temperatures and significant precipitation that may cause business interruptions that can adversely affect the Company's entire rail network. This could result in increased costs, increased liabilities and decreased revenues, which could have a material adverse effect on the Company's results of operations, financial condition, and liquidity. Insurance maintained by the Company to protect against loss of business and other related consequences resulting from these natural occurrences is subject to coverage limitations, depending on the nature of the risk insured. This insurance may not be sufficient to cover all of the Company's damages or damages to others, and may not continue to be available at commercially reasonable rates. Even with insurance, if any natural occurrence leads to a catastrophic interruption of services, the Company may not be able to restore services without a significant interruption in operations.

The Company relies on technology and technological improvements to operate its business. Information technology is critical to all aspects of CP's business. If the Company were to experience a significant disruption or failure of one or more of its information technology or communications systems (either as a result of an intentional cyber or malicious act, or an unintentional error) it could result in service interruptions or other failures, misappropriation of confidential information and deficiencies, which could have a material adverse effect on the Company's results of operations, financial condition, and liquidity. If CP is unable to acquire or implement new technology, the Company may suffer a competitive disadvantage, which could also have an adverse effect on its results of operations, financial condition, and liquidity.

The state of capital markets could adversely affect the Company's liquidity. Weakness in the capital and credit markets could negatively impact the Company's access to capital. From time to time, the Company relies on the capital markets to provide some of its capital requirements, including the issuance of long-term debt instruments and commercial paper. Significant instability or disruptions of the capital markets and the credit markets, or deterioration of the Company's financial condition due to internal or external factors could restrict or eliminate the Company's access to, and/or significantly increase the cost of, various financing sources, including bank credit facilities and issuance of corporate bonds. Instability or disruptions of the capital markets and deterioration of

the Company's financial condition, alone or in combination, could also result in a reduction in the Company's credit rating to below investment grade, which could also further prohibit or restrict the Company from accessing external sources of short-term and long-term debt financing, and/or significantly increase the associated costs.

Disruptions within the supply chain could negatively affect the Company's operational efficiencies and increase costs. The North American transportation system is integrated. CP's operations and service may be negatively impacted by service disruptions of other transportation links, such as ports, handling facilities, customer facilities and other railways. A prolonged service disruption at one of these entities could have a material adverse effect on the Company's results of operations, financial condition, and liquidity.

The Company may be affected by fluctuating fuel prices. Fuel expense constitutes a significant portion of the Company's operating costs. Fuel prices can be subject to dramatic fluctuations, and significant price increases could have a material adverse effect on the Company's results of operations. The Company currently employs a fuel cost adjustment program to help reduce volatility in changing fuel prices, but the Company cannot be certain that it will always be able to fully mitigate rising or elevated fuel costs through this program. Factors affecting fuel prices include worldwide oil demand, international politics, weather, refinery capacity, supplier and upstream outages, unplanned infrastructure failures, and labour and political instability.

The Company is dependent on certain key suppliers of core railway equipment and materials that could result in increased price volatility or significant shortages of materials, which could adversely affect results of operations, financial condition, and liquidity. Due to the complexity and specialized nature of core railway equipment and infrastructure (including rolling stock equipment, locomotives, rail and ties), there can be a limited number of suppliers of rail equipment and materials available. Should these specialized suppliers cease production or experience capacity or supply shortages, this concentration of suppliers could result in CP experiencing cost increases or difficulty in obtaining rail equipment and materials, which could have a material adverse effect on the Company's results of operations, financial condition and liquidity. Additionally, CP's operations are dependent on the availability of diesel fuel. A significant fuel supply shortage arising from production decreases, increased demand in existing or emerging foreign markets, disruption of oil imports, disruption of domestic refinery production, damage to refinery or pipeline infrastructure, political unrest, war or other factors could have a material adverse effect on the Company's results of operations, financial position and liquidity in a particular year or quarter.

The Company may be directly and indirectly affected by the impacts of global climate change. There is potential for significant impacts to CP's infrastructure due to changes in global weather patterns. Increasing frequency, intensity and duration of extreme weather events such as flooding, storms and forest fires may result in substantial costs to respond during the event, to recover from the event and possibly to modify existing or future infrastructure requirements to prevent recurrence. The Company is currently subject to emerging regulatory programs that place a price on carbon emissions associated with railway operations in Canada. Government bodies at the provincial and federal level are imposing carbon taxation systems and cap and trade market mechanisms in the Canadian jurisdictions in which CP operates. As a significant consumer of diesel fuel, an escalating price on carbon emissions will lead to a corresponding increase of the Company's business costs. Programs that place a price on carbon emissions or other government restrictions on certain market sectors may further impact current and potential customers including thermal coal and petroleum crude oil sectors. Introduction of, or changes to, regulations by government bodies in response to these anticipated impacts could result in a significant increase in expenses and could adversely affect our business performance, results of operations, financial position, and liquidity.

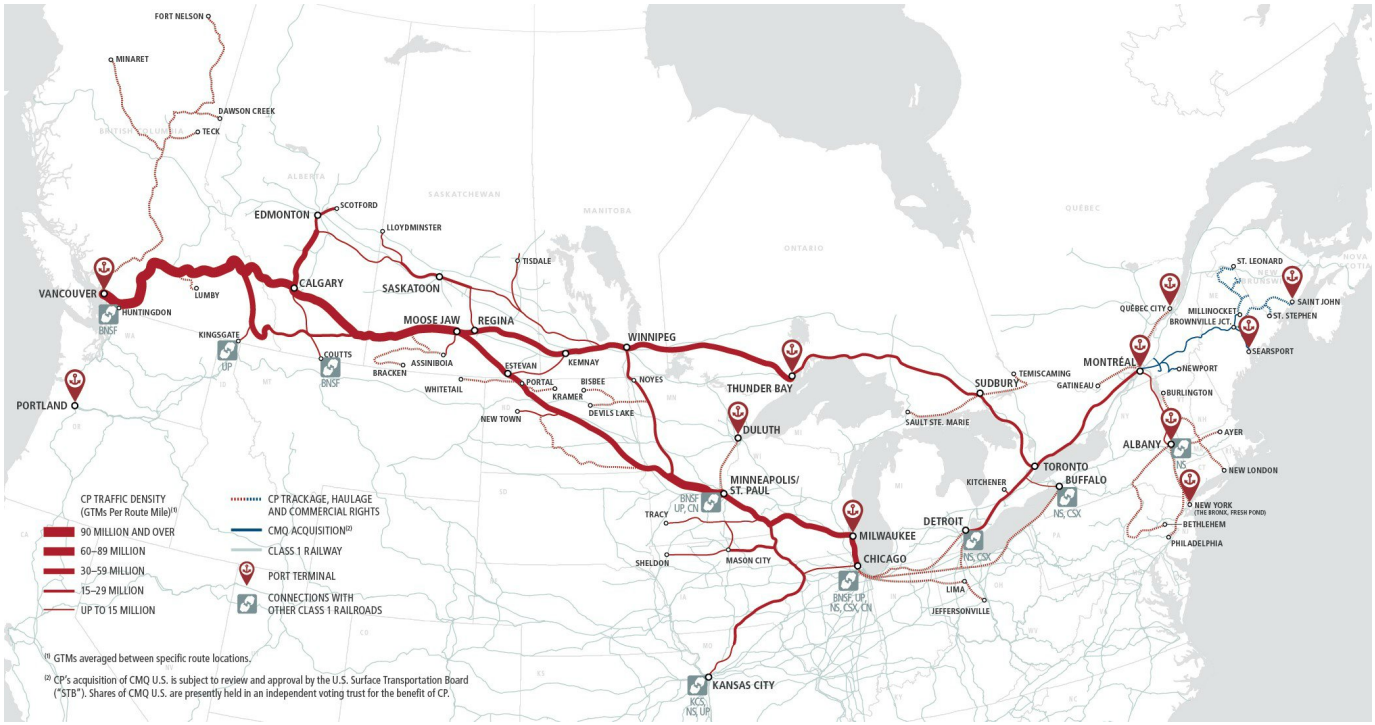
ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Network Geography

The Company's network extends from the Port of Vancouver on Canada's Pacific Coast to the Port of Montréal and eastern Québec in Canada, and to the U.S. industrial centres of Chicago, Illinois; Detroit, Michigan; Buffalo and Albany, New York; Kansas City, Missouri; and Minneapolis, Minnesota.



The Company's network is composed of three primary corridors: Western, Central and Eastern.

The Western Corridor: Vancouver to Thunder Bay

Overview – The Western Corridor links Vancouver with Thunder Bay, which is the Western Canadian terminus of the Company's Eastern Corridor. With service through Calgary, the Western Corridor is an important part of the Company's routes between Vancouver and the U.S. Midwest, and between Vancouver and eastern Canada. The Western Corridor provides access to the Port of Thunder Bay, Canada's primary Great Lakes bulk terminal.

Products – The Western Corridor is the Company's primary route for bulk and resource products traffic from western Canada to the Port of Vancouver for export. CP also handles significant volumes of international intermodal containers and domestic general merchandise traffic.

Feeder Lines – CP supports its Western Corridor with four significant feeder lines: the "Coal Route", which links southeastern B.C. coal deposits to the Western Corridor and to coal terminals at the Port of Vancouver; the "Edmonton-Calgary Route", which provides rail access to Alberta's Industrial Heartland (north of Edmonton, Alberta) in addition to the petrochemical facilities in central Alberta; the "Pacific CanAm Route", which connects Calgary and Medicine Hat in Alberta with Pacific Northwest rail routes at Kingsgate, B.C. via the Crowsnest Pass in Alberta; and the "North Main Line Route" that provides rail service to customers between Portage la Prairie, Manitoba, and Wetaskiwin, Alberta, including intermediate stations Yorkton and Saskatoon in Saskatchewan. This line is an important collector of Canadian grain and fertilizer, serving the potash mines located east and west of Saskatoon and many high-throughput grain elevators and processing facilities. In addition, this line provides direct access to refining and upgrading facilities at Lloydminster, Alberta, and western Canada's largest pipeline terminal at Hardisty, Alberta.

Connections – The Company's Western Corridor connects with the Union Pacific Railroad ("UP") at Kingsgate and with BNSF at Coutts, Alberta, and at New Westminster and Huntingdon in B.C. This corridor also connects with CN at many locations including Thunder Bay, Winnipeg, Manitoba, Regina and Saskatoon in Saskatchewan, Red Deer, Camrose, Calgary and Edmonton in Alberta, Kamloops and several locations in the Greater Vancouver area in B.C.

Yards and Repair Facilities – CP supports rail operations on the Western Corridor with main rail yards at Vancouver, Calgary, Edmonton, Moose Jaw in Saskatchewan, Winnipeg and Thunder Bay. The Company has locomotive and railcar repair facilities at Golden in B.C., Vancouver, Calgary, Moose Jaw and Winnipeg. CP also has major intermodal terminals at Vancouver, Calgary, Edmonton, Regina and Winnipeg.

The Central Corridor: Moose Jaw and Winnipeg to Chicago and Kansas City

Overview – The Central Corridor connects with the Western Corridor at Moose Jaw and Winnipeg. By running south to Chicago and Kansas City, through the Twin Cities of Minneapolis and St. Paul, Minnesota, and through Milwaukee, Wisconsin, CP provides a direct, single-carrier route between western Canada and the U.S. Midwest, providing access to Great Lakes and Mississippi River ports. From La Crosse, Wisconsin, the Central Corridor continues south towards Kansas City via the Quad Cities (Davenport and Bettendorf in Iowa, and Rock Island and Moline in Illinois), providing an efficient route for traffic destined for southern U.S. and Mexican markets. CP's Kansas City line also has a direct connection into Chicago and by extension to points east on CP's network such as Toronto, Ontario and the Port of Montréal in Québec.

Products – Traffic transported on the Central Corridor includes intermodal containers from the Port of Vancouver, fertilizers, chemicals, crude, frac sand, Automotive, and Grain and other agricultural products.

Feeder Lines – The Company has operating rights over BNSF tracks between Minneapolis and St. Paul along with connectivity to the twin ports of Duluth, Minnesota and Superior, Wisconsin. CP maintains its own yard facilities that provide an outlet for grain from the U.S. Midwest to the grain terminals at these ports. This is a strategic entry point for large dimensional shipments that can be routed via CP's network to locations such as Alberta's Industrial Heartland to serve the needs of the oil sands and energy industry. CP's route from Winona, Minnesota, to Tracy, Minnesota, provides access to key agricultural and industrial commodities. CP's feeder line between Drake and New Town in North Dakota is geographically situated in a highly strategic region for Bakken oil production. CP also owns two significant feeder lines in North Dakota and western Minnesota operated by the Dakota Missouri Valley and Western Railroad and the Northern Plains Railroad, respectively. Both of these short lines are also active in providing service to agricultural and Bakken-oil-related customers.

Connections – The Company's Central Corridor connects with all major railways at Chicago. Outside of Chicago, CP has major connections with BNSF at Minneapolis, Minot, North Dakota, and the Duluth-Superior Terminal and with UP at St. Paul and Mankato, Minnesota. CP connects with CN at Milwaukee and Chicago. At Kansas City, CP connects with Kansas City Southern ("KCS"), BNSF, Norfolk Southern Railway ("NS") and UP. CP's Central Corridor also links to several short-line railways that primarily serve grain and coal producing areas in the U.S., and extend CP's market reach in the rich agricultural areas of the U.S. Midwest. A haulage arrangement with Genesee & Wyoming Inc., provides Intermodal service to Jeffersonville, Ohio.

Yards and Repair Facilities – The Company supports rail operations on the Central Corridor with main rail yards in Chicago, Milwaukee, St. Paul and Glenwood in Minnesota, and Mason City and Davenport in Iowa. In addition, CP has a major locomotive repair facility at St. Paul and car repair facilities at St. Paul and Chicago. CP shares a yard with KCS in Kansas City. CP owns 49% of the Indiana Harbor Belt Railroad, a switching railway serving Greater Chicago and northwest Indiana. CP is also part owner of the Belt Railway Company of Chicago, which is the largest intermediate switching terminal railroad in the U.S. CP has major intermodal terminals in Minneapolis and Chicago as well as a dried distillers' grains transload facility that complements the service offering in Chicago.

The Eastern Corridor: Thunder Bay to Eastern Québec, Detroit and Albany

Overview – The Eastern Corridor extends from Thunder Bay through to the Port of Montréal and eastern Québec, and from Toronto to Chicago via Windsor, Ontario and Detroit or Buffalo. The Company's Eastern Corridor provides shippers direct rail service from Toronto, Montréal, and eastern Québec to Calgary and Vancouver via the Company's Western Corridor and to the U.S. via the Central Corridor. This is a key element of the Company's transcontinental intermodal service. The corridor also supports the Company's market position at the Port of Montréal by providing one of the shortest rail routes for European cargo destined to the U.S. Midwest, using the CP-owned route between Montréal and Detroit, coupled with a trackage rights arrangement on NS tracks between Detroit and Chicago. CP's acquisition of CMQ Canada provides access through southern and eastern Québec into the U.S. Northeast and Atlantic Canada.

Products – Major traffic categories transported in the Eastern Corridor include Forest products, chemicals and plastics, crude, ethanol, Metals, minerals and consumer products, intermodal containers, automotive products and general merchandise.

Feeder Lines – A major feeder line serves the steel industry at Hamilton, Ontario and provides connections with both CSX Corporation ("CSX") and NS at Buffalo. The Delaware & Hudson Railway Company, Inc. ("D&H") feeder line extends from Montréal to Albany.

Connections – The Eastern Corridor connects with a number of short-line railways including routes from Montréal to Québec City, Québec and Montréal to Saint John, New Brunswick, and Searsport, Maine. Connections are also made with PanAm Southern at Mechanicville, New York, for service to the Boston and New England areas, and the Vermont Railway at Whitehall, New York. Through haulage arrangements, CP has service to Fresh Pond, New York, to connect with New York & Atlantic Railway as well as direct access to the Bronx and Queens. CP can also access Philadelphia as well as a number of short-lines in Pennsylvania. Connections are also made with CN at a number of locations, including Sudbury, North Bay, Windsor, London, Hamilton and Toronto in Ontario, and Montréal in Québec. CP also connects in New York with the two eastern Class I railways; NS and CSX at Buffalo, NS at Schenectady and CSX at Albany.

Yards and Repair Facilities – CP supports its rail operations in the Eastern Corridor with major rail yards at Sudbury, Toronto, London and Montréal. The Company has locomotive repair facilities at Montréal and Toronto and car repair facilities at Thunder Bay, Toronto and Montréal. The Company's largest intermodal facility is located in the northern Toronto suburb of Vaughan and serves the Greater Toronto and southwestern Ontario areas. CP also operates intermodal terminals at Montréal and Detroit. CP also has transload facilities in Agincourt and Hamilton, Ontario to meet a variety of commodity needs in the area.

Right-of-Way

The Company's rail network is standard gauge, which is used by all major railways in Canada, the U.S. and Mexico. Continuous welded rail is used on the core main line rail network.

CP uses different train control systems on portions of the Company's owned track, depending on the volume of rail traffic. Remotely controlled centralized traffic control signals are used in various corridors to authorize the movement of trains. CP has implemented PTC on 2,117 miles of its U.S. network.

In other corridors, train movements are directed by written instructions transmitted electronically and by radio from rail traffic controllers to train crews. In some specific areas of intermediate traffic density, CP uses an automatic block signalling system in conjunction with written instructions from rail traffic controllers.

Network Investment

The Company continually assesses its network to ensure appropriate capacity to meet market demand. As part of CP's annual capital program, the Company has made substantial investments to support current and future volumes, including upgrading the network to handle longer and heavier trains, such as extending sidings to accommodate new train lengths. The Company's operating metrics, such as average train speed, length and weight, demonstrate efficient utilization of network capacity, discussed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Performance Indicators.

Track and Infrastructure

CP operates on a network of approximately 12,700 miles of track, not including 244 miles of tracks owned and operated by CMQ U.S. 237 miles of first main track and 81 miles of sidings and yard tracks have been acquired through the CMQ Canada transaction and is included below. CP has access to 2,200 miles under trackage rights. The Company's owned track miles includes leases with wholly owned subsidiaries where the term of the lease exceeds 99 years. CP's track network represents the size of the Company's operations that connects markets, customers and other railways. Of the total mileage operated, approximately 5,400 miles are located in western Canada, 2,500 miles in eastern Canada, 4,400 miles in the U.S. Midwest and 400 miles in the U.S. Northeast. CP's network accesses the U.S. markets directly through three wholly owned subsidiaries: Soo Line Railroad Company ("Soo Line"), a Class I railway operating in the U.S. Midwest; the Dakota, Minnesota and Eastern Railroad ("DM&E"), a wholly owned subsidiary of the Soo Line, which operates in the U.S. Midwest; and the D&H, which operates between eastern Canada and the U.S. Northeast.

At December 31, 2019, the breakdown of CP operated track miles is as follows:

	Total
First main track	12,683
Second and other main track	1,088
Passing sidings and yard track	4,353
Industrial and way track	779
Total track miles	**18,903**

Rail Facilities

CP operates numerous facilities including: terminals for intermodal, transload, automotive and other freight; classification rail yards for train-building and switching, storage-in-transit and other activities; offices to administer and manage operations; dispatch centres to direct traffic on the rail network; crew quarters to house train crews along the rail line; shops and other facilities for fuelling; maintenance and repairs of locomotives; and facilities for maintenance of freight cars and other equipment. The Company continues to invest in terminal upgrades and new facilities to accommodate incremental growth in volumes, such as creating additional capacity with the redesign of the classification yard at Alyth in Calgary. The Company's average terminal dwell is an indicator of efficient utilization of yard capacity, discussed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Performance Indicators. Typically in all of our major yards, CP Police Services has offices to ensure the safety and security of the yards and operations.

The following table includes the major yards, terminals and transload facilities on CP's network:

Major Classification Yards	Major Intermodal Terminals	Transload Facilities
Vancouver, British Columbia	Vancouver, British Columbia	Vancouver, British Columbia
Calgary, Alberta	Calgary, Alberta	Toronto, Ontario
Edmonton, Alberta	Edmonton, Alberta	Hamilton, Ontario
Moose Jaw, Saskatchewan	Regina, Saskatchewan	Lachine, Québec
Winnipeg, Manitoba	Winnipeg, Manitoba	
Toronto, Ontario	Vaughan, Ontario	
Montréal, Québec	Montréal, Québec	
Chicago, Illinois	Chicago, Illinois	
St. Paul, Minnesota	Minneapolis, Minnesota	

Equipment

CP's equipment includes: owned and leased locomotives and railcars; heavy maintenance equipment and machinery; other equipment and tools in our shops, offices and facilities; and vehicles for maintenance, transportation of crews, and other activities. In this section, owned equipment includes units acquired by CP, equipment leased to third parties, and units held under finance leases, and leased equipment includes units under a short-term or long-term operating lease.

The Company's locomotive fleet is composed of largely high-adhesion alternating current locomotives that are more fuel efficient and reliable and have superior hauling capacity as compared with standard direct current locomotives. The Company is continuing a modernization program on several of the oldest locomotives in the fleet in order to improve reliability and availability, as well as to introduce new technology to the fleet. CP's locomotive productivity, defined as the daily average gross ton-miles ("GTMs") divided by daily average operating horsepower, for the years ended December 31, 2019, 2018, and 2017, was 202, 198, and 201 GTMs per Operating horsepower, respectively. Operating horsepower excludes units offline, tied up or in storage, or in use on other railways, and includes foreign units online. As of December 31, 2019, the Company had 314 locomotives in storage. As a result, the Company does not foresee the need to acquire new locomotives for the next several years. As of December 31, 2019, CP owned or leased the following locomotive units:

Locomotives	Owned	Leased	Total	Average Age (in years)
Line haul	731	88	819	13
Road switcher	560	—	560	28
Total locomotives	**1,291**	**88**	**1,379**	**19**

CP's average in-service utilization percentage for freight cars, for the years ended December 31, 2019, 2018, and 2017, was 81%, 84%, and 84%, respectively. Average in-service utilization is defined as average active fleet for the year divided by total cars, excluding company service cars and tank cars as these are utilized only as required for non-revenue movements. As of December 31, 2019, CP owned and leased the following units of freight cars:

Freight cars	Owned	Leased	Total	Average Age (in years)
Box car	2,594	250	2,844	30
Covered hopper	7,607	9,699	17,306	24
Flat car	1,461	770	2,231	26
Gondola	3,648	1,440	5,088	21
Intermodal	1,319	150	1,469	15
Multi-level autorack	2,894	719	3,613	26
Company service car	2,396	174	2,570	45
Open top hopper	105	—	105	32
Tank car	33	9	42	12
Total freight cars	**22,057**	**13,211**	**35,268**	**25**

As of December 31, 2019, CP owned and leased the following units of intermodal equipment:

Intermodal equipment	Owned	Leased	Total	Average Age (in years)
Containers	8,804	—	8,804	7
Chassis	6,290	601	6,891	11
Total intermodal equipment	**15,094**	**601**	**15,695**	**9**

Headquarters Office Building

CP owns and operates a multi-building campus in Calgary encompassing the head office building, a data centre, training facility and other office and operational buildings.

The Company's main dispatch centre is located in Calgary, and is the primary dispatching facility in Canada. Rail traffic controllers coordinate and dispatch crews, and manage the day-to-day locomotive management along the network, 24 hours a day, and seven days a week. The operations centre has a complete backup system in the event of any power disruption.

In addition to fully operational redundant systems, CP has a fully integrated Business Continuity Centre, should CP's operations centre be affected by any natural disaster, fire, cyber-attack or hostile threat.

CP also maintains a secondary dispatch centre located in Minneapolis, where a facility similar to the one in Calgary exists. It services the dispatching needs of locomotives and train crews working in the U.S.

Capital Expenditures

The Company incurs expenditures to expand and enhance its rail network, rolling stock and other infrastructure. These expenditures are aimed at improving efficiency and safety of our operations. Such investments are also an integral part of the Company's multi-year capital program and support growth initiatives. For further details, refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources.

Encumbrances

Refer to Item 8. Financial Statements and Supplementary Data, Note 18 Debt, for information on the Company's finance lease obligations and assets held as collateral under these agreements.

ITEM 3. LEGAL PROCEEDINGS

For further details, refer to Item 8. Financial Statements and Supplementary Data, Note 26 Commitments and contingencies.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Our executive officers are appointed by the Board of Directors and they hold office until their successors are appointed, subject to resignation, retirement or removal by the Board of Directors. There are no family relationships among our officers, nor any arrangement or understanding between any officer and any other person pursuant to which the officer was selected. As of the date of this filing, the executive officers' names, ages and business experience are:

Name, Age and Position	Business Experience
Keith Creel, 51 President and Chief Executive Officer	Mr. Creel became President and CEO of CP on January 31, 2017. Previously, he was President and Chief Operating Officer ("COO") from February 5, 2013, to January 30, 2017. Prior to joining CP, Mr. Creel was Executive Vice-President and COO at CN from January 2010 to February 2013. During his time at CN, Mr. Creel held various positions including Executive Vice-President, Operations, Senior Vice-President Eastern Region, Senior Vice-President Western Region, and Vice-President of the Prairie Division. Mr. Creel began his railroad career at Burlington Northern Railway in 1992 as an intermodal ramp manager in Birmingham, Alabama. He also spent part of his career at Grand Trunk Western Railroad as a superintendent and general manager, and at Illinois Central Railroad as a trainmaster and director of corridor operations, prior to its merger with CN in 1999.
Mark Redd, 49 Executive Vice-President, Operations	Mr. Redd has been Executive Vice-President Operations since September 1, 2019. Before this appointment, he was Senior Vice-President Operations Western Region from February 2, 2017 to August 31, 2019 and Vice-President Operations Western Region from April 20, 2016 to February 1, 2017. Previous to these roles, he was General Manager Operations U.S. West and General Manager Operations Central Division. He was named CP's 2016 Railroader of the Year. Prior to joining CP in October 2013, Mr. Redd worked for over 20 years at Kansas City Southern Railway where he held a variety of leadership positions in network and field operations. Mr. Redd holds bachelor and Master of Business Administration ("MBA") degrees from the University of Missouri – Kansas City.
Nadeem Velani, 47 Executive Vice-President and Chief Financial Officer	Mr. Velani has been Executive Vice-President and CFO of CP since October 17, 2017. Previous to this appointment, he was the Vice-President and CFO of CP from October 19, 2016 to October 16, 2017, Vice-President, Investor Relations from October 28, 2015 and Assistant Vice-President, Investor Relations from March 11, 2013. Prior to joining CP, Mr. Velani spent 15 years at CN where he worked in a variety of positions in Strategic and Financial Planning, Investor Relations, Sales and Marketing, and the Office of the President and CEO. Mr. Velani holds a Bachelor of Economics degree from Western University and an MBA in Finance/International Business from McGill University.
John Brooks, 49 Executive Vice-President and Chief Marketing Officer	Mr. Brooks has been Executive Vice-President and Chief Marketing Officer ("CMO") of CP since February 14, 2019. Previous to this appointment, he was the Senior Vice-President and CMO of CP from February 14, 2017 to February 13, 2019. He has worked in senior marketing roles at CP since he joined the Company in 2007, most recently as Vice-President, Marketing – Bulk and Intermodal. Mr. Brooks began his railroading career with UP and later helped start I&M Rail Link, LLC, which was purchased by DM&E in 2002. Mr. Brooks was Vice-President, Marketing at DM&E prior to it being acquired by CP in 2007. With more than 20 years in the railroading business, Mr. Brooks brings a breadth of experience to the CMO role that is pivotal to CP's continued and future success.
James Clements, 50 Senior Vice-President, Strategic Planning and Technology Transformation	Mr. Clements has been Senior Vice-President, Strategic Planning and Technology Transformation since September 1, 2019. Before this appointment, he was the Vice-President, Strategic Planning and Transportation Services of CP since 2014. Mr. Clements has responsibilities that include strategic network issues, Network Service Centre operations and Information Services. In addition, he has responsibility for all of CP's facilities and real estate across North America. Mr. Clements has been at CP for 25 years and his previous experience covers a wide range of areas of CP's business, including car management, finance, joint facilities agreements, logistics, grain marketing and sales in both Canada and the U.S., as well as marketing and sales responsibility for various other lines of business at CP. He has an MBA in Finance/International Business from McGill University and a Bachelor of Science in Computer Science and Mathematics from McMaster University.

Jeffrey Ellis, 52 Chief Legal Officer and Corporate Secretary	Mr. Ellis has been Chief Legal Officer and Corporate Secretary of CP since November 23, 2015. Mr. Ellis is accountable for the overall strategic leadership, oversight and performance of the legal, corporate secretarial, government relations and public affairs functions of CP in Canada and the U.S. Prior to joining CP in 2015, Mr. Ellis was the U.S. General Counsel at BMO Financial Group. Before joining BMO in 2006, Mr. Ellis was with the law firm of Borden Ladner Gervais LLP in Toronto, Ontario. Mr. Ellis has Bachelor of Arts and Master of Arts degrees from the University of Toronto, Juris Doctor and Master of Laws degrees from Osgoode Hall Law School, and an MBA from the Richard Ivey School of Business, Western University. Mr. Ellis is a member of the bars of New York, Illinois, Ontario and Alberta.
Mike Foran, 46 Vice-President, Market Strategy and Asset Management	Mr. Foran has been Vice-President, Market Strategy and Asset Management of CP since February 14, 2017. His prior roles with CP include Vice-President Network Transportation from 2014 to 2017, Assistant Vice-President Network Transportation from 2013 to 2014, and General Manager – Asset Management from 2012 to 2013. In over 20 years at CP, Mr. Foran has worked in operations, business development, marketing and general management. Mr. Foran holds an Executive MBA from the Ivey School of Business at Western University and a Bachelor of Commerce from the University of Calgary.
Michael Redeker, 59 Vice-President and Chief Information Officer	Mr. Redeker has been Vice-President and Chief Information Officer ("CIO") of CP since October 15, 2012. Prior to joining CP, Mr. Redeker was Vice-President and CIO of Alberta Treasury Branch from May 2007 to September 2012. He also spent 11 years at IBM Canada, where he focused on delivering quality information technology services within the financial services industry.
Laird Pitz, 75 Senior Vice-President and Chief Risk Officer	Mr. Pitz has been Senior Vice-President and Chief Risk Officer ("CRO") of CP since October 17, 2017. Previously, he was the Vice-President and CRO of CP from October 29, 2014 to October 16, 2017 and the Vice-President, Security and Risk Management of CP from April 2014 to October 2014. Prior to joining CP, Mr. Pitz was retired from March 2012 to April 2014, and Vice-President, Risk Mitigation of CN from September 2003 to March 2012. Mr. Pitz, a Vietnam War veteran and former Federal Bureau of Investigation special agent, is a 40-year career professional who has directed strategic and operational risk mitigation, security and crisis management functions for companies operating in a wide range of fields, including defence, logistics and transportation.
Chad Rolstad, 43 Vice-President, Human Resources and Chief Culture Officer	Mr. Rolstad has been Vice-President, Human Resources since February 14, 2019 and the Chief Culture Officer since September 1, 2019. Previous to this appointment, he was Assistant Vice-President, Human Resources of CP from August 1, 2018 to February 13, 2019 and Assistant Vice-President, Strategic Procurement of CP from April 10, 2017 to July 31, 2018. Prior to joining CP, Mr. Rolstad held various leadership positions at BNSF Railway in marketing and operations. Mr. Rolstad has a Bachelor of Science from the Colorado School of Mines and an MBA from Duke University.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Share Information

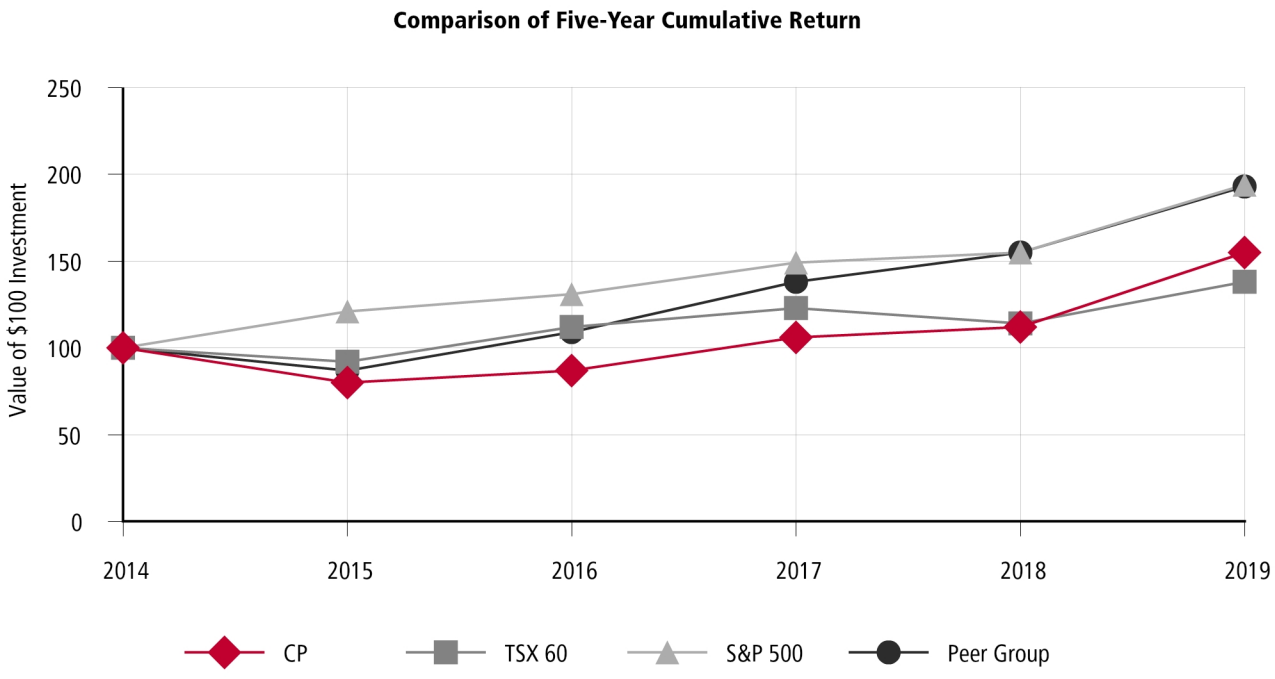
The Common Shares are listed on the TSX and on the NYSE under the symbol "CP".

Share Capital

At February 18, 2020, the latest practicable date prior to the date of this Annual Report on Form 10-K, there were 136,748,767 Common Shares and no preferred shares issued and outstanding, which consists of 13,928 holders of record of the Common Shares. In addition, CP has a Management Stock Option Incentive Plan ("MSOIP"), under which key officers and employees are granted options to purchase the Common Shares. Each option granted can be exercised for one Common Share. At February 18, 2020, 1,569,063 options were outstanding under the MSOIP and stand-alone option agreements entered into with Mr. Keith Creel. There are 895,948 options available to be issued by the Company's MSOIP in the future. CP has a Director's Stock Option Plan ("DSOP"), under which directors are granted options to purchase Common Shares. There are no outstanding options under the DSOP, which has 340,000 options available to be issued in the future.

Stock Performance Graph

The following graph provides an indicator of cumulative total shareholder return on the Common Shares, of an assumed investment of $100, as compared to the TSX 60 Index ("TSX 60"), the Standard & Poor's 500 Stock Index ("S&P 500"), and the peer group index (comprising CN, KCS, UP, NS and CSX) on December 31 for each of the years indicated. The values for the assumed investments depicted on the graph and in the table have been calculated assuming that any dividends are reinvested.



Issuer Purchase of Equity Securities

CP has established a share repurchase program which is further described in Item 8. Financial Statements and Supplementary Data, Note 22 Shareholders' equity. During 2019, CP repurchased 3.8 million Common Shares for $1,141 million at a weighted average price of $300.65. The following table presents the number of Common Shares repurchased during each month for the fourth quarter of 2019 and the average price paid by CP for the repurchase of such Common Shares.

2019	Total number of shares purchased[1]	Average price paid per share[2]	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares (or units) that may yet be purchased under the plans or programs
October 1 to October 31	312,279	$ 284.65	312,279	—
November 1 to November 30	—	—	—	—
December 1 to December 31	298,409	333.96	298,409	4,502,453
Ending Balance	**610,688**	**$ 308.74**	**610,688**	**N/A**

[1] Includes shares repurchased but not yet cancelled at quarter end.

[2] Includes brokerage fees.

ITEM 6. SELECTED FINANCIAL DATA

The following table presents as of, and for the years ended, December 31, selected financial data related to the Company's financial results for the last five fiscal years. The selected financial data should be read in conjunction with Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8. Financial Statements and Supplementary Data.

For information regarding historical exchange rates, please see Impact of Foreign Exchange on Earnings in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(in millions, except per share data, percentage and ratios)	**2019**	2018	2017	2016	2015
Financial Performance and Liquidity					
Total revenues	**$ 7,792**	$ 7,316	$ 6,554	$ 6,232	$ 6,712
Operating income	**3,124**	2,831	2,519	2,411	2,618
Adjusted operating income[1]	**3,124**	2,831	2,468	2,411	2,550
Net income	**2,440**	1,951	2,405	1,599	1,352
Adjusted income[1]	**2,290**	2,080	1,666	1,549	1,625
Basic earnings per share ("EPS")	**17.58**	13.65	16.49	10.69	8.47
Diluted EPS	**17.52**	13.61	16.44	10.63	8.40
Adjusted diluted EPS[1]	**16.44**	14.51	11.39	10.29	10.10
Dividends declared per share	**3.1400**	2.5125	2.1875	1.8500	1.4000
Cash provided by operating activities	**2,990**	2,712	2,182	2,089	2,459
Cash used in investing activities	**(1,803)**	(1,458)	(1,295)	(1,069)	(1,123)
Cash used in financing activities	**(1,111)**	(1,542)	(700)	(1,493)	(957)
Free cash[1]	**1,357**	1,289	874	1,007	1,381
Financial Position					
Total assets[2]	**$ 22,367**	$ 21,254	$ 20,135	$ 19,221	$ 19,637
Total long-term debt, including current portion	**8,757**	8,696	8,159	8,684	8,957
Total shareholders' equity	**7,069**	6,636	6,437	4,626	4,796
Financial Ratios					
Operating ratio[3]	**59.9%**	61.3%	61.6%	61.3%	61.0%
Adjusted operating ratio[1]	**59.9%**	61.3%	62.4%	61.3%	62.0%
Return on invested capital ("ROIC")[1]	**17.9%**	15.3%	20.5%	14.4%	12.9%
Adjusted ROIC[1]	**16.9%**	16.2%	14.7%	14.0%	15.2%
Dividend payout ratio[4]	**17.9%**	18.5%	13.3%	17.4%	16.7%
Adjusted dividend payout ratio[1]	**19.1%**	17.3%	19.2%	18.0%	13.9%
Long-term debt to Net income ratio[5]	**3.6**	4.5	3.4	5.4	6.6
Adjusted net debt to adjusted EBITDA ratio[1]	**2.4**	2.6	2.6	2.9	2.8

(1) These measures have no standardized meanings prescribed by accounting principles generally accepted in the United States of America ("GAAP") and, therefore, may not be comparable to similar measures presented by other companies. These measures are defined and reconciled in Non-GAAP Measures in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(2) Current period amount is as reported in compliance with GAAP following the adoption of Accounting Standards Update ("ASU") 2016-02 under the cumulative effect adjustment transition approach, discussed further in Item 8. Financial Statements and Supplementary Data, Note 2 Accounting changes. The comparative periods' amounts have not been restated and continue to be reported under the accounting standards in effect for those periods.

(3) Operating ratio is defined as operating expenses divided by revenues.

(4) Dividend payout ratio is defined as dividends declared per share divided by Diluted EPS.

(5) Long-term debt to Net income ratio is defined as long-term debt, including long-term debt maturing within one year, divided by Net income.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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The following discussion and analysis should be read in conjunction with the Company's Consolidated Financial Statements and the related notes in Item 8. Financial Statements and Supplementary Data, and other information in this annual report. Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars.

Executive Summary

2019 Results

- **Financial performance** – In 2019, CP reported Diluted earnings per share ("EPS") of $17.52, a 29% increase from $13.61 in 2018. Adjusted diluted EPS increased to $16.44, a 13% improvement compared to $14.51 in 2018. CP's commitment to service and operational efficiency produced an Operating ratio of 59.9%. Adjusted diluted EPS is defined and reconciled in Non-GAAP Measures and discussed further in Results of Operations of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

- **Total revenues** – CP's Total revenues increased by 7% to $7,792 million in 2019 from $7,316 million in 2018, driven primarily by higher freight rates.

- **Operating performance** – CP's average train speed increased by 3% to 22.2 miles per hour and average dwell time decreased by 6% to 6.4 hours in 2019 primarily due to the completion of network infrastructure projects which improved network fluidity. Average train weight remained relatively unchanged at 9,129 tons and average train length increased by 1% to 7,388 feet due to improvements in operating plan efficiency, in each case compared to 2018. These metrics are discussed further in Performance Indicators of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following table compares 2019 outlook to actual results:

	RTM growth	Adjusted diluted EPS[1]	Capital expenditures
Outlook	Mid-single digits Revised at the end of the third quarter to low-single digits	Double-digit Adjusted diluted EPS growth from full-year 2018 Adjusted diluted EPS of $14.51	Approximately $1.60 billion
Actual outcomes	Revenue ton-miles ("RTMs") increased by 171 million, or 0.1%	Adjusted diluted EPS growth of 13% to $16.44	$1.65 billion

[1] Adjusted diluted EPS is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. As described in the 2020 Outlook section below, CP had not calculated an outlook for Diluted EPS in 2019.

The update in RTM volume expectations was due to delays in the Canadian grain harvest and export potash volumes, as well as general macroeconomic softness. During the fourth quarter of 2019, CP's volumes were lower primarily due to decreased shipments of export potash, Coal and Metals, minerals and consumer products. This decrease was partially offset by increased volumes of crude, and Intermodal.

2020 Outlook

With a 2020 plan that encompasses profitable sustainable growth, CP expects RTM growth to be in the mid-single digit and Adjusted diluted EPS growth to be in the high single-digit to low double-digits. CP's expectations for Adjusted diluted EPS growth in 2020 are based on Adjusted diluted EPS of $16.44 in 2019. For the purposes of this outlook, CP assumes an effective tax rate of 25 percent. CP estimates other components of net periodic benefit recovery to decrease by approximately $40 million versus 2019. As CP continues to invest in service, productivity and safety, the Company plans to invest approximately $1.6 billion in capital programs in 2020. Capital programs are defined and discussed further in Liquidity and Capital Resources of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Adjusted diluted EPS is defined and discussed further in Non-GAAP Measures and in Forward-Looking Statements of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. Although CP has provided a forward-looking Non-GAAP measure (Adjusted diluted EPS), management is unable to reconcile, without unreasonable efforts, the forward-looking Adjusted diluted EPS to the most comparable GAAP measure, due to unknown variables and uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value. In past years, CP has recognized significant asset impairment charges, management transition costs related to senior executives and discrete tax items. These or other similar, large unforeseen transactions affect diluted EPS but may be excluded from CP's Adjusted diluted EPS. Additionally, the U.S.-to-Canadian dollar exchange rate is unpredictable and can have a significant impact on CP's reported results but may be excluded from CP's Adjusted diluted EPS. In particular, CP excludes the foreign exchange ("FX") impact of translating the Company's debt and lease liabilities, the impact from changes in income tax rates and a provision for uncertain tax item from Adjusted diluted EPS. Please see Forward-Looking Statements of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion.

Performance Indicators

The following table lists the key measures of the Company's operating performance:

For the year ended December 31	2019	2018[1]	2017[1]	% Change 2019 vs. 2018	% Change 2018 vs. 2017
Operations Performance					
Gross ton-miles ("GTMs") (millions)	**280,724**	275,362	252,195	2	9
Train miles (thousands)	**32,924**	32,312	30,632	2	5
Average train weight – excluding local traffic (tons)	**9,129**	9,100	8,806	—	3
Average train length – excluding local traffic (feet)	**7,388**	7,313	7,214	1	1
Average terminal dwell (hours)	**6.4**	6.8	6.6	(6)	3
Average train speed (miles per hour, or "mph")	**22.2**	21.5	22.6	3	(5)
Fuel efficiency (U.S. gallons of locomotive fuel consumed /1,000 GTMs)	**0.955**	0.953	0.980	—	(3)
Total employees (average)	**13,103**	12,756	12,083	3	6
Total employees (end of period)	**12,694**	12,840	12,215	(1)	5
Workforce (end of period)	**12,732**	12,866	12,294	(1)	5
Safety Indicators					
FRA personal injuries per 200,000 employee-hours	**1.42**	1.48	1.65	(4)	(10)
FRA train accidents per million train-miles	**1.06**	1.10	0.99	(4)	11

[1] Certain figures have been updated to reflect new information or have been revised to conform with current presentation.

Operations Performance

These key measures of operating performance reflect how effective CP's management is at controlling costs and executing the Company's operating plan and strategy. CP continues to drive further productivity improvements in its operations, allowing the Company to deliver superior service and grow its business at low incremental cost.

A **GTM** is defined as the movement of one ton of train weight over one mile. GTMs are calculated by multiplying total train weight by the distance the train moved. Total train weight comprises the weight of the freight cars, their contents, and any inactive locomotives. An increase in GTMs indicates additional workload. GTMs for 2019 were 280,724 million, a 2% increase compared with 275,362 million in 2018. This increase was primarily driven by increased volumes of Energy, chemicals and plastics and Intermodal. This increase was partially offset by decreased volumes of Potash, frac sand and Coal.

GTMs in 2018 were 275,362 million, a 9% increase compared with 252,195 million in 2017. This increase was primarily driven by increased volumes of Energy, chemicals and plastics, Potash, and Intermodal, partially offset by decreased shipments of U.S. grain.

Train miles are defined as the sum of the distance moved by all trains operated on the network. Train miles for 2019 were 32,924 thousands, an increase of 2% compared with 32,312 thousands in 2018. This reflects the impact of higher GTMs in 2019.

Train miles in 2018 were 32,312, an increase of 5% compared with 30,632 thousands in 2017. This reflects the impact of higher volumes partially offset by continuous improvements in train weights as evident in the relative comparison to GTMs, which grew by 9% in 2018.

Average train weight is defined as the average gross weight of CP trains, both loaded and empty. This excludes trains in short-haul service, work trains used to move CP's track equipment and materials, and the haulage of other railways' trains on CP's network. Average train weight of 9,129 tons in 2019 increased by 29 tons compared with 9,100 tons in 2018. This slight increase was a result of improvements in operating plan efficiency. This increase was partially offset by the implementation of CP's winter contingency plan in the first quarter of 2019 resulting in shorter and lighter trains within the operating plan.

Average train weight of 9,100 tons in 2018 increased by 294 tons, or 3%, from 8,806 tons in 2017. This increase was due to continuous improvements in operating plan efficiency, as well as higher volumes of heavier commodities, such as crude and Potash, compared to the same period in 2017.

Average train length is defined as the average total length of CP trains, both loaded and empty. This includes all cars and locomotives on the train and is calculated as the sum of each car or locomotive's length multiplied by the distance travelled, divided by train miles. Local trains are excluded from this measure.

Average train length of 7,388 feet in 2019 increased by 75 feet, or 1%, compared with 7,313 feet in 2018. This was a result of improvements in operating plan efficiency and increased Intermodal volumes which move on longer trains. This increase was partially offset by the implementation of CP's winter contingency plan in the first quarter of 2019 resulting in shorter and lighter trains within the operating plan.

Average train length of 7,313 feet in 2018 increased by 99 feet, or 1%, from 7,214 feet in 2017. This was a result of improvements in operating plan efficiency and increased Intermodal and Potash volumes, which move in longer trains.

Average terminal dwell is defined as the average time a freight car resides within terminal boundaries expressed in hours. The timing starts with a train arriving at the terminal, a customer releasing the car to the Company, or a car arriving at interchange from another railway. The timing ends when the train leaves, a customer receives the car from CP, or the freight car is transferred to another railway. Freight cars are excluded if they are being stored at the terminal or used in track repairs. Average terminal dwell of 6.4 hours in 2019 decreased by 6% from 6.8 hours in 2018. This favourable decrease was due to improved network fluidity.

Average terminal dwell of 6.8 hours in 2018 increased by 3% from 6.6 hours in 2017. This unfavourable increase was primarily due to:
- network disruptions from labour negotiations in the second quarter of 2018;
- harsher weather conditions and increased network disruptions in the first quarter of 2018; and
- higher volumes in the second half of the year and increased delays from accelerated track and roadway capital programs in the third quarter of 2018.

Average train speed is defined as a measure of the line-haul movement from origin to destination including terminal dwell hours. It is calculated by dividing the total train miles travelled by the total train hours operated. This calculation does not include delay time related to customers or foreign railways and excludes the time and distance travelled by: i) trains used in or around CP's yards; ii) passenger trains; and iii) trains used for repairing track. Average train speed was 22.2 mph in 2019, an increase of 3%, from 21.5 mph in 2018. This increase in speed was due to the completion of network infrastructure projects, partially offset by the impact of harsh winter operating conditions and network disruptions in the first quarter of 2019.

Average train speed in 2018 was 21.5 mph, a decrease of 5%, from 22.6 mph in 2017. This decrease was primarily due to:
- network disruptions from labour negotiations in the second quarter of 2018;
- harsher weather conditions and increased network disruptions in the first quarter of 2018; and
- higher volumes and increased delays from accelerated track and roadway capital programs in the third quarter of 2018.

This decrease was partially offset by the completion of roadway capital programs, resulting in improved network fluidity in the fourth quarter of 2018.

Fuel efficiency is defined as U.S. gallons of locomotive fuel consumed per 1,000 GTMs. Fuel consumed includes gallons used in freight, yard and commuter service but excludes fuel used in capital projects and other non-freight activities. Fuel efficiency for 2019 of 0.955 U.S. gallons/1,000 GTMs was flat compared to 2018, and improved by 3% in 2018 compared to 2017. The improvement in fuel efficiency in 2018 compared to 2017 was primarily due to improved productivity from running longer trains.

Total Employees and Workforce

An **employee** is defined by the Company as an individual currently engaged in full-time, part-time or seasonal employment with CP. The average number of total employees for 2019 increased by 347 compared with 2018. This increase was primarily due to growth in workload as measured in GTMs. The total number of employees as at December 31, 2019 was 12,694, a decrease of 146, or 1%, compared to 12,840 as at December 31, 2018, due to more efficient resource planning and reduced workload in the fourth quarter, partially offset by the addition of CMQ Canada employees.

The average number of total employees for 2018 increased by 673, compared to 2017. This increase was primarily due to growth in volumes. The total number of employees as at December 31, 2018 was 12,840, an increase of 625, or 5%, compared to 12,215 as at December 31, 2017, which was in line with volume growth and volume growth expectations.

Workforce is defined as total employees plus contractors and consultants. The total workforce as at December 31, 2019 was 12,732, a decrease of 134, or 1%, compared to 12,866 as at December 31, 2018, due to more efficient resource planning.

The workforce as at December 31, 2018 was 12,866, an increase of 572, or 5%, compared to 12,294 as at December 31, 2017, which was in line with volume growth and volume growth expectations.

Safety Indicators

Safety is a key priority and core strategy for CP's management, employees and Board of Directors. The Company's two main safety indicators – personal injuries and train accidents – follow strict U.S. Federal Railroad Administration ("FRA") reporting guidelines.

The **FRA personal injuries per 200,000 employee-hours** frequency is the number of personal injuries, multiplied by 200,000 and divided by total employee hours. Personal injuries are defined as injuries that require employees to lose time away from work, modify their normal duties or obtain medical treatment

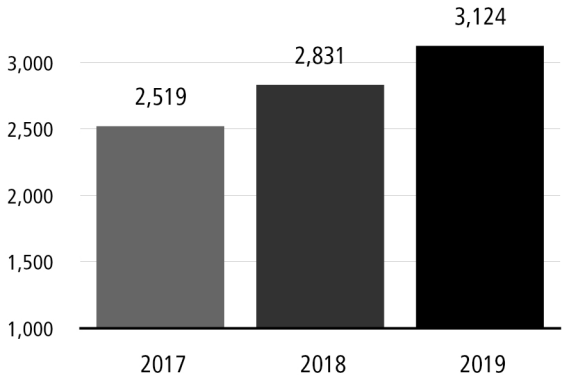
beyond minor first aid. FRA employee-hours are the total hours worked, excluding vacation and sick time, by all employees, excluding contractors. The FRA personal injuries per 200,000 employee-hours frequency for CP was 1.42 in 2019, compared with 1.48 in 2018 and 1.65 in 2017.

The **FRA train accidents per million train-miles** frequency is the number of train accidents, multiplied by 1,000,000 and divided by total train miles. Train accidents included in this metric meet or exceed the FRA reporting threshold of U.S. $10,700 in damage. The FRA train accidents per million train-miles frequency for CP was 1.06 in 2019 , compared with 1.10 in 2018 and 0.99 in 2017.

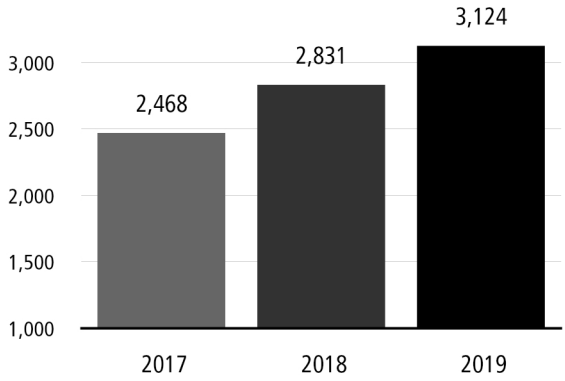
Results of Operations

Income

Operating Income (in millions of $)



Adjusted Operating Income (in millions of $) *



* Adjusted operating income is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Operating income was $3,124 million in 2019, an increase of $293 million, or 10%, from $2,831 million in 2018. This increase was primarily due to:
- higher freight rates;
- the efficiencies generated from improved operating performance and asset utilization;
- the favourable impact of change in FX of $39 million; and
- the favourable impact from changes in fuel prices of $38 million.

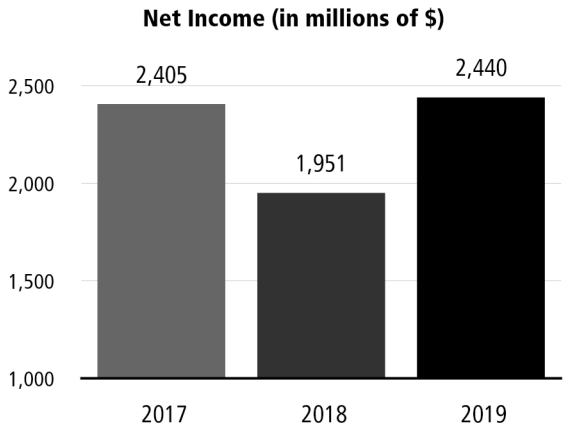
This increase was partially offset by:
- increased operating expense associated with higher casualty costs in 2019 of $76 million (excluding FX);
- higher stock-based compensation of $58 million;
- cost inflation; and
- increased weather related costs as a result of harsh winter operating conditions in the first quarter of 2019.

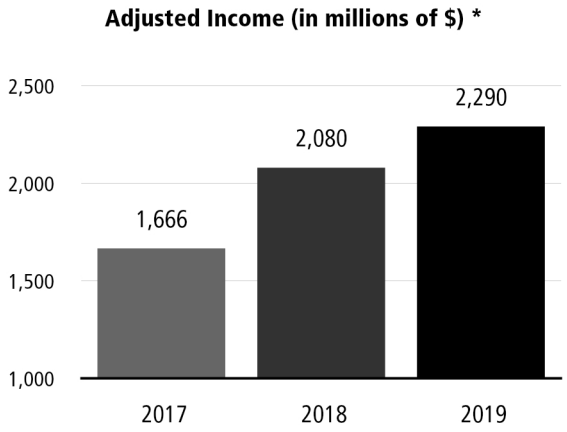
There were no adjustments to operating income in 2019 and 2018.

Operating income was $2,831 million in 2018, an increase of $312 million, or 12%, from $2,519 million in 2017. This increase was primarily due to higher volumes and the efficiencies generated from improved operating performance and asset utilization.

This increase was partially offset by:
- cost inflation;
- management transition recoveries of $51 million associated with Mr. E. Hunter Harrison's retirement as CEO of CP in 2017; and
- higher depreciation and amortization driven primarily from a higher asset base as a result of capital program spending in 2018.

Adjusted operating income, defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, was $2,831 million in 2018, an increase of $363 million, or 15%, from $2,468 million in 2017. This increase was primarily due to the same factors discussed above for the increase in Operating income, except that Adjusted operating income in 2017 excludes the management transition recovery of $51 million.





*Adjusted income is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Net income was $2,440 million in 2019, an increase of $489 million, or 25%, from $1,951 million in 2018. This increase was primarily due to:

- higher Operating income;
- FX translation gains on debt and lease liabilities in 2019 compared to FX translation losses on debt in 2018; and
- a higher income tax recovery associated with changes in tax rates.

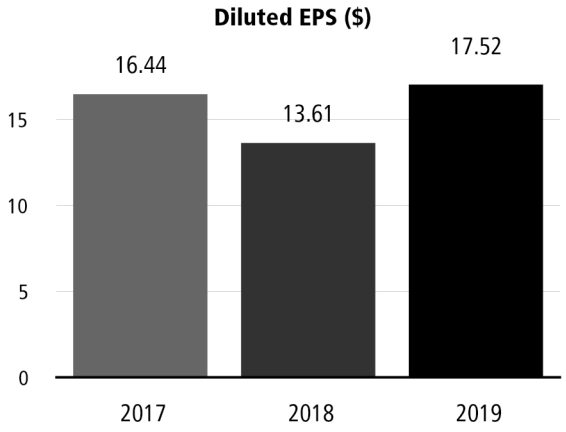
This increase was partially offset by higher income taxes due to higher taxable income and a provision for an uncertain tax item of a prior period.

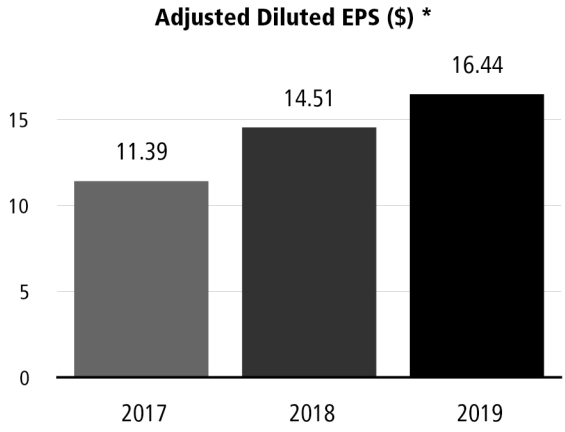
Net income was $1,951 million in 2018, a decrease of $454 million, or 19%, from $2,405 million in 2017. This decrease was primarily due to a lower income tax recovery associated with changes in tax rates and FX translation losses on debt in 2018 compared to gains in 2017. This decrease was partially offset by higher Operating income and higher Other components of net periodic benefit recovery.

Adjusted income, defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, was $2,290 million in 2019, an increase of $210 million, or 10%, from $2,080 million in 2018. This increase was due to the same factors discussed above for the increase in Net income, except that Adjusted income excludes FX translation gains and losses on debt and lease liabilities, income tax recoveries associated with changes in tax rates, and a provision for an uncertain tax item of a prior period.

Adjusted income was $2,080 million in 2018, an increase of $414 million, or 25%, from $1,666 million in 2017. This increase was primarily due to higher Adjusted operating income and higher Other components of net periodic benefit recovery. This increase was partially offset by higher income taxes due to higher taxable income.

Diluted Earnings per Share





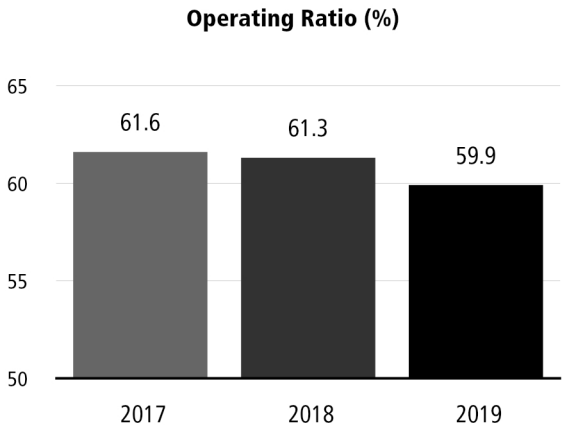
*Adjusted diluted EPS is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

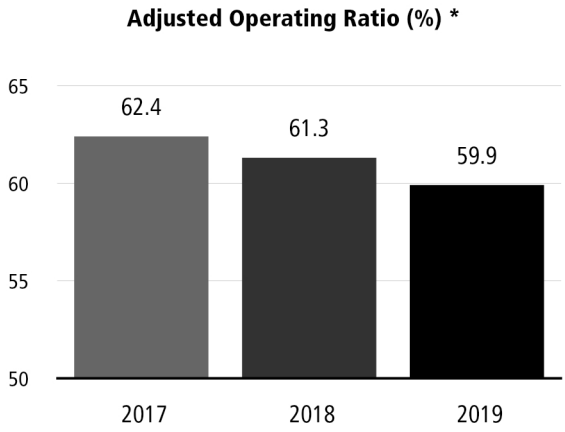
Diluted EPS was $17.52 in 2019, an increase of $3.91, or 29%, from $13.61 in 2018. This increase was due to higher Net income and lower average number of outstanding Common Shares due to the Company's share repurchase program.

Diluted EPS was $13.61 in 2018, a decrease of $2.83, or 17%, from $16.44 in 2017. This decrease was due to lower Net income, partially offset by lower average number of outstanding Common Shares due to the Company's share repurchase program.

Adjusted diluted EPS, defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, was $16.44 in 2019, an increase of $1.93, or 13%, from $14.51 in 2018. Adjusted diluted EPS was $14.51 in 2018, an increase of $3.12, or 27%, from $11.39 in 2017. These increases were due to higher Adjusted income and lower average number of outstanding Common Shares due to the Company's share repurchase program.

Operating Ratio





* Adjusted operating ratio is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Operating ratio provides the percentage of revenues used to operate the railway. A lower percentage normally indicates higher efficiency in the operation of the railway. The Company's Operating ratio was 59.9% in 2019, a 140 basis point improvement from 61.3% in 2018. This improvement was primarily due to:

- higher freight rates;
- the favourable impact of changes in fuel prices; and
- the efficiencies generated from improved operating performance and asset utilization.

This improvement was partially offset by:

- increased operating expense associated with higher casualty costs in 2019;
- higher stock-based compensation; and
- cost inflation.

There were no adjustments to the operating ratio in 2019 and 2018.

The Company's Operating ratio was 61.3% in 2018, a 30 basis point improvement from 61.6% in 2017. This improvement was primarily due to higher volumes and the efficiencies generated from improved operating performance and asset utilization.

This improvement was partially offset by:

- the unfavourable impact of changes in fuel prices;
- cost inflation; and
- management transition recoveries of $51 million associated with Mr. E. Hunter Harrison's retirement as CEO of CP in 2017.

Adjusted operating ratio was 61.3% in 2018, a 110 basis point improvement from 62.4% in 2017. This improvement reflects the same factors discussed above for the improvement in Operating ratio, except that Adjusted operating ratio in 2017 excludes the $51 million management transition recovery.

Return on Invested Capital

Return on invested capital ("ROIC") is a measure of how productively the Company uses its long-term capital investments, representing critical indicators of good operating and investment decisions made by management, and is an important performance criteria in determining certain elements of the Company's long-term incentive plan.

ROIC was 17.9% in 2019, a 260 basis point increase compared to 15.3% in 2018, primarily due to higher Operating income and FX translation gains on debt and lease liabilities in 2019 compared to FX translation losses on debt in 2018.

This increase was partially offset by a higher average invested capital base due to higher Retained earnings from Net income, partially offset by lower Common Shares due to the Company's share repurchase program.

ROIC was 15.3% in 2018, a 520 basis point decrease compared to 20.5% in 2017 primarily due to:

- a higher average invested capital base due to higher Retained earnings from Net income;
- higher Income tax expense due to a lower income tax recovery associated with changes in tax rates; and
- the unfavourable impact of FX translation losses on debt in 2018 compared to FX translation gains in 2017.

This decrease was partially offset by higher Operating income and higher Other components of net periodic benefit recoveries.

Adjusted ROIC was 16.9% in 2019, a 70 basis point increase compared to 16.2% in 2018, primarily due to higher Operating income. This increase was partially offset by the increase in adjusted average invested capital primarily due to higher Adjusted income, partially offset by by lower Common Shares due to the Company's share repurchase program.

Adjusted ROIC was 16.2% in 2018, a 150 basis point increase compared to 14.7% in 2017 due to higher Adjusted operating income and higher Other components of net periodic benefit recoveries. This increase was partially offset by the increase in adjusted average invested capital primarily due to higher Adjusted income, partially offset by by lower Common Shares due to the Company's share repurchase program.

ROIC and Adjusted ROIC are defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Impact of Foreign Exchange on Earnings

Fluctuations in FX affect the Company's results because U.S. dollar-denominated revenues and expenses are translated into Canadian dollars. U.S. dollar-denominated revenues and expenses increase (decrease) when the Canadian dollar weakens (strengthens) in relation to the U.S. dollar. In 2019, the impact of a stronger U.S. dollar resulted in an increase in total revenues of $87 million, an increase in total operating expenses of $48 million and an increase in interest

expense of $10 million. In 2018, the impact of a weaker U.S. dollar resulted in a decrease in total revenues of $8 million, a decrease in total operating expenses of $4 million and no change to interest expense.

On February 14, 2020, noon buying rate certified for customs purposes by the U.S. Federal Reserve Bank of New York was U.S. $1.00 = $1.33 Canadian dollars.

The following tables set forth, for the periods indicated, the average exchange rate between the Canadian dollar and the U.S. dollar expressed in the Canadian dollar equivalent of one U.S. dollar, the high and low exchange rates and period end exchange rates for the periods indicated. Averages for year-end periods are calculated by using the exchange rates on the last day of each full month during the relevant period. These rates are based on the noon buying rate certified for customs purposes by the U.S. Federal Reserve Bank of New York set forth in the H.10 statistical release of the Federal Reserve Board.

Average exchange rates (Canadian/U.S. dollar)	**2019**	2018	2017	2016	2015
For the year ended – December 31	**$ 1.33**	$ 1.30	$ 1.30	$ 1.33	$ 1.28
For the three months ended – December 31	**$ 1.32**	$ 1.32	$ 1.27	$ 1.33	$ 1.34

Exchange rates (Canadian/U.S. dollar)	**2019**	2018	2017	2016	2015
Beginning of year – January 1	**$ 1.36**	$ 1.25	$ 1.34	$ 1.38	$ 1.16
Beginning of quarter – April 1	**$ 1.33**	$ 1.29	$ 1.33	$ 1.30	$ 1.27
Beginning of quarter – July 1	**$ 1.31**	$ 1.32	$ 1.30	$ 1.29	$ 1.25
Beginning of quarter – October 1	**$ 1.32**	$ 1.29	$ 1.25	$ 1.31	$ 1.33
End of year – December 31	**$ 1.30**	$ 1.36	$ 1.25	$ 1.34	$ 1.38

High/Low exchange rates (Canadian/U.S. dollar)	**2019**	2018	2017	2016	2015
High	**$ 1.36**	$ 1.37	$ 1.37	$ 1.46	$ 1.40
Low	**$ 1.30**	$ 1.23	$ 1.21	$ 1.25	$ 1.17

In 2020, CP expects that for every $0.01 the U.S. dollar appreciates (depreciates) relative to the Canadian dollar, it will increase (decrease) revenues by $30 million, operating expenses by $15 million and net interest expense by $3 million on an annualized basis.

Impact of Fuel Price on Earnings

Fluctuations in fuel prices affect the Company's results because fuel expense constitutes a significant portion of CP's operating costs. As fuel prices fluctuate, there will be a timing impact on earnings, as discussed further in Item 1. Business, Operations, Fuel Cost Adjustment Program and Item 1A. Risk Factors, Fuel Cost Volatility.

Average Fuel Price (U.S. dollars per U.S. gallon)	**2019**	2018	2017[1]
For the year ended – December 31	**$ 2.49**	$ 2.72	$ 2.16
For the three months ended – December 31	**$ 2.53**	$ 2.71	$ 2.43

[1] Average fuel prices for 2017 exclude the effects of an $8 million fuel tax recovery related to prior periods.

The impact of fuel price on earnings includes the impacts of provincial and federal carbon taxes and levies recovered and paid, on revenues and expenses, respectively.

In 2019, the favourable impact of fuel prices on Operating income was $38 million. Lower fuel prices resulted in a decrease in total operating expenses of $77 million. Lower fuel prices, partially offset by the timing of recoveries from CP's fuel cost adjustment program and increased carbon tax recoveries, resulted in a decrease in total revenues of $39 million from 2018. In 2018, the impact of higher fuel prices resulted in an increase in total revenues of $212 million and an increase in total operating expenses of $197 million.

Impact of Share Price on Earnings

Fluctuations in the Common Share price affect the Company's operating expenses because share-based liabilities are measured at fair value. The following tables indicate the opening and closing Common Share price on the TSX and the NYSE for each quarter and the change in the price of the Common Shares on the TSX and the NYSE for the years ended December 31, 2019, 2018 and 2017:

Toronto Stock Exchange (in Canadian dollars)	2019	2018	2017
Opening Common Share price, as at January 1	**$ 242.24**	$ 229.66	$ 191.56
Ending Common Share price, as at March 31	**$ 275.34**	$ 227.20	$ 195.35
Ending Common Share price, as at June 30	**$ 308.43**	$ 240.92	$ 208.65
Ending Common Share price, as at September 30	**$ 294.42**	$ 273.23	$ 209.58
Ending Common Share price, as at December 31	**$ 331.03**	$ 242.24	$ 229.66
Change in Common Share price for the year ended December 31	**$ 88.79**	$ 12.58	$ 38.10

New York Stock Exchange (in U.S. dollars)	2019	2018	2017
Opening Common Share price, as at January 1	**$ 177.62**	$ 182.76	$ 142.77
Ending Common Share price, as at March 31	**$ 206.03**	$ 176.50	$ 146.92
Ending Common Share price, as at June 30	**$ 235.24**	$ 183.02	$ 160.81
Ending Common Share price, as at September 30	**$ 222.46**	$ 211.94	$ 168.03
Ending Common Share price, as at December 31	**$ 254.95**	$ 177.62	$ 182.76
Change in Common Share price for the year ended December 31	**$ 77.33**	$ (5.14)	$ 39.99

In 2019, the impact of the change in Common Share prices resulted in an increase in stock-based compensation expense of $42 million compared to $2 million in 2018, and $18 million in 2017.

The impact of share price on stock-based compensation is discussed further in Item 7A. Quantitative and Qualitative Disclosures About Market Risk, Share Price Impact on Stock-Based Compensation.

Operating Revenues

				2019 vs. 2018			2018 vs. 2017		
For the year ended December 31	2019	2018	2017	Total Change	% Change	FX Adjusted % Change[2]	Total Change	% Change	FX Adjusted % Change[2]
Freight revenues (in millions)[1]	**$ 7,613**	$ 7,152	$ 6,375	$ 461	6	5	$ 777	12	12
Non-freight revenues (in millions)	**179**	164	179	15	9	8	(15)	(8)	(8)
Total revenues (in millions)	**$ 7,792**	$ 7,316	$ 6,554	$ 476	7	5	$ 762	12	12
Carloads (in thousands)	**2,766.4**	2,739.8	2,634.2	26.6	1	N/A	105.6	4	N/A
Revenue ton-miles (in millions)	**154,378**	154,207	142,540	171	—	N/A	11,667	8	N/A
Freight revenue per carload (in dollars)	**$ 2,752**	$ 2,611	$ 2,420	$ 141	5	4	$ 191	8	8
Freight revenue per revenue ton-mile (in cents)	**4.93**	4.64	4.47	0.29	6	5	0.17	4	4

[1] Freight revenues include fuel surcharge revenues of $464 million in 2019, $492 million in 2018 and $242 million in 2017. Fuel surcharge revenues include recoveries of carbon taxes, levies, and obligations under cap-and-trade programs.

[2] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company's revenues are primarily derived from transporting freight. Changes in freight volumes generally contribute to corresponding changes in freight revenues and certain variable expenses, such as fuel, crew costs, and equipment rents. Non-freight revenue is generated from leasing of certain assets; other arrangements, including logistical services and contracts with passenger service operators; and switching fees.

Freight Revenues

Freight revenues were $7,613 million in 2019, an increase of $461 million, or 6%, from $7,152 million in 2018. This increase was primarily due to higher freight revenue per revenue ton-mile and the favourable impact of the change in FX of $86 million. This increase was partially offset by the unfavourable impact of lower fuel surcharge revenue, as a result of lower fuel prices of $39 million.

Freight revenues were $7,152 million in 2018, an increase of $777 million, or 12%, from $6,375 million in 2017. This increase was primarily due to higher volumes, as measured by RTMs, and the favourable impact of higher fuel surcharge revenue, as a result of higher fuel prices of $212 million. This increase was partially offset by lower volumes of U.S. grain, and the unfavourable impact of the change in FX of $8 million.

RTMs

RTMs are defined as the movement of one revenue-producing ton of freight over a distance of one mile. RTMs measure the relative weight and distance of rail freight moved by the Company. RTMs for 2019 were 154,378 million, an increase of 171 million, compared with 154,207 million in 2018. This increase was mainly attributable to increased shipments of Energy, chemicals and plastics and Intermodal, partially offset by decreased shipments of Potash, frac sand and Coal.

RTMs for 2018 were 154,207 million, an increase of 8% compared with 142,540 million in 2017. This increase was mainly attributable to increased shipments of Energy, chemicals and plastics, Potash, and Intermodal, partially offset by decreased shipments of U.S. grain.

Non-freight Revenues

Non-freight revenues were $179 million in 2019, an increase of $15 million, or 9%, from $164 million in 2018. This increase was primarily due to higher switching fees and logistical services revenue.

Non-freight revenues were $164 million in 2018, a decrease of $15 million, or 8%, from $179 million in 2017. This decrease was primarily due to the recovery of prior costs following the expiration of a passenger service contract in 2017 and lower passenger revenues in 2018.

Lines of Business

Grain

				2019 vs. 2018			2018 vs. 2017		
For the year ended December 31	**2019**	2018	2017	Total Change	% Change	FX Adjusted % Change[1]	Total Change	% Change	FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 1,684**	$ 1,566	$ 1,532	$ 118	8	6	$ 34	2	2
Carloads (in thousands)	**431.4**	429.4	440.7	2.0	—	N/A	(11.3)	(3)	N/A
Revenue ton-miles (in millions)	**36,941**	36,856	37,377	85	—	N/A	(521)	(1)	N/A
Freight revenue per carload (in dollars)	**$ 3,904**	$ 3,645	$ 3,477	$ 259	7	6	$ 168	5	5
Freight revenue per revenue ton-mile (in cents)	**4.56**	4.25	4.10	0.31	7	6	0.15	4	4

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Grain revenue was $1,684 million in 2019, an increase of $118 million, or 8%, from $1,566 million in 2018. This increase was primarily due to increased freight revenue per revenue ton-mile, higher volumes of regulated Canadian grain, and the favourable impact of the change in FX. This increase was partially offset by lower volumes of U.S. grain, primarily corn, to the U.S. Pacific Northwest. Freight revenue per revenue ton-mile increased due to higher freight rates, primarily for regulated Canadian grain.

Grain revenue was $1,566 million in 2018, an increase of $34 million, or 2%, from $1,532 million in 2017. This increase was primarily due to higher freight revenue per revenue ton-mile, higher fuel surcharge as a result of higher fuel prices, and higher volumes of Canadian grain. This increase was partially offset by decreased volumes of U.S. grain, primarily wheat, and soybeans to the Pacific Northwest, and the unfavourable impact of the change in FX. Freight revenue per revenue ton-mile increased due to higher freight rates, primarily for regulated Canadian grain. RTMs decreased less than carloads due to moving proportionately more Canadian grain, which has a longer length of haul compared to U.S. grain.

Coal

For the year ended December 31	2019	2018	2017	2019 vs. 2018 Total Change	2019 vs. 2018 % Change	2019 vs. 2018 FX Adjusted % Change[1]	2018 vs. 2017 Total Change	2018 vs. 2017 % Change	2018 vs. 2017 FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 682**	$ 673	$ 631	$ 9	1	1	$ 42	7	7
Carloads (in thousands)	**304.3**	304.3	306.0	—	—	N/A	(1.7)	(1)	N/A
Revenue ton-miles (in millions)	**21,820**	22,443	22,660	(623)	(3)	N/A	(217)	(1)	N/A
Freight revenue per carload (in dollars)	**$ 2,241**	$ 2,211	$ 2,061	$ 30	1	1	$ 150	7	7
Freight revenue per revenue ton-mile (in cents)	**3.13**	3.00	2.78	0.13	4	4	0.22	8	8

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Coal revenue was $682 million in 2019, an increase of $9 million, or 1%, from $673 million in 2018. This increase was primarily due to higher freight revenue per revenue ton-mile. This increase was partially offset by lower volumes of Canadian coal, driven by supply chain challenges at both the mines and the ports. Freight revenue per revenue ton-mile increased due to higher freight rates. RTMs decreased while carloads remained flat due to moving proportionately higher volumes of short haul U.S. coal.

Coal revenue was $673 million in 2018, an increase of $42 million, or 7%, from $631 million in 2017. This increase was primarily due to higher fuel surcharge revenue as a result of higher fuel prices, and higher freight revenue per revenue ton-mile, partially offset by lower volumes of Canadian coal, and the unfavourable impact of the change in FX. Freight revenue per revenue ton-mile increased due to higher freight rates.

Potash

For the year ended December 31	2019	2018	2017	2019 vs. 2018 Total Change	2019 vs. 2018 % Change	2019 vs. 2018 FX Adjusted % Change[1]	2018 vs. 2017 Total Change	2018 vs. 2017 % Change	2018 vs. 2017 FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 462**	$ 486	$ 411	$ (24)	(5)	(6)	$ 75	18	19
Carloads (in thousands)	**149.3**	158.4	137.4	(9.1)	(6)	N/A	21.0	15	N/A
Revenue ton-miles (in millions)	**17,297**	18,371	15,751	(1,074)	(6)	N/A	2,620	17	N/A
Freight revenue per carload (in dollars)	**$ 3,094**	$ 3,071	$ 2,988	$ 23	1	—	$ 83	3	3
Freight revenue per revenue ton-mile (in cents)	**2.67**	2.65	2.61	0.02	1	—	0.04	2	2

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Potash revenue was $462 million in 2019, a decrease of $24 million, or 5%, from $486 million in 2018. This decrease was primarily due to lower volumes of domestic potash driven by poor weather affecting the application seasons, and lower volumes of export potash driven by unresolved international contract negotiations. This decrease was partially offset by the favourable impact of the change in FX.

Potash revenue was $486 million in 2018, an increase of $75 million, or 18%, from $411 million in 2017. This increase was primarily due to higher volumes of export potash, as well as higher fuel surcharge revenue as a result of higher fuel prices, partially offset by the unfavourable impact of the change in FX. RTMs increased more than carloads due to moving proportionately more export potash to Vancouver, which has a longer length of haul.

Fertilizers and Sulphur

				2019 vs. 2018			2018 vs. 2017		
For the year ended December 31	**2019**	2018	2017	Total Change	% Change	FX Adjusted % Change[1]	Total Change	% Change	FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 250**	$ 243	$ 241	$ 7	3	1	$ 2	1	1
Carloads (in thousands)	**57.0**	58.1	57.7	(1.1)	(2)	N/A	0.4	1	N/A
Revenue ton-miles (in millions)	**3,846**	4,051	3,849	(205)	(5)	N/A	202	5	N/A
Freight revenue per carload (in dollars)	**$ 4,386**	$ 4,186	$ 4,178	$ 200	5	3	$ 8	—	1
Freight revenue per revenue ton-mile (in cents)	**6.50**	6.00	6.27	0.50	8	7	(0.27)	(4)	(4)

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Fertilizers and sulphur revenue was $250 million in 2019, an increase of $7 million, or 3%, from $243 million in 2018. This increase was primarily due to higher freight revenue per revenue ton-mile, the favourable impact of the change in FX, and higher volumes of wet fertilizer. This increase was partially offset by lower volumes of sulphur and dry fertilizer. Freight revenue per revenue ton-mile increased due to higher freight rates. RTMs decreased more than carloads due to moving proportionately less wet fertilizer to the U.S. Midwest, which has a longer length of haul.

Fertilizers and sulphur revenue was $243 million in 2018, an increase of $2 million, or 1%, from $241 million in 2017. This increase was primarily due to increased volumes of dry fertilizer and sulphur, and higher fuel surcharge revenue as a result of higher fuel prices, partially offset by lower freight revenue per revenue ton-mile, and the unfavourable impact of the change in FX. Freight revenue per revenue ton-mile decreased due to moving proportionately less wet fertilizer, which has higher freight rates, and increased volumes of longer haul sulphur from Canada to the U.S.

Forest Products

				2019 vs. 2018			2018 vs. 2017		
For the year ended December 31	**2019**	2018	2017	Total Change	% Change	FX Adjusted % Change[1]	Total Change	% Change	FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 304**	$ 284	$ 265	$ 20	7	5	$ 19	7	8
Carloads (in thousands)	**71.5**	68.6	65.8	2.9	4	N/A	2.8	4	N/A
Revenue ton-miles (in millions)	**4,974**	4,763	4,484	211	4	N/A	279	6	N/A
Freight revenue per carload (in dollars)	**$ 4,252**	$ 4,139	$ 4,036	$ 113	3	1	$ 103	3	3
Freight revenue per revenue ton-mile (in cents)	**6.11**	5.96	5.92	0.15	3	1	0.04	1	1

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forest products revenue was $304 million in 2019, an increase of $20 million, or 7%, from $284 million in 2018. This increase was primarily due to higher volumes of wood pulp, newsprint, and lumber, increased freight revenue per revenue ton-mile, and the favourable impact of the change in FX. Freight revenue per revenue ton-mile increased due to higher freight rates.

Forest products revenue was $284 million in 2018, an increase of $19 million, or 7%, from $265 million in 2017. This increase was primarily due to increased volumes of wood pulp and paper products, and higher fuel surcharge revenue as a result of higher fuel prices, partially offset by the unfavourable impact of the change in FX. RTMs increased more than carloads due to increased volumes of longer haul wood pulp from eastern Canada to the U.S.

Energy, Chemicals and Plastics

For the year ended December 31	2019	2018	2017	2019 vs. 2018 Total Change	2019 vs. 2018 % Change	2019 vs. 2018 FX Adjusted % Change[1]	2018 vs. 2017 Total Change	2018 vs. 2017 % Change	2018 vs. 2017 FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 1,534**	$ 1,243	$ 898	$ 291	23	22	$ 345	38	39
Carloads (in thousands)	**358.1**	334.6	269.5	23.5	7	N/A	65.1	24	N/A
Revenue ton-miles (in millions)	**29,356**	27,830	21,327	1,526	5	N/A	6,503	30	N/A
Freight revenue per carload (in dollars)	**$ 4,284**	$ 3,715	$ 3,333	$ 569	15	14	$ 382	11	12
Freight revenue per revenue ton-mile (in cents)	**5.23**	4.47	4.21	0.76	17	15	0.26	6	6

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Energy, chemicals and plastics revenue was $1,534 million in 2019, an increase of $291 million, or 23%, from $1,243 million in 2018. This increase was primarily due to increased freight revenue per revenue ton-mile, higher volumes of crude, liquefied petroleum gas ("LPG"), fuel oil, and other refined products, and the favourable impact of the change in FX. Freight revenue per revenue ton-mile increased primarily due to liquidated damages, including customer volume commitments, and higher freight rates. Carloads increased more than RTMs due to moving proportionately less long haul crude to Kansas City, Missouri, and proportionately more short haul crude to Chicago, Illinois and Noyes, Minnesota.

Energy, chemicals and plastics revenue was $1,243 million in 2018, an increase of $345 million, or 38%, from $898 million in 2017. This increase was primarily due to increased volumes of crude and LPG, and higher fuel surcharge revenue as a result of higher fuel prices, partially offset by the unfavourable impact of the change in FX. RTMs increased more than carloads due to moving proportionately more crude, which has a longer length of haul.

Metals, Minerals and Consumer Products

For the year ended December 31	2019	2018	2017	2019 vs. 2018 Total Change	2019 vs. 2018 % Change	2019 vs. 2018 FX Adjusted % Change[1]	2018 vs. 2017 Total Change	2018 vs. 2017 % Change	2018 vs. 2017 FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 752**	$ 797	$ 739	$ (45)	(6)	(8)	$ 58	8	8
Carloads (in thousands)	**234.3**	252.2	255.3	(17.9)	(7)	N/A	(3.1)	(1)	N/A
Revenue ton-miles (in millions)	**10,684**	11,858	11,468	(1,174)	(10)	N/A	390	3	N/A
Freight revenue per carload (in dollars)	**$ 3,210**	$ 3,161	$ 2,894	$ 49	2	—	$ 267	9	9
Freight revenue per revenue ton-mile (in cents)	**7.04**	6.72	6.44	0.32	5	3	0.28	4	4

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Metals, minerals and consumer products revenue was $752 million in 2019, a decrease of $45 million, or 6%, from $797 million in 2018. This decrease was primarily due to lower volumes of frac sand and steel. This decrease was partially offset by increased freight revenue per revenue ton-mile, and the favourable impact of the change in FX. Freight revenue per revenue ton-mile increased due to higher freight rates. Carloads decreased less than RTMs due to increased volumes of short haul metallic ore.

Metals, minerals and consumer products revenue was $797 million in 2018, an increase of $58 million, or 8%, from $739 million in 2017. This increase was primarily due to higher freight revenue per revenue ton-mile, higher fuel surcharge revenue as a result of higher fuel prices, and increased volumes of steel and aggregate products. The increase was partially offset by the unfavourable impact of the change in FX. RTMs increased while carloads decreased due to a decrease in volumes of short haul metallic ore traffic. Freight revenue per revenue ton-mile increased due to higher freight rates.

Automotive

For the year ended December 31	2019	2018	2017	2019 vs. 2018 Total Change	2019 vs. 2018 % Change	2019 vs. 2018 FX Adjusted % Change[1]	2018 vs. 2017 Total Change	2018 vs. 2017 % Change	2018 vs. 2017 FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 352**	$ 322	$ 293	$ 30	9	7	$ 29	10	11
Carloads (in thousands)	**114.4**	108.3	105.1	6.1	6	N/A	3.2	3	N/A
Revenue ton-miles (in millions)	**1,427**	1,347	1,321	80	6	N/A	26	2	N/A
Freight revenue per carload (in dollars)	**$ 3,077**	$ 2,975	$ 2,785	$ 102	3	1	$ 190	7	7
Freight revenue per revenue ton-mile (in cents)	**24.67**	23.92	22.15	0.75	3	1	1.77	8	8

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Automotive revenue was $352 million in 2019, an increase of $30 million, or 9%, from $322 million in 2018. This increase was primarily due to higher volumes from Vancouver to eastern Canada, higher volumes from the U.S. to CP's new Vancouver Automotive Compound, increased freight revenue per revenue ton-mile, and the favourable impact of the change in FX. Freight revenue per revenue ton-mile increased due to higher freight rates.

Automotive revenue was $322 million in 2018, an increase of $29 million, or 10% from $293 million in 2017. This increase was primarily due to higher freight revenue per revenue ton-mile, higher fuel surcharge revenue as a result of higher fuel prices, and higher volumes of machinery. This increase was partially offset by the unfavourable change in FX. Freight revenue per revenue ton-mile increased due to higher freight rates.

Intermodal

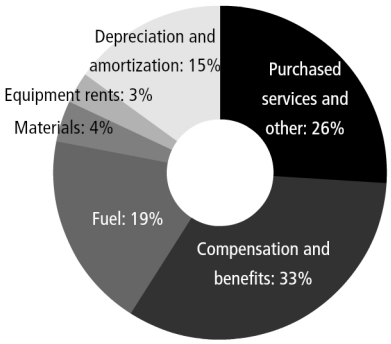
For the year ended December 31	2019	2018	2017	2019 vs. 2018 Total Change	2019 vs. 2018 % Change	2019 vs. 2018 FX Adjusted % Change[1]	2018 vs. 2017 Total Change	2018 vs. 2017 % Change	2018 vs. 2017 FX Adjusted % Change[1]
Freight revenues (in millions)	**$ 1,593**	$ 1,538	$ 1,365	$ 55	4	3	$ 173	13	13
Carloads (in thousands)	**1,046.1**	1,025.9	996.7	20.2	2	N/A	29.2	3	N/A
Revenue ton-miles (in millions)	**28,033**	26,688	24,303	1,345	5	N/A	2,385	10	N/A
Freight revenue per carload (in dollars)	**$ 1,523**	$ 1,499	$ 1,370	$ 24	2	1	$ 129	9	9
Freight revenue per revenue ton-mile (in cents)	**5.68**	5.76	5.62	(0.08)	(1)	(2)	0.14	2	2

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

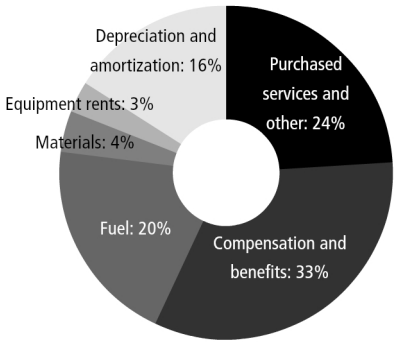
Intermodal revenue was $1,593 million in 2019, an increase of $55 million, or 4%, from $1,538 million in 2018. This increase was primarily due to higher international volumes through the Port of Vancouver, the onboarding of a new domestic retail customer, and the favourable impact of the change in FX. This increase was partially offset by a decrease in freight revenue per revenue ton-mile. RTMs increased more than carloads due to discontinuing expressway service in the second quarter of 2018, which had a shorter length of haul. Freight revenue per revenue ton-mile decreased due to lower fuel surcharge revenue as a result of lower fuel prices.

Intermodal revenue was $1,538 million in 2018, an increase of $173 million, or 13%, from $1,365 million in 2017. This increase was primarily due to higher international volumes through the Port of Vancouver, higher domestic wholesale volumes, as well as higher fuel surcharge revenue as a result of higher fuel prices. This was partially offset by the unfavourable impact of the change in FX. RTMs increased more than carloads due to discontinuing expressway service, and an increased length of haul for international intermodal volume moving through the Port of Vancouver.

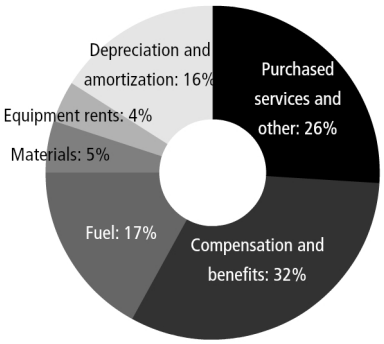
Operating Expenses



2019 Operating Expenses



2018 Operating Expenses



2017 Operating Expenses

				2019 vs. 2018			2018 vs. 2017		
For the year ended December 31 (in millions)	**2019**	2018	2017	Total Change	% Change	FX Adjusted % Change[1]	Total Change	% Change	FX Adjusted % Change[1]
Compensation and benefits	**$ 1,540**	$ 1,468	$ 1,309	$ 72	5	4	$ 159	12	12
Fuel	**882**	918	677	(36)	(4)	(6)	241	36	36
Materials	**210**	201	190	9	4	4	11	6	6
Equipment rents	**137**	130	142	7	5	3	(12)	(8)	(8)
Depreciation and amortization	**706**	696	661	10	1	1	35	5	5
Purchased services and other	**1,193**	1,072	1,056	121	11	10	16	2	2
Total operating expenses	**$ 4,668**	$ 4,485	$ 4,035	$ 183	4	3	$ 450	11	11

[1] FX adjusted % change does not have any standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. FX adjusted % change is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Operating expenses were $4,668 million in 2019, an increase of $183 million, or 4%, from $4,485 million in 2018. This increase was primarily due to:

- increased operating expense associated with higher casualty costs incurred in 2019 of $76 million (excluding FX);
- higher stock-based compensation primarily driven by an increase in stock price of $58 million;
- cost inflation;
- the unfavourable impact of the change in FX of $48 million;
- increased weather related costs as a result of harsh winter operating conditions in the first quarter of 2019; and
- higher volume variable expenses.

This increase was partially offset by the favourable impact from changes in fuel prices of $77 million and the efficiencies generated from improved operating performance and asset utilization.

Operating expenses were $4,485 million in 2018, an increase of $450 million, or 11%, from $4,035 million in 2017. This increase was primarily due to:

- the unfavourable impact from changes in fuel prices of $197 million;
- higher volume variable expenses;
- cost inflation;
- management transition recoveries of $51 million associated with Mr. E. Hunter Harrison's retirement as CEO of CP in 2017;
- higher depreciation and amortization due to a higher asset base as a result of the capital program spending in 2018;
- a charge associated with a loss contingency of $20 million;
- increased weather related costs as a result of harsh winter operating conditions in the first quarter of 2018;
- higher stock-based compensation of primarily driven by stronger performance against targets, partially offset by the changes in share price; and
- higher incentive compensation.

This increase was partially offset by the efficiencies generated from improved operating performance and asset utilization and higher gains on land sales of $26 million mainly from the sale of Bass Lake railway line in the fourth quarter of 2018.

Compensation and Benefits

Compensation and benefits expense includes employee wages, salaries, fringe benefits and stock-based compensation. Compensation and benefits expense was $1,540 million in 2019, an increase of $72 million, or 5%, from $1,468 million in 2018. This increase was primarily due to:

- higher stock-based compensation primarily driven by an increase in stock price of $58 million;
- the impact of wage and benefit inflation;
- the impact of harsher winter operating conditions driven by operational inefficiencies and increased track labour and overtime;
- the unfavourable impact of the change in FX of $11 million; and
- higher volume variable expenses as a result of an increase in workload as measured by GTMs.

This increase was partially offset by:

- lower incentive compensation;
- lower pension current service cost of $14 million; and
- labour efficiencies.

Compensation and benefits expense was $1,468 million in 2018, an increase of $159 million, or 12% from $1,309 million in 2017. This increase was primarily due to:

- higher volume variable expenses as a result of an increase in workload as measured by GTMs;
- management transition recoveries of $51 million associated with Mr. E. Hunter Harrison's retirement as CEO of CP;
- the impact of wage and benefit inflation;
- higher stock-based compensation of primarily driven by stronger performance against targets, partially offset by the changes in share price;
- higher incentive compensation;
- an increase in training programs; and
- harsher winter operating conditions.

This increase was partially offset by lower labour expenses due to operational efficiencies.

Fuel

Fuel expense consists mainly of fuel used by locomotives and includes provincial, state and federal fuel taxes. Fuel expense was $882 million in 2019, a decrease of $36 million, or 4%, from $918 million in 2018. This decrease was primarily due to the favourable impact of lower fuel prices of $77 million.

This decrease was partially offset by an increase in workload, as measured by GTMs, and the unfavourable impact of the change in FX of $18 million.

Fuel expense was $918 million in 2018, an increase of $241 million, or 36%, from $677 million in 2017. This increase was primarily due to:

- the unfavourable impact from higher fuel prices of $197 million;
- an increase in workload, as measured by GTMs; and
- a fuel tax recovery received in 2017 that related to prior periods of $8 million.

This increase was partially offset by improvements in fuel efficiency of approximately 3%.

Materials

Materials expense includes the cost of material used for maintenance of track, locomotives, freight cars and buildings as well as software sustainment. Materials expense was $210 million in 2019, an increase of $9 million, or 4%, from $201 million in 2018. This increase was primarily due to:

- higher spending on locomotive maintenance and overhauls;
- weather related materials;
- cost inflation; and
- the unfavourable impact of the change in FX of $1 million.

This increase was partially offset by higher recoveries from foreign freight car maintenance.

Materials expense was $201 million in 2018, an increase of $11 million, or 6%, from $190 million in 2017. This increase was primarily due to higher locomotive maintenance and higher non-locomotive fuel costs.

Equipment Rents

Equipment rents expense includes the cost associated with using other companies' freight cars, intermodal equipment and locomotives, net of rental income received from other railways for the use of CP's equipment. Equipment rents expense was $137 million in 2019, an increase of $7 million, or 5%, from $130 million in 2018. This increase was primarily due to greater usage of pooled freight cars and the unfavourable impact of the change in FX of $3 million.

Equipment rents expense was $130 million in 2018, a decrease of $12 million, or 8%, from $142 million in 2017. This decrease was primarily due to the purchase or return of leased freight cars and lower usage of pooled intermodal containers reducing rental expenses by $7 million, and a $4 million increase in receipts from other railways' use of CP equipment.

Depreciation and Amortization

Depreciation and amortization expense represents the charge associated with the use of track and roadway, buildings, rolling stock, information systems and other depreciable assets. Depreciation and amortization expense was $706 million for 2019, an increase of $10 million, or 1%, from $696 million in 2018. This increase was primarily due to a higher asset base, as a result of the capital program spending in 2019, and the unfavourable impact of the change in FX of $4 million, partially offset by the impact of depreciation studies and other adjustments.

Depreciation and amortization expense was $696 million for 2018, an increase of $35 million, or 5%, from $661 million in 2017. This increase was primarily due to higher asset base as a result of higher capital program spending in 2018.

Purchased Services and Other

				2019 vs. 2018		2018 vs. 2017	
For the year ended December 31 (in millions)	**2019**	2018	2017	Total Change	% Change	Total Change	% Change
Support and facilities	**$ 278**	$ 264	$ 266	$ 14	5	$ (2)	(1)
Track and operations	**278**	268	251	10	4	17	7
Intermodal	**222**	221	197	1	—	24	12
Equipment	**125**	143	157	(18)	(13)	(14)	(9)
Casualty	**149**	73	72	76	104	1	1
Property taxes	**133**	124	121	9	7	3	2
Other	**29**	20	7	9	45	13	186
Land sales	**(21)**	(41)	(15)	20	(49)	(26)	173
Total Purchased services and other	**$ 1,193**	$ 1,072	$ 1,056	$ 121	11	$ 16	2

Purchased services and other expense encompasses a wide range of third-party costs, including contractor and consulting fees, locomotive and freight car repairs performed by third parties, property and other taxes, intermodal pickup and delivery services, casualty expense, expenses for joint facilities and gains on land sales. Purchased services and other expense was $1,193 million in 2019, an increase of $121 million, or 11%, from $1,072 million in 2018. This increase was primarily due to:

- an increase in number and severity of casualty incidents of $73 million (excluding FX), which were the result of difficult operating conditions due to weather in the first half of 2019, reported in Casualty;
- lower gains on land sales of $20 million mainly as a result of the sale of the Bass Lake railway line in 2018;
- the unfavourable impact of the change in FX of $11 million;
- an increase in legal fees, reported in Support and facilities;
- higher snow removal and other weather related costs; and
- higher property taxes due to higher tax rates.

This increase was partially offset by:

- a decrease in charges associated with contingencies of $10 million, reported in Other;
- a decrease in costs for locomotive warranty service agreements due to the insourcing of maintenance of certain locomotives in the company's fleet, reported in Equipment; and
- costs related to labour disruptions in the second quarter of 2018, reported in Track and operations.

Purchased services and other expense was $1,072 million in 2018, an increase of $16 million, or 2%, from $1,056 million in 2017. This increase was primarily due to:

- a charge associated with a loss contingency of $20 million, reported in Other;
- higher intermodal expenses related to pickup and delivery, reported in Intermodal; and
- higher costs due to winter weather related impacts and costs related to labour disruptions, reported primarily in Track and operations.

This increase was partially offset by higher gains on land sales of $26 million mainly from the sale of Bass Lake railway line, in the fourth quarter of 2018, and lower locomotive engine overhaul expenses as a greater proportion of this work was capital in nature in 2018, reported in Equipment.

Other Income Statement Items

Other (Income) Expense

Other (income) expense consists of gains and losses from the change in FX on long-term debt and lease liabilities, working capital, costs related to financing, shareholder costs, equity income, and other non-operating expenditures. Other income was $89 million in 2019, a change of $263 million, or 151%, compared to an expense of $174 million in 2018. This change was primarily due to an FX translation gain on U.S. dollar-denominated debt and lease liabilities of $94 million, compared to an FX translation loss on U.S. dollar-denominated debt of $168 million in 2018.

Other expense was $174 million in 2018, a change of $352 million, or 198%, compared to an income of $178 million in 2017. This change was primarily due to an FX translation loss on U.S. dollar-denominated debt of $168 million, compared to a gain of $186 million, and a $10 million insurance recovery of legal costs in 2017. These unfavourable changes were partially offset by a $13 million charge on the settlement and roll of forward starting swaps in 2017 and higher equity income in 2018.

FX translation gains and losses on debt and lease liabilities are discussed further in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Other Components of Net Periodic Benefit Recovery

Other components of net periodic benefit recovery were $381 million in 2019, a decrease of $3 million, or 1%, from $384 million in 2018. This decrease was primarily due to higher interest cost on the benefit obligation. Other components of net periodic benefit recovery were $384 million in 2018, an increase of $110 million or 40%, from $274 million in 2017. This increase was primarily due to the 7.75% expected rate of return in each of 2017 and 2018 being applied to a greater asset value, and a decrease in the recognized net actuarial loss.

Net Interest Expense

Net interest expense includes interest on long-term debt and finance leases. Net interest expense was $448 million in 2019, a decrease of $5 million, or 1%, from $453 million in 2018. This was primarily due to a net reduction in interest charges of $21 million as a result of a lower effective interest rate following the Company's refinancing of debt in 2018 and 2019, partially offset by the unfavourable impact from the change in FX of $10 million and an increase in commercial paper interest of $6 million.

Net interest expense was $453 million in 2018, a decrease of $20 million, or 4%, from $473 million in 2017. This decrease was primarily due to a favourable impact of $15 million as a result of a lower effective interest rate and lower debt levels following the Company's refinancing of debt in 2018, as well as higher capitalized interest.

Income Tax Expense

Income tax expense was $706 million in 2019, an increase of $69 million, or 11%, from $637 million in 2018. The increase was due to:

- higher taxable earnings;
- an increase in unrecognized tax benefits of $24 million; and
- net income tax recoveries in 2018 of $21 million as a result of the Iowa and Missouri corporate tax rate decreases.

This increase was partially offset by net income tax recoveries in 2019 of $88 million as a result of an Alberta corporate tax rate decrease.

Income tax expense was $637 million in 2018, an increase of $544 million, or 585%, from $93 million in 2017. The increase is due to net income tax recoveries in 2017 of $541 million, primarily as a result of U.S. tax reform, and higher 2018 taxable earnings, partially offset by other tax rate changes discussed above in 2018.

The effective income tax rate for 2019 was 22.43% on reported income and 24.96% on Adjusted income. The effective income tax rate for 2018 was 24.64% on reported income and 24.55% on Adjusted income. Adjusted income is a Non-GAAP measure, which is discussed further in Non-GAAP Measures of this Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The Company expects a 2020 effective tax rate of 25.00% . The Company’s 2020 outlook for its effective tax rate is based on certain assumptions about events and developments that may or may not materialize, or that may be offset entirely or partially by new events and developments. These assumptions are discussed further in Item 1A. Risk Factors.

Liquidity and Capital Resources

The Company believes adequate amounts of Cash and cash equivalents are available in the normal course of business to provide for ongoing operations, including the obligations identified in the tables in Contractual Commitments of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. The Company is not aware of any trends or expected fluctuations in the Company's liquidity that would create any deficiencies. The Company's primary sources of liquidity include its Cash and cash equivalents, its commercial paper program, its bilateral letter of credit facilities, and its revolving credit facility.

As at December 31, 2019, the Company had $133 million of Cash and cash equivalents, U.S. $1.3 billion available under its revolving credit facility, and up to $220 million available under its letter of credit facilities. As at December 31, 2018, the Company had $61 million of Cash and cash equivalents, U.S. $1.0 billion available under its revolving credit facility, and up to $540 million available under its letter of credit facilities.

Effective September 27, 2019, the Company amended and restated its revolving credit facility agreement in order to extend the maturity date of the five year facility from June 28, 2023 to September 27, 2024, and to establish a new U.S. $300 million facility maturing September 27, 2021, increasing the total amount available to U.S. $1.3 billion (2018 – U.S. $1.0 billion). As at December 31, 2019, the Company's revolving credit facility was undrawn (December 31, 2018 – undrawn) and the Company did not draw from its revolving credit facility during the year ended December 31, 2019. The agreement requires the Company to maintain a financial covenant in conjunction with the facility. As at December 31, 2019, the Company was in compliance with all terms and conditions of the credit facility arrangements and satisfied the financial covenant.

The Company has a commercial paper program that enables it to issue commercial paper up to a maximum aggregate principal amount of U.S. $1.0 billion in the form of unsecured promissory notes. This commercial paper program is backed by the revolving credit facility. As at December 31, 2019, total commercial paper borrowings were U.S. $397 million (December 31, 2018 – $nil).

Effective September 27, 2019, the Company also reduced its bilateral letter of credit facilities to $300 million. As at December 31, 2019, under its bilateral letter of credit facilities, the Company had letters of credit drawn of $80 million. This compares to letters of credit drawn of $60 million from a total available amount of $600 million as at December 31, 2018. Under the bilateral letter of credit facilities, the Company has the option to post collateral in the form of Cash or cash equivalents, equal at least to the face value of the letter of credit issued. As at December 31, 2019, the Company did not have any collateral posted on its bilateral letter of credit facilities (December 31, 2018 – $nil).

The following discussion of operating, investing, and financing activities describes the Company's indicators of liquidity and capital resources.

Operating Activities

Cash provided by operating activities was $2,990 million in 2019, an increase of $278 million compared to $2,712 million in 2018. This increase was primarily due to advance receipts of consideration for service under freight contracts as well as higher cash generating income, compared to 2018.

Cash provided by operating activities was $2,712 million in 2018, an increase of $530 million compared to $2,182 million in 2017. This increase was primarily due to higher cash generating income and a favourable change in working capital mainly due to decreased income taxes payable in 2017.

Investing Activities

Cash used in investing activities was $1,803 million in 2019, an increase of $345 million from $1,458 million in 2018. This increase was primarily due to the acquisition of Central Maine & Québec Railway ("CMQ"), higher additions to properties as discussed further below in Capital Programs, and lower proceeds from the sale of properties and other assets during 2019.

Cash used in investing activities was $1,458 million in 2018, an increase of $163 million from $1,295 million in 2017. This increase was primarily due to higher additions to properties during 2018.

Capital Programs

For the year ended December 31 (in millions, except for track miles and crossties)	2019	2018	2017
Additions to capital			
Track and roadway	**$ 1,004**	$ 965	$ 958
Rolling stock and containers	**426**	401	198
Information systems[1]	**70**	86	78
Buildings and other	**164**	122	132
Total – accrued additions to capital	**1,664**	1,574	1,366
Less:			
Non-cash transactions	**17**	23	26
Cash invested in additions to properties (per Consolidated Statements of Cash Flows)	**$ 1,647**	$ 1,551	$ 1,340
Track installation capital programs			
Track miles of rail laid (miles)	**246**	281	313
Track miles of rail capacity expansion (miles)	**11**	4	4
Crossties installed (thousands)	**1,122**	1,015	1,138

[1] Information systems include hardware and software.

Track and roadway expenditures include the replacement and enhancement of the Company's track infrastructure. Of the $1,004 million additions in 2019 (2018 – $965 million), approximately $918 million (2018 – $847 million) was invested in the renewal of depleted assets, namely rail, ties, ballast, signals and bridges. Approximately $27 million (2018 – $47 million) was spent on PTC compliance requirements and $59 million (2018 – $71 million) was invested in network improvements and growth initiatives.

Rolling stock investments encompass locomotives, railcars and containers. In 2019, expenditures on locomotives were approximately $174 million (2018 – $218 million) and were focused on the continued re-investment in CP's existing locomotive fleet. Railcar and container investments of approximately $252 million (2018 – $183 million) were largely focused on renewal of depleted assets, including the acquisition of covered hoppers for grain transportation, and the acquisition of existing units previously held under operating leases.

In 2019, CP invested approximately $70 million (2018 – $86 million) in information systems primarily focused on rationalizing and enhancing business systems, providing real-time data, and modernizing core hardware and applications. Investments in buildings and other items were $164 million (2018 – $122 million), and included items such as facility upgrades and renovations, vehicles and shop equipment.

For 2020, CP expects to invest approximately $1.6 billion in its capital program, which will be financed with cash generated from operations. Approximately 60% to 70% of the planned capital program is for track and roadway, including PTC. Approximately 15% to 20% is expected to be allocated to rolling stock, including railcars and locomotive improvements. Approximately 5% is expected to be allocated to information services, and 10% to 15% is expected to be allocated to buildings and other.

Free Cash

CP generated positive Free cash of $1,357 million in 2019, an increase of $68 million from $1,289 million in 2018. This increase was primarily due to an increase in cash provided by operating activities, partially offset by higher additions to properties and lower proceeds from the sale of properties and other assets during 2019.

CP generated positive Free cash of $1,289 million in 2018, an increase of $415 million from $874 million in 2017. This increase was primarily due to an increase in cash provided by operating activities, partially offset by higher additions to properties during 2018.

Free cash is affected by seasonal fluctuations and by other factors including the size of the Company's capital programs. The 2019 capital programs are discussed above. Free cash is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Financing Activities

Cash used in financing activities was $1,111 million in 2019, a decrease of $431 million from $1,542 million in 2018. This decrease was primarily due to the net issuance of commercial paper in 2019 and a lower principal repayment of U.S. $350 million of the Company's 7.250% notes maturing May 2019, compared

to the principal repayments in 2018 of U.S. $275 million of the Company's 6.500% notes maturing May 2018 and $375 million of the Company's 6.250% medium term notes maturing June 2018. This was partially offset by the issuance of $400 million 3.150% notes due March 13, 2029 in 2019 compared to the issuance of U.S. $500 million 4.000% notes due June 1, 2028 in 2018, and higher dividends paid during 2019.

Cash used in financing activities was $1,542 million in 2018, an increase of $842 million from $700 million in 2017. This increase was primarily due to the principal repayments of U.S. $275 million of the Company's 6.500% notes maturing May 2018 and $375 million of the Company's 6.250% medium term notes maturing June 2018, and an increase in payments to buy back shares under the Company's share repurchase program, partially offset by the issuance of U.S. $500 million 4.000% notes due June 1, 2028 in 2018.

Credit Measures

Credit ratings provide information relating to the Company's operations and liquidity, and affect the Company's ability to obtain short-term and long-term financing and/or the cost of such financing.

A mid-investment grade credit rating is an important measure in assessing the Company's ability to maintain access to public financing and to minimize the cost of capital. It also affects the ability of the Company to engage in certain collateralized business activities on a cost-effective basis.

Credit ratings and outlooks are based on the rating agencies' methodologies and can change from time to time to reflect their views of CP. Their views are affected by numerous factors including, but not limited to, the Company's financial position and liquidity along with external factors beyond the Company's control.

As at December 31, 2019, CP's credit ratings from Standard & Poor's Rating Services ("Standard & Poor's") and Moody's Investor Service ("Moody's") remain unchanged from December 31, 2018.

Credit ratings as at December 31, 2019[(1)]

Long-term debt			Outlook
Standard & Poor's			
	Long-term corporate credit	**BBB+**	stable
	Senior secured debt	**A**	stable
	Senior unsecured debt	**BBB+**	stable
Moody's			
	Senior unsecured debt	**Baa1**	stable
Commercial paper program			
Standard & Poor's		**A-2**	N/A
Moody's		**P-2**	N/A

(1) Credit ratings are not recommendations to purchase, hold, or sell securities and do not address the market price or suitability of a specific security for a particular investor. Credit ratings are based on the rating agencies' methodologies and may be subject to revision or withdrawal at any time by the rating agencies.

The Long-term debt to Net income ratio was 3.6 in 2019, compared with 4.5 in 2018 and 3.4 in 2017. The decrease in the ratio from 2018 to 2019 was primarily due to higher Net income, partially offset by higher debt. The increase in the ratio from 2017 to 2018 was due to lower Net income and higher debt.

The Adjusted net debt to Adjusted earnings before interest, tax, depreciation, and amortization ("EBITDA") ratio was 2.4 in 2019, compared with 2.6 in 2018 and 2.6 in 2017. The decrease in ratio from 2018 to 2019 was primarily due to an increase in Adjusted EBITDA. The ratio remained unchanged between 2017 and 2018 as higher Adjusted EBITDA was offset by a higher debt balance as a result of the weakening of the Canadian dollar. Adjusted net debt to Adjusted EBITDA ratio is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. Over the long term, CP targets an Adjusted net debt to Adjusted EBITDA ratio of 2.0 to 2.5.

Although CP has provided a target Non-GAAP measure (Adjusted net debt to Adjusted EBITDA ratio), management is unable to reconcile, without unreasonable efforts, the target Adjusted net debt to Adjusted EBITDA ratio to the most comparable GAAP measure (Long-term debt to Net income ratio), due to unknown variables and uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value. In past years, CP has recognized significant asset impairment charges, management transition costs related to senior executives and discrete tax items. These or other similar, large unforeseen transactions affect Net income but may be excluded from CP's Adjusted EBITDA. Additionally, the U.S.-to-Canada dollar exchange rate is unpredictable

and can have a significant impact on CP's reported results but may be excluded from CP's Adjusted EBITDA. In particular, CP excludes the FX impact of translating the Company's debt and lease liabilities, interest and taxes from Adjusted EBITDA. Please see Forward-Looking Statements in this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion.

Dividend Payout Ratio

The dividend payout ratio was 17.9% in 2019, compared with 18.5% in 2018 and 13.3% in 2017. The decrease in the ratio from 2018 to 2019 was due to higher diluted EPS, partially offset by higher dividends declared per share. The increase in the ratio from 2017 to 2018 was primarily due to lower diluted EPS.

The Adjusted dividend payout ratio was 19.1% in 2019, compared with 17.3% in 2018 and 19.2% in 2017. The increase in the ratio from 2018 to 2019 was due to higher dividends declared per share, partially offset by higher Adjusted diluted EPS. The decrease in the ratio from 2017 to 2018 was primarily due to higher Adjusted diluted EPS. Adjusted dividend payout ratio is defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. Over the long term, CP targets an Adjusted dividend payout ratio of 25.0% to 30.0%.

Although CP has provided a target Non-GAAP measure (Adjusted dividend payout ratio), management is unable to reconcile, without unreasonable efforts, the target Adjusted dividend payout ratio to the most comparable GAAP measure (Dividend payout ratio), due to unknown variables and uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value. In past years, CP has recognized significant asset impairment charges, management transition costs related to senior executives and discrete tax items. These or other similar, large unforeseen transactions affect Diluted EPS but may be excluded from CP's Adjusted diluted EPS. Additionally, the U.S.-to-Canada dollar exchange rate is unpredictable and can have a significant impact on CP's reported results but may be excluded from CP's Adjusted diluted EPS. In particular, CP excludes the FX impact of translating the Company's debt and lease liabilities, the impact from changes in income tax rates and a provision for uncertain tax item from Adjusted diluted EPS. Please see Forward-Looking Statements in this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion.

Share Capital

At February 18, 2020, the latest practicable date prior to the date of this Annual Report on Form 10-K, there were 136,748,767 Common Shares and no preferred shares issued and outstanding, which consists of 13,928 holders of record of the Common Shares. In addition, CP has a Management Stock Option Incentive Plan ("MSOIP"), under which key officers and employees are granted options to purchase the Common Shares. Each option granted can be exercised for one Common Share. At February 18, 2020, 1,569,063 options were outstanding under the MSOIP and stand-alone option agreements entered into with Mr. Keith Creel. There are 895,948 options available to be issued by the Company's MSOIP in the future. CP has a Director's Stock Option Plan ("DSOP"), under which directors are granted options to purchase Common Shares. There are no outstanding options under the DSOP, which has 340,000 options available to be issued in the future.

Non-GAAP Measures

The Company presents Non-GAAP measures to provide a basis for evaluating underlying earnings and liquidity trends in the Company's business that can be compared with the results of operations in prior periods. In addition, these Non-GAAP measures facilitate a multi-period assessment of long-term profitability, allowing management and other external users of the Company's consolidated financial information to compare profitability on a long-term basis, including assessing future profitability, with that of the Company's peers.

These Non-GAAP measures have no standardized meaning and are not defined by GAAP and, therefore, may not be comparable to similar measures presented by other companies. The presentation of these Non-GAAP measures is not intended to be considered in isolation from, as a substitute for, or as superior to the financial information presented in accordance with GAAP.

Non-GAAP Performance Measures

The Company uses Adjusted income, Adjusted diluted earnings per share, Adjusted operating income and Adjusted operating ratio to evaluate the Company's operating performance and for planning and forecasting future business operations and future profitability. These Non-GAAP measures are presented in Item 6. Selected Financial Data and discussed further in other sections of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. These Non-GAAP measures provide meaningful supplemental information regarding operating results because they exclude certain significant items that are not considered indicative of future financial trends either by nature or amount. As a result, these items are excluded for management assessment of operational performance, allocation of resources and preparation of annual budgets. These significant items may include, but are not limited to, restructuring and asset impairment charges, individually significant gains and losses from sales of assets, the FX impact of translating the Company's debt and lease liabilities, discrete tax items, and certain items outside the control of management. These items may not be non-recurring. However, excluding these significant items from GAAP results allows for a consistent understanding of the Company's consolidated financial performance when performing a multi-period assessment including assessing the likelihood of future results. Accordingly, these Non-GAAP financial measures may provide insight to investors and other external users of the Company's consolidated financial information.

In 2019, there were three significant items included in Net income as follows:

- in the fourth quarter, a deferred tax expense of $24 million as a result of a provision for an uncertain tax item of a prior period that unfavourably impacted Diluted EPS by 17 cents;

- in the second quarter, a deferred tax recovery of $88 million due to the change in the Alberta provincial corporate income tax rate that favourably impacted Diluted EPS by 63 cents; and
- during the course of the year, a net non-cash gain of $94 million ($86 million after deferred tax) due to FX translation of debt and lease liabilities as follows:
  - in the fourth quarter, a $37 million gain ($32 million after deferred tax) that favourably impacted Diluted EPS by 22 cents;
  - in the third quarter, a $25 million loss ($22 million after deferred tax) that unfavourably impacted Diluted EPS by 15 cents;
  - in the second quarter, a $37 million gain ($34 million after deferred tax) that favourably impacted Diluted EPS by 24 cents; and
  - in the first quarter, a $45 million gain ($42 million after deferred tax) that favourably impacted Diluted EPS by 30 cents.

In 2018, there were two significant items included in Net income as follows:
- in the second quarter, a deferred tax recovery of $21 million due to reductions in the Missouri and Iowa state tax rates that favourably impacted Diluted EPS by 15 cents; and
- during the course of the year, a net non-cash loss of $168 million ($150 million after deferred tax) due to FX translation of debt as follows:
  - in the fourth quarter, a $113 million loss ($103 million after deferred tax) that unfavourably impacted Diluted EPS by 72 cents;
  - in the third quarter, a $38 million gain ($33 million after deferred tax) that favourably impacted Diluted EPS by 23 cents;
  - in the second quarter, a $44 million loss ($38 million after deferred tax) that unfavourably impacted Diluted EPS by 27 cents; and
  - in the first quarter, a $49 million loss ($42 million after deferred tax) that unfavourably impacted Diluted EPS by 29 cents.

In 2017, there were five significant items included in Net income as follows:
- in the second quarter, a charge on hedge roll and de-designation of $13 million ($10 million after deferred tax) that unfavourably impacted Diluted EPS by 7 cents;
- in the second quarter, an insurance recovery of a legal settlement of $10 million ($7 million after current tax) that favourably impacted Diluted EPS by 5 cents;
- in the first quarter, a management transition recovery of $51 million related to the retirement of Mr. E. Hunter Harrison as CEO of CP ($39 million after deferred tax) that favourably impacted Diluted EPS by 27 cents;
- during the course of the year, a net deferred tax recovery of $541 million as a result of changes in income tax rates as follows:
  - in the fourth quarter, a deferred tax recovery of $527 million, primarily due to the U.S. tax reform, that favourably impacted Diluted EPS by $3.63;
  - in the third quarter, a deferred tax expense of $3 million as a result of the change in the Illinois state corporate income tax rate change that unfavourably impacted Diluted EPS by 2 cents;
  - in the second quarter, a deferred tax recovery of $17 million as a result of the change in the Saskatchewan provincial corporate income tax rate that favourably impacted Diluted EPS by 12 cents; and
- during the course of the year, a net non-cash gain of $186 million ($162 million after deferred tax) due to FX translation of debt as follows:
  - in the fourth quarter, a $14 million loss ($12 million after deferred tax) that unfavourably impacted Diluted EPS by 8 cents;
  - in the third quarter, a $105 million gain ($91 million after deferred tax) that favourably impacted Diluted EPS by 62 cents;
  - in the second quarter, a $67 million gain ($59 million after deferred tax) that favourably impacted Diluted EPS by 40 cents; and
  - in the first quarter, a $28 million gain ($24 million after deferred tax) that favourably impacted Diluted EPS by 16 cents.

In 2016, there were two significant items included in Net income as follows:
- in the third quarter, a $25 million expense ($18 million after current tax) related to a legal settlement that unfavourably impacted Diluted EPS by 12 cents; and
- during the course of the year, a net non-cash gain of $79 million ($68 million after deferred tax) due to FX translation of debt as follows:
  - in the fourth quarter, a $74 million loss ($64 million after deferred tax) that unfavourably impacted Diluted EPS by 43 cents;
  - in the third quarter, a $46 million loss ($40 million after deferred tax) that unfavourably impacted Diluted EPS by 27 cents;
  - in the second quarter, an $18 million gain ($16 million after deferred tax) that favourably impacted Diluted EPS by 10 cents; and
  - in the first quarter, a $181 million gain ($156 million after deferred tax) that favourably impacted Diluted EPS by $1.01.

In 2015, there were four significant items included in Net income as follows:
- in the third quarter, a $68 million gain ($42 million after current tax) related to the sale of Delaware & Hudson Railway Company, Inc. ("D&H") South that favourably impacted Diluted EPS by 26 cents;
- in the third quarter, a $47 million charge ($35 million after deferred tax) related to the early redemption premium on notes that unfavourably impacted Diluted EPS by 22 cents;
- in the second quarter, a deferred income tax expense of $23 million as a result of the change in the Alberta provincial corporate income tax rate that unfavourably impacted Diluted EPS by 14 cents; and
- during the course of the year, a net non-cash loss of $297 million ($257 million after deferred tax) due to FX translation of debt as follows:
  - in the fourth quarter, a $115 million loss ($100 million after deferred tax) that unfavourably impacted Diluted EPS by 64 cents;
  - in the third quarter, a $128 million loss ($111 million after deferred tax) that unfavourably impacted Diluted EPS by 69 cents;
  - in the second quarter, a $10 million gain ($9 million after deferred tax) that favourably impacted Diluted EPS by 5 cents; and
  - in the first quarter, a $64 million loss ($55 million after deferred tax) that unfavourably impacted Diluted EPS by 34 cents.

Reconciliation of GAAP Performance Measures to Non-GAAP Performance Measures

The following tables reconcile the most directly comparable measures presented in accordance with GAAP to the Non-GAAP measures presented in Item 6. Selected Financial Data and discussed further in other sections of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations:

Adjusted income is calculated as Net income reported on a GAAP basis adjusted for significant items.

	For the year ended December 31				
(in millions)	**2019**	2018	2017	2016	2015
Net income as reported	**$ 2,440**	$ 1,951	$ 2,405	$ 1,599	$ 1,352
Less significant items (pre-tax):					
Legal settlement charge	**—**	—	—	(25)	—
Insurance recovery of legal settlement	**—**	—	10	—	—
Charge on hedge roll and de-designation	**—**	—	(13)	—	—
Gain on sale of D&H South	**—**	—	—	—	68
Management transition recovery	**—**	—	51	—	—
Impact of FX translation gain (loss) on debt and lease liabilities	**94**	(168)	186	79	(297)
Early redemption premium on notes	**—**	—	—	—	(47)
Add:					
Tax effect of adjustments[(1)]	**8**	(18)	36	4	(26)
Income tax rate changes	**(88)**	(21)	(541)	—	23
Provision for uncertain tax item	**24**	—	—	—	—
Adjusted income	**$ 2,290**	$ 2,080	$ 1,666	$ 1,549	$ 1,625

[(1)] The tax effect of adjustments was calculated as the pre-tax effect of the adjustments multiplied by the applicable tax rate for the above items of 8.55%, 10.64%, 15.27%, 7.17% and 9.29% for the years presented, respectively. The applicable tax rates reflect the taxable jurisdictions and nature, being on account of capital or income, of the significant items.

Adjusted diluted earnings per share is calculated using Adjusted income, as defined above, divided by the weighted-average diluted number of Common Shares outstanding during the period as determined in accordance with GAAP.

	For the year ended December 31				
	2019	2018	2017	2016	2015
Diluted earnings per share as reported	**$ 17.52**	$ 13.61	$ 16.44	$ 10.63	$ 8.40
Less significant items (pre-tax):					
Legal settlement charge	**—**	—	—	(0.17)	—
Insurance recovery of legal settlement	**—**	—	0.07	—	—
Charge on hedge roll and de-designation	**—**	—	(0.09)	—	—
Gain on sale of D&H South	**—**	—	—	—	0.42
Management transition recovery	**—**	—	0.35	—	—
Impact of FX translation gain (loss) on debt and lease liabilities	**0.67**	(1.17)	1.27	0.53	(1.84)
Early redemption premium on notes	**—**	—	—	—	(0.30)
Add:					
Tax effect of adjustments[(1)]	**0.05**	(0.12)	0.25	0.02	(0.16)
Income tax rate changes	**(0.63)**	(0.15)	(3.70)	—	0.14
Provision for uncertain tax item	**0.17**	—	—	—	—
Adjusted diluted earnings per share	**$ 16.44**	$ 14.51	$ 11.39	$ 10.29	$ 10.10

[(1)] The tax effect of adjustments was calculated as the pre-tax effect of the adjustments multiplied by the applicable tax rate for the above items of 8.55%, 10.64%, 15.27%, 7.17% and 9.29% for the years presented, respectively. The applicable tax rates reflect the taxable jurisdictions and nature, being on account of capital or income, of the significant items.

Adjusted operating income is calculated as Operating income reported on a GAAP basis less significant items.

	For the year ended December 31				
(in millions)	**2019**	2018	2017	2016	2015
Operating income as reported	**$ 3,124**	$ 2,831	$ 2,519	$ 2,411	$ 2,618
Less significant items:					
Gain on sale of D&H South	**—**	—	—	—	68
Management transition recovery	**—**	—	51	—	—
Adjusted operating income	**$ 3,124**	$ 2,831	$ 2,468	$ 2,411	$ 2,550

Adjusted operating ratio excludes those significant items that are reported within Operating income.

	For the year ended December 31				
	2019	2018	2017	2016	2015
Operating ratio as reported	**59.9%**	61.3%	61.6%	61.3%	61.0%
Less significant items:					
Gain on sale of D&H South	**—**	—	—	—	(1.0)
Management transition recovery	**—**	—	(0.8)	—	—
Adjusted operating ratio	**59.9%**	61.3%	62.4%	61.3%	62.0%

ROIC and Adjusted ROIC

ROIC is calculated as Operating income less Other (income) expense and Other components of net periodic benefit recovery, tax effected at the Company's annualized effective tax rate, divided by Average invested capital. Average invested capital is defined as the sum of total Shareholders' equity, Long-term debt, Long-term debt maturing within one year and Short-term borrowing, as presented in the Company's Consolidated Financial Statements, averaged between the beginning and ending balance over a rolling 12-month period. Adjusted ROIC excludes significant items reported in Operating income, Other (income) expense, and Other components of net periodic benefit recovery in the Company's Consolidated Financial Statements, as these significant items are not considered indicative of future financial trends either by nature or amount. Adjusted average invested capital is similarly adjusted for the impact of these significant items, net of tax, on closing balances as part of this average. ROIC and Adjusted ROIC are performance measures that measure how productively the Company uses its long-term capital investments, representing critical indicators of good operating and investment decisions made by management and are important performance criteria in determining certain elements of the Company's long-term incentive plan. ROIC and Adjusted ROIC are presented in Item 6. Selected Financial Data and discussed further in Results of Operations of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Calculation of ROIC

	For the year ended December 31				
(in millions, except for percentages)	**2019**	2018	2017	2016	2015
Operating income	**$ 3,124**	$ 2,831	$ 2,519	$ 2,411	$ 2,618
Less:					
Other (income) expense	**(89)**	174	(178)	(45)	335
Other components of net periodic benefit recovery	**(381)**	(384)	(274)	(167)	(70)
Tax[(1)]	**806**	749	111	675	728
	$ 2,788	$ 2,292	$ 2,860	$ 1,948	$ 1,625
Average invested capital	**$ 15,579**	$ 14,964	$ 13,961	$ 13,532	$ 12,561
ROIC	**17.9%**	15.3%	20.5%	14.4%	12.9%

(1) Tax was calculated at the annualized effective tax rate of 22.43%, 24.64%, 3.74%, 25.72%, and 30.95% for each of the above items for the years presented, respectively.

Calculation of Adjusted ROIC

	For the year ended December 31				
(in millions, except for percentages)	**2019**	2018	2017	2016	2015
Adjusted operating income	**$ 3,124**	$ 2,831	$ 2,468	$ 2,411	$ 2,550
Less:					
Other (income) expense	**(89)**	174	(178)	(45)	335
Other components of net periodic benefit recovery	**(381)**	(384)	(274)	(167)	(70)
Significant items (pre-tax):					
Legal settlement charge	**—**	—	—	(25)	—
Insurance recovery of legal settlement	**—**	—	10	—	—
Charge on hedge roll and de-designation	**—**	—	(13)	—	—
Impact of FX translation gain (loss) on debt and lease liabilities	**94**	(168)	186	79	(297)
Early redemption premium on notes	**—**	—	—	—	(47)
Tax[1]	**874**	788	724	673	716
	$ 2,626	$ 2,421	$ 2,013	$ 1,896	$ 1,913
Average invested capital	**$ 15,579**	$ 14,964	$ 13,961	$ 13,532	$ 12,561
Less impact of periodic significant items net of tax on the above average:					
Income tax recovery from income tax rate changes	44	11	270	—	(11)
Provision for uncertain tax item	(12)	—	—	—	—
Legal settlement charge	—	—	—	(9)	—
Insurance recovery of legal settlement	—	—	4	—	—
Charge on hedge roll and de-designation	—	—	(5)	—	—
Gain on sale of D&H South	—	—	—	—	21
Early redemption premium on notes	—	—	—	—	(18)
Management transition recovery	—	—	20	—	—
Adjusted average for the 12 months of total shareholders' equity, long-term debt, long-term debt maturing within one year and short-term borrowing	**$ 15,547**	$ 14,953	$ 13,672	$ 13,541	$ 12,569
Adjusted ROIC	**16.9%**	16.2%	14.7%	14.0%	15.2%

[1] Tax was calculated at the adjusted annualized effective tax rate of 24.96%, 24.55% 26.42% 26.20% and 27.25% for each of the above items for the years presented, respectively.

Free Cash

Free cash is calculated as Cash provided by operating activities, less Cash used in investing activities, adjusted for changes in cash and cash equivalents balances resulting from FX fluctuations, the cash settlement of hedges settled upon issuance of debt, and the acquisition of CMQ. Free cash is a measure that management considers to be an indicator of liquidity. Free cash is useful to investors and other external users of the Company's Consolidated Financial Statements as it assists with the evaluation of the Company's ability to generate cash from its operations without incurring additional external financing. The cash settlement of forward starting swaps that occurred in the second quarter of 2018 in conjunction with the issuance of long-term debt is not an indicator of CP's ongoing cash generating ability and therefore has been excluded from Free cash. Similarly, the acquisition of CMQ that occurred in the fourth quarter of 2019 is not indicative of investment trends and has also been excluded from Free cash. Positive Free cash indicates the amount of cash available for reinvestment in the business, or cash that can be returned to investors through dividends, stock repurchase programs, debt retirements or a combination of these. Conversely, negative Free cash indicates the amount of cash that must be raised from investors through new debt or equity issues, reduction in available cash balances or a combination of these. Free cash should be considered in addition to, rather than as a substitute for, Cash provided by operating activities. Free cash is presented in Item 6. Selected Financial Data and discussed further in Liquidity and Capital Resources of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Reconciliation of Cash Provided by Operating Activities to Free Cash

	For the year ended December 31				
(in millions)	**2019**	2018	2017	2016	2015
Cash provided by operating activities	**$ 2,990**	$ 2,712	$ 2,182	$ 2,089	$ 2,459
Cash used in investing activities	**(1,803)**	(1,458)	(1,295)	(1,069)	(1,123)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	**(4)**	11	(13)	(13)	45
Less:					
Settlement of forward starting swaps on debt issuance	**—**	(24)	—	—	—
Investment in Central Maine & Québec Railway	**(174)**	—	—	—	—
Free cash	**$ 1,357**	$ 1,289	$ 874	$ 1,007	$ 1,381

Foreign Exchange Adjusted % Change

FX adjusted % change allows certain financial results to be viewed without the impact of fluctuations in foreign currency exchange rates, thereby facilitating period-to-period comparisons in the analysis of trends in business performance. Financial result variances at constant currency are obtained by translating the comparable period of the prior year results denominated in U.S. dollars at the foreign exchange rates of the current period.

FX adjusted % changes in revenues are further used in calculating FX adjusted % change in freight revenue per carload and RTM. These items are presented in Operating Revenues of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

				2019 vs. 2018			2018 vs. 2017		
(in millions)	**Reported 2019**	Reported 2018	Reported 2017	Variance due to FX	FX Adjusted 2018	FX Adj. % Change	Variance due to FX	FX Adjusted 2017	FX Adj. % Change
Freight revenues by line of business									
Grain	**$ 1,684**	$ 1,566	$ 1,532	$ 19	$ 1,585	6	$ —	$ 1,532	2
Coal	**682**	673	631	2	675	1	—	631	7
Potash	**462**	486	411	6	492	(6)	(1)	410	19
Fertilizers and sulphur	**250**	243	241	4	247	1	(1)	240	1
Forest products	**304**	284	265	5	289	5	(1)	264	8
Energy, chemicals and plastics	**1,534**	1,243	898	17	1,260	22	(1)	897	39
Metals, minerals, and consumer products	**752**	797	739	16	813	(8)	(1)	738	8
Automotive	**352**	322	293	7	329	7	(2)	291	11
Intermodal	**1,593**	1,538	1,365	10	1,548	3	(1)	1,364	13
Freight revenues	**7,613**	7,152	6,375	86	7,238	5	(8)	6,367	12
Non-freight revenues	**179**	164	179	1	165	8	—	179	(8)
Total revenues	**$ 7,792**	$ 7,316	$ 6,554	$ 87	$ 7,403	5	$ (8)	$ 6,546	12

FX adjusted % changes in operating expenses are discussed in Operating Expenses of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

				2019 vs. 2018			2018 vs. 2017		
(in millions)	**Reported 2019**	Reported 2018	Reported 2017	Variance due to FX	FX Adjusted 2018	FX Adj. % Change	Variance due to FX	FX Adjusted 2017	FX Adj. % Change
Compensation and benefits	**$ 1,540**	$ 1,468	$ 1,309	$ 11	$ 1,479	4	$ (1)	$ 1,308	12
Fuel	**882**	918	677	18	936	(6)	—	677	36
Materials	**210**	201	190	1	202	4	—	190	6
Equipment rents	**137**	130	142	3	133	3	—	142	(8)
Depreciation and amortization	**706**	696	661	4	700	1	—	661	5
Purchased services and other	**1,193**	1,072	1,056	11	1,083	10	(3)	1,053	2
Total operating expenses	**$ 4,668**	$ 4,485	$ 4,035	$ 48	$ 4,533	3	$ (4)	$ 4,031	11

Dividend Payout Ratio and Adjusted Dividend Payout Ratio

Dividend payout ratio is calculated as dividends declared per share divided by Diluted EPS. Adjusted dividend payout ratio is calculated as dividends declared per share divided by Adjusted diluted EPS, as defined above. These ratios are measures of shareholder return and provide information on the Company's ability to declare dividends on an ongoing basis. Dividend payout ratio and Adjusted dividend payout ratio are presented in Item 6. Selected Financial Data and discussed further in Liquidity and Capital Resources of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Calculation of Dividend Payout Ratio

	For the year ended December 31				
(in dollars, except for percentages)	**2019**	2018	2017	2016	2015
Dividends declared per share	**$ 3.1400**	$ 2.5125	$ 2.1875	$ 1.8500	$ 1.4000
Diluted EPS	**17.52**	13.61	16.44	10.63	8.40
Dividend payout ratio	**17.9%**	18.5%	13.3%	17.4%	16.7%

Calculation of Adjusted Dividend Payout Ratio

	For the year ended December 31				
(in dollars, except for percentages)	**2019**	2018	2017	2016	2015
Dividends declared per share	**$ 3.1400**	$ 2.5125	$ 2.1875	$ 1.8500	$ 1.4000
Adjusted diluted EPS	**16.44**	14.51	11.39	10.29	10.10
Adjusted dividend payout ratio	**19.1%**	17.3%	19.2%	18.0%	13.9%

Long-term Debt to Net Income and Adjusted Net Debt to Adjusted EBITDA Ratios

Long-term debt to Net income ratio is defined as Long-term debt, including Long-term debt maturing within one year, divided by Net income. Adjusted net debt to Adjusted EBITDA ratio is calculated as Adjusted net debt divided by Adjusted EBITDA. The Adjusted net debt to Adjusted EBITDA ratio is a key credit measure used to assess the Company's financial capacity. The ratio provides information on the Company's ability to service its debt and other long-term obligations. Long-term debt to Net income and Adjusted net debt to Adjusted EBITDA ratio are presented in Item 6. Selected Financial Data and discussed further in Liquidity and Capital Resources of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Calculation of Long-term Debt to Net Income Ratio

(in millions, except for ratios)	2019	2018	2017	2016	2015
Long-term debt including long-term debt maturing within one year as at December 31	**$ 8,757**	$ 8,696	$ 8,159	$ 8,684	$ 8,957
Net income for the year ended December 31	**2,440**	1,951	2,405	1,599	1,352
Long-term debt to Net income ratio	**3.6**	4.5	3.4	5.4	6.6

Reconciliation of Long-term Debt to Adjusted Net Debt

Adjusted net debt is defined as Long-term debt, Long-term debt maturing within one year and Short-term borrowing as reported on the Company's Consolidated Balance Sheets adjusted for pension plans deficit, operating lease liabilities recognized on the Company's Consolidated Balance Sheets, and Cash and cash equivalents.

(in millions)	2019	2018	2017	2016	2015
Long-term debt including long-term debt maturing within one year as at December 31	**$ 8,757**	$ 8,696	$ 8,159	$ 8,684	$ 8,957
Add:					
Pension plans deficit[1]	**294**	266	278	273	295
Operating lease liabilities[2]	**354**	387	281	361	439
Less:					
Cash and cash equivalents	**133**	61	338	164	650
Adjusted net debt as at December 31	**$ 9,272**	$ 9,288	$ 8,380	$ 9,154	$ 9,041

[1] Pension plans deficit is the total funded status of the Pension plans in deficit only.

[2] Current period amount is as reported in compliance with GAAP following the adoption of Accounting Standards Update ("ASU") 2016-02 under the cumulative-effect adjustment transition approach, discussed further in Item 8. Financial Statements and Supplementary Data, Note 2 Accounting changes. The comparative periods' amounts have not been restated and were calculated as the net present value of operating leases discounted by the Company's effective interest rate for the period presented.

Reconciliation of Net Income to EBIT, Adjusted EBIT and Adjusted EBITDA

Earnings before interest and tax ("EBIT") is calculated as Net income before Net interest expense and Income tax expense. Adjusted EBIT excludes significant items reported in both Operating income and Other (income) expense. Adjusted EBITDA is calculated as Adjusted EBIT plus operating lease expense and Depreciation and amortization, less Other components of net periodic benefit recovery.

	For the year ended December 31				
(in millions)	**2019**	2018	2017	2016	2015
Net income as reported	**$ 2,440**	$ 1,951	$ 2,405	$ 1,599	$ 1,352
Add:					
Net interest expense	**448**	453	473	471	394
Income tax expense	**706**	637	93	553	607
EBIT	**3,594**	3,041	2,971	2,623	2,353
Less significant items (pre-tax):					
Legal settlement charge	**—**	—	—	(25)	—
Insurance recovery of legal settlement	**—**	—	10	—	—
Charge on hedge roll and de-designation	**—**	—	(13)	—	—
Gain on sale of D&H South	**—**	—	—	—	68
Management transition recovery	**—**	—	51	—	—
Impact of FX translation gain (loss) on debt and lease liabilities	**94**	(168)	186	79	(297)
Early redemption premium on notes	**—**	—	—	—	(47)
Adjusted EBIT	**3,500**	3,209	2,737	2,569	2,629
Add:					
Operating lease expense	**83**	97	104	111	127
Depreciation and amortization	**706**	696	661	640	595
Less:					
Other components of net periodic benefit recovery	**381**	384	274	167	70
Adjusted EBITDA	**$ 3,908**	$ 3,618	$ 3,228	$ 3,153	$ 3,281

Calculation of Adjusted Net Debt to Adjusted EBITDA Ratio

(in millions, except for ratios)	**2019**	2018	2017	2016	2015
Adjusted net debt as at December 31	**$ 9,272**	$ 9,288	$ 8,380	$ 9,154	$ 9,041
Adjusted EBITDA for the year ended December 31	**3,908**	3,618	3,228	3,153	3,281
Adjusted net debt to Adjusted EBITDA ratio	**2.4**	2.6	2.6	2.9	2.8

Off-Balance Sheet Arrangements

Guarantees

Refer to Item 8. Financial Statements and Supplementary Data, Note 27 Guarantees for details.

Contractual Commitments

The accompanying table indicates the Company's obligations and commitments to make future payments for contracts, such as debt, leases, and commercial arrangements as at December 31, 2019.

Payments due by period (in millions)	Total	2020	2021 & 2022	2023 & 2024	Thereafter
Contractual commitments					
Interest on long-term debt and finance leases	**$ 11,117**	$ 431	$ 804	$ 690	$ 9,192
Long-term debt	**8,692**	592	842	568	6,690
Finance leases	**151**	7	113	13	18
Operating leases[1]	**395**	80	106	79	130
Supplier purchase	**3,090**	699	1,295	727	369
Other long-term liabilities[2]	**495**	53	102	99	241
Total contractual commitments	**$ 23,940**	$ 1,862	$ 3,262	$ 2,176	$ 16,640

[1] Residual value guarantees on certain leased equipment with a maximum exposure of $2 million are not included in the minimum payments shown above, as management believes that CP will not be required to make payments under these residual guarantees.

[2] Includes expected cash payments for environmental remediation, post-retirement benefits, workers' compensation benefits, long-term disability benefits, pension benefit payments for the Company's non-registered supplemental pension plan, and certain other long-term liabilities. Projected payments for post-retirement benefits, workers' compensation benefits, and long-term disability benefits include the anticipated payments for years 2020 to 2029. Pension contributions for the Company's registered pension plans are not included due to the volatility in calculating them. Pension payments are discussed further in Critical Accounting Estimates of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Certain Other Financial Commitments

In addition to the financial commitments mentioned above, the Company is party to certain other financial commitments discussed below.

Letters of Credit

Letters of credit are obtained mainly to provide security to third parties under the terms of various agreements, including the supplemental pension plan. CP is liable for these contractual amounts in the case of non-performance under these agreements. Letters of credit are accommodated through a revolving credit facility and the Company's bilateral letter of credit facilities.

Capital Commitments

The Company remains committed to maintaining the current high level of quality of our capital assets in pursuing sustainable growth. As part of this commitment, CP has entered into contracts with suppliers to make various capital purchases related to track and rolling stock programs. Payments for these commitments are due in 2020 through 2032. These expenditures are expected to be financed by cash generated from operations or by issuing new debt.

The accompanying table indicates the Company's commitments to make future payments for letters of credit and capital expenditures as at December 31, 2019.

Payments due by period (in millions)	Total	2020	2021 & 2022	2023 & 2024	Thereafter
Certain other financial commitments					
Letters of credit	**$ 80**	$ 80	$ —	$ —	$ —
Capital commitments	**664**	332	200	61	71
Total certain other financial commitments	**$ 744**	$ 412	$ 200	$ 61	$ 71

Critical Accounting Estimates

To prepare the Consolidated Financial Statements that conform with GAAP, the Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reported periods. Using the most current information available, the Company reviews estimates on an ongoing basis, including those related to environmental liabilities, pensions and other benefits, property, plant and equipment, deferred income taxes, and personal injury and other claims liabilities.

The development, selection and disclosure of these estimates, and this Management's Discussion and Analysis of Financial Condition and Results of Operations, have been reviewed by the Board of Directors' Audit and Finance Committee, which is composed entirely of independent directors.

Environmental Liabilities

Environmental remediation accruals cover site-specific remediation programs. CP estimates of the probable costs to be incurred in the remediation of properties contaminated by past railway use reflect the nature of contamination at individual sites according to typical activities and scale of operations conducted. The Company screens and classifies sites according to typical activities and scale of operations conducted. CP has developed remediation strategies for each property based on the nature and extent of the contamination, as well as the location of the property and surrounding areas that may be adversely affected by the presence of contaminants. CP also considers available technologies, treatment and disposal facilities and the acceptability of site-specific plans based on the local regulatory environment. Site-specific plans range from containment and risk management of the contaminants through to the removal and treatment of the contaminants and affected soils and groundwater. The details of the estimates reflect the environmental liability at each property. The Company is committed to fully meeting regulatory and legal obligations with respect to environmental matters.

Some sites include remediation activities that are projected beyond the 10-year period, which CP is unable to reasonably estimate and determine. Therefore, CP's accruals of the environmental liabilities is based on an estimate of costs for a rolling 10-year period covered by the environmental program. Payments are expected to be made over 10 years to 2029. A limited portion of the environmental accruals, the stable Perpetual Care for the environmental program, are fixed and reliably determined. This portion of the environmental liabilities is discounted using a risk-free rate, adjusted by inflation and productivity improvements.

Provisions for environmental remediation costs are recorded in "Other long-term liabilities" (refer to Item 8. Financial Statements and Supplementary Data, Note 20 Other long-term liabilities), except for the current portion which is recorded in "Accounts payable and accrued liabilities" (refer to Item 8. Financial Statements and Supplementary Data, Note 17 Accounts payable and accrued liabilities). The accruals for environmental remediation represent CP's best estimate of its probable future obligations and include both asserted and unasserted claims, without reduction for anticipated recoveries from third parties. Although the recorded accruals include CP's best estimate of all probable costs, CP's total environmental remediation costs cannot be predicted with certainty. Accruals for environmental remediation may change from time to time as new information about previously untested sites becomes known, environmental laws and regulations evolve and advances are made in environmental remediation technology. The accruals may also vary as the courts decide legal proceedings against outside parties responsible for contamination. These potential charges, which cannot be quantified at this time, are not expected to be material to the Company's financial position, but may materially affect income in the period in which a charge is recognized.

The environmental liabilities are also sensitive to the increase in cost of materials which would be reflected as increases to "Other long-term liabilities" and "Accounts payable and accrued liabilities" on the Company's Consolidated Balance Sheets and to "Purchased services and other" within Operating expenses on the Company's Consolidated Statements of Income. CP's cash payments for environmental initiatives are estimated to be approximately $7 million in 2020, $8 million in 2021, $9 million in 2022 and a total of approximately $55 million over the remaining years through 2029. All payments will be funded from general operations.

Pensions and Other Benefits

CP has defined benefit and defined contribution pension plans. Other benefits include post-retirement medical and life insurance for pensioners, and some post-employment workers' compensation and long-term disability benefits in Canada. Workers' compensation and long-term disability benefits are discussed in the Personal Injury and Other Claims Liabilities section below. Pension and post-retirement benefits liabilities are subject to various external influences and uncertainties.

Information concerning the measurement of costs for pensions and other benefits is discussed in Item 8. Financial Statements and Supplementary Data, Note 1 Summary of significant accounting policies.

Net Periodic Benefit Costs

The Company reports the current service cost component of net periodic benefit cost in "Compensation and benefits" for pensions and post-retirement benefits and in "Purchased services and other" for self-insured workers' compensation and long-term disability benefits on the Company's Consolidated Statements of Income. The Other components of net periodic benefit recovery are reported as a separate line item outside of Operating income on the Company's Consolidated Statements of Income. Components of the net periodic benefit costs (credits) are as follows:

	2019			2018		
(in millions of Canadian dollars)	**Current service cost**	**Other components**	**Total**	Current service cost	Other components	Total
Defined benefit pensions	**$ 107**	**$ (414)**	**$ (307)**	$ 120	$ (405)	$ (285)
Defined contribution pensions	**11**	**—**	**11**	10	—	10
Post-retirement benefits	**4**	**16**	**20**	5	18	23
Self-insured workers' compensation and long-term disability benefits	**7**	**17**	**24**	7	3	10
All plans	**$ 129**	**$ (381)**	**$ (252)**	$ 142	$ (384)	$ (242)

CP estimates net periodic benefit credits for defined benefit pensions to be approximately $224 million in 2020 ($140 million in current service cost and $364 million in other components of net periodic recovery), and net periodic benefit costs for defined contribution pensions to be approximately $12 million in 2020. Net periodic benefit costs for post-retirement benefits in 2020 are not expected to differ materially from the 2019 costs. Total net periodic benefit credits for all plans are estimated to be approximately $178 million in 2020 (2019 – $252 million), comprising $165 million (2019 – $129 million) in current service cost and $343 million (2019 – $381 million) in other components of net periodic recovery. The expected rate of return on the market-related asset value used to compute the net periodic benefit credit was 7.75% in 2018 and 7.50% in 2019. For computing the net periodic benefit credit in 2020, the Company is reducing this rate to 7.25% to reflect CP's current view of future long-term investment returns. Net periodic benefit costs and credits are discussed further in Item 8. Financial Statements and Supplementary Data, Note 23 Pensions and other benefits.

Pension Plan Contributions

The Company made contributions of $53 million to the defined benefit pension plans in 2019, compared with $36 million, which is net of a $10 million refund of plan surplus in 2018. The Company's main Canadian defined benefit pension plan accounts for nearly all of CP's pension obligation and can produce significant volatility in pension funding requirements, given the pension fund's size, the many factors that drive the pension plan's funded status and Canadian statutory pension funding requirements. The Company made voluntary prepayments of $600 million in 2011, $650 million in 2010 and $500 million in 2009 to the Company's main Canadian defined benefit pension plan. CP has applied $1,324 million of these voluntary prepayments to reduce its pension funding requirements in 2012–2019, leaving $426 million of the voluntary prepayments still available at December 31, 2019 to reduce CP's pension funding requirements in 2020 and future years. CP continues to have significant flexibility with respect to the rate at which the remaining voluntary prepayments are applied to reduce future years' pension contribution requirements, which allows CP to manage the volatility of future pension funding requirements. At this time, CP estimates it will not apply any of the remaining voluntary prepayments against its 2020 pension funding requirements.

CP estimates its aggregate pension contributions, including its defined benefit and defined contribution plans, to be in the range of $65 million to $75 million in 2020, and in the range of $50 million to $100 million per year from 2021 to 2023. These estimates reflect the Company's current intentions with respect to the rate at which CP will apply the remaining voluntary prepayments against contribution requirements in the next few years.

Future pension contributions will be highly dependent on the Company's actual experience with such variables as investment returns, interest rate fluctuations and demographic changes, on the rate at which previous years' voluntary prepayments are applied against pension contribution requirements, and on any changes in the regulatory environment. CP will continue to make contributions to the pension plans that, at a minimum, meet pension legislative requirements.

Pension Plan Risks

Fluctuations in the liability and net periodic benefit costs for pensions result from favourable or unfavourable investment returns and changes in long-term interest rates. The impact of favourable or unfavourable investment returns is moderated by the use of a market-related asset value for the main Canadian defined benefit pension plan's public equity securities and absolute return strategies. The impact of changes in long-term interest rates on pension obligations is partially offset by their impact on the pension funds' investments in fixed income assets.

The plans' investment policy provides a target allocation of approximately 45% of the plans' assets to be invested in public equity securities. As a result, stock market performance is a key driver in determining the pension funds' asset performance. If the rate of investment return on the plans' public equity securities in 2019 had been 10% higher (or lower) than the actual 2019 rate of investment return on such securities, 2020 net periodic benefit costs for pensions would be lower (or higher) by approximately $25 million.

Changes in bond yields can result in changes to discount rates and to changes in the value of fixed income assets. If the discount rate as at December 31, 2019 had been higher (or lower) by 0.1% with no related changes in the value of the pension funds' investment in fixed income assets, 2020 net periodic benefit costs for pensions would be lower (or higher) by approximately $13 million and 2020 current service costs for pensions would be lower (or higher) by approximately $5 million. However, a change in bond yields would also lead to a change in the value of the pension funds' investment in fixed income assets, and this change would partially offset the impact on net periodic benefit costs noted above.

The Company estimates that an increase in the discount rate of 0.1% would decrease the defined benefit pension plans' projected benefit obligations by approximately $176 million, and that a decrease in the discount rate of 0.1% would increase the defined benefit pension plans' projected benefit obligations by approximately $178 million. Similarly, for every 0.1% the actual return on assets varies above (or below) the estimated return for the year, the value of the defined benefit pension plans' assets would increase (or decrease) by approximately $13 million.

Adverse experience with respect to these factors could eventually increase funding and pension expense significantly, while favourable experience with respect to these factors could eventually decrease funding and pension expense significantly.

Fluctuations in the post-retirement benefit obligation also can result from changes in the discount rate used. A 0.1% increase (decrease) in the discount rate would decrease (increase) the obligation by approximately $6 million.

CP reviews its pensioner mortality experience to ensure that the mortality assumption continues to be appropriate, or to determine what changes to the assumption are needed.

Property, Plant and Equipment

The Company follows the group depreciation method under which a single depreciation rate is applied to the total cost in a particular class of property, despite differences in the service life or salvage value of individual properties within the same class. CP performs depreciation studies of each property asset class approximately every three years to update depreciation rates. The studies are conducted with assistance from third-party specialists and analyzed and reviewed by the Company's management. Depreciation studies for U.S. assets are reviewed and approved by the Surface Transportation Board ("STB"). Depreciation studies for Canadian assets are provided to the Canadian Transportation Agency (the "Agency"), but the Agency does not approve depreciation rates. In determining appropriate depreciation rates, management is required to make judgments and assumptions about a variety of key factors that are subject to future variability due to inherent uncertainties. These include the following:

Key Assumptions	Assessments
• Whole and remaining asset lives	• Statistical analysis of historical retirement patterns; • Evaluation of management strategy and its impact on operations and the future use of specific property assets; • Assessment of technological advances; • Engineering estimates of changes in current operations and analysis of historic, current and projected future usage; • Additional factors considered for track assets: density of traffic and whether rail is new or has been re-laid in a subsequent position; • Assessment of policies and practices for the management of assets including maintenance; and • Comparison with industry data.
• Salvage values	• Analysis of historical, current and estimated future salvage values.

CP depreciates the cost of properties, net of salvage, on a straight-line basis over the estimated useful life of the class of property. The estimates of economic lives are uncertain and can vary due to changes in any of the assessed factors noted in the table above for whole and remaining asset lives. Additionally, the depreciation rates are updated to reflect the change in residual values of the assets in the class.

It is anticipated that there will be changes in the estimates of weighted-average useful lives and net salvage for each property asset class as assets are acquired, used and retired. Substantial changes in either the useful lives of properties or the salvage assumptions could result in significant changes to depreciation expense. For example, if the estimated average life of track assets, including rail, ties, ballast and other track material, increased (or decreased) by one year, annual depreciation expense would decrease (or increase) by approximately $17 million.

Due to the capital intensive nature of the railway industry, depreciation represents a significant part of operating expenses. The estimated useful lives of properties have a direct impact on the amount of depreciation recorded as a component of "Properties" on the Company's Consolidated Balance Sheets. At December 31, 2019 and 2018, accumulated depreciation was $8,099 million and $7,964 million, respectively.

Deferred Income Taxes

CP accounts for deferred income taxes based on the liability method. This method focuses on the Company's balance sheet and the temporary differences otherwise calculated from the comparison of book versus tax values. The provision for deferred income taxes arises from temporary differences in the carrying values of assets and liabilities for financial statement and income tax purposes and the effect of loss carry forwards. It is assumed that such temporary differences will be settled in the deferred income tax assets and liabilities at the balance sheet date.

In determining deferred income taxes, the Company makes estimates and assumptions regarding deferred tax matters, including estimating the timing of the realization and settlement of deferred income tax assets (including the benefit of tax losses) and liabilities, and estimating unrecognized tax benefits for uncertain tax positions. Deferred income taxes are calculated using enacted federal, provincial, and state future income tax rates, which may differ in future periods.

Deferred income tax expense is included in "Income tax expense" on the Company's Consolidated Statements of Income. Additional disclosures are provided in Item 8. Financial Statements and Supplementary Data, Note 6 Income taxes.

Personal Injury and Other Claims Liabilities

CP estimates the potential liability arising from incidents, claims and pending litigations relating to personal injury claims by employees, third-party claims, certain occupation-related claims and property damage claims.

Personal Injury

In Canada, employee occupational injuries are governed by provincial workers' compensation legislation. Occupational injury claims in the provinces of Québec, Ontario, Manitoba and B.C. are self-insured and administered through each Worker's Compensation Board ("WCB"). The future costs related to occupation-related injuries are actuarially determined based on past experience and assumptions associated with the injury, compensation, income replacement, health care and administrative costs. In the four provinces where the Company is self-insured, a discount rate is applied to the future estimated costs based on market

rates for investment grade corporate bonds to determine the liability. An actuarial study is performed on an annual basis. In the provinces of Saskatchewan and Alberta, the Company is assessed an annual WCB contribution on a premium basis and this amount is not subject to estimation by management. At December 31, 2019 and 2018, respectively, the WCB liability was $85 million and $81 million in "Pension and other benefit liabilities"; $11 million and $12 million in "Accounts payable and accrued liabilities", offset by deposits paid to WCB of $1 million and $1 million in "Other assets" on the Company's Consolidated Balance Sheets.

U.S. railway employees are covered by federal law under the Federal Employers' Liability Act ("FELA") rather than workers' compensation programs. Accruals are set for individual cases based on facts, legal opinion and statistical analysis. U.S. accruals are also set and include alleged occupational exposure or injury.

Other Claims

A provision for litigation matters, equipment damages or other claims will be accrued according to applicable accounting standards and any such accrual will be based on an ongoing assessment of the strengths and weaknesses of the litigation or claim and its likelihood of success, together with an evaluation of the damages or other monetary relief sought. CP accrues for probable claims when the facts of an incident become known and investigation results provide a reasonable basis for estimating the liability. The lower end of the range is accrued if the facts and circumstances permit only a range of reasonable estimates and no single amount in that range is a better estimate than any other. Facts and circumstances related to asserted claims can change, and a process is in place to monitor accruals for changes in accounting estimates.

Forward-Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations and Annual Report on Form 10-K contains certain forward-looking statements within the meaning of the *United States Private Securities Litigation Reform Act of 1995* and other relevant securities legislation, including applicable securities laws in Canada. Forward-looking statements typically include words such as "financial expectations", "key assumptions", "anticipate", "believe", "expect", "plan", "will", "outlook", "should" or similar words suggesting future outcomes. To the extent that CP has provided guidance using Non-GAAP financial measures, the Company may not be able to provide a reconciliation to a GAAP measure without unreasonable efforts, due to unknown variables and uncertainty related to future results.

This Management's Discussion and Analysis of Financial Condition and Results of Operations and Annual Report on Form 10-K includes forward-looking statements relating, but not limited to statements concerning the Company's defined benefit pension expectations for 2020 and through 2023, our expectations for 2020 financial and operational performance, including our full-year guidance for expected RTM and adjusted diluted EPS growth, planned capital expenditures (including how such capital expenditures are expected to be financed), expected impacts resulting from changes in the U.S.-to-Canadian dollar exchange rate, and the effective tax rate, as well as statements concerning the Company's operations, anticipated financial performance, business prospects and strategies, including statements concerning the anticipation that cash flow from operations and various sources of financing will be sufficient to meet debt repayments and obligations in the foreseeable future and concerning anticipated capital programs, and statements regarding future payments including income taxes and pension contributions. The purpose of the 2020 Adjusted diluted EPS growth projection is to assist readers in understanding our expected and targeted financial results, and this information may not be appropriate for other purposes.

The forward-looking statements contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations and Annual Report on Form 10-K are based on current expectations, estimates, projections and assumptions, having regarding to the Company's experience and its perception of historical trends, and includes, but is not limited to, expectations, estimates, projections and assumptions relating to: North American and global economic growth; commodity demand growth; sustainable industrial and agricultural production; commodity prices and interest rates; foreign exchange rates (as specified herein); effective tax rates (as specified herein); performance of our assets and equipment; sufficiency of our budgeted capital expenditures in carrying out our business plan; applicable laws, regulations and government policies; the availability and cost of labour, services and infrastructure; and the satisfaction by third parties of their obligations to the Company. Although the Company believes the expectations, estimates, projections and assumptions reflected in the forward-looking statements presented herein are reasonable as of the date hereof, there can be no assurance that they will prove to be correct. Current economic conditions render assumptions, although reasonable when made, subject to greater uncertainty.

Undue reliance should not be placed on forward-looking statements as actual results may differ materially from those expressed or implied by forward-looking statements. By their nature, forward-looking statements involve numerous inherent risks and uncertainties that could cause actual results to differ materially from the forward-looking statements, including but not limited to the following factors: changes in business strategies; general North American and global economic, credit and business conditions; risks associated with agricultural production such as weather conditions and insect populations; the availability and price of energy commodities; the effects of competition and pricing pressures; industry capacity; shifts in market demand; changes in commodity prices; uncertainty surrounding timing and volumes of commodities being shipped via CP; inflation; changes in laws, regulations and government policies, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; changes in fuel prices; uncertainties of investigations, proceedings or other types of claims and litigation; labour disputes; risks and liabilities arising from derailments; transportation of dangerous goods; timing of completion of capital and maintenance projects; currency and interest rate fluctuations; effects of changes in market conditions and discount rates on the financial position of pension plans and investments; trade restrictions or other changes to international trade arrangements; climate change; and various events that could disrupt operations, including severe weather, such as droughts, floods, avalanches and earthquakes, and cybersecurity attacks, as well as security threats and governmental response to them, and technological changes. The foregoing list of factors is not exhaustive.

There are more specific factors that could cause actual results to differ materially from those described in the forward-looking statements contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations and Annual Report on Form 10-K. These more specific factors are identified and discussed in Item 1A. Risk Factors. Other risks are detailed from time to time in reports filed by CP with securities regulators in Canada and the United States.

The forward-looking statements contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations and Annual Report on Form 10-K are made as of the date hereof. Except as required by applicable law, CP undertakes no obligation to update publicly or otherwise revise any forward-looking statements, or the foregoing assumptions and risks affecting such forward-looking information, whether as a result of new information, future events or otherwise.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

Although CP conducts business primarily in Canada, a significant portion of its revenues, expenses, assets and liabilities including debt are denominated in U.S. dollars. The value of the Canadian dollar is affected by a number of domestic and international factors, including, without limitation, economic performance, and Canadian, U.S. and international monetary policies. Consequently, the Company's results are affected by fluctuations in the exchange rate between these currencies. On an annualized basis, a $0.01 weakening (or strengthening) of the Canadian dollar relative to the U.S. dollar positively (or negatively) impacts Total revenues by approximately $30 million (2018 – approximately $28 million), negatively (or positively) impacts Operating expenses by approximately $15 million (2018 – approximately $15 million), and negatively (or positively) impacts Net interest expense by approximately $3 million (2018 – approximately $3 million).

CP uses U.S. dollar-denominated debt to hedge its net investment in U.S. operations. As at December 31, 2019, the net investment in U.S. operations is less than the total U.S. dollar-denominated debt. Consequently, FX translation on the Company's undesignated debt and lease liabilities causes additional impacts on earnings in Other (income) expense.

To manage its exposure to fluctuations in exchange rates between Canadian and U.S. dollars, CP may sell or purchase U.S. dollar forwards at fixed rates in future periods. In addition, changes in the exchange rate between the Canadian dollar and other currencies (including the U.S. dollar) make the goods transported by the Company more or less competitive in the world marketplace and may in turn positively or negatively affect revenues.

Share Price Impact on Stock-Based Compensation

Based on information available at December 31, 2019, and expectations for 2020 grants, for every $1.00 change in share price, stock-based compensation expense has a corresponding change of approximately $0.4 million to $0.6 million (2018 – approximately $0.4 million to $0.6 million). This excludes the impact of changes in share price relative to the S&P/TSX 60 Index, Class I railways, S&P/TSX Capped Industrial Index, and S&P 1500 Road and Rail index, which may trigger different performance share unit payouts. Stock-based compensation may also be impacted by non-market performance conditions.

Additional information concerning stock-based compensation is included in Item 8. Financial Statements and Supplementary Data, Note 24 Stock-based compensation.

Interest Rate Risk

Debt financing forms part of the Company's capital structure. The debt agreements entered into expose CP to increased interest costs on future fixed debt instruments and existing variable rate debt instruments, should market rates increase. In addition, the present value of the Company's assets and liabilities will also vary with interest rate changes. To manage interest rate exposure, CP may enter into forward rate agreements such as treasury rate locks or bond forwards that lock in rates for a future date, thereby protecting against interest rate increases. CP may also enter into swap agreements whereby one party agrees to pay a fixed rate of interest while the other party pays a floating rate. Contingent on the direction of interest rates, the Company may incur higher costs depending on the contracted rate.

Information concerning market risks is supplemented in Item 8. Financial Statements and Supplementary Data, Note 19 Financial instruments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Canadian Pacific Railway Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Canadian Pacific Railway Limited and subsidiaries (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, cash flows, and changes in shareholders' equity, for each of the three years in the period ended December 31, 2019, and the related notes and the financial statement schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 20, 2020, expressed an unqualified opinion on the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for leases as of January 1, 2019, due to the adoption of Accounting Standards Update 2016-02, Leases (Topic 842) and related amendments.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Properties – Direct Costs that are Capitalized to Self-constructed Assets – Refer to Notes 1 and 14 to the Financial Statements

Critical Audit Matter Description

The Company recognizes direct costs as capitalized additions to self-constructed assets, within properties, based on expenditures necessary to make an asset ready for its intended use. The capitalization of self-constructed assets requires management to make significant estimates and assumptions related to the capitalization of direct cost additions to self-constructed assets based on whether the expenditures meet capitalization criteria under US GAAP.

We identified the capitalization of direct cost additions to self-constructed assets as a critical audit matter because the judgments and assumptions management makes could have a significant impact on the capitalization of direct cost additions. As such auditing the capitalization of direct cost additions involves a high degree of auditor judgment.

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures related to the capitalization of direct cost additions to self-constructed assets included the following, among others:

- Evaluated the effectiveness of controls over self-constructed assets, including those over the capitalization of direct cost additions to self-constructed assets.

- Selected a sample of direct costs, and obtained evidence to support the capitalized additions to self-constructed assets and assessed whether these expenditures met the capitalization criteria under US GAAP.

Defined Benefit Pension – Refer to Notes 1 and 23 to the Financial Statements

Critical Audit Matter Description

The Company's accounting of its defined benefit pension plans involves the measurement of the projected benefit obligation and fair value of fund assets. The measurement of the projected-benefit obligation requires management to make significant estimates and assumptions in the determination of the discount rate, which is based on blended market interest rates of high-quality corporate debt instruments with matching cash flows. The measurement of the fair value of fund assets requires management to make significant estimates and assumptions in the determination of the expected return on fund assets, which is calculated using the market-related value of assets.

We identified the determination of the discount rate (for the projected benefit obligation), and the determination of the expected return on fund assets (for the determination of the net period benefit cost) as the critical audit matters because of the significant estimates and assumptions management makes could have a significant impact on the projected benefit obligation and the fair value of fund assets. As such auditing the determination of the discount rate and the expected return on fund assets involves a high degree of auditor judgment as the estimates and assumptions made by management contains significant measurement uncertainty and resulted in an increased extent of effort, which included the need to involve an actuarial specialist.

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures related to the determination of the discount rate (for the projected benefit obligation), and the expected return on fund assets (for the determination of the fair value of fund assets) included the following, among others:

- Evaluated the effectiveness of controls over defined benefit pension plans, including those over the determination of the discount rate and the expected return on fund assets.
- With the assistance of an actuarial specialist, we evaluated the reasonableness of the discount rate by:
  - Assessing the methodology used in management's determination of the discount rate,
  - Testing the underlying source information, and
  - Developing a range of independent estimates and comparing those to the discount rate selected by management.
- With the assistance of an actuarial specialist, we evaluated the reasonableness of the expected return on fund assets by:
  - Assessing the methodology used in management's determination of the expected return on fund assets,
  - Testing the underlying source information, and
  - Comparing management's assumptions to historical data and available market trends.
- Evaluated management's ability to accurately forecast the discount rate and expected return on fund assets by comparing actual results to management's historical forecasts.

/s/ Deloitte LLP

Chartered Professional Accountants
Calgary, Canada
February 20, 2020

We have served as the Company's auditor since 2011.

CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31 (in millions of Canadian dollars, except per share data)	2019	2018	2017
Revenues (Note 3)			
Freight	**$ 7,613**	$ 7,152	$ 6,375
Non-freight	**179**	164	179
Total revenues	**7,792**	7,316	6,554
Operating expenses			
Compensation and benefits (Note 23, 24)	**1,540**	1,468	1,309
Fuel	**882**	918	677
Materials	**210**	201	190
Equipment rents	**137**	130	142
Depreciation and amortization	**706**	696	661
Purchased services and other (Note 12)	**1,193**	1,072	1,056
Total operating expenses	**4,668**	4,485	4,035
Operating income	**3,124**	2,831	2,519
Less:			
Other (income) expense (Note 4)	**(89)**	174	(178)
Other components of net periodic benefit recovery (Note 23)	**(381)**	(384)	(274)
Net interest expense (Note 5)	**448**	453	473
Income before income tax expense	**3,146**	2,588	2,498
Income tax expense (Note 6)	**706**	637	93
Net income	**$ 2,440**	$ 1,951	$ 2,405
Earnings per share (Note 7)			
Basic earnings per share	**$ 17.58**	$ 13.65	$ 16.49
Diluted earnings per share	**$ 17.52**	$ 13.61	$ 16.44
Weighted-average number of shares (millions) (Note 7)			
Basic	**138.8**	142.9	145.9
Diluted	**139.3**	143.3	146.3

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended December 31 (in millions of Canadian dollars)		**2019**		2018		2017
Net income	**$**	**2,440**	$	1,951	$	2,405
Net gain (loss) in foreign currency translation adjustments, net of hedging activities		**37**		(60)		24
Change in derivatives designated as cash flow hedges		**10**		38		19
Change in pension and post-retirement defined benefit plans		**(661)**		(449)		80
Other comprehensive (loss) income before income taxes		**(614)**		(471)		123
Income tax recovery (expense) on above items		**135**		169		(65)
Other comprehensive (loss) income (Note 8)		**(479)**		(302)		58
Comprehensive income	**$**	**1,961**	$	1,649	$	2,463

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

As at December 31 (in millions of Canadian dollars, except Common Shares)		2019		2018
Assets				
Current assets				
Cash and cash equivalents	**$**	**133**	$	61
Accounts receivable, net (Note 10)		**805**		815
Materials and supplies		**182**		173
Other current assets		**90**		68
		1,210		1,117
Investments (Note 13)		**341**		203
Properties (Note 14, 21)		**19,156**		18,418
Goodwill and intangible assets (Note 11, 15)		**206**		202
Pension asset (Note 23)		**1,003**		1,243
Other assets (Note 16, 21)		**451**		71
Total assets	**$**	**22,367**	$	21,254
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities (Note 17, 21)	**$**	**1,693**	$	1,449
Long-term debt maturing within one year (Note 18, 19, 21)		**599**		506
		2,292		1,955
Pension and other benefit liabilities (Note 23)		**785**		718
Other long-term liabilities (Note 20, 21)		**562**		237
Long-term debt (Note 18, 19, 21)		**8,158**		8,190
Deferred income taxes (Note 6)		**3,501**		3,518
Total liabilities		**15,298**		14,618
Shareholders' equity				
Share capital (Note 22) Authorized unlimited Common Shares without par value. Issued and outstanding are 137.0 million and 140.5 million as at December 31, 2019 and 2018, respectively.		**1,993**		2,002
Authorized unlimited number of first and second preferred shares; none outstanding.				
Additional paid-in capital		**48**		42
Accumulated other comprehensive loss (Note 8)		**(2,522)**		(2,043)
Retained earnings		**7,550**		6,635
		7,069		6,636
Total liabilities and shareholders' equity	**$**	**22,367**	$	21,254

Commitments and contingencies (Note 26).

See Notes to Consolidated Financial Statements.

Approved on behalf of the Board:

/s/ ISABELLE COURVILLE
Isabelle Courville, Director,
Chair of the Board

/s/ JANE L. PEVERETT
Jane L. Peverett, Director,
Chair of the Audit and Finance Committee

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31 (in millions of Canadian dollars)	2019	2018	2017
Operating activities			
Net income	**$ 2,440**	$ 1,951	$ 2,405
Reconciliation of net income to cash provided by operating activities:			
Depreciation and amortization	**706**	696	661
Deferred income taxes (Note 6)	**181**	256	(210)
Pension recovery and funding (Note 23)	**(360)**	(321)	(237)
Foreign exchange (gain) loss on debt and lease liabilities (Note 4)	**(94)**	168	(186)
Settlement of forward starting swaps on debt issuance (Note 18, 19)	**—**	(24)	—
Other operating activities, net	**143**	(79)	(113)
Change in non-cash working capital balances related to operations (Note 9)	**(26)**	65	(138)
Cash provided by operating activities	**2,990**	2,712	2,182
Investing activities			
Additions to properties	**(1,647)**	(1,551)	(1,340)
Investment in Central Maine & Québec Railway (Note 11)	**(174)**	—	—
Proceeds from sale of properties and other assets (Note 12)	**26**	78	42
Other	**(8)**	15	3
Cash used in investing activities	**(1,803)**	(1,458)	(1,295)
Financing activities			
Dividends paid	**(412)**	(348)	(310)
Issuance of CP Common Shares (Note 22)	**26**	24	45
Purchase of CP Common shares (Note 22)	**(1,134)**	(1,103)	(381)
Issuance of long-term debt, excluding commercial paper (Note 18)	**397**	638	—
Repayment of long-term debt, excluding commercial paper (Note 18)	**(500)**	(753)	(32)
Net issuance of commercial paper (Note 18)	**524**	—	—
Settlement of forward starting swaps on de-designation (Note 19)	**—**	—	(22)
Other	**(12)**	—	—
Cash used in financing activities	**(1,111)**	(1,542)	(700)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	**(4)**	11	(13)
Cash position			
Increase (decrease) in cash and cash equivalents	**72**	(277)	174
Cash and cash equivalents at beginning of year	**61**	338	164
Cash and cash equivalents at end of year	**$ 133**	$ 61	$ 338
Supplemental disclosures of cash flow information:			
Income taxes paid	**$ 506**	$ 318	$ 425
Interest paid	**$ 444**	$ 463	$ 475

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of Canadian dollars, except per share data)	Share capital	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
Balance at December 31, 2016	$ 2,002	$ 52	$ (1,799)	$ 4,371	$ 4,626
Net income	—	—	—	2,405	2,405
Other comprehensive income (Note 8)	—	—	58	—	58
Dividends declared ($2.1875 per share)	—	—	—	(319)	(319)
Effect of stock-based compensation expense	—	3	—	—	3
CP Common Shares repurchased (Note 22)	(27)	—	—	(354)	(381)
Shares issued under stock option plan (Note 22)	57	(12)	—	—	45
Balance at December 31, 2017	2,032	43	(1,741)	6,103	6,437
Net income	—	—	—	1,951	1,951
Other comprehensive loss (Note 8)	—	—	(302)	—	(302)
Dividends declared ($2.5125 per share)	—	—	—	(358)	(358)
Effect of stock-based compensation expense	—	11	—	—	11
CP Common Shares repurchased (Note 22)	(66)	—	—	(1,061)	(1,127)
Shares issued under stock option plan (Note 22)	36	(12)	—	—	24
Balance at December 31, 2018	2,002	42	(2,043)	6,635	6,636
Impact of accounting change (Note 2)	—	—	—	(5)	(5)
Balance at January 1, 2019, as restated	2,002	42	(2,043)	6,630	6,631
Net income	—	—	—	2,440	2,440
Other comprehensive loss (Note 8)	—	—	(479)	—	(479)
Dividends declared ($3.1400 per share)	—	—	—	(434)	(434)
Effect of stock-based compensation expense	—	15	—	—	15
CP Common Shares repurchased (Note 22)	(54)	—	—	(1,086)	(1,140)
Shares issued under stock option plan (Note 22)	45	(9)	—	—	36
Balance at December 31, 2019	**$ 1,993**	**$ 48**	**$ (2,522)**	**$ 7,550**	**$ 7,069**

See Notes to Consolidated Financial Statements.

CANADIAN PACIFIC RAILWAY LIMITED
Notes to Consolidated Financial Statements
December 31, 2019

Canadian Pacific Railway Limited ("CPRL"), through its subsidiaries (collectively referred to as "CP" or "the Company"), operates a transcontinental railway in Canada and the United States ("U.S."). CP provides rail and intermodal transportation services over a network of approximately 12,700 miles, serving the principal business centres of Canada from Montréal, Québec, to Vancouver, British Columbia, and the U.S. Northeast and Midwest regions. CP's railway network feeds directly into the U.S. heartland from the East and West coasts. Agreements with other carriers extend the Company's market reach in Canada, throughout the U.S. and into Mexico. CP transports bulk commodities, merchandise freight and intermodal traffic. Bulk commodities include grain, coal, fertilizers and sulphur. Merchandise freight consists of finished vehicles and automotive parts, as well as forest, industrial and consumer products. Intermodal traffic consists largely of retail goods in overseas containers that can be transported by train, ship and truck, and in domestic containers and trailers that can be moved by train and truck.

1. Summary of significant accounting policies

Accounting principles generally accepted in the United States of America ("GAAP")

These Consolidated Financial Statements are expressed in Canadian dollars and have been prepared in accordance with GAAP.

Principles of consolidation

These Consolidated Financial Statements include the accounts of CP and all its subsidiaries. The Company's investments in which it has significant influence are accounted for using the equity method. Distributions received from equity method investees are classified using the nature of the distribution approach for cash flow presentation purposes, whereby distributions received are classified based on the nature of the activity or activities of the investee that generated the distribution as either a return on investment (classified as a cash inflow from operating activities) or a return of investment (classified as a cash inflow from investing activities). All intercompany accounts and transactions have been eliminated.

Use of estimates

The preparation of these Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the year, the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. Management regularly reviews its estimates, including those related to environmental liabilities, pensions and other benefits, depreciable lives of properties, deferred income tax assets and liabilities, as well as legal and personal injury liabilities based upon currently available information. Actual results could differ from these estimates.

Principal subsidiaries

The following list sets out CPRL's principal railway operating subsidiaries, including the jurisdiction of incorporation. All of these subsidiaries are wholly owned, directly or indirectly, by CPRL as at December 31, 2019.

Principal subsidiary	Incorporated under the laws of
Canadian Pacific Railway Company	Canada
Soo Line Railroad Company ("Soo Line")	Minnesota
Delaware and Hudson Railway Company, Inc. ("D&H")	Delaware
Dakota, Minnesota & Eastern Railroad Corporation ("DM&E")	Delaware
Mount Stephen Properties Inc. ("MSP")	Canada

Revenue recognition

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for providing services. Government imposed taxes that the Company collects concurrent with revenue generating activities are excluded from revenue. In the normal course of business, the Company does not generate any material revenue through acting as an agent for other entities.

The Company provides rail freight transportation services to a wide variety of customers and transports bulk commodities, merchandise freight and intermodal traffic. The Company signs master service agreements with customers that dictate future services the Company is to perform for a customer at the time a bill of lading or service request is received. Each bill of lading or service request represents a separate distinct performance obligation that the Company is obligated to satisfy. The transaction price is generally in the form of a fixed fee determined at the inception of the bill of lading or service request. The Company allocates the transaction price to each distinct performance obligation based on the estimated standalone selling price for each performance obligation. As each bill of lading or service request represents a separate distinct performance obligation, the estimated standalone selling price is assessed at an observable price which

is fair market value. Certain customer agreements include variable consideration in the form of rebates, discounts, or incentives. The expected value method is used to estimate variable consideration and is allocated to the applicable performance obligation and is recognized when the related performance obligation is satisfied. Additionally, the Company offers published rates for services through public tariff agreements in which a customer can request service, triggering a performance obligation the Company must satisfy. Railway freight revenues are recognized over time as services are provided based on the percentage of completed service method. Volume rebates to customers are accrued as a reduction of freight revenues based on estimated volumes and contract terms as freight service is provided. Freight revenues also include certain ancillary and other services provided in association with the performance of rail freight movements. Revenues from these activities are not material and therefore have been aggregated with the freight revenues from customer contracts with which they are associated.

Non-freight revenues, including passenger revenues, switching fees, and revenues from logistics services, are recognized at the point in time the services are provided or when the performance obligations are satisfied. Non-freight revenues also include leasing revenues.

Payment by customers is due upon satisfaction of performance obligations. Payment terms are such that amounts outstanding at the period end are expected to be collected within one reporting period. The Company invoices customers at the time the bill of lading or service request is processed and therefore the Company has no material unbilled receivables and no contract assets. All performance obligations not fully satisfied at period end are expected to be satisfied within the reporting period immediately following. Contracted customer incentives are amortized to income over the term of the related revenue contract.

Cash and cash equivalents

Cash and cash equivalents include highly liquid short-term investments that are readily convertible to cash with original maturities of three months or less, but exclude cash and cash equivalents subject to restrictions.

Restricted cash and cash equivalents

Cash and cash equivalents that are restricted as to withdrawal or usage, in accordance with specific agreements, are presented as restricted cash and cash equivalents on the balance sheets when applicable. In the Company's Consolidated Statements of Cash Flows, these balances, if any, are included with cash and cash equivalents.

Foreign currency translation

Assets and liabilities denominated in foreign currencies, other than those held through foreign subsidiaries, are translated into Canadian dollars at the year-end exchange rate for monetary items and at the historical exchange rates for non-monetary items. Foreign currency revenues and expenses are translated at the exchange rates in effect on the dates of the related transactions. Foreign exchange ("FX") gains and losses, other than those arising from the translation of the Company's net investment in foreign subsidiaries, are included in income.

The accounts of the Company's foreign subsidiaries are translated into Canadian dollars using the year-end exchange rate for assets and liabilities and the average exchange rates during the year for revenues, expenses, gains and losses. FX gains and losses arising from the translation of the foreign subsidiaries' assets and liabilities are included in "Other comprehensive (loss) income". A portion of U.S. dollar-denominated long-term debt has been designated as a hedge of the net investment in foreign subsidiaries. As a result, unrealized FX gains and losses on U.S. dollar-denominated long-term debt, designated as a hedge, are offset against FX gains and losses arising from the translation of foreign subsidiaries' accounts in "Other comprehensive (loss) income".

Pensions and other benefits

Pension costs are actuarially determined using the projected-benefit method pro-rated over the credited service periods of employees. This method incorporates management's best estimates of expected plan investment performance, salary escalation and retirement ages of employees. The expected return on fund assets is calculated using market-related asset values developed from a five-year average of market values for the fund's public equity securities and absolute return strategies (with each prior year's market value adjusted to the current date for assumed investment income during the intervening period) plus the market value of the fund's fixed income, real estate, infrastructure and private debt securities, subject to the market-related asset value not being greater than 120% of the market value nor being less than 80% of the market value. The discount rate used to determine the projected-benefit obligation is based on blended market interest rates on high-quality corporate debt instruments with matching cash flows. Unrecognized actuarial gains and losses in excess of 10% of the greater of the benefit obligation and the market-related value of plan assets are amortized over the expected average remaining service period of active employees expected to receive benefits under the plan (approximately 12 years). Prior service costs arising from collectively bargained amendments to pension plan benefit provisions are amortized over the term of the applicable union agreement. Prior service costs arising from all other sources are amortized over the expected average remaining service period of active employees who are expected to receive benefits under the plan at the date of amendment.

Costs for post-retirement and post-employment benefits other than pensions, including post-retirement health care and life insurance and some workers' compensation and long-term disability benefits in Canada, are actuarially determined on a basis similar to pension costs.

The over or under funded status of defined benefit pension and other post-retirement benefit plans are measured as the difference between the fair value of the plan assets and the benefit obligation, and are recognized on the balance sheets. In addition, any unrecognized actuarial gains and losses and prior service costs and credits that arise during the period are recognized as a component of "Other comprehensive (loss) income", net of tax.

Gains and losses on post-employment benefits that do not vest or accumulate, including some workers' compensation and long-term disability benefits in Canada, are included immediately on the Company's Consolidated Statements of Income as "Other components of net periodic benefit cost or recovery".

The current service cost component of net periodic benefit cost is reported in "Compensation and benefits" for pensions and post-retirement benefits, and in "Purchased services and other" for self-insured workers' compensation and long-term disability benefits on the Company's Consolidated Statements of Income. Other components of net periodic benefit cost or recovery are reported in "Other components of net periodic benefit cost or recovery" outside of Operating income on the Company's Consolidated Statements of Income.

Capitalization of pension costs, when applicable, is restricted to the current service cost component of net periodic benefit cost.

Materials and supplies

Materials and supplies are carried at the lower of average cost or market value and consist primarily of fuel and parts used in the repair and maintenance of track structures, equipment, locomotives and freight cars.

Properties

Fixed asset additions and major renewals are recorded at cost, including direct costs, attributable indirect costs and carrying costs, less accumulated depreciation and any impairment. When there is a legal obligation associated with the retirement of property, a liability is initially recognized at its fair value and a corresponding asset retirement cost is added to the gross book value of the related asset and amortized to expense over the estimated term to retirement. The Company reviews the carrying amounts of its properties whenever changes in circumstances indicate that such carrying amounts may not be recoverable based on future undiscounted cash flows. When such properties are determined to be impaired, recorded asset values are revised to their fair value and an impairment loss is recognized.

The Company recognizes expenditures as additions to properties or operating expenses based on whether the expenditures increase the output or service capacity, lower the associated operating costs or extend the useful life of the properties and whether the expenditures exceed minimum physical and financial thresholds.

Much of the additions to properties, both new and replacement properties, are self-constructed. These are initially recorded at cost, including direct costs and attributable indirect costs, overheads and carrying costs. Direct costs include, among other things, labour costs, purchased services, equipment costs and material costs. Attributable indirect costs and overheads include incremental long-term variable costs resulting from the execution of capital projects. Indirect costs mainly include work trains, material distribution, highway vehicles and work equipment. Overheads primarily include a portion of the engineering department's costs, which plans, designs and administers these capital projects. These costs are allocated to projects by applying a measure consistent with the nature of the cost, based on cost studies. For replacement properties, the project costs are allocated to dismantling and installation based on cost studies. Dismantling work, which is expensed, is performed concurrently with the installation.

Ballast programs including undercutting, shoulder ballasting and renewal programs that form part of the annual track program are capitalized as this work, and the related added ballast material, significantly improves drainage, which in turn extends the life of ties and other track materials. These costs are tracked separately from the underlying assets and depreciated over the period to the next estimated similar ballast program. Spot replacement of ballast is considered a repair which is expensed as incurred.

The costs of large refurbishments are capitalized and locomotive overhauls are expensed as incurred, except where overhauls represent a betterment of the locomotive in which case costs are capitalized.

The Company capitalizes development costs for major new computer systems.

The Company follows group depreciation, which groups assets which are similar in nature and have similar economic lives. The property groups are depreciated on a straight-line basis reflecting their expected economic lives determined by depreciation studies. Depreciation studies are regular reviews of asset service lives, salvage values, accumulated depreciation and other related factors. Depreciation rates are established through these studies. Actual use and retirement of assets may vary from current estimates, and would be identified in the next study. These changes in expected economic lives would impact the amount of depreciation expense recognized in future periods. All track assets are depreciated using a straight-line method which recognizes the value of the asset consumed as a percentage of the whole life of the asset.

When depreciable property is retired or otherwise disposed of in the normal course of business, the book value, less net salvage proceeds, is charged to accumulated depreciation and if different than the assumptions under the depreciation study could potentially result in adjusted depreciation expense over a period of years. However, when removal costs exceed the salvage value on assets and the Company has no legal obligation to remove the assets, the removal costs incurred are charged to income in the period in which the assets are removed and are not charged to accumulated depreciation.

For certain asset classes, the historical cost of the asset is separately recorded in the Company's property records. This amount is retired from the property records upon retirement of the asset. For assets for which the historical cost cannot be separately identified the amount of the gross book value to be retired is estimated

using either an indexation methodology, whereby the current replacement cost of the asset is indexed to the estimated year of installation for the asset, or a first-in, first-out approach, or statistical analysis is used to determine the age of the retired asset. CP uses indices that closely correlate to the principal costs of the assets.

There are a number of estimates inherent in the depreciation and retirement processes and as it is not possible to precisely estimate each of these variables until a group of property is completely retired, CP regularly monitors the estimated service lives of assets and the associated accumulated depreciation for each asset class to ensure depreciation rates are appropriate. If the recorded amounts of accumulated depreciation are greater or less than the amounts indicated by the depreciation studies, then the excess or deficit is amortized as a component of depreciation expense over the remaining service lives of the applicable asset classes.

For the sale or retirement of larger groups of depreciable assets that are unusual and were not considered in the Company's depreciation studies, CP records a gain or loss for the difference between net proceeds and net book value of the assets sold or retired. The accumulated depreciation to be retired includes asset-specific accumulated depreciation, when known, and an appropriate portion of the accumulated depreciation recorded for the relevant asset class as a whole, calculated using a cost-based allocation.

Revisions to the estimated useful lives and net salvage projections constitute a change in accounting estimate and are addressed prospectively by amending depreciation rates.

Equipment under finance lease is included in Properties and depreciated over the period of expected use.

Leases

The Company has leases for rolling stock, buildings, vehicles, railway equipment, and roadway machines. CP has entered into rolling stock leases that are fully variable or contain both fixed and variable components. Variable components are dependent on the hours and miles that the underlying equipment has been used. Fixed term, short-term, and variable operating lease costs are recorded in "Equipment rents" and "Purchased services and other" on the Company's Consolidated Statements of Income. Components of finance lease costs are recorded in "Depreciation and amortization" and "Net interest expense" on the Company's Consolidated Statements of Income.

The Company determines lease existence and classification at the lease inception date. Leases are identified when an agreement conveys the right to control identified property for a period of time in exchange for consideration. The Company recognizes both an operating lease liability and right-of-use ("ROU") asset for operating leases with fixed terms and in-substance fixed terms. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease payments include fixed and variable payments that are based on an index or a rate. If the Company's leases do not provide a readily determinable implicit interest rate, the Company uses internal incremental secured borrowing rates for comparable tenor in the same currency at the commencement date in determining the present value of lease payments. Operating and finance lease ROU assets also include lease prepayments and initial direct costs, but are reduced by lease incentives. The lease term may include periods associated with options to extend or exclude periods associated with options to terminate the lease when it is reasonably certain that the Company will exercise these options.

The Company has short-term operating leases with terms of 12 months or less, some of which include options to purchase that the Company is not reasonably certain to exercise. The Company has elected to apply the recognition exemption and, as such, accounts for leases with a term of 12 months or less off-balance sheet. Therefore, lease payments on these short-term operating leases are not included in operating lease ROU assets and liabilities, but are recognized as an expense in the Company's Consolidated Statements of Income on a straight-line basis over the term of the lease. Further, the Company has elected to combine lease and non-lease components for all leases, except for leases of roadway machines and information systems hardware.

Assets held for sale

Assets to be disposed that meet the held for sale criteria are reported at the lower of their carrying amount and fair value, less costs to sell, and are no longer depreciated.

Goodwill and intangible assets

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets upon acquisition of a business. Goodwill is assigned to the reporting units that are expected to benefit from the business acquisition which, after integration of operations with the railway network, may be different than the acquired business.

The carrying value of goodwill, which is not amortized, is assessed for impairment annually in the fourth quarter of each year as at October 1st, or more frequently as economic events dictate. The Company has the option of performing an assessment of certain qualitative factors ("Step 0") to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying value or proceeding directly to a quantitative impairment test ("Step 1"). Qualitative factors include but are not limited to, economic, market and industry conditions, cost factors and overall financial performance of the reporting unit. If Step 0 indicates that the carrying value is less than the fair value, then performing the two-step impairment test is unnecessary. Under Step 1, the fair value of the

reporting unit is compared to its carrying value, including goodwill. If the fair value of the reporting unit is less than its carrying value, goodwill is potentially impaired. The impairment charge that would be recognized is the excess of the carrying value of the goodwill over the fair value of the goodwill, determined in the same manner as in a business combination.

Intangible assets with finite lives are amortized on a straight-line basis over the estimated useful lives of the respective assets. Favourable leases, customer relationships and interline contracts have amortization periods ranging from 15 to 20 years. When there is a change in the estimated useful life of an intangible asset with a finite life, amortization is adjusted prospectively.

Financial instruments

Financial instruments are contracts that give rise to a financial asset of one party and a financial liability or equity instrument of another party.

Financial instruments are recognized initially at fair value, which is the amount of consideration that would be agreed upon in an arm's-length transaction between willing parties.

Subsequent measurement depends on how the financial instruments have been classified. Accounts receivable and other investments, classified as loans and receivables, are measured at amortized cost, using the effective interest method. Cash and cash equivalents and derivatives are classified as held for trading and are measured at fair value. Accounts payable, accrued liabilities, short-term borrowings, other long-term liabilities and long-term debt are also measured at amortized cost.

Derivative financial instruments

Derivative financial and commodity instruments may be used from time to time by the Company to manage its exposure to risks relating to foreign currency exchange rates, stock-based compensation, interest rates and fuel prices. When CP utilizes derivative instruments in hedging relationships, CP identifies, designates and documents those hedging transactions and regularly tests the transactions to demonstrate effectiveness in order to continue hedge accounting.

All derivative instruments are classified as held for trading and recorded at fair value. Any change in the fair value of derivatives not designated as hedges is recognized in the period in which the change occurs in the Company's Consolidated Statements of Income in the line item to which the derivative instrument is related.

For fair value hedges, the periodic changes in values are recognized in income, on the same line as the changes in values of the hedged items are also recorded. For an effective cash flow hedge, the entire change in value of the hedging instrument is recognized in "Other comprehensive (loss) income". The change in value of the effective cash flow hedge remains in "Accumulated other comprehensive loss" until the related hedged item settles, at which time amounts recognized in "Accumulated other comprehensive loss" are reclassified to the same income or balance sheet account that records the hedged item.

Cash flows relating to derivative instruments designated as hedges are included in the same line as the related hedged items on the Company's Consolidated Statements of Cash Flows.

Environmental remediation

Environmental remediation accruals, recorded on an undiscounted basis unless a reliably determinable estimate as to amount and timing of costs can be established, cover site-specific remediation programs. The accruals are recorded when the costs to remediate are probable and reasonably estimable. Certain future costs to monitor sites are discounted at an adjusted risk-free rate. Provisions for environmental remediation costs are recorded in "Other long-term liabilities", except for the current portion, which is recorded in "Accounts payable and accrued liabilities".

Income taxes

The Company follows the liability method of accounting for income taxes. Deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The effect of a change in income tax rates on deferred income tax assets and liabilities is recognized in income in the period during which the change occurs.

When appropriate, the Company records a valuation allowance against deferred tax assets to reflect that these tax assets may not be realized. In determining whether a valuation allowance is appropriate, CP considers whether it is more likely than not that all or some portion of CP's deferred tax assets will not be realized, based on management's judgment using available evidence about future events.

At times, tax benefit claims may be challenged by a tax authority. Tax benefits are recognized only for tax positions that are more likely than not sustainable upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely to be realized upon settlement. A liability for "unrecognized tax benefits" is recorded for any tax benefits claimed in CP's tax returns that do not meet these recognition and measurement standards.

Investment and other similar tax credits are deferred on the Company's Consolidated Balance Sheets and amortized to "Income tax expense" as the related asset is recognized in income. Income tax recovery or expense on items in "Accumulated other comprehensive loss" are recognized in "Income tax expense" as the related item is recognized in income.

Earnings per share

Basic earnings per share are calculated using the weighted-average number of the Company's Common Shares (the "Common Shares') outstanding during the year. Diluted earnings per share are calculated using the treasury stock method for determining the dilutive effect of options.

Stock-based compensation

CP follows the fair value based approach to account for stock options. Compensation expense and an increase in "Additional paid-in capital" are recognized for stock options over their vesting period, or over the period from the grant date to the date employees become eligible to retire when this is shorter than the vesting period, based on their estimated fair values on the grant date, as determined using the Black-Scholes option-pricing model.

Any consideration paid by employees on exercise of stock options is credited to "Share capital" when the option is exercised and the recorded fair value of the option is removed from "Additional paid-in capital" and credited to "Share capital".

Compensation expense is also recognized for deferred share units ("DSUs"), performance share units ("PSUs") and restricted share units ("RSUs") that settle in cash using the fair value method. Compensation expense is recognized over the vesting period, or for PSUs and DSUs only, over the period from the grant date to the date employees become eligible to retire when this is shorter than the vesting period. Forfeitures of DSUs, PSUs, and RSUs are estimated at issuance and subsequently at the balance sheet date.

The employee share purchase plan gives rise to compensation expense that is recognized using the issue price by amortizing the cost over the vesting period or over the period from the grant date to the date employees become eligible to retire when this is shorter than the vesting period.

2. Accounting changes

Implemented in 2019

Leases

On January 1, 2019, the Company adopted the new Accounting Standards Update ("ASU") 2016-02, issued by the Financial Accounting Standards Board ("FASB"), and all related amendments under FASB Accounting Standards Codification ("ASC") Topic 842, Leases. Using the cumulative-effect adjustment transition approach, the Company recognized a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Accordingly, comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods.

In January 2019, the Company implemented a lease management system to assist in delivering the required accounting changes. To facilitate the transition, the Company made policy choices to utilize available practical expedients provided by the new standard, including the:

- Acceptance of the package of practical expedients, permitting the Company not to reassess lease existence, classification, and capitalization of initial direct costs previously determined for all leases under Topic 840, Leases;
- Acceptance of the previous accounting treatment for land easements where Topic 840 was not applied; and
- Use of hindsight at transition to determine lease term length.

Operating leases with fixed terms and in-substance fixed terms were transitioned by recognizing both an operating lease liability and ROU asset. Operating lease liabilities and ROU assets were calculated at the present value of remaining lease payments using the Company's incremental borrowing interest rate as at January 1, 2019. ROU assets were further modified to include previously accrued balances for prepayments and initial direct costs, but reduced for accrued lease incentives. The Company did not recognize operating lease liabilities or ROU assets for leases requiring variable payment not dependent on an index or rate, or short term leases with a term of 12 months or less.

On adoption, the standard had a material impact on the Company's consolidated balance sheet, but did not have a significant impact on its consolidated statement of income. The most significant impact was the recognition of operating lease ROU assets and operating lease liabilities, while the Company's accounting for finance leases remained substantially unchanged.

The impact of the adoption of ASC 842 as at January 1, 2019 was as follows:

(in millions of Canadian dollars)	As reported December 31, 2018	New lease standard cumulative-effect	As restated January 1, 2019
Assets			
Properties	$ 18,418	$ (12)	$ 18,406
Other assets	71	399	470
Liabilities			
Accounts payable and accrued liabilities	1,449	58	1,507
Other long-term liabilities	237	337	574
Deferred income taxes	3,518	(3)	3,515
Shareholders' equity			
Retained earnings	$ 6,635	$ (5)	$ 6,630

There was no significant impact to lessor accounting upon the adoption of ASC 842.

Future Changes

Financial Instruments – Credit Losses

In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments under FASB ASC Topic 326. This will replace the current incurred loss methodology used for establishing a provision against financial assets, including accounts receivable, with a forward-looking expected loss methodology for accounts receivable, loans and other financial instruments. The standard is effective as of January 1, 2020. Entities are required to apply the amendments in this update using a modified retrospective approach, through a cumulative-effect adjustment to retained earnings as of the effective date. The Company expects that the adoption of this new accounting standard will not result in any material change to accounts receivable or retained earnings. The Company will estimate its expected credit loss by applying an appropriate expected loss methodology to individual portfolios of the Company's financial assets with portfolios representing assets with similar risk characteristics.

3. Revenues

The following table disaggregates the Company's revenues from contracts with customers by major source:

(in millions of Canadian dollars)	2019	2018	2017
Freight			
Grain	**$ 1,684**	$ 1,566	$ 1,532
Coal	**682**	673	631
Potash	**462**	486	411
Fertilizers and sulphur	**250**	243	241
Forest products	**304**	284	265
Energy, chemicals and plastics	**1,534**	1,243	898
Metals, minerals and consumer products	**752**	797	739
Automotive	**352**	322	293
Intermodal	**1,593**	1,538	1,365
Total freight revenues	**7,613**	7,152	6,375
Non-freight excluding leasing revenues	**116**	102	117
Revenues from contracts with customers	**7,729**	7,254	6,492
Leasing revenues	**63**	62	62
Total revenues	**$ 7,792**	$ 7,316	$ 6,554

Contract liabilities

Contract liabilities represent payments received for performance obligations not yet satisfied and relate to deferred revenue and are presented as components of "Accounts payable and accrued liabilities" and "Other long-term liabilities" on the Company's Consolidated Balance Sheets.

The following table summarizes the changes in contract liabilities for the years ended December 31, 2019 and 2018:

(in millions of Canadian dollars)		2019		2018
Opening balance	$	**2**	$	2
Revenue recognized that was included in the contract liability balance at the beginning of the period		**(2)**		(2)
Increases due to consideration received, net of revenue recognized during the period		**146**		2
Closing balance	$	**146**	$	2

4. Other (income) expense

(in millions of Canadian dollars)		2019		2018		2017
Foreign exchange (gain) loss on debt and lease liabilities	$	**(94)**	$	168	$	(186)
Other foreign exchange (gains) losses		**(4)**		3		(7)
Insurance recovery of legal settlement		**—**		—		(10)
Charge on hedge roll and de-designation		**—**		—		13
Other		**9**		3		12
Other (income) expense	$	**(89)**	$	174	$	(178)

5. Net interest expense

(in millions of Canadian dollars)		2019		2018		2017
Interest cost	$	**471**	$	475	$	491
Interest capitalized to Properties		**(17)**		(20)		(16)
Interest expense		**454**		455		475
Interest income		**(6)**		(2)		(2)
Net interest expense	$	**448**	$	453	$	473

Interest expense includes interest on finance leases of $11 million for the year ended December 31, 2019 (2018 – $11 million; 2017 – $11 million).

6. Income taxes

The following is a summary of the major components of the Company's income tax expense:

(in millions of Canadian dollars)	2019	2018	2017
Current income tax expense	$ **525**	$ 381	$ 303
Deferred income tax expense			
Origination and reversal of temporary differences	**316**	214	371
Effect of tax rate decrease	**(95)**	(21)	(541)
Effect of hedge of net investment in foreign subsidiaries	**(38)**	64	(42)
Other	**(2)**	(1)	2
Total deferred income tax expense (recovery)	**181**	256	(210)
Total income taxes	$ **706**	$ 637	$ 93
Income before income tax expense			
Canada	$ **2,392**	$ 1,788	$ 1,829
Foreign	**754**	800	669
Total income before income tax expense	$ **3,146**	$ 2,588	$ 2,498
Income tax expense			
Current			
Canada	$ **410**	$ 336	$ 257
Foreign	**115**	45	46
Total current income tax expense	**525**	381	303
Deferred			
Canada	**141**	174	256
Foreign	**40**	82	(466)
Total deferred income tax expense (recovery)	**181**	256	(210)
Total income taxes	$ **706**	$ 637	$ 93

The provision for deferred income taxes arises from temporary differences in the carrying values of assets and liabilities for financial statement and income tax purposes and the effect of loss carry forwards. The items comprising the deferred income tax assets and liabilities are as follows:

(in millions of Canadian dollars)	2019	2018
Deferred income tax assets		
Amount related to tax losses carried forward	$ **6**	$ 11
Liabilities carrying value in excess of tax basis	**139**	97
Unrealized foreign exchange losses	**26**	85
Environmental remediation costs	**22**	23
Other	**4**	2
Total deferred income tax assets	**197**	218
Valuation allowance	**—**	(5)
Total net deferred income tax assets	**197**	213
Deferred income tax liabilities		
Properties carrying value in excess of tax basis	**3,524**	3,496
Pensions carrying value in excess of tax basis	**83**	164
Other	**91**	71
Total deferred income tax liabilities	**3,698**	3,731
Total net deferred income tax liabilities	$ **3,501**	$ 3,518

The Company's consolidated effective income tax rate differs from the expected Canadian statutory tax rates. Expected income tax expense at statutory rates is reconciled to income tax expense as follows:

(in millions of Canadian dollars, except percentage)		**2019**		2018		2017
Statutory federal and provincial income tax rate (Canada)		**26.77%**		26.86%		26.56%
Expected income tax expense at Canadian enacted statutory tax rates	**$**	**842**	$	695	$	663
(Decrease) increase in taxes resulting from:						
(Gains) losses not subject to tax		**(19)**		8		(27)
Canadian tax rate differentials		**—**		—		1
Foreign tax rate differentials		**(33)**		(55)		(9)
Effect of tax rate decrease		**(95)**		(21)		(541)
Valuation allowance		**(5)**		5		—
Unrecognized tax benefits[1]		**33**		—		1
Other[1]		**(17)**		5		5
Income tax expense	**$**	**706**	$	637	$	93

[1] 2017 comparative period figures have been reclassified to conform with current presentation.

In 2019, the Company revalued its deferred income tax balances as a result of a corporate income tax rate decrease in the province of Alberta, resulting in a net recovery of $88 million.

In 2018, the Company revalued its deferred income tax balances as a result of corporate income tax rate decreases in the states of Iowa and Missouri, resulting in a net recovery of $21 million.

On December 22, 2017, the U.S. enacted the "*Tax Cuts and Jobs Act*" which has been commonly referred to as U.S. tax reform. A significant change under this reform was the reduction of the U.S. federal statutory corporate income tax rate from 35% to 21% beginning in 2018. As a result of this and other tax rate increases in the province of British Columbia and the state of Illinois, the Company revalued its deferred income tax balances accordingly. For the full year 2017, revaluations of deferred tax balances associated with changes in tax rates totaled a net recovery of $541 million.

The Company has not provided a deferred liability for the income taxes, if any, which might become payable on any temporary difference associated with its foreign investments because the Company intends to indefinitely reinvest in its foreign investments and has no intention to realize this difference by a sale of its interest in foreign investments. It is not practical to calculate the amount of the deferred tax liability.

It is more likely than not that the Company will realize the majority of its deferred income tax assets from the generation of future taxable income, as the payments for provisions, reserves and accruals are made and losses and tax credits carried forward are utilized.

At December 31, 2019, the Company had tax effected operating losses carried forward of $4 million (2018 – $8 million), which have been recognized as a deferred tax asset. The majority of these losses carried forward will begin to expire in 2031, with the remaining expiring between 2034 and 2036. The Company expects to fully utilize these tax effected operating losses before their expiry. The Company did not have any minimum tax credits or investment tax credits carried forward.

At December 31, 2019, the Company had $2 million (2018 – $3 million) in tax effected capital losses carried forward recognized as a deferred tax asset. The Company has no unrecognized tax benefits from capital losses at December 31, 2019 and 2018.

The following table provides a reconciliation of uncertain tax positions in relation to unrecognized tax benefits for Canada and the U.S. for the year ended December 31:

(in millions of Canadian dollars)	2019	2018	2017
Unrecognized tax benefits at January 1	**$ 13**	$ 13	$ 13
Increase in unrecognized:			
Tax benefits related to the current year	**9**	1	—
Tax benefits related to prior years	**34**	—	—
Dispositions:			
Gross uncertain tax benefits related to prior years	**—**	(1)	—
Settlements with taxing authorities	**(4)**	—	—
Unrecognized tax benefits at December 31	**$ 52**	$ 13	$ 13

If these uncertain tax positions were recognized, all of the amount of unrecognized tax positions as at December 31, 2019 would impact the Company's effective tax rate.

During the fourth quarter of 2019, a tax authority proposed an adjustment for a prior tax year without assessing taxes. Although the Company has commenced action to have the proposal removed, an increase in uncertain tax position has been recorded on deferred income tax liability and expense in the amount of $24 million. The ultimate resolution of this matter may give rise to further favourable or unfavourable adjustments to deferred tax, the timing and amount of which are not determinable at this time.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of "Income tax expense" in the Company's Consolidated Statements of Income. The net amount of accrued interest and penalties in 2019 was a $1 million recovery (2018 – $nil; 2017 – $1 million expense). The total amount of accrued interest and penalties associated with the unrecognized tax benefit at December 31, 2019 was $10 million (2018 – $11 million; 2017 – $11 million).

The Company and its subsidiaries are subject to either Canadian federal and provincial income tax, U.S. federal, state and local income tax, or the relevant income tax in other international jurisdictions. The Company has substantially concluded all Canadian federal and provincial income tax matters for the years through 2013. The federal and provincial income tax returns filed for 2014 and subsequent years remain subject to examination by the Canadian taxation authorities. The Internal Revenue Service ("IRS") audit for 2012 and 2013 has been settled. The income tax returns for 2016 and subsequent years continue to remain subject to examination by the IRS and U.S. state tax jurisdictions. The Company believes that it has recorded sufficient income tax reserves at December 31, 2019 with respect to these income tax examinations.

7. Earnings per share

Basic earnings per share has been calculated using Net income for the year divided by the weighted-average number of shares outstanding during the year.

Diluted earnings per share has been calculated using the treasury stock method which assumes that any proceeds received from the exercise of in-the-money options would be used to purchase CP Common Shares at the average market price for the period. For purposes of this calculation, at December 31, 2019, there were 1.6 million dilutive options outstanding (2018 – 1.3 million; 2017 – 1.4 million).

The number of shares used and the earnings per share calculations are reconciled as follows:

(in millions of Canadian dollars, except per share data)	2019	2018	2017
Net income	**$ 2,440**	$ 1,951	$ 2,405
Weighted-average basic shares outstanding (millions)	**138.8**	142.9	145.9
Dilutive effect of stock options (millions)	**0.5**	0.4	0.4
Weighted-average diluted shares outstanding (millions)	**139.3**	143.3	146.3
Earnings per share – basic	**$ 17.58**	$ 13.65	$ 16.49
Earnings per share – diluted	**$ 17.52**	$ 13.61	$ 16.44

In 2019, there were no options excluded from the computation of diluted earnings per share (2018 – 0.2 million; 2017 – 0.3 million).

8. Other comprehensive (loss) income and accumulated other comprehensive loss

The components of Other comprehensive (loss) income and the related tax effects are as follows:

(in millions of Canadian dollars)	Before tax amount	Income tax (expense) recovery	Net of tax amount
For the year ended December 31, 2019			
Unrealized foreign exchange (loss) gain on:			
Translation of the net investment in U.S. subsidiaries	**$ (251)**	**$ —**	**$ (251)**
Translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries (Note 19)	**288**	**(38)**	**250**
Realized loss on derivatives designated as cash flow hedges recognized in income	**10**	**(2)**	**8**
Change in pension and other benefits actuarial gains and losses	**(661)**	**175**	**(486)**
Other comprehensive loss	**$ (614)**	**$ 135**	**$ (479)**
For the year ended December 31, 2018			
Unrealized foreign exchange gain (loss) on:			
Translation of the net investment in U.S. subsidiaries	$ 419	$ —	$ 419
Translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries (Note 19)	(479)	64	(415)
Change in derivatives designated as cash flow hedges:			
Realized loss on cash flow hedges recognized in income	10	(3)	7
Unrealized gain on cash flow hedges and other	28	(8)	20
Change in pension and other benefits actuarial gains and losses	(447)	115	(332)
Change in prior service pension and other benefit costs	(2)	1	(1)
Other comprehensive loss	$ (471)	$ 169	$ (302)
For the year ended December 31, 2017			
Unrealized foreign exchange (loss) gain on:			
Translation of the net investment in U.S. subsidiaries	$ (295)	$ —	$ (295)
Translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries (Note 19)	319	(42)	277
Change in derivatives designated as cash flow hedges:			
Realized loss on cash flow hedges recognized in income	25	(6)	19
Unrealized loss on cash flow hedges and other	(6)	2	(4)
Change in pension and other benefits actuarial gains and losses	84	(20)	64
Change in prior service pension and other benefit costs	(4)	1	(3)
Other comprehensive income	$ 123	$ (65)	$ 58

The components of Accumulated other comprehensive loss, net of tax, are as follows:

(in millions of Canadian dollars)	**2019**	2018
Unrealized foreign exchange gain on translation of the net investment in U.S. subsidiaries	**$ 611**	$ 862
Unrealized foreign exchange loss on translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries	**(499)**	(749)
Net deferred losses on derivatives and other	**(54)**	(62)
Amounts for defined benefit pension and other post-retirement plans not recognized in income (Note 23)	**(2,580)**	(2,094)
Accumulated other comprehensive loss	**$ (2,522)**	$ (2,043)

Changes in Accumulated other comprehensive loss by component are as follows:

(in millions of Canadian dollars)	Foreign currency net of hedging activities[1]	Derivatives and other[1]	Pension and post-retirement defined benefit plans[1]	Total[1]
Opening balance, January 1, 2019	**$ 113**	**$ (62)**	**$ (2,094)**	**$ (2,043)**
Other comprehensive loss before reclassifications	**(1)**	**—**	**(550)**	**(551)**
Amounts reclassified from accumulated other comprehensive loss	**—**	**8**	**64**	**72**
Net current-period other comprehensive (loss) income	**(1)**	**8**	**(486)**	**(479)**
Closing balance, December 31, 2019	**$ 112**	**$ (54)**	**$ (2,580)**	**$ (2,522)**
Opening balance, January 1, 2018	$ 109	$ (89)	$ (1,761)	$ (1,741)
Other comprehensive income (loss) before reclassifications	4	19	(417)	(394)
Amounts reclassified from accumulated other comprehensive loss	—	8	84	92
Net current-period other comprehensive income (loss)	4	27	(333)	(302)
Closing balance, December 31, 2018	$ 113	$ (62)	$ (2,094)	$ (2,043)

[1] Amounts are presented net of tax.

Amounts in Pension and post-retirement defined benefit plans reclassified from Accumulated other comprehensive loss are as follows:

(in millions of Canadian dollars)	2019	2018
Amortization of prior service costs[1]	**$ —**	$ (2)
Recognition of net actuarial loss[1]	**84**	117
Total before income tax	**84**	115
Income tax recovery	**(20)**	(31)
Total net of income tax	**$ 64**	$ 84

[1] Impacts "Other components of net periodic benefit recovery" on the Consolidated Statements of Income.

9. Change in non-cash working capital balances related to operations

(in millions of Canadian dollars)	2019	2018	2017
Source (use) of cash:			
Accounts receivable, net	**$ 27**	$ (107)	$ (91)
Materials and supplies	**(8)**	(11)	9
Other current assets	**(24)**	30	(26)
Accounts payable and accrued liabilities	**(21)**	153	(30)
Change in non-cash working capital	**$ (26)**	$ 65	$ (138)

10. Accounts receivable, net

(in millions of Canadian dollars)	2019	2018
Freight	**$ 637**	$ 677
Non-freight	**210**	168
	847	845
Allowance for doubtful accounts	**(42)**	(30)
Total accounts receivable, net	**$ 805**	$ 815

The Company maintains an allowance for doubtful accounts based on expected collectability of accounts receivable. The Allowance for doubtful accounts is based on specific identification of uncollectable accounts, the application of historical percentages by aging category, and an assessment of the current economic environment.

11. Business combination

On December 30, 2019, CP acquired 100% of Central Maine & Québec Railway Canada Inc. ("CMQ Canada") and Central Maine & Québec Railway U.S. Inc. ("CMQ U.S.") (together "CMQ") for cash consideration of $174 million. CMQ owns 237 miles of rail lines in Québec and 244 miles of rail lines in Maine and Vermont.

CMQ Canada

The acquisition of CMQ Canada has been accounted for as a business combination under the acquisition method of accounting. The acquired tangible and intangible assets and assumed liabilities are recorded at their estimated fair values at the date of acquisition.

The purchase price allocation was prepared on a preliminary basis and is subject to change as additional information becomes available concerning the fair value and tax bases of the net assets acquired. Any adjustments to the purchase price allocation will be made as soon as practicable but no later than one year from the date of acquisition.

The following summarizes the estimated fair values of the acquired assets and liabilities of CMQ Canada:

(in millions of Canadian dollars)		**2019**
Fair value of net assets acquired:		
Accounts receivable, net	$	7
Properties		42
Intangible assets (Note 15)		5
Accounts payable and accrued liabilities		(2)
Long-term debt maturing within one year (Note 18)		(11)
Other long-term liabilities		(4)
Total identifiable assets and liabilities	$	37
Goodwill (Note 15)		10
	$	**47**
Consideration:		
Cash, net of cash acquired	**$**	**47**

The goodwill of $10 million relates primarily to expected operating business synergies. The factors that contribute to the goodwill are revenue growth from customers which are currently not served by CP, access to new routes and an assembled workforce. The goodwill recognized is not deductible for tax purposes.

CP has not provided pro forma information relating to the pre-acquisition period as it is not material.

CMQ U.S.

CP currently accounts for its $127 million cost of acquisition of CMQ U.S. using the equity method of accounting as the shares of CMQ U.S. are held in an independent voting trust while the United States Surface Transportation Board ("STB") considers the Company's control application (see Note 13). Subject to final approval of the transaction by the STB, the acquisition of CMQ U.S. will be accounted for as a business combination using the acquisition method of accounting.

12. Dispositions of properties

During the fourth quarter of 2018, the Company completed the sale of the Bass Lake railway line for gross proceeds of $37 million (U.S. $27 million). The company recorded a gain on sale of $35 million ($26 million after tax) within "Purchased services and other" from the transaction.

13. Investments

(in millions of Canadian dollars)	2019	2018
Investment in CMQ U.S. accounted for on an equity basis (Note 11)	**$ 127**	$ —
Other rail investments accounted for on an equity basis	**166**	160
Other investments	**48**	43
Total investments	**$ 341**	$ 203

14. Properties

(in millions of Canadian dollars except percentages)	2019	2019			2018		
	Weighted-average annual depreciation rate	**Cost**	**Accumulated depreciation**	**Net book value**	Cost	Accumulated depreciation	Net book value
Track and roadway	2.8%	**$ 19,299**	**$ 5,522**	**$ 13,777**	$ 18,599	$ 5,236	$ 13,363
Buildings	2.9%	**833**	**237**	**596**	781	218	563
Rolling stock	2.8%	**4,529**	**1,445**	**3,084**	4,467	1,613	2,854
Information systems software[1]	10.0%	**527**	**215**	**312**	551	252	299
Other	5.2%	**2,067**	**680**	**1,387**	1,984	645	1,339
Total		**$ 27,255**	**$ 8,099**	**$ 19,156**	$ 26,382	$ 7,964	$ 18,418

[1] During 2019, CP capitalized costs attributable to the design and development of internal-use software in the amount of $55 million (2018 – $53 million; 2017 – $49 million). Current year depreciation expense related to internal use software was $44 million (2018 – $49 million; 2017 – $55 million).

Finance leases included in properties

(in millions of Canadian dollars)	2019			2018		
	Cost	**Accumulated depreciation**	**Net book value**	Cost	Accumulated depreciation	Net book value
Buildings	**$ —**	**$ —**	**$ —**	$ 1	$ 1	$ —
Rolling stock	**303**	**130**	**173**	311	124	187
Other	**4**	**—**	**4**	—	—	—
Total assets held under finance lease	**$ 307**	**$ 130**	**$ 177**	$ 312	$ 125	$ 187

15. Goodwill and intangible assets

	Goodwill	Intangible assets			
(in millions of Canadian dollars)	Net carrying amount	Cost	Accumulated amortization	Net carrying amount	Total goodwill and intangible assets
Balance at December 31, 2017	$ 178	$ 22	$ (13)	$ 9	$ 187
Amortization	—	—	(1)	(1)	(1)
Foreign exchange impact	16	—	—	—	16
Balance at December 31, 2018	194	22	(14)	8	202
Additions (Note 11)	10	5	—	5	15
Amortization	—	—	(1)	(1)	(1)
Foreign exchange impact	(10)	—	—	—	(10)
Balance at December 31, 2019	**$ 194**	**$ 27**	**$ (15)**	**$ 12**	**$ 206**

16. Other assets

(in millions of Canadian dollars)	2019	2018
Operating lease ROU assets (Note 2, 21)	**$ 358**	$ —
Long-term materials	**41**	26
Contracted customer incentives	**32**	11
Prepaid leases	**—**	10
Other	**20**	24
Total other assets	**$ 451**	$ 71

17. Accounts payable and accrued liabilities

(in millions of Canadian dollars)	2019	2018
Trade payables	**$ 453**	$ 474
Accrued charges	**348**	360
Contract liabilities[1] (Note 3)	**142**	2
Income and other taxes payable	**139**	104
Accrued interest	**131**	135
Dividends payable	**114**	91
Stock-based compensation liabilities	**85**	53
Payroll-related accruals	**78**	78
Operating lease liabilities (Note 2, 21)	**69**	—
Accrued vacation	**60**	61
Personal injury and other claims provision	**55**	68
Provision for environmental remediation (Note 20)	**7**	8
Other[1]	**12**	15
Total accounts payable and accrued liabilities	**$ 1,693**	$ 1,449

[1] 2018 comparative period figures have been reclassified to conform with current presentation.

18. Debt

The following table outlines the Company's outstanding debt instruments and finance lease obligations as at December 31, 2019:

(in millions of Canadian dollars except percentages)			Maturity	Currency in which payable	2019	2018
7.250%	10-year Notes	(A)	May 2019	U.S.$	$ —	$ 477
9.450%	30-year Debentures	(A)	Aug 2021	U.S.$	**325**	341
5.100%	10-year Medium Term Notes	(A)	Jan 2022	CDN$	**125**	125
4.500%	10-year Notes	(A)	Jan 2022	U.S.$	**324**	339
4.450%	12.5-year Notes	(A)	Mar 2023	U.S.$	**454**	477
2.900%	10-year Notes	(A)	Feb 2025	U.S.$	**909**	955
3.700%	10.5-year Notes	(A)	Feb 2026	U.S.$	**324**	340
4.000%	10-year Notes	(A)	Jun 2028	U.S.$	**649**	682
3.150%	10-year Notes	(A)	Mar 2029	CDN$	**399**	—
7.125%	30-year Debentures	(A)	Oct 2031	U.S.$	**454**	477
5.750%	30-year Debentures	(A)	Mar 2033	U.S.$	**318**	334
4.800%	20-year Notes	(A)	Sep 2035	U.S.$	**388**	408
5.950%	30-year Notes	(A)	May 2037	U.S.$	**578**	607
6.450%	30-year Notes	(A)	Nov 2039	CDN$	**400**	400
5.750%	30-year Notes	(A)	Jan 2042	U.S.$	**319**	336
4.800%	30-year Notes	(A)	Aug 2045	U.S.$	**712**	748
6.125%	100-year Notes	(A)	Sep 2115	U.S.$	**1,169**	1,228
8.000%	5-year Promissory Notes	(B)	up to Jun 2020	U.S.$	**11**	—
5.41%	Senior Secured Notes	(C)	Mar 2024	U.S.$	**100**	113
6.91%	Secured Equipment Notes	(D)	Oct 2024	CDN$	**91**	106
7.49%	Equipment Trust Certificates	(E)	Jan 2021	U.S.$	**55**	57
Obligations under finance leases						
2.97%		(F)	Jun 2020	CDN$	**3**	—
6.99%		(F)	Mar 2022	U.S.$	**99**	104
6.57%		(F)	Dec 2026	U.S.$	**45**	52
12.77%		(F)	Jan 2031	CDN$	**4**	4
Commercial Paper				U.S.$	**516**	—
					8,771	8,710
Perpetual 4% Consolidated Debenture Stock		(G)		U.S.$	**39**	41
Perpetual 4% Consolidated Debenture Stock		(G)		G.B.£	**6**	6
					8,816	8,757
Unamortized fees on long-term debt					**(59)**	(61)
					8,757	8,696
Less: Long-term debt maturing within one year					**599**	506
					$ 8,158	$ 8,190

At December 31, 2019, the gross amount of long-term debt denominated in U.S. dollars was U.S. $6,016 million (2018 – U.S. $5,970 million).

Annual maturities and principal repayment requirements, excluding those pertaining to finance leases, for each of the five years following 2019 are (in millions): 2020 – $592; 2021 – $365; 2022 – $477; 2023 – $484; 2024 – $84.

Fees on long-term debt are amortized to income over the term of the related debt.

A. These debentures and notes are presented net of unamortized discounts, pay interest semi-annually, and are unsecured but carry a negative pledge.

In 2019, the Company repaid U.S. $350 million 7.250% 10-year Notes at maturity for a total of U.S. $350 million ($471 million). The Company also issued $400 million 3.150% 10-year Notes due March 13, 2029 for net proceeds of $397 million.

In 2018, the Company repaid U.S. $275 million 6.500% 10-year Notes at maturity for a total of U.S. $275 million ($352 million) and $375 million 6.250% 10-year Medium Term Notes at maturity for a total of $375 million. The Company also issued U.S. $500 million 4.000% 10-year Notes due June 1, 2028 for net proceeds of U.S. $495 million ($638 million). In conjunction with the issuance, the Company settled a notional U.S. $500 million of forward starting floating-to-fixed interest rate swap agreements ("forward starting swaps") for a payment of U.S. $19 million ($24 million) (see Note 19). This payment was included in cash provided by operating activities consistent with the location of the related hedged item on the Company's Consolidated Statements of Cash Flows.

B. On December 30, 2019, through its business combination with CMQ Canada, the Company assumed CMQ Canada's obligations under the 8.00% 5-year Promissory Notes totalling U.S. $8 million ($11 million) owing to CMQ U.S. (see Note 11).

C. The 5.41% Senior Secured Notes are collateralized by specific locomotive units with a carrying value of $102 million at December 31, 2019. The Company pays equal blended semi-annual payments of principal and interest. Final repayment of the remaining principal of U.S. $44 million is due in March 2024.

D. The 6.91% Secured Equipment Notes are full recourse obligations of the Company collateralized by a first charge on specific locomotive units with a carrying value of $59 million at December 31, 2019. The Company pays equal blended semi-annual payments of principal and interest. Final repayment of the remaining principal of $11 million is due in October 2024.

E. The 7.49% Equipment Trust Certificates are secured by specific locomotive units with a carrying value of $97 million at December 31, 2019. The Company makes semi-annual payments that vary in amount and are interest-only payments or blended principal and interest payments. Final repayment of the remaining principal of U.S. $11 million is due in January 2021.

F. The carrying value of the assets collateralizing finance lease obligations was $177 million at December 31, 2019.

G. The Consolidated Debenture Stock, authorized by an *Act of Parliament of 1889*, constitutes a first charge upon and over the whole of the undertaking, railways, works, rolling stock, plant, property and effects of the Company, with certain exceptions.

Credit facility

CP has a revolving credit facility (the "facility") agreement with 14 highly rated financial institutions for a commitment amount of U.S. $1.3 billion. The facility can accommodate draws of cash and/or letters of credit at market competitive pricing. The agreement requires the Company to maintain a financial covenant in conjunction with the facility. As at December 31, 2019 and 2018, the Company was in compliance with all terms and conditions of the credit facility arrangements and satisfied the financial covenant.

Effective September 27, 2019, the Company amended and restated its revolving credit facility agreement to, among other things, increase the total amount available to U.S. $1.3 billion (December 31, 2018 – U.S. $1.0 billion). The amended and restated revolving credit facility consists of a U.S. $1.0 billion tranche maturing September 27, 2024 (extended from June 28, 2023, previously) and a U.S. $300 million tranche maturing September 27, 2021.

As at December 31, 2019 and 2018, the facility was undrawn. The amount available under the terms of the credit facility was U.S. $1.3 billion at December 31, 2019 (December 31, 2018 – U.S. $1.0 billion).

The Company also has a commercial paper program which enables it to issue commercial paper up to a maximum aggregate principal amount of U.S. $1.0 billion in the form of unsecured promissory notes. This commercial paper program is backed by the revolving credit facility. As at December 31, 2019, the Company had total commercial paper borrowings of U.S. $397 million ($516 million), included in "Long-term debt maturing within one year" on the Company's Consolidated Balance Sheets (December 31, 2018 – $nil). The weighted-average interest rate on these borrowings was 2.03%. The Company presents issuances and repayments of commercial paper, all of which have a maturity of less than 90 days, in the Company's Consolidated Statements of Cash Flows on a net basis.

CP has bilateral letter of credit facilities with six highly rated financial institutions to support its requirement to post letters of credit in the ordinary course of business. Effective September 27, 2019, the Company reduced its bilateral letter of credit facilities to $300 million (December 31, 2018 – $600 million). Under these agreements, the Company has the option to post collateral in the form of cash or cash equivalents, equal at least to the face value of the letter of credit issued. These agreements permit CP to withdraw amounts posted as collateral at any time; therefore, the amounts posted as collateral are presented as "Cash and cash equivalents" on the Company's Consolidated Balance Sheets. As at December 31, 2019, under its bilateral letter of credit facilities, the Company had no collateral posted (December 31, 2018 – $nil) and letters of credit drawn of $80 million (December 31, 2018 – $60 million) from a total available amount of $300 million (December 31, 2018 – $600 million).

19. Financial instruments

A. Fair values of financial instruments

The Company categorizes its financial assets and liabilities measured at fair value into a three-level hierarchy established by GAAP that prioritizes those inputs to valuation techniques used to measure fair value based on the degree to which they are observable. The three levels of the fair value hierarchy are as follows: Level 1 inputs are quoted prices in active markets for identical assets and liabilities; Level 2 inputs, other than quoted prices included within Level 1, are observable for the asset or liability either directly or indirectly; and Level 3 inputs are not observable in the market.

The carrying values of financial instruments equal or approximate their fair values with the exception of long-term debt:

(in millions of Canadian dollars)		**December 31, 2019**		December 31, 2018
Long-term debt (including current maturities):				
Fair value	**$**	**10,149**	$	9,639
Carrying value		**8,757**		8,696

All long-term debt is classified as Level 2. The estimated fair value of current and long-term borrowings has been determined based on market information where available, or by discounting future payments of principal and interest at estimated interest rates expected to be available to the Company at period end.

B. Financial risk management

Derivative financial instruments

Derivative financial instruments may be used to selectively reduce volatility associated with fluctuations in interest rates, FX rates, the price of fuel, and stock-based compensation expense. Where derivatives are designated as hedging instruments, the relationship between the hedging instruments and their associated hedged items is documented, as well as the risk management objective and strategy for the use of the hedging instruments. This documentation includes linking the derivatives that are designated as fair value or cash flow hedges to specific assets or liabilities on the Company's Consolidated Balance Sheets, commitments, or forecasted transactions. At the time a derivative contract is entered into and at least quarterly thereafter, an assessment is made as to whether the derivative item is effective in offsetting the changes in fair value or cash flows of the hedged items. The derivative qualifies for hedge accounting treatment if it is effective in substantially mitigating the risk it was designed to address.

It is not the Company's intent to use financial derivatives or commodity instruments for trading or speculative purposes.

Credit risk management

Credit risk refers to the possibility that a customer or counterparty will fail to fulfill its obligations under a contract and as a result create a financial loss for the Company.

The railway industry predominantly serves financially established customers, and the Company has experienced limited financial losses with respect to credit risk. The credit worthiness of customers is assessed using credit scores supplied by a third party and through direct monitoring of their financial well-being on a continual basis. The Company establishes guidelines for customer credit limits and should thresholds in these areas be reached, appropriate precautions are taken to improve collectability.

Counterparties to financial instruments expose the Company to credit losses in the event of non-performance. Counterparties for derivative and cash transactions are limited to high credit quality financial institutions, which are monitored on an ongoing basis. Counterparty credit assessments are based on the financial health of the institutions and their credit ratings from external agencies. The Company does not anticipate non-performance that would materially impact the Company's financial statements. In addition, the Company believes there are no significant concentrations of credit risk.

FX management

The Company conducts business transactions and owns assets in both Canada and the United States. As a result, the Company is exposed to fluctuations in the value of financial commitments, assets, liabilities, income, or cash flows due to changes in FX rates. The Company may enter into FX risk management transactions primarily to manage fluctuations in the exchange rate between Canadian and U.S. currencies. FX exposure is primarily mitigated through natural offsets created by revenues, expenditures, and balance sheet positions incurred in the same currency. Where appropriate, the Company may negotiate with customers and suppliers to reduce the net exposure.

Net investment hedge

The FX gains and losses on long-term debt are mainly unrealized and can only be realized when U.S. dollar-denominated long-term debt matures or is settled. The Company also has long-term FX exposure on its investment in foreign subsidiaries with a U.S. dollar functional currency. The majority of the Company's U.S. dollar-denominated long-term debt has been designated as a hedge of the net investment in these foreign subsidiaries. This designation has the effect of mitigating volatility on Net income by offsetting long-term FX gains and losses on U.S. dollar-denominated long-term debt and gains and losses on its net investment. The effect of the net investment hedge recognized in "Other comprehensive (loss) income" in 2019 was an FX gain of $288 million, the majority of which was unrealized (2018 – unrealized loss of $479 million; 2017 – unrealized gain of $319 million) (see Note 8).

Interest rate management

The Company is exposed to interest rate risk, which is the risk that the fair value or future cash flows of a financial instrument will vary as a result of changes in market interest rates. In order to manage funding needs or capital structure goals, the Company enters into debt or finance lease agreements that are subject to either fixed market interest rates set at the time of issue or floating rates determined by ongoing market conditions. Debt subject to variable interest rates exposes the Company to variability in interest expense, while debt subject to fixed interest rates exposes the Company to variability in the fair value of debt.

To manage interest rate exposure, the Company accesses diverse sources of financing and manages borrowings in line with a targeted range of capital structure, debt ratings, liquidity needs, maturity schedule, and currency and interest rate profiles. In anticipation of future debt issuances, the Company may enter into forward rate agreements, that are designated as cash flow hedges, to substantially lock in all or a portion of the effective future interest expense. The Company may also enter into swap agreements, designated as fair value hedges, to manage the mix of fixed and floating rate debt.

Forward starting swaps

During the second quarter of 2018, the Company settled a notional amount of U.S. $500 million of forward starting swaps related to the U.S. $500 million 4.000% 10-year Notes issued in the same period. The fair value of these derivative instruments at the time of settlement was a loss of U.S. $19 million ($24 million). The Company no longer has any active forward starting swaps.

During the second quarter of 2017, the Company de-designated the hedging relationship for U.S. $700 million of forward starting swaps. The Company settled a notional amount of U.S. $200 million of forward starting swaps for a cash payment of U.S. $16 million ($22 million). The Company rolled the remaining notional amount of U.S. $500 million of forward starting swaps and did not cash settle these swaps. The impact of the U.S. $200 million settlement and U.S. $500 million roll of the forward starting swaps was a charge of $13 million to "Other (income) expense" on the Company's Consolidated Statements of Income. Concurrently, the Company re-designated the forward starting swaps totalling U.S. $500 million to fix the benchmark rate on cash flows associated with highly probable forecasted issuances of long-term notes.

The changes in fair value of the forward starting swaps for the year ended December 31, 2019 was $nil (2018 – gain of $31 million). This was recorded in "Accumulated other comprehensive loss", net of tax, and is being reclassified to "Net interest expense" on the Company's Consolidated Statements of Income until the underlying hedged notes are repaid.

For the year ended December 31, 2019, a net loss of $9 million related to previous forward starting swap hedges has been amortized to "Net interest expense" (2018 – loss of $10 million; 2017 – loss of $11 million). The Company expects that during the next 12 months, $9 million of net losses will be amortized to "Net interest expense".

Treasury rate locks

At December 31, 2019, the Company had net unamortized losses related to interest rate locks, which are accounted for as cash flow hedges, settled in previous years totalling $18 million (December 31, 2018 – $19 million). This amount is composed of various unamortized gains and losses related to specific debts which are reflected in "Accumulated other comprehensive loss" and are amortized to "Net interest expense" in the period that interest on the related debt is charged. The amortization of these gains and losses resulted in a $1 million increase to "Net interest expense" and "Other comprehensive (loss) income" in 2019 (2018 – $1 million; 2017 – $1 million). The Company expects that during the next 12 months, a net loss of $1 million related to these previously settled derivatives will be reclassified to "Net interest expense".

20. Other long-term liabilities

(in millions of Canadian dollars)		2019		2018
Operating lease liabilities, net of current portion (Note 2, 21)	$	285	$	—
Stock-based compensation liabilities, net of current portion		111		81
Provision for environmental remediation, net of current portion[1]		70		74
Deferred revenue on rights-of-way license agreements, net of current portion[2]		20		24
Deferred gains on sale leaseback transactions[2]		6		13
Other, net of current portion		70		45
Total other long-term liabilities	$	562	$	237

[1] As at December 31, 2019, the aggregate provision for environmental remediation, including the current portion was $77 million (2018 – $82 million).

[2] The deferred revenue on rights-of-way license agreements and deferred gains on sale leaseback transactions are being amortized to income on a straight-line basis over the related lease terms.

Environmental remediation accruals

Environmental remediation accruals cover site-specific remediation programs. The estimate of the probable costs to be incurred in the remediation of properties contaminated by past railway use reflects the nature of contamination at individual sites according to typical activities and scale of operations conducted. CP has developed remediation strategies for each property based on the nature and extent of the contamination, as well as the location of the property and surrounding areas that may be adversely affected by the presence of contaminants, considering available technologies, treatment and disposal facilities and the acceptability of site-specific plans based on the local regulatory environment. Site-specific plans range from containment and risk management of the contaminants through to the removal and treatment of the contaminants and affected soils and groundwater. The details of the estimates reflect the environmental liability at each property. Provisions for environmental remediation costs are recorded in "Other long-term liabilities", except for the current portion which is recorded in "Accounts payable and accrued liabilities" (see Note 17). Payments are expected to be made over 10 years to 2029.

The accruals for environmental remediation represent CP's best estimate of its probable future obligation and include both asserted and unasserted claims, without reduction for anticipated recoveries from third parties. Although the recorded accruals include CP's best estimate of all probable costs, CP's total environmental remediation costs cannot be predicted with certainty. Accruals for environmental remediation may change from time to time as new information about previously untested sites becomes known, environmental laws and regulations evolve and advances are made in environmental remediation technology. The accruals may also vary as the courts decide legal proceedings against outside parties responsible for contamination. These potential charges, which cannot be quantified at this time, may materially affect income in the particular period in which a charge is recognized. Costs related to existing, but as yet unknown, or future contamination will be accrued in the period in which they become probable and reasonably estimable. Changes to costs are reflected as changes to "Other long-term liabilities" or "Accounts payable and accrued liabilities" on the Company's Consolidated Balance Sheets and to "Purchased services and other" within operating expenses on the Company's Consolidated Statements of Income. The amount charged to income in 2019 was $6 million (2018 – $6 million; 2017 – $5 million).

21. Leases

The Company's leases have remaining terms of less than one year to 15 years, some include options to extend up to an additional 10 years, and some include options to terminate within one year.

Residual value guarantees are provided on certain rolling stock and vehicle operating leases. Cumulatively, these guarantees are limited to $2 million and are not included in lease liabilities as it is not currently probable that any amounts will be owed under these residual value guarantees.

The components of lease expense for the year ended December 31 are as follows:

(in millions of Canadian dollars)		**2019**
Operating lease cost	$	89
Short-term lease cost		10
Variable lease cost		13
Sublease income		(3)
Finance Lease Cost		
Amortization of right-of use-assets		9
Interest on lease liabilities		11
Total lease costs	**$**	**129**

Supplemental balance sheet information related to leases is as follows:

(in millions of Canadian dollars)	**Classification**		**2019**
Assets			
Operating	Other assets	$	358
Finance	Properties, net book value		177
Liabilities			
Current			
Operating	Accounts payable and accrued liabilities		69
Finance	Long-term debt maturing within one year		7
Long-term			
Operating	Other long-term liabilities		285
Finance	Long-term debt		144

The following table provides the Company's weighted-average remaining lease terms and discount rates:

	2019
Weighted-Average Remaining Lease Term	
Operating leases	7 years
Finance leases	4 years
Weighted-Average Discount Rate	
Operating leases	3.45%
Finance leases	7.07%

Supplemental information related to leases is as follows:

(in millions of Canadian dollars)	2019
Cash paid for amounts included in measurement of lease liabilities	
Operating cash outflows from operating leases	$ 82
Operating cash outflows from finance leases	10
Financing cash outflows from finance leases	6
Right-of-use assets obtained in exchange for lease liabilities	
Operating leases	38
Finance leases	4

The following table provides the maturities of lease liabilities for the next five years and thereafter as at December 31, 2019:

(in millions of Canadian dollars)	Finance Leases	Operating Leases
2020	$ 11	$ 80
2021	10	55
2022	108	51
2023	8	39
2024	9	40
Thereafter	21	130
Total lease payments	**167**	**395**
Imputed interest	(16)	(41)
Present value of lease payments	**$ 151**	**$ 354**

22. Shareholders' equity

Authorized and issued share capital

The Company is authorized to issue an unlimited number of Common Shares, an unlimited number of First Preferred Shares, and an unlimited number of Second Preferred Shares. At December 31, 2019, no First or Second Preferred Shares had been issued.

The following table summarizes information related to Common Share balances as at December 31:

(number of shares in millions)	2019	2018	2017
Share capital, January 1	**140.5**	144.9	146.3
CP Common Shares repurchased	**(3.8)**	(4.6)	(1.9)
Shares issued under stock option plan	**0.3**	0.2	0.5
Share capital, December 31	**137.0**	140.5	144.9

The change in the "Share capital" balance includes $7 million of stock-based compensation transferred from "Additional paid-in capital" (2018 – $12 million; 2017 – $12 million).

Share repurchases

On May 10, 2017, the Company announced a normal course issuer bid ("NCIB"), commencing May 15, 2017, to purchase up to 4.38 million Common Shares in the open market for cancellation on or before May 14, 2018. The Company completed this NCIB on May 10, 2018.

On October 19, 2018, the Company announced a NCIB, commencing October 24, 2018, to purchase up to 5.68 million Common Shares for cancellation on or before October 23, 2019. The Company completed this NCIB on October 23, 2019.

On December 17, 2019, the Company announced a new NCIB, commencing December 20, 2019, to purchase up to 4.80 million Common Shares for cancellation on or before December 19, 2020. As at December 31, 2019, the Company had purchased 0.30 million Common Shares for $100 million under this NCIB program.

All purchases were made in accordance with the respective NCIB at prevalent market prices plus brokerage fees, or such other prices that were permitted by the Toronto Stock Exchange, with consideration allocated to share capital up to the average carrying amount of the shares and any excess allocated to "Retained earnings".

The following table provides the activities under the share repurchase programs for each of the years ended December 31:

		2019		2018		2017
Number of Common Shares repurchased[1]		**3,794,149**		4,683,162		1,888,100
Weighted-average price per share[2]	**$**	**300.65**	$	240.68	$	201.53
Amount of repurchase (in millions)[2]	**$**	**1,141**	$	1,127	$	381

[1] Includes shares repurchased but not yet cancelled at year end.

[2] Includes brokerage fees.

23. Pensions and other benefits

The Company has both defined benefit ("DB") and defined contribution ("DC") pension plans. At December 31, 2019, the Canadian pension plans represent nearly all of total combined pension plan assets and nearly all of total combined pension plan obligations.

The DB plans provide for pensions based principally on years of service and compensation rates near retirement. Pensions for Canadian pensioners are partially indexed to inflation. Annual employer contributions to the DB plans, which are actuarially determined, are made on the basis of being not less than the minimum amounts required by federal pension supervisory authorities.

The Company has other benefit plans including post-retirement health and life insurance for pensioners, and post-employment long-term disability and workers' compensation benefits, which are based on Company-specific claims. At December 31, 2019, the Canadian other benefits plans represent nearly all of total combined other plan obligations.

The Audit and Finance Committee of the Board of Directors has approved an investment policy that establishes long-term asset mix targets which take into account the Company's expected risk tolerances. Pension plan assets are managed by a suite of independent investment managers, with the allocation by manager reflecting these asset mix targets. Most of the assets are actively managed with the objective of outperforming applicable benchmarks. In accordance with the investment policy, derivative instruments may be used by investment managers to hedge or adjust existing or anticipated exposures.

To develop the expected long-term rate of return assumption used in the calculation of net periodic benefit cost applicable to the market-related value of plan assets, the Company considers the expected composition of the plans' assets, past experience and future estimates of long-term investment returns. Future estimates of investment returns reflect the long-term return expectation for fixed income, public equity, real estate, infrastructure, private debt and absolute return investments and the expected added value (relative to applicable benchmark indices) from active management of pension fund assets.

The Company has elected to use a market-related value of assets for the purpose of calculating net periodic benefit cost, developed from a five years average of market values for the plans' public equity and absolute return investments (with each prior year's market value adjusted to the current date for assumed investment income during the intervening period) plus the market value of the plans' fixed income, real estate, infrastructure and private debt securities.

The benefit obligation is discounted using a discount rate that is a blended yield to maturity for a hypothetical portfolio of high-quality corporate debt instruments with cash flows matching projected benefit payments. The discount rate is determined by management.

Net periodic benefit cost

The elements of net periodic benefit cost for DB pension plans and other benefits recognized in the year include the following components:

	Pensions			Other benefits		
(in millions of Canadian dollars)	**2019**	2018	2017	**2019**	2018	2017
Current service cost (benefits earned by employees)	**$ 107**	$ 120	$ 103	**$ 11**	$ 12	$ 12
Other components of net periodic benefit cost (recovery):						
Interest cost on benefit obligation	**450**	438	451	**20**	19	20
Expected return on fund assets	**(947)**	(955)	(893)	**—**	—	—
Recognized net actuarial loss	**84**	114	153	**12**	2	(1)
Amortization of prior service costs	**(1)**	(2)	(5)	**1**	—	1
Total other components of net periodic benefit (recovery) cost	**(414)**	(405)	(294)	**33**	21	20
Net periodic benefit (recovery) cost	**$ (307)**	$ (285)	$ (191)	**$ 44**	$ 33	$ 32

Projected benefit obligation, fund assets, and funded status

Information about the Company's DB pension plans and other benefits, in aggregate, is as follows:

	Pensions		Other benefits	
(in millions of Canadian dollars)	**2019**	2018	**2019**	2018
Change in projected benefit obligation:				
Benefit obligation at January 1	**$ 11,372**	$ 11,679	**$ 501**	$ 518
Current service cost	**107**	120	**11**	12
Interest cost	**450**	438	**20**	19
Employee contributions	**41**	47	**—**	1
Benefits paid	**(646)**	(640)	**(34)**	(33)
Foreign currency changes	**(10)**	20	**—**	2
Actuarial loss (gain)	**1,296**	(292)	**43**	(18)
Projected benefit obligation at December 31	**$ 12,610**	$ 11,372	**$ 541**	$ 501

	Pensions		Other benefits	
(in millions of Canadian dollars)	**2019**	2018	**2019**	2018
Change in fund assets:				
Fair value of fund assets at January 1	**$ 12,349**	$ 12,808	**$ 4**	$ 4
Actual return on fund assets	**1,528**	82	**1**	—
Employer contributions	**53**	36	**34**	32
Employee contributions	**41**	47	**—**	1
Benefits paid	**(646)**	(640)	**(34)**	(33)
Foreign currency changes	**(6)**	16	**—**	—
Fair value of fund assets at December 31	**$ 13,319**	$ 12,349	**$ 5**	$ 4
Funded status – plan surplus (deficit)	**$ 709**	$ 977	**$ (536)**	$ (497)

The table below shows the aggregate pension projected benefit obligation and aggregate fair value of plan assets for pension plans with fair value of plan assets in excess of projected benefit obligations (i.e. surplus), and for pension plans with projected benefit obligations in excess of fair value of plan assets (i.e. deficit):

	2019		2018	
(in millions of Canadian dollars)	**Pension plans in surplus**	**Pension plans in deficit**	Pension plans in surplus	Pension plans in deficit
Projected benefit obligation at December 31	**$ (12,076)**	**$ (534)**	$ (10,884)	$ (488)
Fair value of fund assets at December 31	**13,079**	**240**	12,127	222
Funded Status	**$ 1,003**	**$ (294)**	$ 1,243	$ (266)

The DB pension plans' accumulated benefit obligation as at December 31, 2019 was $12,201 million (2018 – $10,981 million). The accumulated benefit obligation is calculated on a basis similar to the projected benefit obligation, except no future salary increases are assumed in the projection of future benefits. For pension plans with accumulated benefit obligations in excess of fair value of plan assets (i.e. deficit), the aggregate pension accumulated benefit obligation as at December 31, 2019 was $419 million (2018 – $395 million) and the aggregate fair value of plan assets as at December 31, 2019 was $186 million (2018 – $180 million).

All Other benefits plans were in a deficit position at December 31, 2019 and 2018.

Pension asset and liabilities in the Company's Consolidated Balance Sheets

Amounts recognized in the Company's Consolidated Balance Sheets are as follows:

	Pensions		Other benefits	
(in millions of Canadian dollars)	**2019**	2018	**2019**	2018
Pension asset	**$ 1,003**	$ 1,243	**$ —**	$ —
Accounts payable and accrued liabilities	**(11)**	(11)	**(34)**	(34)
Pension and other benefit liabilities	**(283)**	(255)	**(502)**	(463)
Total amount recognized	**$ 709**	$ 977	**$ (536)**	$ (497)

The measurement date used to determine the plan assets and the accrued benefit obligation is December 31. The most recent actuarial valuation for pension funding purposes for the Company's main Canadian pension plan was performed as at January 1, 2019. During 2020, the Company expects to file with the pension regulator a new valuation performed as at January 1, 2020.

Accumulated other comprehensive loss

Amounts recognized in accumulated other comprehensive loss are as follows:

	Pensions		Other benefits	
(in millions of Canadian dollars)	**2019**	2018	**2019**	2018
Net actuarial loss:				
Other than deferred investment gains	**$ 3,434**	$ 2,233	**$ 91**	$ 61
Deferred investment gains	**41**	611	**—**	—
Prior service cost	**1**	—	**1**	2
Deferred income tax	**(964)**	(797)	**(24)**	(16)
Total (Note 8)	**$ 2,512**	$ 2,047	**$ 68**	$ 47

The unamortized actuarial loss and the unamortized prior service cost included in "Accumulated other comprehensive loss" that are expected to be recognized in net periodic benefit cost during 2020 are a cost of $176 million and a recovery of $1 million, respectively, for pensions and costs of $3 million and $nil, respectively, for other post-retirement benefits.

Actuarial assumptions

Weighted-average actuarial assumptions used were approximately:

(percentages)	2019	2018	2017
Benefit obligation at December 31:			
Discount rate	**3.25**	4.01	3.80
Projected future salary increases	**2.75**	2.75	2.75
Health care cost trend rate	**5.50** [1]	6.00 [1]	7.00 [2]
Benefit cost for year ended December 31:			
Discount rate	**4.01**	3.80	4.02
Expected rate of return on fund assets [3]	**7.50**	7.75	7.75
Projected future salary increases	**2.75**	2.75	2.75
Health care cost trend rate	**6.00** [1]	7.00 [2]	7.00 [2]

[1] The health care cost trend rate was assumed to be 6.00% in 2019, is assumed to be 5.50% in 2020 and 5.00% per year in 2021 and thereafter.

[2] The health care cost trend rate was previously assumed to be 7.00% in 2017 and 2018, and then decreasing by 0.50% per year to an ultimate rate of 5.00% per year in 2022 and thereafter.

[3] The expected rate of return on fund assets that will be used to compute the 2020 net periodic benefit credit is 7.25%.

Assumed health care cost trend rates affect the amounts reported for the health care plans. A one-percentage-point increase in the assumed health care cost trend rate would increase the post-retirement benefit obligation by $5 million, and a one-percentage-point decrease in the assumed health care cost trend rate would decrease the post-retirement benefit obligation by $5 million. A one-percentage-point increase or decrease in the assumed health care cost trend rate would have no material effect on the total of service and interest costs.

Plan assets

Plan assets are recorded at fair value. The major asset categories are public equity securities, fixed income securities, real estate, infrastructure, absolute return investments and private debt. The fair values of the public equity and fixed income securities are primarily based on quoted market prices. Real estate and infrastructure values are based on the value of each fund's assets as calculated by the fund manager, generally using third party appraisals or discounted cash flow analysis and taking into account current market conditions and recent sales transactions where practical and appropriate. Private debt values are based on the value of each fund's assets as calculated by the fund manager taking into account current market conditions and reviewed annually by external parties. Absolute return investments are a portfolio of units of externally managed hedge funds and are valued by the fund administrators.

The Company's pension plan asset allocation, the weighted average asset allocation targets and the weighted average policy range for each major asset class at year end, were as follows:

			Percentage of plan assets at December 31	
Asset allocation (percentage)	Asset allocation target	Policy range	**2019**	2018
Cash and cash equivalents	**1.2**	**0 – 10**	**0.9**	1.1
Fixed income	**24.1**	**20 – 40**	**24.6**	25.6
Public equity	**45.1**	**35 – 55**	**54.5**	50.2
Real estate and infrastructure	**9.8**	**4 – 13**	**6.8**	7.7
Private debt	**9.8**	**4 – 13**	**2.4**	1.3
Absolute return	**10.0**	**4 – 13**	**10.8**	14.1
Total	**100.0**		**100.0**	100.0

Summary of the assets of the Company's DB pension plans

The following is a summary of the assets of the Company's DB pension plans at December 31, 2019 and 2018. As of December 31, 2019 and 2018, there were no plan assets classified as Level 3 valued investments.

	Assets Measured at Fair Value			
(in millions of Canadian dollars)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Investments measured at NAV[1]	Total Plan Assets
December 31, 2019				
Cash and cash equivalents	$ 112	$ —	$ —	$ 112
Fixed income				
Government bonds[2]	233	1,857	—	2,090
Corporate bonds[2]	273	819	—	1,092
Mortgages[3]	159	5	—	164
Public equities				
Canada	1,351	—	—	1,351
U.S. and international	5,883	22	—	5,905
Real estate[4]	—	—	724	724
Infrastructure[5]	—	—	187	187
Private debt[6]	—	—	313	313
Derivative instruments[7]	—	(59)	—	(59)
Absolute return[8]				
Funds of hedge funds	—	—	1,418	1,418
Multi-strategy funds	—	—	22	22
	$ 8,011	**$ 2,644**	**$ 2,664**	**$ 13,319**
December 31, 2018				
Cash and cash equivalents	$ 127	$ 12	$ —	$ 139
Fixed income				
Government bonds[2]	101	1,281	—	1,382
Corporate bonds[2]	128	1,606	—	1,734
Mortgages[3]	41	—	—	41
Public equities				
Canada	1,287	—	—	1,287
U.S. and international	4,892	24	—	4,916
Real estate[4]	—	—	697	697
Infrastructure[5]	—	—	259	259
Private debt[6]	—	—	162	162
Derivative instruments[7]	—	(7)	—	(7)
Absolute return[8]				
Funds of hedge funds	—	—	1,189	1,189
Multi-strategy funds	—	—	286	286
Credit funds	—	—	32	32
Equity funds	—	—	232	232
	$ 6,576	$ 2,916	$ 2,857	$ 12,349

(1) Investments measured at net asset value ("NAV"):

Amounts are comprised of certain investments measured using NAV (or its equivalent) as a practical expedient. These investments have not been classified in the fair value hierarchy.

(2) Government & Corporate Bonds:

Fair values for bonds are based on market prices supplied by independent sources as of the last trading day.

(3) Mortgages:

The fair values of mortgages are based on current market yields of financial instruments of similar maturity, coupon and risk factors.

(4) Real estate:

Real estate fund values are based on the NAV of the funds that invest directly in real estate investments. The values of the investments have been estimated using the capital accounts representing the plan's ownership interest in the funds. Of the total, $606 million is subject to redemption frequencies ranging from monthly to annually and a redemption notice period of 90 days (2018 – $583 million). The remaining $118 million is not subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying real estate investments (2018 – $114 million). As at December 31, 2019, there are $35 million of unfunded commitments for real estate investments (December 31, 2018 – $38 million).

(5) Infrastructure:

Infrastructure fund values are based on the NAV of the funds that invest directly in infrastructure investments. The values of the investments have been estimated using the capital accounts representing the plans' ownership interest in the funds. Of the total, $119 million is subject to redemption frequencies ranging from monthly to annually and a redemption notice period of 90 days (2018 – $130 million). The remaining $68 million is not subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying infrastructure investments (2018 – $129 million).

(6) Private debt:

Private debt fund values are based on the NAV of the funds that invest directly in private debt investments. The values of the investments have been estimated using the capital accounts representing the plans' ownership interest in the funds. Of the total, $154 million is subject to redemption frequencies ranging from monthly to annually and a redemption notice period of 90 days (2018 – $162 million). The remaining $159 million is not subject to redemption and is normally returned through distributions as a result of the repayment of the underlying loans (2018 – $nil). As at December 31, 2019, there are $392 million of unfunded commitments for private debt investments (December 31, 2018 – $608 million).

(7) Derivatives:

The investment managers may utilize the following derivative instruments: equity futures to replicate equity index returns (Level 2); currency forwards to partially hedge foreign currency exposures (Level 2); bond forwards to reduce asset/liability interest rate risk exposures (Level 2); interest rate swaps to manage duration and interest rate risk (Level 2); credit default swaps to manage credit risk (Level 2); and options to manage interest rate risk and volatility (Level 2). The Company may utilize derivatives directly, but only for the purpose of hedging foreign currency exposures. As at December 31, 2019, there are currency forwards with a notional value of $334 million (December 31, 2018 – $1,226 million) and a fair value of $13 million (December 31, 2018 – $(7) million). The fixed income investment manager utilizes a portfolio of bond forwards for the purpose of reducing asset/liability interest rate exposure. As at December 31, 2019, there are bond forwards with a notional value of $3,269 million and a negative fair value of $72 million (December 31, 2018 – $nil).

(8) Absolute return:

The value of absolute return fund investments is based on the NAV reported by the fund administrators. The funds have different redemption policies with redemption notice periods varying from 60 to 95 days and frequencies ranging from monthly to triennially.

Additional plan assets information

The Company's primary investment objective for pension plan assets is to achieve a long–term return, net of all fees and expenses, that is sufficient for the plan's assets to satisfy the current and future obligations to plan beneficiaries, while minimizing the financial impact on the Company. In identifying the asset allocation ranges, consideration was given to the long-term nature of the underlying plan liabilities, the solvency and going-concern financial position of the plan, long-term return expectations and the risks associated with key asset classes as well as the relationships of returns on key asset classes with each other, inflation and interest rates. When advantageous and with due consideration, derivative instruments may be utilized by investment managers, provided the total value of the underlying assets represented by financial derivatives (excluding currency forwards, liability hedging derivatives in fixed income portfolios and derivatives held by absolute return funds) is limited to 30% of the market value of the fund.

The funded status of the plans is exposed to fluctuations in interest rates, which affects the relative values of the plans' liabilities and assets. In order to mitigate interest rate risk, the Company's main Canadian defined benefit pension plan utilizes a liability driven investment strategy in its fixed income portfolio, which uses a combination of long duration bonds and derivatives to hedge interest rate risk, managed by the investment manager. At December 31, 2019, the plan's solvency funded position was 45% hedged against interest rate risk (2018 – 11%).

When investing in foreign securities, the plans are exposed to foreign currency risk; the effect of which is included in the valuation of the foreign securities. At December 31, 2019, the plans were 39% exposed to the U.S. dollar net of currency forwards (41% excluding the currency forwards), 6% exposed to the Euro, and 14% exposed to various other currencies. At December 31, 2018, the plans were 33% exposed to the U.S. dollar net of currency forwards (43% excluding the currency forwards), 4% exposed to the Euro, and 13% exposed to various other currencies.

At December 31, 2019, fund assets consisted primarily of listed stocks and bonds, including 119,758 of the Common Shares (2018 – 86,084) at a market value of $40 million (2018 – $21 million) and Unsecured Notes issued by the Company at a par value of $nil (2018 – $1 million) and a market value of $nil (2018 – $1 million).

Estimated future benefit payments

The estimated future DB pension and other benefit payments to be paid by the plans for each of the next five years and the subsequent five-year period are as follows:

(in millions of Canadian dollars)	Pensions	Other benefits
2020	$ 620	$ 34
2021	623	32
2022	627	31
2023	630	30
2024	633	30
2025 – 2029	3,203	144

The benefit payments from the Canadian registered and U.S. qualified DB pension plans are payable from their respective pension funds. Benefit payments from the supplemental pension plan and from the other benefits plans are payable directly from the Company.

Defined contribution plan

Canadian non-unionized employees hired prior to July 1, 2010 had the option to participate in the Canadian DC plan. All Canadian non-unionized employees hired after such date must participate in this plan. Employee contributions are based on a percentage of salary. The Company matches employee contributions to a maximum percentage each year.

Effective July 1, 2010, a new U.S. DC plan was established. All U.S. non-unionized employees hired after such date must participate in this plan. Employees do not contribute to the plan. The Company annually contributes a percentage of salary.

The DC plans provide a pension based on total employee, where appropriate, and employer contributions plus investment income earned on those contributions.

In 2019, the net cost of the DC plans, which generally equals the employer's required contribution, was $11 million (2018 – $10 million; 2017 – $9 million).

Contributions to multi-employer plans

Some of the Company's unionized employees in the U.S. are members of a U.S. national multi-employer benefit plan. Contributions made by the Company to this plan in 2019 in respect of post-retirement medical benefits were $3 million (2018 – $3 million; 2017 – $5 million).

24. Stock-based compensation

At December 31, 2019, the Company had several stock-based compensation plans including stock option plans, various cash-settled liability plans, and an employee share purchase plan. These plans resulted in an expense of $133 million in 2019 (2018 – $75 million; 2017 – $35 million).

Effective January 31, 2017, Mr. E. Hunter Harrison resigned from all positions held by him at the Company, including as the Company's Chief Executive Officer and as a member of the Board of Directors of the Company. In connection with Mr. Harrison's resignation, the Company entered into a separation agreement with Mr. Harrison. Under the terms of the separation agreement, the Company agreed to a limited waiver of Mr. Harrison's non-competition and non-solicitation obligations.

Effective January 31, 2017, pursuant to the separation agreement, Mr. Harrison forfeited certain pension and post-retirement benefits and agreed to the surrender for cancellation of 22,514 PSUs, 68,612 DSUs, and 752,145 stock options. As a result of this agreement, the Company recognized a recovery of $51 million in "Compensation and benefits" in the first quarter of 2017. Of this amount, $27 million related to a recovery from cancellation of certain pension benefits.

A. Stock option plan

The following table summarizes the Company's stock option plan as at December 31, 2019:

	Options outstanding		Non-vested options	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average grant date fair value
Outstanding, January 1, 2019	1,533,598	$ 176.02	714,102	$ 48.94
Granted	224,730	$ 269.99	224,730	$ 63.69
Exercised	(334,127)	$ 125.12	N/A	N/A
Vested	N/A	N/A	(169,193)	$ 47.59
Forfeited	(7,855)	$ 234.59	(7,855)	$ 54.75
Outstanding, December 31, 2019	1,416,346	$ 199.12	761,784	$ 53.54
Vested or expected to vest at December 31, 2019[1]	1,385,626	$ 197.89	N/A	N/A
Exercisable, December 31, 2019	654,562	$ 162.59	N/A	N/A

[1] As at December 31, 2019, the weighted-average remaining term of vested or expected to vest options was 4.9 years with an aggregate intrinsic value of $184 million.

The following table provides the number of stock options outstanding and exercisable as at December 31, 2019 by range of exercise price and their related intrinsic aggregate value, and for options outstanding, the weighted-average years to expiration. The table also provides the aggregate intrinsic value for in-the-money stock options, which represents the amount that would have been received by option holders had they exercised their options on December 31, 2019 at the Company's closing stock price of $331.03.

	Options outstanding				Options exercisable		
Range of exercise prices	Number of options	Weighted-average years to expiration	Weighted-average exercise price	Aggregate intrinsic value (millions)	Number of options	Weighted-average exercise price	Aggregate intrinsic value (millions)
$51.17 – $167.50	354,357	4.1	$ 123.00	$ 74	303,455	$ 116.84	$ 65
$167.51 – $197.05	355,040	4.1	$ 188.53	$ 51	135,532	$ 175.30	$ 21
$197.06– $247.87	376,654	4.8	$ 222.75	$ 41	215,465	$ 218.98	$ 24
$247.88 – $313.16	330,295	5.9	$ 265.23	$ 22	110	$ 260.52	$ —
Total[1]	1,416,346	4.7	$ 199.12	$ 187	654,562	$ 162.59	$ 110

[1] As at December 31, 2019, the total number of in-the-money stock options outstanding was 1,416,346 with a weighted-average exercise price of $199.12. The weighted-average years to expiration of exercisable stock options is 4.2 years.

Pursuant to the employee plan, options may be exercised upon vesting, which is between 12 months and 48 months after the grant date, and will expire after seven years. Certain stock options granted in 2019 and 2018 vest upon the achievement of specific performance criteria. Under the fair value method, the fair value of the stock options at grant date was approximately $14 million for options issued in 2019 (2018 – $16 million; 2017 – $17 million). The weighted-average fair value assumptions were approximately:

	2019	2018	2017
Expected option life (years)[1]	**5.00**	5.00	5.48
Risk-free interest rate[2]	**2.22%**	2.22%	1.85%
Expected stock price volatility[3]	**25.04%**	24.81%	26.94%
Expected annual dividends per share[4]	**$ 2.6191**	$ 2.3854	$ 2.0010
Expected forfeiture rate[5]	**6.05%**	4.70%	2.80%
Weighted-average grant date fair value of options granted during the year	**$ 63.69**	$ 55.63	$ 45.78

[1] Represents the period of time that awards are expected to be outstanding. Historical data on exercise behaviour or, when available, specific expectations regarding future exercise behaviour were used to estimate the expected life of the option.

[2] Based on the implied yield available on zero-coupon government issues with an equivalent term commensurate with the expected term of the option.

[3] Based on the historical volatility of the Company's stock price over a period commensurate with the expected term of the option.

[4] Determined by the current annual dividend at the time of grant. The Company does not employ different dividend yields throughout the contractual term of the option. On May 6, 2019, the Company announced an increase in its quarterly dividend to $0.8300 per share, representing $3.3200 on an annual basis.

[5] The Company estimates forfeitures based on past experience. The rate is monitored on a periodic basis.

In 2019, the expense for stock options (regular and performance) was $14 million (2018 – $10 million; 2017 – $3 million). At December 31, 2019, there was $14 million of total unrecognized compensation related to stock options which is expected to be recognized over a weighted-average period of approximately 1.3 years.

The total fair value of shares vested for the stock option plan during 2019 was $8 million (2018 – $11 million; 2017 – $14 million).

The following table provides information related to all options exercised in the stock option plan during the years ended December 31:

(in millions of Canadian dollars)	**2019**	2018	2017
Total intrinsic value	**$ 63**	$ 17	$ 36
Cash received by the Company upon exercise of options	**26**	24	45

B. Other share-based plans

Performance share unit plan

During 2019, the Company issued 134,260 PSUs with a grant date fair value of approximately $36 million. These units attract dividend equivalents in the form of additional units based on the dividends paid on the Company's Common Shares. PSUs vest and are settled in cash or in CP Common Shares, approximately three years after the grant date, contingent upon CP's performance ("performance factor"). The fair value of these PSUs is measured periodically until settlement, using either a lattice-based valuation model or a Monte Carlo simulation model.

The performance period for 133,681 PSUs issued in 2019 is January 1, 2019 to December 31, 2021, and the performance factors for these PSUs are Return on Invested Capital ("ROIC"), Total Shareholder Return ("TSR") compared to the S&P/TSX 60 Index, and TSR compared to Class I railways. The performance factors for the remaining 579 PSUs are annual revenue for the fiscal year 2020, diluted earnings per share for the fiscal year 2020, and share price appreciation.

The performance period for 125,280 PSUs issued in 2018 is January 1, 2018 to December 31, 2020, and the performance factors for these PSUs are ROIC, TSR compared to the S&P/TSX Capped Industrial Index, and TSR compared to S&P 1500 Road and Rail Index. The performance factors for the remaining 36,975 PSUs are annual revenue for the fiscal year 2020, diluted earnings per share for the fiscal year 2020, and share price appreciation.

The performance period for PSUs issued in 2017 was January 1, 2017 to December 31, 2019, and the performance factors for these PSUs were ROIC, TSR compared to the S&P/TSX Capped Industrial Index, and TSR compared to S&P 1500 Road and Rail Index. The resulting estimated payout was 193% on 121,098 total outstanding awards representing a total fair value of $75 million at December 31, 2019, calculated using the Company's average share price using the last 30 trading days preceding December 31, 2019.

The performance period for PSUs issued in 2016 was January 1, 2016 to December 31, 2018, and the performance factors for these PSUs were Operating ratio, ROIC, TSR compared to the S&P/TSX 60 Index, and TSR compared to Class I railways. The resulting payout was 177% of the outstanding units multiplied by the Company's average share price that was calculated using the last 30 trading days preceding December 31, 2018. In the first quarter of 2019, payouts occurred on the total outstanding awards, including dividends reinvested, totalling $54 million on 117,228 outstanding awards.

The following table summarizes information related to the Company's PSUs as at December 31:

	2019	2018
Outstanding, January 1	**395,048**	334,028
Granted	**134,260**	162,255
Units, in lieu of dividends	**4,032**	3,643
Settled	**(117,228)**	(66,243)
Forfeited	**(12,976)**	(38,635)
Outstanding, December 31	**403,136**	395,048

In 2019, the expense for PSUs was $89 million (2018 – $54 million; 2017 – $30 million). At December 31, 2019, there was $42 million of total unrecognized compensation related to PSUs which is expected to be recognized over a weighted-average period of approximately 1.5 years.

Deferred share unit plan

The Company established the DSU plan as a means to compensate and assist in attaining share ownership targets set for certain key employees and Directors. A DSU entitles the holder to receive, upon redemption, a cash payment equivalent to the Company's average share price using the 10 trading days prior to redemption. DSUs vest over various periods of up to 48 months and are only redeemable for a specified period after employment is terminated.

Senior managers may elect to receive DSUs in lieu of annual bonus cash payments in the bonus deferral program. In addition, senior managers will be granted a 25% company match of DSUs when deferring cash to DSUs to meet ownership targets. The election to receive eligible payments in DSUs is no longer available to a participant when the value of the participant's DSUs is sufficient to meet the Company's stock ownership guidelines. Senior managers have five years to meet their ownership targets.

The expense for DSUs is recognized over the vesting period for both the initial subscription price and the change in value between reporting periods.

The following table summarizes information related to the DSUs as at December 31:

	2019	2018
Outstanding, January 1	**152,760**	156,547
Granted	**19,912**	16,481
Units, in lieu of dividends	**1,608**	1,551
Settled	**(12,110)**	(20,072)
Forfeited	**(951)**	(1,747)
Outstanding, December 31	**161,219**	152,760

During 2019, the Company granted 19,912 DSUs with a grant date fair value of approximately $5 million. In 2019, the expense for DSUs was $20 million (2018 – $4 million expense; 2017 – $3 million recovery). At December 31, 2019, there was $0.7 million of total unrecognized compensation related to DSUs which is expected to be recognized over a weighted-average period of approximately 1.2 years.

Summary of share-based liabilities paid

The following table summarizes the total share-based liabilities paid for each of the years ended December 31:

(in millions of Canadian dollars)	**2019**	2018	2017
Plan			
PSUs	**$ 54**	$ 30	$ 31
DSUs	**4**	6	6
Other	**—**	1	2
Total	**$ 58**	$ 37	$ 39

C. Employee share purchase plan

The Company has an employee share purchase plan whereby both employee and the Company contributions are used to purchase shares on the open market for employees. The Company's contributions are expensed over the one year vesting period. Under the plan, the Company matches $1 for every $3 contributed by employees up to a maximum employee contribution of 6% of annual salary.

The total number of shares purchased in 2019 on behalf of participants, including the Company's contributions, was 137,942 (2018 – 118,865; 2017 – 130,041). In 2019, the Company's contributions totalled $8 million (2018 – $6 million; 2017 – $5 million) and the related expense was $6 million (2018 – $5 million; 2017 – $4 million).

25. Variable interest entities

The Company leases equipment from certain trusts, which have been determined to be variable interest entities financed by a combination of debt and equity provided by unrelated third parties. The lease agreements, which are classified as operating leases, have fixed price purchase options which create the Company's variable interests and result in the trusts being considered variable interest entities.

Maintaining and operating the leased assets according to specific contractual obligations outlined in the terms of the lease agreements and industry standards is the Company's responsibility. The rigour of the contractual terms of the lease agreements and industry standards are such that the Company has limited

discretion over the maintenance activities associated with these assets. As such, the Company concluded these terms do not provide the Company with the power to direct the activities of the variable interest entities in a way that has a significant impact on the entities' economic performance.

The financial exposure to the Company as a result of its involvement with the variable interest entities is equal to the fixed lease payments due to the trusts. In 2019, lease payments after tax were $15 million. Future minimum lease payments, before tax, of $138 million will be payable over the next 11 years.

The Company does not guarantee the residual value of the assets to the lessor; however, it must deliver to the lessor the assets in good operating condition, subject to normal wear and tear, at the end of the lease term.

As the Company's actions and decisions do not significantly affect the variable interest entities' performance, and the Company's fixed price purchase option is not considered to be potentially significant to the variable interest entities, the Company is not considered to be the primary beneficiary, and does not consolidate these variable interest entities.

Additionally, the Company is the sole beneficiary of an independent voting trust that holds 100% of the equity interest in CMQ U.S. The trust is governed by a single trustee who is responsible for all day-to-day decisions of CMQ U.S. The Company has no substantive participating or kick-out rights and therefore lacks the power to direct the activities of CMQ U.S. As a result, CMQ U.S. is considered to be a variable interest entity, however, the Company is not considered to be the primary beneficiary and, therefore, does not consolidate this variable interest entity.

26. Commitments and contingencies

In the normal course of its operations, the Company becomes involved in various legal actions, including claims relating to injuries and damage to property. The Company maintains provisions it considers to be adequate for such actions. While the final outcome with respect to actions outstanding or pending at December 31, 2019 cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the Company's business, financial position or results of operations. However, an unexpected adverse resolution of one or more of these legal actions could have a material adverse effect on the Company's business, financial position, results of operations or liquidity in a particular quarter or fiscal year.

Commitments

At December 31, 2019, the Company had committed to total future capital expenditures amounting to $664 million and operating expenditures relating to supplier purchase obligations, such as locomotive maintenance and overhaul agreements, as well as agreements to purchase other goods and services amounting to approximately $3.1 billion for the years 2020–2032, of which CP estimates approximately $2.7 billion will be incurred in the next five years.

Commitments related to leases, including minimum annual payments for the next five years and thereafter, are included in Note 21.

Legal proceedings related to Lac-Mégantic rail accident

On July 6, 2013, a train carrying petroleum crude oil operated by Montréal Maine and Atlantic Railway ("MMAR") or a subsidiary, Montréal Maine & Atlantic Canada Co. ("MMAC" and collectively the "MMA Group"), derailed in Lac-Mégantic, Québec. The derailment occurred on a section of railway owned and operated by the MMA Group and while the MMA Group had custody and control of the train.

Following the derailment, MMAC sought court protection in Canada under the *Companies' Creditors Arrangement Act* and MMAR filed for bankruptcy in the U.S. Plans of arrangement were approved in both Canada and the U.S. (the "Plans"), providing for the distribution of approximately $440 million amongst those claiming derailment damages.

A number of legal proceedings, set out below, were commenced in Canada and the U.S. against CP and others:

(1) Québec's Minister of Sustainable Development, Environment, Wildlife and Parks ordered various parties, including CP, to clean up the derailment site and served CP with a Notice of Claim for $95 million for those cleanup costs. CP appealed the cleanup order and contested the Notice of Claim with the Administrative Tribunal of Québec. These proceedings are stayed pending determination of the Attorney General of Québec ("AGQ") action (paragraph 2 below).

(2) The AGQ sued CP in the Québec Superior Court claiming $409 million in damages, which was amended and reduced to $315 million (the "AGQ Action"). The AGQ Action alleges that: (i) CP exercised custody or control over the petroleum crude oil until its delivery to Irving Oil and was negligent in that custody and control; and (ii) CP is vicariously liable for the acts and omissions of the MMA Group.

(3) A class action in the Québec Superior Court on behalf of persons and entities residing in, owning or leasing property in, operating a business in, or physically present in Lac-Mégantic at the time of the derailment was certified against CP on May 8, 2015 (the "Class Action"). Other defendants including MMAC and, Mr. Thomas Harding ("Harding") were added to the Class Action on January 25, 2017. The Class Action seeks unquantified damages, including for wrongful death, personal injury, and property damage.

(4) Eight subrogated insurers sued CP in the Québec Superior Court claiming approximately $16 million in damages, which was amended and reduced to $14 million (the "Promutuel Action"), and two additional subrogated insurers sued CP claiming approximately $3 million in damages (the "Royal Action"). Both actions contain similar allegations as the AGQ Action. The actions do not identify the subrogated parties, and therefore overlap with the claims process under the Plans is unclear. The Royal Action is stayed pending determination of the consolidated proceedings described below.

On December 11, 2017, the AGQ Action, the Class Action and the Promutuel Action were consolidated. These consolidated claims are currently scheduled for a joint liability trial commencing September 28, 2020, followed by a damages trial, if necessary.

(5) Forty-eight plaintiffs (all individual claims joined in one action) sued CP, MMAC and Harding in the Québec Superior Court claiming approximately U.S. $5 million in damages for economic loss and pain and suffering, and asserting similar allegations as in the Class Action and the AGQ Action. The plaintiffs opted-out of the Class Action and all but two are also plaintiffs in litigation against CP, described in paragraph 7 below. This action is stayed pending determination of the consolidated claims described above.

(6) The MMAR U.S. estate representative commenced an action against CP in November 2014 in the Maine Bankruptcy Court claiming that CP failed to abide by certain regulations and seeking damages for MMAR's loss in business value (as yet unquantified). This action asserts that CP knew or ought to have known that the shipper misclassified the petroleum crude oil and therefore should have refused to transport it.

(7) The class and mass tort action commenced against CP in June 2015 in Texas (on behalf of Lac-Mégantic residents and wrongful death representatives) and the wrongful death and personal injury actions commenced against CP in June 2015 in Illinois and Maine, were all transferred and consolidated in Federal District Court in Maine (the "Maine Actions"). The Maine Actions allege that CP negligently misclassified and improperly packaged the petroleum crude oil. On CP's motion, the Maine Actions were dismissed. The plaintiffs are appealing the dismissal decision, which may be heard in April 2020.

(8) The trustee for the wrongful death trust commenced Carmack Amendment claims against CP in North Dakota Federal Court, seeking to recover approximately U.S. $6 million for damaged rail cars and lost crude and reimbursement for the settlement paid by the consignor and the consignee under the Plans (alleged to be U.S. $110 million and U.S. $60 million, respectively). This action is scheduled for trial in August 2020.

At this stage of the proceedings, any potential responsibility and the quantum of potential losses cannot be determined. Nevertheless, CP denies liability and is vigorously defending these proceedings.

27. Guarantees

In the normal course of operating the railway, the Company enters into contractual arrangements that involve providing certain guarantees, which extend over the term of the contracts. These guarantees include, but are not limited to:

- a guarantee to uphold an equity investee's credit facility of $19 million at December 31, 2019;
- guarantees to pay other parties in the event of the occurrence of specified events, including damage to equipment, in relation to assets used in the operation of the railway through operating leases, rental agreements, easements, trackage, and interline agreements; and
- indemnifications of certain tax-related payments incurred by lessors and lenders.

The maximum amount that could be payable under these guarantees, excluding residual value guarantees, cannot be reasonably estimated due to the nature of certain of these guarantees. All or a portion of amounts paid under guarantees to other parties in the event of the occurrence of specified events could be recoverable from other parties or through insurance. The Company has accrued for all guarantees that it expects to pay. At December 31, 2019, these accruals amounted to $10 million (2018 – $10 million), and are recorded in "Accounts payable and accrued liabilities".

Indemnifications

Pursuant to a trust and custodial services agreement with the trustee of the Canadian Pacific Railway Company Pension Plan, the Company has undertaken to indemnify and save harmless the trustee, to the extent not paid by the fund, from any and all taxes, claims, liabilities, damages, costs, and expenses arising out of the performance of the trustee's obligations under the agreement, except as a result of misconduct by the trustee. The indemnity includes liabilities, costs, or expenses relating to any legal reporting or notification obligations of the trustee with respect to the defined benefit and defined contribution options of the pension plans, or otherwise with respect to the assets of the pension plans that are not part of the fund. The indemnity survives the termination or expiry of the agreement with respect to claims and liabilities arising prior to the termination or expiry.

Pursuant to the voting trust agreement executed as part of the CMQ U.S. acquisition, the Company has undertaken to indemnify and save harmless the trustee from any loss, cost, or expense in connection with the independent voting trust and any suit or litigation, except as a result of willful misconduct or gross negligence by the trustee.

At December 31, 2019, the Company had not recorded any liabilities associated with the above indemnifications, as it does not expect to make any payments pertaining to them.

28. Segmented and geographic information

Operating segment

The Company operates in only one operating segment: rail transportation. Operating results by geographic areas, railway corridors, or other lower-level components or units of operation are not reviewed by the Company's chief operating decision-maker to make decisions about the allocation of resources to, or the assessment of performance of, such geographic areas, corridors, components, or units of operation.

In the years ended December 31, 2019, 2018, and 2017, no one customer comprised more than 10% of total revenues and accounts receivable.

Geographic information

(in millions of Canadian dollars)	Canada	United States	Total
2019			
Revenues	**$ 5,675**	**$ 2,117**	**$ 7,792**
Long-term assets excluding financial instruments and pension assets	**13,131**	**7,020**	**20,151**
2018			
Revenues	5,232	2,084	7,316
Long-term assets excluding financial instruments and pension assets	12,133	6,759	18,892
2017			
Revenues	4,667	1,887	6,554
Long-term assets excluding financial instruments and pension assets	11,505	5,947	17,452

29. Selected quarterly data (unaudited)

For the quarter ended	2019				2018			
(in millions of Canadian dollars, except per share data)	**Dec. 31**	**Sep. 30**	**Jun. 30**	**Mar. 31**	Dec. 31	Sep. 30	Jun. 30	Mar. 31
Total revenues	**$ 2,069**	**$ 1,979**	**$ 1,977**	**$ 1,767**	$ 2,006	$ 1,898	$ 1,750	$ 1,662
Operating income	**890**	**869**	**822**	**543**	874	790	627	540
Net income	**664**	**618**	**724**	**434**	545	622	436	348
Basic earnings per share[1]	**$ 4.84**	**$ 4.47**	**$ 5.19**	**$ 3.10**	$ 3.84	$ 4.36	$ 3.05	$ 2.41
Diluted earnings per share[1]	**4.82**	**4.46**	**5.17**	**3.09**	3.83	4.35	3.04	2.41

[1] Earnings per share for the four quarters combined may not equal earnings per share for the year due to rounding.

30. Condensed consolidating financial information

Canadian Pacific Railway Company, a 100%-owned subsidiary of CPRL, is the issuer of certain debt securities, which are fully and unconditionally guaranteed by CPRL. The following tables present condensed consolidating financial information ("CCFI") in accordance with Rule 3-10(c) of Regulation S-X.

Investments in subsidiaries are accounted for under the equity method when presenting the CCFI.

The tables include all adjustments necessary to reconcile the CCFI on a consolidated basis to CPRL's Consolidated Financial Statements for the years presented.

CONDENSED CONSOLIDATING STATEMENTS OF INCOME
YEAR ENDED DECEMBER 31, 2019

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Revenues					
Freight	$ —	$ 5,527	$ 2,084	$ 2	$ 7,613
Non-freight	—	135	570	(526)	179
Total revenues	—	5,662	2,654	(524)	7,792
Operating expenses					
Compensation and benefits	—	1,042	490	8	1,540
Fuel	—	695	187	—	882
Materials	—	142	53	15	210
Equipment rents	—	177	(9)	(31)	137
Depreciation and amortization	—	423	283	—	706
Purchased services and other	—	967	742	(516)	1,193
Total operating expenses	—	3,446	1,746	(524)	4,668
Operating income	—	2,216	908	—	3,124
Less:					
Other (income) expense	(12)	(86)	9	—	(89)
Other components of net periodic benefit (recovery) cost	—	(388)	7	—	(381)
Net interest (income) expense	(1)	474	(25)	—	448
Income before income tax expense and equity in net earnings of subsidiaries	13	2,216	917	—	3,146
Less: Income tax expense	3	522	181	—	706
Add: Equity in net earnings of subsidiaries	2,430	736	—	(3,166)	—
Net income	$ 2,440	$ 2,430	$ 736	$ (3,166)	$ 2,440

CONDENSED CONSOLIDATING STATEMENTS OF INCOME
YEAR ENDED DECEMBER 31, 2018

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Revenues					
Freight	$ —	$ 5,098	$ 2,054	$ —	$ 7,152
Non-freight	—	120	361	(317)	164
Total revenues	—	5,218	2,415	(317)	7,316
Operating expenses					
Compensation and benefits	—	996	466	6	1,468
Fuel	—	716	202	—	918
Materials	—	139	49	13	201
Equipment rents	—	137	(7)	—	130
Depreciation and amortization	—	424	272	—	696
Purchased services and other	—	886	522	(336)	1,072
Total operating expenses	—	3,298	1,504	(317)	4,485
Operating income	—	1,920	911	—	2,831
Less:					
Other expense (income)	19	193	(38)	—	174
Other components of net periodic benefit (recovery) cost	—	(386)	2	—	(384)
Net interest expense (income)	3	478	(28)	—	453
(Loss) income before income tax (recovery) expense and equity in net earnings of subsidiaries	(22)	1,635	975	—	2,588
Less: Income tax (recovery) expense	(4)	469	172	—	637
Add: Equity in net earnings of subsidiaries	1,969	803	—	(2,772)	—
Net income	$ 1,951	$ 1,969	$ 803	$ (2,772)	$ 1,951

CONDENSED CONSOLIDATING STATEMENTS OF INCOME
YEAR ENDED DECEMBER 31, 2017

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Revenues					
Freight	$ —	$ 4,516	$ 1,859	$ —	$ 6,375
Non-freight	—	140	372	(333)	179
Total revenues	—	4,656	2,231	(333)	6,554
Operating expenses					
Compensation and benefits	—	879	423	7	1,309
Fuel	—	522	155	—	677
Materials	—	134	41	15	190
Equipment rents	—	143	(1)	—	142
Depreciation and amortization	—	400	261	—	661
Purchased services and other	—	826	585	(355)	1,056
Total operating expenses	—	2,904	1,464	(333)	4,035
Operating income	—	1,752	767	—	2,519
Less:					
Other (income) expense	(33)	(149)	4	—	(178)
Other components of net periodic benefit (recovery) cost	—	(278)	4	—	(274)
Net interest (income) expense	(12)	517	(32)	—	473
Income before income tax expense (recovery) and equity in net earnings of subsidiaries	45	1,662	791	—	2,498
Less: Income tax expense (recovery)	7	475	(389)	—	93
Add: Equity in net earnings of subsidiaries	2,367	1,180	—	(3,547)	—
Net income	$ 2,405	$ 2,367	$ 1,180	$ (3,547)	$ 2,405

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME YEAR ENDED DECEMBER 31, 2019

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Net income	$ 2,440	$ 2,430	$ 736	$ (3,166)	$ 2,440
Net gain (loss) in foreign currency translation adjustments, net of hedging activities	—	288	(251)	—	37
Change in derivatives designated as cash flow hedges	—	10	—	—	10
Change in pension and post-retirement defined benefit plans	—	(651)	(10)	—	(661)
Other comprehensive loss before income taxes	—	(353)	(261)	—	(614)
Income tax recovery on above items	—	132	3	—	135
Equity accounted investments	(479)	(258)	—	737	—
Other comprehensive loss	(479)	(479)	(258)	737	(479)
Comprehensive income	$ 1,961	$ 1,951	$ 478	$ (2,429)	$ 1,961

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME YEAR ENDED DECEMBER 31, 2018

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Net income	$ 1,951	$ 1,969	$ 803	$ (2,772)	$ 1,951
Net (loss) gain in foreign currency translation adjustments, net of hedging activities	—	(479)	419	—	(60)
Change in derivatives designated as cash flow hedges	—	38	—	—	38
Change in pension and post-retirement defined benefit plans	—	(455)	6	—	(449)
Other comprehensive (loss) income before income taxes	—	(896)	425	—	(471)
Income tax recovery (expense) on above items	—	171	(2)	—	169
Equity accounted investments	(302)	423	—	(121)	—
Other comprehensive (loss) income	(302)	(302)	423	(121)	(302)
Comprehensive income	$ 1,649	$ 1,667	$ 1,226	$ (2,893)	$ 1,649

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2017

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Net income	$ 2,405	$ 2,367	$ 1,180	$ (3,547)	$ 2,405
Net gain (loss) in foreign currency translation adjustments, net of hedging activities	—	318	(294)	—	24
Change in derivatives designated as cash flow hedges	—	19	—	—	19
Change in pension and post-retirement defined benefit plans	—	82	(2)	—	80
Other comprehensive income (loss) before income taxes	—	419	(296)	—	123
Income tax (expense) recovery on above items	—	(66)	1	—	(65)
Equity accounted investments	58	(295)	—	237	—
Other comprehensive income (loss)	58	58	(295)	237	58
Comprehensive income	$ 2,463	$ 2,425	$ 885	$ (3,310)	$ 2,463

CONDENSED CONSOLIDATING BALANCE SHEETS AS AT DECEMBER 31, 2019

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Assets					
Current assets					
Cash and cash equivalents	$ —	$ 37	$ 96	$ —	$ 133
Accounts receivable, net	24	597	184	—	805
Accounts receivable, intercompany	164	313	249	(726)	—
Short-term advances to affiliates	—	1,387	3,700	(5,087)	—
Materials and supplies	—	144	38	—	182
Other current assets	—	41	49	—	90
	188	2,519	4,316	(5,813)	1,210
Long-term advances to affiliates	1,090	7	84	(1,181)	—
Investments	—	32	309	—	341
Investments in subsidiaries	10,522	11,165	—	(21,687)	—
Properties	—	10,287	8,869	—	19,156
Goodwill and intangible assets	—	—	206	—	206
Pension asset	—	1,003	—	—	1,003
Other assets	—	173	278	—	451
Deferred income taxes	4	—	—	(4)	—
Total assets	$ 11,804	$ 25,186	$ 14,062	$ (28,685)	$ 22,367
Liabilities and shareholders' equity					
Current liabilities					
Accounts payable and accrued liabilities	$ 146	$ 1,189	$ 358	$ —	$ 1,693
Accounts payable, intercompany	6	402	318	(726)	—
Short-term advances from affiliates	4,583	490	14	(5,087)	—
Long-term debt maturing within one year	—	548	51	—	599
	4,735	2,629	741	(5,813)	2,292
Pension and other benefit liabilities	—	698	87	—	785
Long-term advances from affiliates	—	1,174	7	(1,181)	—
Other long-term liabilities	—	206	356	—	562
Long-term debt	—	8,145	13	—	8,158
Deferred income taxes	—	1,812	1,693	(4)	3,501
Total liabilities	4,735	14,664	2,897	(6,998)	15,298
Shareholders' equity					
Share capital	1,993	538	4,610	(5,148)	1,993
Additional paid-in capital	48	406	265	(671)	48
Accumulated other comprehensive (loss) income	(2,522)	(2,522)	581	1,941	(2,522)
Retained earnings	7,550	12,100	5,709	(17,809)	7,550
	7,069	10,522	11,165	(21,687)	7,069
Total liabilities and shareholders' equity	$ 11,804	$ 25,186	$ 14,062	$ (28,685)	$ 22,367

CONDENSED CONSOLIDATING BALANCE SHEETS AS AT DECEMBER 31, 2018

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Assets					
Current assets					
Cash and cash equivalents	$ —	$ 42	$ 19	$ —	$ 61
Accounts receivable, net	—	629	186	—	815
Accounts receivable, intercompany	125	167	224	(516)	—
Short-term advances to affiliates	—	1,602	4,651	(6,253)	—
Materials and supplies	—	136	37	—	173
Other current assets	—	39	29	—	68
	125	2,615	5,146	(6,769)	1,117
Long-term advances to affiliates	1,090	5	93	(1,188)	—
Investments	—	24	179	—	203
Investments in subsidiaries	11,443	12,003	—	(23,446)	—
Properties	—	9,579	8,839	—	18,418
Goodwill and intangible assets	—	—	202	—	202
Pension asset	—	1,243	—	—	1,243
Other assets	—	57	14	—	71
Deferred income taxes	6	—	—	(6)	—
Total assets	$ 12,664	$ 25,526	$ 14,473	$ (31,409)	$ 21,254
Liabilities and shareholders' equity					
Current liabilities					
Accounts payable and accrued liabilities	$ 115	$ 1,017	$ 317	$ —	$ 1,449
Accounts payable, intercompany	4	344	168	(516)	—
Short-term advances from affiliates	5,909	341	3	(6,253)	—
Long-term debt maturing within one year	—	506	—	—	506
	6,028	2,208	488	(6,769)	1,955
Pension and other benefit liabilities	—	639	79	—	718
Long-term advances from affiliates	—	1,182	6	(1,188)	—
Other long-term liabilities	—	120	117	—	237
Long-term debt	—	8,135	55	—	8,190
Deferred income taxes	—	1,799	1,725	(6)	3,518
Total liabilities	6,028	14,083	2,470	(7,963)	14,618
Shareholders' equity					
Share capital	2,002	538	5,946	(6,484)	2,002
Additional paid-in capital	42	1,656	92	(1,748)	42
Accumulated other comprehensive (loss) income	(2,043)	(2,043)	839	1,204	(2,043)
Retained earnings	6,635	11,292	5,126	(16,418)	6,635
	6,636	11,443	12,003	(23,446)	6,636
Total liabilities and shareholders' equity	$ 12,664	$ 25,526	$ 14,473	$ (31,409)	$ 21,254

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Cash provided by operating activities	$ 1,601	$ 2,133	$ 1,026	$ (1,770)	$ 2,990
Investing activities					
Additions to properties	—	(1,243)	(404)	—	(1,647)
Investment in Central Maine & Québec Railway	—	(47)	(127)	—	(174)
Proceeds from sale of properties and other assets	—	21	5	—	26
Advances to affiliates	—	(263)	(396)	659	—
Repayment of advances to affiliates	—	468	1,350	(1,818)	—
Capital contributions to affiliates	—	(125)	—	125	—
Repurchase of share capital from affiliates	1,246	1,345	—	(2,591)	—
Other	—	1	(9)	—	(8)
Cash provided by (used in) investing activities	1,246	157	419	(3,625)	(1,803)
Financing activities					
Dividends paid	(412)	(1,612)	(158)	1,770	(412)
Issuance of share capital	—	—	125	(125)	—
Return of share capital to affiliates	—	(1,246)	(1,345)	2,591	—
Issuance of CP Common Shares	26	—	—	—	26
Purchase of CP Common Shares	(1,132)	(2)	—	—	(1,134)
Issuance of long-term debt, excluding commercial paper	—	397	—	—	397
Repayment of long-term debt, excluding commercial paper	—	(500)	—	—	(500)
Net issuance of commercial paper	—	524	—	—	524
Advances from affiliates	495	151	13	(659)	—
Repayment of advances from affiliates	(1,813)	(5)	—	1,818	—
Other	(11)	(1)	—	—	(12)
Cash used in financing activities	(2,847)	(2,294)	(1,365)	5,395	(1,111)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	—	(1)	(3)	—	(4)
Cash position					
(Decrease) increase in cash and cash equivalents	—	(5)	77	—	72
Cash and cash equivalents at beginning of year	—	42	19	—	61
Cash and cash equivalents at end of year	$ —	$ 37	$ 96	$ —	$ 133

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Cash provided by operating activities	$ 316	$ 1,968	$ 1,128	$ (700)	$ 2,712
Investing activities					
Additions to properties	—	(971)	(580)	—	(1,551)
Proceeds from sale of properties and other assets	—	35	43	—	78
Advances to affiliates	—	(611)	(209)	820	—
Repayment of advances to affiliates	—	—	866	(866)	—
Repurchase of share capital from affiliates	500	964	—	(1,464)	—
Other	—	18	(3)	—	15
Cash provided by (used in) investing activities	500	(565)	117	(1,510)	(1,458)
Financing activities					
Dividends paid	(348)	(348)	(352)	700	(348)
Return of share capital to affiliates	—	(500)	(964)	1,464	—
Issuance of CP Common Shares	24	—	—	—	24
Purchase of CP Common Shares	(1,103)	—	—	—	(1,103)
Issuance of long-term debt, excluding commercial paper	—	638	—	—	638
Repayment of long-term debt, excluding commercial paper	—	(753)	—	—	(753)
Advances from affiliates	820	—	—	(820)	—
Repayment of advances from affiliates	(209)	(657)	—	866	—
Cash used in financing activities	(816)	(1,620)	(1,316)	2,210	(1,542)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	—	18	(7)	—	11
Cash position					
Decrease in cash and cash equivalents	—	(199)	(78)	—	(277)
Cash and cash equivalents at beginning of year	—	241	97	—	338
Cash and cash equivalents at end of year	$ —	$ 42	$ 19	$ —	$ 61

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Cash provided by operating activities	$ 338	$ 1,334	$ 989	$ (479)	$ 2,182
Investing activities					
Additions to properties	—	(950)	(390)	—	(1,340)
Proceeds from sale of properties and other assets	—	29	13	—	42
Advances to affiliates	(590)	(550)	(1,528)	2,668	—
Repayment of advances to affiliates	—	242	243	(485)	—
Capital contributions to affiliates	—	(1,039)	—	1,039	—
Repurchase of share capital from affiliates	—	156	—	(156)	—
Other	—	5	(2)	—	3
Cash used in investing activities	(590)	(2,107)	(1,664)	3,066	(1,295)
Financing activities					
Dividends paid	(310)	(310)	(169)	479	(310)
Issuance of share capital	—	—	1,039	(1,039)	—
Return of share capital to affiliates	—	—	(156)	156	—
Issuance of CP Common Shares	45	—	—	—	45
Purchase of CP Common Shares	(381)	—	—	—	(381)
Repayment of long-term debt, excluding commercial paper	—	(32)	—	—	(32)
Advances from affiliates	1,383	1,285	—	(2,668)	—
Repayment of advances from affiliates	(485)	—	—	485	—
Settlement of forward starting swaps	—	(22)	—	—	(22)
Cash provided by (used in) financing activities	252	921	714	(2,587)	(700)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	—	(7)	(6)	—	(13)
Cash position					
Increase in cash and cash equivalents	—	141	33	—	174
Cash and cash equivalents at beginning of year	—	100	64	—	164
Cash and cash equivalents at end of year	$ —	$ 241	$ 97	$ —	$ 338

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of December 31, 2019, an evaluation was carried out under the supervision of and with the participation of CP's management, including CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the *Exchange Act*. Based on that evaluation, the CEO and CFO concluded that these disclosure controls and procedures were effective as of December 31, 2019, to ensure that information required to be disclosed by the Company in reports that they file or submit under the *Exchange Act* is (i) recorded, processed, summarized and reported within the time periods specified by the SEC rules and forms and (ii) accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Management is responsible for the financial statements and for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rules 13a-15(f) and 15d-15(f) of the *Exchange Act*. The Corporation's internal control system was designed to provide reasonable assurance to the Corporation's management and Board of Directors regarding the preparation and fair presentation of published financial statements. Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of the Company's internal control over financial reporting in accordance with the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework (2013)*. Based on this assessment, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2019. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the reliability of financial reporting and preparation of financial statements in accordance with generally accepted accounting principles.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2019 has been audited by Deloitte LLP, the Company's independent registered public accounting firm who audited the Company's Consolidated Financial Statements included in this Form 10-K, as stated in their report, which is included herein.

Changes in Internal Control over Financial Reporting

During the three months ended December 31, 2019, the Company has not identified any changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Canadian Pacific Railway Limited

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Canadian Pacific Railway Limited and subsidiaries (the "Company") as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2019, of the Company and our report dated February 20, 2020, expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding the Company's adoption of Accounting Standards Update 2016-02, Leases (Topic 842) and related amendments.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte LLP

Chartered Professional Accountants
Calgary, Canada
February 20, 2020

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors of Registrant

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2019. This information will also be contained in the management proxy circular that we prepare in accordance with applicable Canadian corporate and securities law requirements.

Executive Officers of Registrant

The information regarding executive officers is included in Part I of this annual report under Information about our Executive Officers, following Item 4. Mine Safety Disclosures.

Compliance with Section 16(a) of the Exchange Act

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2019.

Code of Ethics for Chief Executive Officer and Senior Financial Officers

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2019.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2019. This information will also be contained in the management proxy circular that we prepare in accordance with applicable Canadian corporate and securities law requirements.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2019.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2019. This information will also be contained in the management proxy circular that we prepare in accordance with applicable Canadian corporate and securities law requirements.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item will be contained in the Company's Form 10-K/A, which will be filed no later than 120 days after December 31, 2019. This information will also be contained in the management proxy circular that we prepare in accordance with applicable Canadian corporate and securities law requirements.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE

The following documents are filed as part of this annual report:

(a) Financial Statements

The financial statements filed as part of this filing are listed on the Index to Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data.

(b) Financial Statement Schedule

Schedule II – Valuation and Qualifying Accounts

(in millions of Canadian dollars)	Beginning balance at January 1	Additions charged to expenses	Payments and other reductions	Impact of FX	Ending balance at December 31
Accruals for personal injury and other claims provision[1]					
2017	$ 130	$ 66	$ (77)	$ (1)	$ 118
2018	$ 118	$ 93	$ (60)	$ 1	$ 152
2019	**$ 152**	**$ 142**	**$ (152)**	**$ (1)**	**$ 141**
Environmental liabilities					
2017	$ 85	$ 5	$ (8)	$ (4)	$ 78
2018	$ 78	$ 6	$ (7)	$ 5	$ 82
2019	**$ 82**	**$ 6**	**$ (8)**	**$ (3)**	**$ 77**

[1] Includes WCB, FELA, occupational, damage and other claims.

(c) Exhibits

Exhibits are listed in the exhibit index below. The exhibits include management contracts, compensatory plans and arrangements required to be filed as exhibits to the Form 10-K by Item 601 (10) (iii) of Regulation S-K.

Exhibit	Description
3	***Articles of Incorporation and Bylaws:***
3.1	Restated Certificate and Articles of Incorporation of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 99.2 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on October 22, 2015, File No. 001-01342).
3.2	By-law No. 1, as amended, of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 1 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on May 22, 2009, File No. 001-01342).
3.3	By-law No. 2 of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 99.1 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on March 13, 2015, File No. 001-01342).
3.4	General By-law, as amended, of Canadian Pacific Railway Company, a wholly owned subsidiary of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 2 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on May 22, 2009, File No. 001-01342).
4	***Instruments Defining the Rights of Security Holders, Including Indentures:***
4.1	Indenture dated as of May 8, 2007 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.1 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.2	First Supplemental Indenture dated as of May 8, 2007 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.2 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.3	Second Supplemental Indenture dated as of May 20, 2008 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.3 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).

4.4	Third Supplemental Indenture dated as of May 15, 2009 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.4 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.5	Fourth Supplemental Indenture dated as of September 23, 2010 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.5 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.6	Fifth Supplemental Indenture dated as of December 1, 2011 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.6 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.7	Sixth Supplemental Indenture dated as of February 2, 2015 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.7 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.8	Seventh Supplemental Indenture dated as of August 3, 2015 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.8 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.9	Eighth Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.9 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.10	Indenture dated as of October 30, 2001 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.10 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.11	First Supplemental Indenture dated as of April 23, 2004 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.11 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.12	Second Supplemental Indenture dated as of October 12, 2011 between Canadian Pacific Railway Limited and The Bank of New York Mellon (incorporated by reference to Exhibit 4.12 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.13	Third Supplemental Indenture dated as of October 13, 2011 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.13 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.14	Fourth Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.14 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.15	Indenture dated as of July 15, 1991 between Canadian Pacific Railway Company and Harris Trust and Savings Bank (incorporated by reference to Exhibit 4.15 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.16	First Supplemental Indenture dated as of July 1, 1996 between Canadian Pacific Railway Company and Harris Trust and Savings Bank (incorporated by reference to Exhibit 4.16 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.17	Second Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon (as successor in interest to Harris Trust and Savings Bank) (incorporated by reference to Exhibit 4.17 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.18	Indenture dated as of May 23, 2008 between Canadian Pacific Railway Company and Computershare Trust Company of Canada (incorporated by reference to Exhibit 4.18 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.19	First Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and Computershare Trust Company of Canada (incorporated by reference to Exhibit 4.19 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.20	Indenture dated as of September 11, 2015, from Canadian Pacific Railway Company to Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 99.1 to Canadian Pacific Railway Limited's Registration Statement on Form 6-K filed with the Securities and Exchange Commission on September 14, 2015, File No. 001-01342).
4.21	First Supplemental Indenture dated as of September 11, 2015 between Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.21 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.22	Second Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon (incorporated by reference to Exhibit 4.22 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).

4.23	Guarantee of Canadian Pacific Railway Company's Perpetual 4% Consolidated Debenture Stock dated as of December 18, 2015, between Canadian Pacific Railway Limited and Canadian Pacific Railway Company (incorporated by reference to Exhibit 4.23 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
4.24	Third Supplemental Indenture dated as of May 16, 2018 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and Wells Fargo Bank (incorporated by reference to Exhibit 4.2 to Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 16, 2018, File No. 001-01342).
4.25	Officers' Certificate of Canadian Pacific Railway Company dated March 13, 2019 (incorporated by reference to Exhibit 4.1 to Canadian Pacific Railway Limited's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on April 24, 2019, File No. 001-01342).
4.26 **	Description of Securities – Equity Securities
10	***Material Contracts:***
10.1*	Compensation letter dated February 14, 2017, between the Company and Nadeem Velani (incorporated by reference to Exhibit 10.1 Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 21, 2017, File No. 001-01342).
10.2	Fourth Amending Agreement, dated as of June 23, 2017, amending the Credit Agreement, dated September 26, 2014, between Canadian Pacific Railway Company, as Borrower, Canadian Pacific Railway Limited, as Covenantor, Royal Bank of Canada, as Administrative Agent, and the various Lenders party thereto (incorporated by reference to Exhibit 10.1 Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 27, 2017, File No. 001-01342).
10.3*	Amendment dated as of January 31, 2017 to the Executive Employment Agreement dated July 23, 2016 and effective as of July 1, 2017 between Keith Creel and Canadian Pacific Railway Company (incorporated by reference to Exhibit 10.1 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 16, 2017, File No. 001-01342).
10.4*	Offer of Employment Letter to Robert Johnson dated April 19, 2016 (incorporated by reference to Exhibit 10.2 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 16, 2017, File No. 001-01342).
10.5*	Offer of Employment Letter to Nadeem Velani dated October 18, 2016 (incorporated by reference to Exhibit 10.3 Canadian Pacific Railway Limited's Registration Statement on Form 8-K filed with the Securities and Exchange Commission on October 24, 2016, File No. 001-01342).
10.6*	Executive Employment Agreement, between the Canadian Pacific Railway Limited and Keith Creel effective July 1, 2017 (incorporated by reference to Exhibit 10.2 to Canadian Pacific Railway Limited's Registration Statement on Form 8-K filed with the Securities and Exchange Commission on July 26, 2016, File No. 001-01342).
10.7	Third Amending Agreement, dated as of June 28, 2016, amending the Credit Agreement, dated September 26, 2014, between Canadian Pacific Railway Company, as Borrower, Canadian Pacific Railway Limited, as Covenantor, Royal Bank of Canada, as Administrative Agent, and the various Lenders party thereto (incorporated by reference to Exhibit 10.1 to Canadian Pacific Railway Limited's Registration Statement on Form 8-K filed with the Securities and Exchange Commission on June 29, 2016, File No. 001-01342).
10.8*	CP 401(k) Savings Plan, as amended and restated effective October 27, 2014 (incorporated by reference to Exhibit 4.5 to Canadian Pacific Railway Limited's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on December 21, 2015, File No. 333-208647).
10.9*	Stand-Alone Option Agreement dated February 4, 2013 between the Registrant and Keith Creel (incorporated by reference to Exhibit 4.2 to Canadian Pacific Railway Limited's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on May 24, 2013, File No. 333-188827).
10.10*	Performance Share Unit Plan for Eligible Employees of Canadian Pacific Railway Limited, adopted with effect from February 17, 2009, as amended February 22, 2013, April 30, 2014 and February 18, 2015 (incorporated by reference to Exhibit 10.3 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.11*	Canadian Pacific Railway Limited Amended and Restated Management Stock Option Incentive Plan, as amended and restated effective November 19, 2015 (incorporated by reference to Exhibit 10.4 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.12*	Canadian Pacific Railway Limited Employee Share Purchase Plan (U.S.) dated July 1, 2006 ("ESPP (U.S.)"), and Amendment to the ESPP (U.S.) effective January 1, 2015, and Amendment to the ESPP (U.S.) January 1, 2016 (incorporated by reference to Exhibit 10.5 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.13*	Directors' Stock Option Plan, effective October 1, 2001 (incorporated by reference to Exhibit 10.7 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).

10.14*	Directors' Deferred Share Unit Plan, as amended effective July 1, 2013 (incorporated by reference to Exhibit 10.8 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.15*	Senior Executives' Deferred Share Unit Plan, effective as of January 1, 2001, as amended September 6, 2012 (incorporated by reference to Exhibit 10.9 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.16*	Canadian Pacific Railway Limited Employee Share Purchase Plan (Canada) dated July 1, 2006 ("ESPP (Canada)"), and Amendment to the ESPP (Canada) effective January 1, 2013, and Amendment to the ESPP (Canada) effective November 5, 2013, and Amendment to the ESPP (Canada) effective July 17, 2014 (incorporated by reference to Exhibit 10.10 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.17*	Canadian Pacific U.S. Salaried Retirement Income Plan, as restated effective January 1, 2015 (incorporated by reference to Exhibit 10.11 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.18*	Canadian Pacific U.S. Supplemental Executive Retirement Plan, effective January 1, 2013 ("CPUSERP"), and First Amendment to the CPUSERP effective November 14, 2013, and Second Amendment to the CPUSERP effective January 1, 2014 (incorporated by reference to Exhibit 10.12 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.19*	Restricted Share Unit Plan for Eligible Employees of Canadian Pacific Railway Limited, effective August 2, 2011, as amended February 21, 2013 (incorporated by reference to Exhibit 10.13 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.20*	Short Term Incentive Plan for Non-Unionized Employees (Canada) and US Salaried Employees, effective January 1, 2014 (incorporated by reference to Exhibit 10.14 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.21*	Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.15 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.22*	Amendment Number 1, effective July 1, 2010, to the Defined Contribution Provisions (Appendix B) of the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.16 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.23*	Amendment Number 2, effective April 1, 2011, to the Defined Contribution Provisions (Appendix B) of the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.17 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.24*	Amendment Number 3, effective January 1, 2013, to the Defined Contribution Provisions (Appendix B) of the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.18 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.25*	Amendment Number 1 to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009, approved by the Board of Directors on December 16, 2009 (incorporated by reference to Exhibit 10.19 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.26*	Amendment Number 2, effective January 1, 2010, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.20 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.27*	Amendment Number 3, effective January 1, 2010, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.21 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.28*	Amendment Number 4, effective January 1, 2011, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.22 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.29*	Amendment Number 5, effective January 1, 2011, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.23 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.30*	Amendment Number 6, effective October 1, 2012, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.24 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).

10.31*	Amendment Number 7, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.25 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.32*	Amendment Number 8, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.26 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.33*	Amendment Number 9, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.27 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.34*	Amendment Number 10, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.28 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.35*	Amendment Number 11, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.29 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.36*	Amendment Number 12, effective January 1, 2015, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.30 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.37*	Amendment Number 13, effective January 1, 2015, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009 (incorporated by reference to Exhibit 10.31 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.38*	Canadian Pacific Railway Company Secondary Pension Plan (Pension Plan Rules), effective June 1, 2013 (incorporated by reference to Exhibit 10.32 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.39*	Amendment Number 1, effective June 1, 2013, to the Canadian Pacific Railway Company Secondary Pension Plan (Pension Plan Rules), effective June 1, 2013 (incorporated by reference to Exhibit 10.33 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.40*	Amendment Number 2, effective January 1, 2015, to the Canadian Pacific Railway Company Secondary Pension Plan (Pension Plan Rules) effective January 1, 2015 (incorporated by reference to Exhibit 10.34 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.41*	Canadian Pacific Supplemental Executive Retirement Plan, effective January 1, 2011 (incorporated by reference to Exhibit 10.35 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.42*	Executive Employment Agreement between Canadian Pacific Railway Company, Soo Line Railroad Company and Keith Creel, effective as of February 5, 2013 (incorporated by reference to Exhibit 10.38 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.43*	Amendment dated August 10, 2015, to the Executive Employment Agreement between Canadian Pacific Railway Company, Soo Line Railroad Company and Keith Creel, effective as of February 5, 2013 (incorporated by reference to Exhibit 10.39 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.44*	Offer of Employment Letter to Laird Pitz dated March 7, 2014 (incorporated by reference to Exhibit 10.44 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.45	Credit Agreement dated as of September 26, 2014 among Canadian Pacific Railway Company and CPR Securities Limited, as borrowers, Canadian Pacific Railway Limited, as covenantor, the Financial Institutions that are signatories to the Credit Agreement, as Lenders, the Royal Bank of Canada, as Administrative Agent, RBC Capital Markets, J.P. Morgan Securities LLC, TD Securities, Morgan Stanley MUFG Loan Partners, LLC and Citibank, N.A., Canadian Branch, as Co-Lead Arrangers, RBC Capital Markets and J.P. Morgan Securities LLC, as Joint Bookrunners, J.P. Morgan Chase Bank, N.A., as Syndication Agent, The Toronto-Dominion Bank, Morgan Stanley MUFG Loan Partners, LLC and Citibank, N.A., Canadian Branch, as Co-Documentation Agents (incorporated by reference to Exhibit 10.45 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.46	First Amending Agreement dated as of June 15, 2015, to the Credit Agreement dated September 26, 2014, among Canadian Pacific Railway Company and CPR Securities Limited, as borrowers, Canadian Pacific Railway Limited, as covenantor, the signatories to this First Amending Agreement to the Credit Agreement, as Lenders, the Royal Bank of Canada, as Administrative Agent (incorporated by reference to Exhibit 10.46 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).
10.47	Second Amending Agreement dated as of September 17, 2015, to the Credit Agreement dated September 26, 2014, among Canadian Pacific Railway Company and CPR Securities Limited, as borrowers, Canadian Pacific Railway Limited, as covenantor, the signatories to the Second Amending Agreement to this Credit Agreement, as Lenders, the Royal Bank of Canada, as Administrative Agent (incorporated by reference to Exhibit 10.47 to Canadian Pacific Railway Limited's Form 10-K filed with the Securities and Exchange Commission on February 29, 2016, File No. 001-01342).

10.48	Fifth Amending Agreement, dated as of June 8, 2018, amending the Credit Agreement, dated September 26, 2014, between Canadian Pacific Railway Company, as Borrower, Canadian Pacific Railway Limited, as Covenantor, Royal Bank of Canada, as Administrative Agent, and the various Lenders party thereto (incorporated by reference to Exhibit 10.1 Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 11, 2018, File No. 001-01342).
10.49 *	Amendment dated as of January 1, 2019, to the Executive Employment Agreement between Canadian Pacific Railway Company and Keith Creel, dated July 23, 2016 and effective as of July 1, 2017 as amended as of January 31, 2017.
10.50	Amended and Restated Credit Agreement, dated as of September 27, 2019, between Canadian Pacific Railway Company, as Borrower, Canadian Pacific Railway Limited, as Covenantor, Royal Bank of Canada, as Administrative Agent, and the various Lenders party thereto (incorporated by reference to Exhibit 10.1 to Canadian Pacific Railway Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 1, 2019, File No. 001-01342)
21.1**	Subsidiaries of the registrant
23.1**	Consent of Independent Registered Public Accounting Firm
24.1**	Power of attorney (included on the signature pages of this Form 10-K)
31.1**	CEO Rule 13a-14(a) Certifications
31.2**	CFO Rule 13a-14(a) Certifications
32.1**	CEO Section 1350 Certifications
32.2**	CFO Section 1350 Certifications
101.INS**	Inline XBRL Instance Document
101.SCH**	Inline XBRL Taxonomy Extension Schema Document
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104 **	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)
	The following financial information from Canadian Pacific Railway Limited's Annual Report on Form 10-K for the year ended December 31, 2019, formatted in Extensible Business Reporting Language (XBRL) includes: (i) the Consolidated Statements of Income of each of the three years ended December 31, 2019, 2018, and 2017; (ii) the Consolidated Statements of Comprehensive Income for each of the three years ended December 31, 2019, 2018, and 2017; (iii) the Consolidated Balance Sheets at December 31, 2019 and 2018; (iv) the Consolidated Statements of Cash Flows for each of the three years ended December 31, 2019, 2018, and 2017; (v) the Consolidated Statements of Changes in Shareholders' Equity for each of the three years ended December 31, 2019, 2018, and 2017; and (vi) the Notes to Consolidated Financial Statements.

* Management contract or compensatory arrangement

** Filed with this Annual Report on Form 10-K

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the *Securities Exchange Act of 1934*, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CANADIAN PACIFIC RAILWAY LIMITED

(Registrant)

By: /s/ KEITH CREEL
Keith Creel
Chief Executive Officer

Dated: February 20, 2020

POWER OF ATTORNEY

Each of the undersigned do hereby appoint each of Nadeem Velani and Jeffrey J. Ellis, his or her true and lawful attorney-in-fact and agent, to sign on his or her behalf the Company's Annual Report on Form 10-K, for the year ended December 31, 2019, and any and all amendments thereto, and to file the same, with all exhibits thereto, with the Securities and Exchange Commission.

Pursuant to the requirements of the *Securities Exchange Act of 1934*, this report has been signed below by the following persons on behalf of the Company and in the capacities indicated on February 20, 2020.

Signature	Title
/s/ KEITH CREEL Keith Creel	Chief Executive Officer and Director (Principal Executive Officer)
/s/ NADEEM VELANI Nadeem Velani	Executive Vice-President and Chief Financial Officer (Principal Financial Officer)
/s/ ISABELLE COURVILLE Isabelle Courville	Chair of the Board of Directors
/s/ JOHN R. BAIRD John R. Baird	Director
/s/ GILLIAN H. DENHAM Gillian H. Denham	Director
/s/ EDWARD R. HAMBERGER Edward R. Hamberger	Director
/s/ REBECCA MACDONALD Rebecca MacDonald	Director
/s/ EDWARD L. MONSER Edward L. Monser	Director
/s/ MATTHEW H. PAULL Matthew H. Paull	Director
/s/ JANE L. PEVERETT Jane L. Peverett	Director
/s/ ANDREA ROBERTSON Andrea Robertson	Director
/s/ GORDON T. TRAFTON Gordon T. Trafton	Director

EXECUTIVE TEAM

Keith Creel
President and Chief Executive Officer

Mark Redd
Executive Vice-President Operations

Nadeem Velani
Executive Vice-President and Chief Financial Officer

John Brooks
Executive Vice-President and Chief Marketing Officer

Laird Pitz
Senior Vice-President and Chief Risk Officer

James Clements
Senior Vice-President Strategic Planning
and Technology Transformation

Jeffrey Ellis
Chief Legal Officer and Corporate Secretary

Mike Foran
Vice-President Market Strategy and Asset Management

Chad Rolstad
Vice-President Human Resources and Chief Culture Officer

Michael Redeker
Vice-President and Chief Information Officer

BOARD OF DIRECTORS

Isabelle Courville
Chair

Keith Creel
President and Chief Executive Officer

John Baird
Director

Jill Denham
Director

Edward Hamberger
Director

Rebecca MacDonald
Director

Edward Monser
Director

Matthew Paull
Director

Jane Peverett
Director

Andrea Robertson
Director

Gordon Trafton
Director

EXCHANGE LISTINGS

The common shares of Canadian Pacific Railway Limited are listed on the Toronto and New York stock exchanges under the symbol CP.

CONTACT US

Investor Relations
Email: investor@cpr.ca

Canadian Pacific Investor Relations
7550 Ogden Dale Road S.E.
Calgary, AB, Canada T2C 4X9

Shareholder Services
Email: shareholder@cpr.ca

Canadian Pacific Shareholder Services
Office of the Corporate Secretary
7550 Ogden Dale Road S.E.
Calgary, AB, Canada T2C 4X9

Transfer Agent and Registrar
Computershare Investor Services Inc. serves as transfer agent and registrar for the common shares in Canada. Computershare Trust Company, N.A. serves as co-transfer agent and co-registrar for the common shares in the U.S. Visit the Computershare website at: investorcentre.com/cp

Auditors
Deloitte LLP



CANADIAN PACIFIC

7550 Ogden Dale Road S.E.
Calgary, Alberta, Canada
T2C 4X9

cpr.ca

EXHIBIT 9.3

KANSAS CITY SOUTHERN
2020 ANNUAL REPORT
(FILED WITH THE SEC ON JANUARY 29, 2021)



2020 Annual Report

KANSAS CITY SOUTHERN

Kansas City Southern is a transportation holding company with two primary subsidiaries. The Kansas City Southern Railway Company is one of seven Class I railroads operating in the United States. Kansas City Southern de México, S.A. de C.V. is one of two large regional railroads in Mexico. KCS also owns 50% of the Panama Canal Railway Company in Panama. The combined North American rail network comprises approximately 7,100 route miles, including trackage rights, that link commercial and industrial markets in the United States and Mexico.

2020 FINANCIAL HIGHLIGHTS

Dollars in millions, except share and per share amounts. Years ended December 31.

	2020	2019	2018	2017
OPERATIONS				
Revenues	**$ 2,632.6**	$ 2,866.0	$ 2,714.0	$ 2,582.9
Operating income	**1,003.0**	886.3	986.3	921.6
Net income attributable to Kansas City Southern and subsidiaries	**617.0**	538.9	627.4	962.0
PER COMMON SHARE				
Earnings per diluted share	**$ 6.54**	$ 5.40	$ 6.13	$ 9.16
CLOSING STOCK PRICE RANGES				
Common - High	**$ 204.13**	$ 155.10	$ 119.88	$ 113.44
Common - Low	**100.54**	92.87	90.84	80.82
4% Non-Cumulative Preferred - High	**35.01**	32.14	33.07	29.50
4% Non-Cumulative Preferred - Low	**24.88**	24.11	24.50	26.75
FINANCIAL CONDITION				
Total assets	**$ 9,964.0**	$ 9,786.8	$ 9,469.8	$ 9,198.7
Total debt, including short-term borrowings	**3,770.8**	3,246.0	2,689.4	2,619.4
Total stockholders' equity	**4,057.2**	4,422.5	4,813.0	4,548.9
Total equity	**4,383.6**	4,745.9	5,132.7	4,865.4
COMMON STOCKHOLDER INFORMATION AT YEAR END				
Stockholders of record	**2,029**	1,952	2,063	2,141
Shares outstanding (in thousands)	**91,047**	96,116	100,897	103,037
Average diluted shares outstanding (in thousands)	**94,315**	99,747	102,270	105,040

LETTER TO OUR STOCKHOLDERS



Patrick J. Ottensmeyer
President & Chief Executive Officer
Kansas City Southern

The COVID-19 pandemic, and resulting economic downturn, impacted all aspects of Kansas City Southern's (KCS or the Company) operations, resulting in an exceptionally challenging year. Despite these challenges, KCS continued to aggressively implement principles of Precision Schedule Railroading (PSR), and delivered solid financial results.

Full year revenue was $2.6 billion, down 8% from 2019. Despite the decline in revenue, KCS posted a record adjusted operating ratio* of 60.7%, a 2.5 point improvement over prior year. KCS's adjusted diluted earnings per share* was $6.96, up 1%, despite a 6% volume decline. The Company also reported record free cash flow* of $554 million, up a remarkable 29% over the prior year.

The pandemic impacted KCS's financial results, along with its operations and workforce. Our preparedness and resiliency were tested in 2020, and our workforce rose to the challenge. *Kansas City Southern will emerge from these challenging times a stronger, more resilient company, prepared to support its superior growth profile and facilitate North American trade.*

COVID-19 & KCS's Operational Performance

When the World Health Organization declared the novel Coronavirus (COVID-19) a pandemic on March 11, 2020, we truly had no clear roadmap for the path ahead. KCS's volumes were still robust, and we were preparing to close a record first quarter that surpassed even our own high expectations for revenue growth and margin improvement.

By the time KCS reported earnings in April, most of the United States and Mexico were under stay-at-home orders to slow the spread of the virus. The rail industry, however, was deemed essential in both countries, and KCS continued operating with two overarching objectives in mind ***– striving to remain focused on protecting the health, safety, and well-being of its employees and the communities in which it operates while working to maintain the continuity of its business operations.*** These were challenging tasks, as there was no playbook for a pandemic.

Economic activity quickly stalled across North America and most of KCS's customers modified production to both mitigate the impact of COVID-19 on their own employees and adjust to the rapid reduction in consumer demand. Stay-at-home orders kept traffic off the highways, and demand for refined fuels fell sharply. Shipments of several commodities, including finished vehicles and auto parts, ground to a halt. KCS's weekly volumes declined 30% from early March to early May – the swiftest drop in the Company's 134-year history.

The pandemic and resulting volume decline presented an unprecedented operational challenge. The Company had to adjust to changes in customer demand by rapidly reducing train starts and storing unused equipment. Crew availability added to the challenge, as a subset of KCS's workforce was unavailable due to COVID-19 quarantine protocol. A Mexican decree issued on March 31st further complicated operations by allowing all employees over the age of 60 or with certain preexisting conditions to shelter at home. At its peak, approximately 15% of our crew base was unavailable in Mexico, and crew availability challenges persisted into the first part of 2021.

KCS relied on its strong PSR foundation to address these challenges. As volumes declined, the Company responded rapidly, combining trains and reducing service where possible, while working closely with customers to ensure that essential freight continued to move. These actions resulted in fewer train starts, and longer, heavier and more efficient trains.

From March to May, we reduced our average daily train count by 39%. Longer and heavier trains drove a 4% improvement in fuel efficiency during this same period. KCS also was able to reduce costs that vary with volume, such as transportation, mechanical, engineering and overhead. As operational changes were implemented, KCS focused on incorporating these new efficiencies and savings into its permanent operating model.

When stay-at-home orders were lifted in May, volume rebounded and the surge in demand presented new operational challenges. The Company had to again scale resources rapidly, this time to handle the volume growth. But because many of the efficiencies and savings created during the downturn were maintained, KCS's network was able to absorb the new carloads at low incremental costs, permanently improving its cost structure.

We mourn the lives lost to COVID-19 over the past year. Despite significant adversity, the tenacity and resiliency of our essential workers kept essential freight moving. ***We thank our essential workers for their critical contributions to the Company's success. More than 6,500 men and women of KCS showed extraordinary courage and dedication throughout this very challenging period.***

Commercial Performance & North American Trade

The COVID-19 downturn impacted all areas of our business, some more significantly than others. When stay-at-home orders were announced, non-essential industrial production across North America paused. This pause in production impacted KCS's automotive volumes most significantly, along with the related auto supply chain including parts, metals and plastics. Consumer demand also slowed, negatively impacting our intermodal business. On the opposite end of the spectrum, our agriculture and minerals business was relatively unaffected, as demand for food products remained stable and most of our customers in this business unit were deemed essential.

Over the course of the year, changes to consumer behavior emerged. E-commerce skyrocketed as home deliveries shifted from a convenience to a critical tool in mitigating the spread of COVID-19. Trucking capacity tightened. Inventories were drawn down, requiring quick replenishment to keep up with consumer demand. Auto production resumed after stay-at-home orders were lifted in May, and then quickly rebounded in response to low dealership inventory and accelerating demand. Industrial production also rebounded. As a result, by the end of September, KCS's weekly volumes had increased by approximately 60% from the lowest levels in the second quarter of 2020.

KCS's volume performance in 2020 was led by refined products exports from the U.S. gulf coast to Mexico, with 48% growth over 2019. Growth in this important business was driven by Mexico's increased reliance on imported gasoline and diesel given insufficient domestic production. This gap between supply and demand persists into 2021 and we expect it to provide a catalyst for KCS to continue delivering strong growth in this business.

KCS's franchise cross-border business as a whole also performed well, despite the COVID-19-driven economic slowdown. Volume across this strategic corridor grew 5%, compared to a 6% decline in overall consolidated volumes. This outperformance during an exceptionally challenging year speaks to the importance and resiliency of North American supply chains.

We are pleased that the U.S. – Mexico – Canada Agreement took effect on July 1, 2020. Looking forward, the resulting clarity in North American trade rules, along with a move to de-risk global supply chains and move them closer to consumer markets are laying the groundwork for accelerated nearshoring. Mexico offers competitive wages, a vibrant and educated workforce and compressed supply chains. ***KCS and its partners appreciate the benefits of doing business in Mexico, and we stand ready and able to support accelerated growth in North American trade.***

Financial Performance & Stockholder Returns

Given the uncertainty presented by the pandemic, KCS elected to withdraw most financial guidance when first quarter 2020 earnings were reported in April. The impact that COVID-19 would have on the economy and operations was unclear, and KCS could no longer reasonably guide to revenue, operating ratio or earnings per share.

Despite this uncertainty, our track record of strong operational execution gave us confidence to provide a free cash flow target of at least $500 million in 2020. By October, business had improved and we were able to increase that target to at least $550 million, implying free cash flow growth of 29% over 2019. This was a remarkable achievement in a challenging year.

KCS also took advantage of favorable credit markets in April to issue $550 million of 3.50% Senior Unsecured Notes due in 2050. KCS initially used the offering proceeds to bolster the Company's cash reserves during the COVID-19-related downturn. In October, KCS announced that the proceeds would be used primarily to fund two new accelerated share repurchase (ASR) agreements for the repurchase of $550 million worth of shares.

KCS followed the announcement of the ASR with an update to its capital allocation policy. Under the updated policy, KCS intends to continue deploying approximately 40-50% of its available cash to capital projects and strategic investments, and approximately 50-60% of its available cash to share repurchases and dividends. KCS also intends to increase its leverage ratio to the mid-2x range, from the low-2x range, providing greater flexibility to use debt as a means of increasing available cash.

In connection with the updated policy, KCS implemented a quarterly dividend approach that targets a payout ratio in the low-20% range. The Company also communicated a new $3.0 billion share repurchase program, expiring December 31, 2023.

KCS's returns to stockholders in 2020 were up 23% over 2019, primarily driven by increased share repurchases. This result reflects the confidence that KCS's Board of Directors has in the durability and growth potential of the business and the Company's commitment to continue delivering strong stockholder returns.

Reducing Greenhouse Gas Emissions & Improving Fuel Efficiency

KCS is committed to mitigating the impact of climate change by reducing greenhouse gas (GHG) emissions and improving fuel efficiency. To this end, the Company is modernizing its operations through initiatives such as creating longer and heavier trains, managing horsepower-per-trailing-ton compliance and investing in fuel saving technologies. ***As a result of these fuel conservation and efficiency efforts, KCS avoided the use of 21.2 million gallons of diesel fuel in 2020, reducing our fuel consumption by 15.3%.***

Reinforcing its commitment to reducing GHG emissions, in 2020 the Company disclosed its first publicly reported multi-year emissions reduction target. Specifically, KCS intends to reduce its GHG emissions intensity 12% by the year 2025, from a 2018 base year. Additionally, in 2021, KCS has committed to setting a more aggressive science-based greenhouse gas emissions reduction target, consistent with what climate scientists say is needed to meet a goal of limiting global warming to well below 2° C above pre-industrial levels.

KCS recognizes that the rail industry plays a critical role in lowering overall transportation emissions; moving freight by rail instead of truck reduces GHG emissions by up to 75%. The Company is building on steps already taken to improve its fuel efficiency in an effort to support more sustainable North American supply chains.

Commitment to Safety & Workplace Inclusion

The safety and well-being of our workforce is KCS's highest priority. Despite an incredibly challenging year, ***KCS advanced its safety performance with a 27% improvement over 2019 in its consolidated frequency rate of reportable workplace injuries and illnesses.***

The past year also highlighted the topics of diversity, equity, and inclusion. KCS has a long-standing commitment to these principles, as embodied in the Company's Vision and Values: ***we will support Diversity and Civility by embracing our cross-cultural heritage and promoting a work environment that is inclusive of everyone. We will honor the rights of all individuals to be treated with respect and dignity.***

These are not just words. Diversity and civility are critical to KCS's culture and all employees are expected to abide by these principles. To ensure that these values permeate KCS's culture, in 2020 the executive team initiated and participated in dialogues covering the topics of inequality and diversity. These dialogues primarily took the form of small cross-cultural groups of employees, representing all areas of the business, meeting to openly discuss these matters and learn from each other. These conversations will continue as we seek to further promote diversity and inclusion across our workforce.

Looking Forward

Despite the COVID-19-driven volatility in our business last year, KCS persevered and is a stronger, more resilient and more efficient company as a result. We enter 2021 highly optimistic about our long-term growth potential, continued prospects for operational improvement through PSR, the opportunities afforded us by our financial strength and the ability of our talented and dedicated employees to provide outstanding service to our customers. We will look to leverage these factors to deliver on our commitment ***to drive continued strong stockholder returns and provide value to all of KCS's stakeholders.***



*All reconciliations to GAAP are on page 104.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 1-4717

KANSAS CITY SOUTHERN

(Exact name of registrant as specified in its charter)

Delaware		**44-0663509**
(State or other jurisdiction of incorporation or organization)		*(I.R.S. Employer Identification No.)*
427 West 12th Street		
Kansas City , Missouri		**64105**
(Address of principal executive offices)		*(Zip Code)*

816.983.1303

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Preferred Stock, Par Value $25 Per Share, 4%, Noncumulative	**KSU**	**New York Stock Exchange**
Common Stock, $.01 Per Share Par Value	**KSU**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

The aggregate market value of common stock held by non-affiliates of the registrant was $14.01 billion as of June 30, 2020. There were 90,847,847 shares of $.01 par common stock outstanding as of January 22, 2021.

DOCUMENTS INCORPORATED BY REFERENCE

Kansas City Southern's Definitive Proxy Statement for the 2021 Annual Meeting of Stockholders which will be filed no later than 120 days after December 31, 2020, is incorporated by reference in Part III.

KANSAS CITY SOUTHERN

2020 FORM 10-K ANNUAL REPORT

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Item 1. ***Business***

COMPANY OVERVIEW

Kansas City Southern, a Delaware corporation, is a holding company with domestic and international rail operations in North America that are strategically focused on the growing north/south freight corridor connecting key commercial and industrial markets in the central United States ("U.S.") with major industrial cities in Mexico. As used herein, "KCS" or the "Company" may refer to Kansas City Southern or, as the context requires, to one or more subsidiaries of Kansas City Southern.

KCS controls and owns all of the stock of The Kansas City Southern Railway Company ("KCSR"), a U.S. Class I railroad founded in 1887. KCSR serves a ten-state region in the midwest and southeast regions of the United States and has the shortest north/south rail route between Kansas City, Missouri and several key ports along the Gulf of Mexico in Alabama, Louisiana, Mississippi and Texas.

KCS controls and owns all of the stock of Kansas City Southern de México, S.A. de C.V. ("KCSM"). Through its 50-year concession from the Mexican government (the "Concession"), which could expire in 2047 unless extended, KCSM operates a key commercial corridor of the Mexican railroad system and has as its core route the most strategic portion of the shortest, most direct rail passageway between Mexico City and Laredo, Texas. Laredo is a principal international gateway through which a substantial portion of rail and truck traffic between the United States and Mexico crosses the border. KCSM serves most of Mexico's principal industrial cities and three of its major seaports. KCSM's rail lines provide exclusive rail access to the United States and Mexico border crossing at Nuevo Laredo, Tamaulipas. Under the Concession, KCSM has the right to use and operate the southern half of the rail bridge at Laredo, Texas, which spans the Rio Grande River between the United States and Mexico. The Company owns the northern half of this bridge through its ownership of Mexrail, Inc. ("Mexrail").

KCSM also provides exclusive rail access to the port of Lazaro Cardenas on the Pacific Ocean. The Mexican government developed the port at Lazaro Cardenas principally to serve Mexican markets and as an alternative to the U.S. west coast ports for Asian and South American traffic bound for North America.

The Company wholly owns Mexrail which, in turn, wholly owns The Texas Mexican Railway Company ("Tex-Mex"). Tex-Mex owns a 160-mile rail line extending from Laredo, Texas to the port city of Corpus Christi, Texas, which connects the operations of KCSR with KCSM.

The KCS coordinated rail network (KCSR, KCSM and Tex-Mex, including trackage rights) comprises approximately 7,100 route miles extending from the midwest and southeast portions of the United States south into Mexico and connects with all other Class I railroads, providing shippers with an effective alternative to other railroad routes and giving direct access to Mexico and the southeast and southwest United States through alternate interchange hubs.

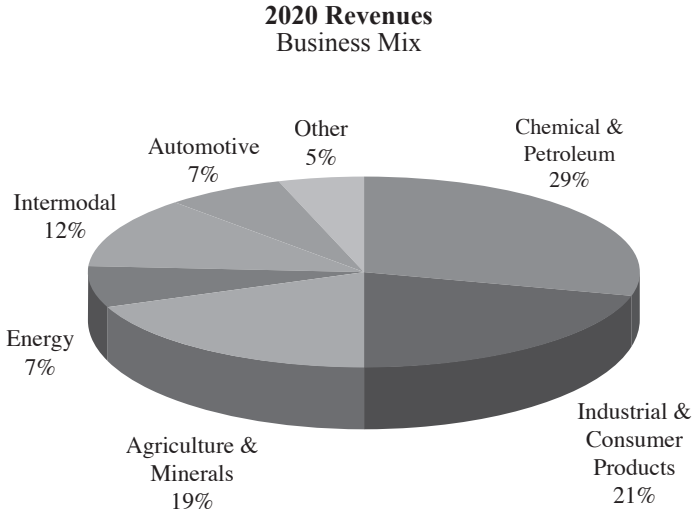
Panama Canal Railway Company ("PCRC"), an unconsolidated joint venture company owned equally by KCS and Mi-Jack Products, Inc. ("Mi-Jack"), was awarded a concession from the Republic of Panama to reconstruct and operate the Panama Canal Railway, a 47-mile railroad located adjacent to the Panama Canal that provides international container shipping companies with a railway transportation alternative to the Panama Canal. The concession was awarded in 1998 for an initial term of 25 years with an automatic renewal for an additional 25-year term. The Panama Canal Railway is a north-south railroad traversing the isthmus of Panama between the Atlantic and Pacific oceans.

Other subsidiaries and affiliates of KCS include the following:

- KCSM Servicios, S.A. de C.V. ("KCSM Servicios"), a wholly-owned and consolidated subsidiary that provides employee services to KCSM;
- Meridian Speedway, LLC ("MSLLC"), a seventy percent-owned consolidated affiliate that owns the former KCSR rail line between Meridian, Mississippi and Shreveport, Louisiana, which is the portion of the rail line between Dallas, Texas and Meridian known as the "Meridian Speedway." Norfolk Southern Corporation, through its wholly-owned subsidiary, The Alabama Great Southern Railroad Company, owns the remaining thirty percent of MSLLC;
- TFCM, S. de R.L. de C.V. ("TCM"), a forty-five percent-owned unconsolidated affiliate that operates a bulk liquid terminal in San Luis Potosí, Mexico;
- Ferrocarril y Terminal del Valle de México, S.A. de C.V. ("FTVM"), a twenty-five percent-owned unconsolidated affiliate that provides railroad services as well as ancillary services in the greater Mexico City area; and

- PTC-220, LLC ("PTC-220"), a fourteen percent-owned unconsolidated affiliate that holds the licenses to large blocks of radio spectrum and other assets for Positive Train Control ("PTC"). See Government Regulation section for further information regarding PTC.

MARKETS SERVED



Chemical and petroleum. This commodity group includes products such as chemicals, plastics, petroleum, liquefied petroleum gas, and petroleum refined products, such as gasoline and diesel. KCS transports these products across its network and through interchanges with other rail carriers. Refined fuels and liquefied petroleum gas groups of commodities supply Mexican demand. The chemical and plastic products are used in the automotive, housing and packaging industries as well as in general manufacturing. KCS hauls petroleum products across its network and as U.S. petroleum refineries have continued to increase their refining capacity, they have coordinated with KCS to develop additional long-term storage opportunities that complement a fluid freight railroad operation.

Industrial and consumer products. This commodity group includes forest products as well as metals and scrap. Forest products consist of shipments to and from paper and lumber mills in the southeast United States timber-producing region that KCS serves directly and indirectly through its various short-line connections. The United States is an important source of pulp paper and scrap paper for Mexico that ships by rail through KCS's network. Metals and scrap consist of shipments of flat steel and long product as well as other minor moves of ores such as iron, zinc and copper. The majority of steel produced and metallic ore mined in Mexico are consumed within Mexico. Steel slab is used to make steel coils and plate-products that usually ship via rail. Higher-end finished products such as steel coils are used by Mexican manufacturers in automobiles, household appliances, the oil and gas industry, and other consumer goods that are imported from the United States through land borders and the seaports served by KCS's rail network. KCS also transports steel coils, plates and pipe from U.S. and Mexican-based mini-mills to locations in the U.S. and Mexico for oil drilling, appliance and automotive applications. This commodity group also includes U.S. military transports, Mexico and U.S. domestic cement shipments and appliances manufactured in Mexico that are imported into the United States.

Agriculture and minerals. The agriculture and minerals commodity group consists primarily of grain and food products. Shipper demand for agriculture products is affected by competition among sources of grain and grain products, as well as price fluctuations in international markets for key commodities. In the United States, KCS's rail lines receive and originate shipments of grain and grain products for delivery to feed mills and food and industrial consumers in the U.S. and Mexico. United States export grain shipments and Mexico import grain shipments include primarily corn, wheat, and soybeans. Food products consist mainly of soybean meal, grain meal, oils, distillers dried grains, corn syrup and sugar. Other shipments consist of a variety of products including ores, minerals, clay and glass used across North America.

Energy. The energy commodity group includes coal, frac sand, petroleum coke and crude oil. KCS hauls unit trains (trains transporting a single commodity from one source to one destination) of coal for electric generating plants in the central United States. The coal originates from the Powder River Basin in Wyoming and is interchanged to KCS at Kansas City, Missouri. Coal mined in the midwest United States is transported in non-unit trains to industrial consumers such as paper mills, steel mills, and cement companies. Frac sand originating primarily in Wisconsin, Illinois or Iowa is delivered to transloads located in northeast Texas, northern Louisiana and south Texas for distribution to gas and oil wells in the region. Frac sand business in Mexico is primarily for industrial purposes such as auto glass and bottle manufacturing. KCS's shipments of frac sand to support the drilling industry have diminished over time as the use of in-basin frac sand has largely replaced frac sand originating in the upper Midwest. KCS transports petroleum coke from refineries in the United States to various industries in

the U.S. and Mexico including export through the Pabtex terminal located in Port Arthur, TX. The majority of crude by rail business originates in Canada, with spot shipments coming from west Texas, and is delivered to U.S. Gulf Coast refineries and tank farms in Texas, Louisiana, and Alabama.

Intermodal. The intermodal freight sector consists primarily of hauling freight containers or truck trailers on behalf of steamship lines, motor carriers, and intermodal marketing companies with rail carriers serving as long-distance haulers. KCS serves and supports the U.S. and Mexican markets, as well as cross-border traffic between the U.S. and Mexico. In light of the importance of trade between Asia and North America, the Company believes the Port of Lazaro Cardenas continues to be a strategically beneficial location for ocean carriers, manufacturers and retailers. Equally important, foreign direct investment in Mexico has caused the KCS Mexico/U.S. cross border corridor to emerge as an increasingly important tool for freight flow. The Company also provides premium service to customers over its line from Dallas through the Meridian Speedway— a critical link in creating the most direct route between the southwest and southeast/northeast U.S.

Automotive. KCS provides rail transportation to every facet of the automotive industry supply chain, including automotive manufacturers, assembly plants and distribution centers throughout North America. In addition, KCS transports finished vehicles imported and exported to and from various countries through a distribution facility at the Port of Lazaro Cardenas.

GOVERNMENT REGULATION

The Company's United States operations are subject to federal, state and local laws and regulations generally applicable to all businesses, subject to federal preemption under certain circumstances. Rail operations are also subject to the regulatory jurisdiction of the Surface Transportation Board ("STB"), the Federal Railroad Administration ("FRA") and the Pipeline and Hazardous Materials Safety Administration ("PHMSA") of the U.S. Department of Transportation ("DOT"), the Occupational Safety and Health Administration ("OSHA"), as well as other federal and state regulatory agencies. The STB has jurisdiction over disputes and complaints involving certain rates and charges, routes and services, the sale or abandonment of rail lines, applications for line extensions and construction, and consolidation or merger with, or acquisition of control of, rail common carriers. DOT and OSHA each has jurisdiction under several federal statutes over a number of safety and health aspects of rail operations, including the transportation of hazardous materials. In 2008, the President of the United States signed the Rail Safety Improvement Act of 2008 into law, which, among other things, revised hours of service for train and certain other employees and mandated implementation of PTC at certain locations by the end of 2015. PTC is a technology designed to help prevent train-to-train collisions, overspeed derailments, incursions into rail work zones, and entry into main line track if a switch is misaligned at certain locations, including main line track where toxic inhalation hazard or poison inhalation hazard movements occur or where passenger operations occur. The Surface Transportation Extension Act of 2015 amended the PTC deadline set by the Rail Safety Improvement Act of 2008 to require implementation of PTC by the end of 2018, and then further extended to December 31, 2020. By the end of 2018, the Company implemented PTC on all required sections of its rail network, locomotives and wayside assets. The Company completed interoperability with the required Class I freight railroads and Amtrak in June 2020 in compliance with the December 31, 2020 deadline. The implementation of PTC increased operating costs, and the number of employees the Company employs, and has required significant investments in new safety technology. The Company will continue to make investments in new safety technology.

KCS's U.S. subsidiaries are subject to extensive federal, state and local environmental regulations. These laws cover discharges to water, air emissions, toxic substances, and the generation, handling, storage, transportation and disposal of waste and hazardous materials. These regulations have the effect of increasing the costs, risks and liabilities associated with rail operations. Environmental risks are also inherent in rail operations, which frequently involve transporting chemicals and other hazardous materials.

Primary regulatory oversight of the Company's Mexican operations is provided by the Mexican Agencia Reguladora del Transporte Ferroviario ("Regulatory Agency of Rail Transportation" or "ARTF"). The ARTF establishes regulations concerning railway safety and operations, and is responsible for resolving disputes between railways and customers. KCSM must register its maximum rates with the ARTF and make regular reports to the ARTF and the Secretaría de Comunicaciones y Transportes ("Secretary of Communications and Transportation" or "SCT"). KCSM must provide reports on investments, traffic volumes, theft and vandalism on the general right of way, customer complaints, fuel consumption, number of locomotives, railcars and employees, and activities around maintenance of way, sidings and spurs, among other financial information and reports. The Company may freely set rates on a non-discriminatory basis up to the maximum rates registered with the ARTF. At any time, the ARTF may request additional information regarding the determination of such rates and may

issue recommendations with respect to proposed rate increases. If the ARTF or another party considers there to be no effective competition, they may request an opinion from the Comisión Federal de Competencia Económica ("Mexican Antitrust Commission" or "COFECE") regarding market conditions. If the COFECE determines that there is no effective competition for particular movements, the ARTF could set rates for those movements or grant limited trackage rights to another railroad while the condition of no effective competition remains.

KCSM holds a Concession from the Mexican government until June 2047 (exclusively through 2027, subject to certain trackage and haulage rights granted to other concessionaires), which is renewable under certain conditions for additional periods of up to 50 years. The Concession authorizes KCSM to provide freight transportation services over north-east rail lines, which are a primary commercial corridor of the Mexican railroad system. KCSM is required to provide freight railroad services to all users on a fair and non-discriminatory basis and in accordance with efficiency and safety standards approved periodically by the Mexican government. KCSM has the right to use, but does not own, all track and buildings that are necessary for the rail lines' operation. KCSM is obligated to maintain the right of way, track structure, buildings and related maintenance facilities to the operational standards specified in the Concession agreement and to return the assets in that condition at the end of the Concession period. During the remainder of the Concession period, KCSM is required to pay the Mexican government an annual concession duty equal to 1.25% of gross revenues. The ARTF may request information to verify KCSM´s compliance with the Concession and any applicable regulatory framework.

The Company's Mexican operations are subject to Mexican federal and state laws and regulations relating to the protection of the environment through the establishment of standards for water discharge, water supply, emissions, noise pollution, hazardous substances and transportation and handling of hazardous and solid waste. The Mexican government may bring administrative and criminal proceedings and impose economic sanctions against companies that violate environmental laws, and temporarily or even permanently close non-complying facilities.

Noncompliance with applicable legal provisions may result in the imposition of fines, temporary or permanent shutdown of operations or other injunctive relief, criminal prosecution or, with respect to KCSM, the termination of the Concession. KCS maintains environmental provisions that are believed by management to be appropriate with respect to known and existing environmental contamination of its properties that KCS may be responsible to remedy.

Government regulations are further discussed within Item 7, Management's Discussion and Analysis of Financial Information and Results of Operations — Mexico Regulatory and Legal Updates.

COMPETITION

The Company competes against other railroads, many of which are much larger and have significantly greater financial and other resources. The railroad industry in North America is dominated by a few very large carriers. The larger U.S. western railroads (BNSF Railway Company and Union Pacific Railroad Company), in particular, are significant competitors of KCS because of their substantial resources and competitive routes.

In Mexico, KCSM's operations are subject to competition from other railroads, particularly Ferrocarril Mexicano, S.A. de C.V. ("Ferromex") and Ferrosur, S.A. de C.V. ("Ferrosur"), both controlled by Grupo Mexico S.A.B. de C.V. Ferromex and Ferrosur together are much larger and have significantly greater financial and other resources than KCSM, serving most of the major ports and cities in Mexico and together owning fifty percent of FTVM, which serves industries located in the Mexico City area.

The ongoing impact of past and future rail consolidation is uncertain. However, KCS believes that its investments and strategic alliances continue to competitively position the Company to attract additional rail traffic throughout its rail network.

The Company is subject to competition from motor carriers, barge lines and other maritime shipping, which compete across certain routes in KCS's operating areas. In the past, truck carriers have generally eroded the railroad industry's share of total transportation revenues. Intermodal traffic and certain other traffic face highly price sensitive competition, particularly from motor carriers. However, rail carriers, including KCS, have placed an emphasis on competing in the intermodal marketplace and working with motor carriers to provide end-to-end transportation of products.

While deregulation of U.S. freight rates has enhanced the ability of railroads to compete with each other and with alternative modes of transportation, this increased competition has generally resulted in downward pressure on freight rates

since deregulation. Competition with other railroads and other modes of transportation is generally based on the rates charged, the quality and reliability of the service provided and the quality of the carrier's equipment for certain commodities.

RAIL SECURITY

The Company and its rail subsidiaries have continued to research, develop and implement multidisciplinary approaches to secure the Company's assets and personnel against transnational criminal organizations that actively target transportation networks. In addition, the Company has developed a variety of vertically integrated strategies to mitigate the risk terrorist attacks could pose to the Company, its personnel and assets. Many of the specific measures the Company utilizes for these efforts are required to be kept confidential through arrangements with government agencies, such as the Department of Homeland Security ("DHS"), or through jointly-developed and implemented strategies and plans with connecting carriers.

KCSR and KCSM developed a proprietary security plan based on an industry-wide plan developed by the Association of American Railroads ("AAR") members which focuses on comprehensive risk assessments in five areas — hazardous materials; train operations; critical physical assets; military traffic; and information technology and communications. The security plan is kept confidential, with access to the plan tightly limited to members of management with direct security and anti-terrorism implementation responsibilities. The Company participates with other AAR members in periodic drills under the industry plan to test and refine its various provisions.

The Company also uses information technology in various ways in its operations. The risks associated with this technology from cyber attacks has increased in recent years. The Company continues to monitor these threats and attempted cyber attacks, and has put in place various safeguards to protect the Company's operations as well as its assets and digital information from cyber attacks.

To protect the confidentiality and sensitivity of both the AAR plans and the proprietary strategies the Company has developed to safeguard against criminal enterprises, terrorism, and other security and safety threats, the following paragraphs will provide only a general overview of some of these efforts.

The Company's security activities range from periodically providing security awareness updates to KCS employees and including safety and security information on the Company's internet website (which can be found under the "Corporate Responsibility" tab at www.kcsouthern.com) to its ongoing implementation of security plans for rail facilities in areas labeled by the DHS as High Threat Urban Areas ("HTUAs"). The Company's other activities to bolster security against terrorism include, but are not limited to, the following:

- Conferring regularly with other railroads' security personnel and with industry experts on security issues;
- Routing shipments of certain chemicals, which might be toxic if inhaled, pursuant to federal regulations;
- Initiating a series of over 20 voluntary action items agreed to between AAR and DHS as enhancing security in the rail industry;
- Conducting constant and targeted security training as part of the scheduled training for operating employees and managers;
- Developing smartphone applications to ensure immediate information, live video and pictures from security supervisors and protection assets pertaining to potential operational risks;
- Developing a multi-layered security model using high-speed digital imaging, system velocity and covert and overt security filters to mitigate the risk of illicit activity;
- Measuring key security metrics to ensure positive risk mitigation and product integrity trends;
- Performing constant due diligence with the existing security model and by benchmarking rail security, including cyber security, on a world-wide basis to monitor threat streams related to rail incidents;
- Implementing a Tactical Intelligence Center by KCSM, which provides constant training with core members in new technology helping to prevent, detect, deter, deny and respond to potentially illicit activities; and
- Deploying an array of non-intrusive technologies including, but not limited to, digital video surveillance and analytics as part of an intelligent video security solution, including a closed circuit television platform with geo-fencing for intrusion detection, to allow for remote viewing access to monitor ports of entry, intermodal and rail yards.

In addition, the Company utilizes dedicated security personnel with extensive special operations forces, intelligence, and law enforcement backgrounds to oversee the ongoing and increasingly complex security efforts of the Company in both the United States and Mexico. While the risk of theft and vandalism is higher in Mexico, KCSM remains among the safest methods of transportation for freight shipments in Mexico. KCSM's record in rail safety is due in large part to the implementation of a multi-layered safety and security process throughout the KCSM network. In addition to having its own internal system, the process is connected to, and supported by a high level of federal, state and local law enforcement. A primary focus of this effort involves maintaining constant diligence, intelligence and counterintelligence operations, technology-reporting applications and active vigilance while enhancing overall system velocity, which reduces the residual risk for incidents to occur.

RAILWAY LABOR ACT

Labor relations in the U.S. railroad industry are subject to extensive governmental regulation under the Railway Labor Act ("RLA"). Under the RLA, national labor agreements are renegotiated on an industry-wide scale when they become open for modification, but their terms remain in effect until new agreements are reached or the RLA's procedures (which include mediation, cooling-off periods, and the possibility of presidential intervention) are exhausted. Contract negotiations with the various unions generally take place over an extended period of time and the Company rarely experiences work stoppages during negotiations. Wages, health and welfare benefits, work rules and other issues have traditionally been addressed during these negotiations.

COLLECTIVE BARGAINING

Approximately 70% of KCSR employees are covered by collective bargaining agreements. These agreements do not have expiration dates, but rather remain in place until modified by subsequent agreements. KCSR participates in industry-wide multi-employer bargaining as a member of the National Carriers' Conference Committee (the "NCCC"), as well as local bargaining for agreements that are limited to KCSR's property. Multi-employer agreements are subject to a procedure that allows requests for changes to be served every five years. Long-term agreements were reached voluntarily or through the arbitration process during 2017 and 2018 covering all of the participating unions. The terms of these agreements will remain in effect until new agreements are reached in the next bargaining round. In November 2019, KCSR and its unions commenced negotiations in connection with the 2020 bargaining round.

KCSM Servicios union employees are covered by one labor agreement, which was signed on April 16, 2012, between KCSM Servicios and the Sindicato de Trabajadores Ferrocarrileros de la República Mexicana ("Mexican Railroad Union"), and which remains in effect during the period of the Concession, for the purpose of regulating the relationship between the parties. Approximately 79% of KCSM Servicios employees are covered by this labor agreement. The compensation terms under this labor agreement are subject to renegotiation on an annual basis and all other benefits are subject to negotiation every two years. The parties finalized negotiations over compensation terms and benefits that will apply until June 30, 2021, along with other terms.

Union labor negotiations have not historically resulted in any strike, boycott or other disruption in the Company's business operations.

INFORMATION ABOUT EXECUTIVE OFFICERS

All executive officers are elected annually and serve at the discretion of the Board of Directors. All of the executive officers have employment agreements with KCS and/or its subsidiaries.

Patrick J. Ottensmeyer — President and Chief Executive Officer— 63 — Served in this capacity since July 1, 2016. Mr. Ottensmeyer has been a director of KCS since July 1, 2016 and served as President of KCS since March 1, 2015. He served as Executive Vice President Sales and Marketing of KCS from October 16, 2008 through March 1, 2015. Mr. Ottensmeyer joined KCS in May 2006 as Executive Vice President and Chief Financial Officer.

Warren K. Erdman — Executive Vice President — Administration and Corporate Affairs — 62 — Served in this capacity since April 2010. Mr. Erdman served as Executive Vice President — Corporate Affairs from October 2007 until April 2010. He served as Senior Vice President — Corporate Affairs of KCS and KCSR from January 2006 to September 2007. Mr. Erdman served as Vice President — Corporate Affairs of KCS from April 15, 1997 to December 31, 2005 and as Vice President — Corporate Affairs of KCSR from May 1997 to December 31, 2005. Prior to joining KCS, Mr. Erdman served as Chief of Staff to United States Senator Kit Bond of Missouri from 1987 to 1997.

Brian D. Hancock — Executive Vice President and Chief Innovation Officer — 55 — Served in this capacity since October 1, 2018. Mr. Hancock served as Executive Vice President and Chief Marketing Officer from August 2015 until September 2018. Prior to joining KCS, Mr. Hancock served as Senior Vice President of Supply Chain for Family Dollar Stores, Inc., a variety store chain, from 2013 to July 2015. From 2011 to 2013, Mr. Hancock served as President – North America for The Martin – Brower Company, L.L.C. From 2005 to 2011, he served as Vice President – Global Supply Chain for Whirlpool Corporation.

Jeffrey M. Songer — Executive Vice President and Chief Operating Officer — 51 — Served in this capacity since March 2016. Mr. Songer served as Senior Vice President Engineering and Chief Transportation Officer of the Company from August 2014 to February 2016 and as Vice President and Chief Engineer for KCSR from June 2012 to July 2014. Prior to serving as KCSR's Vice President and Chief Engineer, Mr. Songer served as Assistant Vice President — Engineering and Planning from March 2011 to June 2012, and as its General Director — Planning, Scheduling & Administration from January 2007 to March 2011.

Michael W. Upchurch — Executive Vice President and Chief Financial Officer — 60 — Served in this capacity since October 16, 2008. Mr. Upchurch joined KCS in March 2008 as Senior Vice President Purchasing and Financial Management. From 1990 through September 2006, Mr. Upchurch served in various senior financial leadership positions at Sprint Corporation, a telecommunications company, including Senior Vice President Financial Operations, Senior Vice President Finance Sprint Business Solutions and Senior Vice President Finance Long Distance Division.

Oscar Augusto Del Cueto Cuevas — President, General Manager and Executive Representative — KCSM — 54 — Served in this capacity since August 1, 2020. Mr. Del Cueto previously served as KCSM Servicios Vice President and General Director from November 2018 to July 2020 and as KCSM Servicios Vice President-Operations from January 2013 to October 2018. Mr. Del Cueto joined KCSM in 2006 and held various leadership positions prior to 2013. He has nearly 30 years of railway industry experience, working in institutional relations, communication, operations, planning and logistics.

Lora S. Cheatum — Senior Vice President — Human Resources — 64 — Served in this capacity since joining KCS in October 2014. Ms. Cheatum previously served as Senior Vice President Global Human Resources of Layne Christensen Company, a global water management, construction, and drilling company, from 2012 to October 2014. From 2010 to 2012, she served as Director — Field Operations at Fitness Together Holdings, Inc. Ms. Cheatum spent nine years with Kansas City Power & Light, from 2001 to 2010, where she was Vice President of Procurement and previously as Vice President Human Resources.

Michael J. Naatz — Executive Vice President and Chief Marketing Officer — 55 — Served in this capacity since October 1, 2018. Mr. Naatz served as Senior Vice President Operations Support and Chief Information Officer from August 2014 until September 2018 and as Senior Vice President and Chief Information Officer of the Company from May 2012 to July 2014. Prior to joining KCS, Mr. Naatz served as President of USF Holland, a YRC Worldwide, Inc. ("YRCW") company, a leading provider of transportation and global logistics services, from 2011 to May 2012. From 2010 to 2011, Mr. Naatz served as President and Chief Customer Officer - Customer Care Division at YRCW. From 2008 to 2010, he served as Executive Vice President and Chief Information & Service Officer at YRCW. From 2005 to 2007, he served as President — Enterprise Services Division at YRCW. From 1994 to 2005, he held various leadership positions with USF Corporation.

Suzanne M. Grafton — Vice President and Chief Accounting Officer — 45 — Served in this capacity since July 24, 2017. Ms. Grafton served as Vice President of Audit and Enterprise Risk Management of the Company from April 2016 to July 2017 and as Vice President of Accounting from May 2014 to March 2016. From September 2006 to May 2014, Ms. Grafton served in various accounting leadership positions at KCS.

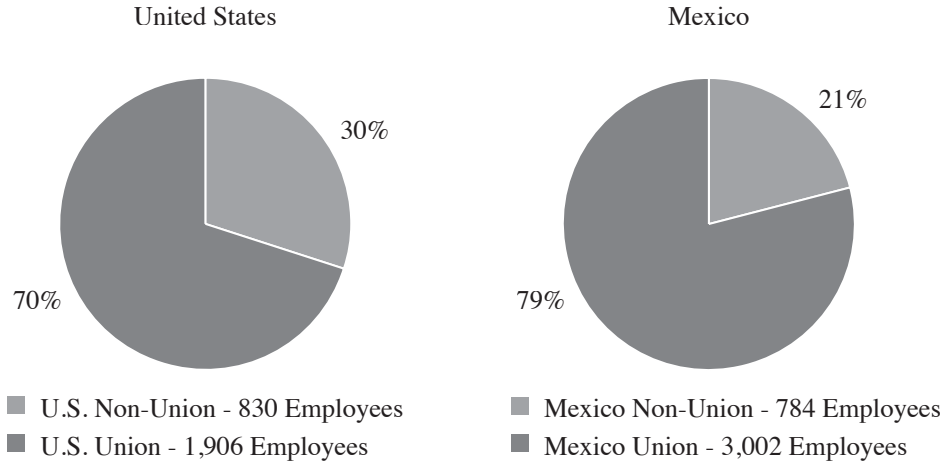
Adam J. Godderz — Senior Vice President — Chief Legal Officer and Corporate Secretary — 46 — Served in this capacity since February 1, 2020. Mr. Godderz served as General Counsel and Corporate Secretary from January 2019 to January 2020 and as Associate General Counsel and Corporate Secretary of the Company from June 2018 to December 2018. From November 2015 to May 2018, he served as Vice President of Labor Relations and Corporate Secretary. From January 2013 to November 2015, Mr. Godderz served as Associate General Counsel and Corporate Secretary. From September 2007 to January 2013, Mr. Godderz served as Associate General Counsel at KCS.

DESCRIPTION OF HUMAN CAPITAL RESOURCES

The employees of KCS are the Company's greatest asset. KCS employees are the foundation of the Company's success and keep the railroad moving every day, even during a global pandemic. The employees of KCS have a shared vision – to strive to be the fastest-growing, best-performing, most customer-focused transportation provider in North America.

A majority of the KCS workforce plays a critical role in the daily train operations and customer support. This portion of the workforce, including train crews, dispatchers, mechanical and engineering crews, field managers, and many others, cannot work from home. During the pandemic, these employees and freight rail transportation are part of what is deemed "critical infrastructure," essential to the economy and the communities KCS serves.

As of December 31, 2020, the Company had approximately 6,522 employees, with 58% based in Mexico and 42% based in the U.S. In 2020, approximately 75% of KCS employees were represented by a collective bargaining agreement.



In managing the Company's business, management focuses on a number of human capital measures and objectives rooted in the KCS Vision, Values and Culture (described further below, and as noted on the Company's website at https://www.kcsouthern.com/en-us/about-us/overview/vision-values, which is not incorporated into this Form 10-K) and include the following:

- ***Employee Health & Safety*** - KCS is committed to operating in a safe, secure and responsible manner for the benefit of its employees, customers and the communities KCS serves in the U.S. and Mexico. See below for further discussion of employee health and safety as well as noted in the Company's sustainability report at https://www.kcsouthern.com/corporate-responsibility/our-commitment/KCS-2019-Sustainability-Report.pdf (the sustainability report is not incorporated into this Form 10-K).
- ***Compensation and Benefits*** - KCS strives to offer competitive compensation, benefits and services that meets the needs of its employees including, short and long-term incentive packages, employee stock purchase plan, defined contribution plan, healthcare benefits, and wellness and employee assistance programs. Management monitors market compensation and benefits to be able to attract, retain, and promote employees and reduce turnover and its associated costs. In addition, KCS's short and long-term incentive programs are aligned with the Company's vision and key business objectives and are intended to motivate strong performance. KCS engages a nationally recognized outside consulting firm to objectively evaluate its compensation and benefits and benchmark them against industry peers and other similarly situated organizations.

For the year ended December 31, 2020, compensation and benefits expense totaled $476.5 million. See Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* for further discussion of compensation and benefits expense.

- ***Productivity Measures*** – KCS measures productivity of its workforce by analyzing its headcount compared to total gross ton miles, which is the number of miles moved by a train multiplied by the total weight of the freight cars.

	Years Ended December 31,	
	2020	2019
Gross Ton Miles (GTM) (in millions) [(a)]	94,434	101,819
Average Employees - Total	6,655	7,069
Average Employees - Union	4,983	5,353
GTM's per Average Employee (in millions)	14.19	14.40

(a) Excludes Locomotive Gross Ton Miles

- ***KCS's Vision, Values and Culture ("KCS Culture")*** - The KCS Culture is critically important to KCS's success and is a set of guidelines, beliefs and behaviors that help define KCS and create a foundation for growth and success. KCS's strong culture and core values should allow KCS to fulfill its vision and continue to endure in times of stress. The KCS Culture helps guide how employees make decisions, treat each other and serve customers. All employees are responsible for upholding the KCS Culture and conformance with the KCS Culture statement is 25% of the annual performance appraisal process for all management employees. Management uses performance evaluations as a tool to help strengthen relationships with employees and KCS's Culture.

Employee Health and Safety Overview

Management seeks to instill a culture valuing employee health and safety at KCS via training, education, initiatives, equipment and a strict adherence to applicable safety rules as further described below.

Operational safety

KCS is subject to federal, state, and local government regulations in the U.S. and Mexico with regard to safety. These regulations direct safety practices in the placement of rail cars carrying certain commodities in the train, routes, inspection of equipment and track, security procedures, equipment design and construction, speed restrictions, and work rules.

Management strives to instill a culture of safety, providing on-the-job training and classroom instruction to employees. Many positions, such as locomotive engineers and conductors, have extensive requirements for certification and licensing, as required by federal regulation. Certification-eligibility is based on a variety of factors, including prior safety conduct of the applicant, compliance with applicable regulations, knowledge of operating rules and performance testing. The Company offers certification and training programs to operations groups as business needs require. These training programs focus on operating rules, safety rules, and procedures required for specific tasks.

KCS's operational testing program provides processes for ongoing validation and understanding of, and adherence to operating rules and procedures by employees, and allows management to identify, monitor and manage potential safety risks in the business. This training is designed to gauge employees' knowledge of and compliance with KCS rules and procedures and determine the need for remedial training or guidance. Testing plans are developed based upon, among other things, a particular location's risks, recent trends, injuries or accidents and prior operational test performance.

Safety technology

KCS uses advanced technologies to help employees enhance operational safety including the following:

- Advanced Inspection Equipment — KCS uses technology to monitor, in real-time, the approximately 7,100 route miles of track, bridges, and tunnels that KCS uses in its operations. KCS employees and contractors inspect railroad tracks using specialized equipment such as track geometry cars, ground-penetrating radar, and laser technology. Additionally, different types of wayside detectors are positioned along the rail network to monitor the condition of the wheels on passing trains. These specialized technologies alert railroads to potential defects and help enable KCS to schedule maintenance in a timely manner.

- PTC — Since 2008, KCSR has worked to implement PTC, the largest and most complex safety system in the history of the railroad industry. PTC is an advanced technology system designed to automatically stop a train before certain incidents occur and protect KCS's employees, customers and communities along the network. The Company has invested $257.4 million in PTC since 2008. PTC aims to prevent the following:
    - Train-to-train collisions;
    - Derailments caused by excessive train speed;
    - Train movements through misaligned track switches;
    - Unauthorized train entry into work zones.
- Asset Health Strategic Initiative ("AHSI") — AHSI is a multi-year rail industry program that applies information technology processes to help improve the safety and performance of freight cars and locomotives across North America. The program aims to help reduce mechanical service interruptions, improve the quality of railcar inspections, and increase rail yard and repair shop efficiencies by consolidating equipment information, including ownership information, repair and inspection history, and company recalls, among other things.

Health and Safety during COVID-19 pandemic

During the outbreak in March 2020 of the novel Coronavirus ("COVID-19"), which has been declared a pandemic, the U.S. and Mexico governments deemed rail transportation as "critical infrastructure" providing essential services during the global emergency. As a provider of critical infrastructure, Kansas City Southern has an obligation to keep employees working and freight operations moving. During this period, the Company strives to remain focused on protecting the health, safety, and well-being of its employees and the communities in which it operates while working to maintain the continuity of its business operations.

In response to the COVID-19 pandemic, KCS created a dedicated crisis team that implemented business continuity plans to help ensure the ongoing availability of its transportation services. KCS took a variety of health and safety measures, including separating dispatching and crew operations, implementing enhanced cleaning and hygiene protocols in its facilities and locomotives, implementing remote work policies where possible, performing temperature checks and requiring facial coverings. As a result, the Company did not experience significant COVID-19 related disruptions in its railroad operations during 2020. For the year ended December 31, 2020, the Company recognized approximately $10.0 million of expense related to COVID-19 for the protection of its employees and the continuity of business operations.

AVAILABLE INFORMATION

KCS's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, and amendments to those reports, are available for download at no cost on KCS's website (www.investors.kcsouthern.com) as soon as reasonably practicable after the electronic filing of these reports is made with the Securities and Exchange Commission. In addition, KCS's corporate governance guidelines, ethics and legal compliance policy, and the charters of the Audit Committee, the Finance and Strategic Investments Committee, the Nominating and Corporate Governance Committee and the Compensation and Organization Committee of the Board of Directors are available on KCS's website.

See Item 8, Financial Statements and Supplementary Data — Note 1, Description of the Business and Note 19, Geographic Information for more information on the description and general development of the Company's business and financial information about geographic areas.

Item 1A. Risk Factors

Risks Related to KCS's Operations and Business

Public health threats or outbreaks of communicable diseases could have a material adverse effect on the Company's operations and financial results.

The Company may face risks related to public health threats or outbreaks of communicable diseases. A widespread healthcare crisis, such as an outbreak of a communicable disease could adversely affect the global economy and the Company's and its business partners' ability to conduct business in the U.S. and Mexico for an indefinite period of time. COVID-19 has spread to multiple global regions, including the U.S. and Mexico, and has negatively impacted the global economy, disrupted

financial markets and international trade, resulted in increased unemployment levels and significantly impacted global supply chains, all of which negatively impacted the rail transportation industry and the Company's business. In an effort to halt the outbreak of COVID-19, both in the U.S. and Mexico, local, state, and federal governments have implemented various measures, including but not limited to, voluntary and mandatory quarantines, stay-at-home orders, travel restrictions, border closings, limitations on gatherings of people, and extended closures of nonessential businesses. The implementation of these measures resulted in a decline in demand that had a material impact on the Company's results of operations and financial condition during the year ended December 31, 2020. The Company's revenues decreased by approximately 8% during 2020, as compared to the prior year, and approximately $10.0 million in additional expenses were incurred due to COVID-19 as part of the Company providing a safe and healthy work environment for KCS employees.

Although the Company has taken numerous measures to overcome the adverse impact derived from the COVID-19 outbreak and continued with the Company's normal business activities, this pandemic could continue to materially impact revenues and profit. In addition, COVID-19 could:

- continue to impact customer demand of the Company's transportation services;
- continue to cause the Company to experience an increase in costs as a result of the Company's emergency measures, and delayed payments from customers;
- continue to cause delays and disruptions in the supply chain resulting in disruptions in the commercial operation dates of certain projects;
- continue to impact availability of qualified personnel; and
- cause other unpredictable events.

The situation surrounding COVID-19 remains fluid and for this reason, KCS cannot reasonably estimate with any degree of certainty the future impact COVID-19 may have on the Company's results of operations, financial position, and liquidity. The extent to which the COVID-19 pandemic may impact the Company's business, operating results, financial condition, or liquidity will depend on future developments, including the duration of the outbreak, travel restrictions, business and workforce disruptions, and the effectiveness of actions taken to contain and treat the disease.

Capacity constraints could materially adversely affect service and operating efficiency.

KCS may experience capacity constraints due to increased demand for rail services, unavailability of equipment, crew shortages, or extreme weather. Also, due to the interconnectivity between all railroads, especially in the U.S., congestion on other railroads could result in operational inefficiencies for KCS. Traffic congestion experienced in the U.S. or Mexican railroad system may result in overall traffic congestion which would impact the ability to move traffic to and from Mexico, which could result in operational inefficiencies for KCS and could have a material adverse effect on KCS's operations.

Significant expansions in the capacity of the Company's network can require a substantial amount of time and investment. Although KCS constantly monitors its network in an effort to optimize its rail services, there can be no assurance that such measures will adequately address capacity constraints on a timely basis.

KCS competes against other railroads and other transportation providers.

The Company's domestic and international operations are subject to competition from other railroads, as well as from truck carriers, barge lines, and other maritime shippers. Many of KCS's rail competitors are much larger and have significantly greater financial and other resources than KCS, which may enable rail competitors to reduce rates and make KCS's freight services less competitive. KCS's ability to respond to competitive pressures by matching rate reductions and decreasing rates without adversely affecting gross margins and operating results will depend on, among other things, the ability to reduce operating costs. KCS's failure to respond to competitive pressures, and particularly rate competition, in a timely manner could have a material adverse effect on the Company's consolidated financial statements.

The railroad industry is dominated by a few large carriers. These larger railroads could attempt to use their size and pricing power to block other railroads' access to gateways and routing options that are currently and have historically been available. In addition, if there is future consolidation in the railroad industry in the United States or Mexico, there can be no assurance that it will not have a material adverse effect on the Company's consolidated financial statements.

Trucking, maritime, and barge competitors provide rate and service competition to the railroad industry. These competitors are able to use public rights-of-way, require substantially smaller capital investment and maintenance expenditures than railroads and allow for more frequent and flexible scheduling. Continuing competitive pressures, any reduction in margins due to competitive pressures, developments that increase the quality or decrease the cost of alternative modes of transportation in the locations in which the Company operates, or legislation or regulations that provide motor carriers with additional advantages, such as increased size of vehicles and reduced weight restrictions, could result in downward pressure on freight rates, which in turn could have a material adverse effect on the Company's consolidated financial statements. KCS may also experience operational or service difficulties related to network capacity, fluctuations in customers' demand for rail service, or other events that could have a material adverse effect on KCS's consolidated financial statements.

A key part of KCS's growth strategy is based upon the conversion of truck traffic to rail. There can be no assurance the Company will succeed in its efforts to convert traffic from truck to rail transport or that the customers already converted will be retained. If the railroad industry in general is unable to preserve its competitive advantages vis-à-vis the trucking industry, revenue growth could be adversely affected. Additionally, revenue growth could be affected by, among other factors, an expansion in the availability, or an improvement in the quality, of the trucking services offered by carriers resulting from regulatory and administrative interpretations and implementation of certain provisions of current or future multinational trade agreements that are favorable to the trucking industry or unfavorable to the rail industry or KCS. Such actions may negatively impact KCS's ability to grow its existing customer base and capture additional cargo transport market share because of competition from the shipping industry and other railroads.

KCS's business strategy, operations and growth rely significantly on agreements with other railroads and third parties.

Operation of KCS's rail network and its plans for growth and expansion rely significantly on agreements with other railroads and third parties, including joint ventures and other strategic alliances, as well as interchange, trackage rights, haulage rights and marketing agreements with other railroads and third parties that enable KCS to exchange traffic and utilize trackage the Company does not own. KCS's ability to provide comprehensive rail service to its customers depends in large part upon its ability to maintain these agreements with other railroads and third parties, and upon the performance of the obligations under the agreements by the other railroads and third parties. The termination of, or the failure to renew, these agreements could have a material adverse effect on KCS's consolidated financial statements. KCS is also dependent in part upon the financial strength and efficient performance of other railroads. There can be no assurance that KCS would not be materially adversely affected by operational or financial difficulties of other railroads.

KCS depends on the stability, availability and security of its information technology systems to operate its business. Disruptions in KCS's information technology ("IT") systems could materially adversely affect the Company's business and operating results.

KCS relies on information technology in all aspects of its business. A significant disruption or failure of its IT systems, including its computer hardware, software, communications equipment, wayside equipment or locomotive onboard equipment could result in service interruptions, safety failures, security failures, regulatory compliance failures or other operational difficulties. Moreover, if KCS is not able to acquire new technology or to develop or implement new technology, KCS may suffer a competitive disadvantage, which could have a material adverse effect on KCS's consolidated financial statements.

The security risks associated with IT systems have increased in recent years because of the increased sophistication, activities and evolving techniques of perpetrators of cyber attacks. A failure in, or breach of, KCS's IT security systems, or those of its third party service providers, as a result of cyber attacks or unauthorized access to its network could disrupt KCS's business, result in the disclosure or misuse of confidential or proprietary information, increase its costs and/or cause losses and reputational damage. KCS also confronts the risk that a terrorist or nation-state sponsored group may seek to use its property, including KCS's information technology systems, to inflict major harm.

Although KCS has a comprehensive cyber security program designed to protect and preserve the integrity of its information technology systems, KCS has experienced and expects to continue to experience cyber attacks of its IT systems or networks. However, none of these cyber attacks to date had a material impact on KCS's operations or financial condition. While KCS devotes significant resources to network security, data encryption and other security measures to protect its systems and data, including its own proprietary information and the confidential and personally identifiable information of its customers, employees, and business partners, these measures cannot provide absolute security. The costs to eliminate or alleviate network security problems, bugs, viruses, ransomware, worms, malicious software programs and security

vulnerabilities could be significant, and KCS's efforts to address these problems may not be successful, resulting potentially in the theft, loss, destruction or corruption of information that KCS stores electronically, as well as unexpected interruptions, delays or cessation of service, any of which could cause harm to KCS's business operations. Moreover, if a computer security breach or cyber attack affects KCS's systems or results in the unauthorized release of proprietary or personally identifiable information, the Company's reputation could be materially damaged, customer confidence could be diminished, and KCS's operations could be impaired.

A significant disruption, failure or unauthorized access of KCS's information technology system could expose the Company to a risk of legal proceedings and potential liability and have a material adverse effect on KCS's consolidated financial statements. Further, legislative or regulatory action in these areas is evolving, and KCS may be unable to adapt its IT systems or to manage the IT systems of third parties to accommodate these changes.

Severe weather or other natural disasters could result in significant business interruptions that impact KCS's railroad operations and expenditures, and KCS's insurance coverage may not be sufficient to cover damages to KCS or all of KCS's liabilities.

The Company's railroad operations may be affected by severe weather or other natural disasters. The Company operates in and along the Gulf of Mexico, and its facilities, equipment, and railroad infrastructure may be materially adversely affected by hurricanes, floods, fires, earthquakes and other extreme weather conditions in the regions where the Company operates, and this could also adversely affect the Company's shipping, agricultural, chemical and other customers. Severe weather or other natural disasters could result in significant business interruption due to an increase in events such as train derailments or wash outs of track structure that could have a material adverse effect on KCS's consolidated financial statements. Insurance to protect against loss of business and other related consequences resulting from these natural occurrences is subject to coverage limitations and may not be sufficient to cover all of KCS's damages or damages to others. This insurance may not continue to be available at commercially reasonable rates. Even with insurance, if any natural occurrence leads to a catastrophic interruption of services, this could have a material adverse effect on KCS's consolidated financial statements.

KCS's business may be adversely affected by changes in general economic or other conditions.

KCS's operations may be materially adversely affected by changes in the economic conditions of the industries and geographic areas that produce and consume the freight that KCS transports. The relative strength or weakness of the United States and Mexican economies affects the businesses served by KCS. A significant and sustained decrease in crude oil prices could adversely affect the transport of crude oil by rail to the U.S. Gulf region as well as negatively impact railroad volumes related to equipment and other materials that support crude oil production. For example, energy revenues have historically decreased when oil prices decline due to lower frac sand and crude oil volumes. Prolonged negative changes in domestic and global economic conditions may affect KCS, as well as the producers and consumers of the commodities that KCS transports and may have a material adverse effect on KCS's consolidated financial statements.

The transportation industry is highly cyclical, generally tracking the cycles of the world economy. Although transportation markets are affected by general economic conditions, there are numerous specific factors within each particular market that may influence operating results. Some of KCS's customers do business in industries that are highly cyclical, including the energy, automotive, housing and agriculture industries. Any downturn or change in government policy in these industries could have a material adverse effect on operating results. Also, some of the products transported have had a historical pattern of price cyclicality which has typically been influenced by the general economic environment and by industry capacity and demand. KCS cannot assure that prices and demand for these products will not decline in the future, adversely affecting those industries and, in turn, this could have a material adverse effect on the Company's consolidated financial statements.

KCS may be subject to various claims and litigation that could have a material adverse effect on KCS's consolidated financial statements.

The Company is exposed to the potential of various claims and litigation related to labor and employment, personal injury, commercial disputes, freight loss and other property damage, and other matters that arise in the normal course of business. The Company may experience material judgments or incur significant costs to defend existing and future lawsuits. Although the Company maintains insurance to cover some of these types of claims and establishes reserves when appropriate, final amounts determined to be due on any outstanding matters may exceed the Company's insurance coverage or differ materially from the recorded reserves. Additionally, the Company could be impacted by adverse developments not currently reflected in the Company's reserve estimates. The Company is also subject to job-related personal injury and occupational

claims associated with the Federal Employer's Liability Act ("FELA"), which is applicable only to railroads. FELA's fault-based tort system produces results that are unpredictable and inconsistent as compared with a no-fault worker's compensation system. The variability inherent in this system could result in actual costs being different from the liability recorded. Any material changes to litigation trends or a catastrophic rail accident or series of accidents involving any or all of property damage, personal injury, and environmental liability could have a material adverse effect on KCS's consolidated financial statements.

A majority of KCS's employees belong to labor unions. Strikes or work stoppages could adversely affect operations.

The Company is a party to collective bargaining agreements with various labor unions in the United States and Mexico. As of December 31, 2020, approximately 70% and 79% of KCSR and KCSM Servicios employees, respectively, were covered by labor contracts subject to collective bargaining. The Company may be subject to, among other things, strikes, work stoppages or work slowdowns as a result of disputes under these collective bargaining agreements and labor contracts or KCS's potential inability to negotiate acceptable contracts with these unions. In the United States, because such agreements are generally negotiated on an industry-wide basis, determination of the terms and conditions of labor agreements have been and could continue to be beyond KCS's control. KCS is, therefore, subject to terms and conditions in industry-wide labor agreements that could have a material adverse effect on its consolidated financial statements. In the United States and Mexico, KCS is seeking to modernize its collective bargaining agreements and benefit from technological advancements in the industry. If the unionized workers in the United States or Mexico were to engage in a strike, work stoppage or other slowdown; if other employees were to become unionized or if KCS and its unions were unable to agree on the terms and conditions in future labor agreements, KCS could experience a significant disruption of its operations and higher ongoing labor costs. Although the U.S. Railway Labor Act imposes restrictions on the right of United States railway workers to strike, there is no law in Mexico imposing similar restrictions on the right of railway workers in that country to strike. Additionally, labor law reform adopted by Mexico introduces uncertainty into the existing union structure in Mexico, which may affect the risk of disruption in KCSM's operations.

KCS is dependent on certain key suppliers of core rail equipment.

KCS relies on a limited number of suppliers of core rail equipment (including locomotives, rolling stock equipment, rail and ties). The capital intensive nature and complexity of such equipment creates high barriers of entry for any potential new suppliers. If any of KCS's suppliers discontinue production or experience capacity or supply shortages, this could result in increased costs or difficulty in obtaining rail equipment and materials, which could have a material adverse effect on KCS's consolidated financial statements.

KCS's business is vulnerable to fluctuations in fuel costs and disruptions in fuel supplies.

KCS incurs substantial fuel costs in its railroad operations and these costs represent a significant portion of its transportation expenses. Significant price increases for fuel may have a material adverse effect on operating results. If KCS is unable to recapture its costs of fuel from its customers, operating results could be materially adversely affected. In addition, a severe disruption of fuel supplies resulting from supply shortages, political unrest, a disruption of oil imports, weather events, war, or otherwise, and the resulting impact on fuel prices could have a material adverse effect on KCS's consolidated financial statements.

KCS's business may be affected by future acts of terrorism, war or other acts of violence or crime.

Terrorist attacks and any government response thereto, and war or risk of war could have a material adverse effect on KCS's consolidated financial statements. KCS is involved in the transport of hazardous materials, which could result in KCS's rail lines, facilities, or equipment being direct targets or indirect casualties of acts of terror, which could cause significant business interruption and damage to KCS's property. As a result, acts of terrorism or war or acts of crime or violence could result in increased costs and liabilities and decreased revenues for KCS. In addition, insurance premiums charged for some or all of the applicable coverage currently maintained by KCS could increase dramatically or certain coverage may not be adequate to cover losses or may not be available in the future.

Risks Related to Laws and Regulations

KCS U.S. and Mexico rail common carrier subsidiaries are required by United States and Mexican laws, respectively, to transport hazardous materials, which could expose KCS to significant costs and claims.

Under United States federal statutes and applicable Mexican laws, KCS's common carrier responsibility requires it to transport hazardous materials. Any rail accident or other incident or accident on KCS's network, facilities, or at the facilities of KCS's customers involving the release of hazardous materials, including toxic inhalation hazard materials, could involve significant costs and claims for personal injury, property or natural resource damage, and environmental penalties and remediation in excess of the Company's insurance coverage for these risks, which could have a material adverse effect on KCS's consolidated financial statements. KCS is also required to comply with rules and regulations regarding the handling of hazardous materials. Noncompliance with these rules and regulations could subject KCS to significant penalties or other costs and exposure to litigation. Changes to these rules and regulations could also increase operating costs and negatively impact KCS's consolidated financial statements.

KCS's business is subject to regulation by federal, state and local legislatures and agencies that could impose significant costs on the Company's business operations.

KCS rail subsidiaries are subject to legislation and regulation enacted by federal, state and local legislatures and agencies in the U.S. and Mexico with respect to commercial terms with its customers and railroad operations, including with respect to health, safety, labor, environmental and other areas. Government regulation of the railroad industry is a significant determinant of the competitiveness and profitability of railroads. Changes in legislation or regulation could have a negative impact on KCS's ability to negotiate prices for rail services, could negatively affect competition among rail carriers, or could negatively impact operating practices, resulting in reduced efficiency, increased operating costs or increased capital investment, all of which could result in a material adverse effect on KCS's consolidated financial statements.

New economic regulation in the U.S. or Mexico in current or future proceedings could change the regulatory framework within which the Company operates which could materially change the Company's business and have a material adverse effect on the Company's consolidated financial statements.

KCS's failure or inability to comply with applicable laws and regulations could have a material adverse effect on the Company's consolidated financial statements and operations, including fines, penalties, or limitations on operating activities until compliance with applicable requirements is achieved. Congress and government agencies may change the legislative or regulatory framework within which the Company operates without providing any recourse for any adverse effects on the Company's business that occur as a result of such change. Additionally, some of the regulations require KCS to obtain and maintain various licenses, permits and other authorizations. Any failure to obtain or maintain these licenses, permits, and other authorizations could have a material adverse effect on KCS's business operations.

KCS is subject to environmental regulations, which may impose significant costs on the Company's business operations.

KCS subsidiaries' operations are subject to environmental regulation enacted by federal, state and local legislatures in the U.S. and Mexico. Environmental liability under federal and state law in the United States can also extend to previously owned or operated properties, leased properties and properties owned by third parties, as well as to properties currently owned and used by the Company. Environmental liabilities may also arise from claims asserted by adjacent landowners or other third parties. Given the nature of its business, the Company incurs, and expects to continue to incur, environmental compliance costs, including, in particular, costs necessary to maintain compliance with requirements governing chemical and hazardous material shipping operations, refueling operations and repair facilities. KCS presently has environmental investigation and remediation obligations at certain sites, and will likely incur such obligations at additional sites in the future.

The Company's Mexican subsidiaries' operations are subject to Mexican federal and state laws and regulations relating to the protection of the environment, including standards for, among other things, water discharge, water supply, emissions, noise pollution, hazardous substances and transportation and handling of hazardous and solid waste. Under applicable Mexican law and regulations, administrative and criminal proceedings may be brought and economic sanctions imposed against companies that violate environmental laws, and non-complying facilities may be temporarily or permanently closed. KCSM is also subject to the laws of various jurisdictions with respect to the discharge of materials into the environment and to environmental laws and regulations issued by the governments of each of the Mexican states in which KCSM's facilities are located. The terms of KCSM's Concession from the Mexican government also impose environmental compliance obligations on KCSM. Failure to

comply with any environmental laws or regulations may result in the termination of KCSM's Concession or in fines or penalties that may affect profitability.

Liabilities accrued for environmental costs represent the Company's best estimate of the probable future obligation for the remediation and settlement of matters related to these sites. However, remediation costs may exceed such estimates, due to various factors such as evolving environmental laws and regulations, changes in technology, the extent of other parties' participation, discovery of unidentified environmental conditions and matters, developments in environmental surveys and studies, and the extent of corrective action that may ultimately be required. The Company cannot predict the effect, if any, that unidentified environmental matters or the adoption of unknown additional or more stringent environmental laws and regulations would have on KCS's consolidated financial statements.

KCS's failure or inability to comply with applicable environmental laws and regulations could have a material adverse effect on the Company's consolidated financial statements and operations, including fines, penalties, or limitations on operating activities until compliance with applicable requirements is achieved. Government entities may change the legislative or regulatory framework within which the Company operates that could result in adverse effects on the Company's business that occur as a result of such change. Additionally, some of the regulations require KCS to obtain and maintain various licenses, permits and other authorizations. Any failure to obtain or maintain these licenses, permits, and other authorizations could have a material adverse effect on KCS's business operations.

KCS's business may be affected by climate change and the market and regulatory responses to climate change.

Climate change could have a material adverse effect on KCS's operations and KCS's consolidated financial statements. Restrictions, caps, taxes, or other controls on emissions of greenhouse gases, including diesel exhaust, could significantly impact operations and increase operating costs. Restrictions on emissions could also affect KCS's customers that use commodities that KCS transports to produce energy, use significant amounts of energy in producing or delivering the commodities KCS transports, or manufacture or produce goods that consume significant amounts of energy or burn fossil fuels, including coal-fired power plants, chemical producers, farmers and food producers, and automakers and other manufacturers. Significant cost increases, government regulation, or changes of consumer preferences for goods or services relating to alternative sources of energy or emissions reductions could materially affect the markets for the commodities KCS transports, which in turn could have a material adverse effect on KCS's consolidated financial statements. Government incentives encouraging the use of alternative sources of energy could also affect certain customers and their respective markets for certain commodities KCS transports in an unpredictable manner that could alter traffic patterns, including, for example, the impacts of ethanol incentives on farming and ethanol producers. Moreover, increasing frequency, intensity and duration of extreme weather events such as flooding, storms and fires may result in substantial costs, including costs associated with KCS's response during the event, KCS's recovery from the event and preventive measures. Any of these factors, individually or in conjunction with one or more of the other aforementioned factors, or other unforeseen impacts of climate change could have a material adverse effect on KCS's consolidated financial statements.

Risks Related to KCS's Foreign Operations

KCSM's Mexican Concession is subject to revocation or termination in certain circumstances, which would prevent KCSM from conducting rail operations under the Concession and would have a material adverse effect on the Company's consolidated financial statements.

KCSM operates under the Concession granted by the Mexican government until June 2047, which is renewable for an additional period of up to 50 years, subject to certain conditions. The Concession gives KCSM exclusive rights to provide freight transportation services over its rail lines through 2027 (the first 30 years of the 50-year Concession), subject to certain trackage and haulage rights granted to other concessionaires. The SCT and ARTF, which are principally responsible for regulating railroad services in Mexico, have broad powers to monitor KCSM's compliance with the Concession, and they can require KCSM to supply them with any technical, administrative and financial information they request. Among other obligations, KCSM must comply with the investment commitments established in its business plan, which forms an integral part of the Concession, and must update the plan every three years. The SCT treats KCSM's business plans confidentially. The SCT and ARTF also monitor KCSM's compliance with efficiency and safety standards established in the Concession. The SCT and ARTF review, and may amend, these standards from time to time.

Under the Concession, KCSM has the right to operate its rail lines, but it does not own the land, roadway or associated structures. If the Mexican government legally terminates the Concession, it would own, control, and manage such public domain assets used in the operation of KCSM's rail lines. All other property not covered by the Concession, including all locomotives and railcars otherwise acquired, would remain KCSM's property. In the event of early termination, or total or partial revocation of the Concession, the Mexican government would have the right to cause the Company to lease all service-related assets to it for a term of at least one year, automatically renewable for additional one-year terms for up to five years. The amount of rent would be determined by experts appointed by KCSM and the Mexican government. The Mexican government must exercise this right within four months after early termination or revocation of the Concession. In addition, the Mexican government would also have a right of first refusal with respect to certain transfers by KCSM of railroad equipment within 90 days after revocation of the Concession.

The Mexican government may also temporarily seize control of KCSM's rail lines and its assets in the event of a natural disaster, war, significant public disturbance or imminent danger to the domestic peace or economy. In such a case, the SCT may restrict KCSM's ability to operate under the Concession in such manner as the SCT deems necessary under the circumstances, but only for the duration of any of the foregoing events. Mexican law requires that the Mexican government pay compensation if it effects a statutory appropriation for reasons of the public interest. With respect to a temporary seizure due to any cause other than international war, the Mexican Regulatory Railroad Service Law and regulations provide that the Mexican government will indemnify an affected concessionaire for an amount equal to damages caused and losses suffered. However, these payments may not be sufficient to compensate KCSM for its losses and may not be made timely.

The SCT may revoke the Concession if KCSM is sanctioned for the same cause at least three times within a period of five years for any of the following: unjustly interrupting the operation of its rail lines or for charging rates higher than those it has registered with the ARTF; unlawfully restricting the ability of other Mexican rail operators to use its rail lines; failing to make payments for damages caused during the performance of services; failing to comply with any term or condition of the Mexican Regulatory Railroad Service Law and regulations or the Concession; failing to make the capital investments required under its three-year business plan filed with the SCT; or failing to maintain an obligations compliance bond and insurance coverage as specified in the Mexican Regulatory Railroad Service Law and regulations. In addition, the Concession would terminate automatically if KCSM changes its nationality or assigns or creates any lien on the Concession, or if there is a change in control of KCSM without the SCT's approval. The SCT may also terminate the Concession as a result of KCSM's surrender of its rights under the Concession, or for reasons of public interest or upon KCSM's liquidation or bankruptcy. If the Concession is terminated or revoked by the SCT for any reason, KCSM would receive no compensation and its interest in its rail lines, and all other fixtures covered by the Concession, as well as all improvements made by it, would revert to the Mexican government. Revocation or termination of the Concession could have a material adverse effect on the Company's consolidated financial statements.

KCS's ownership of KCSM and operations in Mexico subject it to Mexican economic and political risks.

The Mexican government has exercised, and continues to exercise, significant influence over the Mexican economy. Accordingly, Mexican governmental actions concerning the economy and state-owned enterprises could have a significant impact on Mexican private sector entities in general and on KCSM's operations in particular. For example, KCSM operations could be impacted with the introduction of new legislation or policies to regulate the railway industry, the energy market, or labor conditions. KCS cannot predict the impact that the political landscape, including multiparty rule, social unrest and civil disobedience, will have on the Mexican economy or KCSM's operations. For example, from time to time, social unrest in Mexico has resulted in service interruptions on KCSM's right of ways due to blockages from teachers' protests. Furthermore, KCS's consolidated financial statements and prospects may be adversely affected by currency fluctuations, inflation, interest rates, regulation, taxation and other political, social and economic developments in or affecting Mexico.

The social and political situation in Mexico could adversely affect the Mexican economy and KCSM's operations, and changes in laws, public policies and government programs could be enacted, each of which could also have a material adverse effect on KCS's consolidated financial statements.

The Mexican economy in the past has suffered balance of payment deficits and shortages in foreign exchange reserves. Although Mexico has imposed foreign exchange controls in the past, there are currently no exchange controls in Mexico. Any restrictive exchange control policy could adversely affect KCS's ability to obtain U.S. dollars or to convert Mexican pesos into dollars for purposes of making payments. This could have a material adverse effect on KCS's consolidated financial statements.

Downturns in the United States economy or in trade between the United States and Asia or Mexico and fluctuations in the peso-dollar exchange rates could have material adverse effects on KCS's consolidated financial statements.

The level and timing of KCS's Mexican business activity is heavily dependent upon the level of United States-Mexican trade and the effects of current or future multinational trade agreements on such trade. The Mexican operations depend on the United States and Mexican markets for the products KCSM transports, the relative position of Mexico and the United States in these markets at any given time, and tariffs or other barriers to trade. Failure to preserve trade provisions conducive to trade, or any other action imposing import duties or border taxes, could negatively impact KCS customers and the volume of rail shipments, and could have a material adverse effect on KCS's consolidated financial statements.

Downturns in the United States or Mexican economies or in trade between the United States and Mexico could have material adverse effects on KCS's consolidated financial statements and the Company's ability to meet debt service obligations. In addition, KCS has invested significant amounts in developing its intermodal operations, including the Port of Lazaro Cardenas, in part to provide Asian importers with an alternative to the west coast ports of the United States, and the level of intermodal traffic depends, to an extent, on the volume of Asian shipments routed through Lazaro Cardenas. Reductions in trading volumes, which may be caused by factors beyond KCS's control, including increased government regulations regarding the safety and quality of Asian-manufactured products, could have a material adverse effect on KCS's consolidated financial statements.

Additionally, fluctuations in the peso-dollar exchange rates could lead to shifts in the types and volumes of Mexican imports and exports. Although a decrease in the level of exports of some of the commodities that KCSM transports to the United States may be offset by a subsequent increase in imports of other commodities KCSM hauls into Mexico and vice versa, any offsetting increase might not occur on a timely basis, if at all. Future developments in United States-Mexican trade beyond the Company's control may result in a reduction of freight volumes or in an unfavorable shift in the mix of products and commodities KCSM carries.

Extreme volatility in the peso-dollar exchange rate may result in disruption of the international foreign exchange markets and may limit the ability to transfer or convert Mexican pesos into U.S. dollars. Although the Mexican government currently does not restrict, and for many years has not restricted, the right or ability of Mexican or foreign persons or entities to convert pesos into U.S. dollars or to transfer foreign currencies out of Mexico, the Mexican government could, as in the past, institute restrictive exchange rate policies that could limit the ability to transfer or convert pesos into U.S. dollars or other currencies for the purpose of making timely payments and meeting contractual commitments. Devaluation or depreciation of the peso against the U.S. dollar may also adversely affect U.S. dollar prices for KCS's securities.

Fluctuations in the peso-dollar exchange rates also have an effect on KCS's consolidated financial statements. A weakening of the peso against the U.S. dollar would cause reported peso-denominated revenues and expenses to decrease, and could increase reported foreign exchange loss due to the Company's net monetary assets that are peso-denominated. Exchange rate variations also affect the calculation of taxes under Mexican income tax law, and a strengthening of the peso against the U.S. dollar could cause an increase in the Company's cash tax obligation and effective income tax rate.

General Risk Factors

The unavailability of qualified personnel could adversely affect KCS's operations.

Changes in demographics, training requirements and the unavailability of qualified personnel could negatively affect KCS's ability to meet demand for rail service. Unforeseen increases in demand for rail services may exacerbate such risks, which could have a negative impact on KCS's operational efficiency and otherwise have a material adverse effect on KCS's consolidated financial statements.

Weaknesses in the short and long-term debt markets could negatively impact the Company's access to capital.

Due to the significant capital expenditures required to operate and maintain a safe and efficient railroad, the Company regularly obtains financing through the issuance of long-term debt instruments and commercial paper from time-to-time, as well as credit facilities provided by financial institutions. Significant, sustained instability or disruptions of the capital markets, including credit markets, or the deterioration of the Company's financial condition due to internal or external factors, could restrict or prohibit access and could increase the cost of financing sources. A significant deterioration of the Company's financial condition could also reduce credit ratings to below investment grade, limiting its access to external sources of capital,

and increasing the costs of short and long-term debt financing, and could have a material adverse effect on KCS's consolidated financial statements.

Item 1B. ***Unresolved Staff Comments***

None.

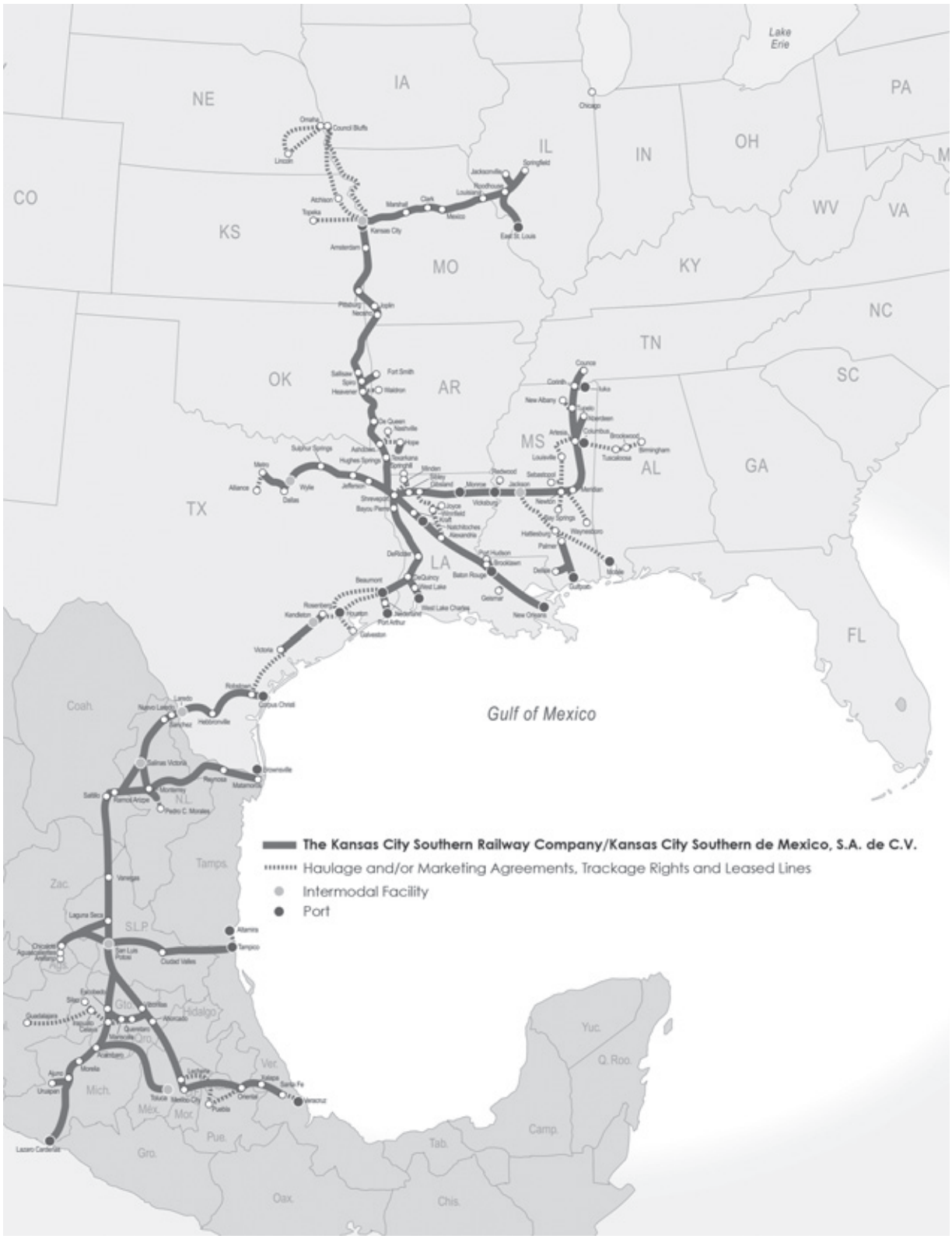
Item 2. ***Properties***

Track Configuration

The Kansas City Southern Railway Company ("KCSR") operates over a railroad system consisting of approximately 3,300 route miles in ten states from the midwest and southeast portions of the United States south to the Mexican border, which includes approximately 640 miles of trackage rights that permit KCSR to operate its trains with its crews over other railroads' tracks.

Kansas City Southern de México, S.A. de C.V. ("KCSM") operates over a railroad system consisting of approximately 3,800 route miles. This includes approximately 3,300 route miles operated under its concession from the Mexican government (the "Concession"), and approximately 550 miles of trackage rights. Under the concession, KCSM does not own the land, roadway, or associated structures, but is provided the exclusive right to operate across these routes, while also requiring KCSM to make investments as described in a business plan filed every three years with the Mexican government. See Item 1A, Risk Factors — "KCSM's Mexican Concession is subject to revocation or termination in certain circumstances which would prevent KCSM from operating its railroad and would have a material adverse effect on the Company's consolidated financial statements."

Kansas City Southern Rail Network



Equipment Configuration

As of December 31, 2020 and 2019, KCS owned and leased the following units of equipment:

	2020			2019		
	Owned	Leased	Total	Owned	Leased	Total (i)
Freight Cars:						
Box cars	2,093	712	2,805	2,106	716	2,822
Hoppers (covered and open top)	4,883	865	5,748	4,998	1,073	6,071
Gondolas	2,423	1,180	3,603	2,424	1,179	3,603
Automotive	3,310	356	3,666	3,316	535	3,851
Flat cars (intermodal and other)	818	54	872	869	54	923
Tank cars	—	416	416	—	477	477
Total	13,527	3,583	17,110	13,713	4,034	17,747
Locomotives:						
Freight	759	—	759	662	88	750
Switching	198	—	198	199	—	199
Total	957	—	957	861	88	949

(i) KCS has reclassified 1,273 cars from Flat cars (intermodal and other) to Gondolas, which consists of 252 owned and 1,021 leased cars.

Average Age (in Years) of Owned and Leased Locomotives:	2020	2019
Freight	16.5	15.5
Switching	46.9	45.8
All locomotives	22.9	21.9

Property and Facilities

KCS operates numerous facilities, including terminals for intermodal and other freight, rail yards for train-building, switching, storage-in-transit (the temporary storage of customer goods in rail cars prior to shipment) and other activities; offices to administer and manage operations; dispatch centers to direct traffic on the rail network; crew quarters to house train crews along the rail line; and shops and other facilities for fueling and maintenance and repair of locomotives, freight cars and other equipment.

Capital Expenditures

The Company's cash capital expenditures for the two years ended December 31, 2020 and 2019, and planned 2021 capital expenditures are included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital Expenditures. See also Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates — Capitalization, Depreciation and Amortization of Property and Equipment (including Concession Assets) regarding the Company's policies and guidelines related to capital expenditures.

Item 3. ***Legal Proceedings***

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. For more information on legal proceedings, see Item 1A, Risk Factors — "KCS may be subject to various claims and litigation that could have a material adverse effect on KCS's consolidated financial statements," Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations — Other Matters — Litigation, and Item 8, Financial Statements and Supplementary Data — Note 17, Commitments and Contingencies.

Item 4. ***Mine Safety Disclosures***

Not applicable.

Part II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Market Information

The Company's common stock is traded on the New York Stock Exchange under the ticker symbol "KSU".

Dividend Policy

Common Stock. Any declarations and payments of dividends to holders of the Company's common stock are at the discretion of the Board of Directors, and are based on many factors, including the Company's financial condition, earnings, capital requirements and other factors that the Board of Directors deems relevant. Subject to these qualifications, the Company expects to continue to pay dividends on an ongoing basis.

Holders

There were 2,037 record holders of KCS common stock on January 22, 2021; however, the number of actual holders of KCS common stock is greater due to the practice of brokerage firms registering many shares for clients in the brokerage firm's name.

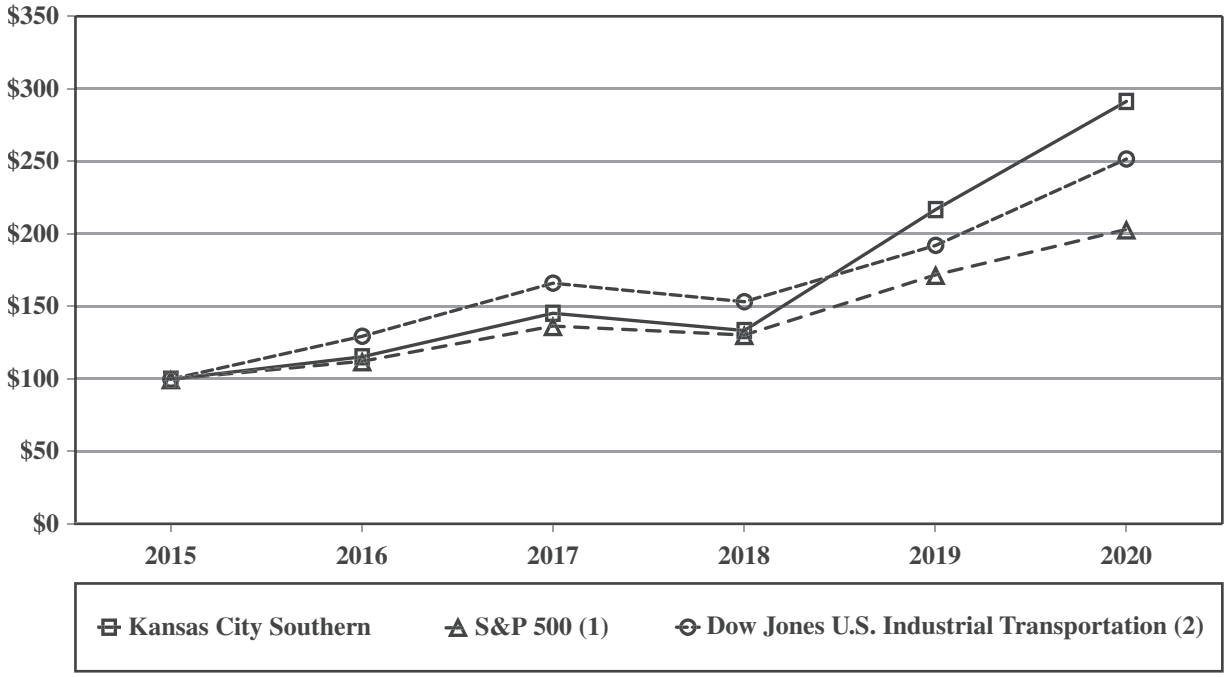
Securities Authorized for Issuance Under Equity Compensation Plans

See Item 12, Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters for information about securities authorized for issuance under KCS's equity compensation plans.

Performance Graph

The following graph shows the changes in value over the five years ended December 31, 2020, of an assumed investment of $100 in: (i) KCS's common stock; (ii) the stocks that comprise the Dow Jones U.S. Industrial Transportation Index; and (iii) the stocks that comprise the S&P 500 Index. The table following the graph shows the value of those investments on December 31 for each of the years indicated. The values for the assumed investments depicted on the graph and in the table have been calculated assuming that any cash dividends are reinvested.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN
Among Kansas City Southern, the S&P 500 Index
and the Dow Jones U.S. Industrial Transportation Index



	2015	2016	2017	2018	2019	2020
Kansas City Southern	$ 100.00	$ 115.34	$ 145.04	$ 133.34	$ 216.47	$ 291.27
S&P 500 [(1)]	100.00	111.96	136.40	130.42	171.49	203.04
Dow Jones U.S. Industrial Transportation [(2)]	100.00	129.51	166.08	153.07	191.82	251.63

(1) The S&P 500 is a registered trademark of Standard & Poor's, a division of S&P Global, Inc. The S&P 500 Index reflects the weighted average market value for 500 companies whose shares are traded on the New York Stock Exchange, American Stock Exchange and the Nasdaq Stock Market.

(2) The Dow Jones U.S. Industrial Transportation Index is a registered trademark of S&P Dow Jones Indices LLC, a division of S&P Global, Inc.

Purchases of Equity Securities

On November 10, 2020, the Company announced that the Board of Directors approved a new common share repurchase program, pursuant to which up to $3.0 billion in shares of common stock could be repurchased through December 31, 2023 (the "2020 Program"). The 2020 Program replaced KCS's $2.0 billion common share repurchase program announced on November 12, 2019 (the "2019 Program"), and eliminated the $588.3 million of remaining authorization under the 2019 Program.

During 2020, the Company entered into two accelerated share repurchase ("ASR") agreements under the 2019 Program, and paid $500.0 million. The agreements were settled during January 2021. During 2020, KCS repurchased 143,343 shares of common stock for $27.0 million under the 2020 Program, and 5,207,633 shares of common stock for $869.2 million under the 2019 Program. Refer to Item 8, Financial Statements and Supplementary Data — Note 15, Stockholders' Equity for additional detail on the Company's common share repurchase program and ASR agreements.

During 2020, KCS repurchased 7,426 shares of $25 par preferred stock for $0.2 million at an average price of $29.58 per share. See Item 8, Financial Statements and Supplementary Data — Note 15, Stockholders' Equity for additional information.

The following table presents stock repurchases during each month for the fourth quarter of 2020:

Period	(a) Total Number of Shares (or Units) Purchased [1]	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that may yet be purchased under the Plans or Programs
Common stock				
October 1-31, 2020 [2]	2,554,424	$ 179.30	2,554,424	$ 588,271,423
November 1-30, 2020	143,343	$ 188.24	143,343	$ 2,973,017,537
December 1-31, 2020	—	—	—	$ 2,973,017,537
Total	2,697,767		2,697,767	
$25 Par preferred stock				
October 1-31, 2020	—	—	—	—
November 1-30, 2020	2,970	$ 30.72	—	—
December 1-31, 2020	—	—	—	—
Total	2,970		—	

(1) All $25 par preferred stock repurchases were made other than through a publicly disclosed plan or program. Repurchases of $25 par preferred stock were made through open market purchases and/or privately negotiated transactions.

(2) On October 20, 2020, the Company paid $500.0 million under two ASR agreements and received an aggregate initial delivery of 2,374,168 shares. In January 2021, the ASR agreements were settled with the Company receiving 233,402 additional shares and a value of $75.0 million, which is not included in the number of shares or the average price paid per share in the table above. The average price paid per share upon completion of the ASR agreements was $191.75. See Item 8, Financial Statements and Supplementary Data — Note 15, Stockholders' Equity for additional information.

Item 6. ***Selected Financial Data***

The selected financial data below *(in millions, except per share amounts)* should be read in conjunction with Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations as well as the consolidated financial statements and the related notes.

	2020	2019	2018	2017	2016
Earnings From Continuing Operations					
Revenues	$ 2,632.6	$ 2,866.0	$ 2,714.0	$ 2,582.9	$ 2,334.2
Operating expenses (i) (ii) (iii) (iv)	1,629.6	1,979.7	1,727.7	1,661.3	1,515.7
Operating income	$ 1,003.0	$ 886.3	$ 986.3	$ 921.6	$ 818.5
Net income (v) (vi) (vii) (viii)	$ 619.1	$ 540.8	$ 629.4	$ 963.9	$ 479.9
Earnings per common share:					
Basic	$ 6.57	$ 5.42	$ 6.16	$ 9.18	$ 4.44
Diluted	6.54	5.40	6.13	9.16	4.43
Financial Position					
Total assets (ix)	$ 9,964.0	$ 9,786.8	$ 9,469.8	$ 9,198.7	$ 8,817.5
Total long-term debt obligations, including current portion and short-term borrowings	3,770.8	3,246.0	2,689.4	2,619.4	2,478.2
Total stockholders' equity	4,057.2	4,422.5	4,813.0	4,548.9	4,089.9
Total equity	4,383.6	4,745.9	5,132.7	4,865.4	4,404.5
Other Data Per Common Share					
Cash dividends declared per common share	$ 1.64	$ 1.48	$ 1.44	$ 1.38	$ 1.32

(i) During 2020, the Company recognized pre-tax expense of $13.6 million within operating expenses related to the write-off of software development costs.

(ii) During 2020 and 2019, the Company recognized pre-tax restructuring charges of $17.0 million and $168.8 million, respectively, within operating expenses related to the implementation of Precision Scheduled Railroading ("PSR") initiatives as well as the voluntary separation program.

(iii) During 2018, the Company recognized a pre-tax gain of $17.9 million within operating expenses for insurance recoveries related to damage from Hurricane Harvey in 2017.

(iv) During 2018, 2017 and 2016, the Company recognized a pre-tax benefit of $37.7 million, $44.1 million and $62.8 million, respectively, within operating expenses related to a credit that was available for the excise tax included in the price of fuel that was purchased and consumed in locomotives and certain work equipment in Mexico. Effective January 1, 2019, the Company began recognizing the benefit as a reduction of income tax expense due to changes in Mexican tax law; and beginning April 30, 2019, railroads in Mexico are no longer eligible for the tax credit due to changes in Mexican tax regulations.

(v) During 2020, the Company recognized a $14.5 million tax benefit for the reversal of 2018 and 2019 global intangible low-taxed income ("GILTI") tax expense recognized in prior years' consolidated financial statements, as the result of final regulations issued by the Treasury Department that provide for a high-tax exception to the GILTI tax retroactive to 2018.

(vi) During 2019 and 2018, the Company recognized pre-tax debt retirement costs of $1.1 million and $2.2 million, respectively, related to debt retirement and restructuring activities that occurred during the periods.

(vii) During 2019, the Company recognized a $12.8 million net tax benefit related to the Mexican fuel excise tax credit generated through April 29, 2019, noted in (iv) above.

(viii) During 2017, the Company recognized a provisional $413.0 million net tax benefit, as a result of the Tax Cuts and Jobs Act (the "Tax Reform Act"), which was signed into law December 22, 2017. During 2018, the Company recognized a $20.9 million net tax benefit for adjustments to the provisional tax impacts of the Tax Reform Act recognized in 2017.

(ix) During the first quarter of 2019, the Company adopted ASU No. 2016-02, Leases, also known as Accounting Standard Codification ("ASC") Topic 842. Prior to 2019, the Company accounted for leases under ASC Topic 840, Leases.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following is a discussion of Kansas City Southern's results of operations, certain changes in its financial position, liquidity, capital structure and business developments for the years ended December 31, 2020 and 2019. This discussion should be read in conjunction with the included consolidated financial statements, the related notes, and other information included in this report.

CAUTIONARY INFORMATION

The discussions set forth in this Annual Report on Form 10-K may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. In addition, management may make forward-looking statements orally or in other writings, including, but not limited to, in press releases, quarterly earnings calls, executive presentations, in the annual report to stockholders and in other filings with the Securities and Exchange Commission. Readers can usually identify these forward-looking statements by the use of such verbs as "may," "will," "should," "likely," "plans," "projects," "expects," "anticipates," "believes" or similar verbs or conjugations of such verbs. These statements involve a number of risks and uncertainties. Actual results could materially differ from those anticipated by such forward-looking statements. Such differences could be caused by a number of factors or combination of factors including, but not limited to, the factors identified below and those discussed under Item 1A, Risk Factors, of this Form 10-K. Readers are strongly encouraged to consider these factors and the following factors when evaluating any forward-looking statements concerning the Company:

- public health threats or outbreaks of communicable diseases, such as the ongoing COVID-19 pandemic and its impact on KCS's business, suppliers, consumers, customers, employees and supply chains;
- transportation of hazardous materials;
- United States, Mexican and global economic, political and social conditions;
- the adverse impact of any termination or revocation by the Mexican government of Kansas City Southern de México, S.A. de C.V.'s ("KCSM") Concession;
- changes in legislation and regulations or revisions of controlling authority;
- the effects of adverse general economic conditions affecting customer demand and the industries and geographic areas that produce and consume the commodities KCS carries;
- the effect of demand for KCS's services exceeding network capacity or traffic congestion on operating efficiencies and service reliability;
- KCS's reliance on agreements with other railroads and third parties to successfully implement its business strategy, operations and growth and expansion plans, including the strategy to convert customers from using trucking services to rail transportation services;
- the dependence on the stability, availability and security of the information technology systems to operate its business;
- acts of terrorism, war or other acts of violence or crime or risk of such activities;
- uncertainties regarding the litigation KCS faces and any future claims and litigation;
- the outcome of claims and litigation, including those related to environmental contamination, personal injuries and property damage;
- compliance with environmental regulations;
- natural events such as severe weather, fire, floods, hurricanes, earthquakes or other disruptions to the Company's operating systems, structures and equipment or the ability of customers to produce or deliver their products;
- insurance coverage limitations;
- climate change and the market and regulatory responses to climate change;
- the impact of competition, including competition from other rail carriers, trucking companies and maritime shippers in the United States and Mexico;

- the effects of fluctuations in the peso-dollar exchange rate;
- changes in labor costs and labor difficulties, including strikes and work stoppages affecting either operations or customers' abilities to deliver goods for shipment;
- the effects of current and future multinational trade agreements on the level of trade among the United States, Mexico and Canada;
- the level of trade between the United States and Asia or Mexico;
- unavailability of qualified personnel;
- disruption in fuel supplies, changes in fuel prices and the Company's ability to recapture its costs of fuel from customers;
- KCS's reliance on certain key suppliers of core rail equipment; and
- material adverse changes in economic and industry conditions, including the availability of short and long-term financing, both within the United States and Mexico and globally.

Forward-looking statements reflect the information only as of the date on which they are made. The Company does not undertake any obligation to update any forward-looking statements to reflect future events, developments, or other information. If KCS does update one or more forward-looking statements, no inference should be drawn that additional updates will be made regarding that statement or any other forward-looking statements.

CORPORATE OVERVIEW

Kansas City Southern, a Delaware corporation, is a transportation holding company that has railroad investments in the U.S., Mexico and Panama. In the U.S., the Company serves the midwest and southeast regions of the U.S. Its international holdings serve northeastern and central Mexico and the port cities of Lazaro Cardenas, Tampico and Veracruz, and a fifty percent interest in Panama Canal Railway Company provides ocean-to-ocean freight and passenger service along the Panama Canal. KCS's North American rail holdings and strategic alliances are primary components of a railway system, linking the commercial and industrial centers of the U.S., Canada and Mexico. KCS's principal subsidiaries and affiliates include the following:

- The Kansas City Southern Railway Company ("KCSR"), a wholly-owned subsidiary;
- KCSM, a wholly-owned subsidiary;
- Mexrail, Inc. ("Mexrail"), a wholly-owned consolidated subsidiary which, in turn, wholly owns The Texas Mexican Railway Company ("Tex-Mex");
- KCSM Servicios, S.A. de C.V. ("KCSM Servicios"), a wholly-owned subsidiary;
- Meridian Speedway, LLC ("MSLLC"), a seventy percent-owned consolidated affiliate;
- Panama Canal Railway Company ("PCRC"), a fifty percent-owned unconsolidated affiliate;
- TFCM, S. de R.L. de C.V. ("TCM"), a forty-five percent-owned unconsolidated affiliate;
- Ferrocarril y Terminal del Valle de México, S.A. de C.V. ("FTVM"), a twenty-five percent-owned unconsolidated affiliate; and
- PTC-220, LLC ("PTC-220"), a fourteen percent-owned unconsolidated affiliate.

EXECUTIVE SUMMARY

COVID-19 Update

With the global outbreak of the Coronavirus Disease 2019 ("COVID-19") and the declaration of a pandemic by the World Health Organization on March 11, 2020, the U.S. and Mexico governments have deemed rail transportation as "critical infrastructure" providing essential services during this global emergency. As a provider of critical infrastructure, Kansas City Southern has an obligation to keep employees working and freight moving. KCS remains focused on protecting the health and well-being of its employees and the communities in which it operates while assuring the continuity of its business operations.

KCS created a dedicated crisis team that proactively implemented its business continuity plans to ensure the ongoing availability of its transportation services, while taking a variety of health and safety measures, including separating dispatching

and crew operations, implementing enhanced cleaning and hygiene protocols in its facilities and locomotives, implementing remote work policies, where possible, performing temperature checks and requiring facial coverings. As a result, to date, the Company has not experienced significant COVID-19 related disruptions in its railroad operations.

The Company began to experience the impacts of COVID-19 on customer demand in late March of 2020. Volumes significantly declined in the second quarter of 2020; however, by early June volumes began to rapidly rebound. By the end of the third quarter, weekly volumes were higher than pre-COVID-19 levels and had increased by approximately 60% from the lowest levels in the second quarter of 2020. Volumes remained relatively steady from the third quarter into the fourth quarter of 2020. For the year ended December 31, 2020, revenue decreased by 8% compared to the same period in 2019, primarily due to lower volumes as a result of COVID-19 and service interruptions at Lazaro Cardenas due to KCSM right-of-way blockages resulting from teachers' protests ("Teachers' Protests"), the weakening of the Mexican peso against the U.S dollar, and lower fuel surcharge due to lower fuel prices.

As revenues declined in the second quarter of 2020, the Company responded quickly and implemented a variety of cost-saving measures and accelerated Precision Scheduled Railroading ("PSR") initiatives by further consolidating trains, which increased train length and reduced crew costs. For the year ended December 31, 2020, operating expenses decreased by 18% compared to 2019, due to decreased restructuring charges, lower fuel prices, COVID-19 related volume declines, increased savings from PSR initiatives and the weakening of the Mexican peso against the U.S. dollar. See Strategic Initiatives for further discussion of PSR savings.

In the second quarter of 2020, the Company offered a voluntary separation program ("VSP") to its management employees, which resulted in a restructuring charge of $9.7 million for the year ended December 31, 2020, consisting of severance and benefit costs that will be paid out in either lump-sum payments or incrementally over a six to twelve-month period. Approximately 6% of management employees were irrevocably accepted into the voluntary separation program. Management expects the voluntary separation program reductions to result in annualized savings of approximately $11.0 million.

COVID-19 costs increased total expense for the year ended December 31, 2020 by approximately $10.0 million, primarily due to wages paid to certain high-risk employees who were allowed to stay home pursuant to a Mexican presidential decree, were symptomatic, or in quarantine, as well as expenses related to cleaning and decontamination of locomotives and other workspaces, and costs of protective gear for KCS employees.

KCS believes it has a strong liquidity position to continue business operations and service its debt obligations. As disclosed in the Liquidity and Capital Resources section, the Company has total available liquidity of $788.2 million as of December 31, 2020, consisting of cash on hand and a revolving credit facility, compared to available liquidity at December 31, 2019 of $748.8 million. Furthermore, the Company does not have any debt maturities until 2023. During the year ended December 31, 2020, KCS did not significantly alter the terms of its freight agreements with customers. Cash flows from operations remain strong; however, planned capital expenditures were reduced by $75.0 million, resulting in annual capital expenditures of $410.2 million in 2020. If the Company experienced another significant reduction in revenues, the Company would have additional alternatives to maintain liquidity, including decreases in capital expenditures and cost reductions as well as adjustments to its capital allocation policy. To date, the Company has not reduced or suspended its share repurchase program or dividend payments. See Liquidity and Capital Resources section for additional information.

KCS continues to monitor the rapidly evolving COVID-19 situation and guidance from international and domestic authorities, including federal, state, and local public health authorities and may take additional actions based on their recommendations. In these circumstances, there may be developments outside KCS' control requiring adjustments to operating plans. As such, given the dynamic nature of this situation, KCS cannot reasonably estimate with any degree of certainty the future impact COVID-19 may have on the Company's results of operations, financial position, and liquidity. See Part II, Item 1A - "Risk Factors" - "Public health threats or outbreaks of communicable diseases, including the ongoing COVID-19 pandemic, could have a material adverse effect on the Company's operations and financial results."

Strategic Initiatives

During 2019, KCS began implementing principles of PSR, focusing on operational excellence and driving the following improvements:

- Customer service — improve and sustain consistency and reliability of service and create a more resilient and dependable network;
- Facilitating growth — additional capacity for new opportunities;
- Improving asset utilization — meet growing or changing demand with the same or fewer assets; and,
- Improving the cost profile of the Company — increased profitability driven by volume and revenue growth and improved productivity and asset utilization.

As a result of the PSR initiatives in 2019, management approved four separate restructuring plans that totaled $168.8 million. The PSR plans included asset impairments, workforce reductions, and contract restructuring, which resulted in 2019 operating expense savings of approximately $58.0 million.

The Company established the following key metrics to measure PSR progress and performance:

	Years ended December 31,		Improvement/ (Deterioration)
	2020	2019	
Gross velocity (mph) (i)	15.1	13.5	12%
Terminal dwell (hours) (ii)	22.1	20.8	(6)%
Train length (feet) (iii)	6,671	5,981	12%
Car miles per day (iv)	110.6	110.9	—
Fuel efficiency (gallons per 1,000 GTM's) (v)	1.24	1.31	5%

(i) Gross velocity is the average train speed between origin and destination in miles per hour calculated as the sum of the miles traveled divided by the sum of total transit hours. Transit hours are measured as the difference between a train's origin departure and destination arrival date and times broken down by segment across the train route (includes all time spent including crew changes, terminal dwell, delays, and incidents).

(ii) Terminal dwell is the average amount of time in hours between car arrival to and departure from the yard (excludes cars that move through a terminal on a run-through train, stored, bad ordered, and maintenance-of-way cars). Calculated by dividing the total number of hours cars spent in terminals by the total count of car dwell events.

(iii) Train length is the average length of a train across its reporting stations, including the origin and intermediate stations. Length of a train is the sum of car and locomotive lengths measured in feet.

(iv) Car miles per day is the miles a car travels divided by total transit days. Transit days are measured from opening event to closing event (includes all time spent in terminals and on trains).

(v) Fuel efficiency is calculated by taking locomotive fuel consumed in gallons divided by thousand gross ton miles ("GTM's") net of detours with no associated fuel gallons. GTM's are the movement of one ton of train weight over one mile calculated by multiplying total train weight by distance the train moved. GTM's exclude locomotive gross ton miles.

As revenues declined rapidly in the second quarter of 2020 due to COVID-19, management accelerated PSR initiatives by rightsizing resources to volumes and further reduced costs. Train service plans were quickly adjusted as volumes began to decline and trains were consolidated, resulting in longer, more efficient trains. Record average train length reduced the number of train starts and crew costs, leading to operating efficiencies across the organization and record fuel efficiency. As volumes began to rebound rapidly in June and through the remainder of 2020, the Company remained focused on PSR initiatives and maintained cost reductions from consolidating trains and reducing crew costs. However, during the second half of 2020, the Company experienced four hurricanes and Teachers' Protests that negatively impacted the operating metrics for 2020.

At the beginning of 2020, the Company estimated incremental annual operating savings of approximately $61.0 million. Due to acceleration of PSR initiatives in the second quarter of 2020, the Company realized incremental annual operating savings of approximately $96.0 million. The Company estimates incremental annual savings of approximately $50.0 million in 2021 due to PSR initiatives. The Company remains focused on executing these strategic initiatives, which will deliver improved customer service, facilitate growth, and drive better asset utilization while improving the cost profile of the Company.

2020 Financial Overview

Revenues decreased 8% for the year ended December 31, 2020, as compared to 2019, due to a 6% decrease in carload/unit volumes and a 3% decrease in revenue per carload/unit. Revenues decreased primarily due to lower volumes as a result of COVID-19 and Teachers' Protests, the weakening of the Mexican peso against the U.S dollar, and lower fuel surcharge due to lower fuel prices.

Operating expenses decreased 18% compared to 2019, primarily due to decreased restructuring charges, lower fuel prices, COVID-19 related volume declines, increased savings from PSR initiatives and the weakening of the Mexican peso against the U.S. dollar. Operating expenses as a percentage of revenues ("operating ratio") decreased to 61.9% in 2020 from 69.1% in 2019.

The Company reported 2020 earnings per diluted share of $6.54, compared to 2019 earnings per diluted share of $5.40. The increase in earnings per diluted share was due to higher operating income, reduced income tax expense as a result of lower effective tax rate, and an increase in share repurchases. These increases were partially offset by a foreign exchange loss in 2020, compared to a gain in 2019, and an increase in interest expense due to the issuance of senior notes in the fourth quarter of 2019 and the second quarter of 2020.

RESULTS OF OPERATIONS

Year Ended December 31, 2020, compared with the Year Ended December 31, 2019

The following summarizes KCS's consolidated income statement components *(in millions):*

	2020	2019	Change
Revenues	$ 2,632.6	$ 2,866.0	$ (233.4)
Operating expenses	1,629.6	1,979.7	(350.1)
Operating income	1,003.0	886.3	116.7
Equity in net earnings (losses) of affiliates	(1.4)	1.0	(2.4)
Interest expense	(150.9)	(115.9)	(35.0)
Debt retirement costs	—	(1.1)	1.1
Foreign exchange gain (loss)	(29.6)	17.1	(46.7)
Other income, net	2.1	1.0	1.1
Income before income taxes	823.2	788.4	34.8
Income tax expense	204.1	247.6	(43.5)
Net income	619.1	540.8	78.3
Less: Net income attributable to noncontrolling interest	2.1	1.9	0.2
Net income attributable to Kansas City Southern and subsidiaries	$ 617.0	$ 538.9	$ 78.1

Revenues

The following summarizes revenues *(in millions),* carload/unit statistics *(in thousands)* and revenue per carload/unit:

	Revenues			Carloads and Units			Revenue per Carload/Unit		
	2020	2019	% Change	2020	2019	% Change	2020	2019	% Change
Chemical and petroleum	$ 763.8	$ 737.2	4%	356.7	337.4	6%	$ 2,141	$ 2,185	(2%)
Industrial and consumer products	537.7	610.4	(12%)	300.5	320.9	(6%)	1,789	1,902	(6%)
Agriculture and minerals	505.4	506.3	—	251.0	253.3	(1%)	2,014	1,999	1%
Energy	195.0	246.2	(21%)	210.0	244.7	(14%)	929	1,006	(8%)
Intermodal	319.1	370.2	(14%)	924.5	979.8	(6%)	345	378	(9%)
Automotive	172.7	255.6	(32%)	110.7	154.9	(29%)	1,560	1,650	(5%)
Carload revenues, carloads and units	2,493.7	2,725.9	(9%)	2,153.4	2,291.0	(6%)	$ 1,158	$ 1,190	(3%)
Other revenue	138.9	140.1	(1%)						
Total revenues (i)	$ 2,632.6	$ 2,866.0	(8%)						
(i) Included in revenues:									
Fuel surcharge	$ 208.7	$ 298.1							

Revenues include revenue for transportation services and fuel surcharges. For the year ended December 31, 2020, revenues and carload/unit volumes decreased 8% and 6%, respectively, compared to 2019. Revenues decreased primarily due to lower volumes as a result of COVID-19 and Teachers' Protests, the weakening of the Mexican peso against the U.S dollar, and lower fuel surcharge due to lower fuel prices.

The volume declines in the intermodal and automotive business units were due to auto plant shutdowns and lower overall automotive production in Mexico as a result of COVID-19. In addition, intermodal volumes decreased as a result of Teachers' Protests. Frac sand and crude oil volumes within the Energy business unit decreased due to the decline in oil prices and industrial and consumer business unit was impacted by lower market demand as a result of COVID-19. These decreases were partially offset by increased volumes in the chemical and petroleum business unit primarily due to refined fuel product shipments to Mexico.

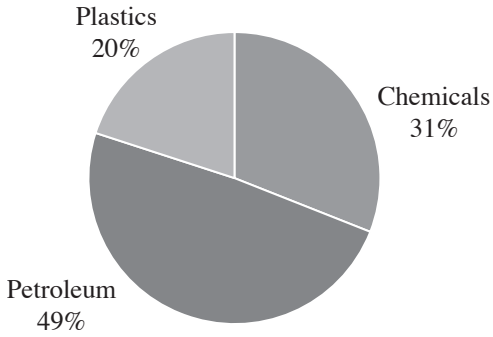
For the year ended December 31, 2020, revenue per carload/unit decreased by 3%, compared to the prior year, due to the weakening of the Mexican peso against the U.S. dollar, shorter average length of haul, and lower fuel surcharge, partially offset by positive pricing impacts and mix. The average exchange rate of Mexican pesos per U.S. dollar was Ps.21.5 for 2020, compared to Ps.19.3 for 2019, which resulted in a decrease to revenues of approximately $43.0 million.

KCS's fuel surcharges are a mechanism to adjust revenue based upon changes in fuel prices above fuel price thresholds set in KCS's tariffs or contracts. Fuel surcharge revenue is calculated using a fuel price from a prior time period that can be up to 60 days earlier. In a period of volatile fuel prices or changing customer business mix, changes in fuel expense and fuel surcharge revenue may differ.

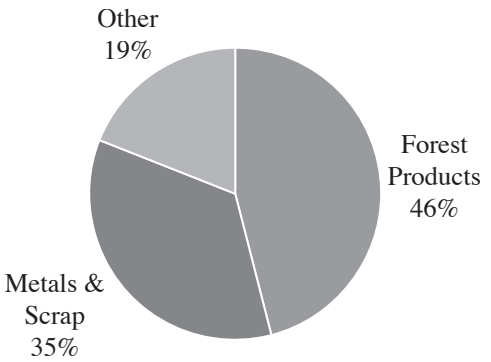
Fuel surcharge revenue decreased $89.4 million for the year ended December 31, 2020, compared to the prior year, primarily due to lower fuel prices and volumes.

The following discussion provides an analysis of revenues by commodity group:

Revenues by commodity group for 2020

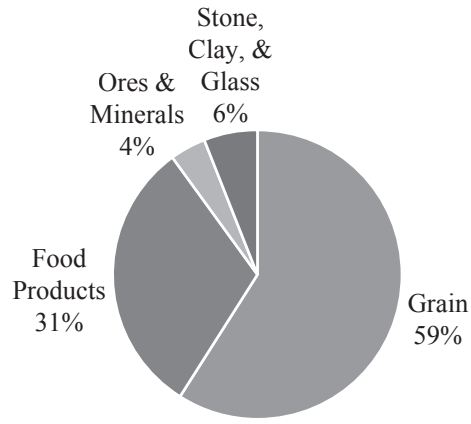


Chemical and petroleum. Revenues increased $26.6 million for the year ended December 31, 2020, compared to 2019, due to a 6% increase in carload/unit volumes, partially offset by a 2% decrease in revenue per carload/unit. Volumes increased due to refined fuel product shipments to Mexico. Revenue per carload/unit decreased due to shorter average length of haul, the weakening of the Mexican peso against the U.S. dollar, and lower fuel surcharge, partially offset by mix and positive pricing impacts.

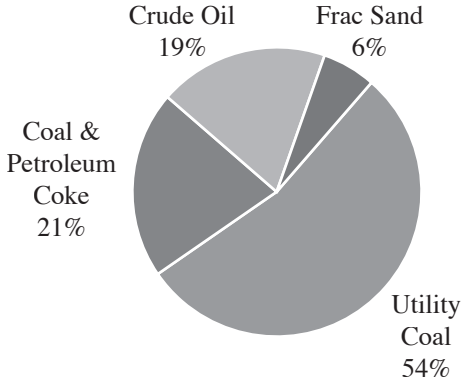


Industrial and consumer products. Revenues decreased $72.7 million for the year ended December 31, 2020, compared to 2019, due to a 6% decrease in both carload/unit volumes and revenue per carload/unit. Volumes decreased primarily due to lower market demand as a result of the ongoing COVID-19 pandemic and weakness in the energy sector. Revenue per carload/unit decreased due to mix, the weakening of the Mexican peso against the U.S. dollar, lower fuel surcharge, and shorter average length of haul, partially offset by positive pricing impacts.

Revenues by commodity group for 2020



Agriculture and minerals. Revenues remained flat for year ended December 31, 2020, compared to 2019, as a 1% decrease in carload/unit volumes was offset by a 1% increase in revenue per carload/unit. Volumes decreased due to a decline in ores and minerals shipments due to lower demand as a result of weather delays impacting road infrastructure projects. Revenue per carload/unit increased due to mix, longer average length of haul, and positive pricing impacts, partially offset by lower fuel surcharge and the weakening of the Mexican peso against the U.S. dollar.



Energy. Revenues decreased $51.2 million for the year ended December 31, 2020, compared to 2019, due to a 14% decrease in carload/unit volumes and a 8% decrease in revenue per carload/unit. Utility coal volumes decreased as a result of low natural gas prices and warm weather. Frac sand and crude oil volumes decreased due to the declines in oil prices. In addition, frac sand volumes decreased as a result of in-basin sand competition. Revenue per carload/unit decreased due to mix, lower fuel surcharge, shorter average length of haul, and the weakening of the Mexican peso against the U.S. dollar, partially offset by positive pricing impacts.

Intermodal. Revenues decreased $51.1 million for the year ended December 31, 2020, compared to 2019, due to an 9% decrease in revenue per carload/unit and a 6% decrease in carload/unit volumes. Revenue per carload/unit decreased due to mix, shorter average length of haul, lower fuel surcharge, and the weakening of the Mexican peso against the U.S. dollar, partially offset by positive pricing impacts. Volumes decreased primarily due to COVID-19, auto plant shutdowns impacting cross-border traffic, and Teachers' Protests.

Automotive. Revenues decreased $82.9 million for the year ended December 31, 2020, compared to 2019, due to a 29% decrease in carload/unit volumes due to auto plant shutdowns and lower overall automotive production in Mexico as a result of COVID-19. In addition, revenue per carload/unit decreased 5% due to the weakening of the Mexican peso against the U.S. dollar, mix, and lower fuel surcharge, partially offset by positive pricing impacts.

Operating Expenses

Operating expenses, as shown below (*in millions*), decreased $350.1 million for the year ended December 31, 2020, compared to 2019, primarily due to decreased restructuring charges, lower fuel prices, COVID-19 related volume declines, increased savings from PSR initiatives and the weakening of the Mexican peso against the U.S. dollar.

The weakening of the Mexican peso against the U.S. dollar resulted in an expense reduction of approximately $36.0 million for expense transactions denominated in Mexican pesos. The average exchange rate of Mexican pesos per U.S. dollar was Ps.21.5 for 2020 compared to Ps.19.3 for 2019.

			Change	
	2020	2019	Dollars	Percent
Compensation and benefits	$ 476.5	$ 529.1	$ (52.6)	(10%)
Purchased services	198.1	219.2	(21.1)	(10%)
Fuel	219.8	340.4	(120.6)	(35%)
Equipment costs	85.8	108.6	(22.8)	(21%)
Depreciation and amortization	357.9	350.7	7.2	2%
Materials and other	260.9	262.9	(2.0)	(1%)
Write-off of software development costs	13.6	—	13.6	100%
Restructuring charges	17.0	168.8	(151.8)	(90%)
Total operating expenses	$ 1,629.6	$ 1,979.7	$ (350.1)	(18%)

Compensation and benefits. Compensation and benefits decreased $52.6 million for the year ended December 31, 2020, compared to 2019, due to a decrease in headcount and work hours of approximately $54.0 million caused by volume declines as a result of COVID-19 and the continued application of PSR initiatives, the weakening of the Mexican peso against the U.S dollar of approximately $14.0 million and a decrease in incentive compensation of approximately $6.0 million, partially offset by wage inflation of approximately $17.0 million and approximately $5.0 million of wages related to COVID-19. Wages related to COVID-19 were paid to employees that were symptomatic, quarantined, or under a stay-at-home order per Mexican presidential decree for COVID-19.

Purchased services. Purchased services expense decreased $21.1 million for the year ended December 31, 2020, compared to 2019, due to decreases in repairs and maintenance and detour expense caused by COVID-19 related volume declines and the continued application of PSR initiatives of approximately $14.0 million, the weakening of the Mexican peso against the U.S. dollar of approximately $5.0 million, and savings from in-sourcing activities in 2019 related to PSR of approximately $2.0 million.

Fuel. Fuel expense decreased $120.6 million for the year ended December 31, 2020, compared to 2019, due to lower diesel fuel prices of approximately $37.0 million and $28.0 million in the U.S. and Mexico, respectively, lower consumption of approximately $17.0 million and $10.0 million in Mexico and the U.S., respectively, caused by volume declines as a result of the ongoing COVID-19 pandemic, increased efficiency of approximately $17.0 million and the weakening of the Mexican peso against the U.S. dollar of approximately $11.0 million. The average price per gallon was $1.90 in 2020, compared to $2.57 in 2019.

Equipment costs. Equipment costs decreased $22.8 million for the year ended December 31, 2020, compared to 2019, due to lower lease expense of approximately $17.0 million primarily due to the termination of locomotive leases during the second quarter of 2019 and the first quarter of 2020, and lower car hire expense of approximately $6.0 million primarily as a result of reduced cycle times due to PSR initiatives.

Depreciation and amortization. Depreciation and amortization expense increased $7.2 million for the year ended December 31, 2020, compared to 2019, due to a larger asset base, partially offset by lower depreciation as a result of PSR initiatives implemented during 2019.

Materials and other. Materials and other expense decreased $2.0 million for the year ended December 31, 2020, compared to 2019, due to lower employee expenses of approximately $13.0 million, the weakening of the Mexican peso against the U.S. dollar of approximately $6.0 million and lower materials and supplies expense of approximately $5.0 million. These decreases were partially offset by an increase in personal injury expense of approximately $10.0 million, a one-time, vendor settlement of approximately $5.0 million during 2019, higher derailments and casualty expense of approximately $4.0 million, and approximately $2.0 million of costs for decontamination services and enhanced facilities cleaning related to COVID-19.

Write-off of software development costs. For the year ended December 31, 2020, the Company recognized $13.6 million of expense related to costs previously capitalized for the development of internal-use software. The development of the software was cancelled prior to completion and had no further use.

Restructuring charges. For the year ended December 31, 2020, the Company recognized $17.0 million of restructuring charges primarily related to the VSP of $9.7 million and the purchase of impaired, leased locomotives of $6.0 million. For the year ended December 31, 2019, the Company recognized $168.8 million of restructuring charges related to the implementation of PSR initiatives, which included the impairment of certain locomotives and rail cars, workforce reduction, and contract restructuring activities. Refer to Item 8, Financial Statements and Supplementary Data — Note 3, Restructuring Charges for more information.

Non-Operating Expenses

Equity in net earnings (losses) of affiliates. Equity in net earnings (losses) of affiliates decreased $2.4 million for the year ended December 31, 2020, compared to 2019, due to a decrease in net earnings from the operations of Panama Canal Railway Company as a result of lower container volumes due to a bridge strike in late June 2020 that shut down the railroad for approximately three months. In addition, equity in net earnings from the operations of TCM decreased due to increased tax expense and foreign exchange losses. These decreases were partially offset by an increase in equity in net earnings from the operations of FTVM as a result of losses recognized in 2019 related to the cancellation of Mexico City's new international airport.

Interest expense. Interest expense increased $35.0 million for the year ended December 31, 2020, compared to 2019, due to higher average debt balances. For the year ended December 31, 2020, the average debt balance (including commercial paper) was $3,679.4 million, compared to $2,826.6 million in 2019. The average interest rate for the years ended December 31, 2020 and 2019 was 4.1% for both periods.

Debt retirement costs. The Company did not incur debt retirement costs during 2020. For the year ended December 31, 2019, debt retirement costs were $1.1 million related to the write-off of previously capitalized debt issuance costs associated with the establishment of the new revolving credit facility in the first quarter of 2019 and the call premiums and write-off of unamortized debt issuance costs and original issue discounts associated with the redemption of the KCS and KCSM 2.35% senior notes in the fourth quarter of 2019.

Foreign exchange gain (loss). For the year ended December 31, 2020, foreign exchange loss was $29.6 million, compared to a gain of $17.1 million in 2019. Foreign exchange gain (loss) includes the re-measurement and settlement of net monetary assets denominated in Mexican pesos and the gain (loss) on foreign currency derivative contracts. The significant fluctuation in foreign exchange gain (loss) is a result of weakening of the Mexican peso against the U.S. dollar partially resulting from the increased market volatility driven by the global COVID-19 pandemic.

For the years ended December 31, 2020 and 2019, the re-measurement and settlement of net monetary assets and liabilities denominated in Mexican pesos resulted in a foreign exchange loss of $7.1 million and a gain of $3.0 million, respectively.

The Company enters into foreign currency derivative contracts to hedge its net exposure to fluctuations in the Mexican cash tax obligation due to changes in the value of the Mexican peso against the U.S. dollar. For the year ended December 31, 2020, foreign exchange loss on foreign currency derivative contracts was $22.5 million, compared to a gain of $14.1 million in 2019.

Other income, net. Other income, net, increased $1.1 million for the year ended December 31, 2020, compared to 2019 primarily due to an increase in miscellaneous income.

Income tax expense. Income tax expense decreased $43.5 million for the year ended December 31, 2020, compared to 2019, due to a lower effective tax rate. The decrease in the effective tax rate was primarily due to fluctuations in the foreign exchange rate and the issuance of final global intangible low-taxed income ("GILTI") regulations that provide for a high-tax exception to the GILTI tax retroactive to 2018. See the tax rates reconciliation below.

The Treasury Department issued final regulations in July 2020 that provide for a high-tax exception to the GILTI tax. Specifically, if foreign earnings are subject to a foreign tax rate of at least 90% of the U.S. tax rate, an election can be made to not treat the high-taxed earnings as GILTI income. The final regulations can apply retroactive to tax years beginning after December 31, 2017, and render the GILTI tax immaterial to the consolidated financial statements. The Company recognized a $14.5 million tax benefit in 2020 for the reversal of 2018 and 2019 GILTI tax expense recognized in prior years' consolidated financial statements.

The fluctuations of the Mexican peso during 2020 decreased the Company's Mexican cash tax obligation by $13.0 million for the year ended December 31, 2020. The fluctuations of the Mexican peso during 2019 increased the Company's Mexican cash tax obligation by $8.9 million for the year ended December 31, 2019.

Differences between the Company's effective income tax rate and the U.S. federal statutory income tax rate of 21% for 2020 and 2019 follow *(in millions):*

	2020		2019		Change	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Income tax expense using the statutory rate in effect	$ 172.9	21.0%	$ 165.6	21.0%	$ 7.3	—
Tax effect of:						
Difference between U.S. and foreign tax rate	44.1	5.4%	47.6	6.0%	(3.5)	(0.6%)
GILTI tax, net	(14.5)	(1.8%)	2.7	0.3%	(17.2)	(2.1%)
Tax credits	(13.8)	(1.7%)	(16.8)	(2.1%)	3.0	0.4%
State and local income tax provision, net	12.5	1.5%	11.5	1.5%	1.0	—
Withholding tax	9.9	1.2%	9.5	1.2%	0.4	—
Foreign exchange (i)	(3.4)	(0.4%)	35.9	4.6%	(39.3)	(5.0%)
Mexican fuel excise tax credit, net (ii)	—	—	(12.8)	(1.6%)	12.8	1.6%
Other, net	(3.6)	(0.4%)	4.4	0.5%	(8.0)	(0.9%)
Income tax expense	$ 204.1	24.8%	$ 247.6	31.4%	$ (43.5)	(6.6%)

(i) Mexican income taxes are paid in Mexican pesos, and as a result, the effective income tax rate reflects fluctuations in the value of the Mexican peso against the U.S. dollar. The foreign exchange impact on income taxes includes the gain or loss from the revaluation of the Company's net U.S. dollar-denominated monetary liabilities into Mexican pesos which is included in Mexican taxable income under Mexican tax law. As a result, a strengthening of the Mexican peso against the U.S. dollar for the reporting period will generally increase the Mexican cash tax obligation and the effective income tax rate, and a weakening of the Mexican peso against the U.S. dollar for the reporting period will generally decrease the Mexican cash tax obligation and the effective tax rate. To hedge its exposure to this cash tax risk, the Company enters into foreign currency derivative contracts, which are measured at fair value each period and any change in fair value is recognized in foreign exchange gain (loss) within the consolidated statements of income. Refer to Note 11, Derivative Instruments for further information.

(ii) Not eligible for Mexican fuel excise tax credit for 2020. See discussion in the Mexico Tax Reform section below.

Mexico Regulatory and Legal Updates

Mexico Tax Reform. In December 2019, the Mexican government enacted changes in the tax law effective January 1, 2020 ("Mexico 2020 Tax Reform"). Mexico 2020 Tax Reform excluded railroads from eligibility for the Mexican fuel excise tax credit. Mexico 2020 Tax Reform also included permanent changes to the Value Added Tax ("VAT") Law, Income Tax Law and Federal Fiscal Code which, among other things, requires certain VAT withholding, limits the deduction of interest expense and certain payments to related parties in preferential tax regimes, adopts a general anti-avoidance rule, requires mandatory disclosure of reportable transactions beginning in 2021, and permanently eliminates universal compensation, which allowed Mexican taxpayers to offset recoverable tax balances against balances due for other federal taxes. As a result of the elimination of universal compensation, the refundable VAT balance increased to $103.1 million as of December 31, 2020. KCSM has a legal opinion supporting its right under Mexican law to recover the refundable VAT balance from the Mexican government and believes the VAT to be fully collectible.

See additional discussion on universal compensation in Liquidity and Capital Resources section below.

Proposed Changes to Law. KCSM currently insources its management and union employees, other than the President and Executive Representative of KCSM, from its affiliate, KCSM Servicios, a wholly-owned and consolidated subsidiary of the Company. On November 12, 2020, the President of Mexico filed an initiative before the Mexican Congress to amend several laws in order to prohibit outsourcing employees to third parties and insourcing employees from related, affiliate services companies. Under the proposed legislation, KCSM Servicios could be prohibited from providing certain outsourced employees to KCSM, resulting in some, if not all KCSM Servicios employees becoming employees of KCSM in order to be in compliance with the legislation. Failure to comply with the new law could result in a loss of tax deductions and VAT credits on third party and related party service payments and penalties. In December 2020, discussions and approval of this legislation were postponed until February 2021. The initiative will have preferential treatment when the Mexican Congress resumes its activities, which requires that action on the proposed legislation must be taken within 30 days. If approved, it is currently expected the changes will be effective immediately upon adoption, however the private sector is lobbying for a longer transition period.

Mexican employees are currently entitled under Mexican law to receive statutory profit sharing (Participacion a los Trabajadores de las Utilidades or "PTU") payments. The required cash payment to employees is equal to 10% of their employer's profit subject to PTU as prescribed by Mexican law, which differs from profit determined under U.S. GAAP.

KCSM Servicios's employees are eligible for PTU and receive PTU payments. KCSM does not have employees eligible for PTU under current law, and this proposed legislation does not change the Mexico PTU requirements. If the proposed legislation were to become law, some or possibly all of KCSM Servicios's employees may need to become employees of KCSM and thus, would be eligible to receive PTU from KCSM. Payment of PTU by KCSM to these employees, as calculated under current law, could have a material adverse effect on the consolidated financial results of the Company. However, the Mexican government may consider, as part of its negotiations with the private sector, limitations on the PTU distribution amount to employees in order to reduce the financial impact. As such, any incremental PTU expense cannot be determined as of the date of this filing due to the uncertainties surrounding this potential legislation.

For a comparison of the Company's results of operations for the fiscal years ended December 31, 2019 to the year ended December 31, 2018, see *Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations* in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the U.S. Securities and Exchange Commission on January 24, 2020.

LIQUIDITY AND CAPITAL RESOURCES

Overview

On November 10, 2020, the Company announced that its Board of Directors (the "Board") approved updates to its capital allocation policy (the "Policy"). Pursuant to the updated Policy, the Company intends to continue deploying available cash in the following manner:

- Approximately 40-50% to capital projects and strategic investments; and
- Approximately 50-60% to share repurchases and dividends.

In addition, from time to time, the Company also plans to prudently use additional debt to support the revised policy and intends to increase its Debt-to-EBITDA ratio to the mid-2x range, consistent with its current ratings from Standard & Poor's, Fitch and Moody's Ratings.

In connection with this updated Policy, the Board also approved the following actions:

- An increase in the quarterly dividend on KCS's common stock from $0.40 to $0.44 per share. The Board declared a cash dividend on its outstanding common stock for this increased amount payable on January 20, 2021, to stockholders of record at the close of business on December 31, 2020. In April 2021, the Company will implement a quarterly dividend approach that targets a low 20% range payout; and
- A new $3.0 billion share repurchase program (the "2020 Program"), expiring December 31, 2023. This new program replaces the $2.0 billion stock repurchase authorization announced in 2019 (the "2019 Program") under which the Company purchased approximately $1.4 billion of Company stock.

During the fourth quarter of 2020, the Company entered into two accelerated share repurchase ("ASR") agreements under the 2019 Program, and paid $500.0 million. The agreements were settled during January 2021. During 2020, KCS repurchased 143,343 shares of common stock for $27.0 million under the 2020 Program, and 5,207,633 shares of common stock for $869.2 million under the 2019 Program. Refer to Item 8, Financial Statements and Supplementary Data — Note 15, Stockholders' Equity for additional detail on the Company's common share repurchase program and ASR agreements.

During 2020, the Company repurchased 7,426 shares of its $25 par preferred stock for $0.2 million at an average price of $29.58 per share.

During 2020, the Company invested $410.2 million in capital expenditures. See Capital Expenditures section for further details.

On April 22, 2020, the Company issued $550.0 million principal amount of senior unsecured notes due May 1, 2050, which bear interest semiannually at a fixed annual rate of 3.50% (the "3.50% Notes"). The net proceeds from the offering were used for general corporate purposes, including the repurchase of shares of the Company's common stock in the fourth quarter of 2020.

During 2020, the Company made remaining principal payments of approximately $12.0 million in repayment of its 9.311% locomotive financing agreements, which matured in December 2020.

At December 31, 2020, the Company had $444.7 million principal amount outstanding of 3.00% senior notes that mature May 15, 2023 (the "3.00% Notes") and $200.0 million principal amount outstanding of 3.85% senior notes that mature November 15, 2023 (the "3.85% Notes). The Company has the intention and ability to refinance the 3.00% Notes and the 3.85% Notes into a new long-term debt instruments prior to maturity. The Company has executed treasury lock agreements with an aggregate notional value of $650.0 million and a weighted-average interest rate of 1.58% to hedge the U.S. Treasury benchmark interest rate associated with any future interest payments related to the anticipated refinancing of the 3.00% Notes and the 3.85% Notes. See Note 11, Derivative Instruments for further discussion of the treasury lock agreements.

The Company's financing instruments contain restrictive covenants that limit or preclude certain actions; however, the covenants are structured such that the Company expects to have sufficient flexibility to conduct its operations. The Company has been, and expects to continue to be, in compliance with all of its debt covenants.

For discussion regarding the agreements representing the indebtedness of KCS, refer to Note 12, Short-Term Borrowings and Note 13, Long-Term Debt of the consolidated financial statements.

During the first three quarters of 2020, the Company's Board of Directors declared quarterly cash dividends of $0.40 per share or $113.6 million on its common stock. During the last quarter of 2020, the Company's Board of Directors declared a cash dividend of $0.44 per share or $40.1 million on its common stock. Subject to the discretion of the Board of Directors, capital availability and a determination that cash dividends continue to be in the best interest of its stockholders, the Company intends to pay a quarterly dividend on an ongoing basis.

On December 31, 2020, total available liquidity (the cash balance plus revolving credit facility availability) was $788.2 million, compared to available liquidity at December 31, 2019 of $748.8 million.

As of December 31, 2020, the total cash and cash equivalents held outside of the U.S. in foreign subsidiaries was $72.8 million, after repatriating $196.3 million during 2020. The Company expects that this cash will be available to fund company operations without incurring significant additional income taxes.

Beginning January 2019, Mexico tax reform for 2019 eliminated universal compensation that allowed Mexican taxpayers the ability to offset other tax obligations with refundable VAT. Mexico 2020 Tax Reform permanently eliminated universal compensation. This negatively impacted KCSM's cash flow by approximately $43.0 million and $60.0 million in 2020 and 2019, respectively, while awaiting refunds of the value added tax from the Mexican government. As of December 31, 2020, the refundable VAT balance was $103.1 million. KCSM has a legal opinion supporting its right under Mexican law to recover the refundable VAT balance from the Mexican government and believes the VAT to be fully collectible.

Cash Flow Information and Contractual Obligations

Summary cash flow data follows *(in millions):*

	2020	2019
Cash flows provided by (used for):		
Operating activities	$ 1,080.0	$ 1,104.0
Investing activities	(526.0)	(676.3)
Financing activities	(510.3)	(378.9)
Effect of exchange rate changes on cash	(4.3)	(0.5)
Net increase in cash and cash equivalents	39.4	48.3
Cash and cash equivalents beginning of year	148.8	100.5
Cash and cash equivalents end of year	$ 188.2	$ 148.8

During 2020, cash and cash equivalents increased $39.4 million as a result of the impacts discussed below.

Operating Cash Flows. Net cash provided by operating activities decreased $24.0 million for 2020, as compared to 2019, primarily due to increased cash paid to settle foreign currency derivative instruments and an increase in advance Mexican income tax payments, partially offset by payments made for settlement of a treasury lock in 2019.

Investing Cash Flows. Net cash used for investing activities decreased $150.3 million for 2020, as compared to 2019, due to a $175.3 million decrease in capital expenditures and a $29.3 million decrease in investments in and advances to affiliates, partially offset by a $39.2 million increase in expenditures for the purchase or replacement of assets under existing operating leases and a $9.2 million decrease in proceeds from disposal of property. Additional information is included within the Capital Expenditure section of Liquidity and Capital Resources.

Financing Cash Flows. Net cash used for financing activities increased $131.4 million for 2020, as compared to 2019, due to a decrease in proceeds from issuance long-term debt of $301.9 million and an increase in shares repurchased, including under ASR agreements, of $96.4 million, partially offset by a decrease in repayment of long-term debt of $267.0 million.

For a comparison of liquidity and capital resources and the Company's cash flow activities for the fiscal year ended December 31, 2019 and 2018, see *Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations* in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the U.S. Securities and Exchange Commission on January 24, 2020.

Contractual Obligations. The following table outlines the material obligations and commitments as of December 31, 2020 *(in millions):*

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More than 5 years
Long-term debt and short-term borrowings (including interest and finance lease obligations) (i)	$ 7,188.3	$ 155.1	$ 947.9	$ 262.9	$ 5,822.4
Operating leases	74.5	26.6	31.1	13.7	3.1
Obligations due to uncertainty in income taxes	2.2	0.6	—	1.6	—
Capital expenditure obligations (ii)	401.1	142.7	258.4	—	—
Other contractual obligations (iii)	444.3	93.4	123.5	103.2	124.2
Total	$ 8,110.4	$ 418.4	$1,360.9	$ 381.4	$ 5,949.7

(i) For variable rate obligations, interest payments were calculated using the December 31, 2020 rate. For fixed rate obligations, interest payments were calculated based on the applicable rates and payment dates.

(ii) Capital expenditure obligations include minimum capital expenditures under the KCSM Concession agreement and other regulatory requirements.

(iii) Other contractual obligations include purchase commitments and certain maintenance agreements.

In the normal course of business, the Company enters into long-term contractual commitments for future goods and services needed for the operations of the business. Such commitments are not in excess of expected requirements and are not reasonably likely to result in performance penalties or payments that would have a material adverse effect on the Company's liquidity. Such commitments are not included in the above table.

The SCT requires KCSM to submit a three-year capital expenditures plan every three years. The most recent three-year plan was submitted in 2020 for the years 2021 — 2023. KCSM expects to continue capital spending at current levels in future years and will continue to have capital expenditure obligations past 2023, which are not included in the table above.

Capital Expenditures

KCS has funded, and expects to continue to fund, capital expenditures with operating cash flows and short and long-term debt.

The following table summarizes capital expenditures by type for the years ended December 31, 2020 and 2019, respectively *(in millions):*

	2020	2019
Roadway capital program	$ 239.8	$ 264.9
Locomotives and freight cars	45.2	182.8
Capacity	65.4	84.8
Information technology	40.6	29.8
Positive train control	15.9	15.5
Other	3.3	6.5
Total capital expenditures (accrual basis)	410.2	584.3
Change in capital accruals	1.7	2.9
Total cash capital expenditures	$ 411.9	$ 587.2
Total cash purchase or replacement of assets under operating leases	$ 78.2	$ 39.0

Generally, the Company's capital program consists of capital replacement and equipment. For 2021, internally generated cash flows are expected to fund cash capital expenditures, which are currently estimated to be approximately 17% of revenue in 2021, assuming constant currency and fuel price. In addition, the Company periodically reviews its equipment and property under operating leases. Any additional purchase or replacement of equipment and property under operating leases during 2021 is expected to be funded with internally generated cash flows and/or debt.

Property Statistics

The following table summarizes certain property statistics as of December 31:

	2020	2019
Track miles of rail installed	89	122
Cross ties installed (thousands)	538	627

SUPPLEMENTAL GUARANTOR FINANCIAL INFORMATION

The following is a description of the terms and conditions of the guarantees with respect to senior notes for which KCS is an issuer or provides full and unconditional guarantee.

Note Guarantees

As of December 31, 2020, KCS had outstanding $3,736.2 million principal amount of senior notes due through 2069. The Kansas City Southern Railway Company ("KCSR") had outstanding $2.7 million principal amount of senior notes due through 2045 (together, the "Senior Notes"). The senior notes for which KCS is the issuer are unconditionally guaranteed, jointly and severally, on an unsecured senior basis, by each of KCS's current and future domestic consolidated subsidiaries that from time to time guarantees certain of KCS's credit agreements, or any other debt of KCS, or any of KCS's significant subsidiaries that is a guarantor (each, a "Guarantor Subsidiary," and collectively, the "Guarantor Subsidiaries"). In addition, the senior notes for which KCSR is the issuer are unconditionally guaranteed, jointly and severally, on an unsecured senior basis, by KCS and each of its current and future domestic consolidated subsidiaries that from time to time guarantees KCSR's credit agreement, or any other debt of KCSR or any of KCSR's significant subsidiaries that is a Guarantor Subsidiary. The obligations of each Guarantor Subsidiary under its note guarantee are limited as necessary to prevent such note guarantee from constituting a fraudulent conveyance under applicable law. A guarantee of the Senior Notes by KCS or a Guarantor Subsidiary is subject to release in the following circumstances: (i) the sale, disposition, exchange or other transfer (including through merger, consolidation, amalgamation or otherwise) of the capital stock of the Guarantor Subsidiary made in a manner not in violation of the indenture; (ii) the designation of the subsidiary as an "Unrestricted Subsidiary" under the indenture; (iii) the legal defeasance or covenant defeasance of the Senior Notes in accordance with the terms of the indenture; or (iv) the Guarantor Subsidiary ceasing to be KCS's subsidiary as a result of any foreclosure of any pledge or security interest securing KCS's Revolving Credit Facility or other exercise of remedies in respect thereof.

KCSM and any other foreign subsidiaries of KCS do not, and will not, guarantee the Senior Notes ("Non-Guarantor Subsidiaries").

The following tables present summarized financial information for KCS and the Guarantor Subsidiaries on a combined basis after intercompany transactions have been eliminated, including adjustments to remove the receivable and payable balances, investment in, and equity in earnings from the Non-Guarantor Subsidiaries.

Summarized Financial Information

Income Statements	**KCS and Guarantor Subsidiaries**	
	Years ended December 31,	
	2020	**2019**
Revenues	$ 1,368.7	$ 1,472.0
Operating expenses	846.9	1,068.5
Operating income	521.8	403.5
Income before income taxes	375.4	291.7
Net income	329.8	235.0

Balance Sheets	**KCS and Guarantor Subsidiaries**	
	December 31, 2020	**December 31, 2019**
Assets:		
Current assets	$ 298.8	$ 332.9
Property and equipment (including concession assets), net	4,751.3	4,596.3
Other non-current assets	110.8	156.9
Liabilities and equity:		
Current liabilities	$ 318.2	$ 313.5
Non-current liabilities	4,841.2	4,267.7
Noncontrolling interest	326.4	323.4

Excluded from current assets in the table above are $183.7 million and $95.2 million of current intercompany receivables due to KCS and the Guarantor Subsidiaries from the Non-Guarantor Subsidiaries as of December 31, 2020 and December 31, 2019, respectively. Excluded from current liabilities in the table above are $235.8 million and $55.0 million of current intercompany payables due to the Non-Guarantor Subsidiaries from KCS and the Guarantor Subsidiaries as of December 31, 2020 and December 31, 2019, respectively.

The Senior Notes are structurally subordinated to the indebtedness and other liabilities of the Non-Guarantor Subsidiaries. The Non-Guarantor Subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Senior Notes or the indentures, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Any right that KCS or the Guarantor Subsidiaries have to receive any assets of any of the Non-Guarantor Subsidiaries upon the liquidation or reorganization of any Non-Guarantor Subsidiary, and the consequent rights of holders of Senior Notes to realize proceeds from the sale of any of a Non-Guarantor Subsidiary's assets, would be effectively subordinated to the claims of such Non-Guarantor Subsidiary's creditors, including trade creditors and holders of preferred equity interests, if any, of such Non-Guarantor Subsidiary. Accordingly, in the event of a bankruptcy, liquidation or reorganization of any of the Non-Guarantor Subsidiaries, the Non-Guarantor Subsidiaries will pay the holders of their debts, holders of preferred equity interests, if any, and their trade creditors before they will be able to distribute any of their assets to KCS or any Guarantor Subsidiary.

If a Guarantor Subsidiary were to become a debtor in a case under the U.S. Bankruptcy Code or encounter other financial difficulty, under federal or state fraudulent transfer or conveyance law, a court may avoid, subordinate or otherwise decline to enforce its guarantee of the Senior Notes. A court might do so if it is found that when such Guarantor Subsidiary entered into its guarantee of the Senior Notes, or in some states when payments became due under the Senior Notes, such Guarantor Subsidiary received less than reasonably equivalent value or fair consideration and either:

- was insolvent or rendered insolvent by reason of such incurrence;
- was left with unreasonably small or otherwise inadequate capital to conduct its business; or

• believed or reasonably should have believed that it would incur debts beyond its ability to pay.

The court might also avoid the guarantee of the Senior Notes without regard to the above factors, if the court found that a Guarantor Subsidiary entered into its guarantee with actual intent to hinder, delay or defraud its creditors.

A court would likely find that a Guarantor Subsidiary did not receive reasonably equivalent value or fair consideration for its guarantee of the Senior Notes, if such Guarantor Subsidiary did not substantially benefit directly or indirectly from the funding made available by the issuance of the Senior Notes. If a court were to avoid a guarantee of the Senior Notes provided by a Guarantor Subsidiary, holders of the Senior Notes would no longer have any claim against such Guarantor Subsidiary. The measures of insolvency for purposes of these fraudulent transfer or conveyance laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer or conveyance has occurred, such that the Company cannot predict what standards a court would use to determine whether or not a Guarantor Subsidiary was solvent at the relevant time or, regardless of the standard that a court uses, that the guarantee of a Guarantor Subsidiary would not be subordinated to such Guarantor Subsidiary's other debt. As noted above, each guarantee provided by a Guarantor Subsidiary includes a provision intended to limit the Guarantor Subsidiary's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer or conveyance. This provision may not be effective to protect those guarantees from being avoided under fraudulent transfer or conveyance law, or it may reduce that Guarantor Subsidiary's obligation to an amount that effectively makes its guarantee worthless, and the Company cannot predict whether a court will ultimately find it to be effective.

On the basis of historical financial information, operating history and other factors, the Company believes that each of the Guarantor Subsidiaries, after giving effect to the issuance of its guarantee of the Senior Notes when such guarantee was issued, was not insolvent, did not have unreasonably small capital for the business in which it engaged and did not and has not incurred debts beyond its ability to pay such debts as they mature. The Company cannot predict, however, as to what standard a court would apply in making these determinations or that a court would agree with the Company's conclusions in this regard.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

KCS's accounting and financial reporting policies are in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Management believes that the following accounting policies and estimates are critical to an understanding of KCS's historical and future performance. Management has discussed the development and selection of the following critical accounting estimates with the Audit Committee of KCS's Board of Directors and the Audit Committee has reviewed the selection, application and disclosure of the Company's critical accounting policies and estimates.

Capitalization, Depreciation and Amortization of Property and Equipment (including Concession Assets)

Due to the highly capital intensive nature of the railroad industry, capitalization and depreciation of property and equipment are a substantial portion of the Company's consolidated financial statements. Net property and equipment, including concession assets, comprised approximately 90% of the Company's total assets as of December 31, 2020, and related depreciation and amortization comprised approximately 22% of total operating expenses for the year ended December 31, 2020.

KCS capitalizes costs for self-constructed additions and improvements to property including direct labor and material, indirect costs, and interest during long-term construction projects. The Company has a process in place to determine which costs qualify for capitalization, which requires judgment. Direct costs are charged to capital projects based on the work performed and the material used. Indirect costs are allocated to capital projects as a standard percentage, which is evaluated annually, and applied to direct labor and material costs. Asset removal activities are performed in conjunction with replacement activities; therefore, removal costs are estimated based on a standard percentage of direct labor and indirect costs related to capital replacement projects. For purchased assets, all costs necessary to make the asset ready for its intended use are capitalized. Expenditures that significantly increase asset values, productive capacity, efficiency, safety or extend useful lives are capitalized. Repair and maintenance costs are expensed as incurred.

KCS capitalizes certain costs incurred in connection with developing or obtaining internal-use software. Capitalized software costs are included in "Property and Equipment" on the consolidated balance sheets. Costs incurred during the preliminary project and post-implementation stage, as well as maintenance and training costs, are expensed as incurred.

Property and equipment are carried at cost and are depreciated primarily on the group method of depreciation, which the Company believes closely approximates a straight line basis over the estimated useful lives of the assets measured in years. The group method of depreciation applies a composite rate to classes of similar assets rather than to individual assets. Composite depreciation rates are based upon the Company's estimates of the expected average useful lives of assets as well as expected net salvage value at the end of their useful lives. In developing these estimates, the Company utilizes periodic depreciation studies performed by an independent engineering firm. Depreciation rate studies are performed at least every three years for equipment and at least every six years for road property (rail, ties, ballast, etc.). The depreciation studies take into account factors such as:

- Statistical analysis of historical patterns of use and retirements of each asset class;
- Evaluation of any expected changes in current operations and the outlook for the continued use of the assets;
- Evaluation of technological advances and changes to maintenance practices;
- Historical and expected salvage to be received upon retirement;
- Review of accounting policies and assumptions; and
- Industry precedents and trends.

The depreciation studies may also indicate that the recorded amount of accumulated depreciation is deficient or in excess of the amount indicated by the study. Any such deficiency or excess is amortized as a component of depreciation expense over the remaining useful lives of the affected asset class, as determined by the study. The Company also monitors these factors in non-study years to determine if adjustments should be made to depreciation rates. The Company completed depreciation studies for KCSM in 2020 and KCSR in 2019. The impacts of the studies were immaterial to the consolidated financial results for all periods.

Also under the group method of depreciation, the cost of railroad property and equipment (net of salvage or sales proceeds) retired or replaced in the normal course of business is charged to accumulated depreciation with no gain or loss recognized. Actual historical costs are retired when available, such as with equipment costs. The use of estimates in recognizing the retirement of roadway assets is necessary as it is impractical to track individual, homogeneous network-type assets. Certain types of roadway assets are retired using statistical curves derived from the depreciation studies that indicate the relative distribution of the age of the assets retired. For other roadway assets, historical costs are estimated by deflating current costs using inflation indices and the estimated useful life of the assets as determined by the depreciation studies. The indices applied to the replacement value are selected because they closely correlate with the major costs of the items comprising the roadway assets. Because of the number of estimates inherent in the depreciation and retirement processes and because it is impossible to precisely estimate each of these variables until a group of assets is completely retired, the Company continually monitors the estimated useful lives of its assets and the accumulated depreciation associated with each asset group to ensure the depreciation rates are appropriate.

Estimation of the average useful lives of assets and net salvage values requires management judgment. Estimated average useful lives may vary over time due to changes in physical use, technology, asset strategies and other factors that could have an impact on the retirement experience of the asset classes. Accordingly, changes in the assets' estimated useful lives could significantly impact future periods' depreciation expense. Depreciation and amortization expense for the year ended December 31, 2020 was $357.9 million. If the weighted average useful lives of assets were changed by one year, annual depreciation and amortization expense would change approximately $11.0 million.

Gains or losses on dispositions of land or non-group property and abnormal retirements of railroad property are recognized through income. A retirement of railroad property would be considered abnormal if the retirement meets each of the following conditions: (i) is unusual in nature, (ii) is significant in amount, and (iii) varies significantly from the retirement profile identified through the depreciation studies. KCS recognized $1.3 million and $134.2 million as of December 31, 2020, and 2019, respectively, from asset impairments of certain locomotives and railcars as a result of the implementation of PSR. There were no other significant gains or losses from abnormal retirements of property or equipment for the year ended December 31, 2018. Refer to Note 3, Restructuring Charges of the consolidated financial statements for more information.

Costs incurred by the Company to acquire the Concession rights and related assets, as well as subsequent improvements to the Concession assets, are capitalized and amortized using the group method of depreciation over the lesser of the current expected Concession term, including probable renewal of an additional 50-year term, or the estimated useful lives of the assets and rights. The Company's ongoing evaluation of the useful lives of Concession assets and rights considers the aggregation of the following facts and circumstances:

- The Company's executive management is dedicated to ensuring compliance with the various provisions of the Concession and to maintaining positive relationships with the SCT and other Mexican federal, state, and municipal governmental authorities;
- During the time since the Concession was granted, the relationships between KCSM and the various Mexican governmental authorities have matured and the guidelines for operating under the Concession have become more defined with experience;
- There are no known supportable sanctions or compliance issues that would cause the SCT to revoke the Concession or prevent KCSM from renewing the Concession; and
- KCSM operations are an integral part of the KCS operations strategy, and related investment analyses and operational decisions assume that the Company's cross border rail business operates into perpetuity, and do not assume that Mexico operations terminate at the end of the current Concession term.

Based on the above factors, as of December 31, 2020, the Company continues to believe that it is probable that the Concession will be renewed for an additional 50-year term beyond the current term.

Impairment of long-lived assets

Long-lived assets, including property, plant and equipment, operating lease right-of-use assets and intangible assets with finite lives are reviewed for impairment and written down to fair value when events or circumstances indicate that the carrying amount of a long-lived asset or asset group may not be recoverable. If impairment indicators are present and the estimated future undiscounted cash flows are less than the carrying value of the long-lived assets, the carrying value would be reduced to

the estimated fair value. Future cash flow estimates for an impairment review would be based on the lowest level of identifiable cash flows, which are the Company's U.S. and Mexican operations. During the year ended December 31, 2020, $13.6 million of expense was recognized related to costs previously capitalized for the development of internal-use software. The development of the software was cancelled prior to completion and had no further use. Other than the abnormal impairments related to the implementation of Precision Scheduled Railroading ("PSR"), management did not identify any indicators of impairment for the years ended December 31, 2020 and 2019.

Income Taxes

Deferred income taxes represent a net asset or liability of the Company. For financial reporting purposes, management determines the current tax liability, as well as deferred tax assets and liabilities, in accordance with the asset and liability method of accounting for income taxes. The provision for income taxes is the sum of income taxes both currently payable and deferred into the future. Currently payable income taxes represent the liability related to the Company's U.S., state and foreign income tax returns for the current year and anticipated tax payments resulting from income tax audits, while the net deferred tax expense or benefit represents the change in the balance of net deferred tax assets or liabilities as reported on the balance sheet. The changes in deferred tax assets and liabilities are determined based upon the estimated timing of reversal of differences between the carrying amount of assets and liabilities for financial reporting purposes and the basis of assets and liabilities for tax purposes as measured using the currently enacted tax rates that will be in effect at the time these differences are expected to reverse. Additionally, management estimates whether taxable operating income in future periods will be sufficient to fully recognize any deferred tax assets. Valuation allowances are recorded as appropriate to reduce deferred tax assets to the amount considered likely to be realized.

Income tax expense related to Mexican operations has additional complexities such as the impact of exchange rate variations, which can have a significant impact on the effective income tax rate.

Management believes that the assumptions and estimates related to the provision for income taxes are critical to the Company's results of operations. For the year ended December 31, 2020, income tax expense totaled $204.1 million. For every 1% change in the 2020 effective rate, income tax expense would have changed by approximately $8.2 million. For further information on the impact of foreign exchange fluctuation on income taxes, refer to Item 7A, Quantitative and Qualitative Disclosures About Market Risk — Foreign Exchange Sensitivity.

OTHER MATTERS

Litigation. Occasionally, the Company is a party to various legal proceedings, regulatory examinations, investigations, administrative actions, and other legal matters, arising for the most part in the ordinary course of business, incidental to its operations. Included in these proceedings are various tort claims brought by current and former employees for job-related injuries and by third parties for injuries related to railroad operations. KCS aggressively defends these matters and has established liability provisions that management believes are adequate to cover expected costs. The outcome of litigation and other legal matters is always uncertain. KCS believes it has valid defenses to the legal matters currently pending against it, is defending itself vigorously, and has recorded accruals determined in accordance with U.S. GAAP, where appropriate. In making a determination regarding accruals, using available information, KCS evaluates the likelihood of an unfavorable outcome in legal or regulatory proceedings to which it is a party to and records a loss contingency when it is probable a liability has been incurred and the amount of the loss can be reasonably estimated. These subjective determinations are based on the status of such legal or regulatory proceedings, the merits of KCS's defenses and consultation with legal counsel. Actual outcomes of these legal and regulatory proceedings may materially differ from the current estimates. It is possible that resolution of one or more of the legal matters currently pending or threatened could result in losses material to KCS's consolidated results of operations, liquidity or financial condition.

Although it is not possible to predict the outcome of any legal proceeding, in the opinion of the Company's management, other than as described in Note 17, Commitments and Contingencies of the consolidated financial statements, such proceedings and actions should not, individually or in the aggregate, have a material adverse effect on the Company's consolidated financial statements.

Inflation. U.S. GAAP require the use of historical cost, which does not reflect the effects of inflation on the replacement cost of property. Due to the capital intensive nature of KCS's business, the replacement cost of these assets would be significantly higher than the amounts reported under the historical cost basis.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

KCS is exposed to certain market risks including interest rate, commodity, and foreign exchange risks and utilizes various financial instruments that have certain inherent market risks. These instruments have been entered into for hedging rather than trading purposes. The following information, together with information included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Item 8, Financial Statements and Supplementary Data — Note 11, Derivative Instruments, describe the key aspects of certain financial instruments that have market risk to KCS.

The analysis presented below for each of the Company's market risks uses a sensitivity model based on hypothetical changes (increases or decreases) to market risks using defined parameters and assumptions to quantify the potential impacts to the consolidated statements of income. The hypothetical changes to market risks do not represent KCS's view of future market changes. The effect of a change in a particular assumption was calculated without adjusting any other assumptions. These market risks and the potential impacts to the consolidated statements of income for the current year, have not materially fluctuated, individually or in the aggregate from the preceding year; thus only current year information is presented below.

Interest Rate Sensitivity. The Company is subject to interest rate risk associated with its debt. Changes in interest rates impact the fair value of outstanding fixed-rate debt, but there is no impact to current earnings or cash flow. Based upon the borrowing rates available to KCS and its subsidiaries for indebtedness with similar terms and average maturities, the fair value of long-term debt was approximately $4,368.6 million and $3,535.7 million at December 31, 2020 and 2019, respectively, compared with a carrying value of $3,770.8 million and $3,246.0 million at December 31, 2020 and 2019, respectively.

Changes in interest rates may impact the cost of future long-term debt issued by the Company, and as a result, represent interest rate risk to the Company. During 2020, the Company executed six 30-year treasury lock agreements with an aggregate notional value of $650.0 million and a weighted-average interest rate of 1.58%. The purpose of the treasury locks is to hedge the U.S. Treasury benchmark interest rate associated with future interest payments related to the anticipated refinancing of the $444.7 million principal amount of 3.00% senior notes due May 15, 2023 and the $200.0 million principal amount of 3.85% senior notes due November 15, 2023. The Company has designated the treasury locks as cash flow hedges, and for the year ended December 31, 2020, recognized an unrealized gain of $28.1 million, net of tax, in the consolidated statements of comprehensive income. A hypothetical 100 basis points change in the 30-year U.S. Treasury Rate would result in a change in unrealized gain or loss of approximately $147.0 million. Upon settlement in 2023, the unrealized gain or loss in accumulated other comprehensive income will be amortized to interest expense over the life of the future underlying debt issuances.

Alternatively, changes in interest rates do not affect the fair value of variable rate debt, but affect future earnings and cash flows. The Company's floating-rate indebtedness includes commercial paper borrowings, and any outstanding borrowings under revolving credit facilities. At December 31, 2020 and 2019, KCS had no commercial paper or revolving credit facility borrowings outstanding.

Commodity Price Sensitivity. KCS periodically participates in diesel fuel purchase commitments and derivative financial instruments. At December 31, 2020 and 2019, KCS did not have any outstanding fuel derivative financial instruments. The Company also holds fuel inventories for use in operations. These inventories are not material to KCS's overall financial position. Fuel costs are expected to reflect market conditions in 2021; however, fuel costs are unpredictable and subject to a variety of factors outside the Company's control. Assuming annual consumption of 117 million gallons, a hypothetical 10 cent change in the price per gallon of fuel would cause an $11.7 million change in operating expenses. KCS mitigates the impact of increased fuel costs through fuel surcharge revenues from customers; however, in a period of volatile fuel prices or changing customer business mix, changes in fuel expense and fuel surcharge revenue may differ.

Foreign Exchange Sensitivity. KCS's foreign subsidiaries use the U.S. dollar as their functional currency; however, a portion of the foreign subsidiaries' revenues and expenses is denominated in Mexican pesos. Based on the volume of revenue and expense transactions denominated in Mexican pesos, revenue and expense fluctuations have historically offset.

The Company has exposure to fluctuations in the value of the Mexican peso against the U.S. dollar due to its monetary assets and liabilities that are denominated in Mexican pesos. Monetary assets and liabilities include cash, accounts receivable and payable and other items that will convert to cash in the future and are remeasured into dollars using the current exchange rate. The remeasurement and settlement of monetary assets and liabilities is recognized in the consolidated statements of income as foreign exchange gains and losses. At December 31, 2020, the Company had Ps.2,688.8 million of net monetary assets denominated in Mexican pesos, as monetary assets exceeded monetary liabilities.

The following table presents the potential impacts to the consolidated statements of income that would result from a hypothetical change in the exchange rate of one Mexican peso per U.S. dollar at December 31, 2020:

	Hypothetical Change in Exchange Rate	Amount of Gain (Loss)	Affected Line Item in the Consolidated Statements of Income
Net monetary assets denominated in Mexican pesos at December 31, 2020:			
Ps.2,688.8 million	From Ps.19.9 to Ps.20.9	($6.4 million)	Foreign exchange gain (loss)
Ps.2,688.8 million	From Ps.19.9 to Ps.18.9	$7.1 million	Foreign exchange gain (loss)

Mexican income taxes are paid in Mexican pesos, and as a result, the effective income tax rate reflects fluctuations in the value of the Mexican peso against the U.S. dollar. Most significantly, any gain or loss from the revaluation of the Company's net U.S. dollar-denominated monetary liabilities into Mexican pesos is included in Mexican taxable income under Mexican tax law. As a result, a strengthening of the Mexican peso against the U.S. dollar for the reporting period will generally increase the Mexican cash tax obligation and the effective income tax rate, and a weakening of the Mexican peso against the U.S. dollar for the reporting period will generally decrease the Mexican cash tax obligation and the effective tax rate.

The following table presents the potential impacts to the effective income tax rate and income tax expense that would result from a hypothetical change in the exchange rate of one Mexican peso at December 31, 2020:

Hypothetical Change in Exchange Rate	Increase (Decrease) in Effective Income Tax Rate	Amount of Expense (Benefit)	Affected Line Item in the Consolidated Statements of Income
From Ps.19.9 to Ps.20.9	(1.3%)	($11.1 million)	Income tax expense (benefit)
From Ps.19.9 to Ps.18.9	1.5%	$12.2 million	Income tax expense (benefit)

The Company has executed derivative instruments to hedge its exposure to fluctuations in the Mexican cash tax obligation due to changes in the value of the Mexican peso against the U.S. dollar. These derivative instruments have historically offset the effects of foreign currency changes on income tax expense (benefit) resulting in minimal impact to net income. There were no outstanding foreign currency forward contracts as of December 31, 2020.

During January 2021, the Company entered into several foreign currency forward contracts with an aggregate notional amount of $100.0 million, maturing in January and February of 2021. These contracts obligated the Company to purchase a total of Ps.1,993.5 million at a weighted-average exchange rate of Ps.19.9 to each U.S. dollar. During January 2021, the Company entered into offsetting contracts with an aggregate notional amount of $58.9 million, which matured during January 2021 and obligated the Company to sell a total of Ps.1,195.3 million at a weighted-average exchange rate of Ps.20.3 to each U.S. dollar, resulting in cash paid of $1.1 million. Given the settlement of these contracts during January 2021, the Company believes there was minimal market risk associated with these contracts at December 31, 2020. As of the date of this filing, there were $40.0 million aggregate notional amount of contracts outstanding, which obligate the Company to purchase a total of Ps.798.2 million at a weighted average exchange rate of Ps.20.0 to each U.S. dollar.

The following table presents the potential impacts to the consolidated statements of income that would result from a hypothetical change in the exchange rate of one Mexican peso at maturity date for the foreign currency forward contracts entered into during January 2021 and outstanding as of the date of this filing:

Aggregate notional amount:	Hypothetical Change in Exchange Rate	Amount of Gain (Loss)	Affected Line Item in the Consolidated Statements of Income
$40.0 million	From Ps.20.0 to Ps.21.0	($1.9 million)	Foreign exchange gain (loss)
$40.0 million	From Ps.20.0 to Ps.19.0	$2.1 million	Foreign exchange gain (loss)

The Company has not designated these foreign currency derivative instruments as hedging instruments for accounting purposes. The foreign currency derivative instruments will be measured at fair value each period and any change in fair value will be recognized in foreign exchange gain (loss) within the consolidated statements of income.

Item 8. ***Financial Statements and Supplementary Data***

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All schedules are omitted because they are not applicable, are insignificant, or the required information is shown in the consolidated financial statements or notes thereto.

Management's Report on Internal Control over Financial Reporting

The management of Kansas City Southern is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. KCS's internal control over financial reporting was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect material misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2020, based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework (2013)* (commonly referred to as the COSO Framework). Based on its evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2020, based on the criteria outlined in the COSO Framework.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2020, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which immediately follows this report.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Kansas City Southern

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Kansas City Southern and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Direct Costs that are Capitalized to Self-Constructed Property and Equipment (including Concession Assets)

As described in Note 2 to the consolidated financial statements, the Company capitalizes costs for self-constructed additions and improvements to property including direct labor and material, indirect costs, and interest during long-term construction projects. Expenditures that significantly increase asset values, productive capacity, efficiency, safety, or extend useful lives are capitalized. As disclosed by management, direct costs are charged to capital projects based on the work performed and the material used. Management has a process in place to determine which costs qualify for capitalization, which requires judgment. For the year-ended December 31, 2020, the Company capitalized costs of $410.2 million.

The principal considerations for our determination that performing procedures relating to direct costs that are capitalized to self-constructed property and equipment (including concession assets) is a critical audit matter are (i) the significance of direct costs and complexities in self-constructed property and equipment (including concession assets); (ii) the significant judgment by management in determining whether direct costs qualify for capitalization; and (iii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating evidence related to the capitalization of direct costs.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the capitalization of direct costs to self-constructed property and equipment (including concession assets). These procedures also included, among others, selecting a sample of direct costs and (i) obtaining evidence to support the accuracy of capitalized additions to self-constructed properties based on the work performed and the material used and (ii) evaluating whether these costs qualify for capitalization.

/s/PricewaterhouseCoopers LLP
Kansas City, Missouri
January 29, 2021

We have served as the Company's auditor since 2017.

Kansas City Southern and Subsidiaries

Consolidated Statements of Income
Years Ended December 31,

	2020	2019	2018
	(In millions, except share and per share amounts)		
Revenues	$ 2,632.6	$ 2,866.0	$ 2,714.0
Operating expenses:			
Compensation and benefits	476.5	529.1	495.7
Purchased services	198.1	219.2	200.7
Fuel	219.8	340.4	348.2
Mexican fuel excise tax credit	—	—	(37.7)
Equipment costs	85.8	108.6	126.1
Depreciation and amortization	357.9	350.7	346.7
Materials and other	260.9	262.9	265.9
Write-off of software development costs	13.6	—	—
Restructuring charges	17.0	168.8	—
Gain on insurance recoveries related to hurricane damage	—	—	(17.9)
Total operating expenses	1,629.6	1,979.7	1,727.7
Operating income	1,003.0	886.3	986.3
Equity in net earnings (losses) of affiliates	(1.4)	1.0	2.6
Interest expense	(150.9)	(115.9)	(110.0)
Debt retirement costs	—	(1.1)	(2.2)
Foreign exchange gain (loss)	(29.6)	17.1	7.8
Other income, net	2.1	1.0	2.4
Income before income taxes	823.2	788.4	886.9
Income tax expense	204.1	247.6	257.5
Net income	619.1	540.8	629.4
Less: Net income attributable to noncontrolling interest	2.1	1.9	2.0
Net income attributable to Kansas City Southern and subsidiaries	617.0	538.9	627.4
Preferred stock dividends	0.2	0.2	0.2
Net income available to common stockholders	$ 616.8	$ 538.7	$ 627.2
Earnings per share:			
Basic earnings per share	$ 6.57	$ 5.42	$ 6.16
Diluted earnings per share	$ 6.54	$ 5.40	$ 6.13
Average shares outstanding *(in thousands):*			
Basic	93,826	99,316	101,852
Effect of dilution	489	431	418
Diluted	94,315	99,747	102,270

See accompanying notes to consolidated financial statements.

Kansas City Southern and Subsidiaries

Consolidated Statements of Comprehensive Income
Years Ended December 31,

	2020	2019	2018
		(In millions)	
Net income	$ 619.1	$ 540.8	$ 629.4
Other comprehensive income (loss):			
Unrealized gain (loss) on interest rate derivative instruments, net of tax of $7.5 million, $(4.9) million and $1.0 million	28.1	(18.9)	2.6
Reclassification adjustment from cash flow hedges included in net income, net of tax of $0.5 million and less than $0.1 million	1.9	0.2	—
Foreign currency translation adjustments	(0.5)	0.5	0.1
Other comprehensive income (loss)	29.5	(18.2)	2.7
Comprehensive income	648.6	522.6	632.1
Less: comprehensive income attributable to noncontrolling interest	2.1	1.9	2.0
Comprehensive income attributable to Kansas City Southern and subsidiaries	$ 646.5	$ 520.7	$ 630.1

See accompanying notes to consolidated financial statements.

Kansas City Southern and Subsidiaries

Consolidated Balance Sheets
December 31,

	2020	2019
	(In millions, except share and per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 188.2	$ 148.8
Accounts receivable, net	247.1	274.2
Materials and supplies	127.2	150.6
Other current assets	63.3	155.0
Total current assets	625.8	728.6
Operating lease right-of-use assets	70.9	158.4
Investments	42.6	47.6
Property and equipment (including concession assets), net	8,997.8	8,806.3
Other assets	226.9	45.9
Total assets	$ 9,964.0	$ 9,786.8
LIABILITIES AND EQUITY		
Current liabilities:		
Long-term debt due within one year	$ 6.4	$ 18.0
Accounts payable and accrued liabilities	470.0	473.3
Total current liabilities	476.4	491.3
Long-term operating lease liabilities	45.4	85.7
Long-term debt	3,764.4	3,228.0
Deferred income taxes	1,185.4	1,128.0
Other noncurrent liabilities and deferred credits	108.8	107.9
Total liabilities	5,580.4	5,040.9
Stockholders' equity:		
$25 par, 4% noncumulative, preferred stock, 840,000 shares authorized, 649,736 shares issued; 215,199 and 222,625 shares outstanding at December 31, 2020 and 2019, respectively	5.4	5.6
$0.01 par, common stock, 400,000,000 shares authorized, 123,352,185 shares issued; 91,047,107 and 96,115,669 shares outstanding at December 31, 2020 and 2019, respectively	0.9	1.0
Additional paid-in capital	830.9	843.7
Retained earnings	3,219.6	3,601.3
Accumulated other comprehensive income (loss)	0.4	(29.1)
Total stockholders' equity	4,057.2	4,422.5
Noncontrolling interest	326.4	323.4
Total equity	4,383.6	4,745.9
Total liabilities and equity	$ 9,964.0	$ 9,786.8

See accompanying notes to consolidated financial statements.

Kansas City Southern and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31,

	2020	2019	2018
		(In millions)	
Operating activities:			
Net income	$ 619.1	$ 540.8	$ 629.4
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	357.9	350.7	346.7
Deferred income taxes	49.4	53.1	91.7
Equity in net (earnings) losses of affiliates	1.4	(1.0)	(2.6)
Share-based compensation	22.9	23.1	20.4
(Gain) loss on foreign currency derivative instruments	22.5	(14.1)	(6.3)
Foreign exchange (gain) loss	7.1	(3.0)	(1.5)
Restructuring charges	17.0	168.8	—
Write-off of software development costs	13.6	—	—
Gain on insurance recoveries related to hurricane damage	—	—	(17.9)
Distributions from affiliates	4.5	7.0	5.5
Settlement of foreign currency derivative instruments	(20.0)	11.9	13.9
Cash payments for restructuring charges	(10.0)	(6.3)	—
Refundable Mexican value added tax	(43.2)	(58.7)	—
Settlement of treasury lock agreements	—	(25.8)	—
Deemed mandatory repatriation tax	—	—	(18.7)
Insurance proceeds related to hurricane damage	—	—	17.9
Changes in working capital items:			
Accounts receivable	25.5	38.2	(67.4)
Materials and supplies	21.7	0.5	(4.5)
Other current assets	(22.8)	5.0	(39.2)
Accounts payable and accrued liabilities	16.0	9.4	(24.0)
Other, net	(2.6)	4.4	6.5
Net cash provided by operating activities	1,080.0	1,104.0	949.9
Investing activities:			
Capital expenditures	(411.9)	(587.2)	(520.3)
Purchase or replacement of assets under operating leases	(78.2)	(39.0)	(98.9)
Property investments in MSLLC	(24.8)	(27.5)	(26.1)
Investments in and advances to affiliates	(7.4)	(36.7)	(19.2)
Insurance proceeds related to hurricane damage	—	—	7.6
Proceeds from disposal of property	12.9	22.1	8.7
Other, net	(16.6)	(8.0)	(3.7)
Net cash used for investing activities	(526.0)	(676.3)	(651.9)
Financing activities:			
Net short-term borrowings	—	—	(348.1)
Proceeds from issuance of long-term debt	545.6	847.5	499.4
Repayment of long-term debt	(18.0)	(285.0)	(81.5)
Dividends paid	(152.3)	(144.3)	(147.5)
Shares repurchased	(888.9)	(792.5)	(243.5)
Debt issuance and retirement costs paid	(6.6)	(11.6)	(8.0)
Proceeds from employee stock plans	9.9	7.0	1.8
Net cash used for financing activities	(510.3)	(378.9)	(327.4)
Effect of exchange rate changes on cash	(4.3)	(0.5)	(4.2)
Cash and cash equivalents:			
Net increase (decrease) during each year	39.4	48.3	(33.6)
At beginning of year	148.8	100.5	134.1
At end of year	$ 188.2	$ 148.8	$ 100.5

Supplemental information continued on next page.

See accompanying notes to consolidated financial statements.

Kansas City Southern and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31,

Continued from previous page.

	2020	2019	2018
		(In millions)	
Supplemental cash flow information			
Non-cash investing and financing activities:			
Capital expenditures accrued but not yet paid at end of year	$ 22.3	$ 24.0	$ 26.9
Other investing activities accrued but not yet paid at the end of the year	31.9	31.2	53.8
Finance lease obligations incurred	0.8	—	—
Non-cash asset acquisitions	2.8	0.5	0.7
Dividends accrued but not yet paid at end of year	40.6	39.0	36.6
Cash payments:			
Interest paid, net of amounts capitalized	$ 144.5	$ 110.5	$ 105.0
Income tax payments, net of refunds	182.3	170.5	221.0

See accompanying notes to consolidated financial statements.

Kansas City Southern and Subsidiaries

Consolidated Statements of Changes in Equity

(In millions, except per share amounts)

	$25 Par Preferred Stock	$.01 Par Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total
Balance at December 31, 2017	$ 6.1	$ 1.0	$ 943.3	$ 3,611.4	$ (12.9)	$ 316.5	$ 4,865.4
Reclassification due to adoption of ASU 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income				0.7	(0.7)		—
Net income				627.4		2.0	629.4
Other comprehensive income					2.7		2.7
Contributions from noncontrolling interest						1.2	1.2
Dividends on common stock ($1.44/share)			—	(146.7)			(146.7)
Dividends on $25 par preferred stock ($1.00/share)				(0.2)			(0.2)
Share repurchases	(0.4)	—	(21.1)	(222.0)			(243.5)
Options exercised and stock subscribed, net of shares withheld for employee taxes		—	4.0				4.0
Share-based compensation			20.4				20.4
Balance at December 31, 2018	5.7	1.0	946.6	3,870.6	(10.9)	319.7	5,132.7
Net income				538.9		1.9	540.8
Other comprehensive loss					(18.2)		(18.2)
Contributions from noncontrolling interest						1.8	1.8
Dividends on common stock ($1.48/share)			—	(146.5)			(146.5)
Dividends on $25 par preferred stock ($1.00/share)				(0.2)			(0.2)
Share repurchases	(0.1)	—	(48.4)	(661.5)			(710.0)
Forward contract for accelerated share repurchases			(82.5)				(82.5)
Options exercised and stock subscribed, net of shares withheld for employee taxes		—	4.1				4.1
Share-based compensation			23.9				23.9
Balance at December 31, 2019	5.6	1.0	843.7	3,601.3	(29.1)	323.4	4,745.9
Net income				617.0		2.1	619.1
Other comprehensive income					29.5		29.5
Contributions from noncontrolling interest						0.9	0.9
Dividends on common stock ($1.64/share)			—	(153.7)			(153.7)
Dividends on $25 par preferred stock ($1.00/share)				(0.2)			(0.2)
Share repurchases	(0.2)	(0.1)	(51.3)	(844.8)			(896.4)
Forward contract for accelerated share repurchases			(75.0)				(75.0)
Settlement of forward contract for accelerated share repurchases			82.5				82.5
Options exercised and stock subscribed, net of shares withheld for employee taxes		—	6.2				6.2
Share-based compensation			24.8				24.8
Balance at December 31, 2020	$ 5.4	$ 0.9	$ 830.9	$ 3,219.6	$ 0.4	$ 326.4	$ 4,383.6

See accompanying notes to consolidated financial statements.

Note 1. Description of the Business

Kansas City Southern ("KCS" or the "Company"), a Delaware corporation, is a holding company with principal operations in rail transportation.

The Company is engaged in the freight rail transportation business operating through a single coordinated rail network under one reportable business segment. The Company generates revenues and cash flows by providing its customers with freight delivery services both within its regions, and throughout North America through connections with other Class I rail carriers. KCS's customers conduct business in a number of different industries, including electric-generating utilities, chemical and petroleum products, paper and forest products, agriculture and mineral products, automotive products, and intermodal transportation.

The primary subsidiaries of the Company consist of the following:

- The Kansas City Southern Railway Company ("KCSR"), a wholly-owned consolidated subsidiary. KCSR is a U.S. Class I railroad that services the midwest and southeast regions of the United States;
- Kansas City Southern de México, S.A. de C.V. ("KCSM"), a wholly-owned consolidated subsidiary which operates under the rights granted by the concession acquired from the Mexican government in 1997 (the "Concession") as described below;
- Mexrail, Inc. ("Mexrail"), a wholly-owned consolidated subsidiary; which wholly owns The Texas Mexican Railway Company ("Tex-Mex");
- KCSM Servicios, S.A. de C.V. ("KCSM Servicios"), a wholly-owned consolidated subsidiary which provides employee services to KCSM; and
- Meridian Speedway, LLC ("MSLLC"), a seventy percent-owned consolidated affiliate. MSLLC owns the former KCSR rail line between Meridian, Mississippi and Shreveport, Louisiana, which is the portion of the rail line between Dallas, Texas and Meridian known as the "Meridian Speedway".

Including equity investments in:

- Panama Canal Railway Company ("PCRC"), a fifty percent-owned unconsolidated affiliate which provides ocean to ocean freight and passenger services along the Panama Canal;
- TFCM, S. de R.L. de C.V. ("TCM"), a forty-five percent-owned unconsolidated affiliate that operates a bulk liquid terminal in San Luis Potosí, Mexico;
- Ferrocarril y Terminal del Valle de México, S.A. de C.V. ("FTVM"), a twenty-five percent-owned unconsolidated affiliate that provides railroad services as well as ancillary services in the greater Mexico City area; and
- PTC-220, LLC ("PTC-220"), a fourteen percent-owned unconsolidated affiliate that holds the licenses to large blocks of radio spectrum and other assets for positive train control.

The KCSM Concession. KCSM holds a concession (the "Concession") from the Mexican government until June 2047 (exclusive service through 2027, subject to certain trackage and haulage rights granted to other concessionaires), which is renewable under certain conditions for additional periods of up to 50 years under the Concession. The Concession is to provide freight transportation services over north-east rail lines which are a primary commercial corridor of the Mexican railroad system. KCSM has the right to use, but does not own, all track and buildings that are necessary for the rail lines' operation. KCSM is required to pay the Mexican government an annual concession duty equal to 1.25% of gross revenues during the Concession period.

Employees and Labor Relations. KCSR participates in industry-wide multi-employer bargaining as a member of the National Carriers' Conference Committee, as well as local bargaining for agreements that are limited to KCSR's property. Approximately 70% of KCSR employees are covered by collective bargaining agreements.

KCSM Servicios union employees are covered by one labor agreement, which was signed on April 16, 2012, between KCSM Servicios and the Sindicato de Trabajadores Ferrocarrileros de la República Mexicana ("Mexican Railroad Union"), and which remains in effect during the period of the Concession, for the purpose of regulating the relationship between the parties. Approximately 79% of KCSM Servicios employees are covered by this labor agreement.

Union labor negotiations have not historically resulted in any strike, boycott, or other disruption in the Company's business operations.

Note 2. Significant Accounting Policies

Principles of Consolidation. The accompanying consolidated financial statements are presented using the accrual basis of accounting and include the Company and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. Certain prior year amounts have been reclassified to conform to the current year presentation.

The equity method of accounting is used for all entities in which the Company or its subsidiaries have significant influence, but not a controlling interest. The Company evaluates less-than-majority-owned investments for consolidation pursuant to consolidation and variable interest entity guidance. The Company does not have any less-than-majority-owned investments requiring consolidation.

During the first quarter of 2020, the Company adopted Accounting Standards Update ("ASU") 2016-13, "*Financial Instruments - Credit Losses*," which required the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. This replaced the existing incurred loss model and is applicable to the measurement of credit losses on financial assets, including trade receivables. Adoption of the new standard did not have a material impact on the Company's consolidated financial statements.

During the first quarter of 2020, the Company early adopted the SEC's, *Financial Disclosures About Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralize a Registrant's Securities* rules, which simplify the disclosure requirements related to the Company's registered securities under Rule 3-10 of Regulation S-X. The final rule also allows for the simplified disclosure to be included within Management's Discussion and Analysis of Financial Condition and Results of Operations.

Use of Estimates. The accounting and financial reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include those related to the recoverability and useful lives of assets and income taxes. Changes in facts and circumstances may result in revised estimates and actual results could differ from those estimates.

Revenue Recognition. The primary performance obligation for the Company is to move customers' freight from an origin to a destination. A performance obligation is created when a customer under a transportation contract or public tariff submits a bill of lading for the transport of goods. The Company recognizes revenue proportionally as a shipment moves from origin to destination, using the distance shipped to measure progress, as the customer simultaneously receives and consumes the benefit over time. Related expenses are recognized as incurred. Revenue associated with in-transit shipments at period end is recognized based on the distance shipped as of the balance sheet date. Payment is received at the time or shortly after the performance obligation is satisfied.

The transaction price is generally in the form of a fixed fee determined at the inception of the transportation contract or the inception of the bill of lading. Certain customer agreements have variable consideration that are based on milestone achievements in the form of rebates, discounts or incentives. The Company makes judgments to determine whether the variable consideration is probable of occurring and should be included in the estimated transaction price at the beginning of the period to apply a more consistent rate throughout the year based on an analysis of historical experience with the customer, forecasted shipments and other economic indicators. The Company adjusts the estimate on a quarterly basis.

Other revenues, including switching, storage, and demurrage are distinct services and are recognized as services are performed or as contractual obligations are fulfilled. The consideration for other revenue is allocated between the separate services based upon the stand-alone transaction price.

Foreign Exchange Gain (Loss). For financial reporting purposes, foreign subsidiaries maintain records in U.S. dollars, which is the functional currency. The dollar is the currency that reflects the economic substance of the underlying events and circumstances relevant to the entity. Monetary assets and liabilities denominated in Mexican pesos ("pesos" or "Ps.") are remeasured into U.S. dollars ("dollars") using current exchange rates. The difference between the exchange rate on the date of the transaction and the exchange rate on the settlement date, or balance sheet date if not settled, is included in the income statement as foreign exchange gain or loss.

Cash Equivalents. Short-term liquid investments with an initial maturity of three months or less are classified as cash and cash equivalents.

Accounts Receivable, net. Accounts receivable are net of an allowance for uncollectible accounts as determined by historical experience and adjusted for economic uncertainties, known trends, and reasonable supportable forecasts. Accounts are charged to the allowance when a customer enters bankruptcy, when an account has been transferred to a collection agent or submitted for legal action, or when a customer is significantly past due and all available means of collection have been exhausted. At December 31, 2020 and 2019, the allowance for estimated credit losses was $7.8 million and $7.0 million, respectively. For the years ended December 31, 2020, 2019 and 2018, bad debt expense was $1.5 million, $0.4 million and $0.3 million, respectively.

Materials and Supplies. Materials and supplies consisting of diesel fuel, items to be used in the maintenance of rolling stock and items to be used in the maintenance or construction of road property are valued at the lower of average cost or net realizable value.

Derivative Instruments. Derivatives are measured at fair value and recorded on the balance sheet as either assets or liabilities. Changes in the fair value of derivatives are recorded either through current earnings or as other comprehensive income, depending on hedge designation. Gains and losses on derivative instruments classified as cash flow hedges are reported in other comprehensive income and are reclassified into earnings in the periods in which earnings are impacted by the variability of the cash flow of the hedged item.

Property and Equipment (including Concession Assets). KCS capitalizes costs for self-constructed additions and improvements to property including direct labor and material, indirect costs, and interest during long-term construction projects. For purchased assets, all costs necessary to make the asset ready for its intended use are capitalized. Expenditures that significantly increase asset values, productive capacity, efficiency, safety or extend useful lives are capitalized. Repair and maintenance costs are expensed as incurred. The Company has a process in place to determine which costs qualify for capitalization, which requires judgment.

KCS capitalizes certain costs incurred with developing or obtaining internal-use software. Costs incurred during the preliminary project and post-implementation stage, as well as maintenance and training costs are expensed as incurred.

Property and equipment are carried at cost and are depreciated primarily on the group method of depreciation, which the Company believes closely approximates a straight line basis over the estimated useful lives of the assets measured in years. The group method of depreciation applies a composite rate to classes of similar assets rather than to individual assets. Composite depreciation rates are based upon the Company's estimates of the expected average useful lives of assets as well as expected net salvage value at the end of their useful lives. In developing these estimates, the Company utilizes periodic depreciation studies performed by an independent engineering firm. Depreciation rate studies are performed at least every three years for equipment and at least every six years for road property (rail, ties, ballast, etc.). The Company completed depreciation studies for KCSM in 2020 and KCSR in 2019. The impacts of the studies were immaterial to the consolidated financial results for all periods.

Under the group method of depreciation, the cost of railroad property and equipment (net of salvage or sales proceeds) retired or replaced in the normal course of business is charged to accumulated depreciation with no gain or loss recognized.

Gains or losses on dispositions of land or non-group property and abnormal retirements of railroad property are recognized through income. A retirement of railroad property would be considered abnormal if the cause of the retirement is unusual in nature, is significant in amount, and varies significantly from the retirement profile identified through the depreciation studies.

Costs incurred by the Company to acquire the Concession rights and related assets, as well as subsequent improvements to the Concession assets, are capitalized and amortized using the group method of depreciation over the lesser of the current expected Concession term, including probable renewal of an additional 50-year term, or the estimated useful lives of the assets and rights.

Impairment of Long-Lived Assets. Long-lived assets, including property and equipment, operating lease right-of-use assets and intangible assets with finite lives are reviewed for impairment and written down to fair value when events or circumstances indicate that the carrying amount of a long-lived asset or asset group may not be recoverable. If impairment indicators are present and the estimated future undiscounted cash flows are less than the carrying value of the long-lived assets, the carrying value would be reduced to the estimated fair value. Future cash flow estimates for an impairment review would be based on the lowest level of identifiable cash flows, which are the Company's U.S. and Mexican operations. During the year ended December 31, 2020, $13.6 million of expense was recognized related to costs previously capitalized for the development of internal-use software. The development of the software was cancelled prior to completion and had no further use. Other than the abnormal impairments related to the implementation of Precision Scheduled Railroading ("PSR"), management did not identify any indicators of impairment for the years ended December 31, 2020 and 2019.

Leases. During the first quarter of 2019, the Company adopted ASU No. 2016-02, Leases, also known as Accounting Standard Codification ("ASC") Topic 842. Prior to 2019, the Company accounted for leases under ASC Topic 840, Leases and for the year ended December 31, 2018, had $49.3 million of rental expense under operating leases. The Company leases transportation equipment, as well as office and other operating facilities, under various finance and operating leases. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the implicit rate is not readily determinable in most of the Company's lease agreements, the Company uses its estimated secured incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Lease expense is recognized on a straight-line basis over the lease term.

The Company determines if an arrangement is a lease or contains a lease at inception. The Company's leases have remaining lease terms of approximately 1 year to 9 years, which may include the option to extend the lease when it is reasonably certain the Company will exercise that option. The Company does not separately identify lease and nonlease components (i.e. maintenance costs) except for fleet vehicles and real estate. The Company does not have lease agreements with residual value guarantees, sale leaseback terms or material restrictive covenants. Additionally, short-term leases and leases with variable lease costs are immaterial, and the Company does not have any sublease arrangements.

Goodwill. Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets acquired in business combinations. As of December 31, 2020 and 2019, the goodwill balance was $13.2 million, which is included in other assets in the consolidated balance sheets. Goodwill is not amortized, but is reviewed at least annually, or more frequently as indicators warrant, for impairment. An impairment loss would be recognized to the extent that the carrying amount exceeds the reporting units' fair values. The Company performed its annual impairment review for goodwill during the fourth quarter of 2020 and 2019, and concluded there was no impairment.

Investments and Impairment. The Company reviews equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable in accordance with generally accepted accounting principles. This determination requires significant judgment. In making this judgment, the Company considers available quantitative and qualitative evidence in evaluating potential impairment of these investments. If it is determined that an indicator of impairment exists, the Company assesses whether the carrying value exceeds the fair value of the asset. If the carrying value of the investment exceeds its fair value, the Company will evaluate, among other factors, general market conditions, the duration and extent to which the carrying value is greater than the fair value, and KCS's intent and ability to hold, or plans to sell, the investment. The Company also considers specific adverse conditions related to the financial health of and business outlook for the investee, including industry and sector performance, changes in technology, and operational and financing cash flow factors. Once a decline in fair value is determined to be other-than-temporary, an

impairment charge will be recorded and a new carrying basis in the investment will be established. No impairment charges were recognized during the years ended December 31, 2020 and 2019.

Fair Value of Financial Instruments. Non-financial assets and liabilities are recognized at fair value on a nonrecurring basis. These assets and liabilities are measured at fair value on an ongoing basis but are subject to recognition in the financial statements only in certain circumstances. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company determines the fair values of its financial instruments based on the fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy is broken down into three levels based upon the observability of inputs. Fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value in its entirety requires judgment and considers factors specific to the asset or liability.

Environmental Liabilities. The Company recognizes liabilities for remediation and restoration costs when the Company's obligation is probable and the costs can be reasonably estimated. Costs of future expenditures for environmental remediation and restoration are not discounted to their present value. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable. Costs of ongoing compliance activities related to current operations are expensed as incurred.

Personal Injury Claims. Personal injury claims in excess of self-insurance levels are insured up to certain coverage amounts, depending on the type of claim and year of occurrence. The Company's personal injury liability is based on actuarial studies performed on an undiscounted basis by an independent third party actuarial firm and reviewed by management. The liability is based on claims filed and an estimate of claims incurred but not yet reported. Adjustments to the liability are reflected as operating expenses in the period in which the adjustments are known. Legal fees related to personal injury claims are recognized in operating expense in the period incurred.

Health and Welfare and Postemployment Benefits. The Company provides certain medical, life and other postemployment benefits to certain active employees and retirees. The Company uses actuaries to assist management in measuring the benefit obligation and cost based on the current plan provisions, employee demographics, and assumptions about financial and demographic factors affecting the probability, timing and amount of expected future benefit payments. Significant assumptions include the discount rate, rate of increase in compensation levels, and the health care cost trend rate. Actuarial gains and losses determined at the measurement date (December 31) are recognized immediately in the consolidated statements of income.

Share-Based Compensation. The Company accounts for all share-based compensation in accordance with fair value recognition provisions. Under this method, compensation expense is measured at grant date fair value and is recognized over the requisite service period in which the award is earned. Forfeitures are recognized as they occur. The Company issues treasury stock to settle share-based awards.

Income Taxes. Deferred income tax effects of transactions reported in different periods for financial reporting and income tax return purposes are recognized under the asset and liability method of accounting for income taxes. This method gives consideration to the future tax consequences of the deferred income tax items and immediately recognizes changes in income tax laws in the year of enactment.

The Company has recognized a deferred tax asset, net of a valuation allowance, for net operating loss and tax credit carryovers. The Company projects sufficient future taxable income to realize the deferred tax asset recorded less the valuation

allowance. These projections take into consideration assumptions about future income, future capital expenditures and inflation rates. If assumptions or actual conditions change, the deferred tax asset, net of the valuation allowance, will be adjusted to properly reflect the expected tax benefit.

Treasury Stock. The excess of repurchase price over par value of shares held in treasury is allocated between additional paid-in capital and retained earnings.

Note 3. Restructuring Charges

COVID-19. In March 2020, the World Health Organization categorized Coronavirus Disease 2019 ("COVID-19") as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The U.S. and Mexico governments have deemed rail transportation as "critical infrastructure" providing essential services during this global emergency. As a provider of critical infrastructure, Kansas City Southern has an obligation to keep employees working and freight moving. KCS remains focused on protecting the health and well-being of its employees and the communities in which it operates while assuring the continuity of its business operations.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") which includes modifications to the limitation on business interest expense and net operating loss provisions, and provides a payment delay of employer payroll taxes during 2020 after the date of enactment. Payments of approximately $11.0 million of employer payroll taxes otherwise due in 2020, were delayed with 50% due by December 31, 2021 and the remaining 50% by December 31, 2022. The CARES Act did not have a material impact on the Company's consolidated financial statements.

The Company began to experience the impacts of COVID-19 on customer demand in late March 2020. Volumes significantly declined in the second quarter of 2020; however, by early June volumes began to rapidly rebound. For the year ended December 31, 2020, revenues declined 8%, as compared to the same period in 2019, primarily due to lower volumes as a result of COVID-19 and service interruptions at Lazaro Cardenas due to KCSM right-of-way blockages from teachers' protests, lower fuel surcharge due to lower fuel prices and the weakening of the Mexican peso against the U.S dollar.

As revenues declined in the second quarter of 2020, the Company responded quickly and implemented a variety of cost-saving measures and accelerated PSR initiatives by further consolidating trains, which increased train length and reduced crew costs. In June of 2020, the Company offered a voluntary separation program, which resulted in a restructuring charge of $9.7 million for the year ended December 31, 2020, consisting of severance and benefit costs that will be paid out in either lump-sum payments or incrementally over a six to twelve-month period. Approximately 6% of management employees were irrevocably accepted into the voluntary separation program.

PSR. During 2019, the Company began implementing principles of PSR, which focus on providing reliable customer service, facilitating growth, improving asset utilization, and improving the cost profile of the Company. As a result of the PSR initiatives in 2019, management approved four separate restructuring plans that totaled $168.8 million. The restructuring plans were substantially completed in 2019.

During 2020, the Company recognized approximately $7.3 million in additional restructuring charges related to PSR. During the first quarter of 2020, the Company purchased 91 locomotives for $78.2 million that were part of two existing leases. Of the 91 locomotives, 13 were impaired during the fourth quarter of 2019. The purchase of the impaired lease locomotives resulted in $6.0 million of make-whole payments recognized as incremental restructuring charges in the first quarter of 2020. During the second quarter of 2020, the Company recognized approximately $1.3 million of restructuring charges from the disposal of held for sale equipment.

Expenses related to PSR initiatives and the voluntary separation program are shown in the following table (*in millions*):

	Years ended	
	2020	2019
Restructuring charges:		
Asset impairments	$ 7.3	$ 157.8
Workforce reduction	9.7	7.0
Contract restructuring	—	4.0
Total restructuring charges	$ 17.0	$ 168.8

Asset Impairments. During 2019, the Company committed to plans to dispose of certain locomotives and freight cars to increase operational fluidity, reduce maintenance expense, and improve labor and fuel efficiency. Accordingly, the Company performed an impairment analysis to adjust the carrying amount of each asset to the lower of its depreciated book value or its estimated fair value, less costs to dispose, and stopped recognizing depreciation expense. Additionally, the Company wrote-off parts inventory associated with the locomotive and freight car models that were disposed. During 2020, the purchase of impaired lease locomotives resulted in make-whole payments recognized as incremental restructuring charges.

Workforce Reduction. The Company recognized severance costs associated with the voluntary separation program and PSR initiatives which focused on improving the cost profile of the Company.

Contract Restructuring. The Company terminated certain third-party vendor contracts in order to drive operational efficiencies, which resulted in contract termination penalties.

Note 4. Leases

Leases	Classification	December 31, 2020	December 31, 2019
Assets		*(in millions)*	
Operating	Operating lease right-of-use assets	$ 70.9	$ 158.4
Finance	Property and equipment (including Concession assets), net	5.7	8.7
Total leased assets		$ 76.6	$ 167.1
Liabilities			
Current			
Operating	Accounts payable and accrued liabilities	$ 24.6	$ 45.4
Finance	Long-term debt due within one year	2.3	1.9
Noncurrent			
Operating	Long-term operating lease liabilities	45.4	85.7
Finance	Long-term debt	5.2	6.8
Total lease liabilities		$ 77.5	$ 139.8

Lease Cost	Classification	Years ended December 31, 2020	Years ended December 31, 2019
		(in millions)	
Operating lease cost:			
	Equipment costs	$ 23.3	$ 43.0
	Materials and other	5.0	10.7
Finance lease cost:			
Amortization of finance lease assets	Depreciation and amortization	1.6	2.7
Interest on lease liabilities	Interest expense	0.9	1.1
Total lease cost		$ 30.8	$ 57.5

Cash Flow Information	Years ended December 31, 2020	Years ended December 31, 2019
	(in millions)	
Cash paid for operating leases included in operating activities	$ 45.6	$ 58.7
Cash paid for finance leases included in operating activities	0.9	1.1
Cash paid for finance leases included in financing activities	2.0	2.7
Right-of-use assets obtained in exchange for operating lease liabilities	18.4	35.2
Right-of-use assets obtained in exchange for financing lease liabilities	0.8	—

Lease Term and Discount Rate	December 31, 2020	December 31, 2019
Weighted-average remaining lease term *(years)*		
Operating leases	3.7	4.9
Finance leases	3.1	3.9
Weighted-average discount rate		
Operating leases	3.1 %	3.9 %
Finance leases	11.4 %	11.1 %

Remaining Maturities of Lease Liabilities

Year Ending December 31 (*in millions*),	Operating Leases	Finance Leases
2021	$ 26.6	$ 2.9
2022	18.5	2.9
2023	12.6	2.6
2024	10.3	0.3
2025	3.4	—
Thereafter	3.1	—
Total lease payments	74.5	8.7
Less imputed interest	4.5	1.2
Total	$ 70.0	$ 7.5

As of December 31, 2020, the Company did not have any additional operating or financing leases that had not yet commenced.

Note 5. Revenue

Disaggregation of Revenue

The following table presents revenues disaggregated by the major commodity groups as well as the product types included within the major commodity groups *(in millions)*. The Company believes disaggregation by product type best depicts how cash flows are affected by economic factors. See Note 19, Geographic Information in the consolidated financial statements for revenues by geographical area.

	Years ended December 31,		
	2020	2019	2018
Chemical & Petroleum			
Chemicals	$ 236.7	$ 246.9	$ 236.3
Petroleum	375.0	341.8	241.9
Plastics	152.1	148.5	143.9
Total	763.8	737.2	622.1
Industrial & Consumer Products			
Forest Products	247.8	261.4	268.0
Metals & Scrap	188.4	232.9	208.2
Other	101.5	116.1	114.8
Total	537.7	610.4	591.0
Agriculture & Minerals			
Grain	299.6	298.4	289.9
Food Products	154.6	149.4	145.7
Ores & Minerals	21.8	25.0	20.9
Stone, Clay & Glass	29.4	33.5	29.9
Total	505.4	506.3	486.4
Energy			
Utility Coal	105.6	126.9	117.3
Coal & Petroleum Coke	41.8	43.2	44.3
Frac Sand	11.3	27.4	37.4
Crude Oil	36.3	48.7	57.3
Total	195.0	246.2	256.3
Intermodal	319.1	370.2	382.8
Automotive	172.7	255.6	253.2
Total Freight Revenues	2,493.7	2,725.9	2,591.8
Other Revenue	138.9	140.1	122.2
Total Revenues	$ 2,632.6	$ 2,866.0	$ 2,714.0

Major customers

No individual customer makes up greater than 10% of total consolidated revenues.

Contract Balances

The amount of revenue recognized in 2020 from performance obligations partially satisfied in the previous year was $17.7 million. The performance obligations that were unsatisfied or partially satisfied as of December 31, 2020, were $28.0 million, which represents in-transit shipments that are fully satisfied the following month.

A receivable is any unconditional right to consideration, and is recognized as shipments have been completed and the relating performance obligation has been fully satisfied. At December 31, 2020 and 2019, the accounts receivable, net balance

was $247.1 million and $274.2 million, respectively. Contract assets represent a conditional right to consideration in exchange for goods or services. The Company did not have any contract assets at December 31, 2020 and 2019.

Contract liabilities represent consideration received in advance from customers, and are recognized as revenue over time as the relating performance obligation is satisfied. The amount of revenue recognized in 2020 that was included in the opening contract liability balance was $30.2 million. The Company has recognized contract liabilities within the accounts payable and accrued liabilities financial statement caption on the balance sheet. These are considered current liabilities as they will be settled in less than 12 months.

The following tables summarize the changes in contract liabilities *(in millions)*:

Contract liabilities	Years ended December 31,	
	2020	**2019**
Beginning balance	$ 30.5	$ 32.4
Revenue recognized that was included in the contract liability balance at the beginning of the period	(30.2)	(32.4)
Increases due to consideration received, excluding amounts recognized as revenue during the period	29.6	30.5
Ending balance	$ 29.9	$ 30.5

Note 6. Hurricane Harvey

In late August 2017, Hurricane Harvey made landfall on the Texas coast and caused flood damage to the Company's track infrastructure and significantly disrupted the Company's rail service. The Company filed a claim in the fourth quarter of 2017 under its insurance program for property damage, incremental expenses, and lost profits caused by Hurricane Harvey. In the third quarter of 2017, the Company recognized a receivable for probable insurance recovery offsetting the impact of incremental expenses recognized in the quarter. During 2018, the Company partially settled its insurance claim for $35.5 million. As a result of the nonrefundable partial settlement, the Company recognized gain on insurance recoveries of $17.9 million, net of the self-insured retention and insurance receivable. The Company received the nonrefundable cash proceeds of $25.5 million from the partial settlement in the fourth quarter of 2018. Final settlement of the insurance claim is dependent upon costs incurred with an ongoing bridge construction project expected to be completed in 2021 and will be immaterial to the consolidated financial statements.

Note 7. Earnings Per Share

Basic earnings per common share is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share adjusts basic earnings per common share for the effects of potentially dilutive common shares, if the effect is not anti-dilutive. Potentially dilutive common shares include the dilutive effects of shares issuable under the 2008 and 2017 Equity Incentive Plans and shares issuable upon the conversion of preferred stock to common stock.

The following table reconciles the basic earnings per share computation to the diluted earnings per share computation *(in millions, except share and per share amounts)*:

	2020	2019	2018
Net income available to common stockholders for purposes of computing basic and diluted earnings per share	$ 616.8	$ 538.7	$ 627.2
Weighted-average number of shares outstanding *(in thousands)*:			
Basic shares	93,826	99,316	101,852
Effect of dilution	489	431	418
Diluted shares	94,315	99,747	102,270
Earnings per share:			
Basic earnings per share	$ 6.57	$ 5.42	$ 6.16
Diluted earnings per share	$ 6.54	$ 5.40	$ 6.13

Potentially dilutive shares excluded from the calculation (*in thousands*):	2020	2019	2018
Stock options excluded as their inclusion would be anti-dilutive	75	121	117

Note 8. Property and Equipment (including Concession Assets)

The following tables list the major categories of property and equipment, including Concession assets, as well as the weighted-average composite depreciation rate for each category (*in millions*):

As of December 31, 2020	Cost	Accumulated Depreciation	Net Book Value	Depreciation Rates for 2020
Land	$ 227.5	$ —	$ 227.5	N/A
Concession land rights	141.1	(30.8)	110.3	1.0 %
Rail and other track material	2,147.5	(389.8)	1,757.7	1.8-3.2%
Ties	1,753.5	(420.2)	1,333.3	1.4-5.0%
Grading	998.5	(190.0)	808.5	1.0 %
Bridges and tunnels	858.5	(171.3)	687.2	1.3 %
Ballast	867.4	(245.3)	622.1	2.2-4.7%
Other (a)	1,549.0	(477.6)	1,071.4	2.7 %
Total road property	8,174.4	(1,894.2)	6,280.2	2.6 %
Locomotives	1,713.6	(478.7)	1,234.9	4.8 %
Freight cars	970.4	(210.6)	759.8	2.2 %
Other equipment	80.6	(36.6)	44.0	4.5 %
Total equipment	2,764.6	(725.9)	2,038.7	3.9 %
Technology and other	372.6	(253.4)	119.2	18.7 %
Construction in progress	221.9	—	221.9	N/A
Total property and equipment (including Concession assets)	$ 11,902.1	$ (2,904.3)	$ 8,997.8	N/A

(a) Other includes signals, buildings and other road assets.

As of December 31, 2019	Cost	Accumulated Depreciation	Net Book Value	Depreciation Rates for 2019
Land	$ 224.9	$ —	$ 224.9	N/A
Concession land rights	141.1	(29.4)	111.7	1.0 %
Rail and other track material	2,122.9	(373.3)	1,749.6	1.8-3.2%
Ties	1,738.4	(405.7)	1,332.7	1.4-5.0%
Grading	991.5	(179.4)	812.1	1.1 %
Bridges and tunnels	823.8	(163.0)	660.8	1.2 %
Ballast	835.6	(236.4)	599.2	2.2-4.7%
Other (a)	1,449.9	(438.5)	1,011.4	3.0 %
Total road property	7,962.1	(1,796.3)	6,165.8	2.8 %
Locomotives	1,593.9	(429.7)	1,164.2	5.2 %
Freight cars	980.8	(196.6)	784.2	2.4 %
Other equipment	77.9	(30.4)	47.5	4.5 %
Total equipment	2,652.6	(656.7)	1,995.9	4.1 %
Technology and other	345.1	(207.3)	137.8	16.3 %
Construction in progress	170.2	—	170.2	N/A
Total property and equipment (including Concession assets)	$ 11,496.0	$ (2,689.7)	$ 8,806.3	N/A

(a) Other includes signals, buildings and other road assets.

Concession assets, net of accumulated amortization of $709.7 million and $678.1 million, totaled $2,383.5 million and $2,335.5 million at December 31, 2020 and 2019, respectively.

Depreciation and amortization of property and equipment (including Concession assets) totaled $357.9 million, $350.7 million and $346.7 million, for 2020, 2019, and 2018, respectively.

In the fourth quarter of 2020, $13.6 million of expense was recognized related to costs previously capitalized for the development of internal-use software. The development of the software was cancelled prior to completion and had no further use. The expense was recognized in write-off of software development costs in the consolidated statements of income.

Note 9. Other Balance Sheet Captions

Other Current Assets. Other current assets included the following items at December 31 *(in millions):*

	2020	2019
Refundable Mexican value added tax	$ —	$ 60.2
Prepaid income taxes	15.8	0.3
Advances to affiliates	9.2	47.3
Prepaid expenses	23.3	21.0
Property held for sale	3.6	11.3
Other	11.4	14.9
Other current assets	$ 63.3	$ 155.0

Accounts Payable and Accrued Liabilities. Accounts payable and accrued liabilities included the following items at December 31 *(in millions):*

	2020	2019
Accounts payable	$ 174.6	$ 157.1
Income and other taxes	27.3	34.4
Accrued wages and vacation	82.4	79.0
Short-term operating lease liability	24.6	45.4
Derailments, personal injury and other claim provisions	39.0	38.5
Dividends payable	40.2	38.7
Contract liabilities	29.9	30.5
Interest payable	26.2	23.1
Other	25.8	26.6
Accounts payable and accrued liabilities	$ 470.0	$ 473.3

Note 10. Fair Value Measurements

The Company's assets and liabilities recognized at fair value have been categorized based upon a fair value hierarchy as described in Note 2, Significant Accounting Policies. As of December 31, 2020, the Company's derivative financial instruments are measured at fair value on a recurring basis and consist of foreign currency forward and option contracts and treasury lock agreements, which are classified as Level 2 valuations. The Company determines the fair value of its derivative financial instrument positions based upon pricing models using inputs observed from actively quoted markets and also takes into consideration the contract terms as well as other inputs, including market currency exchange rates and in the case of option contracts, volatility, the risk-free interest rate and the time to expiration.

The Company's short-term financial instruments include cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings. The carrying value of the short-term financial instruments approximates their fair value.

The fair value of the Company's debt is estimated using quoted market prices when available. When quoted market prices are not available, fair value is estimated based on current market interest rates for debt with similar maturities and credit quality. The carrying value of the Company's debt was $3,770.8 million and $3,246.0 million at December 31, 2020 and 2019, respectively. If the Company's debt were measured at fair value, the fair value measurements of the individual debt instruments would have been classified as Level 2 in the fair value hierarchy.

The fair value of the Company's financial instruments is presented in the following table *(in millions)*:

	December 31, 2020	December 31, 2019
	Level 2	Level 2
Assets		
Foreign currency derivative instruments	$ —	$ 2.5
Treasury lock agreements	35.6	—
Liabilities		
Debt instruments	4,368.6	3,535.7

Note 11. Derivative Instruments

The Company enters into derivative transactions in certain situations based on management's assessment of current market conditions and perceived risks. Management intends to respond to evolving business and market conditions and in doing so, may enter into such transactions as deemed appropriate.

Credit Risk. As a result of the use of derivative instruments, the Company is exposed to counterparty credit risk. The Company manages this risk by limiting its counterparties to large financial institutions which meet the Company's credit rating standards and have an established banking relationship with the Company. As of December 31, 2020, the Company did not expect any losses as a result of default of its counterparties.

Interest Rate Derivative Instruments. During 2020, the Company executed six 30-year treasury lock agreements with an aggregate notional value of $650.0 million and a weighted-average interest rate of 1.58%. The purpose of the treasury locks is to hedge the U.S. Treasury benchmark interest rate associated with future interest payments related to the anticipated refinancing of the $444.7 million principal amount of 3.00% senior notes due May 15, 2023 (the "3.00% Senior Notes") and the $200.0 million principal amount of 3.85% senior notes due November 15, 2023 (the "3.85% Senior Notes"). The Company has designated the treasury locks as cash flow hedges and recorded unrealized gains and losses in accumulated other comprehensive income (loss). Upon settlement, the unrealized gain or loss in accumulated other comprehensive income (loss) will be amortized to interest expense over the life of the future underlying debt issuances.

In May 2017, the Company executed four treasury lock agreements with an aggregate notional value of $275.0 million and a weighted-average interest rate of 2.85%. The purpose of the treasury locks was to hedge the U.S. Treasury benchmark interest rate associated with future interest payments related to the anticipated refinancing of the $275.0 million, 2.35% senior notes due May 15, 2020 (the "2.35% Senior Notes"). The Company designated the treasury locks as cash flow hedges and recorded unrealized gains and losses in accumulated other comprehensive income (loss). During the fourth quarter of 2019, KCS issued $425.0 million principal amount of 2.875% senior notes due November 15, 2029 (the "2.875% Senior Notes"), effectively completing the refinancing of the 2.35% Senior Notes, and settled the treasury lock agreements, resulting in cash paid of $25.8 million. This amount was included in accumulated other comprehensive income (loss) and is being amortized to interest expense over the life of the new 2.875% Senior Notes, increasing the effective interest rate on the notes to 3.60%. The settlement and amortization associated with treasury lock agreements are classified as operating activities within the consolidated statements of cash flows.

Foreign Currency Derivative Instruments. The Company's Mexican subsidiaries have net U.S. dollar-denominated monetary liabilities which, for Mexican income tax purposes, are subject to periodic revaluation based on changes in the value of the Mexican peso against the U.S. dollar. This revaluation creates fluctuations in the Company's Mexican income tax expense and the amount of income taxes paid in Mexico. The Company hedges its exposure to this cash tax risk by entering into foreign currency forward contracts and foreign currency option contracts known as zero-cost collars.

The foreign currency forward contracts involve the Company's purchase of Mexican pesos and/or U.S. dollars at an agreed-upon weighted-average exchange rate to each U.S dollar or Mexican Peso. The zero-cost collars involve the Company's purchase of a Mexican peso call option and a simultaneous sale of a Mexican peso put option, with equivalent U.S. dollar notional amounts for each option and no net cash premium paid by the Company.

Below is a summary of the Company's 2020, 2019 and 2018 foreign currency derivative contracts *(amounts in millions, except Ps./USD)*:

Foreign currency forward contracts

	Contracts to sell Ps./receive USD			Offsetting contracts to purchase Ps./pay USD			
	Notional amount	Notional amount	Weighted-average exchange rate *(in Ps./USD)*	Notional amount	Notional amount	Weighted-average exchange rate *(in Ps./USD)*	Cash received/ (paid) on settlement
Contracts executed in 2020 and settled in 2020	$ 75.0	Ps. 1,555.5	Ps. 20.7	$ 78.0	Ps. 1,555.5	Ps. 20.0	$ (2.9)

	Contracts to purchase Ps./pay USD			Offsetting contracts to sell Ps./receive USD			
	Notional amount	Notional amount	Weighted-average exchange rate *(in Ps./USD)*	Notional amount	Notional amount	Weighted-average exchange rate *(in Ps./USD)*	Cash received/ (paid) on settlement
Contracts executed in 2020 and settled in 2020	$ 555.0	Ps. 11,254.3	Ps. 20.3	$ 534.3	Ps. 11,254.3	Ps. 21.1	$ (20.7)
Contracts executed in 2019 and settled in 2020	$ 105.0	Ps. 2,041.2	Ps. 19.4	$ 108.6	Ps. 2,041.2	Ps. 18.8	$ 3.6
Contracts executed in 2019 and settled in 2019	$ 400.0	Ps. 7,892.5	Ps. 19.7	$ 410.7	Ps. 7,892.5	Ps. 19.2	$ 10.7
Contracts executed in 2018 and settled in 2019	$ 20.0	Ps. 410.9	Ps. 20.5	$ 20.9	Ps. 410.9	Ps. 19.6	$ 0.9

Foreign currency zero-cost collar contracts

	Notional amount	Cash received/ (paid) on settlement
Contracts executed in 2018 and settled in 2019	$ 120.0	$ 0.3
Contracts executed in 2018 and settled in 2018	$ 220.0	$ 3.9
Contracts executed in 2017 and settled in 2018	$ 80.0	$ 10.0

The Company has not designated any of the foreign currency derivative contracts as hedging instruments for accounting purposes. The Company measures the foreign currency derivative contracts at fair value each period and recognizes any change in fair value in foreign exchange gain (loss) within the consolidated statements of income. The cash flows associated with these instruments is classified as an operating activity within the consolidated statements of cash flows.

Offsetting. The Company's treasury lock agreements and foreign currency forward and zero-cost collar contracts are executed with counterparties in the U.S. and are governed by an International Swaps and Derivatives Association agreement that includes standard netting arrangements. Asset and liability positions from contracts with the same counterparty are net settled upon maturity/expiration and presented on a net basis in the consolidated balance sheets prior to settlement. There was no offsetting of derivative assets or liabilities in the consolidated balance sheets as of December 31, 2020 and 2019.

The following table presents the fair value of derivative instruments included in the consolidated balance sheets at December 31 *(in millions)*:

		Derivative Assets	
	Balance Sheet Location	2020	2019
Derivatives designated as hedging instruments:			
Treasury lock agreements	Other assets	$ 35.6	$ —
Total derivatives designated as hedging instruments		35.6	—
Derivatives not designated as hedging instruments:			
Foreign currency forward contracts	Other current assets	—	2.5
Total derivatives not designated as hedging instruments		—	2.5
Total derivative assets		$ 35.6	$ 2.5

The following tables present the effects of derivative instruments on the consolidated statements of income and consolidated statements of comprehensive income for the years ended December 31 *(in millions)*:

Derivatives in Cash Flow Hedging Relationships	Amount of Gain/(Loss) Recognized in OCI on Derivative			Location of Gain/(Loss) Reclassified from AOCI into Income	Amount of Gain/(Loss) Reclassified from AOCI into Income		
	2020	2019	2018		2020	2019	2018
Treasury lock agreements	$ 35.6	$ (23.8)	$ 3.6	Interest expense	$ (2.4)	$ (0.2)	$ —
Total	$ 35.6	$ (23.8)	$ 3.6		$ (2.4)	$ (0.2)	$ —

Derivatives Not Designated as Hedging Instruments	Location of Gain/(Loss) Recognized in Income on Derivative	Amount of Gain/(Loss) Recognized in Income on Derivative		
		2020	2019	2018
Foreign currency forward contracts	Foreign exchange gain (loss)	$ (22.5)	$ 14.1	$ —
Foreign currency zero-cost collar contracts	Foreign exchange gain (loss)	—	—	6.3
Total		$ (22.5)	$ 14.1	$ 6.3

See Note 10, Fair Value Measurements, for the determination of the fair values of derivatives.

Note 12. Short-Term Borrowings

Commercial Paper. The Company's commercial paper program generally serves as the primary means of short-term funding. As of December 31, 2020, and 2019, KCS had no commercial paper outstanding. For the years ended December 31, 2020, 2019 and 2018, commercial paper borrowings were outstanding for less than 90 days and the related activity is presented on a net basis in the consolidated statements of cash flows.

Note 13. Long-Term Debt

Long-term debt at December 31 *(in millions):*

	2020			2019		
	Principal	Unamortized Discount and Debt Issuance Costs	Net	Principal	Unamortized Discount and Debt Issuance Costs	Net
Revolving credit facilities, variable interest rate, due 2024	$ —	$ —	$ —	$ —	$ —	$ —
KCS 3.00% senior notes, due 2023	439.1	1.7	437.4	439.1	2.5	436.6
KCS 3.85% senior notes, due 2023	199.2	0.8	198.4	199.2	1.1	198.1
KCS 3.125% senior notes, due 2026	250.0	2.0	248.0	250.0	2.4	247.6
KCS 2.875% senior notes, due 2029	425.0	3.8	421.2	425.0	4.2	420.8
KCS 4.30% senior notes, due 2043	448.7	8.5	440.2	448.7	8.8	439.9
KCS 4.95% senior notes, due 2045	499.2	6.9	492.3	499.2	7.2	492.0
KCS 4.70% senior notes, due 2048	500.0	5.8	494.2	500.0	6.0	494.0
KCS 3.50% senior notes, due 2050	550.0	10.8	539.2	—	—	—
KCS 4.20% senior notes, due 2069	425.0	6.9	418.1	425.0	7.0	418.0
KCSR 3.85% to 4.95% senior notes, due through 2045	2.7	—	2.7	2.7	—	2.7
KCSM 3.00% senior notes, due 2023	5.6	—	5.6	5.6	—	5.6
RRIF loans 2.96% to 4.29%, due serially through 2037	66.2	0.4	65.8	70.2	0.4	69.8
Financing agreements 9.311%, due serially through 2020	—	—	—	12.0	—	12.0
Finance lease obligations, due serially to 2025	7.5	—	7.5	8.7	—	8.7
Other debt obligations	0.2	—	0.2	0.2	—	0.2
Total	3,818.4	47.6	3,770.8	3,285.6	39.6	3,246.0
Less: Debt due within one year	6.4	—	6.4	18.0	—	18.0
Long-term debt	$3,812.0	$ 47.6	$3,764.4	$3,267.6	$ 39.6	$3,228.0

Revolving Credit Facility

KCS, with certain of its domestic subsidiaries named therein as guarantors, has a $600.0 million senior unsecured revolving credit facility (the "Revolving Credit Facility"), with a $25.0 million standby letter of credit facility which, if utilized, constitutes usage under the Revolving Credit Facility. The Revolving Credit Facility serves as a backstop for KCS's commercial paper program (the "Commercial Paper Program") which generally serves as the Company's primary means of short-term funding.

Borrowings under the Revolving Credit Facility bear interest at floating rates. Depending on the Company's credit rating, the margin that KCS would pay above the London Interbank Offered Rate ("LIBOR") at any point is between 1.000% and 1.750%. As of December 31, 2020, the margin was 1.25% based on KCS's current credit rating.

The Revolving Credit Facility is guaranteed by KCSR, together with certain domestic subsidiaries named therein as guarantors and matures on March 8, 2024. The Revolving Credit Facility agreement contains representations, warranties, covenants and events of default that are customary for credit agreements of this type. The occurrence of an event of default could result in the termination of the commitments and the acceleration of the repayment of any outstanding principal balance on the Revolving Credit Facility and the Commercial Paper Program.

As of December 31, 2020 and 2019, KCS had no outstanding borrowings under the revolving credit facility.

Senior Notes

The Company's senior notes include certain covenants that are customary for these types of debt instruments issued by borrowers with similar credit ratings.

The KCS notes are KCS's general unsecured senior obligations and are unconditionally guaranteed, jointly and severally, on an unsecured senior basis by each current and future domestic subsidiary of KCS that from time to time guarantees the Revolving Credit Facility or any other debt of KCS or any of KCS's significant subsidiaries that is a guarantor (collectively, the "Note Guarantors").

KCSR's senior notes are unconditionally guaranteed, jointly and severally, on an unsecured senior basis, by KCS and each current and future domestic subsidiary of KCS that guarantees the Revolving Credit Facility or certain other debt of KCS or a note guarantor. KCSR's senior notes and the note guarantees rank pari passu in right of payment with KCSR's, KCS's and the Note Guarantors' existing and future unsecured, unsubordinated obligations.

KCSM's senior notes are denominated in U.S. dollars; are unsecured, unsubordinated obligations; rank pari passu in right of payment with KCSM's existing and future unsecured, unsubordinated obligations and are senior in right of payment to KCSM's future subordinated indebtedness.

Senior notes are redeemable at the issuer's option, in whole or in part, at any time, by paying the greater of either 100% of the principal amount to be redeemed and a formula price based on interest rates prevailing at the time of redemption and time remaining to maturity, plus, in each case, accrued interest thereon to, but excluding the redemption date. In addition, KCSM senior notes are redeemable, in whole but not in part, at KCSM's option at any time at a redemption price of 100% of their principal amount, plus any accrued unpaid interest in the event of certain changes in the Mexican withholding tax rate.

On April 22, 2020, KCS issued $550.0 million principal amount of senior unsecured notes due May 1, 2050 (the "3.50% Senior Notes"), which bear interest semiannually at a fixed annual rate of 3.50%. The 3.50% Senior Notes were issued at a discount to par value, resulting in a $4.4 million discount and a yield to maturity of 3.543%. The net proceeds from the offering were used for general corporate purposes, including to repurchase shares of KCS's common stock.

RRIF Loan Agreements

The following loans were made under the Railroad Rehabilitation and Improvement Financing ("RRIF") Program administered by the Federal Railroad Administration ("FRA"):

KCSR RRIF Loan Agreement. On February 21, 2012, KCSR entered into an agreement with the FRA to borrow $54.6 million to be used to reimburse KCSR for a portion of the purchase price of thirty new locomotives (the "Locomotives") acquired by KCSR in the fourth quarter of 2011. The loan bears interest at 2.96% annually and the principal balance amortizes quarterly with a final maturity of February 24, 2037. The obligations under the financing agreement are secured by a first priority security interest in the Locomotives and certain related rights. In addition, the Company has agreed to guarantee repayment of the amounts due under the financing agreement and certain related agreements. The occurrence of an event of default could result in the acceleration of the repayment of any outstanding principal balance of the loan.

Tex-Mex RRIF Loan Agreement. On June 28, 2005, Tex-Mex entered into an agreement with the FRA to borrow $50.0 million to be used for infrastructure improvements in order to accommodate growing freight rail traffic related to the NAFTA corridor. The loan bears interest at 4.29% annually and the principal balance amortizes quarterly with a final maturity of July 13, 2030. The loan is guaranteed by Mexrail, which has issued a pledge agreement in favor of the lender equal to the gross revenues earned by Mexrail on per-car fees on traffic crossing the International Rail Bridge in Laredo, Texas. In addition, the Company has agreed to guarantee the scheduled principal payment installments due to the FRA from Tex-Mex under the loan agreement on a rolling five-year basis.

Locomotive Financing Agreements

During 2011, KCSM entered into financing agreements totaling $91.0 million to purchase locomotives. The agreements matured and final payment was made during December 2020. Prior to repayment, the financing agreements were payable on a quarterly basis and contained annual interest rates of 9.311%.

Debt Covenants Compliance

The Company was in compliance with all of its debt covenants as of December 31, 2020.

Other Debt Provisions

Certain loan agreements and debt instruments entered into or guaranteed by the Company and its subsidiaries provide for default in the event of a specified change in control of the Company or particular subsidiaries of the Company.

Debt Maturities

Minimum annual payments for debt maturities are as follows *(in millions)*:

Years	Long-Term Debt	Net Present Value Finance Leases	Total
2021	$ 4.1	$ 2.3	$ 6.4
2022	4.3	2.5	6.8
2023	649.2	2.4	651.6
2024	4.7	0.3	5.0
2025	5.1	—	5.1
Thereafter	3,143.5	—	3,143.5
Total	$ 3,810.9	$ 7.5	$ 3,818.4

Note 14. Income Taxes

Current income tax expense represents the amounts expected to be reported on the Company's income tax returns, and deferred tax expense or benefit represents the change in net deferred tax assets and liabilities. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates that will be in effect when these differences reverse. Valuation allowances are recorded as appropriate to reduce deferred tax assets to the amount considered likely to be realized.

Mexican Fuel Excise Tax Credit. Fuel purchases in Mexico are subject to an excise tax that is included in the price of fuel. Through April 29, 2019, the Company was eligible for a credit for the excise tax included in the price of fuel that is purchased and consumed in locomotives and certain work equipment in Mexico. For year 2018, the Mexican fuel excise tax credit ("IEPS credit") was utilized and realized through the offset of the total annual Mexico income tax liability and income tax withholding payment obligations of KCSM, with no carryforward to future periods and recognized as a benefit in operating expenses on the consolidated statements of income.

In December 2018, the Mexican government enacted changes in the tax law effective January 1, 2019 ("Mexico 2019 Tax Reform"), which, among other things, for 2019 eliminated the option to monetize the IEPS credit by offsetting income tax withholding payment obligations. As a result, the Company was allowed to offset the 2019 IEPS credit only against its Mexico corporate income tax liability on the 2019 annual income tax return. The elimination of the option to apply the IEPS credit to income tax withholding payment obligations required the Company to recognize the IEPS credit as a reduction of income tax expense rather than a reduction of operating expenses for 2019.

On April 29, 2019, the Servicio de Administración Tributaria (the "SAT"), the Mexican equivalent of the IRS, published the Miscellaneous Fiscal Resolution for 2019 ("2019 Resolution"), which eliminated the Company's eligibility for the IEPS credit effective beginning April 30, 2019. During the period of eligibility in 2019, the Company generated IEPS credits resulting in a $12.8 million net tax benefit, which was recognized as a reduction to income tax expense within the consolidated statements of income for the year ended December 31, 2019.

Tax Cuts and Jobs Act. On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (the "Tax Reform Act"). The legislation significantly changed U.S. tax law by, among other things, lowering corporate income tax rates, implementing a modified territorial tax system and imposing a repatriation tax on deemed repatriated earnings

of foreign subsidiaries. The Tax Reform Act permanently reduced the U.S. corporate income tax rate from a maximum of 35% to a 21% rate, effective January 1, 2018.

Included in the Tax Reform Act were the global intangible low-taxed income ("GILTI") provisions. The Company elected to account for GILTI tax in the period in which it is incurred. The GILTI provisions require the Company to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets. The Treasury Department issued final regulations in July 2020 that provide for a high-tax exception to the GILTI tax that were retroactive to tax years beginning after December 31, 2017. The Company recognized a $14.5 million tax benefit in 2020 for the reversal of 2018 and 2019 GILTI tax expense recognized in prior years' consolidated financial statements.

Tax Expense. Income tax expense consists of the following components *(in millions):*

	2020	2019	2018
Current:			
Federal	$ (1.9)	$ 22.3	$ (10.5)
State and local	1.6	1.8	0.7
Foreign	155.0	170.4	175.6
Total current	154.7	194.5	165.8
Deferred:			
Federal	49.4	27.5	77.6
State and local	13.8	14.8	9.1
Foreign	(13.8)	10.8	5.0
Total deferred	49.4	53.1	91.7
Total income tax expense	$ 204.1	$ 247.6	$ 257.5

Income before income taxes consists of the following *(in millions)*:

	2020	2019	2018
Income before income taxes:			
U.S.	$ 329.0	$ 250.3	$ 366.2
Foreign	494.2	538.1	520.7
Total income before income taxes	$ 823.2	$ 788.4	$ 886.9

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31 follow *(in millions):*

	2020	2019
Assets:		
Reserves not currently deductible for tax	$ 44.6	$ 36.8
Tax credit and loss carryovers	25.4	21.5
Compensation and benefits	24.7	23.1
Lease liability	19.7	35.1
Other	12.6	22.4
Gross deferred tax assets before valuation allowance	127.0	138.9
Valuation allowance	(3.5)	(4.4)
Net deferred tax assets	123.5	134.5
Liabilities:		
Property	(1,233.8)	(1,181.3)
Investments	(54.9)	(52.4)
Other	(20.2)	(28.8)
Gross deferred tax liabilities	(1,308.9)	(1,262.5)
Net deferred tax liability	$ (1,185.4)	$ (1,128.0)

Tax Rates. Differences between the Company's effective income tax rate and the U.S. federal statutory income tax rate of 21% follow *(in millions):*

	2020		2019		2018	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Income tax expense using the statutory rate in effect	$ 172.9	21.0%	$ 165.6	21.0%	$ 186.2	21.0%
Tax effect of:						
Difference between U.S. and foreign tax rate	44.1	5.4%	47.6	6.0%	46.1	5.2%
GILTI tax, net	(14.5)	(1.8%)	2.7	0.3%	11.8	1.3%
Tax credits	(13.8)	(1.7%)	(16.8)	(2.1%)	(14.2)	(1.6%)
State and local income tax provision, net	12.5	1.5%	11.5	1.5%	7.5	0.8%
Withholding tax	9.9	1.2%	9.5	1.2%	11.2	1.3%
Foreign exchange (i)	(3.4)	(0.4%)	35.9	4.6%	21.8	2.5%
Mexican fuel excise tax credit, net (ii)	—	—	(12.8)	(1.6%)	—	—
Change in U.S. tax rate	—	—	—	—	(2.2)	(0.3%)
Deemed mandatory repatriation	—	—	—	—	(18.7)	(2.1%)
Other, net	(3.6)	(0.4%)	4.4	0.5%	8.0	0.9%
Income tax expense	$ 204.1	24.8%	$ 247.6	31.4%	$ 257.5	29.0%

(i) Mexican income taxes are paid in Mexican pesos, and as a result, the effective income tax rate reflects fluctuations in the value of the Mexican peso against the U.S. dollar. The foreign exchange impact on income taxes includes the gain or loss from the revaluation of the Company's net U.S. dollar-denominated monetary liabilities into Mexican pesos

which is included in Mexican taxable income under Mexican tax law. As a result, a strengthening of the Mexican peso against the U.S. dollar for the reporting period will generally increase the Mexican cash tax obligation and the effective income tax rate, and a weakening of the Mexican peso against the U.S. dollar for the reporting period will generally decrease the Mexican cash tax obligation and the effective tax rate. To hedge its exposure to this cash tax risk, the Company enters into foreign currency derivative contracts, which are measured at fair value each period and any change in fair value is recognized in foreign exchange gain (loss) within the consolidated statements of income. Refer to Note 11, Derivative Instruments in the consolidated financial statements for further information.

(ii) Not eligible for Mexican fuel excise tax credit subsequent to April 30, 2019. See previous discussion within footnote.

Difference Attributable to Foreign Investments. The Company asserts that all foreign earnings will be indefinitely reinvested to the extent of local needs and earnings that would be distributed in a taxable manner. The Company therefore intends to limit distributions to earnings previously taxed in the U.S., or earnings that would qualify for the 100 percent dividends received deduction provided for in the Tax Reform Act, and earnings that would not result in any significant foreign taxes. Therefore, the Company has not recognized a deferred tax liability on its investment in foreign subsidiaries.

Tax Carryovers. The Company has U.S. state net operating losses which are carried forward from 10 to 20 years and are analyzed each year to determine the likelihood of realization. The state loss carryovers arise from both combined and separate tax filings from as early as 1999 and may expire as early as December 31, 2021 and as late as December 31, 2040. The state loss carryover at December 31, 2020 was $367.7 million resulting in a state deferred tax asset of $22.0 million.

The Mexico federal loss carryovers at December 31, 2020, were $9.3 million and, if not used, will begin to expire in 2026. A deferred tax asset was recognized in prior periods for the expected future tax benefit of these losses which will be carried forward to reduce only Mexican income tax payable in future years.

The valuation allowance for deferred tax assets as of December 31, 2020 and 2019, was $3.5 million and $4.4 million, respectively, primarily attributable to state net operating loss carryovers. The Company believes it is more likely than not that reversals of existing temporary differences that will produce future taxable income and the results of future operations will generate sufficient taxable income to realize the deferred tax assets, net of valuation allowances, related to loss carryovers.

Uncertain Tax Positions. The accounting guidance for uncertainty in income taxes prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance requires the Company to recognize in the consolidated financial statements the benefit of a tax position only if the impact is more likely than not of being sustained on audit based on the technical merits of the position. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (*in millions*):

	2020	2019
Balance at January 1,	$ 2.2	$ 2.2
Additions for tax positions of prior years	—	—
Balance at December 31,	$ 2.2	$ 2.2

The unrecognized tax benefit would affect the effective income tax rate if recognized, and is reasonably possible to be resolved over the next twelve months as part of an Internal Revenue Service (“IRS”) examination.

Interest and penalties related to uncertain tax positions are included in income before taxes on the consolidated statements of income. Accrued interest and penalties on unrecognized tax benefits and interest and penalty expense was immaterial to the consolidated financial statements for all periods presented.

Tax Contingencies. Tax returns filed in the U.S. for periods after 2015 and in Mexico for periods after 2012 remain open to examination by the taxing authorities. During the second quarter of 2020, the IRS initiated an examination of the 2017 deemed mandatory repatriation tax included in the 2017 U.S. federal tax return. In 2018, the IRS initiated an examination of the 2016 U.S. federal tax return. During the fourth quarter of 2020, the SAT initiated an audit of the KCSM 2015 Mexico tax

return. In 2019, the SAT initiated an audit of the KCSM 2013 and 2014 Mexico tax returns. The Company does not expect that these examinations will have a material impact on the consolidated financial statements. During the first quarter of 2017, the Company received audit assessments from the SAT for the KCSM 2009 and 2010 Mexico tax returns. In 2017, the Company commenced administrative actions with the SAT. During the first quarter of 2018, the audit assessments were nullified by the SAT. In the third quarter of 2018, the SAT issued new assessments and the Company filed administrative appeals with the SAT. The Company believes that it has strong legal arguments in its favor and it is more likely than not that it will prevail in any challenge of the assessments.

KCSM has not historically assessed value added tax ("VAT") on international import transportation services provided to its customers based on a written ruling that KCSM obtained from the SAT in 2008 stating that such services were not subject to VAT (the "2008 Ruling"). Notwithstanding the 2008 Ruling, in December 2013, the SAT unofficially informed KCSM of an intended implementation of new criteria effective as of January 1, 2014, pursuant to which VAT would be assessed on all international import transportation services on the portion of the services provided within Mexico. Additionally, in November 2013, the SAT filed an action to nullify the 2008 Ruling, potentially exposing the application of the new criteria to open tax years. In February 2014, KCSM filed an action opposing the SAT's nullification action. In December 2016, KCSM was notified of a resolution issued by the Mexican tax court confirming the 2008 Ruling. The SAT appealed this resolution. In October 2017, the circuit court resolved to not render a decision on the case but rather to send the SAT's appeal to the Supreme Court. In February 2018, the Supreme Court decided not to hear the case and remanded the SAT's appeal back to the circuit court for a decision. In July 2018, the circuit court ordered the tax court to consider certain arguments made by the SAT in the original court proceeding that were not addressed in the tax court's December 2016 resolution. In October 2018, the tax court issued a decision confirming the 2008 Ruling. The SAT appealed this decision. In September 2020, the Appeals Court dismissed the appeal filed by the SAT and confirmed the ruling issued by the tax court. The decision of the Appeals Court is final.

Refundable Mexican Value Added Tax. KCSM is not required to charge its customers VAT on international import or export transportation services, resulting in KCSM paying more VAT on its expenses than it collects from customers. These excess VAT payments are refundable under Mexican law. Prior to 2019, Mexican companies could offset its monthly refundable VAT balance with other tax obligations. In January 2019, Mexico tax reform eliminated the ability to offset other tax obligations with refundable VAT. From January 2019, KCSM has generated a refundable VAT balance of $103.1 million as of December 31, 2020, and filed refund claims with the SAT that are still under review. KCSM has a legal opinion supporting its right under Mexican law to recover the refundable VAT balance from the Mexican government and believes the VAT to be fully collectible. As of December 31, 2019, the KCSM refundable VAT balance was $60.2 million and was classified as a short-term asset. In the third quarter of 2020, the refundable VAT balance was reclassified from a short-term to long-term asset as result of the prolonged refund claim process.

Note 15. Stockholders' Equity

Information regarding the Company's capital stock at December 31 follows:

	Shares Authorized		Shares Issued	
	2020	2019	2020	2019
$25 par, 4% noncumulative, preferred stock	840,000	840,000	649,736	649,736
$1 par, preferred stock	2,000,000	2,000,000	—	—
$0.01 par, common stock	400,000,000	400,000,000	123,352,185	123,352,185

Shares outstanding at December 31:

	2020	2019
$25 par, 4% noncumulative, preferred stock	215,199	222,625
$0.01 par, common stock	91,047,107	96,115,669

Share Repurchases. In November 2020, the Company announced a new common share repurchase program authorizing the Company to purchase up to $3.0 billion of its outstanding shares of common stock through December 31, 2023 (the "2020 Program"). Share repurchases may be made in the open market, through privately negotiated transactions, or through Accelerated Share Repurchase ("ASR") transactions. The 2020 Program replaced KCS's $2.0 billion common share repurchase program announced on November 12, 2019 (the "2019 Program"), and eliminated the $588.3 million of remaining authorization under the 2019 Program.

Under an ASR agreement, the Company pays a specified amount to a financial institution and receives an initial delivery of shares. The final number and total cost of shares repurchased is then based on the volume-weighted average price of the Company's common stock during the term of the agreements. The transactions are accounted for as equity transactions with any excess of repurchase price over par value allocated between additional paid-in capital and retained earnings. At the time the shares are received, there is an immediate reduction in the weighted-average number of shares outstanding for purposes of the basic and diluted earnings per share computation.

During 2019 and 2020, the Company entered into ASR agreements under the 2019 Program. The terms of the agreements, structured as outlined above, were as follows:

Third Party Institution	Agreement Date	Settlement Date	Total Amount of Agreement *(in millions)*	Initial Shares Delivered	Fair Market Value of Initial Shares *(in millions)*	Additional Shares Delivered	Fair Market Value of Additional Shares *(in millions)*	Total Shares Delivered	Weighted-Average Price Per Share
ASR Agreement #1	November 2019	March 2020	$ 275.0	1,511,380	$ 233.75	224,244	$ 41.25	1,735,624	$ 158.44
ASR Agreement #2	November 2019	March 2020	$ 275.0	1,511,380	$ 233.75	221,692	$ 41.25	1,733,072	$ 158.68
Total			$ 550.0	3,022,760	$ 467.5	445,936	$ 82.5	3,468,696	$ 154.66
ASR Agreement #3	October 2020	January 2021	$ 250.0	1,187,084	$ 212.50	116,314	$ 37.50	1,303,398	$ 191.81
ASR Agreement #4	October 2020	January 2021	$ 250.0	1,187,084	$ 212.50	117,088	$ 37.50	1,304,172	$ 191.69
Total			$ 500.0	2,374,168	$ 425.0	233,402	$ 75.0	2,607,570	$ 191.75

As of December 31, 2020, the remaining $75.0 million was recognized as a forward contract indexed to the Company's own common stock and included in capital surplus within additional paid-in capital in the accompanying consolidated balance sheets.

During 2020, KCS repurchased 143,343 shares of common stock for $27.0 million under the 2020 Program, and 5,207,633 shares of common stock for $869.2 million under the 2019 Program. In total under the 2019 Program, including shares received in January 2021 to settle the October 2020 ASR agreements, the Company has repurchased 8,463,795 shares of common stock for $1,411.7 million at an average price of $166.80 per share.

During 2020, the Company repurchased 7,426 shares of its $25 par preferred stock for $0.2 million at an average price of $29.58 per share.

Treasury Stock. Shares of common stock in treasury and related activity follow:

	2020	2019	2018
Balance at beginning of year	27,236,516	22,455,507	20,315,380
Shares repurchased	5,350,976	5,076,530	2,272,213
Shares issued to fund stock option exercises	(133,951)	(109,560)	(24,024)
Employee stock purchase plan shares issued	(51,658)	(72,707)	(62,866)
Nonvested shares issued	(111,003)	(124,031)	(51,191)
Nonvested shares forfeited	14,198	10,777	5,995
Balance at end of year	32,305,078	27,236,516	22,455,507

Cash Dividends on Common Stock. The following table presents the amount of cash dividends declared per common share by the Company's Board of Directors:

	2020	2019	2018
Cash dividends declared per common share	$ 1.64	$ 1.48	$ 1.44

Note 16. Share-Based Compensation

On May 4, 2017, the Company' stockholders approved the Kansas City Southern 2017 Equity Incentive Plan (the "2017 Plan"). Upon approval, the Company ceased issuing awards under the Kansas City Southern 2008 Stock Option and Performance Award Plan (the "2008 Plan"). The Board of Directors and its Compensation and Organization Committee had previously adopted the 2017 Plan, subject to stockholder approval, on January 26, 2017, and February 17, 2017, respectively. The 2017 Plan provides for the granting of up to 3,750,000 shares of the Company's common stock to eligible persons as defined in the 2017 Plan. Outstanding equity awards granted under the 2008 Plan and the 2017 Plan (the "Plans") are to be governed by the terms and conditions of each individual plan and the related award agreements.

Stock Options. The exercise price for options granted under the Plans equals the closing market price of the Company's stock on the date of grant. Options generally have a 3-year vesting period and are exercisable over the 10-year contractual term, except that options outstanding become immediately exercisable upon certain defined circumstances constituting a change in control of the Company. The grant date fair value is recorded to expense on a straight-line basis over the vesting period.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model. The weighted-average assumptions used were as follows:

	2020	2019	2018
Expected dividend yield	1.04 %	1.33 %	1.36 %
Expected volatility	26.07 %	26.38 %	27.09 %
Risk-free interest rate	1.27 %	2.64 %	2.80 %
Expected term *(years)*	5.7	5.7	6.0
Weighted-average grant date fair value of stock options granted	$ 37.79	$ 27.70	$ 28.52

The expected dividend yield is calculated as the ratio of dividends paid per share of common stock to the stock price on the date of grant. The expected volatility is based on the historical volatility of the Company's stock price over a term equal to the estimated life of the options. The risk-free interest rate is determined based on U.S. Treasury rates for instruments with terms approximating the expected term of the options granted, which represents the period of time the awards are expected to be outstanding and is based on the historical experience of similar awards.

A summary of stock option activity is as follows:

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
			In years	In millions
Options outstanding at December 31, 2019	596,514	$ 92.73		
Granted	115,205	154.38		
Exercised	(133,951)	73.58		
Forfeited or expired	(5,820)	109.84		
Options outstanding at December 31, 2020	571,948	$ 109.46	6.6	$ 54.1
Exercisable at December 31, 2020	389,987	$ 97.81	5.6	$ 41.5

The aggregate intrinsic value in the table above, which is the amount by which the market value of the underlying stock exceeded the exercise price of outstanding options, represents the amount optionees would have realized if all in-the-money options had been exercised on the last business day of the period indicated.

Compensation cost of $4.0 million, $3.6 million, and $2.5 million was recognized for stock option awards for the years ended December 31, 2020, 2019, and 2018, respectively. The total income tax benefit recognized in the consolidated statements of income was $1.0 million, $0.9 million, and $0.6 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Additional information regarding stock option exercises appears in the table below *(in millions)*:

	2020	2019	2018
Aggregate grant-date fair value of stock options vested	$ 3.7	$ 3.0	$ 1.9
Intrinsic value of stock options exercised	13.9	7.2	1.0
Cash received from option exercises	9.9	7.0	1.8
Tax benefit from options exercised during the annual period	3.5	1.8	0.2

As of December 31, 2020, $1.9 million of unrecognized compensation cost relating to nonvested stock options is expected to be recognized over a weighted-average period of eleven months. At December 31, 2020, there were 2,959,191 shares available for future grants under the 2017 Plan.

Nonvested Stock. The Plans provide for the granting of nonvested stock awards to officers and other designated employees. The grant date fair value is based on the closing market price on the date of the grant. These awards are subject to forfeiture if employment terminates during the vesting period, which is generally 3 years or 5 years of vesting for employees. Awards granted to the Company's directors vest immediately on date of grant. The grant date fair value of nonvested shares is recorded to compensation expense on a straight-line basis over the vesting period.

A summary of nonvested stock activity is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
			In millions
Nonvested stock at December 31, 2019	220,195	$ 101.40	
Granted	85,199	147.82	
Vested	(97,165)	104.86	
Forfeited	(14,198)	110.94	
Nonvested stock at December 31, 2020	194,031	$ 119.35	$ 39.6

The fair value (at vest date) of shares vested during the years ended December 31, 2020, 2019, and 2018 was $15.3 million, $15.2 million, and $10.4 million, respectively.

The weighted-average grant date fair value of nonvested stock granted during 2020, 2019, and 2018 was $147.82, $114.69 and $106.52, respectively. Compensation cost for nonvested stock was $10.5 million, $10.7 million, and $10.8 million for the years ended December 31, 2020, 2019, and 2018, respectively. The total income tax benefit recognized in the consolidated statements of income was $2.6 million for each of the three years ended December 31, 2020, 2019, and 2018.

As of December 31, 2020, $11.9 million of unrecognized compensation costs related to nonvested stock is expected to be recognized over a weighted-average period of 1.2 years.

Performance Based Awards. The Company granted performance based nonvested stock awards during 2020 (the "2020 Awards"), 2019 (the "2019 Awards") and 2018 (the "2018 Awards"). The awards granted provide a target number of shares that generally vest at the end of a 3-year requisite service period following the grant date. In addition to the service condition, the number of nonvested shares to be received depends on the attainment of defined Company-wide performance goals based on operating ratio ("OR") and return on invested capital ("ROIC") over a 3-year performance period. The awards are also subject to a revenue growth multiplier based on a 3-year performance period calculated as defined in the related award agreement that can range from 80% to 125% of the award earned based on the OR and ROIC achieved. The number of nonvested shares ultimately earned will range between zero to 200% of the target award.

A summary of performance based nonvested stock activity at target is as follows:

	Target Number of Shares *	Weighted-Average Grant Date Fair Value
Nonvested stock, at December 31, 2019	148,185	$ 100.76
Granted	49,068	157.75
Vested	(51,299)	87.10
Forfeited	(5,394)	117.94
Nonvested stock, at December 31, 2020	140,560	$ 124.98

* For the 2020 Awards and the 2019 Awards, participants in the aggregate can earn up to a maximum of 88,122 and 92,582 shares, respectively. For the 2018 Awards, the performance shares earned were 71,074.

The weighted-average grant date fair value of performance based nonvested stock granted during 2020, 2019 and 2018 was $157.75, $110.13 and $105.83, respectively. The Company expenses the grant date fair value of the awards which are probable of being earned over the performance periods. Compensation cost on performance based awards was $8.6 million, $8.2 million and $5.8 million for the years ended December 31, 2020, 2019 and 2018, respectively. Total income tax benefit

recognized in the consolidated statements of income for performance based awards was $2.1 million, $2.0 million and $1.5 million for the years ended December 31, 2020, 2019 and 2018, respectively.

As of December 31, 2020, $5.3 million of unrecognized compensation cost related to performance based awards is expected to be recognized over a weighted-average period of eleven months. The fair value (at vest date) of shares vested for the years ended December 31, 2020, 2019 and 2018 was $7.8 million, $5.7 million, and $3.5 million, respectively.

Employee Stock Purchase Plan. The employee stock purchase plan ("ESPP") provides substantially all U.S. full-time employees of the Company, certain subsidiaries and certain other affiliated entities, with the right to subscribe to an aggregate of 4.0 million shares of common stock of the Company. Under the ESPP, eligible employees may contribute, through payroll deductions, up to 10% of their regular base compensation during six-month purchase periods at a purchase price equal to 85% of the closing market price on either the exercise date or the offering date, whichever is lower.

At the end of each purchase period, the accumulated deductions are applied toward the purchase of the Company's common stock. Both the discount in grant price and the share option purchase price are valued to derive the award's fair value. The awards vest and the expense is recognized ratably over the offering period.

The following table summarizes activity related to the various ESPP offerings:

	Exercise Date			Received from Employees(i) In millions
	Date Issued	Purchase Price	Shares Issued	
July 2020 offering	January 5, 2021	$ 122.91	23,292	$ 2.9
January 2020 offering	July 2, 2020	126.90	23,709	3.0
July 2019 offering	January 3, 2020	104.83	27,949	2.9
January 2019 offering	July 2, 2019	81.83	36,735	3.0
July 2018 offering	January 3, 2019	81.13	35,972	2.9
January 2018 offering	July 2, 2018	90.07	32,271	2.9

(i) Represents amounts received from employees through payroll deductions for share purchases under applicable offering.

The fair value of the ESPP stock purchase rights is estimated on the date of grant using the Black-Scholes option pricing model. The weighted-average assumptions used for each of the respective periods were as follows:

	Years Ended December 31,		
	2020	2019	2018
Expected dividend yield	1.07 %	1.36 %	1.22 %
Expected volatility	30.55 %	17.43 %	13.29 %
Risk-free interest rate	1.01 %	2.31 %	1.73 %
Expected term *(years)*	0.5	0.5	0.5
Weighted-average grant date fair value	$ 35.14	$ 21.56	$ 18.66

Compensation expense of $1.7 million, $1.4 million, and $1.3 million was recognized for ESPP option awards for the years ended December 31, 2020, 2019, and 2018, respectively. At December 31, 2020, there were 3.4 million remaining shares available for future ESPP offerings under the plan.

Note 17. Commitments and Contingencies

Concession Duty. Under KCSM's 50-year Concession, which could expire in 2047 unless extended, KCSM pays annual concession duty expense of 1.25% of gross revenues. For the year ended December 31, 2020, the concession duty expense, which is recorded within materials and other in operating expenses, was $17.4 million, compared to $18.9 million and $17.8 million for the same periods in 2019 and 2018, respectively.

Litigation. Occasionally, the Company is a party to various legal proceedings, regulatory examinations, investigations, administrative actions, and other legal matters, arising for the most part in the ordinary course of business, incidental to its operations. Included in these proceedings are various tort claims brought by current and former employees for job-related injuries and by third parties for injuries related to railroad operations. KCS aggressively defends these matters and has established liability provisions that management believes are adequate to cover expected costs. The outcome of litigation and other legal matters is always uncertain. KCS believes it has valid defenses to the legal matters currently pending against it, is defending itself vigorously, and has recorded accruals determined in accordance with U.S. GAAP, where appropriate. In making a determination regarding accruals, using available information, KCS evaluates the likelihood of an unfavorable outcome in legal or regulatory proceedings to which it is a party to and records a loss contingency when it is probable a liability has been incurred and the amount of the loss can be reasonably estimated. These subjective determinations are based on the status of such legal or regulatory proceedings, the merits of KCS's defenses and consultation with legal counsel. Actual outcomes of these legal and regulatory proceedings may materially differ from the current estimates. It is possible that resolution of one or more of the legal matters currently pending or threatened could result in losses material to KCS's consolidated results of operations, liquidity or financial condition.

Environmental Liabilities. The Company's U.S. operations are subject to extensive federal, state and local environmental laws and regulations. The major U.S. environmental laws to which the Company is subject include, among others, the federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA," also known as the Superfund law), the Toxic Substances Control Act, the Clean Water Act, and the Hazardous Materials Transportation Act. CERCLA can impose joint and several liabilities for cleanup and investigation costs, without regard to fault or legality of the original conduct, on current and predecessor owners and operators of a site, as well as those who generate, or arrange for the disposal of, hazardous substances. The Company does not believe that compliance with the requirements imposed by the environmental legislation will impair its competitive capability or result in any material additional capital expenditures, operating or maintenance costs. The Company is, however, subject to environmental remediation costs as described in the following paragraphs.

The Company's Mexico operations are subject to Mexican federal and state laws and regulations relating to the protection of the environment through the establishment of standards for water discharge, water supply, emissions, noise pollution, hazardous substances and transportation and handling of hazardous and solid waste. The Mexican government may bring administrative and criminal proceedings, impose economic sanctions against companies that violate environmental laws, and temporarily or even permanently close non-complying facilities.

The risk of incurring environmental liability is inherent in the railroad industry. As part of serving the petroleum and chemicals industry, the Company transports hazardous materials and has a professional team available to respond to and handle environmental issues that might occur in the transport of such materials.

The Company performs ongoing reviews and evaluations of the various environmental programs and issues within the Company's operations, and, as necessary, takes actions intended to limit the Company's exposure to potential liability. Although these costs cannot be predicted with certainty, management believes that the ultimate outcome of identified matters will not have a material adverse effect on the Company's consolidated financial statements.

Personal Injury. The Company's personal injury liability is based on semi-annual actuarial studies performed on an undiscounted basis by an independent third party actuarial firm and reviewed by management. This liability is based on personal injury claims filed and an estimate of claims incurred but not yet reported. Actual results may vary from estimates due to the number, type and severity of the injury, costs of medical treatments and uncertainties in litigation. Adjustments to the liability are reflected within operating expenses in the period in which changes to estimates are known. Personal injury claims in excess of self-insurance levels are insured up to certain coverage amounts, depending on the type of claim and year of

occurrence. The personal injury liability as of December 31, 2020, is based on an updated actuarial study of personal injury claims through October 31, 2020, and review of the last two months' experience. For the years ended December 31, 2020 and 2019, the Company recognized increases of $9.4 million and $0.2 million, respectively, in personal injury liability, due to changes in estimates as a result of the Company's claims development and settlement experience.

The personal injury liability activity was as follows *(in millions):*

	2020	2019
Balance at beginning of year	$ 20.9	$ 19.6
Accruals	6.3	6.3
Changes in estimate	9.4	0.2
Payments	(5.3)	(5.2)
Balance at end of year	$ 31.3	$ 20.9

Tax Contingencies. Information regarding tax contingencies is included in Note 14, Income Taxes — Tax Contingencies.

Contractual Agreements. In the normal course of business, the Company enters into various contractual agreements related to commercial arrangements and the use of other railroads' or governmental entities' infrastructure needed for the operations of the business. The Company is involved or may become involved in certain disputes involving transportation rates, product loss or damage, charges, and interpretations related to these agreements. While the outcome of these matters cannot be predicted with certainty, the Company believes that, when resolved, these disputes will not have a material effect on its consolidated financial statements.

Credit Risk. The Company continually monitors risks related to economic changes and certain customer receivables concentrations. Significant changes in customer concentration or payment terms, deterioration of customer creditworthiness, bankruptcy, insolvency or liquidation of a customer, or weakening in economic trends could have a significant impact on the collectability of the Company's receivables and its operating results. If the financial condition of the Company's customers were to deteriorate and result in an impairment of their ability to make payments, additional allowances may be required. The Company has recorded provisions for uncollectability based on its best estimate as of December 31, 2020.

Panama Canal Railway Company ("PCRC") Guarantees and Indemnities. At December 31, 2020, the Company had issued and outstanding $5.6 million under a standby letter of credit to fulfill its obligation to fund fifty percent of the debt service reserve and liquidity reserve established by PCRC in connection with the issuance of the 7.0% Senior Secured Notes due November 1, 2026 (the "PCRC Notes"). Additionally, KCS has pledged its shares of PCRC as security for the PCRC Notes.

Note 18. Quarterly Financial Data (Unaudited)

	Fourth	Third	Second	First
	(In millions, except per share amounts)			
2020				
Revenues	$ 693.4	$ 659.6	$ 547.9	$ 731.7
Operating income (i)(ii)	262.3	271.5	180.4	288.8
Net income (iii)	166.3	190.2	110.3	152.3
Net income attributable to Kansas City Southern and subsidiaries	165.7	189.8	109.7	151.8
Per share data:				
Basic earnings per common share	$ 1.81	$ 2.02	$ 1.16	$ 1.59
Diluted earnings per common share	1.80	2.01	1.16	1.58
2019				
Revenues	$ 729.5	$ 747.7	$ 714.0	$ 674.8
Operating income (iv)	236.0	282.0	208.0	160.3
Net income (v)	127.9	180.6	129.1	103.2
Net income attributable to Kansas City Southern and subsidiaries	127.2	180.2	128.7	102.8
Per share data:				
Basic earnings per common share	$ 1.31	$ 1.81	$ 1.29	$ 1.02
Diluted earnings per common share	1.30	1.81	1.28	1.02

(i) During the first, second and third quarters of 2020, the Company recognized pre-tax restructuring charges of $6.0 million, $10.5 million and $0.5 million, respectively, within operating expenses related to the Company's VSP program and the purchase of impaired, leased locomotives.

(ii) During the fourth quarter of 2020, the Company recognized $13.6 million of pre-tax expense within operating expenses related to the write-off of software development costs.

(iii) During the first, second and third quarters of 2020, the Company recognized tax expense of $2.2 million and $2.0 million, and a benefit of $4.2 million, respectively, for GILTI tax expense recognized in the first and second quarters of 2020, and subsequently reversed in the third quarter of 2020 when GILTI regulations were finalized. Additionally, during the third quarter of 2020, the Company recognized a $14.5 million tax benefit for the reversal of 2018 and 2019 GILTI tax expense recognized in prior years' consolidated financial statements.

(iv) During the first, second, third and fourth quarters of 2019, the Company recognized pre-tax restructuring charges of $67.5 million, $51.0 million, $12.0 million and $38.3 million, respectively, within operating expenses related to the implementation of PSR initiatives.

(v) During the first, second, third, and fourth quarters of 2019, the Company recognized, net, a tax benefit of $6.8 million, expense of $1.9 million, and benefits of $3.7 million, and $4.2 million, respectively, related to the Mexican fuel excise tax credit generated through April 29, 2019. Prior to 2019, the Company recognized a pre-tax benefit within operating expenses related to a credit that was available for the excise tax included in the price of fuel that was purchased and consumed in locomotives and certain work equipment in Mexico. Effective January 1, 2019, the Company began recognizing the benefit as a reduction of income tax expense due to changes in Mexican tax law; and beginning April 30, 2019, railroads in Mexico are no longer eligible for the tax credit due to changes in Mexican tax regulations.

Note 19. Geographic Information

The Company strategically manages its rail operations as one reportable business segment over a single coordinated rail network that extends from the midwest and southeast portions of the United States south into Mexico and connects with other Class I railroads. Financial information reported at this level, such as revenues, operating income and cash flows from operations, is used by corporate management, including the Company's chief operating decision-maker, in evaluating overall financial and operational performance, market strategies, as well as the decisions to allocate capital resources. The Company's chief operating decision-maker is the chief executive officer.

The following tables provide information by geographic area *(in millions)*:

	Years ended December 31,		
	2020	2019	2018
Revenues			
U.S.	$ 1,388.5	$ 1,493.5	$ 1,424.8
Mexico	1,244.1	1,372.5	1,289.2
Total revenues	$ 2,632.6	$ 2,866.0	$ 2,714.0

	December 31,	
	2020	2019
Property and equipment (including Concession assets), net		
U.S.	$ 5,594.6	$ 5,435.9
Mexico	3,403.2	3,370.4
Total property and equipment (including Concession assets), net	$ 8,997.8	$ 8,806.3

Note 20. Subsequent Events

Foreign Currency Hedging

During January 2021, the Company entered into several foreign currency forward contracts with an aggregate notional amount of $100.0 million and maturity dates in January and February 2021. These contracts obligate the Company to purchase a total of Ps.1,993.5 million at a weighted-average exchange rate of Ps.19.9 to each U.S. dollar. During January 2021, the Company entered into offsetting contracts with an aggregate notional amount of $58.9 million, which matured during January 2021 and obligated the Company to sell a total of Ps.1,195.3 million at a weighted-average exchange rate of Ps.20.3 to each U.S. dollar, resulting in cash paid of $1.1 million. As of the date of this filing, there were $40.0 million aggregate notional amount of contracts outstanding, which obligate the Company to purchase a total of Ps.798.2 million at a weighted average exchange rate of Ps.20.0 to each U.S. dollar.

The Company has not designated these foreign currency derivative instruments as hedging instruments for accounting purposes. The Company will measure the foreign currency derivative instruments at fair value each period and will recognize any change in fair value in foreign exchange gain (loss) within the consolidated statements of income.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Not Applicable.

Item 9A. ***Controls and Procedures***

(a) Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2020. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2020, the design and operation of the Company's disclosure controls and procedures were effective to accomplish their objectives at a reasonable assurance level.

(b) Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

(c) Internal Control over Financial Reporting

The report of management on the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) is included as "Management's Report on Internal Control over Financial Reporting" in Item 8, Financial Statements and Supplementary Data.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the Company's financial statements contained herein, also audited the Company's internal control over financial reporting as of December 31, 2020. The audit report is included in Item 8, Financial Statements and Supplementary Data.

Item 9B. ***Other Information***

None.

Part III

The Company has incorporated by reference certain responses to the Items of this Part III pursuant to Rule 12b-23 under the Exchange Act and General Instruction G(3) to Form 10-K. The Company's definitive proxy statement for the 2020 annual meeting of stockholders ("Proxy Statement"), will be filed no later than 120 days after December 31, 2020.

Item 10. *Directors, Executive Officers and Corporate Governance*

(a) Directors of the Company

The sections of the Proxy Statement entitled "Proposal 1 — Election of Directors" and "The Board of Directors" are incorporated by reference herein.

(b) Executive Officers of the Company

See "Executive Officers of KCS and Subsidiaries" in Part I, Item 1 of this annual report incorporated by reference herein for information about the executive officers of the Company.

(c) Changes to Shareholder Nominating Procedures

None.

(d) Audit Committee and Audit Committee Financial Experts

The section of the Proxy Statement entitled "Board Committees — Audit Committee" is incorporated by reference herein.

(e) Compliance with Section 16(a) of the Exchange Act

The response to Item 405 of Regulation S-K under "Delinquent Section 16(a) Reports" in the Proxy Statement is incorporated by reference herein.

(f) Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics ("Code of Ethics") that applies to directors, officers (including, among others, the principal executive officer, principal financial officer and principal accounting officer) and employees. The Company has posted its Code of Ethics on its website (www.kcsouthern.com) and will post on its website any amendments to, or waivers from, a provision of its Code of Ethics that apply to the Company's principal executive officer, principal financial officer or principal accounting officer as required by applicable SEC and NYSE rules and regulations.

Item 11. *Executive Compensation*

The sections of the Proxy Statement entitled "Compensation Discussion and Analysis", "Compensation Committee Report", "Executive Compensation", "Board Committees - Compensation Committee Interlocks and Insider Participation", and "Director Compensation" are incorporated by reference herein.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The section of the Proxy Statement entitled "Beneficial Ownership" is incorporated by reference herein.

Equity Compensation Plan Information

The following table provides information as of December 31, 2020, about the common stock that may be issued upon the exercise of options, warrants and rights, as well as shares remaining available for future issuance under the Company's existing equity compensation plans.

Plan Category	Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights (i)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans-Excluding Securities Reflected in the First Column (ii)
Equity compensation plans:			
Approved by security holders	744,634	$ 112.90	6,326,987
Not approved by security holders	—	—	—
Total	744,634	$ 112.90	6,326,987

(i) Includes 571,948 outstanding options, 140,560 outstanding performance shares (at target), 8,834 outstanding deferred shares and dividend equivalents, and 23,292 ESPP shares purchased on December 31, 2020.

(ii) Includes 3,367,796 shares available for issuance under the 2009 Employee Stock Purchase Plan and 2,959,191 shares available for issuance under the 2017 Plan in the form of nonvested shares, bonus shares, performance units or performance shares or issued upon the exercise of options (including incentive stock options) or stock appreciation rights awarded under the 2017 Plan.

The Company has no knowledge of any arrangement the operation of which may at a subsequent date result in a change of control of the Company.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

The sections of the Proxy Statement entitled "Certain Transactions" and "Corporate Governance - Director Independence" are incorporated by reference herein.

Item 14. ***Principal Accountant Fees and Services***

The section of the Proxy Statement entitled "Independent Registered Public Accounting Firm" is incorporated by reference herein.

Part IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) List of Documents filed as part of this Report

(1) ***Financial Statements***

The consolidated financial statements and related notes, together with the report of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, appear in Item 8, Financial Statements and Supplementary Data.

(2) ***Financial Statement Schedules***

None.

(3) ***List of Exhibits***

(a) Exhibits

The Company has attached or incorporated by reference herein certain exhibits as specified below pursuant to Rule 12b-32 under the Exchange Act.

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation of Kansas City Southern, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on May 7, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.1.
3.1.1	Amendments to the Kansas City Southern Amended and Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 5, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.1.1.
3.1.2	Amendment to the Kansas City Southern Amended and Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 23, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.1.2.
3.2	Kansas City Southern Bylaws, amended and restated as of May 23, 2019, filed as Exhibit 3.2 to the Company's Current Report on Form 8-K filed on May 23, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.2.
4.1	As permitted by Item 601(b)(4)(iii)(A) of Regulation S-K, the Company has not filed with this Annual Report on Form 10-K certain instruments defining the rights of holders of long-term debt of the Company and its subsidiaries because the total amount of securities authorized under any of such instruments does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish a copy of any such agreements to the Securities and Exchange Commission upon request.
4.2	2043 Notes Indenture, dated April 29, 2013, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 29, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.2.
4.2.1	First Supplemental Indenture, dated November 23, 2015, among KCSR, the Guarantors and the U.S. Bank National Association, as trustee and paying agent, filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.2.1.
4.2.2	Form of Special Global Note representing KCSR's 4.30% Senior Notes due 2043, filed as Exhibit 4.2.4 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.2.2.
4.3	2023 KCSM Notes Indenture, dated May 3, 2013, filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 8, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.
4.3.1	First Supplemental Indenture, dated November 23, 2015, filed as exhibit 4.6 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.1.
4.3.2	Special Global Note representing the 3.0% Senior Notes due 2023, filed as Exhibit 4.5.3 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.2.

Exhibit	Description
4.4	2023 Notes Indenture, dated October 29, 2013, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 30, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.4.
4.4.1	First Supplemental Indenture, dated November 23, 2015, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.4.1.
4.4.2	Form of Special Global Note representing KCSR's 3.85% Senior Notes due 2023, filed as Exhibit 4.4.4 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.4.2.
4.5	2045 Notes Indenture, dated July 27, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.
4.5.1	First Supplemental Indenture, dated July 27, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.1.
4.5.2	Second Supplemental Indenture, dated November 23, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.3 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.2.
4.5.3	Form of Note representing 4.950% Senior Notes due 2045 (included in Exhibit 4.2), filed as exhibit 4.3 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.3.
4.6	Base Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.
4.6.1	Third Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.4 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.1.
4.6.2	Fourth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.5 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.2.
4.6.3	Fifth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.6 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.3.
4.6.4	Sixth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.7 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.4.
4.6.5	Seventh Supplemental Indenture, dated May 16, 2016, among the Company, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 17, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.5.
4.6.6	Form of Note representing 3.125% Senior Notes due 2026 (included in Exhibit 4.2), filed as exhibit 4.3 to the Company's Current Report on Form 8-K filed on May 17, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.6.
4.6.7	Eighth Supplemental Indenture, dated May 3, 2018, among the Company, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed on May 4, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.7.
4.6.8	Form of Note representing 4.700% Senior Notes due 2048 (included in Exhibit 4.2), filed as Exhibit 4.3 to the Company's Current Report on Form 8-K, filed on May 4, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.8.

Exhibit	Description
4.6.9	Ninth Supplemental Indenture, dated November 18, 2019, among the Company, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on November 18, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.9.
4.6.10	Form of Note representing 2.875% Senior Notes due 2029 (included in Exhibit 4.1), filed as Exhibit 4.3 to the Company's Current Report on Form 8-K, filed on November 18, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.10.
4.6.11	Tenth Supplemental Indenture, dated November 18, 2019, among the Company, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed on November 18, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.11.
4.6.12	Form of Note representing 4.200% Senior Notes due 2069 (included in Exhibit 4.2), filed as Exhibit 4.4 to the Company's Current Report on Form 8-K, filed on November 18, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.12.
4.6.13	Eleventh Supplemental Indenture, dated April 22, 2020, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 22, 2020 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.13.
4.6.14	Form of Note representing 3.500% Senior Notes due 2050 (included in Exhibit 4.1), filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on April 22, 2020 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.14.
4.7	Description of the Company's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 is attached to this Form 10-K as exhibit 4.7.
10.1	Form of Officer Indemnification Agreement, attached as Exhibit 10.1 to the Company's Form 10-K for the year ended December 31, 2001, filed on March 29, 2002 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.1.
10.2	Form of Director Indemnification Agreement, attached as Exhibit 10.2 to the Company's Form 10-K for the year ended December 31, 2001, filed on March 29, 2002 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.2.
10.3*	Directors Deferred Fee Plan, adopted August 20, 1982, as amended and restated effective May 2, 2007, filed as Exhibit 10.3 to the Company's Form 10-K for the year ended December 31, 2010, filed on February 9, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.3.
10.4*	Kansas City Southern Executive Plan (Amended and Restated January 23, 2018), filed as Exhibit 10.5 to the Company's Form 10-K for the year ended December 31, 2018, filed on January 25, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.
10.5*	Kansas City Southern Executive Deferred Compensation Plan, dated August 31, 2018, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2018, filed on October 19, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.5.
10.6*	Kansas City Southern Annual Incentive Plan, as amended and restated November 9, 2018, filed as Exhibit 10.7 to the Company's Form 10-K for the year ended December 31, 2018, filed on January 25, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.6.
10.7	English translation of concession title granted by the Secretaría de Comunicaciones y Transportes ("SCT") in favor of Ferrocarril del Noreste, S.A. de C.V. ("FNE"), dated December 2, 1996, filed as Exhibit 10.10 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.7.
10.7.1	English translation of amendment, dated February 12, 2001, filed as Exhibit 10.10.1 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, is incorporated herein by reference as Exhibit 10.7.1.
10.7.2	English translation of amendment no. 2, dated November 22, 2006, filed as Exhibit 10.10.2 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, as amended February 12, 2001, is incorporated herein by reference as Exhibit 10.7.2.

Exhibit	Description
10.7.3	English translation of amendment no. 3, dated December 31, 2013, of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, as amended February 12, 2001 and November 22, 2006, filed as Exhibit 10.8.3 to the Company's Form 10-K for the year ended December 31, 2016, filed on January 27, 2017 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.7.3.
10.7.4	English translation of amendment no. 4, dated December 20, 2017, of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, as amended February 12, 2001, November 22, 2006 and December 31, 2013, filed as Exhibit 10.3 to the Company's Form 10-Q for the quarter ended March 31, 2019, filed on April 17, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.7.4.
10.7.5	English translation of amendment no. 5, dated April 27, 2018, of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, as amended February 12, 2001, November 22, 2006, December 31, 2013 and December 20, 2017, filed as Exhibit 10.4 to the Company's Form 10-Q for the quarter ended March 31, 2019, filed on April 17, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.7.5.
10.8	Transaction Agreement, dated December 1, 2005, among the Company, KCSR, Norfolk Southern Corporation and The Alabama Great Southern Railroad Company (the "Transaction Agreement"), filed as Exhibit 10.46 to the Company's Form 10-K for the year ended December 31, 2005, filed on April 7, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.
10.8.1	Amendment No. 1 to the Transaction Agreement, dated January 17, 2006, filed as Exhibit 10.47 to the Company's Form 10-K for the year ended December 31, 2005, filed on April 7, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.1.
10.8.2	Amendment No. 2 to the Transaction Agreement, dated May 1, 2006, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2006, filed on May 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.2.
10.8.3	Limited Liability Company Agreement of Meridian Speedway, LLC, dated May 1, 2006, between the Alabama Great Southern Railroad Company and the Company, filed as Exhibit 10.3 to the Company's Form 10-Q for the quarter ended March 31, 2006, filed on May 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.3.
10.8.4	Amendment No. 1 and Waiver to Limited Liability Company Agreement, dated August 12, 2011, among Meridian Speedway, LLC, the Company, KCS Holdings, Inc. and The Alabama Great Southern Railroad Company, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended September 30, 2011, filed on October 21, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.4.
10.8.5	Amendment No. 2 to Limited Liability Company Agreement, dated December 9, 2013, among the Company, KCS Holdings, Inc. and The Alabama Great Southern Railroad Company, filed as Exhibit 10.11.5 to the Company's Form 10-K for the year ended December 31, 2016, filed on January 27, 2017 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.5.
10.9*	Kansas City Southern 2008 Stock Option and Performance Award Plan (Amended and Restated February 18, 2015) (the "2008 Plan"), filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.
10.9.1*	Form of Restricted Shares Award Agreement (Standard Form) under the 2008 Plan, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.1.
10.9.2*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the Kansas City Southern 2008 Stock Option and Performance Award Plan for the 2012 Long-Term Incentive Program, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 27, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.2.
10.9.3*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the Kansas City Southern 2008 Stock Option and Performance Award Plan for the 2013 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 27, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.3.
10.9.4*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the 2008 Plan for the 2014 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 26, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.4.

Exhibit	Description
10.9.5*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Non-United States Employees) under the 2008 Plan for the 2014 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 26, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.5.
10.9.6*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Employees) under the 2008 Plan for the 2015 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.6.
10.9.7*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Employees) under the 2008 Plan for the 2016 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 25, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.7.
10.9.8*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement under the 2008 Plan for the 2017 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 24, 2017 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.8.
10.10	Trackage Rights Agreement, dated February 9, 2010, between KCSM and Ferromex, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2010, filed on April 27, 2010 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.10.††
10.11	Form of Loan Agreement between Locomotives Structured Holdings LLC (as successor by assignment from General Electric Capital Corporation) and KCSM, dated September 1, 2011, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2011, filed on October 21, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.11.
10.12	Financing Agreement dated as of February 21, 2012, between The Kansas City Southern Railway Company and the United States of America represented by the Secretary of Transportation acting through the Administrator of the Federal Railroad Administration, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 22, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.
10.13	Financing Agreement between The Texas-Mexican Railway Company and the Federal Railroad Administration, dated June 28, 2005, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q, filed on August 15, 2005 (File No. 1-04717), are incorporated herein by reference as Exhibit 10.13.
10.13.1	Pledge Agreement between Mexrail, Inc. and the Federal Railroad Administration, and Guaranty of Mexrail, Inc. in favor of the Federal Railroad Administration, filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q, filed on August 15, 2005 (File No. 1-04717), are incorporated herein by reference as Exhibit 10.13.1.
10.14	Credit Agreement, dated March 8, 2019, among the Company, the guarantors party thereto, the various financial institutions and other persons from time to time parties thereto as lenders, Bank of America, N.A., as administrative agent, Citibank, N.A., JPMorgan Chase Bank, N.A., U.S. Bank National Association and Wells Fargo Bank, National Association, as co-syndication agents and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citibank, N.A., JPMorgan Chase Bank, N.A., U.S. Bank National Association and Wells Fargo Securities, LLC, as joint lead arrangers and joint bookrunning managers, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 11, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.14.
10.15*	Form of Executive Arbitration Agreement with the Company's executive officers, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on July 21, 2017 (File No. 1-04717), is incorporated herein by reference as Exhibit 10.15.
10.16*	Form of Severance Agreement (CEO Version, which the Company has entered into with Patrick J. Ottensmeyer), filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 21, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.16.
10.17*	Form of Severance Agreement (Officer Version, which the Company has entered into with each of Michael W.Upchurch, Jeffrey M. Songer, Brian D. Hancock, and Michael J. Naatz),filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 21, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.17.
10.18*	Kansas City Southern 2017 Equity Incentive Plan, effective May 4, 2017 (the "2017 Plan"), filed as exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 9, 2017 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.18.

Exhibit	Description
10.18.1*	Form of Restricted Shares Award Agreement (Standard Form) under the 2017 Plan, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 12, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.18.1.
10.18.2*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement under the 2017 Plan for the 2018 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 12, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.18.2.
10.18.3*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement under the 2017 Plan for the 2019 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 11, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.18.3.
10.18.4*	Form of Non-Management Director Deferred Stock Award Agreement under the 2017 Plan, filed as Exhibit 10.27.2 to the Company's Form 10-K for the year ended December 31, 2017, filed on January 26, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.18.4.
10.18.5*	Form of Restricted Shares Award Agreement (for use with the Executive Plan) under the 2017 Plan, filed as Exhibit 10.26.5 to the Company's Form 10-K for the year ended December 31, 2018, filed on January 25, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.18.5.
21.1	Subsidiaries of the Company
22.1	List of Issuers and Guarantor Subsidiaries, filed as Exhibit 22.1 to the Company's Form 10-Q for the quarter ended March 31, 2020, filed on April 17, 2020 (File No. 1-4717), is incorporated herein by reference as Exhibit 22.1.
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, is attached to this Form 10-K as Exhibit 23.1.
24.1	Power of Attorney (contained in the signature page herein).
31.1	Certification of Patrick J. Ottensmeyer, Chief Executive Officer of the Company, is attached to this Form 10-K as Exhibit 31.1.
31.2	Certification of Michael W. Upchurch, Chief Financial Officer of the Company, is attached to this Form 10-K as Exhibit 31.2.
32.1	Certification of Patrick J. Ottensmeyer, Chief Executive Officer of the Company, furnished pursuant to 18 U.S.C. Section 1350, is attached to this Form 10-K as Exhibit 32.1, furnished herewith.
32.2	Certification of Michael W. Upchurch, Chief Financial Officer of the Company, furnished pursuant to 18 U.S.C. Section 1350, is attached to this Form 10-K as Exhibit 32.2, furnished herewith.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, formatted in Inline XBRL (included within the Exhibit 101 attachments).

* Management contract or compensatory plan or arrangement.

†† Portions of this exhibit have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, which were subsequently approved.

Item 16. ***Form 10-K Summary***

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Kansas City Southern

By: /S/ PATRICK J. OTTENSMEYER

Patrick J. Ottensmeyer
President, Chief Executive Officer and Director

January 29, 2021

POWER OF ATTORNEY

Know all people by these presents, that each person whose signature appears below constitutes and appoints Patrick J. Ottensmeyer and Michael W. Upchurch, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any amendments to this annual report on Form 10-K, and to file the same, with all exhibits thereto, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as he or she might or could do in person, hereby confirming all that said attorneys-in-fact and agents or either of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities indicated on January 29, 2021.

Signature	Title
/S/ PATRICK J. OTTENSMEYER Patrick J. Ottensmeyer	President, Chief Executive Officer and Director (Principal Executive Officer).
/S/ MICHAEL W. UPCHURCH Michael W. Upchurch	Executive Vice President and Chief Financial Officer (Principal Financial Officer).
/s/ SUZANNE M. GRAFTON Suzanne M. Grafton	Vice President and Chief Accounting Officer (Principal Accounting Officer).
/S/ ROBERT J. DRUTEN Robert J. Druten	Chairman of the Board and Director.
/s/ LYDIA I. BEEBE Lydia I. Beebe	Director.
/S/ LU M. CÓRDOVA Lu M. Córdova	Director.

Signature	Title
/S/ ANTONIO O. GARZA, JR. Antonio O. Garza, Jr.	Director.
/S/ DAVID GARZA-SANTOS David Garza-Santos	Director.
/S/ JANET H. KENNEDY Janet H. Kennedy	Director.
/s/ MITCHELL J. KREBS Mitchell J. Krebs	Director.
/s/ HENRY J. MAIER Henry J. Maier	Director.
/S/ THOMAS A. MCDONNELL Thomas A. McDonnell	Director.

($ in millions, except per share amounts)

Reconciliation of Diluted Earnings per Share to Adjusted Diluted Earnings per Share

	Year ended December 31, 2020
As reported	$ 6.54
Adjustments for:	
Write-off of software development costs	0.11
Restructuring charges	0.13
Foreign exchange loss	0.22
Foreign exchange component of income taxes	(0.04)
Adjusted - see (a) below	$ 6.96

(a) The Company believes adjusted diluted earnings per share is meaningful as it allows investors to evaluate the Company's performance for different periods on a more comparable basis by adjusting for the impact of changes in foreign currency exchange rates, and items that are not directly related to the ongoing operations of the Company. The income tax expense impacts related to these adjustments are calculated at the applicable statutory tax rate.

Reconciliation of Operating Ratio to Adjusted Operating Ratio

	Year ended December 31, 2020
Operating ratio as reported	61.9 %
Adjustment for write-off of software development costs	(0.5)%
Adjustment for restructuring charges	(0.7)%
Adjusted operating ratio - see (b) below	60.7 %

(b) The most directly comparable financial measure to adjusted operating ratio calculated and presented in accordance with U.S. GAAP is reported operating expenses divided by reported revenues. The Company believes adjusted operating ratio is meaningful as it allows investors to evaluate the Company's performance for different periods on a more comparable basis by adjusting for items that are not directly related to the ongoing operations of the Company.

Free Cash Flow

	Year ended December 31, 2020
Net cash provided by operating activities	$ 1,080.0
Net cash used for investing activities	(526.0)
Free cash flow - see (c) below	554.0
Net cash used for financing activities	(510.3)
Effect of exchange rate changes on cash	(4.3)
GAAP net increase in cash and cash equivalents	$ 39.4

(c) The most directly comparable financial measure to free cash flow calculated and presented in accordance with U.S. GAAP is net cash provided by operating activities less net cash used for investing activities. The Company believes free cash flow is a useful measure of liquidity as it demonstrates the Company's ability to generate cash for debt obligations, dividend payments, share repurchases, and other strategic opportunities.

DIRECTORS AND OFFICERS

KANSAS CITY SOUTHERN DIRECTORS

Lydia I. Beebe (3, 4)
Principal, LIBB Advisors LLC
Retired Senior Of Counsel
Wilson Sonsini Goodrich & Rosati PC
San Francisco, California

Lu M. Córdova (2, 5)
Governor's Advisor on Efficiencies
and Digital Transformation
State of Colorado
Denver, Colorado

Robert J. Druten (1, 4)
Chairman of the Board, Kansas City Southern
Retired Executive Vice President
& Chief Financial Officer
Hallmark Cards, Inc.
Kansas City, Missouri

Antonio O. Garza, Jr. (1, 4)
Former U.S. Ambassador to Mexico
Counsel, White & Case, LLP
Mexico City, D.F.

David Garza-Santos (3)
Chief Executive Officer
MADISA
Santa Catarina, N.L. Mexico

Janet H. Kennedy (5)
Vice President, North American Regions
Google Cloud
Chicago, Illinois

Mitchell J. Krebs (2, 5)
President & Chief Executive Officer
Coeur Mining Inc.
Chicago, Illinois

Henry J. Maier (3, 5)
President & Chief Executive Officer
FedEx Ground
Moon Township, Pennsylvania

Thomas A. McDonnell (2, 4, 5)
Retired President & Chief Executive Officer
Ewing Marion Kauffman Foundation
Kansas City, Missouri

Patrick J. Ottensmeyer (1)
President & Chief Executive Officer
Kansas City Southern
Kansas City, Missouri

Committees of the Board:
(1) Executive
(2) Audit
(3) Compensation and Organization
(4) Nominating and Corporate Governance
(5) Finance and Strategic Investment

KANSAS CITY SOUTHERN OFFICERS

Patrick J. Ottensmeyer
President & Chief Executive Officer

Warren K. Erdman
Executive Vice President
Administration & Corporate Affairs

Sameh Fahmy
Executive Vice President
Precision Scheduled Railroading

Brian D. Hancock
Executive Vice President
& Chief Innovation Officer

Michael J. Naatz
Executive Vice President
& Chief Marketing Officer

Jeffrey M. Songer
Executive Vice President
& Chief Operating Officer

Michael W. Upchurch
Executive Vice President
& Chief Financial Officer

Lora S. Cheatum
Senior Vice President &
Chief Human Resources Officer

Adam J. Godderz
Senior Vice President -
Chief Legal Officer
& Corporate Secretary

Suzanne M. Grafton
Vice President
& Chief Accounting Officer

Daniel L. Hynek
Vice President
International Taxes

Ashley A. Thorne
Vice President
Investor Relations

Michael A. Walczak
Vice President
Network Planning
& Treasurer

Julie D. Powell
Assistant Secretary
& Assistant Treasurer

Rafael Andrade
Assistant Treasurer

Kansas City Southern companies provide equal employment and advancement opportunities to qualified employees without regard to race, color, religion, gender, national origin, age, disability, or other categories protected by law. Kansas City Southern's U.S. companies are also affirmative action employers.

This annual report is printed on recycled papers. The recycled paper industry is an important part of the market served by Kansas City Southern.

Find Kansas City Southern
on the internet at:
http://www.kcsouthern.com

Securities Listed
New York Stock Exchange
Common Stock
4% Preferred Stock
Symbol KSU

Transfer Agent and Registrar
Computershare
P.O. Box 505000
Louisville, Kentucky 40233-5000

Independent Registered Public Accounting Firm
PricewaterhouseCoopers LLP
1100 Walnut Street, Suite 1300
Kansas City, Missouri 64106

Annual Meeting of Stockholders
The 2021 Annual Stockholders Meeting will be held as a virtual-only meeting.
Date: May 20, 2021
Time: 9:00 A.M. Central Daylight Time
Virtual Stockholder Meeting:
www.meetingcenter.io/295243793

Corporate Offices
427 West 12th Street
Kansas City, Missouri 64105
(816) 983-1303

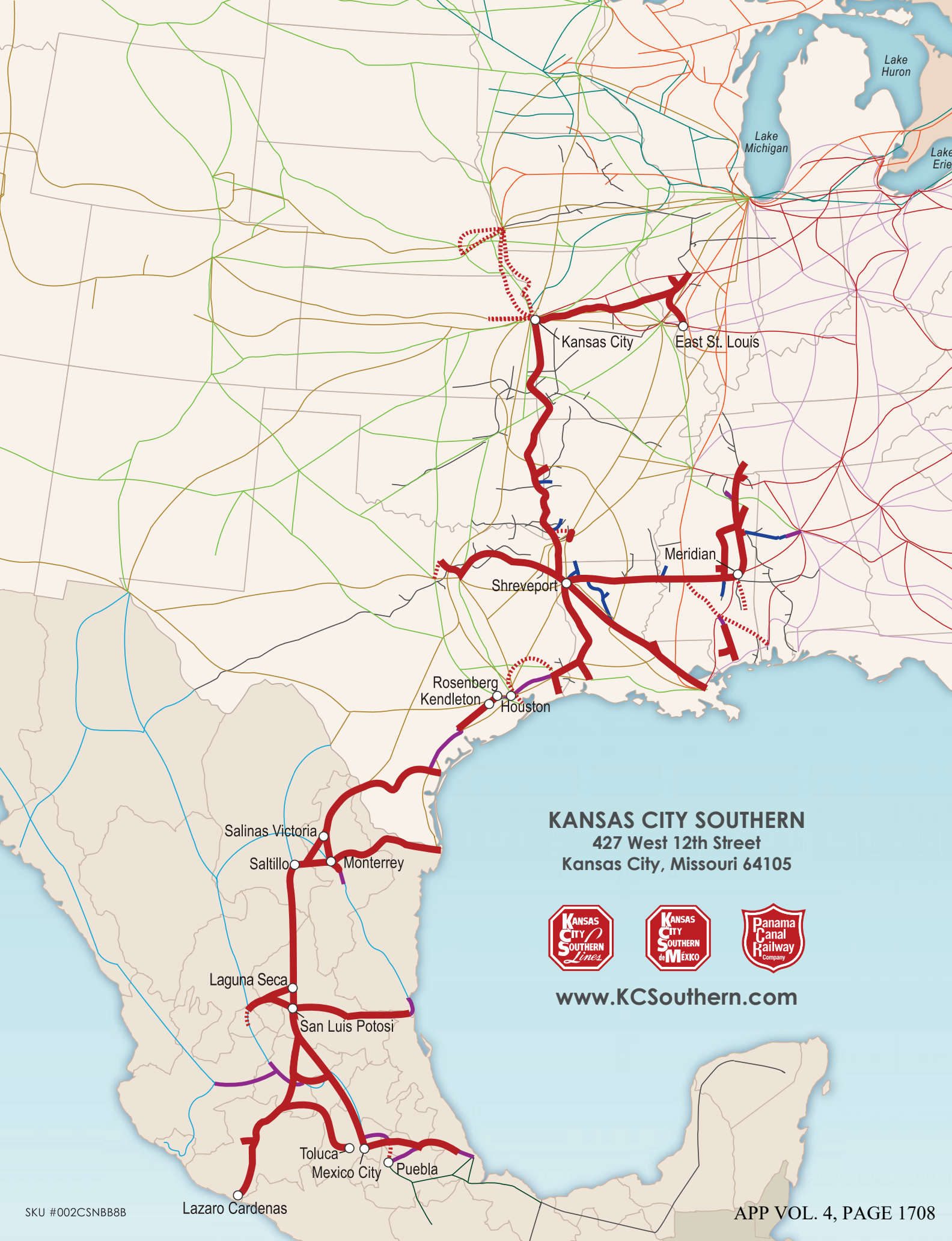
Lake Huron
Lake Michigan
Lake Erie
Kansas City
East St. Louis
Meridian
Shreveport
Rosenberg
Kendleton
Houston
Salinas Victoria
Saltillo
Monterrey
Laguna Seca
San Luis Potosi
Toluca
Mexico City
Puebla
Lazaro Cardenas
KANSAS CITY SOUTHERN
427 West 12th Street
Kansas City, Missouri 64105
www.KCSouthern.com

EXHIBIT 9.4

KANSAS CITY SOUTHERN
2019 ANNUAL REPORT
(FILED WITH THE SEC ON JANUARY 24, 2020)



2019 | Annual Report

KANSAS CITY SOUTHERN

Kansas City Southern is a transportation holding company with two primary subsidiaries. The Kansas City Southern Railway Company is one of seven Class I railroads operating in the United States. Kansas City Southern de México, S.A. de C.V. is one of two large regional railroads in Mexico. KCS also owns 50% of the Panama Canal Railway Company in Panama. The combined North American rail network comprises approximately 6,700 route miles that link commercial and industrial markets in the United States and Mexico.

2019 FINANCIAL HIGHLIGHTS

Dollars in millions, except share and per share amounts. Years ended December 31.

	2019	2018	2017	2016
OPERATIONS				
Revenues	**$ 2,866.0**	$ 2,714.0	$ 2,582.9	$ 2,334.2
Operating income	**886.3**	986.3	921.6	818.5
Net income attributable to Kansas City Southern and subsidiaries	**538.9**	627.4	962.0	478.1
PER COMMON SHARE				
Earnings per diluted share	**$ 5.40**	$ 6.13	$ 9.16	$ 4.43
CLOSING STOCK PRICE RANGES				
Common - High	**$ 155.10**	$ 119.88	$ 113.44	$ 99.47
Common - Low	**92.87**	90.84	80.82	64.35
4% Non-Cumulative Preferred - High	**32.14**	33.07	29.50	28.99
4% Non-Cumulative Preferred - Low	**24.11**	24.50	26.75	25.40
FINANCIAL CONDITION				
Total assets	**$ 9,786.8**	$ 9,469.8	$ 9,198.7	$ 8,817.5
Total debt, including short-term borrowings	**3,246.0**	2,689.4	2,619.4	2,478.2
Total stockholders' equity	**4,422.5**	4,813.0	4,548.9	4,089.9
Total equity	**4,745.9**	5,132.7	4,865.4	4,404.5
COMMON STOCKHOLDER INFORMATION AT YEAR END				
Stockholders of record	**1,952**	2,063	2,141	2,233
Shares outstanding (in thousands)	**96,116**	100,897	103,037	106,607
Average diluted shares outstanding (in thousands)	**99,747**	102,270	105,040	107,761

LETTER TO OUR STOCKHOLDERS



Patrick J. Ottensmeyer
President & Chief Executive Officer
Kansas City Southern

2019 was a pivotal year for Kansas City Southern (KCS or the Company). Operationally, the Company performed at or near record levels, which yielded exceptional financial results:

- **Revenue was $2.9 billion, up 6% from 2018**
- **Adjusted operating income* was $1.1 billion, a 9% increase over the prior year**
- **Adjusted diluted earnings per share* was $6.90, 16% higher than the year before**
- **Record free cash flow* of $453 million, up 54% over the prior year**

To understand how we got here, it is necessary first to look back. During the second half of 2018, the Company faced unique challenges stemming from exceptionally strong cross-border volume growth. These challenges revealed operational vulnerabilities throughout the network that compromised our customer service and our ability to grow. Heading into 2019, it was clear that to achieve our vision to consistently be the fastest-growing, best-performing, most customer-focused transportation company in North America, we needed to address these operational challenges head-on and make some bold changes.

After careful consideration, and with the support of the entire executive team, KCS elected to implement Precision Scheduled Railroading (PSR). Sameh Fahmy, KCS's executive vice president Precision Scheduled Railroading was brought on in February 2019 to lead this transformation and impart his substantial expertise.

Mr. Fahmy brought with him strong experience implementing and operating PSR networks. Recently, Mr. Fahmy served as a consultant at CSX, where he worked to optimize CSX's mechanical and engineering departments. Prior to his time at CSX, Mr. Fahmy spent 23 years at Canadian National overseeing the mechanical and engineering functions, improving their safety record, reducing expense, train delays and increasing freight car and locomotive availability.

With Mr. Fahmy at the helm and with support from across the organization, the Company began implementing this transformative operating model with the following objectives:

- Improve consistency and reliability of our service;
- Create the additional capacity required to realize growth opportunities;
- Improve asset utilization; and
- Optimize KCS's cost profile.

The Company embraced this new operating model, and by the second half of 2019, progress was taking hold. KCS began consistently posting all-time best velocity performance. Capacity on our network increased, and our capital intensity moderated. Perhaps most importantly, customer service surveys reflected the significant improvement to operations, and we began to recover business that we lost in 2018. Furthermore, our cross-border customers started rewarding KCS with new business.

Commercial Performance and KCS's Cross-Border Advantage

Overall, KCS reported a 1% volume decline in 2019, but that does not tell the entire story. Our volume performance is best understood by looking at the U.S., Mexico and cross-border segments of our network separately. Our intra-U.S. and intra-Mexico volumes were impacted by lower capital investment throughout the economy. This lower capital investment was driven by global trade uncertainty, excess truck capacity on both sides of the border, and slowing economic growth in Mexico.

Meanwhile, volumes on our franchise cross-border corridor grew an exceptional 11%, driven by growth in cross-border trade and improvements to network operations. A 105% increase in refined products and LPG exports to Mexico and a 13% increase in cross-border grain shipments led this growth. Additionally, our franchise cross-border intermodal volumes grew 9% in 2019, as customers increasingly took advantage of our rail network's safety and improving service to move consumer goods between the U.S. and Mexico.

In a year where overall rail industry volumes were down 3% on average, KCS's performance sets the Company apart, and offers our stockholders the opportunity to benefit from growth in North American trade. The connection that KCS's cross-border corridor provides between Mexico's industrial heartland and every major population center in the United States and Canada remains the Company's most important strategic asset. The strength of our cross-border franchise is unparalleled, and it is driving industry-leading volume growth.

Service quality is paramount across this key corridor. We compete directly with trucks to handle many cross-border commodities, and our export grain franchise depends on consistent and fluid cycle times to optimize use of assets dedicated to this strategic service. PSR is laying the groundwork for a sustainable competitive advantage in freight transportation, and we are using this competitive advantage to drive business to our network

Operational Performance

The Company's operational improvement surpassed all expectations. Mr. Fahmy has heightened focus and attention to detail, and instilled a relentless pursuit of operational excellence across the entire organization.

Mr. Fahmy is leading a core group of exceptional KCS associates from all departments in the Company's PSR implementation. This team of leaders is creating initiatives and setting targets that are driving sustainable improvements to operations and customer service. Departmental initiatives are widespread, from operations to human resources, to service design and marketing. The entire Company has responsibility for implementing PSR, and we are all committed to ensuring its success.

In 2019, the Company realized $58 million of savings attributed directly to the implementation of PSR. In addition to an improved cost structure, operational achievements like the following succinctly demonstrate the success that we had this year:

- Gross velocity, as measured in miles per hour, improved 22%;
- Terminal dwell, as measured in hours, improved 16%;
- Average train length in feet grew 3%;
- Car miles per day improved 19%; and
- Fuel efficiency as measured in gallons per 1,000 GTM's, improved 4%.

See page 111 for metric definitions and calculations.

Improved velocity and cycle times also have allowed the Company to reduce its active locomotive fleet by 16% from its Q4 2018 peak, and to reduce its system car fleet by 12% from the beginning of the year. We also redesigned our service in Mexico to improve asset efficiency, locomotive utilization and customer service. Mexico's mix of business skews heavily towards manifest, automotive and intermodal shipments. That mix allowed us to leverage general-purpose trains to forward like-destined railcars further into the network before the next work event. In doing so, we were able to make greater use of our facilities farther south in the network, freeing up critical capacity in central and northern Mexico.

And there is more to come. As we continue to 'peel the onion' as Mr. Fahmy would say, we find more room for improvement and additional ways to

optimize our operations for the benefit of our customers and our stockholders.

This heightened focus and discipline is truly becoming institutionalized and, with Mr. Fahmy's experienced leadership, a tremendous amount of learning has taken place. I have high confidence that this broad-based, cross-functional approach to PSR transformation will allow us to sustain this performance over the long-term.

Capital Allocation & Commitment to Stockholder Returns

KCS remains committed to safe and sustainable growth, and to the judicious and strategic use of its capital resources. To that end, the implementation of PSR is facilitating more efficient operations, and we are able to handle the same amount of traffic or more with fewer resources. We now need fewer locomotives and rail cars, and improvements to dwell and velocity are increasing yard and line-of-road capacity across the network. Our reduced capital intensity, combined with continued growth in operating income driven by the powerful combination of revenue growth and margin improvement, is positioning the Company for growth in stockholder value.

To reinforce our commitment to returning meaningful cash to our stockholders while maintaining a strong balance sheet and optimal credit profile, we announced a new capital allocation policy in November 2019:

- Approximately 40-50% of available cash deployed to capital projects and strategic investments;
- Approximately 50-60% of available cash deployed to share repurchases and dividends;
- Debt-to-EBITDA ratio maintained in the low 2x range.

KCS immediately executed on this policy with an 11% increase in its common stock quarterly dividend, and a new $2.0 billion share repurchase program that expires December 31, 2022. Simultaneously, the Company raised $850 million through a new senior note offering, and entered into a $550 million accelerated share repurchase program to complete $550 million of the $2 billion share repurchase authority.

The combination of share repurchases, dividends and accelerated share repurchases combined for a 118% increase in shareholder returns in 2019, accomplished while maintaining our targeted BBB credit rating and low 2x leverage ratio*.

U.S. – Mexico – Canada Agreement ("USMCA")

We are extremely pleased that the USMCA has now been approved in the U.S., Mexico, and Canada.

This agreement represents a modernization and improvement to the North American Free Trade Agreement ("NAFTA"), which was approved more than a quarter-century ago. Perhaps most importantly, USMCA removes uncertainty, and paves the path for new domestic and foreign investment driven by growth in trade between the U.S. and Mexico.

During this time of renegotiation, it is important to highlight that KCS never altered its capital investment strategy in Mexico. Since 2016, KCS' cross-border franchise volumes grew at an 11% CAGR. Our customers continued to do business in Mexico and we remained a supportive transportation partner. Acting as a voice for our customers, KCS also provided leadership and direction in influencing the new agreement. Looking forward, we will continue to be an outspoken advocate for integration of North American supply chains and their importance to our continent's global competitiveness.

Corporate Responsibility & Purpose

KCS is committed to making a meaningful contribution to the economic growth and prosperity of the nations and communities that we serve. We recognize the important role that a corporation plays in society, and we operate our business for the benefit all stakeholders, including our valued customers and stockholders, hardworking and dedicated employees, and the communities that we serve. We are mindful of the role that all of these stakeholders play in KCS's success, and we are committed to operating a railroad that benefits each of them.

KCS's commitment to corporate responsibility was highlighted by the following achievements and recognitions in 2019:

- Our fuel efficiency improved 4%, and through our fuel conservation and efficiency initiatives, we avoided the use of 14.5M gallons of diesel fuel, or 9.8% of total fuel consumption;
- 86% of respondents to our employee engagement and satisfaction survey recommend KCS as a great place to work;
- 46% of KCS's non-union new hires in the U.S. were women and/or people of color;
- 30% of our board of directors is female and 50% is ethnically or gender diverse;
- KCS achieved AA and B scores from MSCI and CDP, respectively;
- The Company was included in Newsweek magazine's first-ever ranking of America's Most Responsible Companies 2020, and Investor's Business Daily magazine's 50 Best ESG Companies.

We are excited to share these achievements with our stockholders because they are solid evidence of the Company's dedication to corporate responsibility, purpose and sustainability.

Looking Forward

2019 was a year of record achievements. But none of these achievements would have been possible without the women and men of KCS who worked tirelessly for the Company. Transformation is both difficult and uncomfortable; our employees responded to the challenge with extraordinary dedication and effort.

As we are finalizing this letter, the global business community is scrambling to respond to the coronavirus pandemic and the rapid outbreak of COVID-19. As of the date of this letter there are more questions than answers, and it is too early to know what impact this global health crisis will have on our business and outlook, or on society as a whole. I would like to remind you that Kansas City Southern has never been in better financial condition. Our debt ratings are solidly investment grade and our liquidity profile is very strong. Furthermore, the discipline and focus that we have institutionalized as part of our PSR transformation will serve us well as we respond to changing business conditions and the economic impact of the coronavirus pandemic.

KCS is on an exciting path. We have more opportunity to grow and improve our cost structure. I have never been more confident in the Company's future, or the opportunity to achieve our vision of industry-leading growth.



*All reconciliations to GAAP are on pages 109-110.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 1-4717

KANSAS CITY SOUTHERN

(Exact name of registrant as specified in its charter)

Delaware		**44-0663509**
(State or other jurisdiction of incorporation or organization)		*(I.R.S. Employer Identification No.)*
427 West 12th Street		
Kansas City , Missouri		**64105**
(Address of principal executive offices)		*(Zip Code)*

816.983.1303
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Preferred Stock, Par Value $25 Per Share, 4%, Noncumulative	**KSU**	**New York Stock Exchange**
Common Stock, $.01 Per Share Par Value	**KSU**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of common stock held by non-affiliates of the registrant was $12.11 billion as of June 30, 2019. There were 96,150,940 shares of $.01 par common stock outstanding as of January 17, 2020.

DOCUMENTS INCORPORATED BY REFERENCE

Kansas City Southern's Definitive Proxy Statement for the 2020 Annual Meeting of Stockholders which will be filed no later than 120 days after December 31, 2019, is incorporated by reference in Part III.

KANSAS CITY SOUTHERN

2019 FORM 10-K ANNUAL REPORT

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Item 1. ***Business***

COMPANY OVERVIEW

Kansas City Southern, a Delaware corporation, is a holding company with domestic and international rail operations in North America that are strategically focused on the growing north/south freight corridor connecting key commercial and industrial markets in the central United States with major industrial cities in Mexico. As used herein, "KCS" or the "Company" may refer to Kansas City Southern or, as the context requires, to one or more subsidiaries of Kansas City Southern. KCS and its subsidiaries had approximately 7,040 employees on December 31, 2019.

KCS controls and owns all of the stock of The Kansas City Southern Railway Company ("KCSR"), a U.S. Class I railroad founded in 1887. KCSR serves a ten-state region in the midwest and southeast regions of the United States and has the shortest north/south rail route between Kansas City, Missouri and several key ports along the Gulf of Mexico in Alabama, Louisiana, Mississippi and Texas.

KCS controls and owns all of the stock of Kansas City Southern de México, S.A. de C.V. ("KCSM"). Through its 50-year concession from the Mexican government (the "Concession"), which could expire in 2047 unless extended, KCSM operates a key commercial corridor of the Mexican railroad system and has as its core route the most strategic portion of the shortest, most direct rail passageway between Mexico City and Laredo, Texas. Laredo is a principal international gateway through which a substantial portion of rail and truck traffic between the United States and Mexico crosses the border. KCSM serves most of Mexico's principal industrial cities and three of its major seaports. KCSM's rail lines provide exclusive rail access to the United States and Mexico border crossing at Nuevo Laredo, Tamaulipas. Under the Concession, KCSM has the right to use and operate the southern half of the rail bridge at Laredo, Texas, which spans the Rio Grande River between the United States and Mexico. The Company owns the northern half of this bridge through its ownership of Mexrail, Inc. ("Mexrail").

KCSM also provides exclusive rail access to the port of Lazaro Cardenas on the Pacific Ocean. The Mexican government developed the port at Lazaro Cardenas principally to serve Mexican markets and as an alternative to the U.S. west coast ports for Asian and South American traffic bound for North America.

The Company wholly owns Mexrail which, in turn, wholly owns The Texas Mexican Railway Company ("Tex-Mex"). Tex-Mex owns a 157-mile rail line extending from Laredo, Texas to the port city of Corpus Christi, Texas, which connects the operations of KCSR with KCSM.

The KCS coordinated rail network (KCSR, KCSM and Tex-Mex) comprises approximately 6,700 route miles extending from the midwest and southeast portions of the United States south into Mexico and connects with all other Class I railroads, providing shippers with an effective alternative to other railroad routes and giving direct access to Mexico and the southeast and southwest United States through alternate interchange hubs.

Panama Canal Railway Company ("PCRC"), an unconsolidated joint venture company owned equally by KCS and Mi-Jack Products, Inc. ("Mi-Jack"), was awarded a concession from the Republic of Panama to reconstruct and operate the Panama Canal Railway, a 47-mile railroad located adjacent to the Panama Canal that provides international container shipping companies with a railway transportation alternative to the Panama Canal. The concession was awarded in 1998 for an initial term of 25 years with an automatic renewal for an additional 25-year term. The Panama Canal Railway is a north-south railroad traversing the isthmus of Panama between the Atlantic and Pacific oceans.

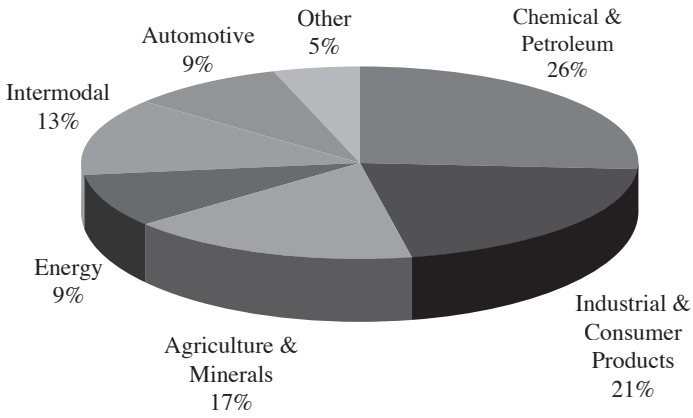
Other subsidiaries and affiliates of KCS include the following:

- KCSM Servicios, S.A. de C.V. ("KCSM Servicios"), a wholly-owned and consolidated subsidiary that provides employee services to KCSM;
- Meridian Speedway, LLC ("MSLLC"), a seventy percent-owned consolidated affiliate that owns the former KCSR rail line between Meridian, Mississippi and Shreveport, Louisiana, which is the portion of the rail line between Dallas, Texas and Meridian known as the "Meridian Speedway." Norfolk Southern Corporation, through its wholly-owned subsidiary, The Alabama Great Southern Railroad Company, owns the remaining thirty percent of MSLLC;
- TFCM, S. de R.L. de C.V. ("TCM"), a forty-five percent-owned unconsolidated affiliate that operates a bulk liquid terminal in San Luis Potosí, Mexico;
- Ferrocarril y Terminal del Valle de México, S.A. de C.V. ("FTVM"), a twenty-five percent-owned unconsolidated affiliate that provides railroad services as well as ancillary services in the greater Mexico City area; and

- PTC-220, LLC ("PTC-220"), a fourteen percent-owned unconsolidated affiliate that holds the licenses to large blocks of radio spectrum and other assets for the deployment of Positive Train Control ("PTC"). See Government Regulation section for further information regarding PTC.

MARKETS SERVED

2019 Revenues
Business Mix



Chemical and petroleum. This commodity group includes products such as chemicals, plastics, petroleum, liquefied petroleum gas, and petroleum refined products, such as gasoline and diesel. KCS transports these products across its network and through interchanges with other rail carriers. The chemical and plastic products are used in the automotive, housing and packaging industries as well as in general manufacturing. KCS hauls petroleum products across its network and as U.S. petroleum refineries have continued to increase their refining capacity, they have coordinated with KCS to develop additional long-term storage opportunities which complement a fluid freight railroad operation.

Industrial and consumer products. This commodity group includes forest products as well as metals and scrap. Forest products consist of shipments to and from paper and lumber mills in the southeast United States timber-producing region that KCS serves directly and indirectly through its various short-line connections. The United States is an important source of pulp paper and scrap paper for Mexico that ships rail through our network. Metals and scrap consist of shipments of flat steel and long product as well as other minor moves of ores such as iron, zinc and copper. The majority of steel produced and metallic ore mined in Mexico are consumed within Mexico. Steel slab is used to make steel coils and plate-products that usually ship via rail. Higher-end finished products such as steel coils are used by Mexican manufacturers in automobiles, household appliances, the oil and gas industry, and other consumer goods that are imported from the United States through land borders and the seaports served by KCS's rail network. KCS also transports steel coils, plates and pipe from U.S. and Mexican-based mini-mills to locations in the U.S. and Mexico for oil drilling, appliance and automotive applications. This commodity group also includes U.S. military transports, Mexico and U.S. domestic cement shipments and appliances manufactured in Mexico that are imported into the United States.

Agriculture and minerals. The agriculture and minerals commodity group consists primarily of grain and food products. Shipper demand for agriculture products is affected by competition among sources of grain and grain products, as well as price fluctuations in international markets for key commodities. In the United States, KCS's rail lines receive and originate shipments of grain and grain products for delivery to feed mills, food and industrial consumers in the U.S. and Mexico. United States export grain shipments and Mexico import grain shipments include primarily corn, wheat, and soybeans. Food products consist mainly of soybean meal, grain meal, oils, distillers dried grains, corn syrup and sugar. Other shipments consist of a variety of products including ores, minerals, clay and glass used across North America.

Energy. The energy commodity group includes coal, frac sand, petroleum coke and crude oil. KCS hauls unit trains (trains transporting a single commodity from one source to one destination) of coal for electric generating plants in the central United States. The coal originates from the Powder River Basin in Wyoming and is interchanged to KCS at Kansas City, Missouri. Coal mined in the midwest United States is transported in non-unit trains to industrial consumers such as paper mills, steel mills, and cement companies. Frac sand originating primarily in Wisconsin, Illinois or Iowa is delivered to transloads located in northeast Texas, northern Louisiana and south Texas for distribution to gas and oil wells in the region. KCS transports petroleum coke from refineries in the United States to various industries in the U.S. and Mexico including export through the Pabtex terminal located in Port Arthur, TX. The majority of crude by rail business originates in Canada, with spot

shipments coming from west Texas, and is delivered to U.S. Gulf Coast refineries and tank farms in Texas, Louisiana, and Alabama.

Intermodal. The intermodal freight sector consists primarily of hauling freight containers or truck trailers on behalf of steamship lines, motor carriers, and intermodal marketing companies with rail carriers serving as long-distance haulers. KCS serves and supports the U.S. and Mexican markets, as well as cross-border traffic between the U.S. and Mexico. In light of the importance of trade between Asia and North America, the Company believes the Port of Lazaro Cardenas continues to be a strategically beneficial location for ocean carriers, manufacturers and retailers. Equally important, the foreign direct investment in Mexico has caused the KCS Mexico/U.S. cross border corridor to emerge as an increasingly important tool for the freight flow. The Company also provides premium service to customers over its line from Dallas through the Meridian Speedway— a critical link in creating the most direct route between the southwest and southeast/northeast U.S.

Automotive. KCS provides rail transportation to every facet of the automotive industry supply chain, including automotive manufacturers, assembly plants and distribution centers throughout North America. In addition, KCS transports finished vehicles imported and exported to and from various countries through a distribution facility at the Port of Lazaro Cardenas.

GOVERNMENT REGULATION

The Company's United States operations are subject to federal, state and local laws and regulations generally applicable to all businesses subject to federal preemption under certain circumstances. Rail operations are also subject to the regulatory jurisdiction of the Surface Transportation Board ("STB"), the Federal Railroad Administration ("FRA") and the Pipeline and Hazardous Materials Safety Administration ("PHMSA") of the U.S. Department of Transportation ("DOT"), the Occupational Safety and Health Administration ("OSHA"), as well as other federal and state regulatory agencies. The STB has jurisdiction over disputes and complaints involving certain rates and charges, routes and services, the sale or abandonment of rail lines, applications for line extensions and construction, and consolidation or merger with, or acquisition of control of, rail common carriers. DOT and OSHA each has jurisdiction under several federal statutes over a number of safety and health aspects of rail operations, including the transportation of hazardous materials. In 2008, the President of the United States signed the Rail Safety Improvement Act of 2008 into law, which, among other things, revised hours of service for train and certain other employees and mandated implementation of PTC at certain locations by the end of 2015. PTC is a technology designed to help prevent train-to-train collisions, overspeed derailments, incursions into rail work zones, and entry into main line track if a switch is misaligned at certain locations, including main line track where toxic inhalation hazard or poison inhalation hazard movements occur or where passenger operations occur. The Surface Transportation Extension Act of 2015 amended the PTC deadline set by the Rail Safety Improvement Act of 2008 to require implementation of PTC by the end of 2018, which was extended to December 31, 2020 for KCS, as certain other criteria were satisfied. By the end of 2018, the Company implemented PTC on all required sections of its rail network, locomotives and wayside assets. The implementation of PTC increased operating costs, and the number of employees the Company employs, and has required significant investments in new safety technology. The Company will continue to work with the Class I freight railroads and Amtrak to complete interoperability on or before December 31, 2020 and will continue to make investments in new safety technology.

KCS's U.S. subsidiaries are subject to extensive federal, state and local environmental regulations. These laws cover discharges to water, air emissions, toxic substances, and the generation, handling, storage, transportation and disposal of waste and hazardous materials. These regulations have the effect of increasing the costs, risks and liabilities associated with rail operations. Environmental risks are also inherent in rail operations, which frequently involve transporting chemicals and other hazardous materials.

Primary regulatory oversight of the Company's Mexican operations is provided by the Mexican Agencia Reguladora del Transporte Ferroviario ("Regulatory Agency of Rail Transportation" or "ARTF"). The ARTF establishes regulations concerning railway safety and operations, and is responsible for resolving disputes between railways and customers. KCSM must register its maximum rates with the ARTF and make regular reports to the ARTF and the Secretaría de Comunicaciones y Transportes ("Secretary of Communications and Transportation" or "SCT"). KCSM must provide reports on investments, traffic volumes, theft and vandalism on the general right of way, customer complaints, fuel consumption, number of locomotives, railcars and employees, and activities around maintenance of way, sidings and spurs, among other financial information and reports. The Company may freely set rates on a non-discriminatory basis. At any time, the ARTF may request additional information regarding the determination of such rates and may issue recommendations with respect to proposed rate increases. If the ARTF or another party considers there to be no effective competition, they may request an opinion from the Comisión Federal de

Competencia Económica ("Mexican Antitrust Commission" or "COFECE") regarding market conditions. If the COFECE determines that there is no effective competition for particular movements, the ARTF could set rates for those movements or grant limited trackage rights to another railroad while the condition of no effective competition remains.

KCSM holds a Concession from the Mexican government until June 2047 (exclusively through 2027, subject to certain trackage and haulage rights granted to other concessionaires), which is renewable under certain conditions for additional periods of up to 50 years. The Concession authorizes KCSM to provide freight transportation services over north-east rail lines which are a primary commercial corridor of the Mexican railroad system. KCSM is required to provide freight railroad services to all users on a fair and non-discriminatory basis and in accordance with efficiency and safety standards approved periodically by the Mexican government. KCSM has the right to use, but does not own, all track and buildings that are necessary for the rail lines' operation. KCSM is obligated to maintain the right of way, track structure, buildings and related maintenance facilities to the operational standards specified in the Concession agreement and to return the assets in that condition at the end of the Concession period. During the remainder of the Concession period, KCSM is required to pay the Mexican government an annual concession duty equal to 1.25% of gross revenues. The ARTF may request information to verify KCSM´s compliance with the Concession and any applicable regulatory framework.

The Company's Mexican operations are subject to Mexican federal and state laws and regulations relating to the protection of the environment through the establishment of standards for water discharge, water supply, emissions, noise pollution, hazardous substances and transportation and handling of hazardous and solid waste. The Mexican government may bring administrative and criminal proceedings and impose economic sanctions against companies that violate environmental laws, and temporarily or even permanently close non-complying facilities.

Noncompliance with applicable legal provisions may result in the imposition of fines, temporary or permanent shutdown of operations or other injunctive relief, criminal prosecution or, with respect to KCSM, the termination of the Concession. KCS maintains environmental provisions that are believed by management to be appropriate with respect to known and existing environmental contamination of its properties that KCS may be responsible to remedy.

Government regulations are further discussed within Item 7, Management's Discussion and Analysis of Financial Information and Results of Operations — Other Matters.

COMPETITION

The Company competes against other railroads, many of which are much larger and have significantly greater financial and other resources. The railroad industry in North America is dominated by a few very large carriers. The larger U.S. western railroads (BNSF Railway Company and Union Pacific Railroad Company), in particular, are significant competitors of KCS because of their substantial resources and competitive routes.

In Mexico, KCSM's operations are subject to competition from other railroads, particularly Ferrocarril Mexicano, S.A. de C.V. ("Ferromex") and Ferrosur, S.A. de C.V. ("Ferrosur"), both controlled by Grupo Mexico S.A.B. de C.V. Ferromex and Ferrosur together are much larger and have significantly greater financial and other resources than KCSM, serving most of the major ports and cities in Mexico and together owning fifty percent of FTVM, which serves industries located in the Mexico City area.

The ongoing impact of past and future rail consolidation is uncertain. However, KCS believes that its investments and strategic alliances continue to competitively position the Company to attract additional rail traffic throughout its rail network.

The Company is subject to competition from motor carriers, barge lines and other maritime shipping, which compete across certain routes in KCS's operating areas. In the past, truck carriers have generally eroded the railroad industry's share of total transportation revenues. Intermodal traffic and certain other traffic face highly price sensitive competition, particularly from motor carriers. However, rail carriers, including KCS, have placed an emphasis on competing in the intermodal marketplace and working with motor carriers to provide end-to-end transportation of products.

While deregulation of U.S. freight rates has enhanced the ability of railroads to compete with each other and with alternative modes of transportation, this increased competition has generally resulted in downward pressure on freight rates since deregulation. Competition with other railroads and other modes of transportation is generally based on the rates charged, the quality and reliability of the service provided and the quality of the carrier's equipment for certain commodities.

RAIL SECURITY

The Company and its rail subsidiaries have continued to research, develop and implement multidisciplinary approaches to secure the Company's assets and personnel against transnational criminal organizations that actively target transportation networks. In addition, the Company has developed a variety of vertically integrated strategies to mitigate the risk terrorist attacks could pose to the Company, its personnel and assets. Many of the specific measures the Company utilizes for these efforts are required to be kept confidential through arrangements with government agencies, such as the Department of Homeland Security ("DHS"), or through jointly-developed and implemented strategies and plans with connecting carriers.

KCSR and KCSM developed a proprietary security plan based on an industry-wide plan developed by the Association of American Railroads ("AAR") members which focuses on comprehensive risk assessments in five areas — hazardous materials; train operations; critical physical assets; military traffic; and information technology and communications. The security plan is kept confidential, with access to the plan tightly limited to members of management with direct security and anti-terrorism implementation responsibilities. The Company participates with other AAR members in periodic drills under the industry plan to test and refine its various provisions.

The Company also uses information technology in various ways in its operations. The risks associated with this technology from cyber attacks has increased in recent years. The Company continues to monitor these threats and attempted cyber attacks, and has put in place various safeguards to protect the Company's operations as well as its assets and digital information from cyber attacks.

To protect the confidentiality and sensitivity of both the AAR plans and the proprietary strategies the Company has developed to safeguard against criminal enterprises, terrorism, and other security and safety threats, the following paragraphs will provide only a general overview of some of these efforts.

The Company's security activities range from periodically providing security awareness updates to KCS employees and including safety and security information on the Company's internet website (which can be found under the "Corporate Responsibility" tab at www.kcsouthern.com) to its ongoing implementation of security plans for rail facilities in areas labeled by the DHS as High Threat Urban Areas ("HTUAs"). The Company's other activities to bolster security against terrorism include, but are not limited to, the following:

- Conferring regularly with other railroads' security personnel and with industry experts on security issues;
- Routing shipments of certain chemicals, which might be toxic if inhaled, pursuant to federal regulations;
- Initiating a series of over 20 voluntary action items agreed to between AAR and DHS as enhancing security in the rail industry;
- Conducting constant and targeted security training as part of the scheduled training for operating employees and managers;
- Developing smartphone applications to ensure immediate information, live video and pictures from security supervisors and protection assets pertaining to potential operational risks;
- Developing a multi-layered security model using high-speed digital imaging, system velocity and covert and overt security filters to mitigate the risk of illicit activity;
- Measuring key security metrics to ensure positive risk mitigation and product integrity trends;
- Performing constant due diligence with the existing security model and by benchmarking rail security, including cyber security, on a world-wide basis to monitor threat streams related to rail incidents;
- Implementing a Tactical Intelligence Center by KCSM, which provides constant training with core members in new technology helping to prevent, detect, deter, deny and respond to potentially illicit activities; and
- Deploying an array of non-intrusive technologies including, but not limited to, digital video surveillance and analytics as part of an intelligent video security solution, including a closed circuit television platform with geo-fencing for intrusion detection, to allow for remote viewing access to monitor ports of entry, intermodal and rail yards.

In addition, the Company utilizes dedicated security personnel with extensive special operations forces, intelligence, and law enforcement backgrounds to oversee the ongoing and increasingly complex security efforts of the Company in both the United States and Mexico. While the risk of theft and vandalism is higher in Mexico, KCSM remains among the safest methods of transportation for freight shipments in Mexico. KCSM's record in rail safety is due in large part to the implementation of a

multi-layered safety and security process throughout the KCSM network. In addition to having its own internal system, the process is connected to, and supported by a high level of federal, state and local law enforcement. A primary focus of this effort involves maintaining constant diligence, intelligence and counterintelligence operations, technology-reporting applications and active vigilance while enhancing overall system velocity, which reduces the residual risk for incidents to occur.

RAILWAY LABOR ACT

Labor relations in the U.S. railroad industry are subject to extensive governmental regulation under the Railway Labor Act ("RLA"). Under the RLA, national labor agreements are renegotiated on an industry-wide scale when they become open for modification, but their terms remain in effect until new agreements are reached or the RLA's procedures (which include mediation, cooling-off periods, and the possibility of presidential intervention) are exhausted. Contract negotiations with the various unions generally take place over an extended period of time and the Company rarely experiences work stoppages during negotiations. Wages, health and welfare benefits, work rules and other issues have traditionally been addressed during these negotiations.

COLLECTIVE BARGAINING

Over 70% of KCSR employees are covered by collective bargaining agreements. These agreements do not have expiration dates, but rather remain in place until modified by subsequent agreements. KCSR participates in industry-wide multi-employer bargaining as a member of the National Carriers' Conference Committee (the "NCCC"), as well as local bargaining for agreements that are limited to KCSR's property. Multi-employer agreements are subject to a procedure that allows requests for changes to be served every five years. Long-term agreements were reached voluntarily or through the arbitration process during 2017 and 2018 covering all of the participating unions. The terms of these agreements will remain in effect until new agreements are reached in the next bargaining round. In November 2019, KCSR and its unions commenced negotiations in connection with the 2020 bargaining round.

KCSM Servicios union employees are covered by one labor agreement, which was signed on April 16, 2012, between KCSM Servicios and the Sindicato de Trabajadores Ferrocarrileros de la República Mexicana ("Mexican Railroad Union"), and which remains in effect during the period of the Concession, for the purpose of regulating the relationship between the parties. Over 75% of KCSM Servicios employees are covered by this labor agreement. The compensation terms under this labor agreement are subject to renegotiation on an annual basis and all other benefits are subject to negotiation every two years. The union labor negotiations with the Mexican Railroad Union have not historically resulted in any strike, boycott or other disruption in KCSM's business operations. During the third quarter of 2018, the compensation terms for the period covering July 1, 2018, to June 30, 2019, were finalized between KCSM Servicios and the Mexican Railroad Union. The parties are currently negotiating compensation terms and benefits that will apply from July 1, 2019 to June 30, 2020. The finalization of the compensation terms is not expected to have a significant effect on the consolidated financial statements.

INFORMATION ABOUT EXECUTIVE OFFICERS

All executive officers are elected annually and serve at the discretion of the Board of Directors. All of the executive officers have employment agreements with KCS and/or its subsidiaries.

Patrick J. Ottensmeyer — President and Chief Executive Officer— 62 — Served in this capacity since July 1, 2016. Mr. Ottensmeyer has been a director of KCS since July 1, 2016 and served as President of KCS since March 1, 2015. He served as Executive Vice President Sales and Marketing of KCS from October 16, 2008 through March 1, 2015. Mr. Ottensmeyer joined KCS in May 2006 as Executive Vice President and Chief Financial Officer.

Warren K. Erdman — Executive Vice President — Administration and Corporate Affairs — 61 — Served in this capacity since April 2010. Mr. Erdman served as Executive Vice President — Corporate Affairs from October 2007 until April 2010. He served as Senior Vice President — Corporate Affairs of KCS and KCSR from January 2006 to September 2007. Mr. Erdman served as Vice President — Corporate Affairs of KCS from April 15, 1997 to December 31, 2005 and as Vice President — Corporate Affairs of KCSR from May 1997 to December 31, 2005. Prior to joining KCS, Mr. Erdman served as Chief of Staff to United States Senator Kit Bond of Missouri from 1987 to 1997.

Brian D. Hancock — Executive Vice President and Chief Innovation Officer — 54 — Served in this capacity since October 1, 2018. Mr. Hancock served as Executive Vice President and Chief Marketing Officer from August 2015 until September 2018. Prior to joining KCS, Mr. Hancock served as Senior Vice President of Supply Chain for Family Dollar Stores, Inc., a variety store chain, from 2013 to July 2015. From 2011 to 2013, Mr. Hancock served as President – North America for

The Martin – Brower Company, L.L.C. From 2005 to 2011, he served as Vice President – Global Supply Chain for Whirlpool Corporation.

Jeffrey M. Songer — Executive Vice President and Chief Operating Officer — 50 — Served in this capacity since March 2016. Mr. Songer served as Senior Vice President Engineering and Chief Transportation Officer of the Company from August 2014 to February 2016 and as Vice President and Chief Engineer for KCSR from June 2012 to July 2014. Prior to serving as KCSR's Vice President and Chief Engineer, Mr. Songer served as Assistant Vice President — Engineering and Planning from March 2011 to June 2012, and as its General Director — Planning, Scheduling & Administration from January 2007 to March 2011.

Michael W. Upchurch — Executive Vice President and Chief Financial Officer — 59 — Served in this capacity since October 16, 2008. Mr. Upchurch joined KCS in March 2008 as Senior Vice President Purchasing and Financial Management. From 1990 through September 2006, Mr. Upchurch served in various senior financial leadership positions at Sprint Corporation, a telecommunications company, including Senior Vice President Financial Operations, Senior Vice President Finance Sprint Business Solutions and Senior Vice President Finance Long Distance Division.

José Guillermo Zozaya Delano — President and Executive Representative — KCSM — 67 — Served in this position since April 20, 2006. Mr. Zozaya has 35 years of experience in law and government relations, most recently as the Legal and Government Relations Director for ExxonMobil México, S.A. de C.V., a leading petrochemical company, where he spent nine years prior to joining KCSM.

Lora S. Cheatum — Senior Vice President — Human Resources — 63 — Served in this capacity since joining KCS in October 2014. Ms. Cheatum previously served as Senior Vice President Global Human Resources of Layne Christensen Company, a global water management, construction, and drilling company, from 2012 to October 2014. From 2010 to 2012, she served as Director — Field Operations at Fitness Together Holdings, Inc. Ms. Cheatum spent nine years with Kansas City Power & Light, from 2001 to 2010, where she was Vice President of Procurement and previously as Vice President Human Resources.

Michael J. Naatz — Executive Vice President and Chief Marketing Officer — 54 — Served in this capacity since October 1, 2018. Mr. Naatz served as Senior Vice President Operations Support and Chief Information Officer from August 2014 until September 2018 and as Senior Vice President and Chief Information Officer of the Company from May 2012 to July 2014. Prior to joining KCS, Mr. Naatz served as President of USF Holland, a YRC Worldwide, Inc. ("YRCW") company, a leading provider of transportation and global logistics services, from 2011 to May 2012. From 2010 to 2011, Mr. Naatz served as President and Chief Customer Officer - Customer Care Division at YRCW. From 2008 to 2010, he served as Executive Vice President and Chief Information & Service Officer at YRCW. From 2005 to 2007, he served as President — Enterprise Services Division at YRCW. From 1994 to 2005, he held various leadership positions with USF Corporation.

Suzanne M. Grafton — Vice President and Chief Accounting Officer — 44 — Served in this capacity since July 24, 2017. Ms. Grafton served as Vice President of Audit and Enterprise Risk Management of the Company from April 2016 to July 2017 and as Vice President of Accounting from May 2014 to March 2016. From September 2006 to May 2014, Ms. Grafton served in various accounting leadership positions at KCS.

Adam J. Godderz — General Counsel and Corporate Secretary — 45 — Served in this capacity since January 1, 2019. Mr. Godderz served as Associate General Counsel and Corporate Secretary of the Company from June 2018 to December 2018 and as Vice President of Labor Relations and Corporate Secretary from November 2015 to May 2018. From January 2013 to November 2015, Mr. Godderz served as Associate General Counsel and Corporate Secretary. From September 2007 to January 2013, Mr. Godderz served as Associate General Counsel at KCS.

AVAILABLE INFORMATION

KCS's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, and amendments to those reports, are available for download at no cost on KCS's website (www.investors.kcsouthern.com) as soon as reasonably practicable after the electronic filing of these reports is made with the Securities and Exchange Commission. In addition, KCS's corporate governance guidelines, ethics and legal compliance policy, and the charters of the Audit Committee, the Finance and Strategic Investments Committee, the Nominating and Corporate Governance Committee and the Compensation and Organization Committee of the Board of Directors are available on KCS's website.

See Item 8, Financial Statements and Supplementary Data — Note 1, Description of the Business and Note 20, Geographic Information for more information on the description and general development of the Company's business and financial information about geographic areas.

Item 1A. Risk Factors

KCS U.S. and Mexico rail common carrier subsidiaries are required by United States and Mexican laws, respectively, to transport hazardous materials, which could expose KCS to significant costs and claims.

Under United States federal statutes and applicable Mexican laws, KCS's common carrier responsibility requires it to transport hazardous materials. Any rail accident or other incident or accident on KCS's network, facilities, or at the facilities of KCS's customers involving the release of hazardous materials, including toxic inhalation hazard materials, could involve significant costs and claims for personal injury, property or natural resource damage, and environmental penalties and remediation in excess of the Company's insurance coverage for these risks, which could have a material adverse effect on KCS's consolidated financial statements. KCS is also required to comply with rules and regulations regarding the handling of hazardous materials. Noncompliance with these rules and regulations could subject KCS to significant penalties or other costs and exposure to litigation. Changes to these rules and regulations could also increase operating costs and negatively impact KCS's consolidated financial statements.

KCS's business is subject to regulation by federal, state and local legislatures and agencies that could impose significant costs on the Company's business operations.

KCS rail subsidiaries are subject to legislation and regulation enacted by federal, state and local legislatures and agencies in the U.S. and Mexico with respect to railroad operations, including with respect to health, safety, labor, environmental and other areas. Government regulation of the railroad industry is a significant determinant of the competitiveness and profitability of railroads. Changes in legislation or regulation could have a negative impact on KCS's ability to negotiate prices for rail services, could negatively affect competition among rail carriers, or could negatively impact operating practices, resulting in reduced efficiency, increased operating costs or increased capital investment, all of which could result in a material adverse effect on KCS's consolidated financial statements.

New economic regulation in the U.S. or Mexico in current or future proceedings could change the regulatory framework within which the Company operates which could materially change the Company's business and have a material adverse effect on the Company's consolidated financial statements.

As part of the Rail Safety Improvement Act of 2008 in the United States, Class I railroad carriers and passenger and commuter rail operators must implement PTC, a technology designed to help prevent train-to-train collisions, overspeed derailments, incursions into rail work zones, and entry into main line track if a switch is misaligned. PTC is required to be implemented at certain locations, including main line track where toxic inhalation hazard movements regularly occur or where passenger operations occur. The Surface Transportation Extension Act of 2015 amended the PTC deadline set by the Rail Safety Improvement Act to require implementation of PTC by the end of 2018, which was extended to December 31, 2020 for KCS, as certain other criteria were satisfied. KCS's failure to meet deadlines, including any extension, could result in fines, service interruptions or penalties and could have a material adverse effect on the Company's consolidated financial statements.

KCS's failure or inability to comply with applicable laws and regulations could have a material adverse effect on the Company's consolidated financial statements and operations, including fines, penalties, or limitations on operating activities until compliance with applicable requirements is achieved. Congress and government agencies may change the legislative or regulatory framework within which the Company operates without providing any recourse for any adverse effects on the Company's business that occur as a result of such change. Additionally, some of the regulations require KCS to obtain and maintain various licenses, permits and other authorizations. Any failure to obtain or maintain these licenses, permits, and other authorizations could have a material adverse effect on KCS's business operations.

KCSM's Mexican Concession is subject to revocation or termination in certain circumstances, which would prevent KCSM from conducting rail operations under the Concession and would have a material adverse effect on the Company's consolidated financial statements.

KCSM operates under the Concession granted by the Mexican government until June 2047, which is renewable for an additional period of up to 50 years, subject to certain conditions. The Concession gives KCSM exclusive rights to provide freight transportation services over its rail lines through 2027 (the first 30 years of the 50-year Concession), subject to certain

trackage and haulage rights granted to other concessionaires. The SCT and ARTF, which are principally responsible for regulating railroad services in Mexico, have broad powers to monitor KCSM's compliance with the Concession, and they can require KCSM to supply them with any technical, administrative and financial information they request. Among other obligations, KCSM must comply with the investment commitments established in its business plan, which forms an integral part of the Concession, and must update the plan every three years. The SCT treats KCSM's business plans confidentially. The SCT and ARTF also monitor KCSM's compliance with efficiency and safety standards established in the Concession. The SCT and ARTF review, and may amend, these standards from time to time.

Under the Concession, KCSM has the right to operate its rail lines, but it does not own the land, roadway or associated structures. If the Mexican government legally terminates the Concession, it would own, control, and manage such public domain assets used in the operation of KCSM's rail lines. All other property not covered by the Concession, including all locomotives and railcars otherwise acquired, would remain KCSM's property. In the event of early termination, or total or partial revocation of the Concession, the Mexican government would have the right to cause the Company to lease all service-related assets to it for a term of at least one year, automatically renewable for additional one-year terms for up to five years. The amount of rent would be determined by experts appointed by KCSM and the Mexican government. The Mexican government must exercise this right within four months after early termination or revocation of the Concession. In addition, the Mexican government would also have a right of first refusal with respect to certain transfers by KCSM of railroad equipment within 90 days after revocation of the Concession.

The Mexican government may also temporarily seize control of KCSM's rail lines and its assets in the event of a natural disaster, war, significant public disturbance or imminent danger to the domestic peace or economy. In such a case, the SCT may restrict KCSM's ability to operate under the Concession in such manner as the SCT deems necessary under the circumstances, but only for the duration of any of the foregoing events. Mexican law requires that the Mexican government pay compensation if it effects a statutory appropriation for reasons of the public interest. With respect to a temporary seizure due to any cause other than international war, the Mexican Regulatory Railroad Service Law and regulations provide that the Mexican government will indemnify an affected concessionaire for an amount equal to damages caused and losses suffered. However, these payments may not be sufficient to compensate KCSM for its losses and may not be made timely.

The SCT may revoke the Concession if KCSM is sanctioned for the same cause at least three times within a period of five years for any of the following: unjustly interrupting the operation of its rail lines or for charging rates higher than those it has registered with the ARTF; unlawfully restricting the ability of other Mexican rail operators to use its rail lines; failing to make payments for damages caused during the performance of services; failing to comply with any term or condition of the Mexican Regulatory Railroad Service Law and regulations or the Concession; failing to make the capital investments required under its three-year business plan filed with the SCT; or failing to maintain an obligations compliance bond and insurance coverage as specified in the Mexican Regulatory Railroad Service Law and regulations. In addition, the Concession would terminate automatically if KCSM changes its nationality or assigns or creates any lien on the Concession, or if there is a change in control of KCSM without the SCT's approval. The SCT may also terminate the Concession as a result of KCSM's surrender of its rights under the Concession, or for reasons of public interest or upon KCSM's liquidation or bankruptcy. If the Concession is terminated or revoked by the SCT for any reason, KCSM would receive no compensation and its interest in its rail lines, and all other fixtures covered by the Concession, as well as all improvements made by it, would revert to the Mexican government. Revocation or termination of the Concession could have a material adverse effect on the Company's consolidated financial statements.

KCS's ownership of KCSM and operations in Mexico subject it to economic and political risks.

The Mexican government has exercised, and continues to exercise, significant influence over the Mexican economy. Accordingly, Mexican governmental actions concerning the economy and state-owned enterprises could have a significant impact on Mexican private sector entities in general and on KCSM's operations in particular. KCS cannot predict the impact that the political landscape, including multiparty rule and civil disobedience, will have on the Mexican economy. Furthermore, KCS's consolidated financial statements and prospects may be affected by currency fluctuations, inflation, interest rates, regulation, taxation and other political, social and economic developments in or affecting Mexico.

The Mexican economy in the past has suffered balance of payment deficits and shortages in foreign exchange reserves. Although Mexico has imposed foreign exchange controls in the past, there are currently no exchange controls in Mexico. Any restrictive exchange control policy could adversely affect KCS's ability to obtain U.S. dollars or to convert Mexican pesos

("pesos" or "Ps.") into dollars for purposes of making payments. This could have a material adverse effect on KCS's consolidated financial statements.

The social and political situation in Mexico could adversely affect the Mexican economy and changes in laws, public policies and government programs could be enacted, which could have a material adverse effect on KCS's consolidated financial statements.

KCS depends on the stability, availability and security of its information technology systems to operate its business. Disruptions in KCS's information technology ("IT") systems could materially adversely affect the Company's business and operating results.

KCS relies on information technology in all aspects of its business. A significant disruption or failure of its IT systems, including its computer hardware, software, communications equipment, wayside equipment or locomotive onboard equipment could result in service interruptions, safety failures, security failures, regulatory compliance failures or other operational difficulties. Moreover, if KCS is not able to acquire new technology or to develop or implement new technology, KCS may suffer a competitive disadvantage, which could have a material adverse effect on KCS's consolidated financial statements.

The security risks associated with IT systems have increased in recent years because of the increased sophistication, activities and evolving techniques of perpetrators of cyber attacks. A failure in, or breach of, KCS's IT security systems, or those of its third party service providers, as a result of cyber attacks or unauthorized access to its network could disrupt KCS's business, result in the disclosure or misuse of confidential or proprietary information, increase its costs and/or cause losses and reputational damage. KCS also confronts the risk that a terrorist or nation-state sponsored group may seek to use its property, including KCS's information technology systems, to inflict major harm.

Although we have a comprehensive cybersecurity program designed to protect and preserve the integrity of our information technology systems, we have experienced and expect to continue to experience attempted cyber attacks of our IT systems or networks. However, none of these attempted cyber attacks to date had a material impact on our operations or financial condition. While we devote significant resources to network security, data encryption and other security measures to protect our systems and data, including our own proprietary information and the confidential and personally identifiable information of our customers, employees, and business partners, these measures cannot provide absolute security. The costs to eliminate or alleviate network security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and KCS's efforts to address these problems may not be successful, resulting potentially in the theft, loss, destruction or corruption of information that KCS stores electronically, as well as unexpected interruptions, delays or cessation of service, any of which could cause harm to KCS's business operations. Moreover, if a computer security breach or cyber-attack affects KCS's systems or results in the unauthorized release of proprietary or personally identifiable information, the Company's reputation could be materially damaged, customer confidence could be diminished, and KCS's operations could be impaired.

A significant disruption, failure or unauthorized access of KCS's information technology system could expose the Company to a risk of legal proceedings and potential liability and have a material adverse effect on KCS's consolidated financial statements. Further, legislative or regulatory action in these areas is evolving, and KCS may be unable to adapt its IT systems or to manage the IT systems of third parties to accommodate these changes.

Capacity constraints could materially adversely affect service and operating efficiency.

KCS may experience capacity constraints due to increased demand for rail services, unavailability of equipment, crew shortages, or extreme weather. Also, due to the interconnectivity between all railroads, especially in the U.S., congestion on other railroads could result in operational inefficiencies for KCS. Traffic congestion experienced in the U.S. or Mexican railroad system may result in overall traffic congestion which would impact the ability to move traffic to and from Mexico, which could result in operational inefficiencies for KCS and could have a material adverse effect on KCS's operations.

Significant expansions in the capacity of the Company's network can require a substantial amount of time and investment. Although KCS constantly monitors its network in an effort to optimize its rail services, there can be no assurance that such measures will adequately address capacity constraints on a timely basis.

Downturns in the United States economy or in trade between the United States and Asia or Mexico and fluctuations in the peso-dollar exchange rates could have material adverse effects on KCS's consolidated financial statements.

The level and timing of KCS's Mexican business activity is heavily dependent upon the level of United States-Mexican trade and the effects of current or future multinational trade agreements on such trade. The Mexican operations depend on the United States and Mexican markets for the products KCSM transports, the relative position of Mexico and the United States in these markets at any given time, and tariffs or other barriers to trade. Failure to preserve free trade provisions, or any other action imposing import duties or border taxes, could negatively impact KCS customers and the volume of rail shipments, and could have a material adverse effect on KCS's consolidated financial statements.

Downturns in the United States or Mexican economies or in trade between the United States and Mexico could have material adverse effects on KCS's consolidated financial statements and the Company's ability to meet debt service obligations. In addition, KCS has invested significant amounts in developing its intermodal operations, including the Port of Lazaro Cardenas, in part to provide Asian importers with an alternative to the west coast ports of the United States, and the level of intermodal traffic depends, to an extent, on the volume of Asian shipments routed through Lazaro Cardenas. Reductions in trading volumes, which may be caused by factors beyond KCS's control, including increased government regulations regarding the safety and quality of Asian-manufactured products, could have a material adverse effect on KCS's consolidated financial statements.

Additionally, fluctuations in the peso-dollar exchange rates could lead to shifts in the types and volumes of Mexican imports and exports. Although a decrease in the level of exports of some of the commodities that KCSM transports to the United States may be offset by a subsequent increase in imports of other commodities KCSM hauls into Mexico and vice versa, any offsetting increase might not occur on a timely basis, if at all. Future developments in United States-Mexican trade beyond the Company's control may result in a reduction of freight volumes or in an unfavorable shift in the mix of products and commodities KCSM carries.

Extreme volatility in the peso-dollar exchange rate may result in disruption of the international foreign exchange markets and may limit the ability to transfer pesos or to convert pesos into U.S. dollars. Although the Mexican government currently does not restrict, and for many years has not restricted, the right or ability of Mexican or foreign persons or entities to convert pesos into U.S. dollars or to transfer foreign currencies out of Mexico, the Mexican government could, as in the past, institute restrictive exchange rate policies that could limit the ability to transfer or convert pesos into U.S. dollars or other currencies for the purpose of making timely payments and meeting contractual commitments. Devaluation or depreciation of the peso against the U.S. dollar may also adversely affect U.S. dollar prices for KCS's securities.

Fluctuations in the peso-dollar exchange rates also have an effect on KCS's consolidated financial statements. A weakening of the peso against the U.S. dollar would cause reported peso-denominated revenues and expenses to decrease, and could increase reported foreign exchange loss due to the Company's net monetary assets that are peso-denominated. Exchange rate variations also affect the calculation of taxes under Mexican income tax law, and a strengthening of the peso against the U.S. dollar could cause an increase in the Company's cash tax obligation and effective income tax rate.

Severe weather or other natural disasters could result in significant business interruptions and expenditures and our insurance coverage may not be sufficient to cover damages to us or all of our liabilities.

The Company's operations may be affected by severe weather or other natural disasters. The Company operates in and along the Gulf of Mexico, and its facilities may be materially adversely affected by hurricanes, floods, fires, earthquakes and other extreme weather conditions that could also adversely affect KCS's shipping, agricultural, chemical and other customers. Severe weather or other natural disasters could result in significant business interruption and could have a material adverse effect on KCS's consolidated financial statements. Insurance to protect against loss of business and other related consequences resulting from these natural occurrences is subject to coverage limitations and may not be sufficient to cover all of KCS's damages or damages to others. This insurance may not continue to be available at commercially reasonable rates. Even with insurance, if any natural occurrence leads to a catastrophic interruption of services, this could have a material adverse effect on KCS's consolidated financial statements.

KCS's business may be adversely affected by changes in general economic or other conditions.

KCS's operations may be materially adversely affected by changes in the economic conditions of the industries and geographic areas that produce and consume the freight that KCS transports. The relative strength or weakness of the United

States and Mexican economies affects the businesses served by KCS. A significant and sustained decrease in crude oil prices could adversely affect the transport of crude oil by rail to the U.S. Gulf region as well as negatively impact railroad volumes related to equipment and other materials that support crude oil production. Prolonged negative changes in domestic and global economic conditions or disruptions of either or both of the financial and credit markets, including the availability of short and long-term debt financing, may affect KCS, as well as the producers and consumers of the commodities that KCS transports and may have a material adverse effect on KCS's consolidated financial statements.

The transportation industry is highly cyclical, generally tracking the cycles of the world economy. Although transportation markets are affected by general economic conditions, there are numerous specific factors within each particular market that may influence operating results. Some of KCS's customers do business in industries that are highly cyclical, including the energy, automotive, housing and agriculture industries. Any downturn or change in government policy in these industries could have a material adverse effect on operating results. Also, some of the products transported have had a historical pattern of price cyclicality which has typically been influenced by the general economic environment and by industry capacity and demand. KCS cannot assure that prices and demand for these products will not decline in the future, adversely affecting those industries and, in turn, could have a material adverse effect on the Company's consolidated financial statements.

Significant reductions in the volume of rail shipments due to economic or other conditions could have a material adverse effect on KCS's consolidated financial statements.

KCS may be subject to various claims and litigation that could have a material adverse effect on KCS's consolidated financial statements.

The Company may be exposed to the potential of various claims and litigation related to labor and employment, personal injury, commercial disputes, freight loss and other property damage, and other matters that arise in the normal course of business. Any material changes to litigation trends or a catastrophic rail accident or series of accidents involving any or all of property damage, personal injury, and environmental liability could have a material adverse effect on KCS's consolidated financial statements.

KCS competes against other railroads and other transportation providers.

The Company's domestic and international operations are subject to competition from other railroads, as well as from truck carriers, barge lines, and other maritime shippers. Many of KCS's rail competitors are much larger and have significantly greater financial and other resources than KCS, which may enable rail competitors to reduce rates and make KCS's freight services less competitive. KCS's ability to respond to competitive pressures by matching rate reductions and decreasing rates without adversely affecting gross margins and operating results will depend on, among other things, the ability to reduce operating costs. KCS's failure to respond to competitive pressures, and particularly rate competition, in a timely manner could have a material adverse effect on the Company's consolidated financial statements.

The railroad industry is dominated by a few large carriers. These larger railroads could attempt to use their size and pricing power to block other railroads' access to gateways and routing options that are currently and have historically been available. In addition, if there is future consolidation in the railroad industry in the United States or Mexico, there can be no assurance that it will not have a material adverse effect on the Company's consolidated financial statements.

Trucking, maritime, and barge competitors provide rate and service competition to the railroad industry. These competitors are able to use public rights-of-way, require substantially smaller capital investment and maintenance expenditures than railroads and allow for more frequent and flexible scheduling. Continuing competitive pressures, any reduction in margins due to competitive pressures, developments that increase the quality or decrease the cost of alternative modes of transportation in the locations in which the Company operates, or legislation or regulations that provide motor carriers with additional advantages, such as increased size of vehicles and reduced weight restrictions, could result in downward pressure on freight rates, which in turn could have a material adverse effect on the Company's consolidated financial statements. KCS may also experience operational or service difficulties related to network capacity, fluctuations in customers' demand for rail service, or other events that could have a material adverse effect on KCS's consolidated financial statements.

A key part of KCS's growth strategy is based upon the conversion of truck traffic to rail. There can be no assurance the Company will succeed in its efforts to convert traffic from truck to rail transport or that the customers already converted will be retained. If the railroad industry in general is unable to preserve its competitive advantages vis-à-vis the trucking industry, revenue growth could be adversely affected. Additionally, revenue growth could be affected by, among other factors, an

expansion in the availability, or an improvement in the quality, of the trucking services offered by carriers resulting from regulatory and administrative interpretations and implementation of certain provisions of current or future multinational trade agreements, and KCS's inability to grow its existing customer base and capture additional cargo transport market share because of competition from the shipping industry and other railroads.

KCS's business strategy, operations and growth rely significantly on agreements with other railroads and third parties.

Operation of KCS's rail network and its plans for growth and expansion rely significantly on agreements with other railroads and third parties, including joint ventures and other strategic alliances, as well as interchange, trackage rights, haulage rights and marketing agreements with other railroads and third parties that enable KCS to exchange traffic and utilize trackage the Company does not own. KCS's ability to provide comprehensive rail service to its customers depends in large part upon its ability to maintain these agreements with other railroads and third parties, and upon the performance of the obligations under the agreements by the other railroads and third parties. The termination of, or the failure to renew, these agreements could have a material adverse effect on KCS's consolidated financial statements. KCS is also dependent in part upon the financial strength and efficient performance of other railroads. There can be no assurance that KCS would not be materially adversely affected by operational or financial difficulties of other railroads.

KCS is subject to environmental regulations, which may impose significant costs on the Company's business operations.

KCS subsidiaries' operations are subject to environmental regulation enacted by federal, state and local legislatures in the U.S. and Mexico. From time to time, certain KCS facilities have not been in and may not be in compliance with environmental health and safety laws and regulations and there can be no assurance that KCS will always be in compliance with such laws and regulations in the future. Environmental liability under federal and state law in the United States can also extend to previously owned or operated properties, leased properties and properties owned by third parties, as well as to properties currently owned and used by the Company. Environmental liabilities may also arise from claims asserted by adjacent landowners or other third parties. Given the nature of its business, the Company incurs, and expects to continue to incur, environmental compliance costs, including, in particular, costs necessary to maintain compliance with requirements governing chemical and hazardous material shipping operations, refueling operations and repair facilities. KCS presently has environmental investigation and remediation obligations at certain sites, and will likely incur such obligations at additional sites in the future.

The Company's Mexican subsidiaries' operations are subject to Mexican federal and state laws and regulations relating to the protection of the environment, including standards for, among other things, water discharge, water supply, emissions, noise pollution, hazardous substances and transportation and handling of hazardous and solid waste. Under applicable Mexican law and regulations, administrative and criminal proceedings may be brought and economic sanctions imposed against companies that violate environmental laws, and non-complying facilities may be temporarily or permanently closed. KCSM is also subject to the laws of various jurisdictions with respect to the discharge of materials into the environment and to environmental laws and regulations issued by the governments of each of the Mexican states in which KCSM's facilities are located. The terms of KCSM's Concession from the Mexican government also impose environmental compliance obligations on KCSM. Failure to comply with any environmental laws or regulations may result in the termination of KCSM's Concession or in fines or penalties that may affect profitability.

Liabilities accrued for environmental costs represent the Company's best estimate of the probable future obligation for the remediation and settlement of matters related to these sites. However, remediation costs may exceed such estimates, due to various factors such as evolving environmental laws and regulations, changes in technology, the extent of other parties' participation, discovery of unidentified environmental conditions and matters, developments in environmental surveys and studies, and the extent of corrective action that may ultimately be required. The Company cannot predict the effect, if any, that unidentified environmental matters or the adoption of unknown additional or more stringent environmental laws and regulations would have on KCS's consolidated financial statements.

KCS's failure or inability to comply with applicable environmental laws and regulations could have a material adverse effect on the Company's consolidated financial statements and operations, including fines, penalties, or limitations on operating activities until compliance with applicable requirements is achieved. Government entities may change the legislative or regulatory framework within which the Company operates that could result in adverse effects on the Company's business that occur as a result of such change. Additionally, some of the regulations require KCS to obtain and maintain various licenses, permits and other authorizations. Any failure to obtain or maintain these licenses, permits, and other authorizations could have a material adverse effect on KCS's business operations.

KCS's business is vulnerable to fluctuations in fuel costs and disruptions in fuel supplies.

KCS incurs substantial fuel costs in its railroad operations and these costs represent a significant portion of its transportation expenses. Significant price increases for fuel may have a material adverse effect on operating results. If KCS is unable to recapture its costs of fuel from its customers, operating results could be materially adversely affected. In addition, a severe disruption of fuel supplies resulting from supply shortages, political unrest, a disruption of oil imports, weather events, war, or otherwise, and the resulting impact on fuel prices could have a material adverse effect on KCS's consolidated financial statements.

Weaknesses in the short and long-term debt markets could negatively impact the Company's access to capital.

Due to the significant capital expenditures required to operate and maintain a safe and efficient railroad, the Company regularly obtains financing through the issuance of long-term debt instruments and short-term commercial paper, as well as credit facilities provided by financial institutions. Significant, sustained instability or disruptions of the capital markets, including debt markets, or the deterioration of the Company's financial condition due to internal or external factors, could restrict or prohibit access and could increase the cost of financing sources. A significant deterioration of the Company's financial condition could also reduce credit ratings to below investment grade, limiting its access to external sources of capital, and increasing the costs of short and long-term debt financing, and could have a material adverse effect on KCS's consolidated financial statements.

KCS's business may be affected by climate change and the market and regulatory responses to climate change.

Climate change could have a material adverse effect on operations and KCS's consolidated financial statements. Restrictions, caps, taxes, or other controls on emissions of greenhouse gases, including diesel exhaust, could significantly impact operations and increase operating costs. Restrictions on emissions could also affect KCS's customers that use commodities that KCS transports to produce energy, use significant amounts of energy in producing or delivering the commodities KCS transports, or manufacture or produce goods that consume significant amounts of energy or burn fossil fuels, including coal-fired power plants, chemical producers, farmers and food producers, and automakers and other manufacturers. Significant cost increases, government regulation, or changes of consumer preferences for goods or services relating to alternative sources of energy or emissions reductions could materially affect the markets for the commodities KCS transports, which in turn could have a material adverse effect on KCS's consolidated financial statements. Government incentives encouraging the use of alternative sources of energy could also affect certain customers and their respective markets for certain commodities KCS transports in an unpredictable manner that could alter traffic patterns, including, for example, the impacts of ethanol incentives on farming and ethanol producers. Moreover, increasing frequency, intensity and duration of extreme weather events such as flooding, storms and fires may result in substantial costs, including costs associated with response during the event, recovery from the event and preventive measures. Any of these factors, individually or in conjunction with one or more of the other aforementioned factors, or other unforeseen impacts of climate change could have a material adverse effect on KCS's consolidated financial statements.

A majority of KCS's employees belong to labor unions. Strikes or work stoppages could adversely affect operations.

The Company is a party to collective bargaining agreements with various labor unions in the United States and Mexico. As of December 31, 2019, over 70% and 75% of KCSR and KCSM Servicios employees, respectively, were covered by labor contracts subject to collective bargaining. The Company may be subject to, among other things, strikes, work stoppages or work slowdowns as a result of disputes under these collective bargaining agreements and labor contracts or KCS's potential inability to negotiate acceptable contracts with these unions. In the United States, because such agreements are generally negotiated on an industry-wide basis, determination of the terms and conditions of labor agreements have been and could continue to be beyond KCS's control. KCS may, therefore, be subject to terms and conditions in industry-wide labor agreements that could have a material adverse effect on its consolidated financial statements. In the United States and Mexico, KCS is seeking to modernize its collective bargaining agreements and benefit from technological advancements in the industry. If the unionized workers in the United States or Mexico were to engage in a strike, work stoppage or other slowdown; if other employees were to become unionized or if KCS and its unions were unable to agree on the terms and conditions in future labor agreements, KCS could experience a significant disruption of its operations and higher ongoing labor costs. Although the U.S. Railway Labor Act imposes restrictions on the right of United States railway workers to strike, there is no law in Mexico imposing similar restrictions on the right of railway workers in that country to strike. Additionally, labor law reform adopted by

Mexico introduces uncertainty into the existing union structure in Mexico, which may affect the risk of disruption in KCSM's operations.

KCS is dependent on certain key suppliers of core rail equipment.

KCS relies on a limited number of suppliers of core rail equipment (including locomotives, rolling stock equipment, rail and ties). The capital intensive nature and complexity of such equipment creates high barriers of entry for any potential new suppliers. If any of KCS's suppliers discontinue production or experience capacity or supply shortages, this could result in increased costs or difficulty in obtaining rail equipment and materials, which could have a material adverse effect on KCS's consolidated financial statements.

The unavailability of qualified personnel could adversely affect KCS's operations.

Changes in demographics, training requirements and the unavailability of qualified personnel could negatively affect KCS's ability to meet demand for rail service. Unforeseen increases in demand for rail services may exacerbate such risks, which could have a negative impact on KCS's operational efficiency and otherwise have a material adverse effect on KCS's consolidated financial statements.

KCS's business may be affected by future acts of terrorism, war or other acts of violence or crime.

Terrorist attacks, such as an attack on the Company's chemical transportation activities, any government response thereto and war or risk of war could have a material adverse effect on KCS's consolidated financial statements. These acts may also impact the Company's ability to raise capital or its future business opportunities. KCS's rail lines and facilities could be direct targets or indirect casualties of acts of terror, which could cause significant business interruption and damage to KCS's property. In recent years, there have been reported incidents of train-related robberies in Mexico, including incidents involving KCSM's trains and infrastructure. Other acts of violence or crime could also materially adversely affect the Company's business.

As a result, acts of terrorism or war or acts of crime or violence could result in increased costs and liabilities and decreased revenues for KCS. In addition, insurance premiums charged for some or all of the applicable coverage currently maintained by KCS could increase dramatically or certain coverage may not be adequate to cover losses or may not be available in the future.

Item 1B. *Unresolved Staff Comments*

None.

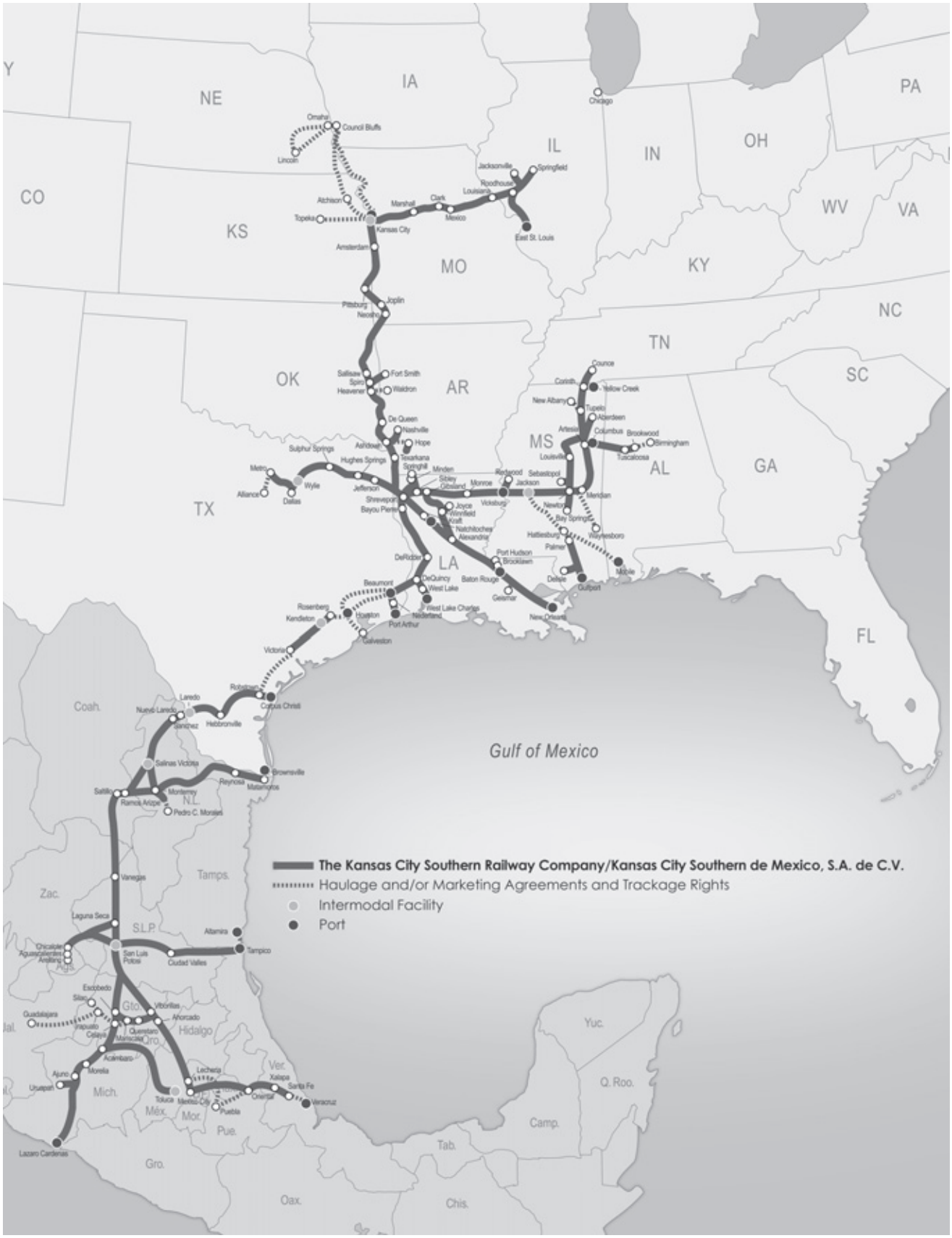
Item 2. *Properties*

Track Configuration

The Kansas City Southern Railway Company ("KCSR") operates over a railroad system consisting of approximately 3,400 route miles in ten states from the midwest and southeast portions of the United States south to the Mexican border, which includes approximately 640 miles of trackage rights that permit KCSR to operate its trains with its crews over other railroads' tracks.

Under its concession from the Mexican government (the "Concession"), Kansas City Southern de México, S.A. de C.V. ("KCSM") has the right to operate approximately 3,300 route miles, but does not own the land, roadway, or associated structures, and additionally has approximately 550 miles of trackage rights. The Concession requires KCSM to make investments as described in a business plan filed every three years with the Mexican government. See Item 1A, Risk Factors — "KCSM's Mexican Concession is subject to revocation or termination in certain circumstances which would prevent KCSM from operating its railroad and would have a material adverse effect on the Company's consolidated financial statements."

Kansas City Southern Rail Network



Equipment Configuration

As of December 31, 2019 and 2018, KCS owned and leased the following units of equipment:

	2019			2018		
	Owned	Leased	Total	Owned	Leased	Total
Freight Cars:						
Box cars	2,106	716	2,822	3,178	991	4,169
Hoppers (covered and open top)	4,998	1,073	6,071	5,419	1,108	6,527
Gondolas	2,172	158	2,330	2,560	169	2,729
Automotive	3,316	535	3,851	3,316	742	4,058
Flat cars (intermodal and other)	1,121	1,075	2,196	1,142	1,075	2,217
Tank cars	—	477	477	4	570	574
Total	13,713	4,034	17,747	15,619	4,655	20,274
Locomotives:						
Freight	662	88	750	708	119	827
Switching	199	—	199	222	—	222
Total	861	88	949	930	119	1,049

Average Age (in Years) of Owned and Leased Locomotives:	2019	2018
Freight	15.5	15.3
Switching	45.8	44.4
All locomotives	21.9	21.5

Property and Facilities

KCS operates numerous facilities, including terminals for intermodal and other freight, rail yards for train-building, switching, storage-in-transit (the temporary storage of customer goods in rail cars prior to shipment) and other activities; offices to administer and manage operations; dispatch centers to direct traffic on the rail network; crew quarters to house train crews along the rail line; and shops and other facilities for fueling and maintenance and repair of locomotives, freight cars and other equipment.

Capital Expenditures

The Company's cash capital expenditures for the two years ended December 31, 2019 and 2018, and planned 2020 capital expenditures are included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital Expenditures. See also Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates — Capitalization, Depreciation and Amortization of Property and Equipment (including Concession Assets) regarding the Company's policies and guidelines related to capital expenditures.

Item 3. ***Legal Proceedings***

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. For more information on legal proceedings, see Item 1A, Risk Factors — "KCS may be subject to various claims and litigation that could have a material adverse effect on KCS's consolidated financial statements," Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations — Other Matters — Litigation, and Item 8, Financial Statements and Supplementary Data — Note 18, Commitments and Contingencies.

Item 4. ***Mine Safety Disclosures***

Not applicable.

Part II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Market Information

The Company's common stock is traded on the New York Stock Exchange under the ticker symbol "KSU".

Dividend Policy

Common Stock. Any declarations and payments of dividends to holders of the Company's common stock are at the discretion of the Board of Directors, and are based on many factors, including the Company's financial condition, earnings, capital requirements and other factors that the Board of Directors deems relevant. Subject to these qualifications, the Company expects to continue to pay dividends on an ongoing basis.

Holders

There were 1,941 record holders of KCS common stock on January 17, 2020; however, the number of actual holders of KCS common stock is greater due to the practice of brokerage firms registering many shares for clients in the brokerage firm's name.

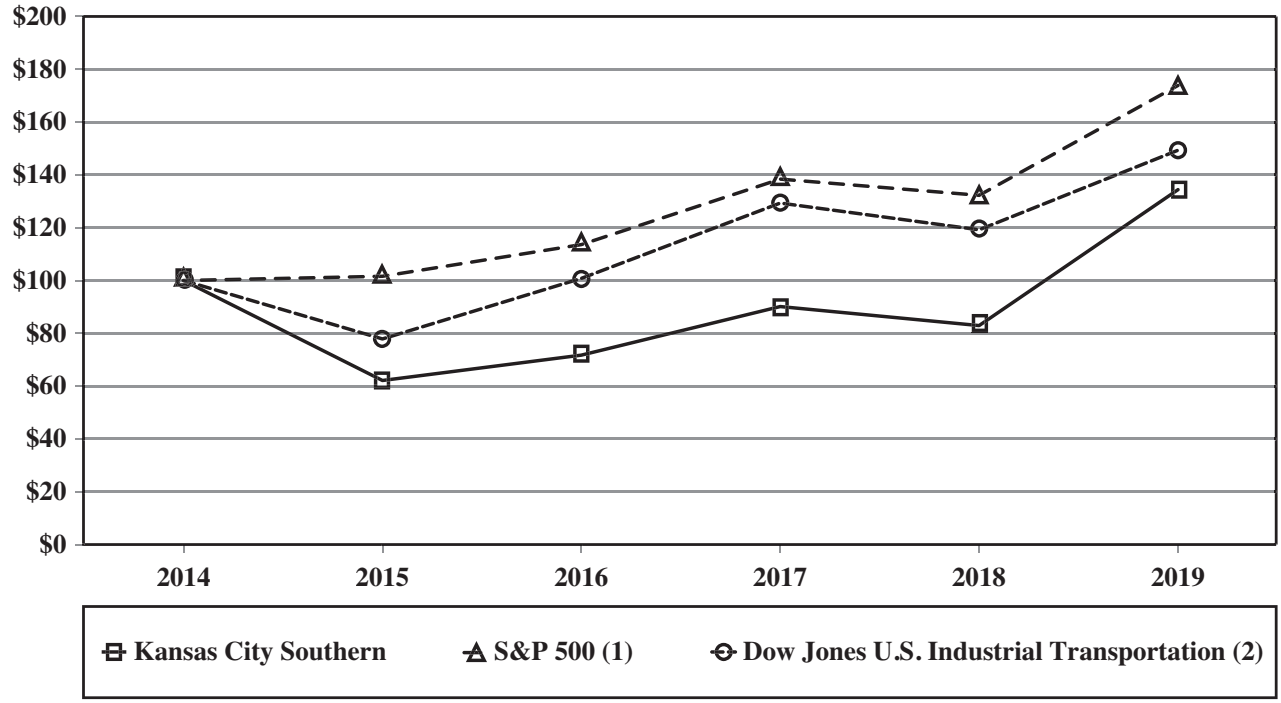
Securities Authorized for Issuance Under Equity Compensation Plans

See Item 12, Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters for information about securities authorized for issuance under KCS's equity compensation plans.

Performance Graph

The following graph shows the changes in value over the five years ended December 31, 2019, of an assumed investment of $100 in: (i) KCS's common stock; (ii) the stocks that comprise the Dow Jones U.S. Industrial Transportation Index; and (iii) the stocks that comprise the S&P 500 Index. The table following the graph shows the value of those investments on December 31 for each of the years indicated. The values for the assumed investments depicted on the graph and in the table have been calculated assuming that any cash dividends are reinvested.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN
Among Kansas City Southern, the S&P 500 Index
and the Dow Jones U.S. Industrial Transportation Index



	2014	2015	2016	2017	2018	2019
Kansas City Southern	$ 100.00	$ 62.07	$ 71.60	$ 90.03	$ 82.77	$ 134.37
S&P 500 [(1)]	100.00	101.38	113.51	138.29	132.23	173.86
Dow Jones U.S. Industrial Transportation [(2)]	100.00	77.85	100.82	129.29	119.16	149.32

(1) The S&P 500 is a registered trademark of Standard & Poor's, a division of S&P Global, Inc. The S&P 500 Index reflects the weighted average market value for 500 companies whose shares are traded on the New York Stock Exchange, American Stock Exchange and the Nasdaq Stock Market.

(2) The Dow Jones U.S. Industrial Transportation Index is a registered trademark of S&P Dow Jones Indices LLC, a division of S&P Global, Inc.

Purchases of Equity Securities

On November 12, 2019, the Company announced that the Board of Directors approved a new common share repurchase program, pursuant to which up to $2.0 billion in shares of common stock could be repurchased through December 31, 2022 (the "2019 Program"). The 2019 Program replaced KCS's $800.0 million common share repurchase program announced on August 15, 2017 (the "2017 Program"), and eliminated the $59.3 million of remaining authorization under the 2017 Program.

During 2019, KCS repurchased 2,053,770 shares of common stock for $242.4 million at an average price of $118.03 per share under the 2017 Program. Under the 2019 Program, the Company paid $550.0 million under two accelerated share repurchase ("ASR") agreements, receiving an initial delivery of 3,022,760 shares of common stock representing approximately 85% of the total shares to be received under the agreements. The ASR agreements are expected to be settled in the first quarter of 2020. In total during 2019, KCS repurchased 5,076,530 shares of common stock for $709.9 million under both the 2017 Program and the 2019 Program (which consists of the initial delivery of shares under the ASR agreements).

During 2019, KCS repurchased 5,770 shares of $25 par preferred stock for $0.1 million at an average price of $26.39 per share. See Item 8, Financial Statements and Supplementary Data — Note 16, Stockholders' Equity for additional information.

The following table presents stock repurchases during each month for the fourth quarter of 2019:

Period	(a) Total Number of Shares (or Units) Purchased [1]	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that may yet be purchased under the Plans or Programs
Common stock				
October 1-31, 2019	—	—	—	$ 59,329,074
November 1-30, 2019 [2]	3,022,760	$ 154.66	3,022,760	$ 1,532,500,000
December 1-31, 2019	—	—	—	$ 1,532,500,000
Total	3,022,760		3,022,760	
$25 Par preferred stock				
October 1-31, 2019	—	—	—	—
November 1-30, 2019	—	—	—	—
December 1-31, 2019	—	—	—	—
Total	—		—	

(1) All $25 par preferred stock repurchases were made other than through a publicly disclosed plan or program. Repurchases of $25 par preferred stock were made through open market purchases and/or privately negotiated transactions.

(2) On November 19, 2019, the Company paid $550.0 million under two ASR agreements and received an aggregate initial delivery of 3,022,760 shares, which represents approximately 85% of the total shares to be received under the agreements. The initial delivery of shares and their market price at time of delivery are included in the table above. The final number of shares repurchased and cost of shares repurchased will be based on the volume-weighted-average price of the Company's common stock during the term of the agreements, which are expected to be settled in the first quarter of 2020, at which time the Company will receive the remaining amount of shares. See Item 8, Financial Statements and Supplementary Data — Note 16, Stockholders' Equity for additional information.

Item 6. ***Selected Financial Data***

The selected financial data below *(in millions, except per share amounts)* should be read in conjunction with Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations as well as the consolidated financial statements and the related notes.

	2019	2018	2017	2016	2015
Earnings From Continuing Operations					
Revenues	$ 2,866.0	$ 2,714.0	$ 2,582.9	$ 2,334.2	$ 2,418.8
Operating expenses (i) (ii) (iii) (iv)	1,979.7	1,727.7	1,661.3	1,515.7	1,615.0
Operating income	$ 886.3	$ 986.3	$ 921.6	$ 818.5	$ 803.8
Net income (v) (vi) (vii)	$ 540.8	$ 629.4	$ 963.9	$ 479.9	$ 485.3
Earnings per common share:					
Basic	$ 5.42	$ 6.16	$ 9.18	$ 4.44	$ 4.41
Diluted	5.40	6.13	9.16	4.43	4.40
Financial Position					
Total assets	$ 9,786.8	$ 9,469.8	$ 9,198.7	$ 8,817.5	$ 8,341.0
Total long-term debt obligations, including current portion and short-term borrowings	3,246.0	2,689.4	2,619.4	2,478.2	2,401.1
Total stockholders' equity	4,422.5	4,813.0	4,548.9	4,089.9	3,914.3
Total equity	4,745.9	5,132.7	4,865.4	4,404.5	4,224.7
Other Data Per Common Share					
Cash dividends declared per common share	$ 1.48	$ 1.44	$ 1.38	$ 1.32	$ 1.32

(i) During 2019, the Company recognized pre-tax restructuring charges of $168.8 million within operating expenses related to the implementation of Precision Scheduled Railroading initiatives.

(ii) During 2018, the Company recognized a pre-tax gain of $17.9 million within operating expenses for insurance recoveries related to damage from Hurricane Harvey in 2017.

(iii) During 2018, 2017 and 2016, the Company recognized a pre-tax benefit of $37.7 million, $44.1 million and $62.8 million, respectively, within operating expenses related to a credit that was available for the excise tax included in the price of fuel that was purchased and consumed in locomotives and certain work equipment in Mexico. Effective January 1, 2019, the Company began recognizing the benefit as a reduction of income tax expense due to changes in Mexican tax law; and beginning April 30, 2019, railroads in Mexico are no longer eligible for the tax credit due to changes in Mexican tax regulations.

(iv) During 2015, the Company recognized pre-tax lease termination costs of $9.6 million within operating expenses due to the early termination of certain operating leases and the related purchase of equipment.

(v) During 2019, 2018 and 2015, the Company recognized pre-tax debt retirement and exchange costs of $1.1 million, $2.2 million and $7.6 million, respectively, related to debt retirement and restructuring activities that occurred during the periods.

(vi) During 2019, the Company recognized a $12.8 million net tax benefit related to the Mexican fuel excise tax credit generated through April 29, 2019, noted in (iii) above.

(vii) During 2017, the Company recognized a provisional $413.0 million net tax benefit, as a result of the Tax Cuts and Jobs Act (the "Tax Reform Act"), which was signed into law December 22, 2017. During 2018, the Company recognized a $20.9 million net tax benefit for adjustments to the provisional tax impacts of the Tax Reform Act recognized in 2017.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following is a discussion of Kansas City Southern's results of operations, certain changes in its financial position, liquidity, capital structure and business developments for the years ended December 31, 2019 and 2018. This discussion should be read in conjunction with the included consolidated financial statements, the related notes, and other information included in this report.

CAUTIONARY INFORMATION

The discussions set forth in this Annual Report on Form 10-K may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. In addition, management may make forward-looking statements orally or in other writings, including, but not limited to, in press releases, quarterly earnings calls, executive presentations, in the annual report to stockholders and in other filings with the Securities and Exchange Commission. Readers can usually identify these forward-looking statements by the use of such verbs as "may," "will," "should," "likely," "plans," "projects," "expects," "anticipates," "believes" or similar verbs or conjugations of such verbs. These statements involve a number of risks and uncertainties. Actual results could materially differ from those anticipated by such forward-looking statements. Such differences could be caused by a number of factors or combination of factors including, but not limited to, the factors identified below and those discussed under Item 1A, Risk Factors, of this Form 10-K. Readers are strongly encouraged to consider these factors and the following factors when evaluating any forward-looking statements concerning the Company:

- the outcome of claims and litigation, including those related to environmental contamination, personal injuries and property damage;
- changes in legislation and regulations or revisions of controlling authority;
- the adverse impact of any termination or revocation of Kansas City Southern de México, S.A. de C.V. ("KCSM")'s Concession by the Mexican government;
- United States, Mexican and global economic, political and social conditions;
- the effects of current and future multinational trade agreements on the level of trade among the United States, Mexico and Canada;
- the level of trade between the United States and Asia or Mexico;
- the effects of fluctuations in the peso-dollar exchange rate;
- natural events such as severe weather, fire, floods, hurricanes, earthquakes or other disruptions to the Company's operating systems, structures and equipment or the ability of customers to produce or deliver their products;
- the effects of adverse general economic conditions affecting customer demand and the industries and geographic areas that produce and consume the commodities KCS carries;
- the dependence on the stability, availability and security of the information technology systems to operate its business;
- the effect of demand for KCS's services exceeding network capacity or traffic congestion on operating efficiencies and service reliability;
- uncertainties regarding the litigation KCS faces and any future claims and litigation;
- the impact of competition, including competition from other rail carriers, trucking companies and maritime shippers in the United States and Mexico;
- KCS's reliance on agreements with other railroads and third parties to successfully implement its business strategy, operations and growth and expansion plans, including the strategy to convert customers from using trucking services to rail transportation services;
- compliance with environmental regulations;
- disruption in fuel supplies, changes in fuel prices and the Company's ability to recapture its costs of fuel from customers;

- material adverse changes in economic and industry conditions, including the availability of short and long-term financing, both within the United States and Mexico and globally;
- climate change and the market and regulatory responses to climate change;
- changes in labor costs and labor difficulties, including strikes and work stoppages affecting either operations or customers' abilities to deliver goods for shipment;
- KCS's reliance on certain key suppliers of core rail equipment;
- unavailability of qualified personnel; and
- acts of terrorism, war or other acts of violence or crime or risk of such activities.

Forward-looking statements reflect the information only as of the date on which they are made. The Company does not undertake any obligation to update any forward-looking statements to reflect future events, developments, or other information. If KCS does update one or more forward-looking statements, no inference should be drawn that additional updates will be made regarding that statement or any other forward-looking statements.

CORPORATE OVERVIEW

Kansas City Southern, a Delaware corporation, is a transportation holding company that has railroad investments in the U.S., Mexico and Panama. In the U.S., the Company serves the central and south central U.S. Its international holdings serve northeastern and central Mexico and the port cities of Lazaro Cardenas, Tampico and Veracruz, and a fifty percent interest in Panama Canal Railway Company provides ocean-to-ocean freight and passenger service along the Panama Canal. KCS's North American rail holdings and strategic alliances are primary components of the U.S.-Mexico-Canada-Agreement ("USMCA") railway system, linking the commercial and industrial centers of the U.S., Canada and Mexico. Its principal subsidiaries and affiliates include the following:

- The Kansas City Southern Railway Company ("KCSR"), a wholly-owned subsidiary;
- KCSM, a wholly-owned subsidiary;
- Mexrail, Inc. ("Mexrail"), a wholly-owned consolidated subsidiary which, in turn, wholly owns The Texas Mexican Railway Company ("Tex-Mex");
- KCSM Servicios, S.A. de C.V. ("KCSM Servicios"), a wholly-owned subsidiary;
- Meridian Speedway, LLC ("MSLLC"), a seventy percent-owned consolidated affiliate;
- Panama Canal Railway Company ("PCRC"), a fifty percent-owned unconsolidated affiliate;
- TFCM, S. de R.L. de C.V. ("TCM"), a forty-five percent-owned unconsolidated affiliate;
- Ferrocarril y Terminal del Valle de México, S.A. de C.V. ("FTVM"), a twenty-five percent-owned unconsolidated affiliate; and
- PTC-220, LLC ("PTC-220"), a fourteen percent-owned unconsolidated affiliate.

EXECUTIVE SUMMARY

Strategic Initiatives

During 2019, KCS started implementing principles of Precision Scheduled Railroading ("PSR"). The PSR principles focus on operational excellence and are intended to drive the following improvements:

- Customer service — improve and sustain consistency and reliability of service and create a more resilient and dependable network;
- Facilitating growth — additional capacity for new opportunities;
- Improving asset utilization — meet growing demand with the same or fewer assets; and
- Improving the cost profile of the Company — increased profitability driven by volume and revenue growth and improved productivity and asset utilization.

As a result of the PSR initiatives, management approved four separate restructuring plans during 2019, which resulted in restructuring charges during 2019 of $168.8 million within the consolidated statements of income. The PSR initiatives provided cost savings of approximately $58.0 million during 2019. The Company expects the PSR initiatives to provide incremental cost savings of approximately $61.0 million during 2020. Refer to Note 3, Restructuring Charges of the consolidated financial statements for more information.

The Company established the following key metrics and goals to measure PSR progress and performance:

	Year ended December 31,		Improvement/ (Deterioration)	FY 2020 Goal
	2019	2018		
Gross velocity (mph) (i)	13.5	11.1	22%	17.0
Terminal dwell (hours) (ii)	20.8	24.8	16%	18.0
Train length (feet) (iii)	5,981	5,812	3%	6,350
Car miles per day (iv)	110.9	93.3	19%	135.0
Fuel efficiency (gallons per 1,000 GTM's) (v)	1.31	1.37	4%	1.24

(i) Gross velocity is the average train speed between origin and destination in miles per hour calculated as the sum of the miles traveled divided by the sum of total transit hours. Transit hours are measured as the difference between a train's origin departure and destination arrival date and times broken down by segment across the train route (includes all time spent including crew changes, terminal dwell, delays, and incidents).

(ii) Terminal dwell is the average amount of time in hours between car arrival to and departure from the yard (excludes cars that move through a terminal on a run-through train, stored, bad ordered, and maintenance-of-way cars). Calculated by dividing the total number of hours cars spent in terminals by the total count of car dwell events.

(iii) Train length is the average length of a train across its reporting stations, including the origin and intermediate stations. Length of a train is the sum of car and locomotive lengths measured in feet.

(iv) Car miles per day is the miles a car travels divided by total transit days. Transit days are measured from opening event to closing event (includes all time spent in terminals and on trains).

(v) Fuel efficiency is calculated by taking locomotive fuel consumed in gallons divided by thousand gross ton miles ("GTM's") net of detours with no associated fuel gallons. GTM's are the movement of one ton of train weight over one mile calculated by multiplying total train weight by distance the train moved. GTM's exclude locomotive gross ton miles.

Operating performance improved during 2019 compared to 2018 due to the implementation of PSR initiatives. Improvements in velocity and dwell are largely due to increased focus on execution, refining service design, and equipment disposals that eliminated the worst performing assets during 2019. Additionally, the Company consolidated trains, which increased train length, improved fuel efficiency, and led to reduced crew costs.

The Company continues to focus on PSR principles in 2020 and has established more aggressive operational targets that will deliver improved customer service, facilitate growth, and drive better asset utilization while improving the cost profile of the Company.

2019 Financial Overview

Revenues in 2019 increased 6% from 2018, as a result of an increase of 6% in revenue per carload/unit due to mix, higher fuel surcharge, and positive pricing impacts, partially offset by the weakening of the Mexican peso against the U.S. dollar. Carloads were down 1% from 2018 primarily as declines in automotive and intermodal offset growth in refined fuel products and liquid petroleum gas shipments to Mexico, as well as favorable impacts of improved operations in northern Mexico, metals growth, and improved cycle times for agriculture and mineral shipments. Improved operations and cycle times are primarily the result of implementing PSR initiatives during 2019.

Operating expenses increased 15% compared to 2018, primarily due to restructuring charges as a result of PSR initiatives, exclusion and loss of the Mexican fuel excise tax credit as a reduction of operating expenses due to changes in Mexican tax law, and an increase in incentive compensation and wages. These increases were partially offset by cost savings from PSR initiatives. Operating expenses as a percentage of revenues ("operating ratio") increased to 69.1% in 2019 from 63.7% in 2018. Restructuring charges related to PSR initiatives increased 2019 operating ratio by 5.9 points.

The Company reported 2019 earnings per diluted share of $5.40, compared to 2018 earnings per diluted share of $6.13. The decrease in earnings per diluted share was due to decreased operating income described above and a higher effective tax rate. These decreases were partially offset by lower average outstanding shares as a result of shares repurchased during 2019 and a higher gain on foreign exchange.

RESULTS OF OPERATIONS

Year Ended December 31, 2019, compared with the Year Ended December 31, 2018

The following summarizes KCS's consolidated income statement components *(in millions):*

	2019	2018	Change
Revenues	$ 2,866.0	$ 2,714.0	$ 152.0
Operating expenses	1,979.7	1,727.7	252.0
Operating income	886.3	986.3	(100.0)
Equity in net earnings of affiliates	1.0	2.6	(1.6)
Interest expense	(115.9)	(110.0)	(5.9)
Debt retirement costs	(1.1)	(2.2)	1.1
Foreign exchange gain	17.1	7.8	9.3
Other income, net	1.0	2.4	(1.4)
Income before income taxes	788.4	886.9	(98.5)
Income tax expense	247.6	257.5	(9.9)
Net income	540.8	629.4	(88.6)
Less: Net income attributable to noncontrolling interest	1.9	2.0	(0.1)
Net income attributable to Kansas City Southern and subsidiaries	$ 538.9	$ 627.4	$ (88.5)

Revenues

The following summarizes revenues *(in millions),* carload/unit statistics *(in thousands)* and revenue per carload/unit:

	Revenues			Carloads and Units			Revenue per Carload/Unit		
	2019	2018	% Change	2019	2018	% Change	2019	2018	% Change
Chemical and petroleum	$ 737.2	$ 622.1	19%	337.4	297.9	13%	$ 2,185	$ 2,088	5%
Industrial and consumer products	610.4	591.0	3%	320.9	324.9	(1%)	1,902	1,819	5%
Agriculture and minerals	506.3	486.4	4%	253.3	241.9	5%	1,999	2,011	(1%)
Energy	246.2	256.3	(4%)	244.7	248.6	(2%)	1,006	1,031	(2%)
Intermodal	370.2	382.8	(3%)	979.8	1,030.4	(5%)	378	372	2%
Automotive	255.6	253.2	1%	154.9	161.9	(4%)	1,650	1,564	5%
Carload revenues, carloads and units	2,725.9	2,591.8	5%	2,291.0	2,305.6	(1%)	$ 1,190	$ 1,124	6%
Other revenue	140.1	122.2	15%						
Total revenues (i)	$ 2,866.0	$ 2,714.0	6%						
(i) Included in revenues:									
Fuel surcharge	$ 298.1	$ 253.1							

Revenues include revenue for transportation services and fuel surcharges. Revenues in 2019 increased 6% from 2018, as a result of an increase of 6% in revenue per carload/unit due to mix, higher fuel surcharge, and positive pricing impacts. Revenue per carload/unit was partially offset by the weakening of the Mexican peso against the U.S. dollar of approximately $3.0 million, compared to the prior year, for revenue transactions denominated in Mexican pesos. The average exchange rate of Mexican pesos per U.S. dollar was Ps.19.3 for 2019, compared to Ps.19.2 for 2018.

Carloads were down 1% primarily as declines in automotive and intermodal offset growth in refined fuel products and liquid petroleum gas shipments to Mexico, as well as favorable impacts of improved operations in northern Mexico, metals growth, and improved cycle times for agriculture and mineral shipments. Improved operations and cycle times are primarily the result of implementing PSR initiatives during 2019.

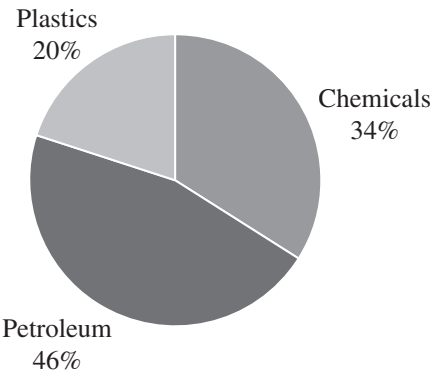
KCS's fuel surcharges are a mechanism to adjust revenue based upon changes in fuel prices above fuel price thresholds set in KCS's tariffs or contracts. Fuel surcharge revenue is calculated using a fuel price from a prior time period that can be up to 60 days earlier. In a period of volatile fuel prices or changing customer business mix, changes in fuel expense and fuel surcharge revenue may differ.

Fuel surcharge revenue increased $45.0 million for the year ended December 31, 2019, compared to the prior year, primarily due to increased fuel surcharge rates due to higher fuel costs as a result of the loss of the Mexican fuel excise tax credit and higher fuel prices.

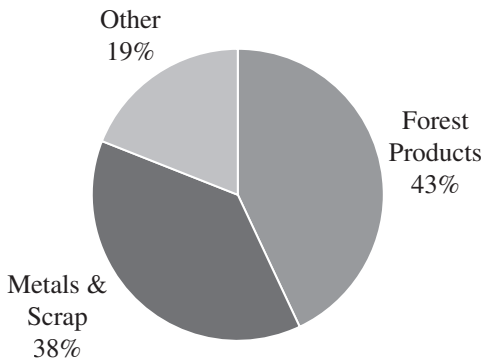
The following discussion provides an analysis of revenues by commodity group:

Chemical and petroleum. Revenues increased $115.1 million for the year ended December 31, 2019, compared to 2018, due to a 13% increase in carload/unit volumes and a 5% increase in revenue per carload/unit. Volumes increased primarily due to increased refined fuel products and liquid petroleum gas shipments to Mexico. Revenue per carload/unit increased due to longer average length of haul, positive pricing impacts, and higher fuel surcharge.

Revenues by commodity group for 2019

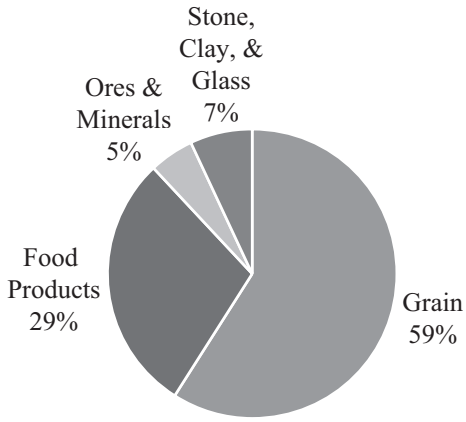


Industrial and consumer products. Revenue increased $19.4 million for the year ended December 31, 2019, compared to 2018, due to a 5% increase in revenue per carload/unit as a result of positive pricing impacts, higher fuel surcharge, and longer average length of haul. This increase was partially offset by a 1% decrease in carload/unit volumes primarily driven by paper shipments as a result of lower demand and available truck capacity, partially offset by an increase in metals volumes due to a customer's change in sourcing location.

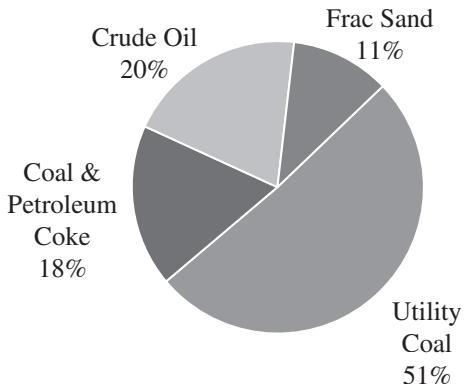


Agriculture and minerals. Revenues increased $19.9 million for the year ended December 31, 2019 compared to 2018, due to a 5% increase in carload/unit volumes as a result of improved cycle times for grain and an increase in ores and minerals due to increased U.S. government infrastructure spending. This increase was partially offset by a 1% decrease in revenue per carload/unit due to negative mix impacts.

Revenues by commodity group for 2019



Energy. Revenues decreased $10.1 million for the year ended December 31, 2019, compared to 2018, due to a 2% decrease in carload/unit volumes and revenue per carload/unit. Volumes decreased due to crude oil attributable to decreasing Canadian crude spreads, and frac sand attributable to changes in sourcing patterns, partially offset by an increase in utility coal volumes caused by improved cycle times and demand. Revenue per carload/unit decreased due to shorter average length of haul and mix, partially offset by positive pricing impacts.



Intermodal. Revenues decreased $12.6 million for the year ended December 31, 2019, compared to 2018, due to a 5% decrease in carload/unit volumes, partially offset by a 2% increase in revenue per carload/unit. The volume decrease was primarily due to service interruption at Lazaro Cardenas due to teacher protests in the first quarter of 2019 and available truck capacity. Revenue per carload/unit increased due to higher fuel surcharge, partially offset by shorter average length of haul.

Automotive. Revenues increased $2.4 million for the year ended December 31, 2019, compared to 2018, due to a 5% increase in revenue per carload/unit due to higher fuel surcharge and positive pricing impacts, partially offset by shorter average length of haul. The increases were partially offset by a 4% decrease in carload/unit volumes as a result of auto plant shutdowns and lower overall automotive production in Mexico.

Operating Expenses

Operating expenses, as shown below (*in millions*), increased $252.0 million for the year ended December 31, 2019, compared to 2018, primarily due to restructuring charges as a result of PSR initiatives, exclusion and loss of the Mexican fuel excise tax credit as a reduction of operating expenses due to changes in Mexican tax law, and an increase in incentive compensation and wages. These increases were partially offset by cost savings from PSR initiatives. The weakening of the Mexican peso against the U.S. dollar resulted in an expense reduction of approximately $1.0 million for expense transactions denominated in Mexican pesos. The average exchange rate of Mexican pesos per U.S. dollar was Ps.19.3 for 2019 compared to Ps.19.2 for 2018.

			Change	
	2019	2018	Dollars	Percent
Compensation and benefits	$ 529.1	$ 495.7	$ 33.4	7%
Purchased services	219.2	200.7	18.5	9%
Fuel	340.4	348.2	(7.8)	(2%)
Mexican fuel excise tax credit	—	(37.7)	37.7	(100%)
Equipment costs	108.6	126.1	(17.5)	(14%)
Depreciation and amortization	350.7	346.7	4.0	1%
Materials and other	262.9	265.9	(3.0)	(1%)
Restructuring charges	168.8	—	168.8	100%
Gain on insurance recoveries related to hurricane damage	—	(17.9)	17.9	(100%)
Total operating expenses	$ 1,979.7	$ 1,727.7	$ 252.0	15%

Compensation and benefits. Compensation and benefits increased $33.4 million for the year ended December 31, 2019, compared to 2018, due to increases in incentive compensation, wages and benefits, in-sourcing activities, and labor claims, partially offset by lower headcount and fewer hours worked as a result of PSR initiatives.

Purchased services. Purchased services expense increased $18.5 million for the year ended December 31, 2019, compared to 2018, due to higher repairs and maintenance expense, trackage rights, and corporate services. These increases were partially offset by savings from in-sourcing related to PSR initiatives.

Fuel. Fuel expense decreased $7.8 million for the year ended December 31, 2019, compared to 2018, due to increased efficiency of approximately $13.0 million and the weakening of the Mexican peso against the U.S. dollar of approximately $1.0 million, partially offset by increased consumption of approximately $7.0 million. PSR initiatives implemented during 2019 focused on improved fuel efficiency through train consolidation and use of technology. The average price per gallon was $2.57 in 2019, compared to $2.58 in 2018.

Mexican fuel excise tax credit. For the year ended December 31, 2019, the Company did not recognize a benefit within operating expenses for the Mexican fuel excise tax credit, due to changes in Mexican tax law effective January 1, 2019. For 2019, the benefit was recognized as a reduction of income tax expense within the consolidated statements of income rather than a reduction of operating expenses. Beginning April 30, 2019, railroads in Mexico are no longer eligible for the Mexican fuel excise tax credit due to changes in Mexican tax regulations. The Company recognized a benefit of $37.7 million within operating expenses for the year ended December 31, 2018. Refer to Item 8, Financial Statements and Supplementary Data — Note 4, Mexican Fuel Excise Tax Credit for more information.

Equipment costs. Equipment costs decreased $17.5 million for the year ended December 31, 2019, compared to 2018, due to lower car hire expense primarily as a result of reduced cycle times due to PSR initiatives. The decrease is also a result of lower lease expense as a result of a locomotive lease conversion in the second quarter of 2018.

Depreciation and amortization. Depreciation and amortization expense increased $4.0 million for the year ended December 31, 2019, compared to 2018, due to a larger asset base, including investments in positive train control, partially offset by decreases in estimates and lower depreciation as a result of PSR initiatives implemented during 2019.

Materials and other. Materials and other expense decreased $3.0 million for the year ended December 31, 2019, compared to 2018, due to lower derailment activity and a one-time vendor settlement, partially offset by increased employee expenses, increased property taxes, and parts credits recognized in the first half of 2018.

Restructuring charges. For the year ended December 31, 2019, the Company recognized $168.8 million of restructuring charges related to the implementation of PSR initiatives. Included in the restructuring charges were costs relating to the impairment of certain locomotives, rail cars and associated inventory parts, severance costs related to workforce reductions, and contract restructuring activities. Refer to Item 8, Financial Statements and Supplementary Data — Note 3, Restructuring Charges for more information.

Gain on insurance recoveries related to hurricane damage. During 2018, the Company partially settled its insurance claim for $35.5 million related to Hurricane Harvey. As a result of the nonrefundable partial settlement, the Company recognized a gain on insurance recoveries of $17.9 million, net of the self-insured retention and insurance receivable. Final settlement of the insurance claim is dependent upon costs incurred with an ongoing bridge construction project expected to be completed in 2020.

Non-Operating Expenses

Equity in net earnings of affiliates. Equity in net earnings of affiliates decreased $1.6 million for the year ended December 31, 2019, compared to 2018, due to FTVM losses related to the cancellation of Mexico City's new international airport in 2019. This decrease was partially offset by increased volumes at Panama Canal Railway Company ("PCRC").

Interest expense. Interest expense increased $5.9 million for the year ended December 31, 2019, compared to 2018, due to higher average debt balances. For the year ended December 31, 2019, the average debt balance (including commercial paper) was $2,826.6 million, compared to $2,698.7 million in 2018. The average interest rate for the years ended December 31, 2019 and 2018 was 4.1%.

Debt retirement costs. For the year ended December 31, 2019, debt retirement costs were $1.1 million, related to the write-off of previously capitalized debt issuance costs associated with the establishment of the new revolving credit facility in the first quarter of 2019 and the call premiums and write-off of unamortized debt issuance costs and original issue discounts associated with the redemption of the KCS and KCSM 2.35% Senior Notes in the fourth quarter of 2019. For the year ended December 31, 2018, debt retirement costs were $2.2 million, related to the call premiums and write-off of unamortized debt issuance costs and original issue discounts associated with the Company's various debt redemption activities.

Foreign exchange gain. For the years ended December 31, 2019 and 2018, foreign exchange gain was $17.1 million and $7.8 million, respectively. Foreign exchange gain includes the re-measurement and settlement of net monetary assets denominated in Mexican pesos and the gain on foreign currency derivative contracts.

For the years ended December 31, 2019 and 2018, the re-measurement and settlement of net monetary assets and liabilities denominated in Mexican pesos resulted in a foreign exchange gain of $3.0 million and $1.5 million, respectively.

The Company enters into foreign currency derivative contracts to hedge its net exposure to fluctuations in the Mexican cash tax obligation due to changes in the value of the Mexican peso against the U.S. dollar. For the years ended December 31, 2019 and 2018, foreign exchange gain on foreign currency derivative contracts was $14.1 million and $6.3 million, respectively.

Other income, net. Other income, net, decreased $1.4 million for the year ended December 31, 2019, compared to 2018 primarily due to an increase in postemployment benefits expense due to a change in discount rates.

Income tax expense. Income tax expense decreased $9.9 million for the year ended December 31, 2019, compared to 2018, due to lower pre-tax income as a result of restructuring charges related to PSR initiatives, partially offset by a higher effective tax rate. The increase in the effective tax rate was primarily due to the recognition of a $20.9 million tax benefit during 2018 related to adjustments to the provisional tax impacts of the Tax Cuts and Jobs Act (the "Tax Reform Act") for deemed mandatory repatriation and change in U.S. tax rate included in the consolidated financial statements for the year ended December 31, 2017 and fluctuations in the foreign exchange rate, partially offset by the inclusion of the Mexican fuel excise tax credit within the effective tax rate for the year ended December 31, 2019.

The Treasury Department issued proposed regulations in June 2019 that provide for a high-tax exception to the global intangible low-taxed income ("GILTI"). Specifically, if foreign earnings are subject to a foreign tax rate of at least 90% of the U.S. tax rate, an election can be made to not treat the high-taxed earnings as GILTI income. As currently proposed, the high-tax exception provisions would not be effective until taxable years beginning on or after the date the proposed regulations are finalized. The regulations as proposed should render the GILTI tax immaterial to the consolidated financial statements if and when they become effective.

The fluctuations of the Mexican peso during 2019 increased the Company's Mexican cash tax obligation by $8.9 million for the year ended December 31, 2019. The fluctuations of the Mexican peso during 2018 decreased the Company's Mexican cash tax obligation by $1.8 million for the year ended December 31, 2018.

Differences between the Company's effective income tax rate and the U.S. federal statutory income tax rate of 21% for 2019 and 2018 follow *(in millions):*

	2019		2018		Change	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Income tax expense using the statutory rate in effect	$ 165.6	21.0%	$ 186.2	21.0%	$ (20.6)	—
Tax effect of:						
Difference between U.S. and foreign tax rate	47.6	6.0%	46.1	5.2%	1.5	0.8%
Foreign exchange (i)	35.9	4.6%	21.8	2.5%	14.1	2.1%
Tax credits	(16.8)	(2.1%)	(14.2)	(1.6%)	(2.6)	(0.5%)
Mexican fuel excise tax credit, net (ii)	(12.8)	(1.6%)	—	—	(12.8)	(1.6%)
State and local income tax provision, net	11.5	1.5%	7.5	0.8%	4.0	0.7%
Withholding tax	9.5	1.2%	11.2	1.3%	(1.7)	(0.1%)
Global intangible low-taxed income ("GILTI") tax, net	2.7	0.3%	11.8	1.3%	(9.1)	(1.0%)
Change in U.S. tax rate	—	—	(2.2)	(0.3%)	2.2	0.3%
Deemed mandatory repatriation	—	—	(18.7)	(2.1%)	18.7	2.1%
Other, net	4.4	0.5%	8.0	0.9%	(3.6)	(0.4%)
Income tax expense	$ 247.6	31.4%	$ 257.5	29.0%	$ (9.9)	2.4%

(i) Mexican income taxes are paid in Mexican pesos, and as a result, the effective income tax rate reflects fluctuations in the value of the Mexican peso against the U.S. dollar. The foreign exchange impact on income taxes includes the gain or loss from the revaluation of the Company's net U.S. dollar-denominated monetary liabilities into Mexican pesos which is included in Mexican taxable income under Mexican tax law. As a result, a strengthening of the Mexican peso against the U.S. dollar for the reporting period will generally increase the Mexican cash tax obligation and the effective income tax rate, and a weakening of the Mexican peso against the U.S. dollar for the reporting period will generally decrease the Mexican cash tax obligation and the effective tax rate. To hedge its exposure to this cash tax risk, the Company enters into foreign currency derivative contracts, which are measured at fair value each period and any change in fair value is recognized in foreign exchange gain (loss) within the consolidated statements of income. Refer to Note 12, Derivative Instruments for further information.

(ii) See discussion of the inclusion of the Mexican fuel excise tax credit, net within the effective tax rate in the Mexico Tax Reform section, below.

Mexico Tax Reform

In December 2018, the Mexican government enacted changes in the tax law effective January 1, 2019 ("Mexico 2019 Tax Reform"), which for 2019 eliminated the option to monetize the Mexican fuel excise tax credit by offsetting income tax withholding payment obligations. Previously, the Company had the option to monetize the Mexican fuel excise tax credit through income tax withholding and income tax obligations. As a result, the Company is allowed to offset the 2019 Mexican fuel excise tax credit only against its Mexico corporate income tax liability on the 2019 annual income tax return. The elimination of the option to apply the Mexican fuel excise tax credit to income tax withholding payment obligations required

the Company to recognize the credit as a reduction of income tax expense rather than a reduction of operating expenses. Beginning April 30, 2019, railroads in Mexico are no longer eligible for the Mexican fuel excise tax credit due to a change in Mexican tax regulations. Refer to Note 4, Mexican Fuel Excise Tax Credit of the consolidated financial statements for more information. Mexico 2019 Tax Reform also eliminated universal compensation for 2019 that allowed Mexican taxpayers to offset recoverable tax balances against balances due for other federal taxes.

In December 2019, the Mexican government enacted additional changes in the tax law effective January 1, 2020 ("Mexico 2020 Tax Reform"). Mexico 2020 Tax Reform excluded railroads from eligibility for the Mexican fuel excise tax credit. Mexico 2020 Tax Reform also included permanent changes to the Value Added Tax ("VAT") Law, Income Tax Law and Federal Fiscal Code which, among other things, requires certain VAT withholding, limits the deduction of interest expense and certain payments to related parties in preferential tax regimes, adopts a general anti-avoidance rule, beginning in 2021 requires mandatory disclosure of reportable transactions, and permanently eliminates universal compensation. The Company is continuing to evaluate the potential impact of Mexico 2020 Tax Reform to the 2020 consolidated financial statements.

See additional discussion on universal compensation in Liquidity and Capital Resources section below.

For a comparison of the Company's results of operations for the fiscal years ended December 31, 2017 to the year ended December 31, 2018, see *Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations* in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, which was filed with the U.S. Securities and Exchange Commission on January 25, 2019.

LIQUIDITY AND CAPITAL RESOURCES

Overview

On November 12, 2019, the Company announced its new capital allocation policy (the "Policy") that was approved by the Company's Board of Directors (the "Board"). Pursuant to that Policy, the Company intends to deploy available cash in the following manner:

- Approximately 40-50% to capital projects and strategic investments; and
- Approximately 50-60% to share repurchases and dividends.

In connection with this new Policy, the Board also approved the following actions:

- An increase in the quarterly dividend on KCS's common stock from $0.36 to $0.40 per share. The Board declared a cash dividend on its outstanding common stock for this increased amount payable on January 22, 2020, to stockholders of record at the close of business on December 31, 2019, and
- A new $2.0 billion share repurchase program ("2019 Program"), expiring December 31, 2022. This new program replaced the $800 million stock repurchase authorization announced in 2017 under which the Company purchased approximately $741 million of Company stock.

During 2019, the Company invested $584.3 million in capital expenditures. See Capital Expenditures section for further details.

In November 2019, the Company paid $550.0 million under two accelerated share repurchase ("ASR") agreements and received an aggregate initial delivery of 3,022,760 shares, which represents approximately 85% of the total shares to be received under the agreements. The final number of shares repurchased and cost of shares repurchased will be based on the volume-weighted-average price of the Company's common stock during the term of the agreements, which are expected to be settled in the first quarter of 2020.

The Company's 2019 repurchases of common stock, which includes shares repurchased through the 2017 Program and the 2019 Program (which consists of the initial delivery of shares under the ASR agreements), totaled 5,076,530 shares at a total cost of $709.9 million. Remaining share repurchases are expected to be funded by cash on hand, cash generated from operations, and debt. Management's assessment of market conditions, available liquidity and other factors will determine the timing and volume of any future repurchases. Refer to Item 8, Financial Statements and Supplementary Data — Note 16, Stockholders' Equity for additional detail on the Company's common share repurchase program.

During 2019, the Company repurchased 5,770 shares of its $25 par preferred stock for $0.1 million at an average price of $26.39 per share.

During 2019, KCS entered into a new $600.0 million revolving credit facility which replaced its $800.0 million revolving credit facility. Additionally, KCS amended its commercial paper program to decrease maximum borrowings under the program from $800.0 million to $600.0 million, consistent with the new revolving credit facility.

On November 18, 2019, the Company issued $425.0 million principal amount of senior unsecured notes due November 15, 2029, which bear interest semiannually at a fixed annual rate of 2.875% (the "2.875% Senior Notes"), and $425.0 million principal amount of senior unsecured notes due November 15, 2069, which bear interest semiannually at a fixed annual rate of 4.20% (the "4.20% Senior Notes"). The net proceeds from the offerings were used to make payments under the ASR agreements, to redeem KCS's 2.35% senior notes due 2020 (the "KCS 2.35% Senior Notes"), and for general corporate purposes.

On November 18, 2019, KCS settled its four treasury lock agreements with an aggregate notional amount of $275.0 million, which resulted in cash paid of $25.8 million. This amount was included in accumulated other comprehensive loss and is being amortized to interest expense over the life of the new 2.875% Senior Notes, increasing the effective interest rate on the notes to 3.60%. The treasury lock agreements served to hedge the U.S. Treasury benchmark interest rate associated with the interest payments related to the anticipated refinancing of the KCS 2.35% Senior Notes and the KCSM 2.35% Senior Notes into new long-term debt instruments prior to maturity. Refer to Note 12, Derivative Instruments of the consolidated financial statements for further discussion of the treasury lock agreements.

On December 18, 2019, the Company redeemed all of the $275.0 million aggregate principal amount outstanding of the KCS 2.35% Senior Notes and the KCSM 2.35% Senior Notes, using cash on hand and proceeds from the issuance of KCS's 2.875% Senior Notes and 4.20% Senior Notes, at a redemption price equal to 100.084% of the principal amount of the notes redeemed, plus accrued interest and call premium.

The Company's financing instruments contain restrictive covenants that limit or preclude certain actions; however, the covenants are structured such that the Company expects to have sufficient flexibility to conduct its operations. The Company was in compliance with all of its debt covenants as of December 31, 2019.

For discussion regarding the agreements representing the indebtedness of KCS, refer to Note 13, Short-Term Borrowings and Note 14, Long-Term Debt of the consolidated financial statements.

During the first three quarters of 2019, the Company's Board of Directors declared quarterly cash dividends of $0.36 per share or $107.9 million on its common stock. During the last quarter of 2019, the Company's Board of Directors declared a cash dividend of $0.40 per share or $38.6 million on its common stock. Subject to the discretion of the Board of Directors, capital availability and a determination that cash dividends continue to be in the best interest of its stockholders, the Company intends to pay a quarterly dividend on an ongoing basis.

On December 31, 2019, total available liquidity (the cash balance plus revolving credit facility availability) was $748.8 million, compared to available liquidity at December 31, 2018 of $900.5 million. This decrease was primarily due to the reduction in the revolving credit facility availability discussed above.

As of December 31, 2019, the total cash and cash equivalents held outside of the U.S. in foreign subsidiaries was $20.3 million, after repatriating $206.1 million during 2019. The Company expects that this cash will be available to fund company operations without incurring significant additional income taxes.

Mexico 2019 Tax Reform eliminated universal compensation for 2019 that allowed Mexican taxpayers to offset recoverable tax balances against balances due for other federal taxes. This negatively impacted KCSM's 2019 cash flow by $57.5 million. The elimination of universal compensation was made permanent as part of the Mexico 2020 Tax Reform which could negatively impact the timing of KCSM's cash flow by up to $60.0 million in 2020 while awaiting refunds of value added tax from the Mexican government.

Cash Flow Information and Contractual Obligations

Summary cash flow data follows *(in millions):*

	2019	2018
Cash flows provided by (used for):		
Operating activities	$ 1,103.5	$ 945.7
Investing activities	(676.3)	(651.9)
Financing activities	(378.9)	(327.4)
Net increase (decrease) in cash and cash equivalents	48.3	(33.6)
Cash and cash equivalents beginning of year	100.5	134.1
Cash and cash equivalents end of year	$ 148.8	$ 100.5

During 2019, cash and cash equivalents increased $48.3 million as a result of the impacts discussed below.

Operating Cash Flows. Net cash provided by operating activities increased $157.8 million for 2019, as compared to 2018, primarily due to an increase in cash received for working capital items resulting mainly from the timing of certain receipts and lower income tax payments.

Investing Cash Flows. Net cash used for investing activities increased $24.4 million for 2019, as compared to 2018, due to a $66.9 million increase in capital expenditures and a $17.5 million increase in investments in and advances to affiliates, partially offset by a $59.9 million decrease in expenditures for the purchase or replacement of assets under existing operating leases. Additional information is included within the Capital Expenditure section of Liquidity and Capital Resources.

Financing Cash Flows. Net cash used for financing activities increased $51.5 million for 2019, as compared to 2018, due to a $550.0 million payment made under two accelerated share repurchase agreements in the fourth quarter of 2019 and an increase in repayment of long-term debt of $203.5 million, partially offset by an increase in proceeds from long-term debt of $348.1 million and a decrease in net repayment of short-term borrowings of $348.1 million.

For a comparison of liquidity and capital resources and the Company's cash flow activities for the fiscal year ended December 31, 2018 and 2017, see *Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations* in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, which was filed with the U.S. Securities and Exchange Commission on January 25, 2019.

Contractual Obligations. The following table outlines the material obligations and commitments as of December 31, 2019 *(in millions):*

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More than 5 years
Long-term debt and short-term borrowings (including interest and finance lease obligations) (i)	$ 6,219.5	$ 149.9	$ 271.4	$ 885.3	$ 4,912.9
Operating leases	141.6	50.3	53.0	29.9	8.4
Deemed mandatory repatriation tax (ii)	5.8	—	—	1.0	4.8
Obligations due to uncertainty in income taxes	2.2	—	—	2.2	—
Capital expenditure obligations (iii)	176.2	153.1	23.1	—	—
Other contractual obligations (iv)	448.0	79.7	120.5	88.8	159.0
Total	$ 6,993.3	$ 433.0	$ 468.0	$1,007.2	$ 5,085.1

(i) For variable rate obligations, interest payments were calculated using the December 31, 2019 rate. For fixed rate obligations, interest payments were calculated based on the applicable rates and payment dates.

(ii) U.S. federal income tax on deemed mandatory repatriation is payable over 8 years pursuant to the Tax Reform Act.

(iii) Capital expenditure obligations include minimum capital expenditures under the KCSM Concession agreement and other regulatory requirements.

(iv) Other contractual obligations include purchase commitments and certain maintenance agreements.

In the normal course of business, the Company enters into long-term contractual commitments for future goods and services needed for the operations of the business. Such commitments are not in excess of expected requirements and are not reasonably likely to result in performance penalties or payments that would have a material adverse effect on the Company's liquidity. Such commitments are not included in the above table.

The SCT requires KCSM to submit a three-year capital expenditures plan every three years. The most recent three-year plan was submitted in 2017 for the years 2018 — 2020. KCSM expects to continue capital spending at current levels in future years and will continue to have capital expenditure obligations past 2020, which are not included in the table above.

Off-Balance Sheet Arrangements

On November 2, 2007, PCRC completed an offering of $100.0 million of 7.0% senior secured notes due November 1, 2026 (the "Notes"). The Notes are senior obligations of PCRC, secured by certain assets of PCRC. KCS has pledged its shares of PCRC as security for the Notes. The Notes are otherwise non-recourse to KCS. The Company has agreed, along with Mi-Jack Products, Inc. ("Mi-Jack"), the other 50% owner of PCRC, to each fund 50% of any debt service reserve and liquidity reserve (reserves which are required to be established by PCRC in connection with the issuance of the Notes). As of December 31, 2019, the Company has issued a standby letter of credit in the amount of $5.6 million to fund its share of these reserves.

Capital Expenditures

KCS has funded, and expects to continue to fund, capital expenditures with operating cash flows and short and long-term debt.

The following table summarizes capital expenditures by type for the years ended December 31, 2019 and 2018, respectively *(in millions):*

	2019	2018
Roadway capital program	$ 264.9	$ 245.7
Locomotives and freight cars	182.8	101.2
Capacity	84.8	69.8
Positive train control	15.5	28.9
Information technology	29.8	35.4
Other	6.5	31.3
Total capital expenditures (accrual basis)	584.3	512.3
Change in capital accruals	2.9	8.0
Total cash capital expenditures	$ 587.2	$ 520.3
Purchase or replacement of assets under operating leases:		
Locomotives	$ —	$ 50.6
Freight cars	0.9	49.9
Office building	38.1	—
Total purchase or replacement of assets under operating leases (accrual basis)	39.0	100.5
Change in capital accruals	—	(1.6)
Total cash purchase or replacement of assets under operating leases	$ 39.0	$ 98.9

Generally, the Company's capital program consists of capital replacement and equipment. For 2020, internally generated cash flows are expected to fund cash capital expenditures, which are currently estimated to be below $500.0 million. In addition, the Company periodically reviews its equipment and property under operating leases. Any additional purchase or replacement of equipment and property under operating leases during 2020 is expected to be funded with internally generated cash flows and/or debt.

Property Statistics

The following table summarizes certain property statistics as of December 31:

	2019	2018
Track miles of rail installed	122	166
Cross ties installed (thousands)	627	651

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

KCS's accounting and financial reporting policies are in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Management believes that the following accounting policies and estimates are critical to an understanding of KCS's historical and future performance. Management has discussed the development and selection of the following critical accounting estimates with the Audit Committee of KCS's Board of Directors and the Audit Committee has reviewed the selection, application and disclosure of the Company's critical accounting policies and estimates.

Capitalization, Depreciation and Amortization of Property and Equipment (including Concession Assets)

Due to the highly capital intensive nature of the railroad industry, capitalization and depreciation of property and equipment are a substantial portion of the Company's consolidated financial statements. Net property and equipment, including concession assets, comprised approximately 90% of the Company's total assets as of December 31, 2019, and related depreciation and amortization comprised approximately 18% of total operating expenses for the year ended December 31, 2019.

KCS capitalizes costs for self-constructed additions and improvements to property including direct labor and material, indirect costs, and interest during long-term construction projects. Direct costs are charged to capital projects based on the work performed and the material used. Indirect costs are allocated to capital projects as a standard percentage, which is evaluated annually, and applied to direct labor and material costs. Asset removal activities are performed in conjunction with replacement activities; therefore, removal costs are estimated based on a standard percentage of direct labor and indirect costs related to capital replacement projects. For purchased assets, all costs necessary to make the asset ready for its intended use are capitalized. Expenditures that significantly increase asset values, productive capacity, efficiency, safety or extend useful lives are capitalized. Repair and maintenance costs are expensed as incurred.

Property and equipment are carried at cost and are depreciated primarily on the group method of depreciation, which the Company believes closely approximates a straight line basis over the estimated useful lives of the assets measured in years. The group method of depreciation applies a composite rate to classes of similar assets rather than to individual assets. Composite depreciation rates are based upon the Company's estimates of the expected average useful lives of assets as well as expected net salvage value at the end of their useful lives. In developing these estimates, the Company utilizes periodic depreciation studies performed by an independent engineering firm. Depreciation rate studies are performed at least every three years for equipment and at least every six years for road property (rail, ties, ballast, etc.). The depreciation studies take into account factors such as:

- Statistical analysis of historical patterns of use and retirements of each asset class;
- Evaluation of any expected changes in current operations and the outlook for the continued use of the assets;
- Evaluation of technological advances and changes to maintenance practices;
- Historical and expected salvage to be received upon retirement;
- Review of accounting policies and assumptions; and
- Industry precedents and trends.

The depreciation studies may also indicate that the recorded amount of accumulated depreciation is deficient or in excess of the amount indicated by the study. Any such deficiency or excess is amortized as a component of depreciation expense over the remaining useful lives of the affected asset class, as determined by the study. The Company also monitors these factors in non-study years to determine if adjustments should be made to depreciation rates. The Company completed depreciation studies for KCSR and KCSM in 2019. The impacts of the studies were immaterial to the consolidated financial results for all periods.

Also under the group method of depreciation, the cost of railroad property and equipment (net of salvage or sales proceeds) retired or replaced in the normal course of business is charged to accumulated depreciation with no gain or loss recognized. Actual historical costs are retired when available, such as with equipment costs. The use of estimates in recognizing

the retirement of roadway assets is necessary as it is impractical to track individual, homogeneous network-type assets. Certain types of roadway assets are retired using statistical curves derived from the depreciation studies that indicate the relative distribution of the age of the assets retired. For other roadway assets, historical costs are estimated by deflating current costs using inflation indices and the estimated useful life of the assets as determined by the depreciation studies. The indices applied to the replacement value are selected because they closely correlate with the major costs of the items comprising the roadway assets. Because of the number of estimates inherent in the depreciation and retirement processes and because it is impossible to precisely estimate each of these variables until a group of assets is completely retired, the Company continually monitors the estimated useful lives of its assets and the accumulated depreciation associated with each asset group to ensure the depreciation rates are appropriate.

Estimation of the average useful lives of assets and net salvage values requires management judgment. Estimated average useful lives may vary over time due to changes in physical use, technology, asset strategies and other factors that could have an impact on the retirement experience of the asset classes. Accordingly, changes in the assets' estimated useful lives could significantly impact future periods' depreciation expense. Depreciation and amortization expense for the year ended December 31, 2019 was $350.7 million. If the weighted average useful lives of assets were changed by one year, annual depreciation and amortization expense would change approximately $11.0 million.

Gains or losses on dispositions of land or non-group property and abnormal retirements of railroad property are recognized through income. A retirement of railroad property would be considered abnormal if the retirement meets each of the following conditions: (i) is unusual in nature, (ii) is significant in amount, and (iii) varies significantly from the retirement profile identified through the depreciation studies. For the year ended December 31, 2019, KCS recognized a loss of $134.2 million from asset impairments of certain locomotives and railcars as a result of the implementation of PSR. There were no other significant gains or losses from abnormal retirements of property or equipment for the years ended December 31, 2018 and 2017. Refer to Note 3, Restructuring Charges of the consolidated financial statements for more information.

Costs incurred by the Company to acquire the Concession rights and related assets, as well as subsequent improvements to the Concession assets, are capitalized and amortized using the group method of depreciation over the lesser of the current expected Concession term, including probable renewal of an additional 50-year term, or the estimated useful lives of the assets and rights. The Company's ongoing evaluation of the useful lives of Concession assets and rights considers the aggregation of the following facts and circumstances:

- The Company's executive management is dedicated to ensuring compliance with the various provisions of the Concession and to maintaining positive relationships with the SCT and other Mexican federal, state, and municipal governmental authorities;
- During the time since the Concession was granted, the relationships between KCSM and the various Mexican governmental authorities have matured and the guidelines for operating under the Concession have become more defined with experience;
- There are no known supportable sanctions or compliance issues that would cause the SCT to revoke the Concession or prevent KCSM from renewing the Concession; and
- KCSM operations are an integral part of the KCS operations strategy, and related investment analyses and operational decisions assume that the Company's cross border rail business operates into perpetuity, and do not assume that Mexico operations terminate at the end of the current Concession term.

Based on the above factors, as of December 31, 2019, the Company continues to believe that it is probable that the Concession will be renewed for an additional 50-year term beyond the current term.

Long-lived assets are reviewed for impairment when events or circumstances indicate that the carrying amount of an asset may not be recoverable. If impairment indicators are present and the estimated future undiscounted cash flows are less than the carrying value of the long-lived assets, the carrying value would be reduced to the estimated fair value. Future cash flow estimates for an impairment review would be based on the lowest level of identifiable cash flows, which are the Company's U.S. and Mexican operations. Other than the abnormal impairments related to the implementation of PSR, management did not identify any indicators of impairment for the years ended December 31, 2019 and 2018.

Income Taxes

Deferred income taxes represent a net asset or liability of the Company. For financial reporting purposes, management determines the current tax liability, as well as deferred tax assets and liabilities, in accordance with the asset and liability method of accounting for income taxes. The provision for income taxes is the sum of income taxes both currently payable and deferred into the future. Currently payable income taxes represent the liability related to the Company's U.S., state and foreign income tax returns for the current year and anticipated tax payments resulting from income tax audits, while the net deferred tax expense or benefit represents the change in the balance of net deferred tax assets or liabilities as reported on the balance sheet. The changes in deferred tax assets and liabilities are determined based upon the estimated timing of reversal of differences between the carrying amount of assets and liabilities for financial reporting purposes and the basis of assets and liabilities for tax purposes as measured using the currently enacted tax rates that will be in effect at the time these differences are expected to reverse. Additionally, management estimates whether taxable operating income in future periods will be sufficient to fully recognize any deferred tax assets. Valuation allowances are recorded as appropriate to reduce deferred tax assets to the amount considered likely to be realized.

Income tax expense related to Mexican operations has additional complexities such as the impact of exchange rate variations, which can have a significant impact on the effective income tax rate.

Management believes that the assumptions and estimates related to the provision for income taxes are critical to the Company's results of operations. For the year ended December 31, 2019, income tax expense totaled $247.6 million. For every 1% change in the 2019 effective rate, income tax expense would have changed by approximately $7.9 million. For further information on the impact of foreign exchange fluctuation on income taxes, refer to Item 7A, Quantitative and Qualitative Disclosures About Market Risk — Foreign Exchange Sensitivity.

OTHER MATTERS

Litigation. Occasionally, the Company is a party to various legal proceedings, regulatory examinations, investigations, administrative actions, and other legal matters, arising for the most part in the ordinary course of business, incidental to its operations. Included in these proceedings are various tort claims brought by current and former employees for job-related injuries and by third parties for injuries related to railroad operations. KCS aggressively defends these matters and has established liability provisions that management believes are adequate to cover expected costs. The outcome of litigation and other legal matters is always uncertain. KCS believes it has valid defenses to the legal matters currently pending against it, is defending itself vigorously, and has recorded accruals determined in accordance with U.S. GAAP, where appropriate. In making a determination regarding accruals, using available information, KCS evaluates the likelihood of an unfavorable outcome in legal or regulatory proceedings to which it is a party to and records a loss contingency when it is probable a liability has been incurred and the amount of the loss can be reasonably estimated. These subjective determinations are based on the status of such legal or regulatory proceedings, the merits of KCS's defenses and consultation with legal counsel. Actual outcomes of these legal and regulatory proceedings may materially differ from the current estimates. It is possible that resolution of one or more of the legal matters currently pending or threatened could result in losses material to KCS's consolidated results of operations, liquidity or financial condition.

Although it is not possible to predict the outcome of any legal proceeding, in the opinion of the Company's management, other than as described in Note 18, Commitments and Contingencies of the consolidated financial statements, such proceedings and actions should not, individually or in the aggregate, have a material adverse effect on the Company's consolidated financial statements.

Inflation. U.S. generally accepted accounting principles require the use of historical cost, which does not reflect the effects of inflation on the replacement cost of property. Due to the capital intensive nature of KCS's business, the replacement cost of these assets would be significantly higher than the amounts reported under the historical cost basis.

Recent Accounting Pronouncements. Refer to Note 2, Significant Accounting Policies of the consolidated financial statements for information relative to recent accounting pronouncements.

Regulatory Updates

USMCA. On January 16, 2020, the U.S. Senate approved the "USMCA Implementation Act" that had been approved by the U.S. House of Representatives on December 19, 2019. This legislation will now be sent to President Trump for signature. The agreement will not go into full effect until Canada gives its approval. Mexico passed the revised deal in December 2019.

North American trade is important to the Company and its business. The Company believes completion of the USMCA approval process and implementation of the agreement should create more certainty about such trade going forward, improving the cross-border environment in which the Company operates.

U.S. Tariff Imposition on Imports. The administration of U.S. President Donald J. Trump has implemented new U.S. tariffs that could impact global commerce. U.S. trading partners have responded by announcing retaliatory tariffs on some U.S. exports. At this time, the Company cannot determine the impacts these tariffs will have on the Company's consolidated financial statements.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

KCS is exposed to certain market risks including interest rate, commodity, and foreign exchange risks and utilizes various financial instruments that have certain inherent market risks. These instruments have been entered into for hedging rather than trading purposes. The following information, together with information included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Item 8, Financial Statements and Supplementary Data — Note 12, Derivative Instruments, describe the key aspects of certain financial instruments that have market risk to KCS.

The analysis presented below for each of the Company's market risks uses a sensitivity model based on hypothetical changes (increases or decreases) to market risks using defined parameters and assumptions to quantify the potential impacts to the consolidated statements of income. The hypothetical changes to market risks do not represent KCS's view of future market changes. The effect of a change in a particular assumption was calculated without adjusting any other assumptions. These market risks and the potential impacts to the consolidated statements of income for the current year, have not materially fluctuated, individually or in the aggregate from the preceding year; thus only current year information is presented below.

Interest Rate Sensitivity. The Company is subject to interest rate risk associated with its debt. Changes in interest rates impact the fair value of outstanding fixed-rate debt, but there is no impact to current earnings or cash flow. Based upon the borrowing rates available to KCS and its subsidiaries for indebtedness with similar terms and average maturities, the fair value of long-term debt was approximately $3,535.7 million and $2,661.3 million at December 31, 2019 and 2018, respectively, compared with a carrying value of $3,246.0 million and $2,689.4 million at December 31, 2019 and 2018, respectively.

Alternatively, changes in interest rates do not affect the fair value of variable rate debt, but affect future earnings and cash flows. The Company's floating-rate indebtedness includes commercial paper borrowings, and any outstanding borrowings under revolving credit facilities. At December 31, 2019 and 2018, KCS had no commercial paper or revolving credit facility borrowings outstanding.

Commodity Price Sensitivity. KCS periodically participates in diesel fuel purchase commitments and derivative financial instruments. At December 31, 2019 and 2018, KCS did not have any outstanding fuel derivative financial instruments. The Company also holds fuel inventories for use in operations. These inventories are not material to KCS's overall financial position. Fuel costs are expected to reflect market conditions in 2020; however, fuel costs are unpredictable and subject to a variety of factors outside the Company's control. Assuming annual consumption of 133 million gallons, a hypothetical 10 cent change in the price per gallon of fuel would cause a $13.3 million change in operating expenses. KCS mitigates the impact of increased fuel costs through fuel surcharge revenues from customers; however, in a period of volatile fuel prices or changing customer business mix, changes in fuel expense and fuel surcharge revenue may differ.

Foreign Exchange Sensitivity. KCS's foreign subsidiaries use the U.S. dollar as their functional currency; however, a portion of the foreign subsidiaries' revenues and expenses is denominated in Mexican pesos. Based on the volume of revenue and expense transactions denominated in Mexican pesos, revenue and expense fluctuations have historically offset.

The Company has exposure to fluctuations in the value of the Mexican peso against the U.S. dollar due to its monetary assets and liabilities that are denominated in Mexican pesos. Monetary assets and liabilities include cash, accounts receivable and payable and other items that will convert to cash in the future and are remeasured into dollars using the current exchange

rate. The remeasurement and settlement of monetary assets and liabilities is recognized in the consolidated statements of income as foreign exchange gains and losses. At December 31, 2019, the Company had Ps.1,956.9 million of net monetary assets denominated in Mexican pesos, as monetary assets exceeded monetary liabilities.

The following table presents the potential impacts to the consolidated statements of income that would result from a hypothetical change in the exchange rate of one Mexican peso per U.S. dollar at December 31, 2019:

	Hypothetical Change in Exchange Rate	Amount of Gain (Loss)	Affected Line Item in the Consolidated Statements of Income
Net monetary assets denominated in Mexican pesos at December 31, 2019:			
Ps.1,956.9 million	From Ps.18.8 to Ps.19.8	($5.2 million)	Foreign exchange gain (loss)
Ps.1,956.9 million	From Ps.18.8 to Ps.17.8	$5.8 million	Foreign exchange gain (loss)

Mexican income taxes are paid in Mexican pesos, and as a result, the effective income tax rate reflects fluctuations in the value of the Mexican peso against the U.S. dollar. Most significantly, any gain or loss from the revaluation of the Company's net U.S. dollar-denominated monetary liabilities into Mexican pesos is included in Mexican taxable income under Mexican tax law. As a result, a strengthening of the Mexican peso against the U.S. dollar for the reporting period will generally increase the Mexican cash tax obligation and the effective income tax rate, and a weakening of the Mexican peso against the U.S. dollar for the reporting period will generally decrease the Mexican cash tax obligation and the effective tax rate.

The following table presents the potential impacts to the effective income tax rate and income tax expense that would result from a hypothetical change in the exchange rate of one Mexican peso at December 31, 2019:

Hypothetical Change in Exchange Rate	Increase (Decrease) in Effective Income Tax Rate	Amount of Expense (Benefit)	Affected Line Item in the Consolidated Statements of Income
From Ps.18.8 to Ps.19.8	(2.0%)	($15.7 million)	Income tax expense (benefit)
From Ps.18.8 to Ps.17.8	2.2%	$17.5 million	Income tax expense (benefit)

The Company has executed, and expects to continue to execute foreign currency derivative instruments to hedge its exposure to fluctuations in the Mexican cash tax obligation due to changes in the value of the Mexican peso against the U.S. dollar. These derivative instruments have historically offset the effects of foreign currency changes on income tax expense (benefit) resulting in minimal impact to net income.

At December 31, 2019, the Company had outstanding foreign currency forward contracts with an aggregate notional amount of $105.0 million, which matured during January 2020 and obligated the Company to purchase a total of Ps.2,041.2 million at a weighted-average exchange rate of Ps.19.4 to each U.S. dollar. During January 2020, the Company entered into offsetting contracts with an aggregate notional amount of $108.6 million, which matured during January 2020 and obligated the Company to sell a total of Ps.2,041.2 million at a weighted-average exchange rate of Ps.18.8 to each U.S. dollar. Given the settlement during January 2020, the Company believes there was minimal market risk associated with these contracts at December 31, 2019.

During January 2020, the Company entered into several foreign currency forward contracts with an aggregate notional amount of $250.0 million maturing in February 2020. These contracts obligate the Company to purchase a total of Ps.4,751.5 million at a weighted-average exchange rate of Ps.19.0 to each U.S. dollar.

The following table presents the potential impacts to the consolidated statements of income that would result from a hypothetical change in the exchange rate of one Mexican peso at maturity date for the foreign currency forward contracts entered into during January 2020:

Aggregate notional amount:	Hypothetical Change in Exchange Rate	Amount of Gain (Loss)	Affected Line Item in the Consolidated Statements of Income
$250.0 million	From Ps.19.0 to Ps.20.0	($12.5 million)	Foreign exchange gain (loss)
$250.0 million	From Ps.19.0 to Ps.18.0	$13.9 million	Foreign exchange gain (loss)

The Company has not designated these foreign currency derivative instruments as hedging instruments for accounting purposes. The foreign currency derivative instruments will be measured at fair value each period and any change in fair value will be recognized in foreign exchange gain (loss) within the consolidated statements of income.

Item 8. ***Financial Statements and Supplementary Data***

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All schedules are omitted because they are not applicable, are insignificant, or the required information is shown in the consolidated financial statements or notes thereto.

Management's Report on Internal Control over Financial Reporting

The management of Kansas City Southern is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. KCS's internal control over financial reporting was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2019, based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework (2013)* (commonly referred to as the COSO Framework). Based on its evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2019, based on the criteria outlined in the COSO Framework.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2019, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which immediately follows this report.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Kansas City Southern

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Kansas City Southern and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Capitalization of Self-Constructed Additions and Improvements to Property and Equipment (including Concession Assets)

As described in Note 2 to the consolidated financial statements, the Company's capitalized costs include costs for self-constructed additions and improvements to property including direct labor and material, indirect costs, and interest during long-term construction projects. Expenditures that significantly increase asset values, productive capacity, efficiency, safety, or extend useful lives are capitalized. Indirect costs are allocated to capital projects as a standard percentage, which is evaluated annually, and applied to direct labor and material costs. For the year-ended December 31, 2019, the Company capitalized costs of $584.3 million.

The principal considerations for our determination that performing procedures relating to capitalization of self-constructed additions and improvements to property and equipment (including concession assets) is a critical audit matter are there was significant judgment by management to identify costs to capitalize, including which indirect costs relate to track structure and other self-constructed property, and the application of these indirect costs to capital projects. This in turn led to significant auditor judgment, subjectivity, and effort in performing procedures and evaluating the capitalization of costs to property and equipment (including concession assets).

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to capitalization of costs. These procedures also included, among others, testing management's process to identify which costs are capitalized and evaluating the reasonableness of assumptions used by management to determine which indirect costs relate to track structure and other self-constructed property and the application of those costs to capital projects.

/s/PricewaterhouseCoopers LLP
Kansas City, Missouri
January 24, 2020

We have served as the Company's auditor since 2017.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Kansas City Southern:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of income, comprehensive income, changes in equity, and cash flows of Kansas City Southern and subsidiaries (the Company) for the year ended December 31, 2017, and the related notes (collectively, the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of its operations and its cash flows for the year ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ KPMG LLP

We served as the Company's auditor from 2001 to 2018.

Kansas City, Missouri
January 26, 2018

Kansas City Southern and Subsidiaries

Consolidated Statements of Income
Years Ended December 31,

	2019	2018	2017
	(In millions, except share and per share amounts)		
Revenues	$ 2,866.0	$ 2,714.0	$ 2,582.9
Operating expenses:			
Compensation and benefits	529.1	495.7	493.8
Purchased services	219.2	200.7	193.7
Fuel	340.4	348.2	316.1
Mexican fuel excise tax credit	—	(37.7)	(44.1)
Equipment costs	108.6	126.1	129.2
Depreciation and amortization	350.7	346.7	320.9
Materials and other	262.9	265.9	251.7
Restructuring charges	168.8	—	—
Gain on insurance recoveries related to hurricane damage	—	(17.9)	—
Total operating expenses	1,979.7	1,727.7	1,661.3
Operating income	886.3	986.3	921.6
Equity in net earnings of affiliates	1.0	2.6	11.5
Interest expense	(115.9)	(110.0)	(100.2)
Debt retirement costs	(1.1)	(2.2)	—
Foreign exchange gain	17.1	7.8	41.7
Other income (expense), net	1.0	2.4	(0.3)
Income before income taxes	788.4	886.9	874.3
Income tax expense (benefit)	247.6	257.5	(89.6)
Net income	540.8	629.4	963.9
Less: Net income attributable to noncontrolling interest	1.9	2.0	1.9
Net income attributable to Kansas City Southern and subsidiaries	538.9	627.4	962.0
Preferred stock dividends	0.2	0.2	0.2
Net income available to common stockholders	$ 538.7	$ 627.2	$ 961.8
Earnings per share:			
Basic earnings per share	$ 5.42	$ 6.16	$ 9.18
Diluted earnings per share	$ 5.40	$ 6.13	$ 9.16
Average shares outstanding *(in thousands)*:			
Basic	99,316	101,852	104,728
Potentially dilutive common shares	431	418	312
Diluted	99,747	102,270	105,040

See accompanying notes to consolidated financial statements.

Kansas City Southern and Subsidiaries

Consolidated Statements of Comprehensive Income
Years Ended December 31,

	2019	2018	2017
		(In millions)	
Net income	$ 540.8	$ 629.4	$ 963.9
Other comprehensive income (loss):			
Unrealized gain (loss) on interest rate derivative instruments during the period, net of tax of $(4.9) million, $1.0 million and $(2.2) million	(18.9)	2.6	(3.4)
Reclassification adjustment from cash flow hedges included in net income, net of tax of less than $0.1 million	0.2	—	—
Foreign currency translation adjustments, net of tax of $3.8 million for 2017	0.5	0.1	(3.3)
Other comprehensive income (loss)	(18.2)	2.7	(6.7)
Comprehensive income	522.6	632.1	957.2
Less: comprehensive income attributable to noncontrolling interest	1.9	2.0	1.9
Comprehensive income attributable to Kansas City Southern and subsidiaries	$ 520.7	$ 630.1	$ 955.3

See accompanying notes to consolidated financial statements.

Kansas City Southern and Subsidiaries

Consolidated Balance Sheets
December 31,

	2019	2018
	(In millions, except share and per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 148.8	$ 100.5
Accounts receivable, net	274.2	301.2
Materials and supplies	150.6	160.3
Other current assets	155.0	73.4
Total current assets	728.6	635.4
Operating lease right-of-use assets	158.4	—
Investments	47.6	44.9
Property and equipment (including concession assets), net	8,806.3	8,691.1
Other assets	45.9	98.4
Total assets	$ 9,786.8	$ 9,469.8
LIABILITIES AND EQUITY		
Current liabilities:		
Long-term debt due within one year	$ 18.0	$ 10.1
Accounts payable and accrued liabilities	473.3	436.9
Total current liabilities	491.3	447.0
Long-term operating lease liabilities	85.7	—
Long-term debt	3,228.0	2,679.3
Deferred income taxes	1,128.0	1,079.9
Other noncurrent liabilities and deferred credits	107.9	130.9
Total liabilities	5,040.9	4,337.1
Stockholders' equity:		
$25 par, 4% noncumulative, preferred stock, 840,000 shares authorized, 649,736 shares issued; 222,625 and 228,395 shares outstanding at December 31, 2019 and 2018, respectively	5.6	5.7
$.01 par, common stock, 400,000,000 shares authorized, 123,352,185 shares issued; 96,115,669 and 100,896,678 shares outstanding at December 31, 2019 and 2018, respectively	1.0	1.0
Additional paid-in capital	843.7	946.6
Retained earnings	3,601.3	3,870.6
Accumulated other comprehensive loss	(29.1)	(10.9)
Total stockholders' equity	4,422.5	4,813.0
Noncontrolling interest	323.4	319.7
Total equity	4,745.9	5,132.7
Total liabilities and equity	$ 9,786.8	$ 9,469.8

See accompanying notes to consolidated financial statements.

Kansas City Southern and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31,

	2019	2018	2017
		(In millions)	
Operating activities:			
Net income	$ 540.8	$ 629.4	$ 963.9
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	350.7	346.7	320.9
Deferred income taxes	53.1	91.7	(301.3)
Equity in net earnings of affiliates	(1.0)	(2.6)	(11.5)
Share-based compensation	23.1	20.4	18.2
Distributions from affiliates	7.0	5.5	12.5
Settlement of foreign currency derivative instruments	11.9	13.9	(10.8)
Gain on foreign currency derivative instruments	(14.1)	(6.3)	(38.2)
Restructuring charges	168.8	—	—
Cash payments for restructuring charges	(6.3)	—	—
Settlement of treasury lock agreements	(25.8)	—	—
Gain on insurance recoveries related to hurricane damage	—	(17.9)	—
Insurance proceeds related to hurricane damage	—	17.9	—
Deemed mandatory repatriation tax	—	(18.7)	41.3
Changes in working capital items:			
Accounts receivable	36.4	(68.4)	(46.7)
Materials and supplies	0.5	(4.5)	1.4
Other current assets	(56.8)	(41.1)	(68.6)
Accounts payable and accrued liabilities	10.5	(18.2)	160.4
Other, net	4.7	(2.1)	(13.1)
Net cash provided by operating activities	1,103.5	945.7	1,028.4
Investing activities:			
Capital expenditures	(587.2)	(520.3)	(585.4)
Purchase or replacement of assets under operating leases	(39.0)	(98.9)	(42.6)
Property investments in MSLLC	(27.5)	(26.1)	(26.0)
Investments in and advances to affiliates	(36.7)	(19.2)	(20.4)
Insurance proceeds related to hurricane damage	—	7.6	—
Proceeds from disposal of property	22.1	8.7	8.8
Other, net	(8.0)	(3.7)	(15.5)
Net cash used for investing activities	(676.3)	(651.9)	(681.1)
Financing activities:			
Net short-term borrowings	—	(348.1)	159.0
Proceeds from issuance of long-term debt	847.5	499.4	—
Repayment of long-term debt	(285.0)	(81.5)	(25.4)
Dividends paid	(144.3)	(147.5)	(142.5)
Shares repurchased	(792.5)	(243.5)	(375.6)
Debt issuance and retirement costs paid	(11.6)	(8.0)	—
Proceeds from employee stock plans	7.0	1.8	0.7
Net cash used for financing activities	(378.9)	(327.4)	(383.8)
Cash and cash equivalents:			
Net increase (decrease) during each year	48.3	(33.6)	(36.5)
At beginning of year	100.5	134.1	170.6
At end of year	$ 148.8	$ 100.5	$ 134.1
Supplemental cash flow information			
Non-cash investing and financing activities:			
Capital expenditures and purchase or replacement of assets under operating lease accrued but not yet paid at end of year	$ 24.0	$ 26.9	$ 34.9
Other investing activities accrued but not yet paid at the end of the year	31.2	53.8	56.7
Non-cash asset acquisitions	0.5	0.7	0.1
Dividends accrued but not yet paid at end of year	39.0	36.6	37.2
Cash payments:			
Interest paid, net of amounts capitalized	$ 110.5	$ 105.0	$ 97.9
Income tax payments, net of refunds	170.5	221.0	51.1

See accompanying notes to consolidated financial statements.

Kansas City Southern and Subsidiaries

Consolidated Statements of Changes in Equity

(in millions, except per share amounts)

	$25 Par Preferred Stock	$.01 Par Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total
Balance at December 31, 2016	$ 6.1	$ 1.1	$ 954.8	$ 3,134.1	$ (6.2)	$ 314.6	$ 4,404.5
Cumulative-effect adjustment due to adoption of ASU 2016-09, Improvements to Employee Share-Based Payment Accounting			1.3	1.2			2.5
Net income				962.0		1.9	963.9
Other comprehensive loss					(6.7)		(6.7)
Dividends on common stock ($1.38/share)				(144.2)			(144.2)
Dividends on $25 par preferred stock ($1.00/share)				(0.2)			(0.2)
Share repurchases		(0.1)	(34.0)	(341.5)			(375.6)
Options exercised and stock subscribed, net of shares withheld for employee taxes			3.0				3.0
Share-based compensation			18.2				18.2
Balance at December 31, 2017	6.1	1.0	943.3	3,611.4	(12.9)	316.5	4,865.4
Reclassification due to adoption of ASU 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income				0.7	(0.7)		—
Net income				627.4		2.0	629.4
Other comprehensive income					2.7		2.7
Contributions from noncontrolling interest						1.2	1.2
Dividends on common stock ($1.44/share)				(146.7)			(146.7)
Dividends on $25 par preferred stock ($1.00/share)				(0.2)			(0.2)
Share repurchases	(0.4)	—	(21.1)	(222.0)			(243.5)
Options exercised and stock subscribed, net of shares withheld for employee taxes			4.0				4.0
Share-based compensation			20.4				20.4
Balance at December 31, 2018	5.7	1.0	946.6	3,870.6	(10.9)	319.7	5,132.7
Net income				538.9		1.9	540.8
Other comprehensive loss					(18.2)		(18.2)
Contributions from noncontrolling interest						1.8	1.8
Dividends on common stock ($1.48/share)				(146.5)			(146.5)
Dividends on $25 par preferred stock ($1.00/share)				(0.2)			(0.2)
Share repurchases	(0.1)	—	(48.4)	(661.5)			(710.0)
Forward contract for accelerated share repurchases			(82.5)				(82.5)
Options exercised and stock subscribed, net of shares withheld for employee taxes			4.1				4.1
Share-based compensation			23.9				23.9
Balance at December 31, 2019	$ 5.6	$ 1.0	$ 843.7	$ 3,601.3	$ (29.1)	$ 323.4	$ 4,745.9

See accompanying notes to consolidated financial statements.

Note 1. Description of the Business

Kansas City Southern ("KCS" or the "Company"), a Delaware corporation, is a holding company with principal operations in rail transportation.

The Company is engaged in the freight rail transportation business operating through a single coordinated rail network under one reportable business segment. The Company generates revenues and cash flows by providing its customers with freight delivery services both within its regions, and throughout North America through connections with other Class I rail carriers. KCS's customers conduct business in a number of different industries, including electric-generating utilities, chemical and petroleum products, paper and forest products, agriculture and mineral products, automotive products and intermodal transportation.

The primary subsidiaries of the Company consist of the following:

- The Kansas City Southern Railway Company ("KCSR"), a wholly-owned consolidated subsidiary. KCSR is a U.S. Class I railroad that services the midwest and southeast regions of the United States;
- Kansas City Southern de México, S.A. de C.V. ("KCSM"), a wholly-owned consolidated subsidiary which operates under the rights granted by the concession acquired from the Mexican government in 1997 (the "Concession") as described below;
- Mexrail, Inc. ("Mexrail"), a wholly-owned consolidated subsidiary; which wholly owns The Texas Mexican Railway Company ("Tex-Mex");
- KCSM Servicios, S.A. de C.V. ("KCSM Servicios"), a wholly-owned consolidated subsidiary which provides employee services to KCSM; and
- Meridian Speedway, LLC ("MSLLC"), a seventy percent-owned consolidated affiliate. MSLLC owns the former KCSR rail line between Meridian, Mississippi and Shreveport, Louisiana, which is the portion of the rail line between Dallas, Texas and Meridian known as the "Meridian Speedway".

Including equity investments in:

- Panama Canal Railway Company ("PCRC"), a fifty percent-owned unconsolidated affiliate which provides ocean to ocean freight and passenger services along the Panama Canal;
- TFCM, S. de R.L. de C.V. ("TCM"), a forty-five percent-owned unconsolidated affiliate that operates a bulk liquid terminal in San Luis Potosí, Mexico;
- Ferrocarril y Terminal del Valle de México, S.A. de C.V. ("FTVM"), a twenty-five percent-owned unconsolidated affiliate that provides railroad services as well as ancillary services in the greater Mexico City area; and
- PTC-220, LLC ("PTC-220"), a fourteen percent-owned unconsolidated affiliate that holds the licenses to large blocks of radio spectrum and other assets for the deployment of positive train control.

The KCSM Concession. KCSM holds a concession (the "Concession") from the Mexican government until June 2047 (exclusive service through 2027, subject to certain trackage and haulage rights granted to other concessionaires), which is renewable under certain conditions for additional periods of up to 50 years under the Concession. The Concession is to provide freight transportation services over north-east rail lines which are a primary commercial corridor of the Mexican railroad system. KCSM has the right to use, but does not own, all track and buildings that are necessary for the rail lines' operation. KCSM is required to pay the Mexican government an annual concession duty equal to 1.25% of gross revenues during the Concession period.

Employees and Labor Relations. KCSR participates in industry-wide multi-employer bargaining as a member of the National Carriers' Conference Committee, as well as local bargaining for agreements that are limited to KCSR's property. Approximately 70% of KCSR employees are covered by collective bargaining agreements.

KCSM Servicios union employees are covered by one labor agreement, which was signed on April 16, 2012, between KCSM Servicios and the Sindicato de Trabajadores Ferrocarrileros de la República Mexicana ("Mexican Railroad Union"), and which remains in effect during the period of the Concession, for the purpose of regulating the relationship between the parties. Approximately 75% of KCSM Servicios employees are covered by this labor agreement.

Union labor negotiations have not historically resulted in any strike, boycott, or other disruption in the Company's business operations.

Note 2. Significant Accounting Policies

Principles of Consolidation. The accompanying consolidated financial statements are presented using the accrual basis of accounting and include the Company and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. Certain prior year amounts have been reclassified to conform to the current year presentation.

The equity method of accounting is used for all entities in which the Company or its subsidiaries have significant influence, but not a controlling interest. The Company evaluates less-than-majority-owned investments for consolidation pursuant to consolidation and variable interest entity guidance. The Company does not have any less-than-majority-owned investments requiring consolidation.

During the first quarter of 2019, the Company adopted Accounting Standards Update ("ASU") No. 2016-02, Leases, also known as Accounting Standard Codification ("ASC") Topic 842, which requires lessees to recognize for all operating leases a right-of-use asset and a lease obligation in the consolidated balance sheet. Expenses are recognized in the consolidated statement of income in a manner similar to previous accounting guidance. Lessor accounting under the new standard is substantially unchanged and is immaterial to the Company. The Company adopted the accounting standard using a prospective transition approach, which applies the provisions of the new guidance at the effective date without adjusting the comparative periods presented, with certain practical expedients available to ease the burden of adoption.

The Company elected the following practical expedients upon adoption: not to reassess whether any expired or existing contracts are or contain leases, not to reassess the lease classification for any expired or existing leases, not to reassess initial direct costs for any existing leases, not to separately identify lease and nonlease components (i.e. maintenance costs) except for fleet vehicles and real estate, and not to evaluate historical land easements under the new guidance. Additionally, the Company elected the short-term lease exemption policy, applying the requirements of ASC 842 to long-term leases (leases greater than 1 year).

Adoption of the new standard resulted in $175.2 million of additional right-of-use lease assets and lease liabilities as of January 1, 2019. The new standard did not have a significant impact on the consolidated statements of income. See Note 5, Leases for additional information.

Use of Estimates. The accounting and financial reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include those related to the recoverability and useful lives of assets and income taxes. Changes in facts and circumstances may result in revised estimates and actual results could differ from those estimates.

Revenue Recognition. The primary performance obligation for the Company is to move customers' freight from an origin to a destination. A performance obligation is created when a customer under a transportation contract or public tariff submits a bill of lading for the transport of goods. The Company recognizes revenue proportionally as a shipment moves from origin to destination, using the distance shipped to measure progress, as the customer simultaneously receives and consumes the benefit over time. Related expenses are recognized as incurred. Revenue associated with in-transit shipments at period end is

recognized based on the distance shipped as of the balance sheet date. Payment is received at the time or shortly after the performance obligation is satisfied.

The transaction price is generally in the form of a fixed fee determined at the inception of the transportation contract or the inception of the bill of lading. Certain customer agreements have variable consideration that are based on milestone achievements in the form of rebates, discounts or incentives. The Company makes judgments to determine whether the variable consideration is probable of occurring and should be included in the estimated transaction price at the beginning of the period to apply a more consistent rate throughout the year based on an analysis of historical experience with the customer, forecasted shipments and other economic indicators. The Company adjusts the estimate on a quarterly basis.

Other revenues, including switching, storage, and demurrage are distinct services and are recognized as services are performed or as contractual obligations are fulfilled. The consideration for other revenue is allocated between the separate services based upon the stand-alone transaction price.

Foreign Exchange Gain (Loss). For financial reporting purposes, foreign subsidiaries maintain records in U.S. dollars, which is the functional currency. The dollar is the currency that reflects the economic substance of the underlying events and circumstances relevant to the entity. Monetary assets and liabilities denominated in pesos are remeasured into dollars using current exchange rates. The difference between the exchange rate on the date of the transaction and the exchange rate on the settlement date, or balance sheet date if not settled, is included in the income statement as foreign exchange gain or loss.

Cash Equivalents. Short-term liquid investments with an initial maturity of three months or less are classified as cash and cash equivalents.

Accounts Receivable, net. Accounts receivable are net of an allowance for uncollectible accounts as determined by historical experience and adjusted for economic uncertainties or known trends. Accounts are charged to the allowance when a customer enters bankruptcy, when an account has been transferred to a collection agent or submitted for legal action, or when a customer is significantly past due and all available means of collection have been exhausted. At December 31, 2019 and 2018, the allowance for doubtful accounts was $7.0 million and $4.1 million, respectively. For the years ended December 31, 2019, 2018 and 2017, bad debt expense was $0.4 million, $0.3 million and $1.6 million, respectively.

Materials and Supplies. Materials and supplies consisting of diesel fuel, items to be used in the maintenance of rolling stock and items to be used in the maintenance or construction of road property are valued at the lower of average cost or net realizable value.

Derivative Instruments. Derivatives are measured at fair value and recorded on the balance sheet as either assets or liabilities. Changes in the fair value of derivatives are recorded either through current earnings or as other comprehensive income, depending on hedge designation. Gains and losses on derivative instruments classified as cash flow hedges are reported in other comprehensive income and are reclassified into earnings in the periods in which earnings are impacted by the variability of the cash flow of the hedged item.

Property and Equipment (including Concession Assets). KCS capitalizes costs for self-constructed additions and improvements to property including direct labor and material, indirect costs, and interest during long-term construction projects. For purchased assets, all costs necessary to make the asset ready for its intended use are capitalized. Expenditures that significantly increase asset values, productive capacity, efficiency, safety or extend useful lives are capitalized. Repair and maintenance costs are expensed as incurred.

Property and equipment are carried at cost and are depreciated primarily on the group method of depreciation, which the Company believes closely approximates a straight line basis over the estimated useful lives of the assets measured in years. The group method of depreciation applies a composite rate to classes of similar assets rather than to individual assets. Composite depreciation rates are based upon the Company's estimates of the expected average useful lives of assets as well as expected net salvage value at the end of their useful lives. In developing these estimates, the Company utilizes periodic depreciation studies performed by an independent engineering firm. Depreciation rate studies are performed at least every three years for equipment and at least every six years for road property (rail, ties, ballast, etc.). The Company performed depreciation studies for KCSR and KCSM in 2019. The impacts of the studies were immaterial to the consolidated financial results for all periods.

Under the group method of depreciation, the cost of railroad property and equipment (net of salvage or sales proceeds) retired or replaced in the normal course of business is charged to accumulated depreciation with no gain or loss recognized. Gains or losses on dispositions of land or non-group property and abnormal retirements of railroad property are recognized through income. A retirement of railroad property would be considered abnormal if the cause of the retirement is unusual in nature, is significant in amount, and varies significantly from the retirement profile identified through the depreciation studies.

Costs incurred by the Company to acquire the Concession rights and related assets, as well as subsequent improvements to the Concession assets, are capitalized and amortized using the group method of depreciation over the lesser of the current expected Concession term, including probable renewal of an additional 50-year term, or the estimated useful lives of the assets and rights.

Long-lived assets are reviewed for impairment when events or circumstances indicate that the carrying amount of an asset may not be recoverable. If impairment indicators are present and the estimated future undiscounted cash flows are less than the carrying value of the long-lived assets, the carrying value would be reduced to the estimated fair value. Future cash flow estimates for an impairment review would be based on the lowest level of identifiable cash flows, which are the Company's U.S. and Mexican operations. Other than the abnormal impairments related to the implementation of Precision Scheduled Railroading ("PSR"), management did not identify any indicators of impairment for the years ended December 31, 2019 and 2018.

Leases. The Company leases transportation equipment, as well as office and other operating facilities, under various finance and operating leases. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the implicit rate is not readily determinable in most of the Company's lease agreements, the Company uses its estimated secured incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Lease expense is recognized on a straight-line basis over the lease term.

The Company determines if an arrangement is a lease or contains a lease at inception. The Company's leases have remaining lease terms of approximately 1 year to 10 years, which may include the option to extend the lease when it is reasonably certain the Company will exercise that option. The Company does not have lease agreements with residual value guarantees, sale leaseback terms or material restrictive covenants. Additionally, short-term leases and leases with variable lease costs are immaterial, and the Company does not have any sublease arrangements.

Goodwill. Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets acquired in business combinations. As of December 31, 2019 and 2018, the goodwill balance was $13.2 million, which is included in other assets in the consolidated balance sheets. Goodwill is not amortized, but is reviewed at least annually, or more frequently as indicators warrant, for impairment. An impairment loss would be recognized to the extent that the carrying amount exceeds the reporting units' fair values. The Company performed its annual impairment review for goodwill as of November 30, 2019 and 2018, and concluded there was no impairment.

Investments and Impairment. The Company reviews equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable in accordance with generally accepted accounting principles. This determination requires significant judgment. In making this judgment, the Company considers available quantitative and qualitative evidence in evaluating potential impairment of these investments. If it is determined that an indicator of impairment exists, the Company assesses whether the carrying value exceeds the fair value of the asset. If the carrying value of the investment exceeds its fair value, the Company will evaluate, among other factors, general market conditions, the duration and extent to which the carrying value is greater than the fair value, and KCS's intent and ability to hold, or plans to sell, the investment. The Company also considers specific adverse conditions related to the financial health of and business outlook for the investee, including industry and sector performance, changes in technology, and operational and financing cash flow factors. Once a decline in fair value is determined to be other-than-temporary, an impairment charge will be recorded and a new carrying basis in the investment will be established. No impairment charges were recognized during the years ended December 31, 2019, 2018 and 2017.

Fair Value of Financial Instruments. Non-financial assets and liabilities are recognized at fair value on a nonrecurring basis. These assets and liabilities are measured at fair value on an ongoing basis but are subject to recognition in the financial statements only in certain circumstances. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company determines the fair values of its financial instruments based on the fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy is broken down into three levels based upon the observability of inputs. Fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value in its entirety requires judgment and considers factors specific to the asset or liability.

Environmental Liabilities. The Company recognizes liabilities for remediation and restoration costs when the Company's obligation is probable and the costs can be reasonably estimated. Costs of future expenditures for environmental remediation and restoration are not discounted to their present value. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable. Costs of ongoing compliance activities related to current operations are expensed as incurred.

Personal Injury Claims. Personal injury claims in excess of self-insurance levels are insured up to certain coverage amounts, depending on the type of claim and year of occurrence. The Company's personal injury liability is based on actuarial studies performed on an undiscounted basis by an independent third party actuarial firm and reviewed by management. The liability is based on claims filed and an estimate of claims incurred but not yet reported. Adjustments to the liability are reflected as operating expenses in the period in which the adjustments are known. Legal fees related to personal injury claims are recognized in operating expense in the period incurred.

Health and Welfare and Postemployment Benefits. The Company provides certain medical, life and other postemployment benefits to certain active employees and retirees. The Company uses actuaries to assist management in measuring the benefit obligation and cost based on the current plan provisions, employee demographics, and assumptions about financial and demographic factors affecting the probability, timing and amount of expected future benefit payments. Significant assumptions include the discount rate, rate of increase in compensation levels, and the health care cost trend rate. Actuarial gains and losses determined at the measurement date (December 31) are recognized immediately in the consolidated statements of income.

Share-Based Compensation. The Company accounts for all share-based compensation in accordance with fair value recognition provisions. Under this method, compensation expense is measured at grant date fair value and is recognized over the requisite service period in which the award is earned. Forfeitures are recognized as they occur. The Company issues treasury stock to settle share-based awards.

Income Taxes. Deferred income tax effects of transactions reported in different periods for financial reporting and income tax return purposes are recognized under the asset and liability method of accounting for income taxes. This method gives consideration to the future tax consequences of the deferred income tax items and immediately recognizes changes in income tax laws in the year of enactment.

The Company has recognized a deferred tax asset, net of a valuation allowance, for net operating loss and tax credit carryovers. The Company projects sufficient future taxable income to realize the deferred tax asset recorded less the valuation allowance. These projections take into consideration assumptions about future income, future capital expenditures and inflation rates. If assumptions or actual conditions change, the deferred tax asset, net of the valuation allowance, will be adjusted to properly reflect the expected tax benefit.

Treasury Stock. The excess of repurchase price over par value of shares held in treasury is allocated between additional paid-in capital and retained earnings.

New Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, "*Financial Instruments - Credit Losses."* The ASU sets forth a "current expected credit loss" (CECL) model which requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets, including trade receivables. The new standard will become effective for the Company beginning with the first quarter 2020 and will not have a material impact on the Company's consolidated financial statements.

Note 3. Restructuring Charges

The Company is implementing certain principles of PSR, which focus on providing reliable customer service, facilitating growth, improving asset utilization, and improving the cost profile of the Company. As a result of the PSR initiatives, management approved four separate restructuring plans during 2019, which resulted in restructuring charges of $168.8 million. Management approved the fourth restructuring plan during the fourth quarter of 2019, which coincided with the preparation of the Company's annual financial statements, and recognized restructuring charges of $38.3 million in the consolidated statements of income.

Expenses related to these initiatives are shown in the following table (*in millions*):

	2019				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year-to-Date
Restructuring charges:					
Asset impairments	$ 62.5	$ 50.7	$ 8.6	$ 36.0	$ 157.8
Workforce reduction	3.2	—	3.4	0.4	7.0
Contract restructuring	1.8	0.3	—	1.9	4.0
Total restructuring charges	$ 67.5	$ 51.0	$ 12.0	$ 38.3	$ 168.8

Asset Impairments. The Company committed to plans to dispose of certain locomotives and freight cars to increase operational fluidity, reduce maintenance expense, and improve labor and fuel efficiency. Accordingly, the Company performed an impairment analysis to adjust the carrying amount of each asset to the lower of its depreciated book value or its estimated fair value, less costs to dispose, and stopped recognizing depreciation expense. During 2019, the Company sold 66 of 127 locomotives and 1,467 of 2,011 freight cars identified under the plans. The carrying amount of the remaining assets held for sale of $11.3 million is classified as other current assets within the consolidated balance sheets at December 31, 2019. Additionally, the Company wrote off parts inventory associated with the locomotive and freight car models that were disposed.

Workforce Reduction. The Company recognized severance costs associated with PSR initiatives focused on the cost profile of the Company and improving asset utilization by reducing the active locomotive fleet and rail cars online.

Contract Restructuring. The Company terminated certain third-party vendor contracts in order to drive operational efficiencies, which resulted in contract termination penalties.

Note 4. Mexican Fuel Excise Tax Credit

Fuel purchases in Mexico are subject to an excise tax that is included in the price of fuel. Through April 29, 2019, the Company was eligible for a credit for the excise tax included in the price of fuel that is purchased and consumed in locomotives and certain work equipment in Mexico. For years 2018 and 2017, the Mexican fuel excise tax credit ("IEPS credit") was utilized and realized through the offset of the total annual Mexico income tax liability and income tax withholding payment

obligations of KCSM, with no carryforward to future periods and recognized as a benefit in operating expenses on the consolidated statements of income.

In December 2018, the Mexican government enacted changes in the tax law effective January 1, 2019 ("Mexico 2019 Tax Reform"), which, among other things, for 2019 eliminated the option to monetize the IEPS credit by offsetting income tax withholding payment obligations. As a result, the Company is allowed to offset the 2019 IEPS credit only against its Mexico corporate income tax liability on the 2019 annual income tax return. The elimination of the option to apply the IEPS credit to income tax withholding payment obligations required the Company to recognize the IEPS credit as a reduction of income tax expense rather than a reduction of operating expenses for 2019.

On April 29, 2019, the Servicio de Administración Tributaria (the "SAT"), the Mexican equivalent of the IRS, published the Miscellaneous Fiscal Resolution for 2019 ("2019 Resolution"), which eliminated the Company's eligibility for the IEPS credit effective beginning April 30, 2019. During the period of eligibility in 2019, the Company generated IEPS credits resulting in a $12.8 million net tax benefit, which was recognized as a reduction to income tax expense within the consolidated statements of income for the year ended December 31, 2019.

Note 5. Leases

Leases	Classification	December 31, 2019 (*in millions*)
Assets		
Operating	Operating lease right-of-use assets	$ 158.4
Finance	Property and equipment (including Concession assets), net	8.7
Total leased assets		$ 167.1
Liabilities		
Current		
Operating	Accounts payable and accrued liabilities	$ 45.4
Finance	Long-term debt due within one year	1.9
Noncurrent		
Operating	Long-term operating lease liabilities	85.7
Finance	Long-term debt	6.8
Total lease liabilities		$ 139.8

Lease Cost	Classification	Year ended December 31, 2019 (*in millions*)
Operating lease cost:		
	Equipment costs	$ 43.0
	Materials and other	10.7
Finance lease cost:		
Amortization of finance lease assets	Depreciation and amortization	2.7
Interest on lease liabilities	Interest expense	1.1
Total lease cost		$ 57.5

Cash Flow Information	Year ended December 31, 2019 (*in millions*)
Cash paid for operating leases included in operating activities	$ 58.7
Cash paid for finance leases included in operating activities	1.1
Cash paid for finance leases included in financing activities	2.7
Right-of-use assets obtained in exchange for operating lease liabilities	35.2

Lease Term and Discount Rate	Weighted-Average Remaining Lease Term *(years)*	Weighted-Average Discount Rate
Operating leases	4.9	3.9%
Finance leases	3.9	11.1%

Remaining Maturities of Lease Liabilities

Year Ending December 31 (*in millions*),	Operating Leases	Finance Leases
2020	$ 50.3	$ 2.7
2021	31.0	2.7
2022	22.0	2.7
2023	16.2	2.4
2024	13.7	0.1
Thereafter	8.4	—
Total lease payments	141.6	10.6
Less imputed interest	10.5	1.9
Total	$ 131.1	$ 8.7

As of December 31, 2019, the Company had additional operating leases that have not yet commenced of $3.3 million, which will commence during fiscal year 2020, and carry lease terms of 5 years.

Note 6. Revenue

Disaggregation of Revenue

The following table presents revenues disaggregated by the major commodity groups as well as the product types included within the major commodity groups *(in millions)*. The Company believes disaggregation by product type best depicts how cash flows are affected by economic factors. See Note 20, Geographic Information in the consolidated financial statements for revenues by geographical area.

	Years ended December 31,		
	2019 (ASC 606)	2018 (ASC 606)	2017 (ASC 605)
Chemical & Petroleum			
Chemicals	$ 246.9	$ 236.3	$ 225.1
Petroleum	341.8	241.9	186.0
Plastics	148.5	143.9	128.8
Total	737.2	622.1	539.9
Industrial & Consumer Products			
Forest Products	261.4	268.0	255.8
Metals & Scrap	232.9	208.2	223.3
Other	116.1	114.8	109.2
Total	610.4	591.0	588.3
Agriculture & Minerals			
Grain	298.4	289.9	278.1
Food Products	149.4	145.7	151.1
Ores & Minerals	25.0	20.9	19.9
Stone, Clay & Glass	33.5	29.9	28.3
Total	506.3	486.4	477.4
Energy			
Utility Coal	126.9	117.3	166.3
Coal & Petroleum Coke	43.2	44.3	40.8
Frac Sand	27.4	37.4	51.8
Crude Oil	48.7	57.3	24.9
Total	246.2	256.3	283.8
Intermodal	370.2	382.8	363.8
Automotive	255.6	253.2	230.8
Total Freight Revenues	2,725.9	2,591.8	2,484.0
Other Revenue	140.1	122.2	98.9
Total Revenues	$ 2,866.0	$ 2,714.0	$ 2,582.9

Major customers

No individual customer makes up greater than 10% of total consolidated revenues.

Contract Balances

The amount of revenue recognized in 2019 from performance obligations partially satisfied in the previous year was $21.9 million. The performance obligations that were unsatisfied or partially satisfied as of December 31, 2019, were $17.7 million, which represents in-transit shipments that are fully satisfied the following month.

A receivable is any unconditional right to consideration, and is recognized as shipments have been completed and the relating performance obligation has been fully satisfied. At December 31, 2019 and 2018, the accounts receivable, net balance was $274.2 million and $301.2 million, respectively. Contract assets represent a conditional right to consideration in exchange for goods or services. The Company did not have any contract assets at December 31, 2019 and 2018.

Contract liabilities represent consideration received in advance from customers, and are recognized as revenue over time as the relating performance obligation is satisfied. The amount of revenue recognized in 2019 that was included in the opening contract liability balance was $32.4 million. The Company has recognized contract liabilities within the accounts payable and accrued liabilities financial statement caption on the balance sheet. These are considered current liabilities as they will be settled in less than 12 months.

The following tables summarize the changes in contract liabilities *(in millions)*:

Contract liabilities	**Years ended December 31,**	
	2019 (ASC 606)	**2018 (ASC 606)**
Beginning balance	$ 32.4	$ 26.8
Revenue recognized that was included in the contract liability balance at the beginning of the period	(32.4)	(26.8)
Increases due to consideration received, excluding amounts recognized as revenue during the period	30.5	32.4
Ending balance	$ 30.5	$ 32.4

Note 7. Hurricane Harvey

In late August 2017, Hurricane Harvey made landfall on the Texas coast and caused flood damage to the Company's track infrastructure and significantly disrupted the Company's rail service. The Company filed a claim in the fourth quarter of 2017 under its insurance program for property damage, incremental expenses, and lost profits caused by Hurricane Harvey. In the third quarter of 2017, the Company recognized a receivable for probable insurance recovery offsetting the impact of incremental expenses recognized in the quarter. During 2018, the Company partially settled its insurance claim for $35.5 million. As a result of the nonrefundable partial settlement, the Company recognized gain on insurance recoveries of $17.9 million, net of the self-insured retention and insurance receivable. The Company received the nonrefundable cash proceeds of $25.5 million from the partial settlement in the fourth quarter of 2018. Final settlement of the insurance claim is dependent upon costs incurred with an ongoing bridge construction project expected to be completed in 2020.

Note 8. Earnings Per Share

Basic earnings per common share is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share adjusts basic earnings per common share for the effects of potentially dilutive common shares, if the effect is not anti-dilutive. Potentially dilutive common shares include the dilutive effects of shares issuable under the 2008 and 2017 Equity Incentive Plans and shares issuable upon the conversion of preferred stock to common stock.

The following table reconciles the basic earnings per share computation to the diluted earnings per share computation *(in millions, except share and per share amounts)*:

	2019	2018	2017
Net income available to common stockholders for purposes of computing basic and diluted earnings per share	$ 538.7	$ 627.2	$ 961.8
Weighted-average number of shares outstanding *(in thousands)*:			
Basic shares	99,316	101,852	104,728
Effect of dilution	431	418	312
Diluted shares	99,747	102,270	105,040
Earnings per share:			
Basic earnings per share	$ 5.42	$ 6.16	$ 9.18
Diluted earnings per share	$ 5.40	$ 6.13	$ 9.16

Potentially dilutive shares excluded from the calculation (*in thousands*):	2019	2018	2017
Stock options excluded as their inclusion would be anti-dilutive	121	117	150

Note 9. Property and Equipment (including Concession Assets)

The following tables list the major categories of property and equipment, including Concession assets, as well as the weighted-average composite depreciation rate for each category (*in millions*):

As of December 31, 2019	Cost	Accumulated Depreciation	Net Book Value	Depreciation Rates for 2019
Land	$ 224.9	$ —	$ 224.9	N/A
Concession land rights	141.1	(29.4)	111.7	1.0%
Rail and other track material	2,122.9	(373.3)	1,749.6	1.8-3.2%
Ties	1,738.4	(405.7)	1,332.7	1.4-5.0%
Grading	991.5	(179.4)	812.1	1.1%
Bridges and tunnels	823.8	(163.0)	660.8	1.2%
Ballast	835.6	(236.4)	599.2	2.2-4.7%
Other (a)	1,449.9	(438.5)	1,011.4	3.0%
Total road property	7,962.1	(1,796.3)	6,165.8	2.8%
Locomotives	1,593.9	(429.7)	1,164.2	5.2%
Freight cars	980.8	(196.6)	784.2	2.4%
Other equipment	77.9	(30.4)	47.5	4.5%
Total equipment	2,652.6	(656.7)	1,995.9	4.1%
Technology and other	345.1	(207.3)	137.8	16.3%
Construction in progress	170.2	—	170.2	N/A
Total property and equipment (including Concession assets)	$ 11,496.0	$ (2,689.7)	$ 8,806.3	N/A

(a) Other includes signals, buildings and other road assets.

As of December 31, 2018	Cost	Accumulated Depreciation	Net Book Value	Depreciation Rates for 2018
Land	$ 219.3	$ —	$ 219.3	N/A
Concession land rights	141.1	(27.9)	113.2	1.0%
Rail and other track material	2,064.4	(296.3)	1,768.1	2.4-2.9%
Ties	1,697.9	(465.6)	1,232.3	2.0-4.8%
Grading	978.2	(169.4)	808.8	0.9%
Bridges and tunnels	803.9	(153.8)	650.1	1.1%
Ballast	799.9	(223.9)	576.0	2.5-4.2%
Other (a)	1,367.2	(401.4)	965.8	3.2%
Total road property	7,711.5	(1,710.4)	6,001.1	2.8%
Locomotives	1,638.1	(436.3)	1,201.8	4.9%
Freight cars	1,034.1	(200.9)	833.2	2.7%
Other equipment	67.3	(29.0)	38.3	5.7%
Total equipment	2,739.5	(666.2)	2,073.3	4.1%
Technology and other	305.6	(173.9)	131.7	16.6%
Construction in progress	152.5	—	152.5	N/A
Total property and equipment (including Concession assets)	$ 11,269.5	$ (2,578.4)	$ 8,691.1	N/A

(a) Other includes signals, buildings and other road assets.

Concession assets, net of accumulated amortization of $678.1 million and $645.2 million, totaled $2,335.5 million and $2,260.4 million at December 31, 2019 and 2018, respectively.

Depreciation and amortization of property and equipment (including Concession assets) totaled $350.7 million, $346.7 million and $320.9 million, for 2019, 2018, and 2017, respectively.

Note 10. Other Balance Sheet Captions

Other Current Assets. Other current assets included the following items at December 31 *(in millions):*

	2019	2018
Refundable taxes	$ 67.3	$ 11.2
Advances to affiliates	47.3	6.3
Mexican fuel excise tax credit	—	30.9
Prepaid expenses	21.0	21.7
Other	19.4	3.3
Other current assets	$ 155.0	$ 73.4

Accounts Payable and Accrued Liabilities. Accounts payable and accrued liabilities included the following items at December 31 *(in millions):*

	2019	2018
Accounts payable	$ 157.1	$ 180.5
Income and other taxes	34.4	35.2
Accrued wages and vacation	79.0	60.9
Short-term operating lease liability	45.4	—
Derailments, personal injury and other claim provisions	38.5	44.0
Dividends payable	38.7	36.4
Contract liabilities	30.5	32.4
Interest payable	23.1	20.1
Other	26.6	27.4
Accounts payable and accrued liabilities	$ 473.3	$ 436.9

Note 11. Fair Value Measurements

The Company's assets and liabilities recognized at fair value have been categorized based upon a fair value hierarchy as described in Note 2, Significant Accounting Policies. As of December 31, 2019, the Company's derivative financial instruments are measured at fair value on a recurring basis and consist of foreign currency forward and option contracts, which are classified as Level 2 valuations. The Company determines the fair value of its derivative financial instrument positions based upon pricing models using inputs observed from actively quoted markets and also takes into consideration the contract terms as well as other inputs, including market currency exchange rates and in the case of option contracts, volatility, the risk-free interest rate and the time to expiration.

The Company's short-term financial instruments include cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings. The carrying value of the short-term financial instruments approximates their fair value.

The fair value of the Company's debt is estimated using quoted market prices when available. When quoted market prices are not available, fair value is estimated based on current market interest rates for debt with similar maturities and credit quality. The carrying value of the Company's debt was $3,246.0 million and $2,689.4 million at December 31, 2019 and 2018, respectively. If the Company's debt were measured at fair value, the fair value measurements of the individual debt instruments would have been classified as Level 2 in the fair value hierarchy.

The fair value of the Company's financial instruments is presented in the following table *(in millions)*:

	December 31, 2019	December 31, 2018
	Level 2	Level 2
Assets		
Foreign currency derivative instruments	$ 2.5	$ 0.3
Liabilities		
Debt instruments	3,535.7	2,661.3
Treasury lock agreements	—	2.0

Note 12. Derivative Instruments

The Company enters into derivative transactions in certain situations based on management's assessment of current market conditions and perceived risks. Management intends to respond to evolving business and market conditions and in doing so, may enter into such transactions as deemed appropriate.

Credit Risk. As a result of the use of derivative instruments, the Company is exposed to counterparty credit risk. The Company manages this risk by limiting its counterparties to large financial institutions which meet the Company's credit rating standards and have an established banking relationship with the Company. As of December 31, 2019, the Company did not expect any losses as a result of default of its counterparties.

Interest Rate Derivative Instruments. In May 2017, the Company executed four treasury lock agreements with an aggregate notional value of $275.0 million and a weighted-average interest rate of 2.85%. The purpose of the treasury locks was to hedge the U.S. Treasury benchmark interest rate associated with future interest payments related to the anticipated refinancing of the $275.0 million, 2.35% senior notes due May 15, 2020 (the "2.35% Senior Notes"). The Company designated the treasury locks as cash flow hedges and recorded unrealized gains and losses in accumulated other comprehensive loss. During the fourth quarter of 2019, KCS issued $425.0 million principal amount of 2.875% senior notes due November 15, 2029 (the "2.875% Senior Notes"), effectively completing the refinancing of the 2.35% Senior Notes, and settled the treasury lock agreements, resulting in cash paid of $25.8 million. This amount was included in accumulated other comprehensive loss and is being amortized to interest expense over the life of the new 2.875% Senior Notes, increasing the effective interest rate on the notes to 3.60%. The settlement and amortization associated with the treasury lock agreements are classified as operating activities within the consolidated statements of cash flows.

Foreign Currency Derivative Instruments. The Company's Mexican subsidiaries have net U.S. dollar-denominated monetary liabilities which, for Mexican income tax purposes, are subject to periodic revaluation based on changes in the value of the Mexican peso against the U.S. dollar. This revaluation creates fluctuations in the Company's Mexican income tax expense and the amount of income taxes paid in Mexico. The Company hedges its exposure to this cash tax risk by entering into foreign currency forward contracts and foreign currency option contracts known as zero-cost collars.

The foreign currency forward contracts involve the Company's purchase of pesos at an agreed-upon weighted-average exchange rate to each U.S dollar. The zero-cost collars involve the Company's purchase of a Mexican peso call option and a simultaneous sale of a Mexican peso put option, with equivalent U.S. dollar notional amounts for each option and no net cash premium paid by the Company. The Company's foreign currency forward and zero-cost collar contracts are executed with counterparties in the U.S. and are governed by an International Swaps and Derivatives Association agreement that includes standard netting arrangements. Asset and liability positions from contracts with the same counterparty are net settled upon maturity/expiration and presented on a net basis in the consolidated balance sheets prior to settlement. There was no offsetting of derivative assets or liabilities in the consolidated balance sheets as of December 31, 2019 and 2018.

Below is a summary of the Company's 2019, 2018 and 2017 foreign currency derivative contracts *(amounts in millions, except Ps./USD)*:

Foreign currency forward contracts

	Contracts to purchase Ps./pay USD			Offsetting contracts to sell Ps./receive USD			
	Notional amount	Notional amount	Weighted-average exchange rate *(in Ps./USD)*	Notional amount	Notional amount	Weighted-average exchange rate *(in Ps./USD)*	Cash received/ (paid) on settlement
Contracts executed in 2019 and outstanding at December 31, 2019	$ 105.0	Ps. 2,041.2	Ps. 19.4	—	—	—	—
Contracts executed in 2019 and settled in 2019	$ 400.0	Ps. 7,892.5	Ps. 19.7	$ 410.7	Ps. 7,892.5	Ps. 19.2	$ 10.7
Contracts executed in 2018 and settled in 2019	$ 20.0	Ps. 410.9	Ps. 20.5	$ 20.9	Ps. 410.9	Ps. 19.6	$ 0.9
Contracts executed in 2016 and settled in 2017	$ 340.0	Ps. 6,207.7	Ps. 18.3	$ 287.0	Ps. 6,207.7	Ps. 21.6	$ (53.0)

Foreign currency zero-cost collar contracts

	Notional amount	Cash received/ (paid) on settlement
Contracts executed in 2018 and settled in 2019	$ 120.0	$ 0.3
Contracts executed in 2018 and settled in 2018	$ 220.0	$ 3.9
Contracts executed in 2017 and settled in 2018	$ 80.0	$ 10.0
Contracts executed in 2017 and settled in 2017	$ 450.0	$ 42.2

The Company has not designated any of the foreign currency derivative contracts as hedging instruments for accounting purposes. The Company measures the foreign currency derivative contracts at fair value each period and recognizes any change in fair value in foreign exchange gain (loss) within the consolidated statements of income. The cash flows associated with these instruments is classified as an operating activity within the consolidated statements of cash flows.

The following table presents the fair value of derivative instruments included in the consolidated balance sheets at December 31 *(in millions)*:

		Derivative Assets	
	Balance Sheet Location	2019	2018
Derivatives not designated as hedging instruments:			
Foreign currency forward contracts	Other current assets	$ 2.5	$ —
Foreign currency zero-cost collar contracts	Other current assets	—	0.3
Total derivatives not designated as hedging instruments		2.5	0.3
Total derivative assets		$ 2.5	$ 0.3

		Derivative Liabilities	
	Balance Sheet Location	2019	2018
Derivatives designated as hedging instruments:			
Treasury lock agreements	Other noncurrent liabilities and deferred credits	$ —	$ 2.0
Total derivatives designated as hedging instruments		—	2.0
Total derivative liabilities		$ —	$ 2.0

The following tables present the effects of derivative instruments on the consolidated statements of income and consolidated statements of comprehensive income for the years ended December 31 *(in millions)*:

Derivatives in Cash Flow Hedging Relationships	Amount of Gain/(Loss) Recognized in OCI on Derivative			Location of Gain/(Loss) Reclassified from AOCI into Income	Amount of Gain/(Loss) Reclassified from AOCI into Income		
	2019	2018	2017		2019	2018	2017
Treasury lock agreements	$ (23.8)	$ 3.6	$ (5.6)	Interest expense	$ (0.2)	$ —	$ —
Total	$ (23.8)	$ 3.6	$ (5.6)		$ (0.2)	$ —	$ —

Derivatives Not Designated as Hedging Instruments	Location of Gain/(Loss) Recognized in Income on Derivative	Amount of Gain/(Loss) Recognized in Income on Derivative		
		2019	2018	2017
Foreign currency forward contracts	Foreign exchange gain	$ 14.1	$ —	$ (11.9)
Foreign currency zero-cost collar contracts	Foreign exchange gain	—	6.3	50.1
Total		$ 14.1	$ 6.3	$ 38.2

See Note 11, Fair Value Measurements, for the determination of the fair values of derivatives.

Note 13. Short-Term Borrowings

Commercial Paper. The Company's commercial paper program generally serves as the primary means of short-term funding. As of December 31, 2019, and 2018, KCS had no commercial paper outstanding. For the years ended December 31, 2019, 2018 and 2017, commercial paper borrowings were outstanding for less than 90 days and the related activity is presented on a net basis in the consolidated statements of cash flows.

Note 14. Long-Term Debt

Long-term debt at December 31 *(in millions):*

	2019			2018		
	Principal	Unamortized Discount and Debt Issuance Costs	Net	Principal	Unamortized Discount and Debt Issuance Costs	Net
Revolving credit facilities, variable interest rate, due 2024	$ —	$ —	$ —	$ —	$ —	$ —
KCS 2.35% senior notes, due 2020	—	—	—	257.3	0.7	256.6
KCS 3.00% senior notes, due 2023	439.1	2.5	436.6	439.1	3.2	435.9
KCS 3.85% senior notes, due 2023	199.2	1.1	198.1	199.2	1.4	197.8
KCS 3.125% senior notes, due 2026	250.0	2.4	247.6	250.0	2.7	247.3
KCS 2.875% senior notes, due 2029	425.0	4.2	420.8	—	—	—
KCS 4.30% senior notes, due 2043	448.7	8.8	439.9	448.7	9.1	439.6
KCS 4.95% senior notes, due 2045	499.2	7.2	492.0	499.2	7.4	491.8
KCS 4.70% senior notes, due 2048	500.0	6.0	494.0	500.0	6.2	493.8
KCS 4.20% senior notes, due 2069	425.0	7.0	418.0	—	—	—
KCSR 3.85% to 4.95% senior notes, due through 2045	2.7	—	2.7	2.7	—	2.7
KCSM 2.35% to 3.00% senior notes, due through 2023	5.6	—	5.6	23.2	0.1	23.1
RRIF loans 2.96% to 4.29%, due serially through 2037	70.2	0.4	69.8	74.1	0.4	73.7
Financing agreements 9.311%, due serially through 2020	12.0	—	12.0	15.5	—	15.5
Finance lease obligations, due serially to 2024	8.7	—	8.7	11.4	—	11.4
Other debt obligations	0.2	—	0.2	0.2	—	0.2
Total	3,285.6	39.6	3,246.0	2,720.6	31.2	2,689.4
Less: Debt due within one year	18.0	—	18.0	10.1	—	10.1
Long-term debt	$3,267.6	$ 39.6	$3,228.0	$2,710.5	$ 31.2	$2,679.3

Revolving Credit Facility

On March 8, 2019, KCS, with certain of its domestic subsidiaries named therein as guarantors, entered into a new 5-year, $600.0 million senior unsecured revolving credit facility (the "Revolving Credit Facility"), with a $25.0 million standby letter of credit facility which, if utilized, constitutes usage under the Revolving Credit Facility. The Revolving Credit Facility replaced KCS's existing $800.0 million revolving credit facility. The Revolving Credit Facility serves as a backstop for KCS's commercial paper program (the "Commercial Paper Program") which generally serves as the Company's primary means of short-term funding. The Commercial Paper Program was amended during 2019 to decrease maximum borrowings under the program from $800.0 million to $600.0 million, consistent with the Revolving Credit Facility.

Borrowings under the Revolving Credit Facility bear interest at floating rates. Depending on the Company's credit rating, the margin that KCS would pay above the London Interbank Offered Rate ("LIBOR") at any point is between 1.000% and 1.750%. As of December 31, 2019, the margin was 1.25% based on KCS's current credit rating.

The Revolving Credit Facility is guaranteed by KCSR, together with certain domestic subsidiaries named therein as guarantors and matures on March 8, 2024. The Revolving Credit Facility agreement contains representations, warranties,

covenants and events of default that are customary for credit agreements of this type. The occurrence of an event of default could result in the termination of the commitments and the acceleration of the repayment of any outstanding principal balance on the Revolving Credit Facility and the Commercial Paper Program.

The Revolving Credit Facility was categorized as a debt modification and the Company incurred $2.5 million of debt issuance costs during the first quarter of 2019, which were capitalized and will be amortized over the life of the related debt instrument. The Company recorded debt retirement costs of $0.6 million to write off previously capitalized debt issuance costs.

As of December 31, 2019 and 2018, KCS had no outstanding borrowings under a revolving credit facility.

Senior Notes

The Company's senior notes include certain covenants that are customary for these types of debt instruments issued by borrowers with similar credit ratings.

The KCS notes are KCS's general unsecured senior obligations and are unconditionally guaranteed, jointly and severally, on an unsecured senior basis by each current and future domestic subsidiary of KCS that from time to time guarantees the Revolving Credit Facility or any other debt of KCS or any of KCS's significant subsidiaries that is a guarantor (collectively, the "Note Guarantors").

KCSR's senior notes are unconditionally guaranteed, jointly and severally, on an unsecured senior basis, by KCS and each current and future domestic subsidiary of KCS that guarantees the Revolving Credit Facility or certain other debt of KCS or a note guarantor. KCSR's senior notes and the note guarantees rank pari passu in right of payment with KCSR's, KCS's and the Note Guarantors' existing and future unsecured, unsubordinated obligations.

KCSM's senior notes are denominated in U.S. dollars; are unsecured, unsubordinated obligations; rank pari passu in right of payment with KCSM's existing and future unsecured, unsubordinated obligations and are senior in right of payment to KCSM's future subordinated indebtedness.

Senior notes are redeemable at the issuer's option, in whole or in part, at any time, by paying the greater of either 100% of the principal amount to be redeemed and a formula price based on interest rates prevailing at the time of redemption and time remaining to maturity, plus, in each case, accrued interest thereon to, but excluding the redemption date. In addition, KCSM senior notes are redeemable, in whole but not in part, at KCSM's option at any time at a redemption price of 100% of their principal amount, plus any accrued unpaid interest in the event of certain changes in the Mexican withholding tax rate.

On November 18, 2019, KCS issued $425.0 million principal amount of senior unsecured notes due November 15, 2029 (the "2.875% Senior Notes"), which bear interest semiannually at a fixed annual rate of 2.875%. The 2.875% Senior Notes were issued at a discount to par value, resulting in a $0.4 million discount and a yield to maturity of 2.885%.

Additionally on November 18, 2019, KCS issued $425.0 million principal amount of senior unsecured notes due November 15, 2069 (the "4.20% Senior Notes"), which bear interest semiannually at a fixed annual rate of 4.20%. The 4.20% Senior Notes were issued at a discount to par value, resulting in a $2.1 million discount and a yield to maturity of 4.224%.

The net proceeds from the offerings were used to make payments under the accelerated share repurchase ("ASR") agreements, to redeem the KCS 2.35% Senior Notes, and for general corporate purposes.

On December 18, 2019, KCS and KCSM redeemed all of the $275.0 million aggregate principal amount of the 2.35% Senior Notes, using cash on hand and proceeds from the issuance of KCS's 2.875% and 4.20% Senior Notes, at a redemption price equal to 100.084% of the principal amount. The Company recorded debt retirement costs of $0.5 million for the call premiums and write-off of unamortized debt issuance costs and original issue discounts.

RRIF Loan Agreements

The following loans were made under the Railroad Rehabilitation and Improvement Financing ("RRIF") Program administered by the Federal Railroad Administration ("FRA"):

KCSR RRIF Loan Agreement. On February 21, 2012, KCSR entered into an agreement with the FRA to borrow $54.6 million to be used to reimburse KCSR for a portion of the purchase price of thirty new locomotives (the "Locomotives") acquired by KCSR in the fourth quarter of 2011. The loan bears interest at 2.96% annually and the principal balance amortizes

quarterly with a final maturity of February 24, 2037. The obligations under the financing agreement are secured by a first priority security interest in the Locomotives and certain related rights. In addition, the Company has agreed to guarantee repayment of the amounts due under the financing agreement and certain related agreements. The occurrence of an event of default could result in the acceleration of the repayment of any outstanding principal balance of the loan.

Tex-Mex RRIF Loan Agreement. On June 28, 2005, Tex-Mex entered into an agreement with the FRA to borrow $50.0 million to be used for infrastructure improvements in order to accommodate growing freight rail traffic related to the NAFTA corridor. The loan bears interest at 4.29% annually and the principal balance amortizes quarterly with a final maturity of July 13, 2030. The loan is guaranteed by Mexrail, which has issued a pledge agreement in favor of the lender equal to the gross revenues earned by Mexrail on per-car fees on traffic crossing the International Rail Bridge in Laredo, Texas. In addition, the Company has agreed to guarantee the scheduled principal payment installments due to the FRA from Tex-Mex under the loan agreement on a rolling five-year basis.

Locomotive Financing Agreements

During 2011, KCSM entered into financing agreements totaling $91.0 million to purchase locomotives. The agreements mature December 2020, are payable on a quarterly basis and contain annual interest rates of 9.311%. KCSM has secured the loans by transferring legal ownership of the locomotives to irrevocable trusts established by KCSM to which the lender is the primary beneficiary and KCSM has a right of reversion upon satisfaction of the obligations of the financing agreements.

KCSM's locomotive financing agreements contain representations, warranties and covenants typical of such equipment loan agreements. Events of default in the financing agreements include, but are not limited to, certain payment defaults, certain bankruptcy and liquidation proceedings and the failure to perform any covenants or agreements contained in the financing agreements. Any event of default could trigger acceleration of KCSM's payment obligations under the terms of the financing agreements.

Debt Covenants Compliance

The Company was in compliance with all of its debt covenants as of December 31, 2019.

Other Debt Provisions

Certain loan agreements and debt instruments entered into or guaranteed by the Company and its subsidiaries provide for default in the event of a specified change in control of the Company or particular subsidiaries of the Company.

Debt Maturities

Minimum annual payments for debt maturities are as follows *(in millions)*:

Years	Long-Term Debt	Net Present Value Finance Leases	Total
2020	$ 16.1	$ 1.9	$ 18.0
2021	4.2	2.1	6.3
2022	4.3	2.3	6.6
2023	649.1	2.3	651.4
2024	4.6	0.1	4.7
Thereafter	2,598.6	—	2,598.6
Total	$ 3,276.9	$ 8.7	$ 3,285.6

Note 15. Income Taxes

Current income tax expense represents the amounts expected to be reported on the Company's income tax returns, and deferred tax expense or benefit represents the change in net deferred tax assets and liabilities. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates that will be in effect when these differences reverse. Valuation allowances are recorded as appropriate to reduce deferred tax assets to the amount considered likely to be realized.

Tax Cuts and Jobs Act. On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (the "Tax Reform Act"). The legislation significantly changed U.S. tax law by, among other things, lowering corporate income tax rates, implementing a modified territorial tax system and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries. The Tax Reform Act permanently reduced the U.S. corporate income tax rate from a maximum of 35% to a 21% rate, effective January 1, 2018.

Included in the Tax Reform Act were the global intangible low-taxed income ("GILTI") provisions. The Company elected to account for GILTI tax in the period in which it is incurred. The GILTI provisions require the Company to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets.

Tax Expense (Benefit). Income tax expense (benefit) consists of the following components *(in millions):*

	2019	2018	2017
Current:			
Federal	$ 22.3	$ (10.5)	$ 47.3
State and local	1.8	0.7	0.6
Foreign	170.4	175.6	163.8
Total current	194.5	165.8	211.7
Deferred:			
Federal	27.5	77.6	(350.1)
State and local	14.8	9.1	11.9
Foreign	10.8	5.0	36.9
Total deferred	53.1	91.7	(301.3)
Total income tax expense (benefit)	$ 247.6	$ 257.5	$ (89.6)

Income before income taxes consists of the following *(in millions)*:

	2019	2018	2017
Income before income taxes:			
U.S.	$ 250.3	$ 366.2	$ 331.8
Foreign	538.1	520.7	542.5
Total income before income taxes	$ 788.4	$ 886.9	$ 874.3

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31 follow *(in millions):*

	2019	2018
Assets:		
Reserves not currently deductible for tax	$ 36.8	$ 36.6
Lease liability	35.1	—
Compensation and benefits	23.1	20.9
Tax credit and loss carryovers	21.5	28.9
Other	22.4	16.9
Gross deferred tax assets before valuation allowance	138.9	103.3
Valuation allowance	(4.4)	(2.3)
Net deferred tax assets	134.5	101.0
Liabilities:		
Property	(1,181.3)	(1,099.2)
Investments	(52.4)	(49.7)
Other	(28.8)	(32.0)
Gross deferred tax liabilities	(1,262.5)	(1,180.9)
Net deferred tax liability	$ (1,128.0)	$ (1,079.9)

Tax Rates. Differences between the Company's effective income tax rate and the U.S. federal statutory income tax rate of 21% for 2019 and 2018 and 35% for 2017 follow *(in millions):*

	2019		2018		2017	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Income tax expense using the statutory rate in effect	$ 165.6	21.0%	$ 186.2	21.0%	$ 306.0	35.0%
Tax effect of:						
Difference between U.S. and foreign tax rate	47.6	6.0%	46.1	5.2%	(26.6)	(3.0%)
Foreign exchange (i)	35.9	4.6%	21.8	2.5%	31.6	3.6%
Tax credits	(16.8)	(2.1%)	(14.2)	(1.6%)	(8.4)	(1.0%)
Mexican fuel excise tax credit, net (ii)	(12.8)	(1.6%)	—	—	—	—
State and local income tax provision, net	11.5	1.5%	7.5	0.8%	8.3	1.0%
Withholding tax	9.5	1.2%	11.2	1.3%	8.1	0.9%
Global intangible low-taxed income ("GILTI") tax, net	2.7	0.3%	11.8	1.3%	—	—
Change in U.S. tax rate	—	—	(2.2)	(0.3%)	(487.6)	(55.8%)
Deemed mandatory repatriation	—	—	(18.7)	(2.1%)	74.6	8.6%
Other, net	4.4	0.5%	8.0	0.9%	4.4	0.5%
Income tax expense (benefit)	$ 247.6	31.4%	$ 257.5	29.0%	$ (89.6)	(10.2%)

(i) Mexican income taxes are paid in Mexican pesos, and as a result, the effective income tax rate reflects fluctuations in the value of the Mexican peso against the U.S. dollar. The foreign exchange impact on income taxes includes the gain or loss from the revaluation of the Company's net U.S. dollar-denominated monetary liabilities into Mexican pesos which is included in Mexican taxable income under Mexican tax law. As a result, a strengthening of the Mexican peso against the U.S. dollar for the reporting period will generally increase the Mexican cash tax obligation and the effective income tax rate, and a weakening of the Mexican peso against the U.S. dollar for the reporting period will generally decrease the Mexican cash tax obligation and the effective tax rate. To hedge its exposure to this cash tax risk, the Company enters into foreign currency derivative contracts, which are measured at fair value each period and any change in fair value is recognized in foreign exchange gain (loss) within the consolidated statements of income. Refer to Note 12, Derivative Instruments in the consolidated financial statements for further information.

(ii) For further discussion of the Mexican fuel excise tax credit, refer to Note 4, Mexican fuel excise tax credit.

Difference Attributable to Foreign Investments. The Company asserts that all foreign earnings will be indefinitely reinvested to the extent of local needs and earnings that would be distributed in a taxable manner. The Company therefore intends to limit distributions to earnings previously taxed in the U.S., or earnings that would qualify for the 100 percent dividends received deduction provided for in the Tax Reform Act, and earnings that would not result in any significant foreign taxes. Therefore, the Company has not recognized a deferred tax liability on its investment in foreign subsidiaries.

Tax Carryovers. The Company has U.S. state net operating losses which are carried forward from 5 to 20 years and are analyzed each year to determine the likelihood of realization. The state loss carryovers arise from both combined and separate tax filings from as early as 1999 and may expire as early as December 31, 2020 and as late as December 31, 2039. The state loss carryover at December 31, 2019 was $351.9 million resulting in a state deferred tax asset of $22.5 million.

The Mexico federal loss carryovers at December 31, 2019, were $11.1 million and, if not used, will begin to expire in 2026. A deferred tax asset was recognized in prior periods for the expected future tax benefit of these losses which will be carried forward to reduce only Mexican income tax payable in future years.

The valuation allowance for deferred tax assets as of December 31, 2019 and 2018, was $4.4 million and $2.3 million, respectively, primarily attributable to state net operating loss carryovers. The Company believes it is more likely than not that reversals of existing temporary differences that will produce future taxable income and the results of future operations will generate sufficient taxable income to realize the deferred tax assets, net of valuation allowances, related to loss carryovers.

Uncertain Tax Positions. The accounting guidance for uncertainty in income taxes prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance requires the Company to recognize in the consolidated financial statements the benefit of a tax position only if the impact is more likely than not of being sustained on audit based on the technical merits of the position. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (*in millions*):

	2019	2018
Balance at January 1,	$ 2.2	$ —
Additions for tax positions of prior years	—	2.2
Balance at December 31,	$ 2.2	$ 2.2

The unrecognized tax benefit would affect the effective income tax rate if recognized, and is reasonably possible to be resolved over the next twelve months as part of the Internal Revenue Service ("IRS") examination.

Interest and penalties related to uncertain tax positions are included in income before taxes on the consolidated statements of income. Accrued interest and penalties on unrecognized tax benefits and interest and penalty expense was immaterial to the consolidated financial statements for all periods presented.

Tax Contingencies. Tax returns filed in the U.S. for periods after 2015 and in Mexico for periods after 2012 remain open to examination by the taxing authorities. In 2018, the IRS initiated an examination of the 2016 U.S. federal tax return. During the first quarter of 2019, the Servicio de Administración Tributaria (the "SAT"), the Mexican equivalent of the IRS, initiated an audit of the KCSM 2013 and 2014 Mexico tax returns. The Company does not expect that these examinations will have a material impact on the consolidated financial statements. During the first quarter of 2017, the Company received audit assessments from the SAT for the KCSM 2009 and 2010 Mexico tax returns. In 2017, the Company commenced administrative actions with the SAT. During the first quarter of 2018, the audit assessments were nullified by the SAT. In the third quarter of 2018, the SAT issued new assessments and the Company filed administrative appeals with the SAT. The Company believes that it has strong legal arguments in its favor and it is more likely than not that it will prevail in any challenge of the assessments.

The Company litigated a Value Added Tax ("VAT") audit assessment from the SAT for KCSM for the year ended December 31, 2005. In November 2016, KCSM was notified of a resolution by the Mexican tax court annulling this assessment. The SAT appealed this resolution to the Mexican circuit court. In September 2017, KCSM was notified of a resolution by the circuit court which ordered the tax court to consider an argument made by KCSM in the original tax court proceeding that was not addressed in the tax court's November 2016 resolution. In October 2017, the tax court ruled that the arguments made by KCSM asserting that the SAT unduly extended the audit process were not valid, and also annulled the assessment consistent with the tax court's earlier November 2016 ruling. In December 2017, KCSM and the SAT filed an appeal with the Federal Courts of Appeals. KCSM's appeal was intended to preclude the SAT from issuing a new assessment. In November 2018, the Appeals Court issued a ruling denying the SAT appeal and permanently annulled the VAT assessment. The SAT is unable to appeal the decision. The Appeals Court also denied KCSM's appeal. In February 2019, the SAT issued a new assessment that conflicted with the tax court's guidelines. As such, in March 2019, KCSM filed a complaint with the tax court to require the SAT to follow the guidelines issued by the tax court that would result in no tax being assessed. In April 2019, the Company filed a nullification lawsuit with the tax court. In June 2019, the tax court ruled in favor of KCSM's legal complaint, and declared the new 2005 VAT assessment null and void. In August 2019, the SAT informed KCSM that it would not issue a new assessment.

KCSM has not historically assessed VAT on international import transportation services provided to its customers based on a written ruling that KCSM obtained from the SAT in 2008 stating that such services were not subject to VAT (the "2008 Ruling"). Notwithstanding the 2008 Ruling, in December 2013, the SAT unofficially informed KCSM of an intended implementation of new criteria effective as of January 1, 2014, pursuant to which VAT would be assessed on all international import transportation services on the portion of the services provided within Mexico. Additionally, in November 2013, the SAT filed an action to nullify the 2008 Ruling, potentially exposing the application of the new criteria to open tax years. In February 2014, KCSM filed an action opposing the SAT's nullification action. In December 2016, KCSM was notified of a resolution issued by the Mexican tax court confirming the 2008 Ruling. The SAT appealed this resolution. In October 2017, the circuit court resolved to not render a decision on the case but rather to send the SAT's appeal to the Supreme Court. In February 2018, the Supreme Court decided not to hear the case and remanded the SAT's appeal back to the circuit court for a decision. In July 2018, the circuit court ordered the tax court to consider certain arguments made by the SAT in the original court proceeding that were not addressed in the tax court's December 2016 resolution. In October 2018, the tax court issued a decision confirming the 2008 Ruling. The SAT has appealed this decision. The Company believes it is more likely than not that it will continue to prevail in this matter. Further, as of the date of this filing, the SAT has not implemented any new criteria regarding the assessment of VAT on international import transportation services. The Company believes it is probable that any unexpected nullification of the 2008 Ruling and the implementation of any new VAT criteria would be applied on a prospective basis, in which case, due to the pass-through nature of VAT, KCSM would begin to assess its customers for VAT on international import transportation services, resulting in no material impact to the Company's consolidated financial statements.

Fuel purchases in Mexico are subject to an excise tax that is included in the price of fuel. Through April 29, 2019, the Company was eligible for an IEPS credit for the excise tax included in the price of fuel that is purchased and consumed in locomotives and certain work equipment in Mexico. On April 29, 2019, the SAT published the 2019 Resolution, which eliminated locomotives as a type of equipment eligible for the IEPS credit beginning April 30, 2019. The Company believes the 2019 Resolution does not affect locomotives as equipment eligible for the IEPS credit generated from January 1, 2019 through April 29, 2019 and the Company should prevail in any challenge to this portion of the IEPS credit. KCSM filed a legal challenge to the 2019 Resolution based on various arguments, including, the SAT's lack of authority to change the treatment of

locomotives as equipment not eligible for IEPS credit adopted by the Mexico congress, and the discriminatory application against the rail industry. In December 2019, the Mexican court ruled in favor of the SAT. The Company does not plan on filing an appeal.

Note 16. Stockholders' Equity

Information regarding the Company's capital stock at December 31 follows:

	Shares Authorized		Shares Issued	
	2019	2018	2019	2018
$25 par, 4% noncumulative, preferred stock	840,000	840,000	649,736	649,736
$1 par, preferred stock	2,000,000	2,000,000	—	—
$.01 par, common stock	400,000,000	400,000,000	123,352,185	123,352,185

Shares outstanding at December 31:

	2019	2018
$25 par, 4% noncumulative, preferred stock	222,625	228,395
$.01 par, common stock	96,115,669	100,896,678

Share Repurchases. In November 2019, the Company announced a new common share repurchase program authorizing the Company to purchase up to $2.0 billion of its outstanding shares of common stock through December 31, 2022 (the "2019 Program"). Share repurchases may be made in the open market, through privately negotiated transactions, or through ASR transactions. The 2019 Program replaced KCS's $800.0 million common share repurchase program announced on August 15, 2017 (the "2017 Program"), and eliminated the $59.3 million of remaining authorization under the 2017 program.

Under an ASR agreement, the Company pays a specified amount to a financial institution and receives an initial delivery of shares. The final number and total cost of shares repurchased is then based on the volume-weighted average price of the Company's common stock during the term of the agreements. The transactions are accounted for as equity transactions with any excess of repurchase price over par value allocated between additional paid-in capital and retained earnings. At the time the shares are received, there is an immediate reduction in the weighted-average number of shares outstanding for purposes of the basic and diluted earnings per share computation.

During the fourth quarter of 2019, the Company paid $550.0 million under two ASR agreements and received an aggregate initial delivery of shares, which represents approximately 85% of the total shares to be received under the agreements. The final number and total cost of shares repurchased is then based on the volume-weighted-average price of the Company's common stock during the term of the agreements, which are expected to be settled when final shares are delivered. The terms of the ASR agreements, structured as outlined above, were as follows:

Third Party Institution	Agreement Date	Total Amount of Agreement *(in millions)*	Initial Shares Delivered	Fair Market Value of Initial Shares *(in millions)*	Weighted-Average Price Per Share
ASR Agreement #1	November 2019	$ 275.0	1,511,380	$ 233.75	$ 154.66
ASR Agreement #2	November 2019	275.0	1,511,380	233.75	$ 154.66
Total		$ 550.0	3,022,760	$ 467.5	$ 154.66

As of December 31, 2019, the remaining $82.5 million was recognized as a forward contract indexed to the Company's own common stock and included in capital surplus within additional paid-in capital in the accompanying consolidated balance sheets.

The Company's 2019 repurchases of common stock totaled 2,053,770 shares of common stock for $242.4 million under the 2017 Program, and 3,022,760 shares of common stock for $467.5 million under the 2019 Program (which consisted of initial delivery of shares under the ASR agreements.)

During 2019, the Company repurchased 5,770 shares of its $25 par preferred stock for $0.1 million at an average price of $26.39 per share.

Treasury Stock. Shares of common stock in treasury and related activity follow:

	2019	2018	2017
Balance at beginning of year	22,455,507	20,315,380	16,745,566
Shares repurchased	5,076,530	2,272,213	3,759,678
Shares issued to fund stock option exercises	(109,560)	(24,024)	(9,110)
Employee stock purchase plan shares issued	(72,707)	(62,866)	(76,401)
Nonvested shares issued	(124,031)	(51,191)	(124,519)
Nonvested shares forfeited	10,777	5,995	20,166
Balance at end of year	27,236,516	22,455,507	20,315,380

Cash Dividends on Common Stock. The following table presents the amount of cash dividends declared per common share by the Company's Board of Directors:

	2019	2018	2017
Cash dividends declared per common share	$ 1.48	$ 1.44	$ 1.38

Note 17. Share-Based Compensation

On May 4, 2017, the Company' stockholders approved the Kansas City Southern 2017 Equity Incentive Plan (the "2017 Plan"). Upon approval, the Company ceased issuing awards under the Kansas City Southern 2008 Stock Option and Performance Award Plan (the "2008 Plan"). The Board of Directors and its Compensation and Organization Committee had previously adopted the 2017 Plan, subject to stockholder approval, on January 26, 2017, and February 17, 2017, respectively. The 2017 Plan provides for the granting of up to 3,750,000 shares of the Company's common stock to eligible persons as defined in the 2017 Plan. Outstanding equity awards granted under the 2008 Plan and the 2017 Plan (the "Plans") are to be governed by the terms and conditions of each individual plan and the related award agreements.

Stock Options. The exercise price for options granted under the Plans equals the closing market price of the Company's stock on the date of grant. Options generally have a 3-year vesting period and are exercisable over the 10-year contractual term, except that options outstanding become immediately exercisable upon certain defined circumstances constituting a change in control of the Company. The grant date fair value is recorded to expense on a straight-line basis over the vesting period.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model. The weighted-average assumptions used were as follows:

	2019	2018	2017
Expected dividend yield	1.33%	1.36%	1.52%
Expected volatility	26.38%	27.09%	30.74%
Risk-free interest rate	2.64%	2.80%	2.20%
Expected term *(years)*	5.7	6.0	6.0
Weighted-average grant date fair value of stock options granted	$ 27.70	$ 28.52	$ 24.49

The expected dividend yield is calculated as the ratio of dividends paid per share of common stock to the stock price on the date of grant. The expected volatility is based on the historical volatility of the Company's stock price over a term equal to the estimated life of the options. The risk-free interest rate is determined based on U.S. Treasury rates for instruments with terms approximating the expected term of the options granted, which represents the period of time the awards are expected to be outstanding and is based on the historical experience of similar awards.

A summary of stock option activity is as follows:

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
			In years	In millions
Options outstanding at December 31, 2018	564,515	$ 83.24		
Granted	142,348	108.00		
Exercised	(109,560)	63.57		
Forfeited or expired	(789)	104.48		
Options outstanding at December 31, 2019	596,514	$ 92.73	6.2	$ 36.0
Exercisable at December 31, 2019	391,685	$ 86.42	4.9	$ 26.1

The aggregate intrinsic value in the table above, which is the amount by which the market value of the underlying stock exceeded the exercise price of outstanding options, represents the amount optionees would have realized if all in-the-money options had been exercised on the last business day of the period indicated.

Compensation cost of $2.6 million, $2.5 million, and $2.3 million was recognized for stock option awards for the years ended December 31, 2019, 2018, and 2017, respectively. The total income tax benefit recognized in the consolidated statements of income was $0.6 million, $0.6 million, and $0.8 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Additional information regarding stock option exercises appears in the table below *(in millions)*:

	2019	2018	2017
Aggregate grant-date fair value of stock options vested	$ 3.0	$ 1.9	$ 2.8
Intrinsic value of stock options exercised	7.2	1.0	0.2
Cash received from option exercises	7.0	1.8	0.7
Tax benefit from options exercised during the annual period	1.8	0.2	0.1

As of December 31, 2019, $1.4 million of unrecognized compensation cost relating to nonvested stock options is expected to be recognized over a weighted-average period of one year. At December 31, 2019, there were 3,179,090 shares available for future grants under the 2017 Plan.

Nonvested Stock. The Plans provide for the granting of nonvested stock awards to officers and other designated employees. The grant date fair value is based on the closing market price on the date of the grant. These awards are subject to forfeiture if employment terminates during the vesting period, which is generally 3 years or 5 years of vesting for employees. Awards granted to the Company's directors vest immediately on date of grant. The grant date fair value of nonvested shares is recorded to compensation expense on a straight-line basis over the vesting period.

A summary of nonvested stock activity is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
			In millions
Nonvested stock at December 31, 2018	257,621	$ 96.61	
Granted	96,163	114.69	
Vested	(122,812)	101.67	
Forfeited	(10,777)	102.44	
Nonvested stock at December 31, 2019	220,195	$ 101.40	$ 33.7

The fair value (at vest date) of shares vested during the years ended December 31, 2019, 2018, and 2017 was $15.2 million, $10.4 million, and $5.9 million, respectively.

The weighted-average grant date fair value of nonvested stock granted during 2019, 2018, and 2017 was $114.69, $106.52 and $93.29, respectively. Compensation cost for nonvested stock was $10.1 million, $10.8 million, and $9.3 million for the years ended December 31, 2019, 2018, and 2017, respectively. The total income tax benefit recognized in the consolidated statements of income was $2.5 million, $2.6 million, and $3.5 million for the years ended December 31, 2019, 2018, and 2017, respectively.

As of December 31, 2019, $10.9 million of unrecognized compensation costs related to nonvested stock is expected to be recognized over a weighted-average period of 1.2 years.

Performance Based Awards. The Company granted performance based nonvested stock awards during 2019 (the "2019 Awards"), 2018 (the "2018 Awards") and 2017 (the "2017 Awards"). The awards granted provide a target number of shares that generally vest at the end of a 3-year requisite service period following the grant date. In addition to the service condition, the number of nonvested shares to be received depends on the attainment of defined Company-wide performance goals based on operating ratio ("OR") and return on invested capital ("ROIC") over a 3-year performance period. The awards are also subject to a revenue growth multiplier based on a 3-year performance period calculated as defined in the related award agreement that can range from 80% to 140% of the award earned based on the OR and ROIC achieved. The number of nonvested shares ultimately earned will range between zero to 200% of the target award.

A summary of performance based nonvested stock activity at target is as follows:

	Target Number of Shares *	Weighted-Average Grant Date Fair Value
Nonvested stock, at December 31, 2018	152,979	$ 91.74
Granted	50,681	110.13
Vested	(51,072)	82.71
Forfeited	(4,403)	104.47
Nonvested stock, at December 31, 2019	148,185	$ 100.76

* For the 2019 Awards and the 2018 Awards, participants in the aggregate can earn up to a maximum of 96,998 and 96,774 shares, respectively. For the 2017 Awards, the performance shares earned were 87,092.

The weighted-average grant date fair value of performance based nonvested stock granted during 2019, 2018 and 2017 was $110.13, $105.83 and $87.09, respectively. The Company expenses the grant date fair value of the awards which are probable of being earned over the performance periods. Compensation cost on performance based awards was $7.8 million, $5.8 million and $6.0 million for the years ended December 31, 2019, 2018 and 2017, respectively. Total income tax benefit recognized in the consolidated statements of income for performance based awards was $1.9 million, $1.5 million and $2.2 million for the years ended December 31, 2019, 2018 and 2017, respectively.

As of December 31, 2019, $5.3 million of unrecognized compensation cost related to performance based awards is expected to be recognized over a weighted-average period of eleven months. The fair value (at vest date) of shares vested for the year ended December 31, 2019 was $5.7 million.

Employee Stock Purchase Plan. The employee stock purchase plan (“ESPP”) provides substantially all U.S. full-time employees of the Company, certain subsidiaries and certain other affiliated entities, with the right to subscribe to an aggregate of 4.0 million shares of common stock of the Company. Under the ESPP, eligible employees may contribute, through payroll deductions, up to 10% of their regular base compensation during six-month purchase periods at a purchase price equal to 85% of the closing market price on either the exercise date or the offering date, whichever is lower.

At the end of each purchase period, the accumulated deductions are applied toward the purchase of the Company’s common stock. Both the discount in grant price and the share option purchase price are valued to derive the award’s fair value. The awards vest and the expense is recognized ratably over the offering period.

The following table summarizes activity related to the various ESPP offerings:

	Exercise Date			
	Date Issued	Purchase Price	Shares Issued	Received from Employees(i) In millions
July 2019 offering	January 3, 2020	$ 104.83	27,949	$ 2.9
January 2019 offering	July 2, 2019	81.83	36,735	3.0
July 2018 offering	January 3, 2019	81.13	35,972	2.9
January 2018 offering	July 2, 2018	90.07	32,271	2.9
July 2017 offering	January 4, 2018	89.18	30,595	2.7
January 2017 offering	July 5, 2017	68.70	40,293	2.8

(i) Represents amounts received from employees through payroll deductions for share purchases under applicable offering.

The fair value of the ESPP stock purchase rights is estimated on the date of grant using the Black-Scholes option pricing model. The weighted-average assumptions used for each of the respective periods were as follows:

	Year Ended December 31,		
	2019	2018	2017
Expected dividend yield	1.36%	1.22%	1.47%
Expected volatility	17.43%	13.29%	17.09%
Risk-free interest rate	2.31%	1.73%	0.89%
Expected term *(years)*	0.5	0.5	0.5
Weighted-average grant date fair value	$ 21.56	$ 18.66	$ 17.90

Compensation expense of $1.4 million, $1.3 million, and $1.3 million was recognized for ESPP option awards for the years ended December 31, 2019, 2018, and 2017, respectively. At December 31, 2019, there were 3.4 million remaining shares available for future ESPP offerings under the plan.

Note 18. Commitments and Contingencies

Concession Duty. Under KCSM's 50-year Concession, which could expire in 2047 unless extended, KCSM pays annual concession duty expense of 1.25% of gross revenues. For the year ended December 31, 2019, the concession duty expense, which is recorded within materials and other in operating expenses, was $18.9 million, compared to $17.8 million and $17.0 million for the same periods in 2018 and 2017, respectively.

Litigation. Occasionally, the Company is a party to various legal proceedings, regulatory examinations, investigations, administrative actions, and other legal matters, arising for the most part in the ordinary course of business, incidental to its operations. Included in these proceedings are various tort claims brought by current and former employees for job-related injuries and by third parties for injuries related to railroad operations. KCS aggressively defends these matters and has established liability provisions that management believes are adequate to cover expected costs. The outcome of litigation and other legal matters is always uncertain. KCS believes it has valid defenses to the legal matters currently pending against it, is defending itself vigorously, and has recorded accruals determined in accordance with U.S. GAAP, where appropriate. In making a determination regarding accruals, using available information, KCS evaluates the likelihood of an unfavorable outcome in legal or regulatory proceedings to which it is a party to and records a loss contingency when it is probable a liability has been

incurred and the amount of the loss can be reasonably estimated. These subjective determinations are based on the status of such legal or regulatory proceedings, the merits of KCS's defenses and consultation with legal counsel. Actual outcomes of these legal and regulatory proceedings may materially differ from the current estimates. It is possible that resolution of one or more of the legal matters currently pending or threatened could result in losses material to KCS's consolidated results of operations, liquidity or financial condition.

Environmental Liabilities. The Company's U.S. operations are subject to extensive federal, state and local environmental laws and regulations. The major U.S. environmental laws to which the Company is subject include, among others, the federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA," also known as the Superfund law), the Toxic Substances Control Act, the Clean Water Act, and the Hazardous Materials Transportation Act. CERCLA can impose joint and several liabilities for cleanup and investigation costs, without regard to fault or legality of the original conduct, on current and predecessor owners and operators of a site, as well as those who generate, or arrange for the disposal of, hazardous substances. The Company does not believe that compliance with the requirements imposed by the environmental legislation will impair its competitive capability or result in any material additional capital expenditures, operating or maintenance costs. The Company is, however, subject to environmental remediation costs as described in the following paragraphs.

The Company's Mexico operations are subject to Mexican federal and state laws and regulations relating to the protection of the environment through the establishment of standards for water discharge, water supply, emissions, noise pollution, hazardous substances and transportation and handling of hazardous and solid waste. The Mexican government may bring administrative and criminal proceedings, impose economic sanctions against companies that violate environmental laws, and temporarily or even permanently close non-complying facilities.

The risk of incurring environmental liability is inherent in the railroad industry. As part of serving the petroleum and chemicals industry, the Company transports hazardous materials and has a professional team available to respond to and handle environmental issues that might occur in the transport of such materials.

The Company performs ongoing reviews and evaluations of the various environmental programs and issues within the Company's operations, and, as necessary, takes actions intended to limit the Company's exposure to potential liability. Although these costs cannot be predicted with certainty, management believes that the ultimate outcome of identified matters will not have a material adverse effect on the Company's consolidated financial statements.

Personal Injury. The Company's personal injury liability is based on semi-annual actuarial studies performed on an undiscounted basis by an independent third party actuarial firm and reviewed by management. This liability is based on personal injury claims filed and an estimate of claims incurred but not yet reported. Actual results may vary from estimates due to the number, type and severity of the injury, costs of medical treatments and uncertainties in litigation. Adjustments to the liability are reflected within operating expenses in the period in which changes to estimates are known. Personal injury claims in excess of self-insurance levels are insured up to certain coverage amounts, depending on the type of claim and year of occurrence. The personal injury liability as of December 31, 2019, is based on an updated actuarial study of personal injury claims through November 30, 2019, and review of December 2019 experience. For the years ended December 31, 2019 and 2018, the Company recognized increases of $0.2 million and $2.4 million, respectively, in personal injury liability, due to changes in estimates as a result of the Company's claims development and settlement experience.

The personal injury liability activity was as follows *(in millions):*

	2019	2018
Balance at beginning of year	$ 19.6	$ 19.3
Accruals	6.3	5.3
Changes in estimate	0.2	2.4
Payments	(5.2)	(7.4)
Balance at end of year	$ 20.9	$ 19.6

Tax Contingencies. Information regarding tax contingencies is included in Note 15, Income Taxes — Tax Contingencies.

Contractual Agreements. In the normal course of business, the Company enters into various contractual agreements related to commercial arrangements and the use of other railroads' or governmental entities' infrastructure needed for the operations of the business. The Company is involved or may become involved in certain disputes involving transportation rates, product loss or damage, charges, and interpretations related to these agreements. While the outcome of these matters cannot be predicted with certainty, the Company believes that, when resolved, these disputes will not have a material effect on its consolidated financial statements.

Credit Risk. The Company continually monitors risks related to economic changes and certain customer receivables concentrations. Significant changes in customer concentration or payment terms, deterioration of customer creditworthiness, bankruptcy, insolvency or liquidation of a customer, or weakening in economic trends could have a significant impact on the collectability of the Company's receivables and its operating results. If the financial condition of the Company's customers were to deteriorate and result in an impairment of their ability to make payments, additional allowances may be required. The Company has recorded provisions for uncollectability based on its best estimate as of December 31, 2019.

Panama Canal Railway Company ("PCRC") Guarantees and Indemnities. At December 31, 2019, the Company had issued and outstanding $5.6 million under a standby letter of credit to fulfill its obligation to fund fifty percent of the debt service reserve and liquidity reserve established by PCRC in connection with the issuance of the 7.0% Senior Secured Notes due November 1, 2026 (the "PCRC Notes"). Additionally, KCS has pledged its shares of PCRC as security for the PCRC Notes.

Note 19. Quarterly Financial Data (Unaudited)

	Fourth	Third	Second	First
	(In millions, except per share amounts)			
2019				
Revenues	$ 729.5	$ 747.7	$ 714.0	$ 674.8
Operating income (i)	236.0	282.0	208.0	160.3
Net income (iii)	127.9	180.6	129.1	103.2
Net income attributable to Kansas City Southern and subsidiaries	127.2	180.2	128.7	102.8
Per share data:				
Basic earnings per common share	$ 1.31	$ 1.81	$ 1.29	$ 1.02
Diluted earnings per common share	1.30	1.81	1.28	1.02
2018				
Revenues	$ 694.0	$ 699.0	$ 682.4	$ 638.6
Operating income (ii)(iv)	256.4	265.4	245.8	218.7
Net income (v)	161.8	174.0	148.7	144.9
Net income attributable to Kansas City Southern and subsidiaries	161.1	173.6	148.2	144.5
Per share data:				
Basic earnings per common share	$ 1.59	$ 1.71	$ 1.45	$ 1.41
Diluted earnings per common share	1.59	1.70	1.45	1.40

(i) During the first, second, third and fourth quarters of 2019, the Company recognized pre-tax restructuring charges of $67.5 million, $51.0 million, $12.0 million and $38.3 million, respectively, within operating expenses related to the implementation of PSR initiatives.

(ii) During the first, second, third, and fourth quarters of 2018, the Company recognized a pre-tax benefit of $9.2 million, $8.0 million, $9.4 million, and $11.1 million, respectively, within operating expenses related to a credit that was available for the excise tax included in the price of fuel that was purchased and consumed in locomotives and certain work equipment in Mexico. Effective January 1, 2019, the Company began recognizing the benefit as a reduction of income tax expense due to changes in Mexican tax law; and beginning April 30, 2019, railroads in Mexico are no longer eligible for the tax credit due to changes in Mexican tax regulations.

(iii) During the first, second, third, and fourth quarters of 2019, the Company recognized, net, a tax benefit of $6.8 million, expense of $1.9 million, and benefits of $3.7 million, and $4.2 million, respectively, related to the Mexican fuel excise tax credit generated through April 29, 2019, noted in (ii) above.

(iv) During the third and fourth quarters of 2018, the Company recognized a pre-tax gain of $9.4 million and $8.5 million, respectively, within operating expense for insurance recoveries related to damage from Hurricane Harvey in 2017.

(v) During the second and third quarters of 2018, the Company recognized discrete tax benefits of $4.3 million and $16.6 million, respectively, for adjustments to the provisional tax impacts of the Tax Reform Act.

Note 20. Geographic Information

The Company strategically manages its rail operations as one reportable business segment over a single coordinated rail network that extends from the midwest and southeast portions of the United States south into Mexico and connects with other Class I railroads. Financial information reported at this level, such as revenues, operating income and cash flows from operations, is used by corporate management, including the Company's chief operating decision-maker, in evaluating overall financial and operational performance, market strategies, as well as the decisions to allocate capital resources. The Company's chief operating decision-maker is the chief executive officer.

The following tables provide information by geographic area *(in millions)*:

	Years ended December 31,		
	2019	2018	2017
Revenues			
U.S.	$ 1,493.5	$ 1,424.8	$ 1,359.5
Mexico	1,372.5	1,289.2	1,223.4
Total revenues	$ 2,866.0	$ 2,714.0	$ 2,582.9

	December 31,	
	2019	2018
Property and equipment (including Concession assets), net		
U.S.	$ 5,435.9	$ 5,401.3
Mexico	3,370.4	3,289.8
Total property and equipment (including Concession assets), net	$ 8,806.3	$ 8,691.1

Note 21. Subsequent Events

Lease Termination

On January 10, 2020, the Company executed agreements that resulted in the termination of two existing leases covering 91 locomotives and the purchase of the underlying assets for a total cash purchase price of $78.0 million. This lease termination and purchase resulted in a decrease of the operating lease right-of-use asset and operating lease liability and 78 of the locomotives were subsequently recorded within property and equipment. The remaining 13 locomotives were impaired during the fourth quarter of 2019. The purchase of the impaired leased locomotives resulted in $6.0 million of make-whole payments recorded as incremental restructuring charges in the first quarter of 2020.

Foreign Currency Hedging

As of December 31, 2019, the Company had outstanding foreign currency forward contracts with an aggregate notional amount of $105.0 million, which matured during January 2020 and obligated the Company to purchase a total of Ps.2,041.2 million at a weighted-average exchange rate of Ps.19.4 to each U.S. dollar. During January 2020, the Company entered into offsetting contracts with an aggregate notional amount of $108.6 million, which matured during January 2020 and obligated the Company to sell a total of Ps.2,041.2 million at a weighted-average exchange rate of Ps.18.8 to each U.S. dollar.

During January 2020, the Company entered into several foreign currency forward contracts with an aggregate notional amount of $250.0 million and maturity dates in February 2020. These contracts obligate the Company to purchase a total of Ps.4,751.5 million at a weighted-average exchange rate of Ps.19.0 to each U.S. dollar.

The Company has not designated these foreign currency derivative instruments as hedging instruments for accounting purposes. The Company will measure the foreign currency derivative instruments at fair value each period and will recognize any change in fair value in foreign exchange gain (loss) within the consolidated statements of income.

Note 22. Condensed Consolidating Financial Information

Pursuant to Securities and Exchange Commission ("SEC") Regulation S-X Rule 3-10 "Financial statements of guarantors and issuers of guaranteed securities registered or being registered", the Company is required to provide condensed consolidating financial information for issuers of certain of its senior notes that are guaranteed.

As of December 31, 2019, KCS, the parent, had outstanding $3,186.2 million senior notes due through 2069. The senior notes are unsecured obligations of KCS, and are also jointly and severally and fully and unconditionally guaranteed on an unsecured senior basis by KCSR and certain 100% owned domestic subsidiaries of KCS (the "Guarantor Subsidiaries").

As of December 31, 2019, KCSR had outstanding $2.7 million principal amount of senior notes due through 2045. The senior notes are unsecured obligations of KCSR, and are also jointly and severally and fully and unconditionally guaranteed on an unsecured senior basis by KCS and the Guarantor Subsidiaries.

The following condensed and consolidating financial information (*in millions*) of KCS, KCSR, the Guarantor Subsidiaries and the other KCS subsidiaries that are not guarantors (the "Non-Guarantor Subsidiaries") are being presented in order to meet the reporting requirements under Rule 3-10 of Regulation S-X. Pursuant to Rule 3-10(d) and (f) of Regulation S-X, separate financial statements for the Issuer, the Parent and the Guarantor Subsidiaries are not required to be filed with the SEC as the subsidiary debt issuer and the guarantors are directly or indirectly 100% owned by the Parent and the guarantees are full and unconditional and joint and several.

Condensed Consolidating Statements of Comprehensive Income

	2019					
	Parent	KCSR	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated KCS
Revenues	$ —	$ 1,325.8	$ 42.7	$ 1,541.4	$ (43.9)	$ 2,866.0
Operating expenses	5.3	1,044.7	37.6	934.7	(42.6)	1,979.7
Operating income (loss)	(5.3)	281.1	5.1	606.7	(1.3)	886.3
Equity in net earnings (losses) of affiliates	548.7	(1.1)	3.7	(0.3)	(550.0)	1.0
Interest expense	(109.7)	(85.4)	—	(28.0)	107.2	(115.9)
Debt retirement costs	(0.7)	(0.2)	—	(0.2)	—	(1.1)
Foreign exchange gain	—	—	—	17.1	—	17.1
Other income (expense), net	107.5	(1.1)	—	2.0	(107.4)	1.0
Income before income taxes	540.5	193.3	8.8	597.3	(551.5)	788.4
Income tax expense	1.6	44.4	0.7	201.3	(0.4)	247.6
Net income	538.9	148.9	8.1	396.0	(551.1)	540.8
Less: Net income attributable to noncontrolling interest	—	—	—	1.9	—	1.9
Net income attributable to Kansas City Southern and subsidiaries	538.9	148.9	8.1	394.1	(551.1)	538.9
Other comprehensive income (loss)	(18.2)	—	—	0.5	(0.5)	(18.2)
Comprehensive income attributable to Kansas City Southern and subsidiaries	$ 520.7	$ 148.9	$ 8.1	$ 394.6	$ (551.6)	$ 520.7

Condensed Consolidating Statements of Comprehensive Income—(Continued)

	2018					
	Parent	KCSR	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated KCS
Revenues	$ —	$ 1,279.2	$ 45.2	$ 1,433.5	$ (43.9)	$ 2,714.0
Operating expenses	5.2	877.2	38.7	848.4	(41.8)	1,727.7
Operating income (loss)	(5.2)	402.0	6.5	585.1	(2.1)	986.3
Equity in net earnings (losses) of affiliates	635.6	(1.1)	4.5	0.3	(636.7)	2.6
Interest expense	(96.1)	(78.8)	—	(28.6)	93.5	(110.0)
Debt retirement costs	—	—	—	(2.2)	—	(2.2)
Foreign exchange gain	—	—	—	7.8	—	7.8
Other income, net	92.5	1.6	—	1.9	(93.6)	2.4
Income before income taxes	626.8	323.7	11.0	564.3	(638.9)	886.9
Income tax expense (benefit)	(0.6)	69.7	2.6	186.3	(0.5)	257.5
Net income	627.4	254.0	8.4	378.0	(638.4)	629.4
Less: Net income attributable to noncontrolling interest	—	—	—	2.0	—	2.0
Net income attributable to Kansas City Southern and subsidiaries	627.4	254.0	8.4	376.0	(638.4)	627.4
Other comprehensive income	2.7	—	—	0.1	(0.1)	2.7
Comprehensive income attributable to Kansas City Southern and subsidiaries	$ 630.1	$ 254.0	$ 8.4	$ 376.1	$ (638.5)	$ 630.1

Condensed Consolidating Statements of Comprehensive Income—(Continued)

	2017					
	Parent	KCSR	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated KCS
Revenues	$ —	$ 1,220.8	$ 43.5	$ 1,359.0	$ (40.4)	$ 2,582.9
Operating expenses	5.7	862.8	39.1	791.0	(37.3)	1,661.3
Operating income (loss)	(5.7)	358.0	4.4	568.0	(3.1)	921.6
Equity in net earnings of affiliates	974.8	19.0	4.5	9.6	(996.4)	11.5
Interest expense	(81.3)	(72.2)	—	(34.4)	87.7	(100.2)
Debt retirement costs	—	—	—	—	—	—
Foreign exchange gain	—	—	—	41.7	—	41.7
Other income (expense), net	86.7	(0.6)	—	1.2	(87.6)	(0.3)
Income before income taxes	974.5	304.2	8.9	586.1	(999.4)	874.3
Income tax expense (benefit)	9.9	(310.6)	(42.5)	254.2	(0.6)	(89.6)
Net income	964.6	614.8	51.4	331.9	(998.8)	963.9
Less: Net income attributable to noncontrolling interest	—	—	—	1.9	—	1.9
Net income attributable to Kansas City Southern and subsidiaries	964.6	614.8	51.4	330.0	(998.8)	962.0
Other comprehensive income (loss)	(6.7)	—	—	0.5	(0.5)	(6.7)
Comprehensive income attributable to Kansas City Southern and subsidiaries	$ 957.9	$ 614.8	$ 51.4	$ 330.5	$ (999.3)	$ 955.3

Condensed Consolidating Balance Sheets

	December 31, 2019					
	Parent	KCSR	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated KCS
Assets:						
Current assets	$ 214.7	$ 534.3	$ 5.3	$ 406.2	$ (431.9)	$ 728.6
Operating lease right-of-use assets	—	124.5	—	37.7	(3.8)	158.4
Investments	—	3.5	9.5	34.6	—	47.6
Investments in consolidated subsidiaries	5,201.4	1.9	203.0	—	(5,406.3)	—
Property and equipment (including Concession assets), net	—	4,440.0	158.8	4,217.1	(9.6)	8,806.3
Other assets	2,526.2	16.2	—	26.4	(2,522.9)	45.9
Total assets	$ 7,942.3	$ 5,120.4	$ 376.6	$ 4,722.0	$ (8,374.5)	$ 9,786.8
Liabilities and equity:						
Current liabilities	$ 365.5	$ 250.1	$ 68.8	$ 241.2	$ (434.3)	$ 491.3
Long-term operating lease liabilities	—	64.7	—	23.9	(2.9)	85.7
Long-term debt	3,147.2	1,826.8	—	777.0	(2,523.0)	3,228.0
Deferred income taxes	(6.1)	844.8	85.5	206.2	(2.4)	1,128.0
Other liabilities	13.2	76.2	0.2	18.3	—	107.9
Stockholders' equity	4,422.5	2,057.8	222.1	3,132.0	(5,411.9)	4,422.5
Noncontrolling interest	—	—	—	323.4	—	323.4
Total liabilities and equity	$ 7,942.3	$ 5,120.4	$ 376.6	$ 4,722.0	$ (8,374.5)	$ 9,786.8

Condensed Consolidating Balance Sheets—(Continued)

	December 31, 2018					
	Parent	KCSR	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated KCS
Assets:						
Current assets	$ 229.8	$ 257.6	$ 5.0	$ 350.4	$ (207.4)	$ 635.4
Operating lease right-of-use assets	—	—	—	—	—	—
Investments	—	3.9	4.4	36.6	—	44.9
Investments in consolidated subsidiaries	4,852.8	4.4	190.2	—	(5,047.4)	—
Property and equipment (including Concession assets), net	—	4,429.2	165.1	4,104.8	(8.0)	8,691.1
Other assets	2,523.4	59.3	—	36.8	(2,521.1)	98.4
Total assets	$ 7,606.0	$ 4,754.4	$ 364.7	$ 4,528.6	$ (7,783.9)	$ 9,469.8
Liabilities and equity:						
Current liabilities	$ 214.2	$ 109.2	$ 80.1	$ 252.3	$ (208.8)	$ 447.0
Long-term operating lease liabilities	—	—	—	—	—	—
Long-term debt	2,563.0	1,828.8	—	808.5	(2,521.0)	2,679.3
Deferred income taxes	(4.4)	812.8	84.7	188.8	(2.0)	1,079.9
Other liabilities	20.2	94.8	0.2	15.8	(0.1)	130.9
Stockholders' equity	4,813.0	1,908.8	199.7	2,943.5	(5,052.0)	4,813.0
Noncontrolling interest	—	—	—	319.7	—	319.7
Total liabilities and equity	$ 7,606.0	$ 4,754.4	$ 364.7	$ 4,528.6	$ (7,783.9)	$ 9,469.8

Condensed Consolidating Statements of Cash Flows

	2019					
	Parent	KCSR	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated KCS
Operating activities:						
Net cash provided	$ 354.4	$ 375.4	$ 1.0	$ 587.7	$ (215.0)	$ 1,103.5
Investing activities:						
Capital expenditures	—	(278.8)	(1.0)	(307.4)	—	(587.2)
Purchase or replacement of assets under operating leases	—	(38.4)	—	(0.6)	—	(39.0)
Property investments in MSLLC	—	—	—	(27.5)	—	(27.5)
Insurance proceeds related to hurricane damage	—	—	—	—	—	—
Investments in and advances to affiliates	(14.3)	—	(14.3)	(31.4)	23.3	(36.7)
Proceeds from repayment of loans to affiliates	147.0	—	—	130.0	(277.0)	—
Loans to affiliates	(147.0)	—	—	(130.0)	277.0	—
Proceeds from disposal of property	—	17.8	—	4.3	—	22.1
Other investing activities	—	(12.5)	—	2.6	1.9	(8.0)
Net cash used	(14.3)	(311.9)	(15.3)	(360.0)	25.2	(676.3)
Financing activities:						
Net short-term borrowings	—	—	—	—	—	—
Proceeds from issuance of long-term debt	847.5	—	—	—	—	847.5
Repayment of long-term debt	(257.4)	(2.8)	—	(24.8)	—	(285.0)
Debt issuance and retirement costs paid	(9.1)	(1.2)	—	(1.3)	—	(11.6)
Dividends paid	(144.3)	—	—	(213.1)	213.1	(144.3)
Shares repurchased	(792.5)	—	—	—	—	(792.5)
Proceeds from loans from affiliates	130.0	147.0	—	—	(277.0)	—
Repayment of loans from affiliates	(130.0)	(147.0)	—	—	277.0	—
Contributions from affiliates	—	—	14.3	9.0	(23.3)	—
Proceeds from employee stock plans	7.0	—	—	—	—	7.0
Net cash provided (used)	(348.8)	(4.0)	14.3	(230.2)	189.8	(378.9)
Cash and cash equivalents:						
Net increase (decrease)	(8.7)	59.5	—	(2.5)	—	48.3
At beginning of year	41.5	28.1	—	30.9	—	100.5
At end of year	$ 32.8	$ 87.6	$ —	$ 28.4	$ —	$ 148.8

Condensed Consolidating Statements of Cash Flows—(Continued)

	2018					
	Parent	KCSR	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated KCS
Operating activities:						
Net cash provided	$ 223.8	$ 460.9	$ 1.2	$ 501.3	$ (241.5)	$ 945.7
Investing activities:						
Capital expenditures	—	(244.8)	(1.1)	(274.4)	—	(520.3)
Purchase or replacement of assets under operating leases	—	(88.4)	—	(10.5)	—	(98.9)
Property investments in MSLLC	—	—	—	(26.1)	—	(26.1)
Insurance proceeds related to hurricane damage	—	7.6	—	—	—	7.6
Investments in and advances to affiliates	(7.8)	—	(7.8)	(15.2)	11.6	(19.2)
Proceeds from repayment of loans to affiliates	4,584.5	—	—	125.0	(4,709.5)	—
Loans to affiliates	(4,515.6)	—	—	(125.0)	4,640.6	—
Proceeds from disposal of property	—	4.1	—	4.6	—	8.7
Other investing activities	—	(6.1)	—	—	2.4	(3.7)
Net cash provided (used)	61.1	(327.6)	(8.9)	(321.6)	(54.9)	(651.9)
Financing activities:						
Net short-term borrowings	(348.1)	—	—	—	—	(348.1)
Proceeds from issuance of long-term debt	499.4	—	—	—	—	499.4
Repayment of long-term debt	—	(3.9)	(0.1)	(77.5)	—	(81.5)
Debt issuance and retirement costs paid	(6.2)	—	—	(1.8)	—	(8.0)
Dividends paid	(147.5)	—	—	(239.1)	239.1	(147.5)
Shares repurchased	(243.5)	—	—	—	—	(243.5)
Proceeds from loans from affiliates	125.0	4,465.6	—	50.0	(4,640.6)	—
Repayment of loans from affiliates	(125.0)	(4,584.5)	—	—	4,709.5	—
Contributions from affiliates	—	—	7.8	3.8	(11.6)	—
Proceeds from employee stock plans	1.8	—	—	—	—	1.8
Net cash provided (used)	(244.1)	(122.8)	7.7	(264.6)	296.4	(327.4)
Cash and cash equivalents:						
Net increase (decrease)	40.8	10.5	—	(84.9)	—	(33.6)
At beginning of year	0.7	17.6	—	115.8	—	134.1
At end of year	$ 41.5	$ 28.1	$ —	$ 30.9	$ —	$ 100.5

Condensed Consolidating Statements of Cash Flows—(Continued)

	2017					
	Parent	KCSR	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated KCS
Operating activities:						
Net cash provided	$ 220.4	$ 556.6	$ 0.4	$ 266.9	$ (15.9)	$ 1,028.4
Investing activities:						
Capital expenditures	—	(375.2)	(0.3)	(209.9)	—	(585.4)
Purchase or replacement of assets under operating leases	—	(42.6)	—	—	—	(42.6)
Property investments in MSLLC	—	—	—	(26.0)	—	(26.0)
Insurance proceeds related to hurricane damage	—	—	—	—	—	—
Investments in and advances to affiliates	(0.6)	—	(0.6)	(20.4)	1.2	(20.4)
Proceeds from repayment of loans to affiliates	12,241.7	—	—	—	(12,241.7)	—
Loans to affiliates	(12,102.6)	—	—	—	12,102.6	—
Proceeds from disposal of property	—	6.0	—	2.8	—	8.8
Other investing activities	—	(17.2)	—	(1.7)	3.4	(15.5)
Net cash provided (used)	138.5	(429.0)	(0.9)	(255.2)	(134.5)	(681.1)
Financing activities:						
Net short-term borrowings	159.0	—	—	—	—	159.0
Proceeds from issuance of long-term debt	—	—	—	—	—	—
Repayment of long-term debt	—	(3.5)	(0.1)	(21.8)	—	(25.4)
Debt issuance and retirement costs paid	—	—	—	—	—	—
Dividends paid	(142.5)	—	—	(12.5)	12.5	(142.5)
Shares repurchased	(375.6)	—	—	—	—	(375.6)
Proceeds from loans from affiliates	—	12,102.6	—	—	(12,102.6)	—
Repayment of loans from affiliates	—	(12,241.7)	—	—	12,241.7	—
Contributions from affiliates	—	—	0.6	0.6	(1.2)	—
Proceeds from employee stock plans	0.7	—	—	—	—	0.7
Net cash provided (used)	(358.4)	(142.6)	0.5	(33.7)	150.4	(383.8)
Cash and cash equivalents:						
Net increase (decrease)	0.5	(15.0)	—	(22.0)	—	(36.5)
At beginning of year	0.2	32.6	—	137.8	—	170.6
At end of year	$ 0.7	$ 17.6	$ —	$ 115.8	$ —	$ 134.1

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Not Applicable.

Item 9A. ***Controls and Procedures***

(a) Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2019. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2019, the design and operation of the Company's disclosure controls and procedures were effective to accomplish their objectives at a reasonable assurance level.

(b) Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

(c) Internal Control over Financial Reporting

The report of management on the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) is included as "Management's Report on Internal Control over Financial Reporting" in Item 8, Financial Statements and Supplementary Data.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the Company's financial statements contained herein, also audited the Company's internal control over financial reporting as of December 31, 2019. The audit report is included in Item 8, Financial Statements and Supplementary Data.

Item 9B. ***Other Information***

None.

Part III

The Company has incorporated by reference certain responses to the Items of this Part III pursuant to Rule 12b-23 under the Exchange Act and General Instruction G(3) to Form 10-K. The Company's definitive proxy statement for the 2019 annual meeting of stockholders ("Proxy Statement"), will be filed no later than 120 days after December 31, 2019.

Item 10. *Directors, Executive Officers and Corporate Governance*

(a) Directors of the Company

The sections of the Proxy Statement entitled "Proposal 1 — Election of Directors" and "The Board of Directors" are incorporated by reference herein.

(b) Executive Officers of the Company

See "Executive Officers of KCS and Subsidiaries" in Part I, Item 1 of this annual report incorporated by reference herein for information about the executive officers of the Company.

(c) Changes to Shareholder Nominating Procedures

None.

(d) Audit Committee and Audit Committee Financial Experts

The section of the Proxy Statement entitled "Board Committees — Audit Committee" is incorporated by reference herein.

(e) Compliance with Section 16(a) of the Exchange Act

The response to Item 405 of Regulation S-K under "Delinquent Section 16(a) Reports" in the Proxy Statement is incorporated by reference herein.

(f) Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics ("Code of Ethics") that applies to directors, officers (including, among others, the principal executive officer, principal financial officer and principal accounting officer) and employees. The Company has posted its Code of Ethics on its website (www.kcsouthern.com) and will post on its website any amendments to, or waivers from, a provision of its Code of Ethics that apply to the Company's principal executive officer, principal financial officer or principal accounting officer as required by applicable SEC and NYSE rules and regulations.

Item 11. *Executive Compensation*

The sections of the Proxy Statement entitled "Compensation Discussion and Analysis", "Compensation Committee Report", "Executive Compensation", "Board Committees - Compensation Committee Interlocks and Insider Participation", and "Director Compensation" are incorporated by reference herein.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The section of the Proxy Statement entitled "Beneficial Ownership" is incorporated by reference herein.

Equity Compensation Plan Information

The following table provides information as of December 31, 2019, about the common stock that may be issued upon the exercise of options, warrants and rights, as well as shares remaining available for future issuance under the Company's existing equity compensation plans.

Plan Category	Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights (i)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans-Excluding Securities Reflected in the First Column (ii)
Equity compensation plans:			
Approved by security holders	792,252	$ 94.98	6,593,887
Not approved by security holders	—	—	—
Total	792,252	$ 94.98	6,593,887

(i) Includes 606,514 outstanding options, 148,185 outstanding performance shares (at target), 9,604 outstanding deferred shares and dividend equivalents, and 27,949 ESPP shares purchased on December 31, 2019.

(ii) Includes 3,414,797 shares available for issuance under the 2009 Employee Stock Purchase Plan and 3,179,090 shares available for issuance under the 2017 Plan in the form of nonvested shares, bonus shares, performance units or performance shares or issued upon the exercise of options (including incentive stock options) or stock appreciation rights awarded under the 2017 Plan.

The Company has no knowledge of any arrangement the operation of which may at a subsequent date result in a change of control of the Company.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

The sections of the Proxy Statement entitled "Certain Transactions" and "Corporate Governance - Director Independence" are incorporated by reference herein.

Item 14. ***Principal Accountant Fees and Services***

The section of the Proxy Statement entitled "Independent Registered Public Accounting Firm" is incorporated by reference herein.

Part IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) List of Documents filed as part of this Report

(1) ***Financial Statements***

The consolidated financial statements and related notes, together with the reports of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm and KPMG LLP, Independent Registered Public Accounting Firm, appear in Item 8, Financial Statements and Supplementary Data.

(2) ***Financial Statement Schedules***

None.

(3) ***List of Exhibits***

(a) Exhibits

The Company has attached or incorporated by reference herein certain exhibits as specified below pursuant to Rule 12b-32 under the Exchange Act.

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation of Kansas City Southern, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on May 7, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.1.
3.1.1	Amendments to the Kansas City Southern Amended and Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 5, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.1.1.
3.1.2	Amendment to the Kansas City Southern Amended and Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 23, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.1.2.
3.2	Kansas City Southern Bylaws, amended and restated as of May 23, 2019, filed as Exhibit 3.2 to the Company's Current Report on Form 8-K filed on May 23, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 3.2.
4.1	As permitted by Item 601(b)(4)(iii)(A) of Regulation S-K, the Company has not filed with this Annual Report on Form 10-K certain instruments defining the rights of holders of long-term debt of the Company and its subsidiaries because the total amount of securities authorized under any of such instruments does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish a copy of any such agreements to the Securities and Exchange Commission upon request.
4.2	2043 Notes Indenture, dated April 29, 2013, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 29, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.2.
4.2.1	First Supplemental Indenture, dated November 23, 2015, among KCSR, the Guarantors and the U.S. Bank National Association, as trustee and paying agent, filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.2.1.
4.2.2	Form of Special Global Note representing KCSR's 4.30% Senior Notes due 2043, filed as Exhibit 4.2.4 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.2.2.
4.3	2023 KCSM Notes Indenture, dated May 3, 2013, filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 8, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.
4.3.1	First Supplemental Indenture, dated November 23, 2015, filed as exhibit 4.6 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.3.1.
4.3.2	Special Global Note representing the 3.0% Senior Notes due 2023, filed as Exhibit 4.5.3 to the Registration Statement on Form S-4 for KCSM, filed on August 26, 2013 (File No. 333-190820), is incorporated herein by reference as Exhibit 4.3.2.

Exhibit	Description
4.4	2023 Notes Indenture, dated October 29, 2013, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 30, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.4.
4.4.1	First Supplemental Indenture, dated November 23, 2015, among KCSR, the Guarantors and U.S. Bank National Association, as trustee and paying agent, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.4.1.
4.4.2	Form of Special Global Note representing KCSR's 3.85% Senior Notes due 2023, filed as Exhibit 4.4.4 to the Company's Registration Statement on Form S-4 filed on April 21, 2014 (File No. 333-195413), is incorporated herein by reference as Exhibit 4.4.2.
4.5	2045 Notes Indenture, dated July 27, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.
4.5.1	First Supplemental Indenture, dated July 27, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.1.
4.5.2	Second Supplemental Indenture, dated November 23, 2015, among KCSR, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.3 to the Company's Current Report on Form 8-K filed on November 24, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.2.
4.5.3	Form of Note representing 4.950% Senior Notes due 2045 (included in Exhibit 4.2), filed as exhibit 4.3 to the Company's Current Report on Form 8-K filed on July 28, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.5.3.
4.6	Base Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.
4.6.1	Third Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.4 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.1.
4.6.2	Fourth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.5 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.2.
4.6.3	Fifth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.6 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.3.
4.6.4	Sixth Supplemental Indenture, dated December 9, 2015, among KCS, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.7 to the Company's Current Report on Form 8-K filed on December 15, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.4.
4.6.5	Seventh Supplemental Indenture, dated May 16, 2016, among the Company, the Note Guarantors and U.S. Bank National Association, as trustee, filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 17, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.5.
4.6.6	Form of Note representing 3.125% Senior Notes due 2026 (included in Exhibit 4.2), filed as exhibit 4.3 to the Company's Current Report on Form 8-K filed on May 17, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.6.
4.6.7	Eighth Supplemental Indenture, dated May 3, 2018, among the Company, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed on May 4, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.7.
4.6.8	Form of Note representing 4.700% Senior Notes due 2048 (included in Exhibit 4.2), filed as Exhibit 4.3 to the Company's Current Report on Form 8-K, filed on May 4, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.8.

Exhibit	Description
4.6.9	Ninth Supplemental Indenture, dated November 18, 2019, among the Company, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on November 18, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.9.
4.6.10	Form of Note representing 2.875% Senior Notes due 2029 (included in Exhibit 4.1), filed as Exhibit 4.3 to the Company's Current Report on Form 8-K, filed on November 18, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.10.
4.6.11	Tenth Supplemental Indenture, dated November 18, 2019, among the Company, the Note Guarantors and U.S. Bank National Association, as trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed on November 18, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.11.
4.6.12	Form of Note representing 4.200% Senior Notes due 2069 (included in Exhibit 4.2), filed as Exhibit 4.4 to the Company's Current Report on Form 8-K, filed on November 18, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 4.6.12.
4.7	Description of the Company's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 is attached to this Form 10-K as exhibit 4.7.
10.1	Form of Officer Indemnification Agreement, attached as Exhibit 10.1 to the Company's Form 10-K for the year ended December 31, 2001, filed on March 29, 2002 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.1.
10.2	Form of Director Indemnification Agreement, attached as Exhibit 10.2 to the Company's Form 10-K for the year ended December 31, 2001, filed on March 29, 2002 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.2.
10.3*	Directors Deferred Fee Plan, adopted August 20, 1982, as amended and restated effective May 2, 2007, filed as Exhibit 10.3 to the Company's Form 10-K for the year ended December 31, 2010, filed on February 9, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.3.
10.4*	Kansas City Southern Executive Plan (Amended and Restated January 23, 2018), filed as Exhibit 10.5 to the Company's Form 10-K for the year ended December 31, 2018, filed on January 25, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.4.
10.5*	Kansas City Southern Executive Deferred Compensation Plan, dated August 31, 2018, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2018, filed on October 19, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.5.
10.6*	Kansas City Southern Annual Incentive Plan, as amended and restated November 9, 2018, filed as Exhibit 10.7 to the Company's Form 10-K for the year ended December 31, 2018, filed on January 25, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.6.
10.7	English translation of concession title granted by the Secretaría de Comunicaciones y Transportes ("SCT") in favor of Ferrocarril del Noreste, S.A. de C.V. ("FNE"), dated December 2, 1996, filed as Exhibit 10.10 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.7.
10.7.1	English translation of amendment, dated February 12, 2001, filed as Exhibit 10.10.1 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, is incorporated herein by reference as Exhibit 10.7.1.
10.7.2	English translation of amendment no. 2, dated November 22, 2006, filed as Exhibit 10.10.2 to the Company's Form 10-K for the year ended December 31, 2011, filed on February 8, 2012 (File No. 1-4717), of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, as amended February 12, 2001, is incorporated herein by reference as Exhibit 10.7.2.
10.7.3	English translation of amendment no. 3, dated December 31, 2013, of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, as amended February 12, 2001 and November 22, 2006, filed as Exhibit 10.8.3 to the Company's Form 10-K for the year ended December 31, 2016, filed on January 27, 2017 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.7.3.
10.7.4	English translation of amendment no. 4, dated December 20, 2017, of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, as amended February 12, 2001, November 22, 2006 and December 31, 2013, filed as Exhibit 10.3 to the Company's Form 10-Q for the quarter ended March 31, 2019, filed on April 17, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.7.4.

Exhibit	Description
10.7.5	English translation of amendment no. 5, dated April 27, 2018, of concession title granted by SCT in favor of KCSM, formerly known as FNE, December 2, 1996, as amended February 12, 2001, November 22, 2006, December 31, 2013 and December 20, 2017, filed as Exhibit 10.4 to the Company's Form 10-Q for the quarter ended March 31, 2019, filed on April 17, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.7.5.
10.8	Transaction Agreement, dated December 1, 2005, among the Company, KCSR, Norfolk Southern Corporation and The Alabama Great Southern Railroad Company (the "Transaction Agreement"), filed as Exhibit 10.46 to the Company's Form 10-K for the year ended December 31, 2005, filed on April 7, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.
10.8.1	Amendment No. 1 to the Transaction Agreement, dated January 17, 2006, filed as Exhibit 10.47 to the Company's Form 10-K for the year ended December 31, 2005, filed on April 7, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.1.
10.8.2	Amendment No. 2 to the Transaction Agreement, dated May 1, 2006, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2006, filed on May 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.2.
10.8.3	Limited Liability Company Agreement of Meridian Speedway, LLC, dated May 1, 2006, between the Alabama Great Southern Railroad Company and the Company, filed as Exhibit 10.3 to the Company's Form 10-Q for the quarter ended March 31, 2006, filed on May 9, 2006 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.3.
10.8.4	Amendment No. 1 and Waiver to Limited Liability Company Agreement, dated August 12, 2011, among Meridian Speedway, LLC, the Company, KCS Holdings, Inc. and The Alabama Great Southern Railroad Company, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended September 30, 2011, filed on October 21, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.4.
10.8.5	Amendment No. 2 to Limited Liability Company Agreement, dated December 9, 2013, among the Company, KCS Holdings, Inc. and The Alabama Great Southern Railroad Company, filed as Exhibit 10.11.5 to the Company's Form 10-K for the year ended December 31, 2016, filed on January 27, 2017 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.8.5.
10.9*	Kansas City Southern 2008 Stock Option and Performance Award Plan (Amended and Restated February 18, 2015) (the "2008 Plan"), filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.
10.9.1*	Form of Restricted Shares Award Agreement (Standard Form) under the 2008 Plan, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.1.
10.9.2*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the Kansas City Southern 2008 Stock Option and Performance Award Plan for the 2012 Long-Term Incentive Program, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 27, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.2.
10.9.3*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the Kansas City Southern 2008 Stock Option and Performance Award Plan for the 2013 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 27, 2013 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.3.
10.9.4*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (United States Employees) under the 2008 Plan for the 2014 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 26, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.4.
10.9.5*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Non-United States Employees) under the 2008 Plan for the 2014 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 26, 2014 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.5.
10.9.6*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Employees) under the 2008 Plan for the 2015 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 23, 2015 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.6.

Exhibit	Description
10.9.7*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement (Employees) under the 2008 Plan for the 2016 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 25, 2016 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.7.
10.9.8*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement under the 2008 Plan for the 2017 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 24, 2017 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.9.8.
10.10*	English translation of the Employment Agreement, dated April 20, 2006, between Kansas City Southern de México, S.A. de C.V. and José Guillermo Zozaya Delano, filed as Exhibit 10.4 to the Company's Form 10-Q for the quarter ended March 31, 2009, filed on April 30, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.10.
10.10.1*	English translation of Amendment Agreement to the Individual Indefinite Employment Contract of April 20, 2006, dated May 27, 2009, between KCSM and José Guillermo Zozaya Delano, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on June 2, 2009 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.10.1.
10.11*	Employment Agreement, as amended and restated January 1, 2001, between the Company and Warren K. Erdman, filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K filed on February 9, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.11.
10.11.1*	Amendment to Employment Agreement, dated August 1, 2001, between the Company and Warren K. Erdman, filed as Exhibit 10.5.1 to the Company's Annual Report on Form 10-K filed on February 9, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.11.1.
10.11.2*	Addendum to Employment Agreement, dated August 18, 2004, between the Company and Warren K. Erdman, filed as Exhibit 10.5.2 to the Company's Annual Report on Form 10-K filed on February 9, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.11.2.
10.11.3*	Addendum to Employment Agreement, dated April 20, 2009, among the Company, KCSR, and Warren K. Erdman, filed as Exhibit 10.5.3 to the Company's Annual Report on Form 10-K filed on February 9, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.11.3.
10.11.4*	Amendment to Employment Agreement, dated December 17, 2012, between KCSR and Warren K. Erdman, filed as Exhibit 10.4.4 to the Company's Form 10-Q for the quarter ended March 31, 2018, filed on April 20, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.11.4.
10.12	Trackage Rights Agreement, dated February 9, 2010, between KCSM and Ferromex, filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2010, filed on April 27, 2010 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.12.††
10.13	Form of Loan Agreement between Locomotives Structured Holdings LLC (as successor by assignment from General Electric Capital Corporation) and KCSM, dated September 1, 2011, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2011, filed on October 21, 2011 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.13.
10.14	Financing Agreement dated as of February 21, 2012, between The Kansas City Southern Railway Company and the United States of America represented by the Secretary of Transportation acting through the Administrator of the Federal Railroad Administration, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 22, 2012 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.14.
10.15	Financing Agreement between The Texas-Mexican Railway Company and the Federal Railroad Administration, dated June 28, 2005, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q, filed on August 15, 2005 (File No. 1-04717), are incorporated herein by reference as Exhibit 10.15.
10.15.1	Pledge Agreement between Mexrail, Inc. and the Federal Railroad Administration, and Guaranty of Mexrail, Inc. in favor of the Federal Railroad Administration, filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q, filed on August 15, 2005 (File No. 1-04717), are incorporated herein by reference as Exhibit 10.15.1.

Exhibit	Description
10.16	Credit Agreement, dated March 8, 2019, among the Company, the guarantors party thereto, the various financial institutions and other persons from time to time parties thereto as lenders, Bank of America, N.A., as administrative agent, Citibank, N.A., JPMorgan Chase Bank, N.A., U.S. Bank National Association and Wells Fargo Bank, National Association, as co-syndication agents and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citibank, N.A., JPMorgan Chase Bank, N.A., U.S. Bank National Association and Wells Fargo Securities, LLC, as joint lead arrangers and joint bookrunning managers, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 11, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.16.
10.17*	Form of Executive Arbitration Agreement with the Company's executive officers, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on July 21, 2017 (File No. 1-04717), is incorporated herein by reference as Exhibit 10.17.
10.18*	Form of Severance Agreement (CEO Version, which the Company has entered into with Patrick J. Ottensmeyer),filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 21, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.18.
10.19*	Form of Severance Agreement (Officer Version, which the Company has entered into with each of Michael W.Upchurch, Jeffrey M. Songer, Brian D. Hancock, Michael J. Naatz, Adam J. Godderz, and Lora S. Cheatum),filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 21, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.19.
10.20*	Kansas City Southern 2017 Equity Incentive Plan, effective May 4, 2017 (the "2017 Plan"), filed as exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 9, 2017 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.20.
10.20.1*	Form of Restricted Shares Award Agreement (Standard Form) under the 2017 Plan, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 12, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.20.1.
10.20.2*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement under the 2017 Plan for the 2018 Long-Term Incentive Program, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 12, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.20.2.
10.20.3*	Form of Non-Qualified Stock Option, Restricted Share and Performance Share Award Agreement under the 2017 Plan for the 2019 Long-Term Incentive Program, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 11, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.20.3.
10.20.4*	Form of Non-Management Director Deferred Stock Award Agreement under the 2017 Plan, filed as Exhibit 10.27.2 to the Company's Form 10-K for the year ended December 31, 2017, filed on January 26, 2018 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.20.4.
10.20.5*	Form of Restricted Shares Award Agreement (for use with the Executive Plan) under the 2017 Plan, filed as Exhibit 10.26.5 to the Company's Form 10-K for the year ended December 31, 2018, filed on January 25, 2019 (File No. 1-4717), is incorporated herein by reference as Exhibit 10.20.5.
21.1	Subsidiaries of the Company
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm, is attached to this Form 10-K as Exhibit 23.1.
23.2	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, is attached to this Form 10-K as Exhibit 23.2.
24.1	Power of Attorney (contained in the signature page herein).
31.1	Certification of Patrick J. Ottensmeyer, Chief Executive Officer of the Company, is attached to this Form 10-K as Exhibit 31.1.
31.2	Certification of Michael W. Upchurch, Chief Financial Officer of the Company, is attached to this Form 10-K as Exhibit 31.2.
32.1	Certification of Patrick J. Ottensmeyer, Chief Executive Officer of the Company, furnished pursuant to 18 U.S.C. Section 1350, is attached to this Form 10-K as Exhibit 32.1, furnished herewith.
32.2	Certification of Michael W. Upchurch, Chief Financial Officer of the Company, furnished pursuant to 18 U.S.C. Section 1350, is attached to this Form 10-K as Exhibit 32.2, furnished herewith.

Exhibit	Description
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, formatted in Inline XBRL (included within the Exhibit 101 attachments).

* Management contract or compensatory plan or arrangement.

†† Portions of this exhibit have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, which were subsequently approved.

Item 16. ***Form 10-K Summary***

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Kansas City Southern

By: /S/ PATRICK J. OTTENSMEYER

Patrick J. Ottensmeyer
President, Chief Executive Officer and Director

January 24, 2020

POWER OF ATTORNEY

Know all people by these presents, that each person whose signature appears below constitutes and appoints Patrick J. Ottensmeyer and Michael W. Upchurch, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any amendments to this annual report on Form 10-K, and to file the same, with all exhibits thereto, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as he or she might or could do in person, hereby confirming all that said attorneys-in-fact and agents or either of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities indicated on January 24, 2020.

Signature	Title
/S/ PATRICK J. OTTENSMEYER Patrick J. Ottensmeyer	President, Chief Executive Officer and Director (Principal Executive Officer).
/S/ MICHAEL W. UPCHURCH Michael W. Upchurch	Executive Vice President and Chief Financial Officer (Principal Financial Officer).
/s/ SUZANNE M. GRAFTON Suzanne M. Grafton	Vice President and Chief Accounting Officer (Principal Accounting Officer).
/S/ ROBERT J. DRUTEN Robert J. Druten	Chairman of the Board and Director.
/s/ LYDIA I. BEEBE Lydia I. Beebe	Director.
/S/ LU M. CÓRDOVA Lu M. Córdova	Director.

Signature	Title
/S/ ANTONIO O. GARZA, JR. Antonio O. Garza, Jr.	Director.
/S/ DAVID GARZA-SANTOS David Garza-Santos	Director.
/S/ JANET H. KENNEDY Janet H. Kennedy	Director.
/s/ MITCHELL J. KREBS Mitchell J. Krebs	Director.
/s/ HENRY J. MAIER Henry J. Maier	Director.
/S/ THOMAS A. MCDONNELL Thomas A. McDonnell	Director.

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($ in millions, except per share amounts)

Reconciliation of Diluted Earnings per Share to Adjusted Diluted Earnings per Share

	Year ended December 31, 2019
As reported	$ 5.40
Adjustments for:	
Restructuring charges	1.25
Debt retirement costs	0.01
Foreign exchange gain	(0.12)
Foreign exchange component of income taxes	0.36
Adjusted - see (a) below	$ 6.90

(a) The Company believes adjusted diluted earnings per share is meaningful as it allows investors to evaluate the Company's performance for different periods on a more comparable basis by adjusting for the impact of changes in foreign currency exchange rates, and items that are not directly related to the ongoing operations of the Company. The income tax expense impacts related to these adjustments are calculated at the applicable statutory tax rate.

Reconciliation of Operating Income to Adjusted Operating Income

	Year ended December 31, 2019
Operating income as reported	$ 886.3
Adjustment for restructuring charges	168.8
Adjusted operating income - see (b) below	$ 1,055.1

(b) The Company believes adjusted operating income is meaningful as it allows investors to evaluate the Company's performance for different periods on a more comparable basis by adjusting for items that are not directly related to the ongoing operations of the Company.

Free Cash Flow

	Year ended December 31, 2019
Net cash provided by operating activities	$ 1,103.5
Settlement of treasury lock agreements	25.8
Net cash used for investing activities	(676.3)
Free cash flow - see (c) below	453.0
Settlement of treasury lock agreements	(25.8)
Net cash used for financing activities	(378.9)
GAAP net increase in cash and cash equivalents	$ 48.3

(c) The Company believes free cash flow is a useful measure of liquidity as it demonstrates the Company's ability to generate cash for debt obligations, dividend payments, share repurchases, and other strategic opportunities. Free cash flow is defined as cash provided by operating activities, excluding the settlement on treasury lock agreements, less cash used in investing activities.

($ in millions)

Calculation of Adjusted Debt

	Year ended December 31, 2019
Long-term debt due within one year	$ 18.0
Long-term debt	3,228.0
Operating lease liabilities	131.1
Adjusted debt - see (d) below	$ 3,377.1

Calculation of Earnings Before Interest, Income Taxes, Depreciation and Amortization, Debt Retirement Costs, Equity in Net Earnings of Affiliates, Restructuring Charges, and Operating Lease Right-of-Use Assets Amortization

	Year ended December 31, 2019
Net income	$ 540.8
Interest expense	115.9
Income tax expense	247.6
Depreciation and amortization	350.7
EBITDA	$ 1,255.0
Adjustments:	
Equity in net earnings of affiliates	(1.0)
Debt retirement costs	1.1
Restructuring charges	168.8
Operating lease right-of-use assets amortization	53.7
Adjusted EBITDA - see (d) below	$ 1,477.6
Adjusted debt / Adjusted EBITDA - see (e) below	2.3

(d) Adjusted debt and EBITDA (earnings before interest, income taxes, depreciation and amortization, equity in net earnings of affiliates, debt retirement costs, restructuring charges, and operating lease right-of-use assets amortization) are considered non-GAAP financial measures under SEC Regulation G and Regulation S-K Item 10(e). As such, adjusted debt and EBITDA do not have any standardized meanings prescribed by GAAP and therefore, may not be comparable to similar measures presented by other companies.

(e) The Company believes adjusted debt to adjusted EBITDA ratio is a useful measure to management and investors as it demostrates the Company's ability to sustain given debt levels with the cash generated from operations.

Metric Definitions and Calculations

Gross velocity is the average train speed between origin and destination in miles per hour calculated as the sum of the miles traveled divided by the sum of total transit hours. Transit hours are measured as the difference between a train's origin departure and destination arrival date and times broken down by segment across the train route (includes all time spent including crew changes, terminal dwell, delays, and incidents).

Terminal dwell is the average amount of time in hours between car arrival to and departure from the yard (excludes cars that move through a terminal on a run-through train, stored, bad ordered, and maintenance-of-way cars). Calculated by dividing the total number of hours cars spent in terminals by the total count of car dwell events.

Train length is the average length of a train across its reporting stations, including the origin and intermediate stations. Length of a train is the sum of car and locomotive lengths measured in feet.

Car miles per day is the miles a car travels divided by total transit days. Transit days are measured from opening event to closing event (includes all time spent in terminals and on trains).

Fuel efficiency is calculated by taking locomotive fuel consumed in gallons divided by thousand gross ton miles ("GTM's") net of detours with no associated fuel gallons. GTM's are the movement of one ton of train weight over one mile calculated by multiplying total train weight by distance the train moved. GTM's exclude locomotive gross ton miles.

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DIRECTORS AND OFFICERS

KANSAS CITY SOUTHERN DIRECTORS

Lydia I. Beebe (3, 4)
Principal, LIBB Advisors LLC
Retired Senior Of Counsel
Wilson Sonsini Goodrich & Rosati PC
San Francisco, California

Lu M. Córdova (2, 5)
Executive Director
Colorado Department of Revenue
Denver, Colorado

Robert J. Druten (1, 4)
Chairman of the Board, Kansas City Southern
Retired Executive Vice President
& Chief Financial Officer
Hallmark Cards, Inc.
Kansas City, Missouri

Antonio O. Garza, Jr. (1, 4)
Former U.S. Ambassador to Mexico
Counsel, White & Case, LLP
Mexico City, D.F.

David Garza-Santos (3)
Chief Executive Officer
MADISA
Santa Catarina, N.L. Mexico

Janet H. Kennedy
Vice President, North American Regions
Google Cloud
Chicago, Illinois

Mitchell J. Krebs (2, 5)
President & Chief Executive Officer
Coeur Mining Inc.
Chicago, Illinois

Henry J. Maier (3, 5)
President & Chief Executive Officer
FedEx Ground
Moon Township, Pennsylvania

Thomas A. McDonnell (2, 4, 5)
Retired President & Chief Executive Officer
Ewing Marion Kauffman Foundation
Kansas City, Missouri

Patrick J. Ottensmeyer (1)
President & Chief Executive Officer
Kansas City Southern
Kansas City, Missouri

Committees of the Board:
(1) Executive
(2) Audit
(3) Compensation and Organization
(4) Nominating and Corporate Governance
(5) Finance and Strategic Investment

KANSAS CITY SOUTHERN OFFICERS

Patrick J. Ottensmeyer
President & Chief Executive Officer

Warren K. Erdman
Executive Vice President
Administration & Corporate Affairs

Sameh Fahmy
Executive Vice President
Precision Scheduled Railroading

Brian D. Hancock
Executive Vice President
& Chief Innovation Officer

Michael J. Naatz
Executive Vice President
& Chief Marketing Officer

Jeffrey M. Songer
Executive Vice President
& Chief Operating Officer

Michael W. Upchurch
Executive Vice President
& Chief Financial Officer

Lora S. Cheatum
Senior Vice President
Human Resources

Adam J. Godderz
Senior Vice President -
Chief Legal Officer
& Corporate Secretary

Michael W. Cline
Vice President Audit
& Treasurer

Suzanne M. Grafton
Vice President
& Chief Accounting Officer

Daniel L. Hynek
Vice President
International Taxes

Ashley A. Thorne
Vice President
Investor Relations

Julie D. Powell
Assistant Secretary
& Assistant Treasurer

Rafael Andrade
Assistant Treasurer

Kansas City Southern companies provide equal employment and advancement opportunities to qualified employees without regard to race, color, religion, gender, national origin, age, disability, or other categories protected by law. Kansas City Southern's U.S. companies are also affirmative action employers.

This annual report is printed on recycled papers. The recycled paper industry is an important part of the market served by Kansas City Southern.

Find Kansas City Southern
on the internet at:
http://www.kcsouthern.com

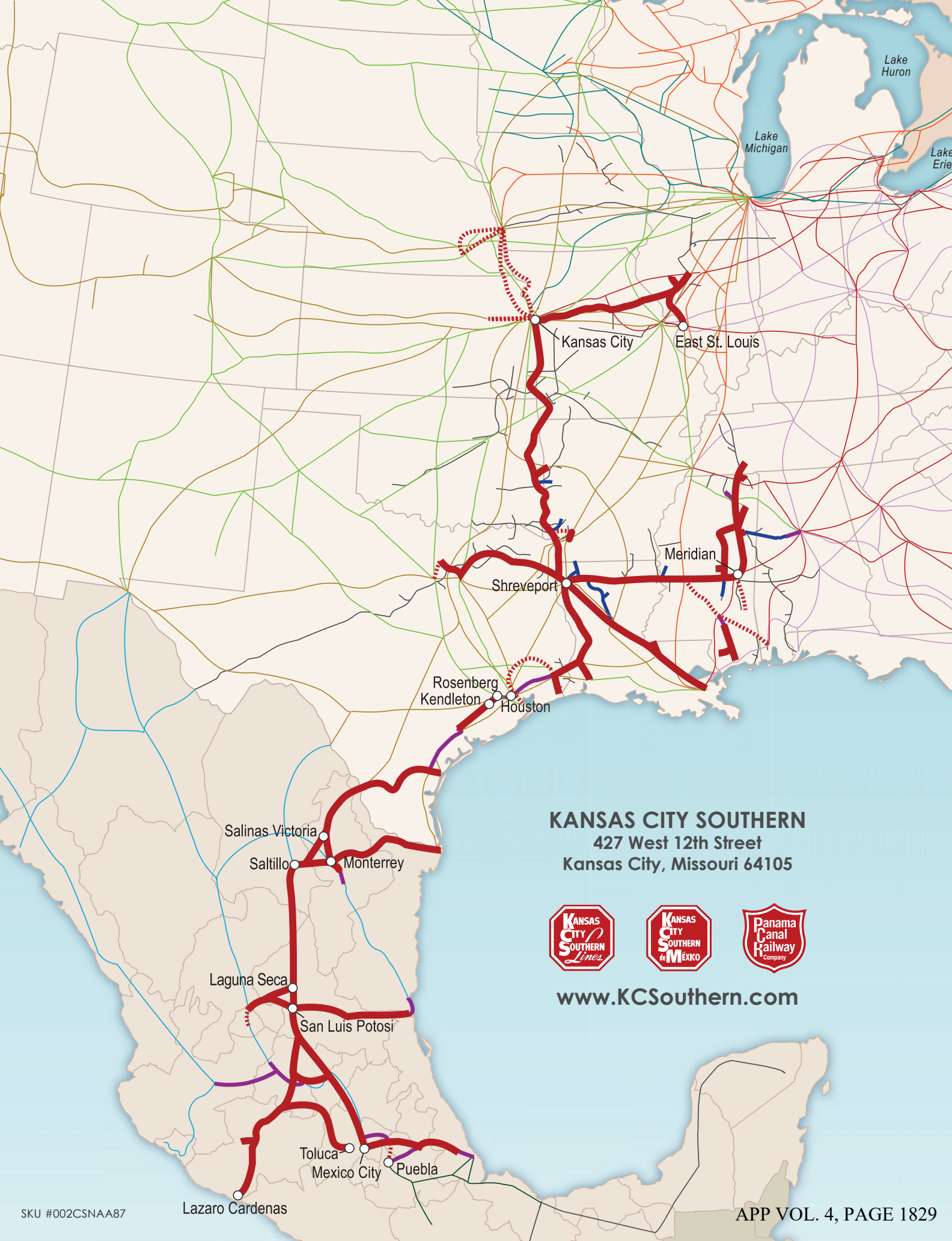
Securities Listed
New York Stock Exchange
Common Stock
4% Preferred Stock
Symbol KSU

Transfer Agent and Registrar
Computershare
P.O. Box 505000
Louisville, Kentucky 40233-5000

Independent Registered Public Accounting Firm
PricewaterhouseCoopers LLP
1100 Walnut Street, Suite 1300
Kansas City, Missouri 64106

Annual Meeting of Stockholders
Virtual Only Meeting
Date: Thursday, May 21, 2020
Time: 9:00 A.M. Central Time
URL: www.meetingcenter.io/233558698

Corporate Offices
427 West 12th Street
Kansas City, Missouri 64105
(816) 983-1303



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